RTL Group S.A., Luxembourg

Directors’ report and consolidated financial statements

31 December 2022

RTL Group reports strong revenue growth and 5.5 million paying streaming subscribers

- **Full-year Group revenue up 8.8 per cent to a record level of €7.2 billion, up 1.6 per cent organically despite decreasing advertising markets in Germany and France**

- **Full-year Adjusted EBITA in line with outlook guidance at €1,083 million; Adjusted EBITA margin of 15.0 per cent despite higher streaming start-up losses; Adjusted EBITA before streaming start-up losses stable on prior year's record level**

- **Fremantle revenue up 21.9 per cent, streaming revenue up 19.7 per cent, TV advertising revenue down 4.4 per cent**

- **Group profit at €766 million; the record Group profit of €1,454 million in 2021 was driven by significant capital gains on disposals, mainly from SpotX**

- **Proposed dividend of €4.00 per share, in line with the Group's dividend policy**

- **Paying subscribers for RTL Group's streaming services in Germany, the Netherlands and Hungary up 44.3 per cent to 5.5 million**

- **Significant progress on Fremantle growth plan with eight acquisitions and step-ups completed in 2022**

- **Market consolidation remains strategic priority; RTL Group will focus on alliances, partnerships and smaller consolidation opportunities**

Luxembourg, 16 March 2023 – RTL Group announces its audited results for the year ended 31 December 2022.

Strong revenue growth, Adjusted EBITA in line with outlook guidance despite challenging macroeconomic conditions and higher streaming start-up losses

- Group revenue increased 8.8 per cent to €7,224 million (2021: €6,637 million), mainly thanks to strong growth of Fremantle, RTL Deutschland (from the acquisitions of Gruner + Jahr in 2022 and Super RTL in 2021) and RTL Nederland. Group revenue was up 1.6 per cent organically[1] compared to 2021, driven by Fremantle and RTL Nederland.

- In 2022, RTL Deutschland and RTL Nederland reported higher audience shares and increased their audience lead over their main commercial competitors.

- TV advertising revenue across the Group was down 4.4 per cent year-on-year, due to the challenging macroeconomic environment.

[1] Adjusted for portfolio changes and at constant exchange rates. Further details can be found in **Key performance indicators** on page 30

- Streaming revenue[2] from RTL+ and Videoland grew by 19.7 per cent to €267 million (2021: €223 million), thanks to the rapidly growing number of paying subscribers.

- Distribution revenue[3] was stable at €438 million (2021: €437 million).

- Adjusted EBITA[4] was down by 6.0 per cent to €1,083 million (2021: €1,152 million), due to RTL Deutschland (with higher streaming start-up losses and lower TV advertising revenue), the scope exit of RTL Belgium, and Groupe M6. These effects were partly offset by record Adjusted EBITA contributions from RTL Nederland and Fremantle. The Adjusted EBITA margin[4] decreased to 15.0 per cent (2021: 17.4 per cent) as streaming start-up losses[4] increased to €233 million (2021: €166 million).

- Group profit was €766 million (2021: €1,454 million). 2021 was positively impacted by capital gains of €717 million from the sale of SpotX.

- Net cash from operating activities was €463 million. The operating cash conversion rate[5] was 54 per cent (2021: 114 per cent), impacted by investments in Fremantle and streaming. RTL Group had net cash[6] of €180 million at the end of 2022 (end of 2021: €657 million).

- For RTL Group's Annual General Meeting on 26 April 2023, RTL Group's Board of Directors has proposed a dividend of €4.00 per share for 2022, of which €3.50 represents an ordinary dividend, while the remaining €0.50 relates to the disposals of RTL Belgium and RTL Croatia (cash proceeds only). The ex-dividend date of the dividend payment would be 27 April 2023 and the payment date 2 May 2023.

- Based on the average share price in 2022 (€42.04[7]), the proposed dividend of €4.00 per share represents a dividend yield of 9.5 per cent.

[2] Streaming revenue includes SVOD, TVOD, in-stream and distribution revenue from RTL+ in Germany, RTL+ in Hungary (including RTL+/RTL+ Active/RTL+ Light) and Videoland/RTL XL in the Netherlands
[3] Revenue generated across all distribution platforms (cable, satellite, internet TV) including subscription and re-transmission fees
[4] See **Key performance indicators** on page 32
[5] Operating cash conversion rate reflects the level of operating profits converted into cash. Further details can be found in Key performance indicators on pages 33 to 34
[6] Net cash/(debt) excludes current and non-current lease liabilities. Including these, net cash as of 31 December 2022 was €-205 million (31 December 2021: net cash of €325 million). See **Key performance indicators** on pages 34 to 35
[7] Frankfurt Stock Exchange

"2022 was a strong year for RTL Group, although we faced an unprecedented number of external challenges."

Thomas Rabe, Chief Executive Officer of RTL Group, says:

"2022 was a strong year for RTL Group, although we faced an unprecedented number of external challenges. Revenue reached €7.2 billion, representing the highest revenue in the company's history. With our families of TV channels in Germany, France and the Netherlands continuing to generate high operating profits, and our global content business Fremantle reporting record results, our Adjusted EBITA before streaming start-up losses remained stable, on the same record level as last year.

RTL Group's growth businesses streaming and content progressed significantly in 2022, with 5.5 million paying subscribers for RTL+ and Videoland, and over 100 drama productions from Fremantle. We are on course to reach our ambitious streaming targets, and Fremantle is on track to becoming a €3 billion company by 2025.

RTL Group demonstrates high earnings, cost discipline and significant investments in content, streaming, tech and data. This enables us to pay a high dividend of €4.00 per share to our shareholders, including €0.50 relating to the disposals of RTL Belgium and RTL Croatia."

Strengthening RTL Group's core

On 1 January 2022, **RTL Deutschland** fully acquired **Gruner + Jahr's (G+J) German publishing assets and brands** for the final purchase price of €228 million.[8] In February 2023, RTL Deutschland announced a reorganisation of its publishing business to focus on its core brands *Stern, Geo, Capital, Stern Crime, Brigitte, Gala, Schöner Wohnen, Häuser, Couch, Eltern, Chefkoch, Geolino* and *Geolino Mini,* which account for around 70 per cent of its publishing revenue. Other brands will be sold or discontinued. RTL Deutschland will invest €80 million in its publishing business by 2025, €30 million thereof in the expansion of the paid offer Stern+. The potential synergies of the transaction (Adjusted EBITA run-rate impact) are estimated at around €75 million per year, to be fully realised by 2025 (previous guidance before reorganisation: €100 million per year).

On 31 March 2022, RTL Group closed the sale of **RTL Belgium** to the Belgian media companies DPG Media and Groupe Rossel, which resulted in net cash inflows of €154 million. On 1 June 2022, RTL Group completed the sale of **RTL Croatia** to Central European Media Enterprises (CME) for €41 million net of cash disposed.

[8] €210 million was already paid in 2021. The following Gruner + Jahr assets are not part of the transaction and will remain with Bertelsmann: DDV Mediengruppe (*Sächsische Zeitung*), Territory, AppLike Group and G+J's 25 per cent shareholding in Spiegel Gruppe; on 1 April 2022 RTL Deutschland also fully acquired 50 per cent of Deutsche Medien-Manufaktur (DMM)

RTL Group continues to invest significantly in content across all genres. Investments in **rights for live sports events** strengthen its linear TV channels and play an important role in gaining new subscribers for its streaming services by attracting male audiences and enhancing news and magazine formats.

- In May 2022, RTL Deutschland announced an extensive deal with Uefa to broadcast half of all football matches of the **German national team** in the Uefa Nations League until 2028, and the European Qualifiers for both the Fifa World Cup 2026 and Uefa Euro 2028.

- In September 2022, RTL Deutschland acquired the rights to broadcast live the **US National Football League (NFL)** games, including the Super Bowl, starting in September 2023.

- In 2022, Groupe M6 acquired for the first time the free-TV rights of the **Uefa Champions League** finals in 2025, 2026 and 2027 and the channel shares free-TV rights for 25 matches of the **Uefa Euro 2024** with TF1. M6 will also exclusively broadcast 18 matches of the **2023 Rugby World Cup** in France.

- In March 2023, RTL Deutschland announced the renewal of the full broadcasting rights of the **Uefa Europa League** and **Uefa Europa Conference League** for the seasons 2024/25 to 2026/27. The matches will be shown on its linear channels RTL and Nitro as well as its streaming service RTL+.

Next to local, exclusive content and sports rights, RTL Group invests in internationally popular TV and film formats:

- In February 2022, RTL Group announced that **RTL Deutschland** signed an exclusive agreement for an extensive, multi-year programme volume deal with the US production company **Warner Bros. Entertainment**. Starting from Q1/2022, RTL Deutschland receives access to exclusive films and series, including HBO Max originals. RTL Deutschland will also receive exclusive free-TV rights to future feature films and access to Warner Bros.' vast library of high-quality series and feature films across all genres.

- In April 2022, RTL Deutschland expanded its licensing agreement with **Paramount Global Content Distribution** to acquire an attractive programme package for the streaming service RTL+ and its free-TV channels, including German premieres and highlights from Paramount's library.

<u>Boosting growth businesses – Streaming</u>

At the end of 2022, RTL Group registered **5.488 million paying subscribers** for its streaming services RTL+ in Germany and Hungary, and Videoland in the Netherlands, up 44.3 per cent year-on-year (31 December 2021: 3.804 million).

- The number of paying subscribers for the German streaming service **RTL+** increased by 48.1 per cent to 4.016 million, compared to 2.712 million at the end of December 2021. The strategic partnership with Deutsche Telekom to bundle RTL+ Premium in Magenta TV, reality TV formats, football matches of the Uefa Europa League and the growing number of original formats such as *Sisi*, *Der König von Palma* and the *Bushido* documentary contributed significantly to this growth, with 62 new originals available in 2022 (2021: 67).

RTL Deutschland is gradually expanding its cross-media offer. In August 2022, it launched the **RTL+ Musik app**. In addition to video content, this gives RTL+ users access to more than 90 million songs and more than 100 radio streams. RTL+ entered an exclusive partnership with Deezer, one of the world's leading music streaming services. In November 2022, podcasts were added to the RTL+ Musik app, followed by a growing selection of audiobooks in December 2022.

- Paying subscriber numbers for the Dutch streaming service **Videoland** grew 11.8 per cent to 1.221 million compared to 1.092 million at the end of December 2021, largely thanks to exclusive content such as the original series *Sleepers* and *Mocro Maffia,* the documentary about the Dutch singer André Hazes, the fifth season of the US series *The Handmaid's Tale* and the Dutch kickboxing live events of the Glory series, all of which are exclusive to Videoland in the Netherlands.

- The number of paying subscribers for the **Hungarian streaming service RTL+** (including RTL+ Active) was 0.251 million at the end of December 2022. The successful launch of RTL+ was especially supported by the exclusive series *A Király* (The King), as well as daily series and reality formats such as *ValóVilág powered by Big Brother*.

  In November 2022, **RTL Hungary** launched its streaming service RTL+. Offering exclusive local content, the new service – which is based on the technology of **Bedrock**, RTL Group's streaming tech company – is a unique feature in the Hungarian streaming landscape. The previous services, RTL Most and RTL Most+, were integrated into RTL+ under the packages RTL+ Light and RTL+ Active. Therefore, RTL+ has three models: a direct-to-consumer subscription model without advertising, a TV subscription model (for example via an IPTV subscription), and a registration-based advertising-funded model.

Boosting growth businesses – Fremantle

Fremantle, RTL Group's global content business, targets full-year revenue of €3 billion by 2025. To reach this goal and keep up with the increasing demand for content, RTL Group is investing significantly in Fremantle in all territories, across all three content pillars – **drama and film, entertainment** and **documentaries**.

Within its **entertainment** business, Fremantle scored successes with *America's Got Talent*, the quiz show *Password* and various adaptations of *Farmer Wants a Wife*. Within **drama and film**, the delivery of the second season of *The Mosquito Coast* to Apple TV+ was a huge success while Fremantle's film business continued to grow, with 17 films delivered in 2022 (2021: seven). In March 2022, Fremantle signed a three-year international filmmaking agreement with Oscar-winning actress **Angelina Jolie.** In February 2023, Fremantle signed a two-year partnership with Edward Berger, the director of *All Quiet on the Western Front*. Within its **documentary** business, Fremantle successfully launched the documentary *Planet Sex* with Cara Delevingne.

In 2022, Fremantle completed eight transactions:

In March 2022, **Fremantle** acquired 70 per cent of the shareholding in the leading Italian independent television production company **Lux Vide**. Successful series from the production company include *Medici* for Netflix, *Leonardo* for Amazon Prime, *Devils* for Sky, *The Bible Collection* – sold in 144 countries, *Don Matteo* – now in its 13th season and *DOC* – the medical drama that's rapidly becoming Rai's highest-rated series in 15 years. In the same month, Fremantle acquired a 25 per cent stake in **Fabel Entertainment**, known for the series *Bosch*.

In April 2022, **Fremantle** increased its stake in **Dancing Ledge Productions** from 25 per cent to 61 per cent. The UK-based production company is behind drama series such as *The Responder* and *The Salisbury Poisonings.*

In May 2022, **Fremantle** acquired 51 per cent of **Element Pictures**, the production company behind Academy Award, Golden Globe and BAFTA-winning films *The Favourite* and *Room,* the global drama *Normal People*, and the mini-series *Conversations With Friends*.

In June 2022, **Fremantle** increased its ownership in the US/Australian production company **Eureka** to 100 per cent, having already acquired a majority stake in 2021.

In November 2022, **Fremantle** acquired a 55 per cent stake in **72 Films**, the TV production company behind the sports documentary *All or Nothing: Arsenal* and *9/11: One Day in America*. In the same month, Fremantle acquired a 51 per cent stake in **Wildstar Films**, a production company focused on natural history documentaries and responsible for successful films and series such as *America the Beautiful* and *Epic Adventures with Bertie Gregory.* This was followed by the acquisition of a 51 per cent stake in **Silvio Productions**, a production company behind documentary series such as *Shadow of Truth.*

Fostering alliances and partnerships

In February 2022, RTL Group announced its decision to combine its fully owned businesses RTL AdConnect, G+J iMS and the media division of Smartclip to create an international advertising sales champion called **RTL Ad Alliance.** RTL Ad Alliance will provide international advertisers with simplified access to a unique portfolio of media brands across TV, digital video, radio/audio, online, mobile and print.

In May 2022, RTL Group's European ad-tech business, **Smartclip**[9], fully acquired the French ad-tech company **Realytics**. The acquisition complements RTL Group's ad-tech stack: Realytics systematically analyses the impact of TV advertising on advertiser websites and ensures data availability for digital ad decisioning.

In November 2022, **Bedrock** successfully migrated more than one million subscribers of Videoland to a more advanced version of the service with more features, stronger personalisation, better data management and editorial tools. This represented the largest streaming migration in Europe to date.

[9] Smartclip is part of RTL Deutschland

Outlook

The geopolitical and macroeconomic environment remains volatile and the impact on RTL Group's businesses is hard to predict.

On this basis and subject to the above:

– RTL Group expects its revenue to increase to between €7.3 and €7.4 billion.

– RTL Group expects its Adjusted EBITA for 2023 to be between €1.0 and €1.05 billion. Streaming start-up losses are expected at just below €200 million (2022: €233 million). Consequently, the Group expects its Adjusted EBITA before streaming start-up losses to be between €1.2 and €1.25 billion (2022: €1,316 million).

– RTL Group's dividend policy remains unchanged: RTL Group plans to pay out at least 80 per cent of the adjusted full-year net result, resulting in an ordinary dividend paid in 2024 and 2025 (for the financial years 2023 and 2024) of approximately €3.50 per share, based on current projections.

	2022	2023e
Revenue	€7,224m	**€7.3bn to €7.4bn**
Adjusted EBITA	€1,083m	**€1.0bn to €1.05bn**
Streaming start-up losses	€233m	Just below €0.2bn
Adjusted EBITA before streaming start-up losses	€1,316m	**€1.2bn to €1.25bn**

Strategic targets for RTL Group's streaming services[10]

	2022	2026e
Paying subscribers	5.5m	**10m**
Streaming revenue	€267m	**€1bn**
Content spend per annum	€304m	**~€600m**

Profitability is expected by 2026[11].

[10] RTL+ in Germany and Hungary and Videoland in the Netherlands

[11] Total of Adjusted EBITA from RTL+, Videoland/RTL XL, Salto and Bedrock as consolidated on RTL Group level. The Adjusted EBITA of RTL+ in Germany and Hungary and Videoland/RTL XL in the Netherlands includes synergies with TV channels at business unit level. For the definition of Adjusted EBITA please see **Key performance indicators** on pages 30 to 31

Fremantle: revenue target

Fremantle targets full-year revenue of €3 billion by 2025.

To reach this goal and keep up with the increasing demand for content, RTL Group will invest significantly in Fremantle – both organically and via acquisitions – in all territories across drama and film, entertainment and factual shows and documentaries.

Financial review	2022 € m	2021 € m	Per cent change
Revenue	**7,224**	**6,637**	**+8.8**
Adjusted EBITA	**1,083**	**1,152**	**(6.0)**
Adjusted EBITA margin (%)	**15.0**	**17.4**	
Adjusted EBITA	**1,083**	**1,152**	**(6.0)**
Significant special items	(44)	(61)	
Impairment and reversals of investments accounted for using the equity method	(5)	2	
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(46)	(19)	
Impairment and reversals on other financial assets at amortised cost	(30)	–	
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	107	949	
Fair value measurement of investments and re-measurement of earn-out arrangements	(78)	(115)	
EBIT	**987**	**1,908**	**(48.3)**
Financial result	(55)	(27)	
Income tax expense	(166)	(427)	
Group profit	**766**	**1,454**	**(47.3)**
Attributable to:			
– RTL Group shareholders	**673**	**1,301**	(48.3)
– Non-controlling interests	93	153	
Basic and diluted EPS (in €)	**4.35**	**8.41**	**(48.3)**

About RTL Group

RTL Group is a leading entertainment company across broadcast, streaming, content and digital, with interests in 56 television channels, nine streaming services and 36 radio stations.

The Group's families of TV channels are either number one or number two in six European countries, while RTL Group owns, or has interests in, radio stations in France, Germany, Spain and Luxembourg. RTL Deutschland is the Group's largest business unit and Germany's first cross-media champion, operating across TV, streaming, radio, and digital publishing. RTL Group's streaming services include RTL+ in Germany and Hungary, Videoland in the Netherlands and 6play in France.

Fremantle is one of the world's largest creators, producers and distributors of scripted and unscripted content, and is responsible for around 12,000 hours of programming per year, alongside an international network of teams operating in 27 countries. The streaming tech company, Bedrock, and the ad-tech company, Smartclip, are also owned by RTL Group.

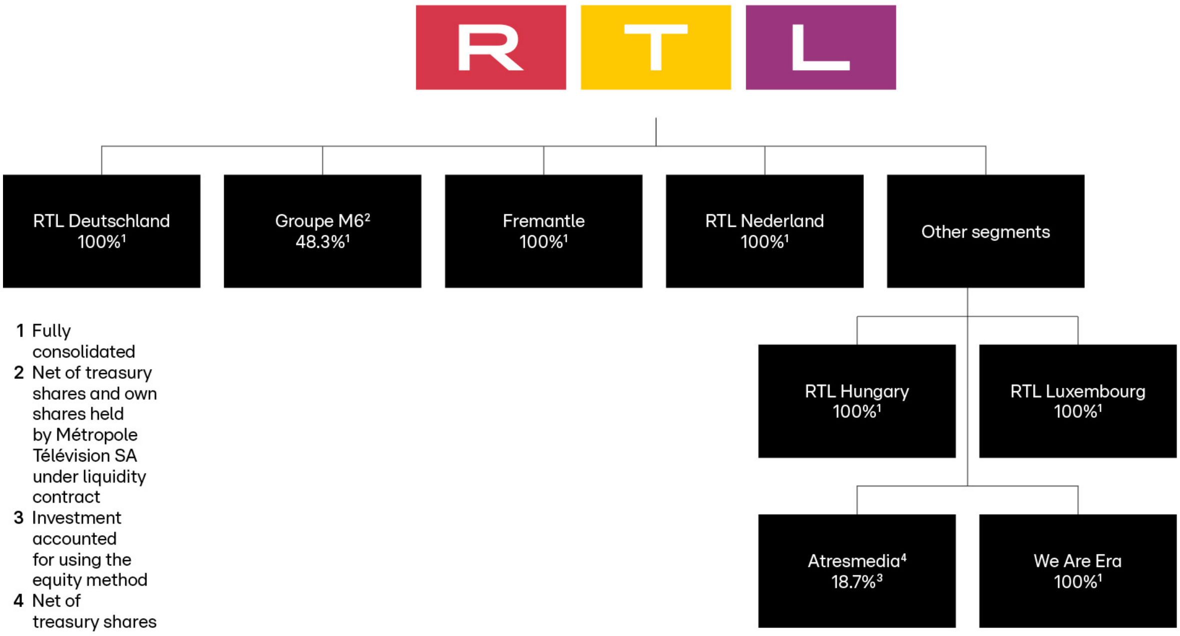
As a market leader, RTL Group strives to foster alliances and partnerships within the European media industry – for example, by building one-stop advertising sales houses in Germany and the Netherlands with Ad Alliance, and driving international advertising sales with RTL Ad Alliance.

The roots of the company date back to 1924, when Radio Luxembourg first went on air. Compagnie Luxembourgeoise de Radiodiffusion (CLR) was founded in 1931. As a European pioneer, the company broadcast a unique programme in several languages using the same wavelength.

RTL Group itself was created in spring 2000, following the merger of Luxembourg-based CLT-UFA and the British content production company Pearson TV, owned by Pearson Plc. CLT-UFA was created in 1997 when the shareholders of UFA (Bertelsmann) and the historic Compagnie Luxembourgeoise de Télédiffusion– CLT (Audiofina) merged their TV, radio and production businesses.

Bertelsmann has been the majority shareholder of RTL Group since July 2001. RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt and Luxembourg Stock Exchanges. RTL Group is listed in the MDAX stock index. RTL Group publishes its consolidated financial statements in accordance with IFRS as adopted by the European Union.

RTL Group corporate structure (simplified) as at 31 December 2022



1 Fully consolidated
2 Net of treasury shares and own shares held by Métropole Télévision SA under liquidity contract
3 Investment accounted for using the equity method
4 Net of treasury shares

Management approach

The Group's business units are run by management teams with entrepreneurial freedom and editorial independence. This enables each unit to act flexibly in its market, to build its own local identity, and to benefit from one of the most important success factors in the media business: proximity to its audience.

Responsibility for the day-to-day management of the company rests with the CEO, who – on a regular basis and upon request of the Board – informs the Board of Directors about the status and development of the company. The Executive Committee is comprised of the CEO, the COO/ Deputy CEO and the CFO. The Executive Committee is vested with internal management authority.

In the Operations Management Committee (OMC), the Executive Committee meets with CEOs of the Group's units to share information, discuss opportunities and challenges, and foster cooperation.

RTL Group has strengthened cross-border collaboration in the areas of streaming technology (led by Bedrock); advertising technology (led by Smartclip); international advertising sales (led by RTL Ad Alliance), content creation, sourcing and distribution.

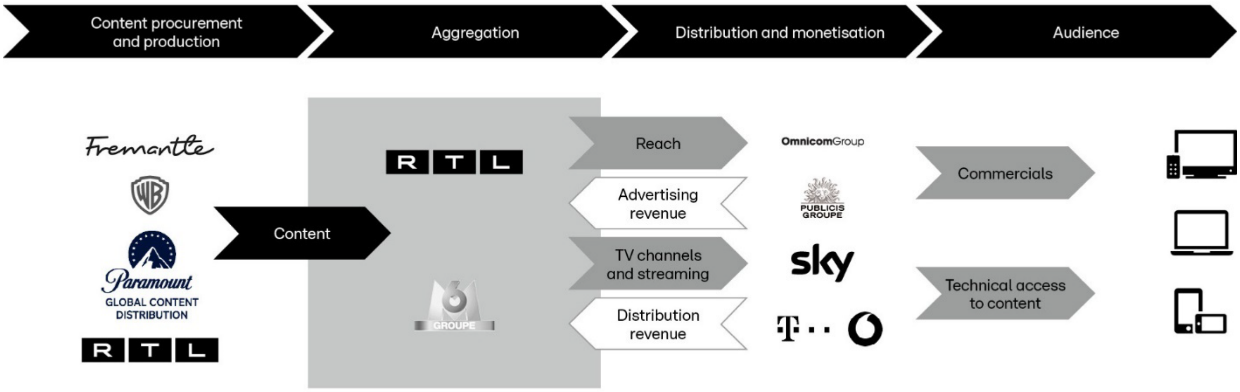
In addition, all units benefit from sharing information, knowledge and experience across the Group through the Group's Synergy Committees (SyCos). These SyCos – which are comprised of executives and experts from each segment and from the Group's Corporate Centre – meet regularly to discuss topics such as programming, advertising sales, streaming and tech and data. While each unit makes its own decisions, it is encouraged to draw on the understanding and expertise of other RTL Group companies.

The Corporate Centre provides strategic direction and financial controls, while managing the Group's portfolio of holdings.

Business model

RTL Group's business model is to produce, aggregate, distribute and monetise the most attractive video content, across all formats and platforms.

Broadcast



Generic broadcast value chain

RTL Group's broadcasters buy, produce and commission mostly local content. They also buy or license broadcasting rights for movies, TV series and sporting events. TV channels and radio stations create and schedule programming that helps them shape their channel brands. Rather than focusing on a single genre, RTL Group's flagship channels create a general interest programming mix across all genres, including drama, factual entertainment, news, talk, soaps, reality and sport. In today's fragmented marketplace, it's crucial for broadcasters to offer content that makes them stand out.

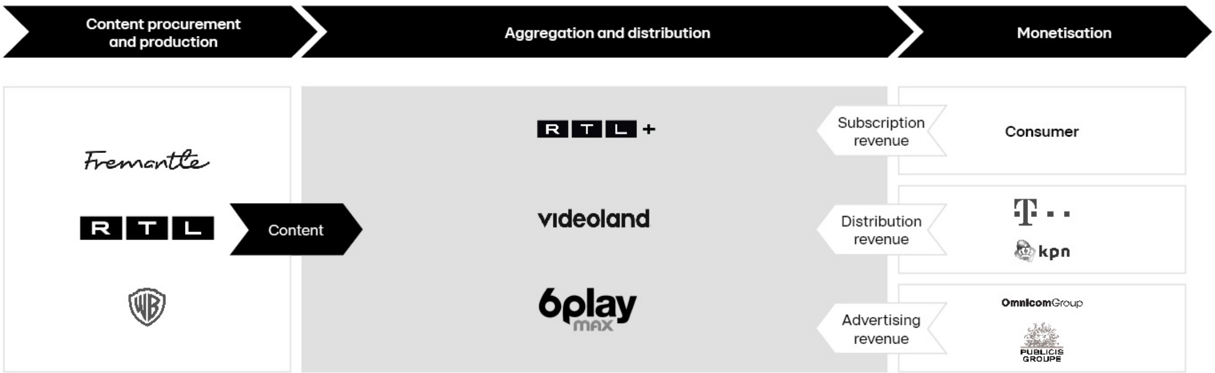
Advertising is the primary source of revenue for RTL Group's broadcasters, and they offer their advertising clients a range of ad formats, from the traditional 30-second commercial to tailored packages of TV and digital ads to addressable TV advertising. RTL Group's advertising sales houses sell spots in the channels' linear and non-linear programming and increasingly sell cross-media. The price advertisers pay generally depends on the reach and demographic structure of the audience they target. Higher audience shares and more sought-after target groups lead to higher spot prices, generally priced at CPM (cost per mille).

RTL Group broadcasters distribute their content via all platforms, such as cable, satellite, terrestrial broadcasting and internet TV. In exchange for the broadcasting signal in high definition (HDTV) or additional services – such as the RTL Group broadcasters' pay-TV channels or streaming services – they receive fees from the platform operators. RTL Group reports this figure separately as distribution revenue. Between 2012 and 2022, this high-margin revenue rose from €175 million to €438 million.

Streaming

RTL Group's broadcasters have established their own streaming services, which make their programmes available on all devices at all times, and which are financed by subscription fees, advertising and distribution. These broadcasters continue to increase their production volume of original content for their streaming services.

The aim is to combine the different streaming offerings into a hybrid business model, consisting of various price packages. Lower-priced or free packages are predominantly or fully financed by advertising. The various premium price packages include, for example, several parallel streams on various devices, the live signal of RTL TV channels in HD quality, and premium content bundles, that offer the programmes of the Group's linear TV channels in the respective countries, plus premium content either exclusively produced or licensed from third parties. RTL Deutschland is gradually expanding RTL+ into a cross-media offer and launched the RTL+ Musik app in August 2022. In addition to video content, RTL+ users have access to more than 90 million songs, more than 100 radio streams, podcasts, and a growing selection of audiobooks.



Streaming value chain

Content

RTL Group's broadcasters produce and commission a wide variety of local content, while the Group's global production arm, Fremantle, is responsible for around 12,000 hours of programming per year.

Content production value chain

1 Pre-production only starts once the idea is sold to a commissioning client network

As one of the world's largest creators, producers and distributors of content, Fremantle operates differently to RTL Group's broadcasters. The company produces, licenses and distributes a vast array of programmes that range from high-end drama and documentaries through game shows and daily drama to reality TV formats. As a production company, Fremantle provides broadcasters and streaming services with content that they can use to build their businesses.

Fremantle has an international network of teams across production and distribution, operating in 27 countries.

Fremantle's international distribution business sells finished programmes and formats around the world, and acquires, develops, finances and co-produces new titles for the international market. Its catalogue contains a diverse range of programming across drama, film, documentaries and entertainment.

The distribution business also plays an important role in providing financing for high-quality drama such as *Reyka, The Mosquito Coast* and *The Responder.*

Supported by a sales network that spans ten international offices and five continents, Fremantle distributes content in over 180 territories worldwide.

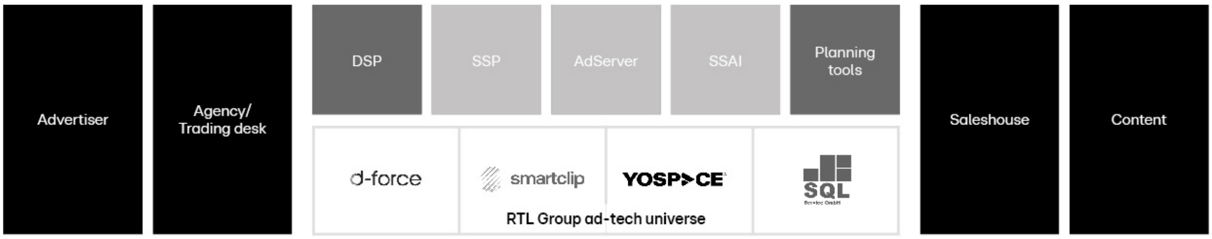
The business model of drama series, films and documentaries is based on creating long-term library value. Ideally, these series will entertain viewers and thereby generate revenue and profits for between five and 20 years. The development cycle of high-end drama series – from concept to screening – ranges from two to three years.

The fact that both the timing of the delivery of a finished programme and the initial transmission date are often decided by the broadcaster or streaming service can ultimately affect revenue recognition at Group level. Phasing or timing effects can swing significantly from one quarter to another but are often balanced over the course of the year.

Digital

Advertising technology

While linear television remains the only medium to reach mass audiences daily, digital video advertising lets advertisers deliver their message to an engaged audience, which can be enhanced using technology and data. This is done using a sophisticated method that automates the advertising sales process: within milliseconds an ad space on a website or streaming service can be sold to advertisers looking for a particular demographic and willing to pay a price within a given range. In brief, advertising technology fulfils two main goals: a) to find the perfect match between advertiser and user and, b) to find the perfect price for both advertiser and publisher. The main difference to traditional advertising sales is the targeting of individual users instead of a broad reach. Addressable TV advertising aims to combine the advantages of traditional TV advertising – such as high reach and brand safety – with the targeting solutions of digital advertising.



Market environment

Digitisation has significantly transformed the TV market. More than 99 per cent of European households now receive their TV signal digitally and, in Germany alone, viewers have access to over 80 linear television channels.

Digitisation has brought new ways of reaching viewers – such as short-form video content made for consumption on mobile devices and streaming services – which complement conventional modes of TV distribution such as terrestrial television, cable and satellite (free-to-air and pay-TV). Broadcasters such as RTL Group have welcomed the opportunity to distribute their programmes on both a linear (scheduled) and non-linear (on demand – anywhere, any time and on any device) basis.

With these extensive changes in the technical infrastructure of content distribution, the rise in viewing consumption through new devices (smartphones, tablets, connected TVs) has led to far-reaching changes in TV viewing behaviour. Now that media convergence has become a technical reality, the media industry can see noticeable shifts in audience reach, advertising, distribution and platform business.

The video market comprises:

- Linear TV (commercial free-to-air channels, pay-TV channels, public broadcasters and linear TV channels delivered 'over-the-top')
- Streaming services financed by subscriptions, advertising, distribution revenue or pay-per-view (especially long-form)
- YouTube, Facebook, TikTok and other online video platforms (especially short-form)

Market trends

Against the backdrop of ongoing digitisation, RTL Group's markets are currently shaped by two key trends: **competition** and **consolidation**.

While linear TV is still the way most viewers consume video content, non-linear viewing or streaming is growing fast, and displaying the following trends:

- The younger the target group, the higher the share of non-linear viewing
- The younger the target group, the higher the share of viewing on mobile devices
- Linear viewing time in young target groups significantly decreased after 2020 (Covid-19-effect)
- Streaming services have begun to attract older target groups
- Watching video content on mobile devices increases the demand for short-form video (short clips that last just a few minutes)
- There is a high demand for high-end drama series, films and documentaries on streaming platforms
- Films are increasingly produced for streaming services and broadcasters, cinemas decrease in relevance

Competition

Traditional media companies, particularly in the United States, are spending tens of billions of dollars in the battle with global tech platforms such as Netflix, Amazon and YouTube (Google). In what became known as the 'streaming wars', in a short space of time, Disney, Apple, Warner Bros. Discovery, Paramount Global (formerly ViacomCBS) and Comcast/NBCUniversal all launched new streaming services. Subscriptions for libraries of films and shows, along with other services, cost up to €18 a month in Germany, for example. In addition to the subscription fees, streaming services such as Netflix, Disney+ and Amazon (via Freevee) introduced ad-supported price tiers to their services in 2022. Streaming services also offer more and more free ad-supported streaming TV (FAST) channels. In contrast to ad-supported video-on-demand (AVOD), FAST channels offer live TV – like a linear TV channel – digitally via IPTV which increases competition, however, also offers opportunities for content production companies such as Fremantle.

As a result, the production business around the world is thriving, especially for high-end drama series, causing rapidly rising prices for the best content and talent:

- According to data from research firm, Ampere Analysis, media companies spent $238 billion on video content in 2022 – twice as much as ten years ago. However, this trend is expected to slow down according to an Ampere Analysis report published in January 2023. Overall spending growth on original content is expected to decrease from 6 per cent in 2022 to 2 per cent in 2023 and there is a shift in content commissioning to incorporate a greater volume of cheaper, unscripted formats.

- Content production prices increased rapidly. According to *The Economist*, the final season of Warner Bros. Discovery *Game of Thrones* cost $15 million per episode in 2019, while the first season of the new series *Lord of the Rings* for Amazon Prime, which launched in 2022, is estimated to have cost $465 million for eight episodes.

- More and more key players – such as Disney, Paramount Global and Warner Bros. Discovery – are holding back valuable IP and content to boost the growth of their own streaming services. However, first trends show that those players are beginning to licence more content again.

Consolidation

In the past ten years, some media groups have been folded into vertically integrated conglomerates that control both the production and distribution of content. For example, Comcast bought NBCUniversal.

The world's largest media company, Disney, expanded horizontally rather than vertically, with its $71 billion acquisition of 21st Century Fox, Pixar (animation studio), Lucasfilm (*Star Wars*) and Marvel Entertainment (Marvel Comics). US telecommunications company AT&T bought DirecTV, a satellite firm, and Time Warner, owner of HBO and the Warner Bros. studio. AT&T split off WarnerMedia and combined it with Discovery in April 2022 – now called Warner Bros. Discovery. US media companies, CBS Corporation and Viacom, formed ViacomCBS (called Paramount Global since February 2022). This period of consolidation created a handful of content giants with huge back catalogues, ready to spend heavily on old shows and new programming.

The production business shows a similar consolidation trend as demand for talent – including authors, scriptwriters and showrunners – increases. Thus, large production businesses merge with, or increasingly acquire, smaller production companies. An international example is the French TV production firm, Banijay, which acquired Endemol Shine from Disney and Apollo Global Management, creating a global production giant that represents the largest TV producer outside the US. Fremantle has invested heavily in a high number of smaller production companies to accelerate its growth in scripted series, films and documentaries – including Miso Film, This is Nice Group, Wildside, Lux Vide, Kwaï, Abot Hameiri, Dancing Ledge Productions, Fabel, 72 Films, Wildstar Films, Passenger, Silvio Productions, Eureka and Element Pictures.

Strategy

The international media industry is experiencing a major transformation, with huge opportunities for those who are prepared to shape the future.

To successfully transform RTL Group's business, two factors are particularly important. One is higher reach – combining linear and non-linear – which requires investments in content, marketing and a state-of-the-art streaming platform. The second is better monetisation of audience reach – via targeting and personalisation or recommendation – which requires investments in advertising technology and data.

RTL Group's Board of Directors and Executive Committee have defined a strategy that builds upon three priorities:

1. Strengthening the Group's **core** businesses.
2. Expanding RTL Group's **growth** businesses, in particular in the areas of streaming, content production and technology.
3. Fostering **alliances and partnerships** in the European media industry.

Core

Strengthening RTL Group's families of channels

Wherever attractive opportunities arise, the Group **aims to consolidate** across its existing European broadcasting footprint – including through mergers and acquisitions – to create strong families of channels. The strategic rationale is about scale, pooling resources and creativity to compete with global tech platforms in the respective national markets. Instead of larger consolidation moves it requires higher investments in exclusive, local content to boost the growth of RTL Group's streaming services. It requires strengthening the Group's national and international ad sales businesses with its multi-client business as well as fostering distribution partnerships. And it requires investments in tech and data, streaming technology and addressable TV advertising.

In France, Groupe Bouygues, RTL Group, Groupe TF1, and Groupe M6 decided to abandon their plan to merge **Groupe TF1** and **Groupe M6** in September 2022, due to far-reaching demands from the French competition authority. In the Netherlands, the merger process of **RTL Nederland** and **Talpa Network** was stopped in January 2023, since the Dutch competition authority informed both parties that it will not approve the proposed merger. The parties regret that the authorities did not take into account the speed and extent of the changes in the French and Dutch media landscapes and the impact of these changes on local media companies.

In July 2021, RTL Deutschland acquired the outstanding 50 per cent of the shares in **Super RTL** from its previous joint venture partner, The Walt Disney Company. RTL Group's shareholding in Super RTL is now 100 per cent.

In January 2022, **RTL Deutschland fully acquired Gruner + Jahr's (G+J) German publishing assets and brands** from Bertelsmann[12]. As of 1 January 2022, G+J contributes popular and trusted brands such as *Stern* and *Geo* to RTL Deutschland. The combination further strengthens RTL Deutschland's position as partner of choice for Germany's creative talent and will boost the growth of its streaming service RTL+, with investments in local content, positive entertainment and independent journalism, as well as technology and data. In February 2023, RTL Deutschland announced a reorganisation of its publishing business to focus on its core brands *Stern, Geo, Capital, Stern Crime, Brigitte, Gala, Schöner Wohnen, Häuser, Couch, Eltern, Chefkoch, Geolino* and *Geolino Mini.* Other brands will be sold or discontinued. RTL Deutschland will invest €80 million in its publishing business by 2025, €30 million thereof in the expansion of the paid offer Stern+ with complementary content from *Stern*, *Geo*, *Capital* and *Stern Crime*. The potential synergies of the transaction (Adjusted EBITA run-rate impact) are estimated at around €75 million per year, to be fully realised by 2025.

At the end of March 2022, RTL Group closed the sale of **RTL Belgium** to the Belgian media companies DPG Media and Groupe Rossel. In June 2022, RTL Group confirmed the close of the transaction to sell **RTL Croatia** to Central European Media Enterprises (CME).

Building and extending families of TV channels has been key to addressing increasing audience fragmentation and competition in a digital, multi-channel world, with the overall goal of maintaining or growing RTL Group's audience shares and net TV advertising market shares in the various countries. In past years, RTL Group's families of channels have been extended by **digital channels**, including Nitro, RTL Up, Vox Up, 6ter, and RTL Z.

Another focus for strengthening the Group's core business in broadcasting is to increase non-advertising revenue, by **further growing the revenue from platform operators (distribution revenue) and intensifying distribution partnerships**. RTL Group aims to receive a fair remuneration for its brands and programmes from the major distribution platforms – cable network operators, satellite companies and internet TV providers – for services such as high-definition TV channels, streaming platforms and digital pay channels.

Investing in content

In 2022, RTL Group spent around €4 billion on content, combining the programming spend of its broadcasters and the productions of its global content business, Fremantle.

Exploring all possible ways to develop and own new hit formats while continuing to grow the Group's investments in premium content is key to strengthening RTL Group's core businesses.

Investment in local, exclusive content – including the **rights for live sports events** – strengthens both RTL Group's linear TV channels, streaming services and its news and magazine formats. The following deals strengthen the Group's linear channels, helping to attract male audiences, and playing an important part in gaining new paying subscribers for RTL+ in Germany and Videoland in the Netherlands.

RTL Deutschland is home of the **Uefa Europa League and Europa Conference League.** In March 2023, it announced the renewal of the broadcasting rights for the seasons 2024/25 to 2026/27

[12] €210 million was already paid in 2021. The following Gruner + Jahr assets are not part of the transaction and will remain with Bertelsmann: DDV Mediengruppe (*Sächsische Zeitung*), Territory, AppLike Group and G+J's 25 per cent shareholding in Spiegel Gruppe; on 1 April 2022 RTL Deutschland also fully acquired 50 per cent of Deutsche Medien-Manufaktur (DMM)

and it additionally sub-licences the exclusive rights to 17 **Uefa Euro 2024 matches** from Deutsche Telekom. In addition, RTL Deutschland broadcasts half of all football matches of the **German national team** in the Uefa Nations League until 2028, and the **European Qualifiers** for both the Fifa World Cup 2026 and Uefa Euro 2028. In 2022, RTL Deutschland acquired the rights to broadcast all **National Football League (NFL)** matches including the Super Bowl until 2028 – starting from the 2023/24 season.

RTL Nederland acquired the rights to broadcast certain **Uefa Champions League** matches, starting with the 2021/22 season, for a period of three years. This is complemented by other sports rights such as the **Dakar motor sports series** until 2027 and the **Glory kickboxing fights** until 2024. Groupe M6 holds the rights to the **Uefa Europa League and Europa Conference League** for the 2022/23 and 2023/24 seasons, and is the official broadcaster of the **French national team**. In 2022, Groupe M6 acquired for the first time the free-TV rights of the **Uefa Champions League finals** in 2025, 2026 and 2027. The channel shares free-TV rights for 25 matches of the **Uefa Euro 2024** with TF1 and will also exclusively broadcast 18 matches of the 2023 **Rugby World Cup** in France.

Managing the portfolio

RTL Group's management continuously reviews the Group's portfolio. In the past five years, RTL Group sold several non-core assets in Europe such as the football club Girondins de Bordeaux and the website MonAlbumPhoto in France, the home entertainment and theatrical distribution company Universum Film in Germany, the Vancouver-based digital video network BroadbandTV (BBTV), the US ad-tech company SpotX, the US-based mobile entertainment company Ludia and the US software and data company for media measurement, VideoAmp.

These disposals are consistent with RTL Group's strategy to focus on growing its European digital businesses in the areas of streaming and advertising technology, alongside the Group's global content business, Fremantle.

Growth

Building national streaming champions

RTL Group is building national streaming champions in the European countries where it has leading families of TV channels. Making the most of the Group's competitive advantage in local programming, these streaming services will complement global services such as Netflix, Amazon Prime and Disney+.

The strategy is rolled out through services such as RTL+ in Germany and Hungary, Videoland in the Netherlands and 6play in France.

RTL Group's services have gradually introduced a **hybrid business model** – consisting of various price packages. Lower-priced or free packages are predominantly or fully financed by advertising. The various premium price packages include, for example, several parallel streams on various devices, the live signal of RTL TV channels in HD quality and premium content bundles including the programmes of the Group's linear TV channels in the respective countries, plus premium content either exclusively produced or licensed from third parties.

At the end of December 2022, RTL Group registered **5.488 million paying subscribers** for its streaming services RTL+ in Germany and Hungary and Videoland in the Netherlands, up 44.3 per cent year on year (end of December 2021: 3.804 million).

The rapidly growing German streaming service was rebranded as **RTL+** in November 2021 and, on average, provides more than one original per week. In 2022, RTL+ was expanded to a cross-media entertainment service, comprising video, music and podcasts, which is a unique selling proposition in the German-speaking market.

As a consequence of these increased investments in RTL+ and following the strong growth of the Group's streaming services, RTL Group **raised its streaming targets** in November 2021 and will therefore grow:

- its **annual content spend** in RTL+ in Germany and Hungary and Videoland in the Netherlands to around €600 million by 2026
- the number of **paying subscribers** for RTL+ in Germany and Hungary and Videoland in the Netherlands to 10 million by the end of 2026
- its **streaming revenue** to €1 billion by 2026
- with the aim of reaching **profitability** by 2026. The peak of the investment (streaming start-up losses) is expected in 2022, with €233 million.

In November 2020, **RTL Deutschland** and **Deutsche Telekom** announced a **strategic partnership** to integrate the RTL streaming service RTL+ Premium within Deutsche Telekom's TV offer, Magenta TV. Since then, price plans for both Magenta TV Smart and Magenta TV Smart Flex have included RTL+ Premium with no additional fee for customers.

In March 2021, **RTL Deutschland** and **Sky Deutschland** announced an agreement for closer collaboration in the areas of streaming and content. **RTL+ Premium** has been available for an additional premium on the **Sky Q platform** since June 2021. In August 2021, RTL Deutschland also expanded its partnership with **Vodafone** in the areas of programme offerings, streaming and addressable TV advertising.

Groupe M6's streaming service **6play** is the ad-funded streaming service in France with 24.5 million active users. In October 2022, Groupe M6 launched 6play Max, a paid subscription video-on-demand version of 6play, developed by Bedrock. Within this subscription users can watch the available content without advertising, in full HD and including download features.

In November 2022, **RTL Hungary** launched its streaming service **RTL+**. The new service offers exclusive local content, which is a unique feature on the streaming landscape in Hungary, and is also based on the technology of Bedrock, RTL Group's streaming tech company. The previous services, RTL Most and RTL Most+, were integrated into RTL+ under the subscription packages RTL+ Light and RTL+ Active. Therefore, RTL+ has three models: a paid model without advertising, a TV subscription model, and a registration-based advertising-funded model.

Expanding RTL Group's global content business, Fremantle

RTL Group's content business, Fremantle, is one of the world's largest creators, producers and distributors of scripted and unscripted content. Fremantle has an international network of teams across production and distribution, operating in 27 countries, being responsible for around 12,000 hours of programming per year, and distributing content worldwide.

Fremantle targets full-year revenue of €3 billion by 2025. To reach this goal and keep up with the increasing demand for content, RTL Group is investing significantly in Fremantle – both organically and via acquisitions – in all territories across **drama and film**, **entertainment and documentaries**.

Fremantle pursues three strategic goals:

- **Protect and grow the core:** Maintaining its position as a leading producer and distributor of quality programming by nurturing established brands such as *Idols*, *Got Talent* and *Farmer Wants a Wife*, while investing in creating new formats and brands and expanding the client base with global streaming platforms such as Netflix and Amazon Prime.

- **Grow drama, film and documentaries**: Fremantle has made a series of investments in talent and labels, to grow its drama, film and documentary business, being the best choice for talent. The company has strengthened its European footprint, expanded its scripted business in Latin America and invested in several production companies focused on documentaries with aims to become a leading producer of high-end documentaries.

- **Diversify the business with a portfolio approach** by exploiting new monetisation models such as direct-to-consumer and FAST channels. Fremantle has launched several FAST channels in the US such as Jamie Oliver, Baywatch, America's Got Talent, currently available on different platforms and has an ambitious plan to leverage its global footprint to grow the business internationally.

Given current market trends, drama series are key for RTL Group's expansion plans for both its streaming services and its global content business, Fremantle.

Fremantle continues to invest in high-end productions to **accelerate its growth in drama series, films and documentaries**. With a number of acquisitions – including Miso Film in Scandinavia, This is Nice Group in the Nordics, Wildside and Lux Vide in Italy, Kwaï in France, Abot Hameiri and Silvio Productions in Israel, Dancing Ledge Productions, 72 Films and Wildstar Films in the UK, Passenger and Fabel in the US, Eureka in the US and Australia, and Element Pictures in Ireland – Fremantle has created a global network that now comprises 21 production sites.

Fremantle also bought minority stakes in a number of new production companies to secure first access to their creative talent and output. Working with world-class storytellers is key to Fremantle's scripted strategy. Fremantle – together with broadcasters and streaming platforms – delivered over 100 scripted productions including high-end-series, daily dramas and films in 2022.

As a result of this strategy, Fremantle generated 35 per cent of its total revenue in 2022 from drama and film productions.

Investing in technology and data

Combining key success factors of TV advertising – such as high reach, brand safety and emotional storytelling – with data and targeting offers significant growth potential for RTL Group's largest revenue stream: advertising. Addressable TV will grow available inventory, attract new advertisers and deliver higher CPMs.

RTL Group's largest unit, RTL Deutschland, is responsible for the Group's ad-tech business, **Smartclip**. The objective is to create an open ad-tech platform, based on the technology developed by Smartclip and tailored for the needs of European broadcasters and streaming services. Accordingly, RTL Deutschland will invest further in evolving and growing the Smartclip platform.

In May 2022, RTL Group's European ad-tech business, Smartclip, fully acquired the French ad-tech company **Realytics –** an acquisition that complements RTL Group's ad-tech stack. Realytics systematically analyses the impact of TV advertising on advertiser websites and ensures data availability for digital ad decisioning.

The tech platform for RTL Group's streaming services is built by **Bedrock**, a French technology company. A common platform allows RTL Group to bundle its investments in streaming technology. The Bedrock platform serves Groupe M6's streaming service, 6play, Videoland in the Netherlands, and RTL+ in Hungary.

With its European ad-tech businesses, RTL Group made significant progress in building an open European ad-tech platform and in tapping into the high-growth market of addressable TV (ATV) advertising. In 2021, it was predicted that in Germany alone, the market for addressable TV advertising was expected to grow to more than €500 million by 2025. Based on this prediction RTL Deutschland was expected to generate approximately €200 million in ATV advertising revenue by 2025. However, the macroeconomic environment in the past two years, the slower technical distribution of connected smart TV devices and set top boxes, and the acceptance of addressable TV advertising of advertising clients delayed the market growth. RTL Group now expects that RTL Deutschland will generate approximately €200 million in ATV advertising revenue by 2027, two years later than previously planned.

Alliances and partnerships

In competing with the global tech platforms, new alliances and partnerships between European media companies have become increasingly important.

In autumn 2019, RTL Group's management started to promote new partnership opportunities – all based on the philosophy of bundling European broadcasters' resources to establish open and neutral platforms. RTL Group offers these partnership opportunities in areas such as advertising sales, advertising technology, streaming technology, content creation and data.

Driving international advertising sales

One key development for RTL Group's largest revenue stream – advertising – has been the increased demand from advertisers and agencies for global ad-buying opportunities. Consequently, RTL Group is expanding its **international advertising sales** to give international advertisers and agencies easy access to the Group's large portfolio of TV and streaming services, digital video company and advertising technology, in a brand-safe environment.

In February 2022, RTL Group announced its decision to combine its fully-owned businesses RTL AdConnect, G+J iMS and the media division of Smartclip to create an international advertising sales champion called **RTL Ad Alliance**. RTL Ad Alliance will provide international advertisers with simplified access to a unique portfolio of media brands across TV, digital video, radio/audio, online, mobile and print.

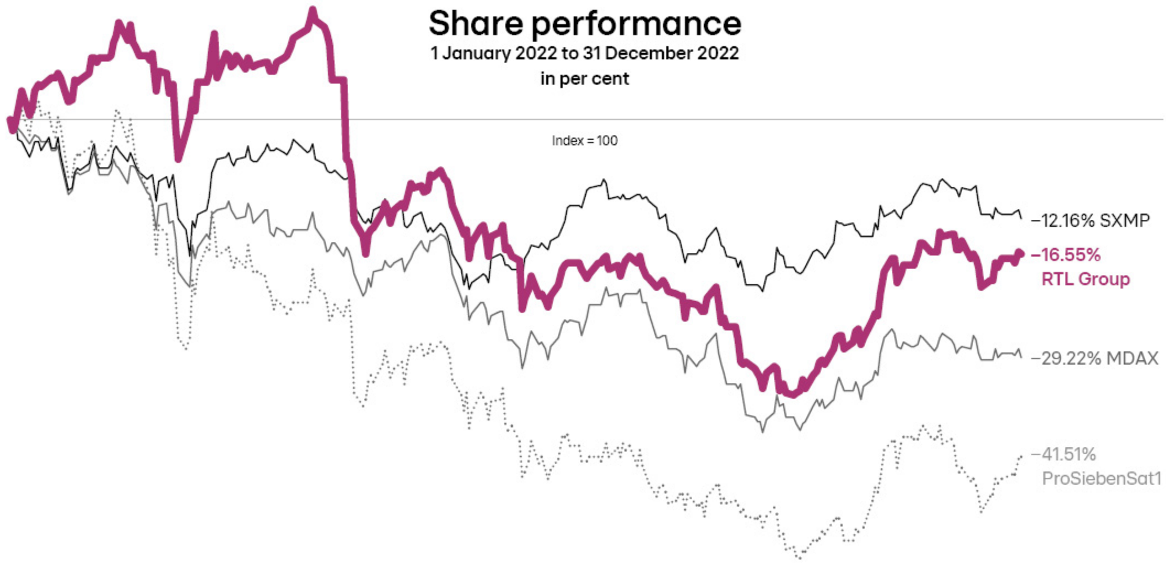
Building one-stop sales houses for cross-media campaigns

Ad Alliance, launched in Germany in 2016, offers high reach to advertisers and agencies, and is a one-stop-shop for the development of cross-media solutions and innovative advertising products. Its portfolio spans television, radio/audio, print, and digital. Ad Alliance is the only sales house in Germany that offers complex, all-media campaigns from a single source. After the sales house Media Impact (Axel Springer) became a partner of the German Ad Alliance for its digital inventory in January 2020, the companies agreed to intensify their partnership and expand their advertising sales cooperation to Media Impact's print titles, such as *Bild* and *Welt*, from January 2021. Together, the platforms of Ad Alliance reach 99 per cent of the German population. Ad Alliance remains open to additional partners.

RTL Nederland followed the German example by building an integrated advertising sales network for the Dutch market, also called Ad Alliance. The **Dutch Ad Alliance** integrates the sales activities of RTL Nederland, BrandDeli, Adfactor and Triade Media, and is also open to new partners.

Capital markets and share

RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and the Luxembourg Stock Exchange. RTL Group is listed in the MDAX stock index.



RTL Group share price development for January to December 2022 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media (SXMP) and ProSiebenSat1

RTL Group's share price started 2022 at €47.26 and finished the year down 16.6 per cent, at €39.44, thereby outperforming the German index MDAX. The share price highs and lows were €53.75 (21 April) and €31.28 (10 October).

Quarterly, the average share price evolved as follows:

Q1: €49.80
Q2: €44.90
Q3: €37.03
Q4: €36.66

The Group declared a dividend in April 2022 that was paid on 5 May 2022. The payment of €5.00 (gross) per share related to the 2021 full-year dividend. The total dividend paid amounted to €774 million. Based on the average share price in 2021 (€48.60), this represented a dividend yield of 10.3 per cent (2021: 8.9 per cent) and a dividend payout ratio of around 80 per cent, in line with the Group's dividend policy.

For more information on the analysts' views on RTL Group and RTL Group's equity story, please visit the **Investor Relations** section on *rtl.com*.

RTL Group rating

In 2019, RTL Group decided to cancel its ratings from both S&P and Moody's. Until the date of the cancellation, these ratings were fully aligned to RTL Group's parent company, Bertelsmann SE & Co KGaA, due to its shareholding level and control of RTL Group.

RTL Group dividend policy

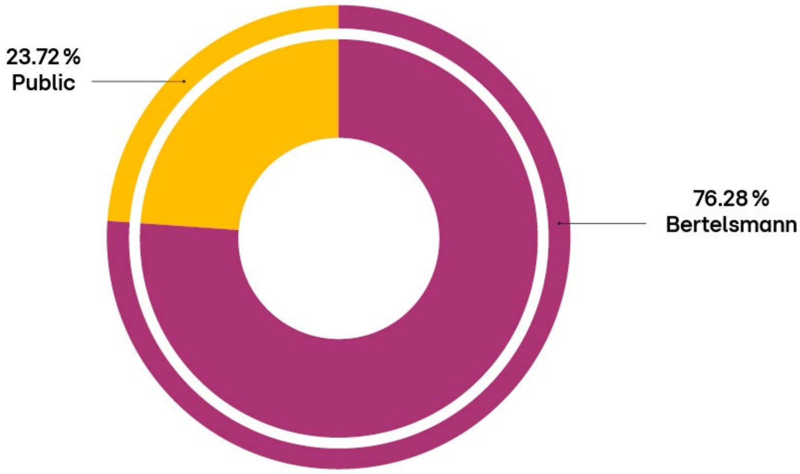
RTL Group's dividend policy offers a payout ratio of at least 80 per cent of the Group's adjusted net result.

The adjusted net result is the reported net result available to RTL Group shareholders, adjusted for any material non-cash impacts, such as goodwill impairments.

RTL Group shareholding structure

The share capital of the company is set at €191,845,074, divided into 154,742,806 shares with no par value.

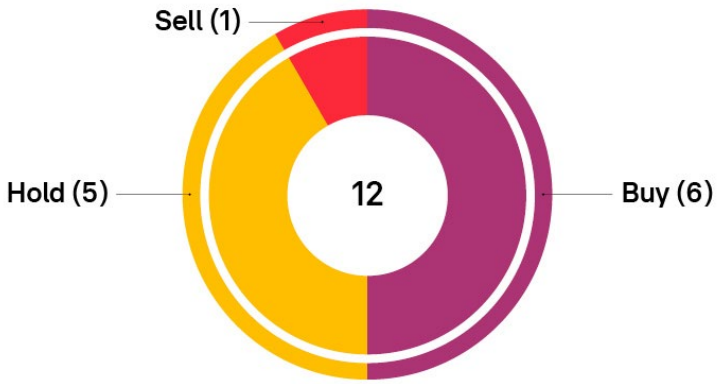
The shares are in the form of either registered or bearer shares, at the option of the owner.



Bertelsmann has been the majority shareholder of RTL Group since July 2001. As at 31 December 2022, Bertelsmann held 76.28 per cent of RTL Group shares, and 23.72 per cent were free float.

There is no obligation for a shareholder to inform the company of any transfer of bearer shares save for the obligations provided by the Luxembourg law of 15 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. Accordingly, the company shall not be liable for the accuracy or completeness of the information shown.

Analyst coverage (as at 31 December 2022)



[13]

A detailed overview on the analysts' views on RTL Group can be found on *rtl.com*.

RTL Group share master data

ISIN	LU0061462528
Exchange symbol	RRTL
WKN	861149
Share type	Ordinary
Bloomberg code	RRTL:GR
Reuters code	RRTL
Ticker	RRTL
Transparency level on first quotation	Prime Standard
Market segment	Regulated Market
Trading model	Continuous Trading
Sector	Media
Stock exchanges	Frankfurt, Luxembourg
Last total dividend (for financial year 2021)	€5.00
Number of shares	154,742,806
Market capitalisation[14]	€6,103,056,269
52 week high	€53.75 (21 April 2022)
52 week low	€31.28 (10 October 2022)

[13] Based on analyst coverage as at 31 December 2022
[14] As of 31 December 2022

Indices

RTL Group’s shares were/are listed in the indices with the weight as outlined below:

Index	Weight in per cent	Date
MDAX	0.9970	30/12/2022
MDAX Kursindex	0.9972	30/12/2022
Prime All Share	0.0971	30/12/2022
HDAX	0.1038	30/12/2022
HDAX Kursindex	0.1039	30/12/2022

Key performance indicators

RTL Group analyses key performance indicators (KPIs) to manage its businesses, including revenue, organic growth/decline, Adjusted EBITA, Adjusted EBITA before streaming start-up losses, Adjusted EBITA margin, net debt, operating cash conversion rate and audience shares in the company's main target groups. RTL Group's key performance indicators are mostly determined on the basis of so-called alternative performance measures, which are not defined by IFRS. Management believes they are relevant for measuring the performance of the Group's operations, financial position and cash flows, and for making decisions. These KPIs also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting. These should not be considered in isolation but as complementary information for evaluating the Group's business situation. RTL Group's KPIs may not be comparable to similarly titled measures reported by other groups due to differences in the way these measures are calculated.

Organic growth/decline

Organic growth is calculated by adjusting the reported revenue growth mainly for the impact of exchange rate effects, corporate acquisitions and disposals. It should be seen as a component of the reported revenue shown in the income statement. Its main objective is for the reader to isolate the impacts of portfolio changes and exchange rates on the reported revenue. When determining the exchange rate effects, the functional currency that is valid in the respective country is used. Potential other effects may include changes in methods and reporting.

Adjusted EBITA

EBIT, Adjusted EBITA and EBITDA are indicators of operating profitability. With significant investments in the Group's streaming activities, RTL Group additionally use Adjusted EBITA before streaming start-up losses. The key performance indicator for the operating profitability of RTL Group and its business units is Adjusted EBITA. Analysts also continue to use EBITDA as a KPI for the Group's profitability. As a result, for these purposes the calculation of EBITDA for the Group is also disclosed.

RTL Group comments primarily on Adjusted EBITA as the KPI for measuring profitability.

Adjusted EBITA represents a recurring operating result and excludes significant special items. RTL Group management has established an 'Adjusted EBITA' that neutralises the impacts of structural distortions for the sake of transparency. Based on the accelerated industry trends explained in the **Market** section (pages 16 to 18) and **Strategy** section (pages 19 to 25) in this Directors' report, RTL Group plans to increase its investments in business transformation including streaming, premium content, technology and data. At the same time, management continually assess opportunities to reduce costs in the Group's traditional broadcasting activities – for example, reallocating resources from its traditional businesses to its growing digital businesses – and this may lead to restructuring expenses that are neutralised in the Adjusted EBITA.

Adjusted EBITA is determined as earnings before interest and taxes (EBIT) as disclosed in the income statement excluding the following elements:

- Impairment of goodwill of subsidiaries and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries

- Impairment and reversals of investments accounted for using the equity method
- Impairment and reversals on other financial assets at amortised cost presented in 'Other operating expenses' or 'Other operating income'
- Re-measurement of earn-out arrangements presented in 'Other operating income' or 'Other operating expenses'
- Fair value measurement of investments presented in 'Other operating income' or 'Other operating expenses'
- (Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree
- Significant special items

Significant special items exceeding the cumulative threshold of €5 million need to be approved by management, and primarily consist of restructuring expenses or reversal of restructuring provisions and other special factors or distortions. The adjustments for special items serve to determine a sustainable operating result that could be repeated under normal economic circumstances and is not affected by special factors or structural distortions. In 2022, 'Significant special items' reflects restructuring and integration costs in Germany (€-33 million) following the Gruner + Jahr transaction as well as the impact of expenses in connection with strategic portfolio management (€-11 million). In 2021 'Significant special items' reflected the impact of restructuring expenses at RTL Deutschland (€-38 million), reversal of negative effects from onerous advertising sales contracts (€10 million) and the impact of expenses in connection with strategic portfolio management (€-33 million).

	2022 € m	2021 € m
Earnings before interest and taxes (EBIT)	**987**	**1,908**
Impairment of goodwill of subsidiaries	–	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	46	19
Impairment and reversals of investments accounted for using the equity method	5	(2)
Impairment and reversals on other financial assets at amortised cost	30	–
Re-measurement of earn-out arrangements	–	–
Fair value measurement of investments	78	115
(Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	(107)	(949)
EBITA	**1,039**	**1,091**
Significant special items	44	61
Adjusted EBITA	**1,083**	**1,152**

Adjusted EBITA before streaming start-up losses

In accordance with RTL Group's strategy, the company continued to invest heavily in its streaming services, RTL+ in Germany and Hungary and Videoland in the Netherlands, all of which have seen a rapid increase in the number of paying subscribers (for further details please refer to **Building national streaming champions** on pages 21 to 22). The Adjusted EBITA of RTL Group is impacted by effects relating to the growth of its streaming services. These are operational in nature, and are not included in 'Significant special items'. RTL Group believes the disclosure of 'streaming start-up losses' and 'Adjusted EBITA before streaming start-up losses' provide important context for its business performance, hence it discloses information relating to both KPIs in addition to its leading alternative performance measure, 'Adjusted EBITA'. Streaming start-up losses are defined as a total of Adjusted EBITA from RTL+ in Germany and Hungary, Videoland/RTL XL, Salto and Bedrock as consolidated on RTL Group level. For the year 2022, the total of streaming start-up losses amounted to €233 million (2021: €166 million). Adjusted EBITA before streaming start-up losses was €1,316 million (2021: €1,318 million).

Adjusted EBITA margin

The Adjusted EBITA margin as a percentage of Adjusted EBITA of revenue is used as an additional criteria for assessing business performance.

EBITDA

EBITDA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:

- Amortisation and impairment of non-current programme and other rights, of other intangible assets, depreciation and impairment of property, plant and equipment, (excluding the part concerning goodwill and fair value adjustments) and of right-of-use assets reported in 'Depreciation, amortisation and impairment'
- Impairment of goodwill of subsidiaries and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries
- Impairment and reversals of investments accounted for using the equity method
- Impairment and reversals on other financial assets at amortised cost presented in 'Other operating expenses' or 'Other operating income'
- Re-measurement of earn-out arrangements presented in 'Other operating income' or 'Other operating expenses'
- Fair value measurement of investments presented in 'Other operating income' or 'Other operating expenses'
- (Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

	2022 € m	2021 € m
Earnings before interest and taxes (EBIT)	**987**	**1,908**
Depreciation, amortisation and impairment	240	209
Impairment of goodwill of subsidiaries	–	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	46	19
Impairment and reversals of investments accounted for using the equity method	5	(2)
Impairment and reversals on other financial assets at amortised cost	30	–
Re-measurement of earn-out arrangements	–	–
Fair value measurement of investments	78	115
(Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	(107)	(949)
EBITDA	**1,279**	**1,300**

Operating cash conversion rate

The operating cash conversion rate (OCC) reflects the level of operating profits converted into cash available for investors after incorporation of the minimum investments required to sustain the current profitability of the business and before reimbursement of funded debts (interest included) and payment of income taxes. The operating cash conversion rate of RTL Group's operations is subject to seasonality and investment cycles. RTL Group historically had – and expects in the future to have – a strong OCC due to a high focus on working capital and capital expenditure throughout the Group's operations. OCC should be above 90 per cent in the long-term average and/or it should normally exceed market benchmarks in a given year.

OCC means operating free cash flow divided by EBITA – operating free cash flow being net cash from operating activities adjusted by the following elements:

- Income tax paid
- Cash outflows from the acquisitions of programme and other rights and other intangible assets and tangible assets
- Cash inflows from proceeds from the sale of intangible and tangible assets
- Transaction-related costs with regard to significant disposals of subsidiaries

	2022	2021
	€ m	€ m
Net cash from operating activities	**463**	932
Adjusted by:		
Income tax paid	**293**	437
Transaction-related costs	**9**	72
Acquisitions of:		
– Programme and other rights	**(68)**	(88)
– Other intangible and tangible assets	**(133)**	(107)
Proceeds from the sale of intangible and tangible assets	**1**	2
Operating free cash flow	**565**	**1,248**
EBITA	**1,039**	**1,091**
Operating cash conversion rate	**54%**	**114%**

Net cash/(debt)

The net cash/(debt) is the gross balance sheet financial debt adjusted for:

- Cash and cash equivalents
- Current deposit with shareholder and its subsidiaries reported in 'Accounts receivable and other financial assets'

In order to assess RTL Group's leverage, the net debt to EBITDA ratio is used. The ratio is calculated as net debt divided by EBITDA.

	31 December 2022 € m	31 December 2021 € m
Current loans and bank overdrafts	**(547)**	(49)
Non-current loans	**(138)**	(635)
	(685)	(684)
Deduction of:		
– Cash and cash equivalents	**589**	547
– Current deposits with shareholder and its subsidiaries	**276**	794
Net cash/(debt)	**180**	657
EBITDA	**1,279**	1,300
Net cash/(debt) to EBITDA ratio	**n.a.**	n.a.

The net debt excludes current and non-current lease liabilities of €385 million (31 December 2021: €332 million).

Operating cost base

Operating cost base is calculated as the sum of 'Consumption of current programme rights', 'Depreciation, amortisation, and impairment' and 'Other operating expenses'.

	2022 € m	2021 € m
Consumption of current programme rights	2,894	2,512
Depreciation, amortisation and impairment	240	209
Other operating expenses	3,257	3,055
Operating cost base	**6,391**	**5,776**

Dividend payout ratio

Dividend payout ratio means the absolute dividend amount divided by the adjusted profit attributable to RTL Group shareholders.

The absolute dividend amount is based on the number of issued ordinary shares at 31 December, multiplied by the dividend per share. The main adjustments on profit attributable to RTL Group shareholders refer to SpotX, Super RTL, Stéphane Plaza Immobilier, Eureka and VideoAmp.

	2022 € m
Profit attributable to RTL Group shareholders	**673**
Dividend policy adjustments	13
Adjusted profit for the year attributable to RTL Group shareholders	**660**
from ordinary activities	552
from cash capital gains (from RTL Belgium and RTL Croatia transactions)	109
Dividend in € per share	**4.00**
from ordinary activities	3.50
from cash capital gains (from RTL Belgium and RTL Croatia transactions)	0.50
Dividend, absolute amount	**619**
Dividend payout ratio[15]	**94%**

[15] Dividend, absolute amount/adjusted profit attributable to RTL Group shareholders

Revenue

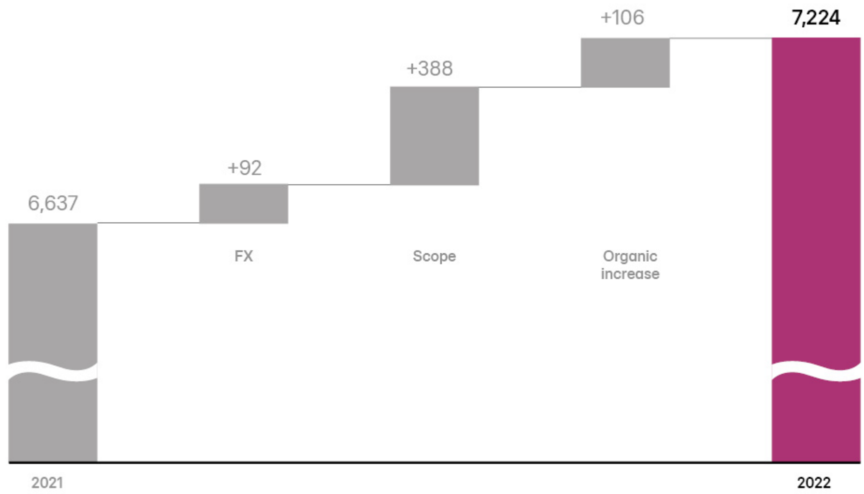
RTL Group estimates that the net TV advertising markets were down in Germany and France, while increasing in the Netherlands and Hungary. A summary of RTL Group's key markets is shown below, including estimates of net TV advertising market growth rates and the audience shares in the main target audience group.

	Estimated net TV advertising market growth rate 2022 (in per cent)	RTL Group audience share in the main target group 2022 (in per cent)	RTL Group audience share in the main target group 2021 (in per cent)
Germany	-8.0 to -9.0 [16]	26.8 [17]	26.3 [17]
France	-2 [18]	22.3 [19]	22.8 [19]
The Netherlands	+8.7 [16]	34.7 [20]	34.2 [20]
Hungary	+3.6 [16]	28.9 [21]	30.5 [21]

Group revenue increased 8.8 per cent to €7,224 million (2021: €6,637 million), mainly thanks to strong growth of Fremantle, RTL Deutschland (from the acquisitions of Gruner + Jahr in 2022 and Super RTL in 2021) and RTL Nederland. Group revenue was up 1.6 per cent organically[22] compared to 2021, driven by Fremantle and RTL Nederland.

[16] Industry and RTL Group estimates
[17] Source: GfK. Target group: 14–59, including pay TV channels
[18] Source: Groupe M6 estimate
[19] Source: Médiamétrie. Target group: women under 50 responsible for purchases (free-to-air channels: M6, W9, 6ter and Gulli)
[20] Source: SKO. Target group: 25–54, 18–24h.
[21] Source: AGB Hungary. Target group: 18–49, prime time; RTL Hungary has changed the publication of its audience figures as of 2022 and is now using 'Linear SHR' audience share data calculated without the category 'Other' of Nielsen
[22] Adjusted for portfolio changes and at constant exchange rates. Further details can be found in **Key performance indicators** on page 30

RTL Group revenue bridge in 2022
(in € million)



Streaming revenue – which includes SVOD, TVOD, in-stream and distribution revenue from RTL+ in Germany and Hungary and Videoland/RTL XL in the Netherlands – was up by 19.7 per cent, to €267 million (2021: €223 million), thanks to the rapidly growing number of paying subscribers.

RTL Group's **advertising revenue** was €3,722 million (2021: €3,774 million), of which €2,923 million represented **TV advertising revenue** (2021: €3,057 million), €385 million represented **digital advertising revenue** (2021: €348 million) and €192 million represented **radio advertising revenue** (2021: €219 million).

RTL Group's **digital revenue** was up by 13.9 per cent to €1,234 million (2021: €1,083 million), mainly thanks to RTL Deutschland and Fremantle.

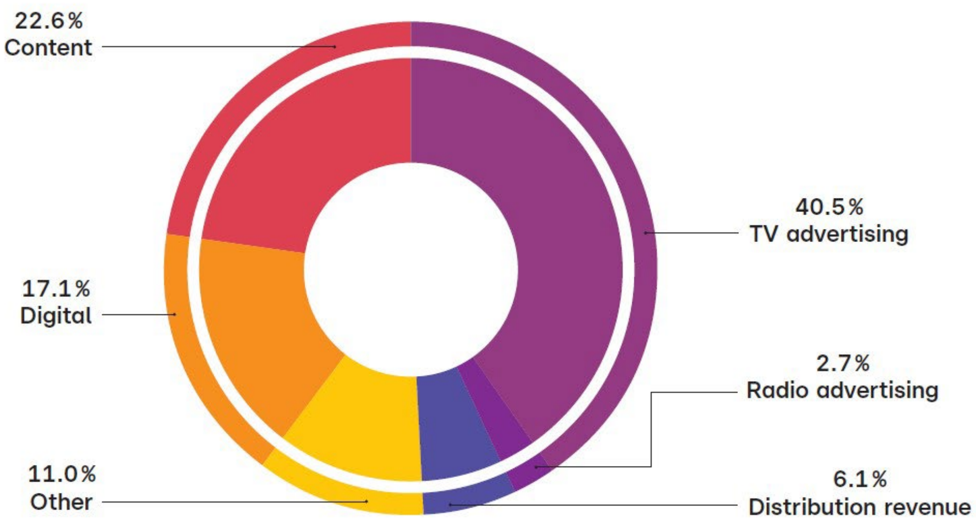
Distribution revenue[23] – generated across all distribution platforms (cable, satellite, internet TV) including subscription and re-transmission fees – was stable at €438 million (2021: €437 million).

Digital revenue is spread over three different categories: digital advertising sales, revenue from distribution and licensing content, and consumer and professional services. In contrast to some competitors, RTL Group recognises only pure digital businesses as digital revenue and does not consider e-commerce, home shopping and distribution revenue as digital revenue. Revenue from e-commerce and home shopping is included in 'revenue from selling goods and merchandise and providing services' as stated in note 5.1 to the consolidated financial statements.

RTL Group's revenue is well diversified, with 40.5 per cent from TV advertising, 22.6 per cent from content, 17.1 per cent from digital activities, 6.1 per cent from distribution revenue, 2.7 per cent from radio advertising, and 11.0 per cent from other revenue.

[23] Revenue generated across all distribution platforms (cable, satellite, internet TV) including subscription and re-transmission fees

RTL Group revenue split



Geographical revenue overview

	2022 € m	2022 %	2021 € m	2021 %
Germany	**2,606**	36.1	2,241	33.8
France	**1,367**	18.9	1,392	21.0
United States	**1,003**	13.9	901	13.6
The Netherlands	**628**	8.7	610	9.2
UK	**319**	4.4	233	3.5
Belgium	**72**	1.0	203	3.1
Other regions	**1,229**	17.0	1,057	15.9

Adjusted EBITA

Adjusted EBITA[24] was down by 6.0 per cent to €1,083 million (2021: €1,152 million), due to RTL Deutschland (with higher streaming start-up losses and lower TV advertising revenue), the scope exit of RTL Belgium, and Groupe M6. These effects were partly offset by record Adjusted EBITA contributions from RTL Nederland and Fremantle. The **Adjusted EBITA margin**[24] decreased to 15.0 per cent (2021: 17.4 per cent) as **streaming start-up losses**[24] increased to €233 million (2021: €166 million).

For more detailed information and reconciliation of these measures see pages 30 to 32.

Financial development over time

	2022 € m	2021 € m	2020 € m	2019 € m	2018 € m
Revenue	**7,224**	6,637	6,017	6,651	6,505
Adjusted EBITA	**1,083**	1,152	853	1,156	1,171
Net cash/(debt)	**180**	657	236	(384)	(470)
Operating cash conversion rate (in per cent)	**54**	114	123	105	90

Operating cost base

Group operating cost base increased to €6,391 million in 2022 (2021: €5,776 million), mainly due to increased programme costs at the Group’s broadcasting businesses, production costs at Fremantle and scope effects mainly relating to the acquisition of Gruner + Jahr.

Investments accounted for using the equity method

The total share of results of these investments decreased to €14 million (2021: €27 million), mainly due to declined results of underlying companies and changes in the consolidation method of Super RTL and Stéphane Plaza Immobilier. Furthermore, the Group experienced a negative impact from its share of net losses from Salto in 2022, which amounted to €-18 million. Cumulative losses of Salto since inception in excess of the value of the Group's investment were recognised as an impairment amount of €-28 million to the provided loan and an excess of €-15 million as a provision.

Fair value measurement of investments

Fair value measurement of investments of €-78 million (2021: €-115 million) is mostly attributable to the negative valuation effects of the Magnite shares held by RTL Group.

[24] See **Key performance indicators** on pages 30 to 32

Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

In 2022, the Group recorded a gain of €107 million (2021: €949 million), mainly thanks to the disposals of RTL Belgium and RTL Croatia. In 2021, the gain was mainly thanks to the disposals of SpotX and Ludia and positive effects in re-measurement of pre-existing interests in Super RTL and Stéphane Plaza Immobilier.

Financial result

Financial result amounted to the expense of €-55 million (2021: €-27 million). The comprehensive description on the financial result is disclosed in the notes 5.4 and 5.5 to the consolidated financial statements.

Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries

The Group has conducted impairment testing on the different cash-generating units (see note 6.2 to the consolidated financial statements).

The loss, totalling €-46 million (2021: €-19 million), relates to the amortisation of fair value adjustments on acquisitions of subsidiaries.

Income tax expense

In 2022, the income tax expense was €-166 million (2021: €-427 million), due to lower profit before tax mainly resulting from a decrease of taxable capital gains compared to 2021.

Profit attributable to RTL Group shareholders

The profit for the year attributable to RTL Group shareholders was €673 million (2021: €1,301 million). The profit in 2021 was extraordinarily high mainly thanks to the capital gains of the disposals of SpotX and Ludia, positive effects of pre-existing interests in Super RTL and Stéphane Plaza Immobilier, and higher Adjusted EBITA.

Earnings per share

Earnings per share, based upon 154,742,806 weighted average number of ordinary shares, both basic and diluted, was €4.35 (2021: €8.41 per share based on 154,742,806 shares).

Own shares

RTL Group has an issued share capital of €154,742,806 divided into 154,742,806 fully paid-up shares with no defined par value.

Since 31 December 2020, the Group no longer holds treasury shares.

Profit appropriation (RTL Group SA)

The annual accounts of RTL Group show a profit for the financial year 2022 of €104,596,391 (2021: €70,963,534). Taking into account the share premium account of €4,167,138,981 (2021: €4,691,802,190) and the profit brought forward of €70,963,534 (2021: €249,050,821), the amount available for distribution is €4,342,698,906 (2021: €5,011,816,545).

Main portfolio changes

In January 2022, RTL Deutschland GmbH acquired 100 per cent of the share capital of **Gruner + Jahr Deutschland GmbH** and, on 1 April 2022, 50 per cent of Deutsche Medien Manufaktur (DMM). These acquisitions were preceded by RTL Group's decision in August 2021 to acquire Gruner + Jahr's German publishing assets and brands from Bertelsmann to create a German cross-media champion across TV, streaming, print, radio and digital. The final purchase price amounted to €228 million, of which €210 million was pre-paid in 2021.

In January 2022, RTL Group sold its entire investment in **VideoAmp** – a US software and data company for media measurement – for US-$104 million (€92 million) in cash. The transaction was carried out as a share buyback by VideoAmp.

In March 2022, Fremantle acquired 70 per cent of the shareholding in the leading Italian scripted production company, **Lux Vide**, for €43 million.

In March 2022, RTL Group closed the sale of **RTL Belgium** to the Belgian media companies DPG Media and Groupe Rossel, resulting in net cash inflows of €154 million.

In April 2022, Fremantle increased its stake in **Dancing Ledge Productions** from 25 per cent to 61 per cent for €6 million. The UK-based production company is behind drama series such as *The Responder* and *The Salisbury Poisonings*.

In May 2022, Fremantle acquired 51 per cent of **Element Pictures**, the production company behind Academy Award, Golden Globe and BAFTA-winning films *The Favourite* and *Room,* the global drama *Normal People*, and the mini-series *Conversations With Friends*. The consideration transferred amounted to €56 million and comprises a purchase price payment already made in the amount of €46 million and a contingent consideration in the amount of €10 million.

In May 2022, RTL Group's European ad-tech business, Smartclip, fully acquired the French ad-tech company **Realytics** for €7 million.

In June 2022, RTL Group sold **RTL Croatia** to Central European Media Enterprises (CME). The total consideration amounts to €41 million net of cash disposed and is subject to customary adjustments. In addition, RTL Group has agreed to a long-term trademark licensing agreement with the buyer.

In June 2022, Fremantle fully acquired **Eureka** for an additional US-$55 million (€55 million) after taking a majority stake of 51 per cent in 2021.

In November 2022, **Fremantle** acquired a 55 per cent stake in **72 Films** for €51 million, of which €44 million was paid in cash. In the same month, Fremantle also acquired a 51 per cent stake in **Wildstar Films** for €19 million, of which €13 million was paid in cash.

Major related party transactions

At 31 December 2022, the principal shareholder of the Group is Bertelsmann Capital Holding GmbH (BCH) (76.28 per cent). The remainder of the Group's shares are publicly listed on the Frankfurt and Luxembourg Stock Exchanges. The ultimate parent company of RTL Group SA, Bertelsmann SE & Co KgaA, includes in its consolidated financial statements those of RTL Group SA.

The Group also has a related party relationship with its associates, joint ventures, directors and executive officers.

The comprehensive description on the related party transactions is disclosed in note 10 to the consolidated financial statements.

General management statement on the fiscal year 2022 performance

Linear TV continues to dominate the video market as the only medium to consistently reach mass audiences every day. People watch more video content than ever before – linear and non-linear, long-form and short-form, on televisions and mobile devices, and increasingly on different streaming platforms. The demand for high-quality video content continues to grow, and with it, online video advertising.

RTL Group estimates that the net TV advertising markets showed a mixed picture in 2022. The advertising markets in Germany and France were down, mainly in the second half of the year, while advertising markets in the Netherlands and Hungary were up. The advertising markets were up in the first quarter of 2022 but deteriorated due to an increasingly challenging macroeconomic environment, in particular due to the war in Ukraine, inflation, energy supply and supply chain issues. These negative external factors also particularly impacted the publishing business that was acquired by RTL Deutschland at the beginning of 2022.

Across Europe, RTL Group's flagship channels remained number one or two in their respective markets and target groups. RTL Deutschland and RTL Nederland reported higher audience shares and increased their lead over their commercial competitors, while the audience share of Groupe M6 and RTL Hungary decreased. Groupe M6's audience share was impacted by the strong performance of TF1 in France, which aired the Fifa Football World Cup.

In 2022, RTL Group also made other significant portfolio changes, acquiring Gruner + Jahr's German publishing assets and brands and successfully selling VideoAmp, RTL Belgium and RTL Croatia and thereby creating capital gains. The Group also made eight strategic acquisitions and step-ups on the level of Fremantle across all genres to strengthen its content businesses.

RTL Group's growth businesses of streaming and content performed particularly well. RTL+ in Germany and Hungary and Videoland in the Netherlands registered 5.5 million paying streaming subscribers, and Fremantle delivered over 100 drama productions. In 2022, RTL Deutschland gradually expanded its cross-media offer with the launch of the RTL+ Musik app, which gives RTL+ users access to more than 90 million songs and more than 100 radio streams. RTL+ entered an exclusive partnership with Deezer, one of the world's leading music streaming services. Podcasts were also added within the RTL+ Musik app during the year followed by a growing selection of audiobooks.

RTL Group's streaming revenue increased by 19.7 per cent to €267 million during 2022 as a result of subscriber growth.

In addition, RTL Group continued to accelerate the expansion of its content production business, Fremantle – both organically and via M&A – targeting €3 billion revenue by 2025. Fremantle will continue to focus on drama and film, entertainment and documentaries. Major creative successes included shows such as *America's Got Talent,* the quiz show *Password*, and film and series productions such as *The Mosquito Coast* and documentaries such as *Planet Sex* with Cara Delevingne. The company has positioned itself as a producer of quality TV drama and film with worldwide appeal to both broadcasters and streaming services.

As one of the biggest independent production companies, Fremantle continues to focus on creative talent and on developing projects that will feed into its network. One example is its three-year international filmmaking agreement with Oscar-winning actress Angelina Jolie that was signed in March 2022. Fremantle and Angelina Jolie will jointly develop a variety of feature films, documentaries and original series that she will produce, direct, or star in.

For the full year 2022, RTL Group generated an Adjusted EBITA of €1,083 million with an Adjusted EBITA margin of 15.0 per cent. The Group's Adjusted EBITA before streaming start-up losses was €1,316 million. RTL Group ended the year 2022 with a very strong set of financial results, including a Group profit of €766 million and net cash of €180 million.

At the time of writing, RTL Group is characterised by a strong financial position and operating performance, despite the challenging macroeconomic environment. A strong performance enables both attractive dividend payments and significant investments in streaming services, technology, and the growth of the Group's content business.

RTL Group is therefore in a strong position to accelerate its strategy:

- It has a highly profitable, well-established, cash-generating core business in TV broadcasting.
- The company is heavily investing in its streaming services, RTL+ in Germany and Hungary and Videoland in the Netherlands, with a rapidly increasing number of paying subscribers.
- The company's content production company, Fremantle, has successfully branched out into scripted drama, high-end factual and documentary programming.
- The company is among the European leaders in ad-tech.

Review by segments:

Full year 2022

Revenue	**2022 € m**	2021 € m	Per cent change
RTL Deutschland	2,766	2,425	+14.1
Groupe M6	1,357	1,390	(2.4)
Fremantle	2,347	1,926	+21.9
RTL Nederland	636	575	+10.6
Other segments	411	604	(32.0)
Eliminations	(293)	(283)	
Total revenue	**7,224**	**6,637**	**+8.8**

Adjusted EBITA	**2022 € m**	2021 € m	Per cent change
RTL Deutschland	459	541	(15.2)
Groupe M6	304	329	(7.6)
Fremantle	162	141	+14.9
RTL Nederland	161	107	+50.5
Other segments	(12)	33	<100.0
Eliminations	9	1	
Adjusted EBITA	**1,083**	**1,152**	**(6.0)**

Adjusted EBITA margin	**2022 per cent**	2021 per cent	Percentage point change
RTL Deutschland	16.6	22.3	(5.7)
Groupe M6	22.4	23.7	(1.3)
Fremantle	6.9	7.3	(0.4)
RTL Nederland	25.3	18.6	+6.7
RTL Group	**15.0**	**17.4**	**(2.4)**

RTL Deutschland

Financial results

In the reporting period, the German net TV advertising market was estimated to be down between 8.0 and 9.0 per cent with RTL Deutschland performing in line with the market. Total revenue of RTL Deutschland was up 14.1 per cent to €2,766 million (2021: €2,425 million), driven by the acquisitions of Gruner + Jahr in 2022 and Super RTL in 2021, as well as the German streaming service RTL+, partly offset by lower TV advertising revenue. Adjusted EBITA was down 15.2 per cent to €459 million (2021: €541 million), mainly due to higher streaming start-up losses and lower TV advertising revenue. This was partly offset by the reversal of provisions of €35 million relating to the legal proceeding with RTL 2 Fernsehen GmbH & Co KG and its sales house El Cartel Media GmbH & Co KG. With a decreasing print advertising market and increased prices for energy and paper, the acquired publishing business from Gruner + Jahr did not contribute notably to RTL Deutschland's Adjusted EBITA.

Audience ratings

In 2022, the combined average audience share of **RTL Deutschland** in the target group of viewers aged 14 to 59 was 26.8 per cent (2021: 26.3 per cent), including the pay-TV channels RTL Crime, RTL Living, RTL Passion and Geo Television. The German RTL family of channels increased its lead over its main commercial competitor, ProSiebenSat1, to 4.5 percentage points (audience share 2022: 22.3 per cent, lead up 1.0 percentage point compared to the previous year).

With its portfolio of eight free-TV channels, four pay-TV channels and the streaming service RTL+, RTL Deutschland reached 27.9 million viewers every day in 2022 (2021: 29.2 million).

With an audience share of 9.1 per cent (up 0.1 percentage points) in the target group of viewers aged 14 to 59 in 2022 (2021: 9.0 per cent), the German main channel **RTL** was the leading commercial channel, ahead of Sat1 (6.5 per cent), Vox (6.2 per cent) and ProSieben (5.8 per cent), but behind the public channels ZDF (9.3 per cent) and Das Erste (9.1 per cent).

Ich bin ein Star – Holt mich hier raus! (I'm a Celebrity – Get Me Out of Here!) was the channel's most successful show in 2022. On average, 4.37 million total viewers (19.5 per cent) watched the 15th season, representing an average audience share of 26.0 per cent in the commercial target group of viewers aged 14 to 59. *Let's Dance* generated the best audience share since 2016, scoring an average of 17.8 per cent in the commercial target group (2021: 17.5 per cent). The most-watched programme on RTL was the Europa League final of Eintracht Frankfurt vs. Glasgow Rangers on 18 May, which attracted an average of 9.1 million total viewers and a total audience share of 38.9 per cent. Three Uefa Nations League matches with the German National team also scored high audience shares. The late-night news show *RTL Direkt* scored an average audience share of 8.4 per cent in the commercial target group of viewers aged 14 to 59, putting it on par with the established news shows from the public broadcasters, *Heute Journal* and *Tagesthemen*. The extension of print brands to TV started well with the new TV magazine *Gala* (average audience share of 8.5 per cent) and the new weekly format *Stern TV am Sonntag* (7.2 per cent). In access primetime, the daily series *Gute Zeiten, schlechte Zeiten* continued to generate a high audience share and attracted 13.7 per cent of viewers aged 14 to 59 (2021: 13.7 per cent).

The streaming service **RTL+** continued its rapid growth in 2022, reaching 4.016 million paying subscribers – an increase of 48.1 per cent (2021: 2.712 million). Viewing time increased by 28 per cent year-on-year, making RTL+ the leading German entertainment offering in the streaming market. This was thanks to the wide range of programmes available, including reality TV shows such as *Temptation Island VIP*, *Das Sommerhaus der Stars* and *Der Bachelor,* and fictional series such as *Sisi*, *Der König von Palma* and *Der Schiffsarzt*. The football matches Eintracht Frankfurt vs. Glasgow Rangers, OGC Nizza vs. 1. FC Köln and Borussia Dortmund vs. Glasgow Rangers also attracted large audiences. The most-watched original documentary was *Bushido*.

In 2022, **Vox** ranked third among the commercial channels with an average audience share of 6.2 per cent in the target group of viewers aged 14 to 59 (2021: 6.1 per cent) and 6.7 per cent in the target group of viewers aged 14 to 49 (2021: 6.7 per cent). The primetime show *Die Höhle der Löwen* (Dragons' Den) remained popular, generating the best spring season ever with an average audience share of 12.0 per cent in the commercial target group of viewers aged 14 to 59, while *Kitchen Impossible* was watched by 10.3 per cent. *Mälzer und Henssler liefern ab* (8.2 per cent), *Sing meinen Song* (6.8 per cent), *Goodbye Deutschland* (6.6 per cent) and *First Dates Hotel* (6.6 per cent) were also successes for Vox in the target group. The documentary *Zum Schwarzwälder Hirsch – Eine außergewöhnliche Küchencrew* was the best format launch in 2022, attracting an audience share of 6.9 per cent in the same target group.

Nitro attracted 2.2 per cent of the 14 to 59 target group (2021: 2.2 per cent) and 3.0 per cent of its main target demographic of men aged 30 to 49 (2021: 2.9 per cent).

The news channel **NTV** scored a total audience share of 1.2 per cent and attracted 1.4 per cent of viewers aged 14 to 59 (2021: 1.1 per cent and 1.2 per cent). RTL and NTV have kept the public continuously informed about the war in Ukraine since the first Russian attack. Between 24 February and 25 March 2022 alone, the channels provided around 377 hours of information in 140 RTL and NTV specials, reaching more than 36 million people in Germany.

RTL Up, previously RTL Plus, attained a 1.9 per cent audience share in the target group aged 14 to 59 (2021: 1.8 per cent).

Vox Up generated an audience share of 0.6 per cent in the target group of viewers aged 14 to 59, up 0.2 percentage points compared to 2021.

Super RTL retained its leading position in the children's segment in 2022, attracting an average audience share of 17.4 per cent in the target group of three to 13-year-olds between 06:00 and 20:15, including Toggo Plus (2021: 21.0 per cent), ahead of the public service broadcaster KiKA (15.9 per cent) and Disney (11.2 per cent).

In 2022, **RTL Zwei's** market share remained stable at 3.7 per cent among 14 to 59-year-old viewers (2021: 3.7 per cent).

RTL Deutschland's publishing business was impacted by the challenging market environment, mainly due to increased prices for paper and energy, increasing inflation and supply chain issues. Thanks to strong stories and cover motifs, ***Stern*** kept its market share[25] in retail sales almost stable at 26.4 per cent (IVW2021: 27.0 per cent). Nevertheless, and as expected, *Stern* lost 6.5 per cent in total circulation in 2022 compared to 2021. *Stern* was able to reduce the decline in total sales by 1.2 percentage points compared to the previous year (IVW 2021: -7.7 per cent). The circulation of celebrity magazine ***Gala*** was down 3.3 per cent compared to 2021 and the circulation of business magazine ***Capital*** was down 2.6 per cent.

Following the combination of RTL Deutschland and Gruner + Jahr, RTL Deutschland continued to expand its brands cross-media. RTL Television successfully launched *Stern TV am Sonntag* and *Gala*, while Super RTL started a new edutainment magazine for children, *Geolino TV*. RTL Deutschland continued to invest in paid content and the digital expansion of its brands. With *Chefkoch Plus*, Europe's biggest food platform now offers its users a paid premium subscription that includes smart cooking features and no advertising.

Radio consumption in Germany remained strong in 2022, reaching 74.5 per cent of Germans aged 14+ daily – with an average listening time of 249 minutes per day. **RTL Group's German radio portfolio** reached 14 million Germans aged 14+ each day. 104.6 RTL maintained its market-leading position in the highly competitive Berlin/Brandenburg radio market in the target group of listeners aged 14 to 49. Many radio stations increased their reach year on year, including Radio Brocken (of 41.9 per cent among listeners aged 14 to 49), Antenne Niedersachen (up 14.4 per cent among listeners aged 14+) and RTL Radio Deutschland's Hitradio (up 22.7 per cent among listeners aged 14+).

[25] Competitive environment defined as *Der Spiegel*, *Die Zeit*, *Focus* and *Stern*

Groupe M6

Financial results

In 2022, the French net TV advertising market was estimated to be down 2 per cent compared to 2021, with Groupe M6 underperforming in the market. Groupe M6's total revenue was slightly down by 2.4 per cent to €1,357 million (2021: €1,390 million). The decrease in revenue was mainly due to the decrease in advertising revenue, partly offset by the growth of non-advertising revenue. Accordingly, Groupe M6's Adjusted EBITA was down 7.6 per cent to €304 million (2021: €329 million).

Audience ratings

The audience share of the **Groupe M6** family of free-to-air channels in the commercial target group (women under 50 responsible for purchases) reached 22.3 per cent (2021: 22.8 per cent). The total audience share was 13.5 per cent (2021: 14.3 per cent). On average, 23.0 million viewers watched Groupe M6's free-to-air channels every day in 2022 (2021: 25.1 million).

Flagship channel **M6** retained its status as the second most-watched channel in France in the commercial target group, with an average audience share of 14.1 per cent (2021: 14.7 per cent). Established entertainment brands such as *L'Amour est dans le pré* (Farmer Wants a Wife), *Top Chef* and *La France a Un Incroyable Talent* (Got Talent) continued to attract high audience shares. The channel also introduced new favourites such as *Les Traîtres* (The Traitors). M6's news shows *Le 1245* and *Le 1945,* and magazine formats such as *Capital* and *Zone Interdite,* scored audience records in the commercial target group.

The advertising-financed streaming service **6play** recorded 24.5 million active users in 2022 (2021: 28.5 million). The viewing time was 470 million hours (2021: 530 million).

W9 reached an average audience share of 3.6 per cent among women under 50 responsible for purchases (2021: 3.8 per cent), ranking second among the DTT channels in France in this target group. Reality series, sports, films, and magazines continued to score high ratings.

Among the new generation of DTT channels, **6ter** remained the leader in the commercial target group for the fifth consecutive year, with an average audience share of 2.7 per cent (2020: 2.6 per cent).

With **Gulli,** Groupe M6 was the leader among the children's target group (aged 4 to 10 years) during daytime (06:00 to 20:00), attracting an average audience share of 12.6 per cent (2021: 12.7 per cent). Every day, nearly 5 million viewers watch their favourite animated heroes, live-action series, games and documentaries, as well as fiction and films for the whole family.

In 2022, the RTL radio family of stations registered a consolidated audience share of 18.4 per cent among listeners aged 13 and older (2021: 18.2 per cent). Its flagship station **RTL Radio** was the leading commercial station in France and increased its average audience share to 12.8 per cent (2021: 12.5 per cent). The pop-rock station **RTL 2** recorded an average audience share of 3.1 per cent (2021: 3.0 per cent), while **Fun Radio** registered an average audience share of 2.5 per cent (2021: 2.8 per cent).

Fremantle

Financial results

Revenue at RTL Group's content business, Fremantle, was up by 21.9 per cent to €2,347 million in 2022 (2021: €1,926 million), thanks to scope effects from acquisitions in 2021 and 2022, organic growth[26] (up 7.8 per cent) and positive foreign exchange rate effects. Accordingly, Adjusted EBITA was up 14.9 per cent to €162 million (2021: €141 million).

Drama and film

2022 saw several successful global drama launches, including *The King* (Il Re), from The Apartment Pictures and Wildside which premiered in Italy on Sky Atlantic and became the highest-rated Sky original scripted launch of 2022. A second season has already been recommissioned. Lux Vide's *Don Matteo* was the number three fiction show on Rai1 in 2022, with each episode ranking as Italy's number one show of the day.

The crime drama series from Dancing Ledge Productions *The Responder* achieved an average total audience share of 21.2 per cent on BBC One in the UK, peaking with an audience of 7.5 million viewers, making it the BBC's second most popular new drama in the first half of 2022. It has since been sold internationally to Disney+ and Canal+, and the second season has already been commissioned. The series *This England,* produced by Passenger, was 2022's number one Sky Atlantic Original drama launch based on seven-day and 28-day viewing. The series has also sold to over 90 countries around the world.

Heartbreak High from Fremantle in Australia was a global hit for Netflix, spending three weeks in its global top ten TV shows and generating over 43 million hours of viewing while it was in the top ten. It charted in Netflix's top ten TV shows in 46 territories, with highest rankings at number two in Australia and number three in New Zealand. The show has already been renewed for a second season.

Fremantle continued to boost its film business in 2022, with Miso Film's *Blasted* achieving the number one spot in the global Netflix top ten list for most-watched non-English-language films. Over 8 million hours were viewed in its first week on Netflix, and it entered Netflix's weekly top ten films in 41 territories. The Wildside film *7 Women and a Murder* was the number one non-English language film globally over the Christmas period, generating 13 million hours of viewing and charting in 49 territories on Netflix. *The Wonder* from Element Pictures peaked as Netflix's number three English-language film globally, charting in the top ten in 83 territories and generating 43 million hours of viewing while in the top ten.

Entertainment

American Idol returned for its fifth season on ABC and Hulu, and the 20th season overall. The season won an average total audience of 7.2 million viewers and an average total audience share of 10.4 per cent, making it ABC's number one series of the 2021/22 season. *Indian Idol* launched its 11th series in September 2022, winning an average audience share of 2.4 per cent and

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[26] Adjusted for portfolio changes and at constant exchange rates. Further details can be found in **Key performance indicators** on page 30

performing 82 per cent above Sony TV's primetime average audience share. In Sweden, season 18 of the local version of *Idols* on TV4 registered an average audience share of 27.2 per cent, consistently ranking as the number one show of the day in the commercial target group of viewers aged 15 to 64.

Fremantle's hit format *Got Talent* was the number three entertainment show on M6 in France for 2022, with an average audience share of 27.3 per cent in the commercial target group. In the US, season 17 of *America's Got Talent* was the highest-rated summer show of 2022 and NBC's number two entertainment show of the 2021/22 season, averaging 7.7 million viewers representing an audience share of 12.5 per cent. After an on-screen break of ten years, *Canada's Got Talent* launched on CityTV and scored an average total audience share of 7.1 per cent, while the 15th season of *Britain's Got Talent* returned to UK screens on ITV. The Thames-produced show attracted an average total audience share of 34.0 per cent and a peak audience of 8.2 million viewers, making it the UK's number one entertainment show in the first half of 2022.

Established formats continued to perform well with *Farmer Wants a Wife* in the Netherlands – produced by Blue Circle – attracting an average total audience share of 48.6 per cent. In France, the show scored its highest ratings in five years, with an average audience share of 32.2 per cent in the commercial target group, up 66 per cent on the broadcaster's primetime average. The Belgian show *Farmer Wants a Wife: Love is Blind,* consistently ranked as the number one non-news show of the day on VTM, with an average total audience share of 20.1 per cent. In Germany, the 18th season of *Farmer Wants a Wife* scored an average audience share of 14 per cent in the commercial target group of viewers aged 14 to 59, consistently ranking as the non-news show of the day on RTL.

Naked's new show *Snowflake Mountain* – which premiered on Netflix in June 2022 – entered the daily top three in the US, Canada and Iceland and the daily top ten in 29 countries in its first ten days on Netflix.

Poland's first season of the hit format *The Masked Singer* launched as TVN's best overnight entertainment launch for four years. In the Netherlands, the fourth series of the format was consistently RTL 4's number one show of the week and scored an average audience share of 35.8 per cent. In Norway, the third series finale achieved a staggering 81 per cent total audience share, nearly double NRK1's primetime average.

Fremantle continued to grow its entertainment business with streaming services. In 2022, it delivered two series of the English-language version of *Too Hot to Handle*. The third season was Netflix's global number one unscripted show for two weeks with 73 million hours viewed, and season 4 was a top ten show in 71 territories. The second season of the format in Brazil remained in Brazil's daily top ten shows for two weeks, while the second season of the Spanish original format *Love Never Lies* reached Netflix's Spanish top ten, with over 5 million hours watched in its first week.

Password made a comeback to US primetime in summer 2022, averaging 4.9 million viewers across its broadcast on NBC, up 58 per cent on NBC's summer primetime average audience share. *Password* was also number one in the timeslot for every episode, and ranked as NBC's number one game show of the season. Ufa's *Wer weiß denn sowas?* (Who knows such things?) remained the best performing non-scripted format in German access primetime, with an average total audience share of 18.0 per cent. For the first time in Germany, *Wer weiß denn sowas?* delivered a 24-hour non-stop live quiz marathon – broadcast mainly on the Mediathek of the German public broadcaster ARD.

Documentaries

Original Production's *Phat Tuesdays* three-part documentary launched on Amazon Prime in February 2022, reaching 2.1 million unique viewers and ranking in Amazon Prime's top ten TV shows in the US for three weeks. *Lola Indigo, La niña,* Fremantle Spain's original documentary co-produced with Universal Music, launched in May 2022 and ranked in the top ten on Amazon Prime in Spain for 21 days, peaking at number two.

In the UK, Naked's documentary *Ghislaine, Prince Andrew and the Paedophile*, which was broadcast on ITV, reached an average audience share of 20.6 per cent, exceeding ITV's primetime average share for total viewers and ranking number one in its timeslot.

Planet Sex with Cara Delevingne launched on BBC Three as a boxset, with all episodes available on demand at the launch in December 2022. The series, produced by Naked and Cara Delevingne's company Milkshake Productions, explores the unique human stories and ground-breaking research behind today's biggest questions around human sexuality. In October 2022, the documentary series *Kingdom of Dreams,* made in collaboration with Misfits Entertainment, launched on Sky.

RTL Nederland

Financial results

In 2022, the Dutch net TV advertising market was estimated to be up by 8.7 per cent. RTL Nederland's total revenue increased by 10.6 per cent to €636 million (2021: €575 million), mainly due to significantly higher TV advertising revenue. This resulted in an Adjusted EBITA of €161 million, up 50.5 per cent year on year (2021: €107 million).

Audience ratings

In 2022, **RTL Nederland**'s family of channels grew its combined primetime audience share in the target group of viewers aged 25 to 54 to 34.7 per cent (2021: 34.2 per cent), thanks to a strong audience performance of the main channel RTL 4. As a result, RTL Nederland increased its lead over the public broadcaster – which broadcast the Winter Olympics and the Fifa Football World Cup – to 5.5 percentage points (audience share 2022: 29.2 per cent) and remained ahead of its main commercial competitor, Talpa TV (audience share 2022: 19.8 per cent).

RTL Nederland's flagship channel, **RTL 4,** grew its average primetime audience share in the target group of shoppers aged 25 to 54 to 22.7 per cent (2021: 21.6 per cent). The channel continued to score very high audience shares in this target group with *The Masked Singer* (43.3 per cent), *De Verraders* (The Traitors) (37.2 per cent) and *Kopen Zonder Kijken* (Buying Blind) (34.0 per cent). *De Verraders* was developed by IDTV and RTL Creative Unit and has already been sold internationally to NBC in the US, BBC in the UK and M6 in France. Two other RTL Creative Unit productions, *Ik Weet Er Alles Van* (Ask me Anything) (27.5 per cent) and *B&B Vol Liefde* (B&B Full of Love) (24.4 per cent), scored even better ratings than the previous summer. The increase in audience share was also thanks to RTL 4's current affairs programmes in early primetime with *RTL Boulevard* (32.0 per cent) and *Editie NL* (28.6 per cent). The main evening news show *RTL Nieuws* grew its average audience share in 2022 to 34.5 per cent (2021: 31.5 per cent).

RTL Nederland's streaming service, **Videoland**, recorded subscriber growth of 11.8 per cent to 1.221 million paying subscribers at the end of 2022 (end of 2021: 1.092 million). Videoland's growth was largely thanks to the original series *Sleepers* and *Mocro Maffia,* the documentary about the Dutch singer André Hazes, the fifth season of *The Handmaid's Tale* and the Dutch kickboxing live events of the Glory series, all of which are exclusive to Videoland in the Netherlands. In 2022, all users of Videoland were successfully migrated to the new technical streaming platform provided by RTL Group's streaming technology company, Bedrock.

RTL 5's primetime audience share was 4.7 per cent in the target group of viewers aged 25 to 54 (2021: 4.1 per cent).

Men's channel **RTL 7** scored an average primetime audience share of 5.2 per cent among male viewers aged 25 to 54 (2021: 5.8 per cent).

Women's channel **RTL 8** attracted an average primetime audience share of 3.8 per cent among female viewers aged 35 to 59 (2021: 3.8 per cent).

RTL Z's audience share in the demographic of the upper social status aged 25 to 59 decreased to 0.9 per cent (2021: 1.1 per cent).

Other segments

This segment mainly comprises the fully consolidated businesses RTL Hungary, RTL Group's Luxembourgish activities, RTL Group's digital video company, We Are Era, the streaming technology company Bedrock and both RTL Belgium and RTL Croatia until the time of their disposals. It also includes the investment accounted for using the equity method, Atresmedia, in Spain.

Revenue split – Other segments

	2022 € m	2021 € m	Per cent change
Total revenue of other segments	**411**	**604**	**(32.0)**
Thereof			
– RTL Belgium (until 31 March 2022)	**40**	**176**	(77.3)
– RTL Hungary	**113**	**116**	(2.6)
– RTL Croatia (until 1 June 2022)	**19**	**46**	(58.7)
– Other including elimination	**239**	**266**	(10.2)

The Hungarian net TV advertising market was estimated to be up by 3.6 per cent in 2022 with RTL Hungary performing in line with the market. Total revenue of **RTL Hungary** was slightly down by 2.6 per cent to €113 million (2021: €116 million), mainly due to foreign exchange rate effects partly offset by organic growth. Accordingly, the business unit's Adjusted EBITA was stable at €13 million (2021: €13 million).

With a combined primetime audience share of 28.9[27] per cent in the key demographic of 18 to 49-year-old viewers (2021: 30.5 per cent), the eight channels of the newly rebranded RTL Hungary were 0.3 percentage points behind the main commercial competitor TV2 Group with 14 channels. The Hungarian flagship channel **RTL** reached a primetime audience share of 15.0 per cent among viewers aged 18 to 49 (2021: 16.9 per cent) and remained the clear market leader, 1.1 percentage points ahead of TV2 (2021: 3.4 percentage points). The market-leading news programme, *RTL Híradó*, attracted 19.6 per cent of viewers aged 18 to 49 (2021: 20.0 per cent) while Hungary's strongest TV infotainment brand, *Fókusz* (Focus), achieved an average audience share of 17.6 per cent in the commercial target group. The 11th season of *The X Factor* reached an average audience share of 32.0 per cent in the commercial target group. Even after 11 years, *The X Factor* is still the most-watched programme on RTL, with an exceptionally young audience: the average audience share among 15 to 29-year-old viewers was 48.4 per cent.

In November 2022, RTL Hungary launched **RTL+**, a subscription-based, advertising-free streaming service. RTL Hungary's previous advertising-funded streaming service, RTL Most, and the advertising and distribution-funded streaming service, RTL Most+, were integrated under the packages RTL+ Light and RTL+ Active. RTL+ and RTL+ Active had 0.251 million paying subscribers at the end of December 2022. The most-watched programmes were the exclusive RTL-produced series*A Király* (The King), daily series, and reality formats such as *ValóVilág powered by Big Brother*.

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[27] RTL Hungary changed the publication of its audience figures from 2022 and is now using 'Linear SHR' audience share data, which is calculated without the 'Other' category of Nielsen

In 2022, **RTL Luxembourg** confirmed its position as the leading media brand in Luxembourg. Combining its TV, radio, and digital activities (all three of which appear in the top-five media ranking in Luxembourg), the RTL Luxembourg media family achieved a daily reach of 79.2 per cent (2021: 82.1 per cent) of all Luxembourgers aged 15 and over.

Remaining the number-one station listeners turn to for news and entertainment, **RTL Radio Lëtzebuerg** reached 152,600 listeners each weekday (2021: 164,600). **RTL Télé Lëtzebuerg** – the only general-interest TV channel broadcast in Luxembourgish – attracted 137,800 viewers each day (2021: 138,700) and achieved a primetime audience share of 48.1 per cent in the target group of Luxembourgish viewers aged 15 and over (2021: 48.0 per cent). Luxembourg's most visited website, **rtl.lu**, had a daily reach of 48.0 per cent (2021: 52.4 per cent) of all Luxembourgers aged 15 and over.

In February 2022, RTL Télé Lëtzebuerg broadcast the second season of the Luxembourgish hit crime series *Capitani*, which was watched by 44 per cent[28] of all residents above the age of 16 either on RTL Télé Lëtzebuerg or on the streaming service RTL Play. **RTL Play** – the streaming service for audio and video content in Luxembourgish, French and English – recorded a total of 4.6 million plays during 2022. In July 2022, Luxair, the Luxembourgish Airline, launched its inflight entertainment platform in partnership with RTL Luxembourg, which allows passengers to access RTL Play and other content on their planes. In March 2022, RTL Luxembourg launched the web radio **RTL Today Radio**, Luxembourg's only 24-hour English radio station. In July 2022, RTL Luxembourg created Luxembourg's first podcast awards.

In 2022, **Broadcasting Center Europe (BCE)** strengthened its position in broadcasting via its online video platform (OVP), with services for the European Capital of Culture, Esch 22, the French fashion weeks, sports federations, and other institutions. For France Televisions, BCE built a state-of-the-art broadcast van for live productions and enhanced Fedcom's Euroleague and Eurocup basketball matches with decentralised production services. Thanks to key agreements, BCE further developed its cloud services such as cloud storage, remote voice-over and editing while increasing its datacenter portfolio. Following the development of the new cloud-based platform for Enex, BCE extended its customer portfolio with the European Broadcast Union, which manages the news distribution of European public broadcasters.

In 2022, **We Are Era** further strengthened its leading positions in talent management and content production and expanded its direct sales and media solutions business. Successful productions included the RTL+ documentary *Bolzplatzkönige – Mein Weg zum Profi* (Kings of the Football Field – My Way to becoming a Pro), and content productions for the Google Brandcast and YouTube Works events. New clients included *Der Spiegel* and the Royal Belgian Football Association. In 2022, We Are Era successfully relaunched the VideoDays Festival for creators, brands and platforms. We Are Era's revenue was up 3.2 per cent in 2022.

The Spanish net TV advertising market decreased by an estimated 4.6 per cent in 2022. On a 100 per cent basis, consolidated revenue of **Atresmedia** was slightly down by 1.2 per cent to €951 million (2021: €963 million), while operating profit (EBITDA) remained stable at €173 million (2021: €173 million), and net profit was €113 million (2021: €118 million). The profit share of RTL Group was €21 million (2021: €22 million).

[28] Ilres, 780 interviews 16+, May 2022

The Atresmedia family of channels achieved a combined audience share of 26.4 per cent in the commercial target group of viewers aged 25 to 59 (2021: 27.4 per cent). The main channel, **Antena 3**, recorded an audience share of 11.5 per cent (2021: 12.2 per cent) in the commercial target group.

For more information on investments in associates see note 6.5.2 to the consolidated financial statements in the RTL Group Annual Report 2022.

Corporate responsibility (CR)

RTL Group believes that CR adds value not only to the societies and communities it serves, but also to the Group and its businesses. Acting responsibly and sustainably enhances the Group's ability to remain successful in the future.

CR is integral to the Group's strategy. The core RTL brand was repositioned in 2021 with a new identity, a clear set of brand principles and a new design reflecting the diversity at RTL. With this, RTL has been strengthened as Europe's leading entertainment brand that stands for entertainment and independent journalism, as well as inspiration, energy and attitude. 'We act responsibly' is one of eight defined brand principles that guide the company's action and define what RTL stands for. At the heart of RTL's guiding principles and values is a commitment to embracing independence and diversity in its people, content and businesses.

In November 2022, the Corporate Sustainability Reporting Directive (CSRD) was adopted by the European Parliament. The new directive aims to significantly expand existing requirements for non-financial reporting. The reporting requirements of the CSRD will apply to RTL Group starting from the financial year 2024. This means RTL Group will again publish its own sustainability report from 2025 for the financial year 2024.

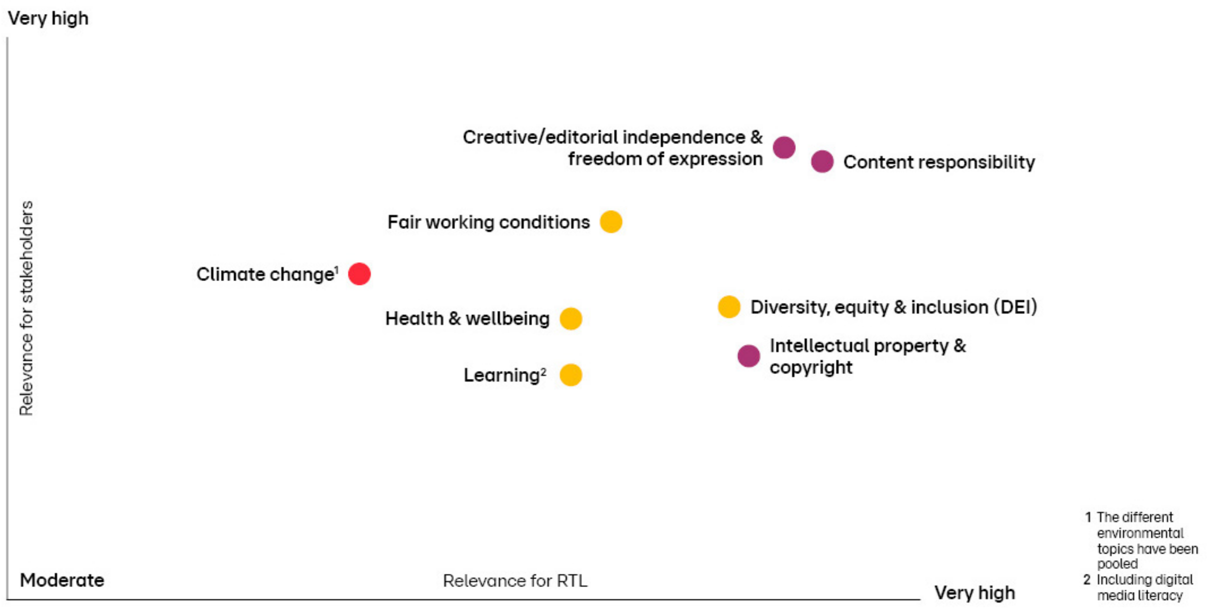
The information of the Combined Non-Financial Statement (which complies with the current European Directive 2014/95/EU and provisions by the law of 23 July 2016 regarding the publication of non-financial and diversity information in Luxembourg) can be found in the annual report of RTL Group's majority shareholder, Bertelsmann SE & Co KGaA. Further information on RTL Group's non-financial information can also be found in the GRI reporting of Bertelsmann SE & Co KGaA on *bertelsmann.com*.

The RTL CR Board unites executives from RTL Group and RTL Deutschland and was enlarged in 2022 following the combination of RTL Deutschland and Gruner + Jahr. The Board meets monthly to coordinate projects in key areas such as diversity, creative/editorial independence and climate protection, to develop new ideas and to ensure efficient use of expertise in both the Corporate Centre and RTL Deutschland.

The CR Board also meets annually with participants from specialist departments within RTL Deutschland, such as Youth Protection, the association *Stiftung RTL – Wir helfen Kindern*, Communications, and RTL Group's Human Resources, Investor Relations and Compliance departments. The RTL Group CR Network – created in March 2014 and consisting of CR representatives from the Group and its business units – meets annually to share best-practices and knowledge. In addition, RTL Group established a Climate Task Force, consisting of members from all business units who meet to discuss, collaborate and define actions to reduce carbon dioxide emissions, with the target of becoming climate-neutral by 2030. In May 2022, RTL Group's largest business unit, RTL Deutschland, established a department for sustainability and diversity, equity & inclusion (DEI), with a direct reporting line to the unit's Chief Executive Officer.

RTL Group's CR activities focus primarily on the following issues: content responsibility, creative/editorial independence and freedom of expression, intellectual property and copyright, fair working conditions, diversity, equity and inclusion (DEI), health, safety and wellbeing, learning (including digital media literacy) and climate change. These issues were identified in a materiality analysis in consultation with internal and external stakeholders. The core of the survey was the assessment of 19 CR topics – internally, according to their relevance for the business, and externally, according to their relevance for stakeholders. The survey was conducted in 2020 in close consultation with the Group's majority shareholder Bertelsmann.

Relevance matrix



Creative/editorial independence

RTL Group's broadcasting and news reporting are founded on editorial and journalistic independence. RTL Group's commitment to impartiality, responsibility and other core journalistic principles is articulated in its Newsroom Guidelines. Maintaining audience trust has become even more important in an era when news organisations and tech platforms have been accused of publishing misleading stories, and when individuals, radical political movements and even hostile powers post fake news on social networks to sow discord.

For RTL Group, independence means being able to provide news and information without compromising its journalistic principles and balanced position. Local CEOs act as publishers and are not involved in producing content. In each news organisation, editors-in-chief apply rigorous ethical standards and ensure compliance with local guidelines, which gives the Group's journalists the freedom to express a range of opinions, reflecting society's diversity and supporting democracy.

Employees

RTL Group has a diverse audience and a business based on creativity, and the Group therefore needs to be a diverse organisation. In 2022, the Group had an average of 12,975 full-time employees (total headcount: 18,623 including permanent and temporary staff) in more than 26 countries worldwide. They range from producers and finance professionals to journalists and digital technology experts.

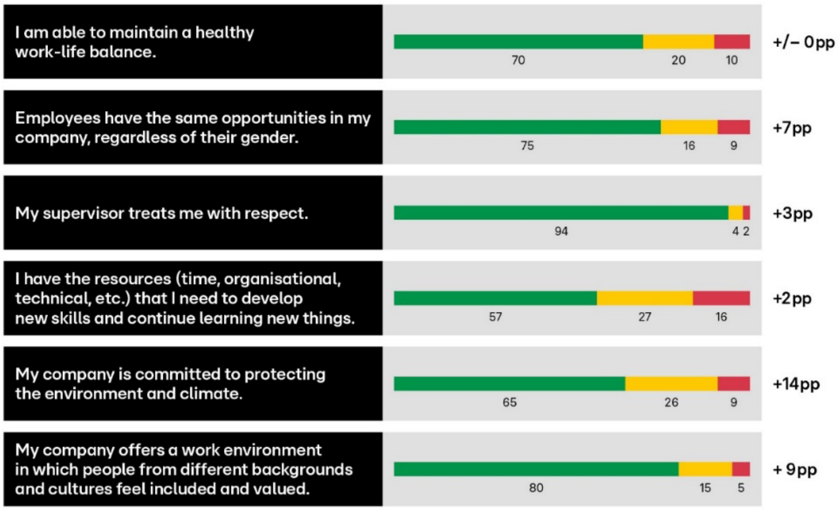
RTL Group strives to be an employer of choice that attracts and retains the best talent, and equips employees with the necessary skills and competencies to successfully master the company's current and future challenges. It does this by offering training programmes and individual coaching in a wide range of subjects, from strategy and leadership to digital skills and health, safety and wellbeing. It reviews and, if necessary, adjusts its training offers on an ongoing basis.

RTL Group's corporate culture is founded on creativity and entrepreneurship. The Group strives to ensure that all employees receive fair recognition, treatment and opportunities, and is committed to fair and gender-blind pay. The same applies to the remuneration of freelancers and temporary staff, ensuring that such employment relationships do not compromise or circumvent employee rights. The Group also strives to support flexible-working arrangements.

The Covid-19 crisis has deeply changed the world of work. The balance between working in the office and remotely is a relevant step to continue offering flexibility and efficiency for those employees whose functions do not require office presence.

Every two years, RTL conducts its employee survey. In 2021, RTL Group received a response rate of 81 per cent, corresponding to 7,795 respondents from 74 companies across 23 countries and in 11 languages (excluding temporary workers and Groupe M6). Compared to the 2019 survey, RTL Group achieved higher scores and only positive deviations, particularly for CR-related topics, communication from senior management, engagement, and supporting the company's strategy. Since 2021, the employee survey includes a new CR Index, to help track the progress of RTL Group-wide CR initiatives. The next employee survey will be conducted in 2023.

Employee survey 2021[1]: CR Index at 73.5 per cent – Target: 80 per cent



1 Calculation based on the average of positive responses to six questions of the 2021 Employee Survey in the following categories: Health & wellbeing; Diversity, Equity & Inclusion; Fair working conditions; Learning; Climate change

Diversity

RTL Group's commitment to diversity is embedded in its processes and articulated in its corporate principles. The cornerstone is the RTL Group Diversity Statement that reinforces the company's commitment to promoting diversity and ensuring equal opportunity. It sets guidelines and qualitative ambitions for the diversity of the Group's people, content and businesses.

RTL Group is committed to making every level of the organisation more diverse with regard to nationality, gender, age, ethnicity, religion and socio-economic background. The Group places a special emphasis on gender diversity. RTL Group's workforce overall is balanced by gender (with 47 per cent men and 53 per cent women as at 31 December 2022) while women account for 36 per cent of top management positions (31 December 2021: 28 per cent), and 33 per cent of senior management positions (31 December 2021: 24 per cent).

Top management generally encompasses the members of the Executive Committee, the CEOs of the business units and their direct reports, members of the Management Boards, and the Executive Committee direct reports at RTL Group's Corporate Centre. Senior management generally encompasses the Managing Directors of the businesses at each business unit, the heads of the business units' departments and the Senior Vice Presidents of RTL Group's Corporate Centre (unless classified as members of top management).

RTL Group's long-term ambition is for women and men to be represented equally at all levels. In 2022, RTL Group's Executive Committee reviewed the Group's objectives and set the following quantitative targets: to increase the share of women in top and senior management positions to at least one third by the end of 2022 and at least 40 per cent by the end of 2025. The Group reports on its progress towards these diversity targets each year. At the end of 2022, the ratio of women in top and senior management positions was 34 per cent, up 14 percentage points compared to 2016 when RTL Group reported those measures for the first time (2016: 20 per cent; 2021: 28 per cent). By achieving its 2022 target, RTL Group reached an important milestone on the way to ensuring at least 40 per cent of top and senior management positions are held by women by the end of 2025.

The importance of diversity is also reflected in the content the Group produces. Millions of people who turn to RTL Group each day for the latest local, national and international news need a source they can trust. RTL Group therefore maintains a journalistic balance that reflects the diverse opinions of the societies it serves. The same commitment to diversity applies to the Group's entertainment programming: it is essential for RTL Group to create formats for a wide range of audiences across all platforms. Content should represent the diversity of society, so many different segments of society can identify with it.

In 2022, Fremantle continued to make progress towards building an equitable and inclusive culture across its business and content. During Pride month, for example, Ryan J Brown, writer and creator of *Wreck*, a six-part comedy horror series for the BBC, highlighted the importance of queer representation in TV with predominately LGBTIQ+ lead characters.

Fremantle also continued its partnership with The TV Collective on the Breakthrough Leaders programme in the UK, supporting 150 black, Asian and minority-ethnic future leaders. In Sweden, Fremantle's leadership team is participating in an external mentoring programme, All of Us, for young people of colour in the creative industries and supporting the WomenUp programme – which consists of 40 women and their mentors – to address the female leadership gap. In the US, a partnership with *Fresh Films* supports 400 young people from under-represented backgrounds based in 27 national locations nationwide.

Inclusive casting and storylines across Fremantle shows continued to provide a platform for different voices and perspectives, influence authentic storytelling, and promote empathy and understanding. *Heartbreak High* was recognised for its diverse casting and nuanced storytelling, featuring young Australians who are from First Nations communities, queer, disabled and/or neurodivergent. The series *Planet Sex*, fronted by Cara Delevingne, had a predominantly female and non-binary crew, and was filmed across the world incorporating intersectional LGBTIQ+ communities with a global reach and outlook.

In Germany, RTL Deutschland initiated its first diversity week to place LGBTIQ+ people at the centre of its content. RTL Deutschland's diversity week created awareness on different platforms, including a marketing campaign with RTL testimonials from the queer community and special formats such as the RTL primetime show *Viva la Diva – Wer ist die Queen?* or a LGBTIQ+ print special in the educational magazine *Geo Wissen*. Furthermore, the German RTL+ original film *Weil wir Champions sind* (Because we are champions) – which tells the story of an inclusive basketball team – featured nine actors with disabilities.

RTL Nederland focuses on diversity, equity and inclusion both on its linear channels and its streaming service Videoland. In 2022, RTL Nederland launched the first season of the drag entertainment show *Make Up Your Mind* and released the second and third seasons of the gay dating show *Prince Charming* on Videoland. Videoland original documentaries such as *Nikki*, *De Wereld Van Eva* and *Tussen De Lakens Met Geraldine* also focus on societal issues.

Society

As a leading media organisation and broadcaster, RTL Group has social responsibilities to the communities and audiences it serves. These responsibilities are particularly serious when it comes to children and young people. The Group complies fully with child-protection laws and ensures its programming is suitable for children – or broadcast when they are unlikely to be viewing. RTL Group also strives to give back to its communities by using its profile to raise awareness of, and funds for, important social issues, particularly those that might otherwise receive less coverage or funding.

As part of this support, the Group provides free airtime worth several million Euro to charities and non-profit organisations to help them raise awareness of their cause, as well as donating significant amounts of money to numerous charitable initiatives and foundations. Finally, RTL Group's flagship fundraising events (*Télévie* in Luxembourg, and *RTL-Spendenmarathon* in Germany) raised €45,434,477 for charity in 2022 (2021: €34,307,869[29] still including *Télévie* in Belgium).

Intellectual property and copyright

RTL Group's primary mission is to invest in high-quality entertainment programmes, fiction, drama, news and sports, and to attract new creative talent to help the Group contribute to a vibrant, creative, innovative and diverse media landscape. Strong intellectual property rights are the foundation of RTL Group's business, and that of creators and rights-holders.

RTL Group's Code of Conduct and an Information Security Policy set a high standard for the protection of intellectual property. All employees are expected to comply with copyright laws and licensing agreements and to put in place appropriate security practices (password protection, approved technology and licensed software) to protect intellectual property. Sharing, downloading or exchanging copyrighted files without appropriate permission is prohibited. Violations can be reported to the Compliance department via its reporting channels, which include a user-friendly speak-up system.

[29] The total amount of donations for 2021 was restated.

Anti-corruption and anti-bribery

The foundation for lasting business success is built on integrity and trustworthiness, and RTL Group has zero tolerance for any form of illegal or unethical conduct. Violating laws and regulations – including those relating to bribery and corruption – is not consistent with RTL Group's values and could damage the Group. Non-compliance could harm the Group's reputation, result in significant fines, endanger its business success and expose its people to criminal or civil prosecution.

The Compliance department provides Group-wide support on anti-corruption, anti-bribery and other compliance-related matters. In addition to centralised management by the Compliance department, each business unit has a Compliance Responsible in charge of addressing compliance issues, including anti-corruption.

For information about RTL Group's Audit Committee see pages 73 to 74.

Representatives of RTL Group management sit on the RTL Group Corporate Compliance Committee. The committee, which is chaired by RTL Group's Chief Financial Officer, is responsible for monitoring compliance activities, promoting ethical conduct and fighting corruption and bribery. It is kept informed about ongoing compliance cases and the measures taken to prevent compliance violations.

The RTL Group Anti-Corruption and Integrity Policy is the Group's principal policy for fighting corruption. It outlines rules and procedures for conducting business in accordance with anti-corruption laws and Group principles.

RTL Group's policies, including anti-corruption and integrity, anti-trust and compliance organisation, were updated and streamlined in 2022. The policies are split into ten categories, with a Business Process Owner for each category, who is the main contact for any questions regarding the respective policy.

Human rights

Respect for human rights is a vital part of RTL Group's Code of Conduct, which includes a decision-making guide that clarifies how to comply with the company's standards in case of doubt. The Group's commitment to responsible and ethical business practices extends to its business partners. In 2017, RTL Group established the RTL Group Business Partner Principles, which sets minimum standards for responsible business relationships. To cover all centrally important aspects of human rights in one place, RTL Group published a specific Human Rights statement in 2022. The statement explicitly refers to the standards of the Universal Declaration of Human Rights and the United Nations' Global Compact and applies to the entire Group. To report suspected human-rights violations or unethical practices, employees and third parties can contact RTL Group's compliance reporting channels (directly or through a web-based reporting platform) or an independent ombudsperson. In all cases, they may do so anonymously.

Environment

RTL Group is a media company with no industrial operations and therefore does not consume significant amounts of raw materials or fossil fuel and is not a major polluter. The Group is mindful that resource conservation and climate protection are key challenges for the 21st century. For this reason – together with employees and stakeholders – RTL Group is committed to minimising its impact on the environment, by reducing its energy use and its direct and indirect greenhouse gas (GHG) emissions. It codified this commitment in February 2018 by issuing its Environmental Statement.

RTL Group has measured and published its carbon footprint since 2008. Serving as the key indicator for evaluating and continually improving the Group's climate performance, it was formerly calculated based on each country's average energy mix. To improve data quality, since 2017 it has been calculated based on the emissions associated with the Group's individual electricity supply contracts. This new, more detailed baseline takes into account hotel stays, refrigerant losses, commuting, IT devices and own and commissioned productions, as well as electricity consumption, paper, business travel, water and wastewater.

At the start of 2020, RTL Group decided to become carbon neutral by 2030. It will reach this goal in two steps. By 2025, the Group will be carbon neutral with regards to company-related carbon dioxide emissions. Here, the focus will be on switching to green electricity, reducing business travel and offsetting the remaining emissions. By 2030, the Group will reach carbon neutrality, including both company-related emissions (scope 1 and 2) and emissions from the production of its programmes and products (scope 3).

As part of its aim to reduce carbon emissions, Fremantle collaborated with Bafta's Albert to launch a carbon calculator and certification toolkit for the TV industry in January 2021. The toolkit is an authority on environmental sustainability, allowing carbon emissions caused by content productions to be calculated and, above all, provides a controlled way of reducing those emissions. Examples from 2022 include the Wildside films *Siccità* and *L'immensità,* both of which were Albert certified.

In 2022, seven shows from RTL Nederland were certified sustainable or carbon neutral by Albert for the first time. Those formats include *Love Island* and *Beat the Champions*. In addition, more than 20 other shows were monitored by Albert. This is an essential step towards the decarbonisation of productions in the Netherlands. In November 2022, the channels and platforms of RTL Nederland raised awareness of plastic pollution during the campaign week RTL Samen Groener (RTL Greener Together).

To reduce carbon emissions, RTL Deutschland has been striving for more sustainable TV productions since 2020. Since mid-2022, minimum ecological standards adopted throughout the industry by broadcasters and production companies in Germany have been applied to selected productions. RTL Deutschland aims to produce 50 per cent of its fictional content according to those standards. These standards are used to strive for environmentally and resource-friendly production methods. If the standards are met, the official 'green motion' label is awarded by the Green Shooting[30] working group. In 2022, RTL Deutschland produced 13 productions in compliance with the standards, of which more than 30 per cent have been awarded the 'green motion' label. The German Fremantle production company, Ufa, was awarded the 'green motion' label for its series *Irgendwas mit Medien* (Something with media) for the German public broadcaster MDR. *Irgendwas mit Medien* was produced using sustainable electricity, with minimal reliance on generators powered by diesel, and used sustainable transportation.

For RTL Group's environmental indicators according to GRI standards, please visit *rtl.com*.

[30] The 'Green Shooting' working group, founded and led by MFG Filmförderung in 2017, is working on the transformation towards a more ecologically sustainable production method. The working group includes the production companies Bavaria Fiction, Constantin, UFA, We are era and Ziegler Film, the broadcasters ARD, RTL Deutschland, ProSiebenSat1, Sky, SWR and ZDF, the streaming services Disney+ and Netflix and further industry associations.

Innovation

Innovation at RTL Group focuses on three core topics: continuously developing new, high-quality TV formats; using all digital distribution channels; and better monetisation of the Group's audience reach using personalisation, recommendations and the addressing of target groups.

In 2022, RTL Deutschland started the expansion of RTL+ into a cross-media entertainment service, comprising video, music, podcasts and audio, which is a unique selling proposition in the German-speaking market. The service's innovative recommendation algorithm, based on intelligent text, audio and video analysis, ensures that users are offered personalised content suggestions across all media types.

RTL Group's special creative unit, Format Creation Group (FC Group), continuously develops new non-scripted formats exclusively for RTL broadcasters and their streaming services. The unit aims to fulfil the growing demand for exclusive content by developing innovative formats and intellectual property, fully owned and controlled by RTL Group. In June 2022, M6 in France launched the successful FC Group format *Who can beat us?* – a general knowledge game pitting 100 candidates against six of the channel's experts on their favourite topic.

Another innovative focus point is addressable TV advertising, which combines the broad reach of linear TV with targeted digital advertising. RTL Group continuously develops its advertising technologies or acquires the necessary technology in this area. In May 2022, RTL Group's European ad-tech business Smartclip fully acquired the French ad-tech company Realytics, which systematically analyses the impact of TV advertising on advertiser websites and ensures data availability for digital ad decisioning. In December 2022, Smartclip and Ad Alliance launched addressable targeting complements for linear TV advertising with the new TV Add Ons. With this technology, dynamically tailored advertising banners can be integrated into existing TV spots and spot motifs can be completely exchanged – contact class-optimised, socio-demographically targeted or location-based.

The Group's advertising sales houses continue to introduce innovative and award-winning advertising formats. In Germany, Ad Alliance started a pilot project to introduce programmatic print advertising, allowing advertisers and agencies to book print advertising according to digital principles. In France, the advertising sales house M6 Publicité introduced 6Scan, a new augmented reality (AR) advertising format. The technology enables viewers of Groupe M6 TV channels to project the featured product in AR by scanning a QR code displayed on the screen. Potential buyers can see the product take shape in their current location – for example, a sofa would be projected directly into their living room.

Significant litigations

Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities (see notes 6.5.2 and 6.14.1 to the consolidated financial statements in the RTL Group Annual Report 2022).

RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant. The main legal proceedings to which RTL Group is a party are disclosed below.

Several subsidiaries of RTL Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co KG and its sales house, El Cartel Media GmbH & Co KG, before the regional court in Düsseldorf, Germany, seeking disclosure of information to substantiate a possible claim for damages. The proceedings follow the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements (share deals) granted by Ad Alliance GmbH (formerly IP Deutschland GmbH) and SevenOne Media GmbH to media agencies. The German Federal Cartel Office argued that these discounts would foreclose small broadcasters from the advertising market. In 2014, the district court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL 2 Fernsehen GmbH & Co KG filed a motion claiming that the expert was not impartial, with the aim of getting the court to obtain a new expert opinion. Ad Alliance GmbH has rejected the motion of lack of impartiality as unfounded. Due to his unexpected death in February 2020, the court expert could not submit his response to the allegation of impartiality. The court has announced that it would take a decision on the issue of impartiality in the upcoming weeks. The court case will continue. Similar proceedings from other small broadcasters, initiated in different courts, were unsuccessful or have been withdrawn.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as of September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a 'halo effect'. Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged 'halo effect'. In September 2019, the judicial expert issued his final report which confirmed the 'halo effect' but assessed that Fun Radio's results were over-corrected. As of September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition, but this procedure was suspended until the end of the judicial expertise. In the meantime, four of the six claimants withdrew their claim from the proceedings. On 23 January 2023, the Court decided to award damages for unfair competition. Fun Radio appealed the Court's decision on 26 January 2023 and is confident to achieve a favourable decision before the Court of appeal.

In November 2019, the Spanish Competition Authority (CNMC) arrived at a decision in disciplinary proceedings imposing a fine on Atresmedia and Mediaset and barring both operators from specified courses of conduct. The parties were ordered to take steps to align their commercial and contractual relations to the requirements of the decision. The fine imposed on Atresmedia amounts to €38.2 million. In 2020, Atresmedia challenged the decision by filing an application for judicial review with the Administrative Chamber of the Audiencia Nacional, Spain's national court. The application was found admissible. Consequently, Atresmedia will proceed with an appeal in the aforementioned court. The directors and legal advisors of Atresmedia believe that the application for judicial review against the CNMC's decision is likely to succeed.

No further information is disclosed as it may harm the Group's position.

Principal risks and uncertainties

Principal risks and uncertainties are disclosed in note 7 to the consolidated financial statements for the risks linked to financial instruments, and in the Corporate Governance section on *rtl.com* for the external and market risks.

Corporate governance statement

The RTL Group Board of Directors is committed to high standards of corporate governance. RTL Group has applied the principles of good governance for years, even before the Ten Principles of Corporate Governance were implemented by the Luxembourg Stock Exchange – principles that RTL Group is in line with and submitted to.

More information on this topic can be found in the Investor Relations section on *rtl.com*, which contains RTL Group's corporate governance charter, and regularly updated information, such as the latest version of the company's governance documents (including articles of incorporation, statutory accounts, and minutes of shareholders' meetings), and information on the composition and mission of the RTL Group Board of Directors and its committees. The Investors section also contains the financial calendar and other information that may be of interest to shareholders.

Shareholders

RTL Group's current share capital is set at €191,845,074, divided into 154,742,806 fully paid-up shares with no par value.

As at 31 December 2022, Bertelsmann held 76.28 per cent of RTL Group shares, and 23.72 per cent were publicly traded.

General Meetings of Shareholders will be held at the registered office or any other place in Luxembourg indicated in the convening notice. Due to the Covid-19 pandemic, and in accordance with the Grand Ducal Regulation, RTL Group held its Annual General Meeting of Shareholders on 27 April 2022 remotely, via a live webcast. A General Meeting of Shareholders must be convened on the request of one or more shareholders who together represent at least one tenth of the company's capital, and the Annual General Meeting of Shareholders is held within six months following the end of the financial year at the place and on the date set by the Board of Directors.

Resolutions will be adopted by the simple majority of valid votes, excluding abstentions. Any resolution amending the Articles of Incorporation will be adopted by a majority of two thirds of the votes of all the shares present or represented.

The Annual General Meeting will examine the reports of the Board of Directors and the auditor and, if thought fit, will approve the annual accounts. The meeting will also determine the allocation of profit and decide on the discharge of the directors and the auditor from any duties.

Board and management

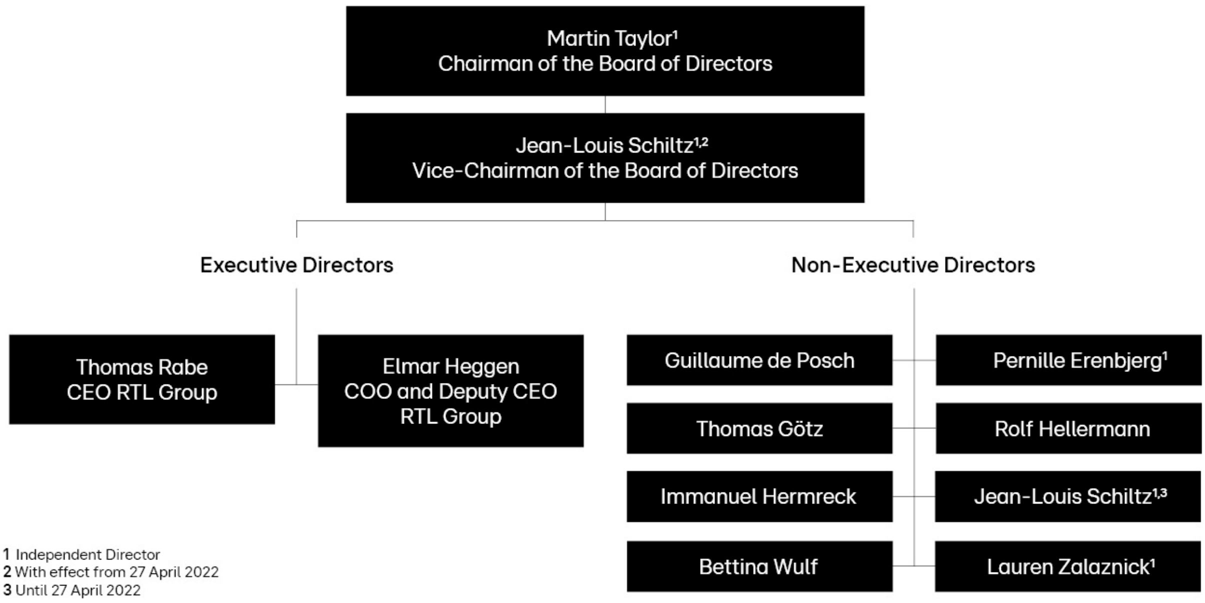
Board of Directors

The Board of Directors has the most extensive powers to take, in the interests of the company, all acts of administration and of disposal, that are not reserved by law or the Article of Incorporation to the General Meeting of Shareholders.

On 31 December 2022 the Board of RTL Group had 11 members: two executive directors and nine non-executive directors. At the term of James Singh's mandate, at the Annual General Meeting (AGM) on 27 April 2022, Jean-Louis Schiltz succeeded James Singh as Vice-Chair of the Board of Directors.

Among the non-executive directors, Pernille Erenbjerg, Jean-Louis Schiltz, Martin Taylor and Lauren Zalaznick are independent of management and other outside interests that might interfere with their independent judgement.

RTL Group's Board of Directors



1 Independent Director
2 With effect from 27 April 2022
3 Until 27 April 2022

Martin Taylor was appointed under the criteria of independence of the London Stock Exchange, before RTL Group adopted the Ten Principles of the Luxembourg Stock Exchange. Pernille Erenbjerg, Jean-Louis Schiltz and Lauren Zalaznick are independent directors, and all meet the current criteria of independence of the Ten Principles of the Luxembourg Stock Exchange.

The Board of Directors has to review, with expert help if requested, that any transaction between RTL Group or any of its subsidiaries on the one hand, and any of the shareholders or any of their respective subsidiaries on the other hand, is on arm's-length terms.

The responsibility for day-to-day management of the company is delegated to the Chief Executive Officer (CEO). The Board of Directors has a number of responsibilities, which include approving the Group's annual budget, overseeing significant acquisitions and disposals, and managing the Group's financial statements. The Board of Directors met five times in person or online in 2022 – with an average attendance rate of 100 per cent – and adopted some decisions by circular resolution. An evaluation process of the Board of Directors' activities, and the activities of its committees, was performed in 2022.

	Participation in meetings	**Attendance**
Martin Taylor (Chair)	5/5	100%
Guillaume de Posch	5/5	100%
Pernille Erenbjerg	5/5	100%
Thomas Götz	5/5	100%
Elmar Heggen	5/5	100%
Rolf Hellermann	5/5	100%
Immanuel Hermreck	5/5	100%
Thomas Rabe	5/5	100%
Jean-Louis Schiltz	5/5	100%
James Singh	1/1	100%
Bettina Wulf	5/5	100%
Lauren Zalaznick	5/5	100%

Individual attendance of the members of the RTL Group Board of Directors

The Executive Committee updates the Board on the Group's activities and financial situation. At each meeting, representatives of the Executive Committee brief the Board on ongoing matters, and on possible upcoming investment or divestment decisions.

In 2022, a total of €1.3 million (2021: €1.4 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group SA and the committees that emanate from it (see note 10.4 to the consolidated financial statements in the RTL Group Annual Report 2022).

Neither options nor loans have been granted to Directors.

Appropriate measures were taken by the company to ensure compliance with the provisions of the European market abuse regulation, and with the Circulars of the Commission de Surveillance du Secteur Financier (CSSF) concerning the application of this legislation.

The following Board Committees are established:

Nomination and Compensation Committee

The CEO consults with the Nomination and Compensation Committee and shall obtain prior consent on the appointment and removal of executive directors. The Nomination and Compensation Committee makes a proposal to the General Meeting of Shareholders on the appointment and removal of the non-executive directors, and establishes the Group's compensation policy.

The Nomination and Compensation Committee comprises four non-executive directors, one of whom is an independent director (who also chairs the meetings) and meets at least twice a year. The committee's plenary meetings are attended by the CEO, the COO/Deputy CEO and the Executive Vice President Human Resources. The Nomination and Compensation Committee may involve other persons to help the committee fulfil its tasks. The Chair of the Nomination and Compensation Committee reports on the discussions held and conclusions made by the committee to the subsequent Board of Directors meeting. The Nomination and Compensation Committee met four times in 2022, by telephone/video conference, with an average attendance rate of 100 per cent.

	Participation in meetings	**Attendance in %**
Martin Taylor (Chair)	4/4	100%
Thomas Götz	4/4	100%
Immanuel Hermreck	4/4	100%
Lauren Zalaznick	4/4	100%

Individual attendance of the members of the Nomination and Compensation Committee

Audit Committee

The Audit Committee monitors the financial reporting process, the statutory audit of the legal and consolidated accounts, the independence of the external auditors, the effectiveness of the Group's internal controls, the compliance programme, and the Group's risks. The Audit Committee reviews the Group's financial disclosures and submits a recommendation to the Board of Directors regarding the appointment of the Group's external auditors.

The Head of Internal Audit and the external auditors have direct access to the Chairman of the Audit Committee, who is an independent director.

The Audit Committee is composed of at least four non-executive directors – two of whom are independent – and meets at least four times a year. Pernille Erenbjerg replaced James Singh as chairman from 27 April 2022.

The committee's meetings are attended by the CEO, the COO/Deputy CEO, the Chief Financial Officer (CFO), the Head of Internal Audit, the external auditors and other senior Group finance representatives. The Audit Committee may invite other persons whose collaboration is deemed to be advantageous in helping the committee fulfil its tasks. Twice a year, the Head of Compliance is invited to provide an update on the compliance programme and to report on the compliance cases raised in the period under review, as well as on their remediation.

The Audit Committee met five times in 2022 in person or online, with an average attendance rate of 96.2 per cent. The Chairman of the Audit Committee reports on the discussions held and conclusions taken by the Audit Committee to the subsequent Board of Directors meeting.

	Participation in meetings	Attendance
James Singh (Chairman until 27 April 2022)	1/1	100%
Pernille Erenbjerg (Chairman as of 27 April 2022)	4/5	80%
Rolf Hellermann	5/5	100%
Martin Taylor	5/5	100%
Jean-Louis Schiltz	5/5	100%
Thomas Götz	5/5	100%

Individual attendance of the members of the Audit Committee

The Committee assists the Board of Directors in its responsibility with respect to overseeing the Group's financial reporting, risk management and internal control, and standards of business conduct and compliance.

CEO

Responsibility for the day-to-day management of the company rests with the CEO, who – on a regular basis and upon request of the Board – informs the Board of Directors about the status and development of the Group.

The CEO is responsible for proposing the annual budget, to be approved by the Board of Directors. He is also responsible for determining the ordinary course of the business.

Executive Committee

The Executive Committee comprises the two executive directors – the CEO and the COO/Deputy CEO – and the CFO. The Executive Committee is vested with internal management authority.

In 2022, a total of €7.8 million (2021: €8.6 million) was allocated in the form of salaries, non-cash benefits and a post-employment benefit plan to the members of the Executive Committee (see note 10.3 to the consolidated financial statements of the RTL Group Annual Report 2022).

External auditor

In accordance with the Luxembourg law on commercial companies, the Company's annual accounts and consolidated financial statements are certified by an external auditor, appointed at the Annual General Meeting of Shareholders. On 27 April 2022, the shareholders appointed KPMG Luxembourg, Société Anonyme as statutory auditor for a term of one year, expiring at the end of the Ordinary General Meeting of Shareholders ruling on the 2022 accounts.

Dealing in shares

The company's shares are listed on the Frankfurt and Luxembourg Stock Exchanges. Applicable German and Luxembourg insider dealing, and market manipulation laws prevent anyone with material non-public information about a company from dealing in its shares and from committing market manipulations.

A detailed Dealing Code contains restrictions on dealings by directors and certain employees of RTL Group and its subsidiaries, or associated companies.

Restrictions apply to:

- members of the Board of Directors
- all employees of RTL Group SA, and directors and employees of any subsidiary or affiliated company of RTL Group who, because of their position or activities, may have access to unpublished price-sensitive information.

Code of Conduct

Basic guidelines for responsible behaviour and for conducting business at RTL Group are governed by the Code of Conduct, which outlines binding minimum standards for behaviour towards business partners and the public, and for behaviour within the company. The Group updated its Code of Conduct and adapted it to developments in 2021, including a new, user-friendly speak-up system available in multiple languages, both online and via phone. The Group has a training programme in place to ensure all employees are fully aware of the code and its principles.

The Code of Conduct is available under the Compliance section on *rtl.com*.

Internal controls over financial reporting

RTL Group's Internal Control System (ICS) over financial reporting aims to provide reasonable assurance on the reliability of external and internal financial reporting, and its conformity with the applicable laws and regulations. It helps to ensure that financial reporting presents a true and fair picture of the Group's net assets, financial position and operational results. The ICS for the accounting process consists of the following areas:

Standards and rules

The rules governing the Group's financial reporting environment and critical accounting policies are set out in the Group's internal rules for accounting and the preparation of financial statements (such as IFRS manuals, guidelines and circulars), which are immediately available to all employees involved in the accounting process. Standards of a minimum control framework for key accounting processes at the level of RTL Group's fully consolidated subsidiaries are formalised in a set of expected key controls. RTL Group's centralised treasury and corporate finance activities are governed by dedicated policies and procedures. Hedging of exposure in non-Euro currencies is governed by a strict policy. All internal and external financial reporting processes are organised through a centrally managed reporting calendar. The Code of Conduct requires the Group's companies to manage record-keeping and financial reporting with integrity and transparency.

Systems and related controls

Locally used (ERP, treasury applications) finance systems are largely centrally monitored through a few common system platforms to ensure a consistent set-up of system-embedded controls. Segregation of duties, access rights and approval limits are regularly reviewed by the local data owners for all reporting units whose finance systems are centrally maintained. Internal and external financial reporting is transmitted through a centrally managed integrated finance system – from budgeting and trend year analysis, monthly internal management reporting, and forecasting of financial and operational KPIs, to consolidation and external financial reporting, and finally risk management reporting (see **Risk management** on pages 78 to 85).

Extensive automatic system controls ensure the consistency of the data in the financial statements. The centrally managed integrated finance system is subject to ongoing development through a documented change process. Systemised processes for coordinating intercompany transactions serve to prepare the corresponding consolidation steps. Circumstances that could lead to significant misinformation in the consolidated financial statements or internal management reporting are monitored centrally and verified by external experts as required. Specific system-embedded controls support the consolidation process, including the reconciliation of intercompany transactions.

IT General Controls (ITGCs) are regularly assessed by external experts or Internal Audit. Control objectives are defined for all RTL Group central applications and interfaces (the referenced applications) and their related IT infrastructure. The description of the control environment and the effectiveness of these controls are subject to an annual SOC1 ISAE3402 third-party assurance report. The Group's consolidation scope is constantly updated, both at the level of financial interests captured in the consolidation system, and at the level of legal information through a dedicated legal scope system.

Analytics and reporting

All internal and external local and consolidated financial reporting is systematically reviewed by local finance staff or by finance teams within the Corporate Centre. Typical analyses include comparisons with previous years, budget and forecast, financial and operational KPIs, flows of key captions on the income statement, statement of the financial position, changes in equity, and cash flow statement. The finance teams of the Corporate Centre and business units are also integrated into the internal management reporting. Internal and external reporting are reconciled during the segment reconciliation process.

Regular communication between RTL Group's operations and the Corporate Centre's finance departments ensures that any issue that could affect the Group's financial reporting is immediately flagged and resolved. Both the Group as a whole and the individual business units are in continuous contact with subsidiaries to ensure IFRS-compliant accounting as well as compliance with reporting deadlines and obligations.

Full-year and half-year reporting to the financial market is reviewed by the Audit Committee and approved by the Board of Directors. Q1 and Q3 quarterly statements are approved by the Audit Committee upon delegation by the Board of Directors.

Transparency

RTL Group's policy on the reporting of significant compliance incidents requires business units to immediately report fraud or other significant compliance incidents to the Group. Identified control weaknesses that could affect the reliability of financial reporting – reported by either external auditors or Internal Audit – are brought to the attention of management and the Audit Committee, and are part of a follow-up process.

Each year, the business units self-assess the maturity level of their local internal controls over financial reporting. Results of this self-assessment are reviewed by the Risk Management team and reported to the Audit Committee. At each meeting the Audit Committee is updated on the key accounting, tax and legal issues within the Group.

The Corporate Centre constantly promotes the importance of sound internal controls – not only over financial reporting, but also for operational processes – through dedicated workshops with RTL Group's business units, and the work of the Internal Audit department.

Like the Risk Management System, each ICS cannot guarantee with absolute certainty that significant misinformation in the accounting process can be prevented or identified.

Risk management

Risk matrix

Type of risk	Description and areas of impact	Mitigation activities
External and market risks		
Change in market environment	Digitisation has significantly transformed the TV market, offering various ways of reaching viewers. Higher competition for audience attention and programme acquisitions as well as accelerated audience fragmentation due to streaming services, new channels, and expansion of platform operators may affect RTL Group's position. The advertising landscape for streaming services has evolved. To drive growth and revenue as households become more cost-conscious, platforms such as Disney and Netflix introduced ad-funded programming in exchange for cheaper subscriptions and increased costs of content licensing and production to offer exclusives. This could increase competition within the advertising markets, especially for RTL Group's hybrid streaming services. The production business also shows a consolidation trend as increasing demand for talent – such as authors, scriptwriters, showrunners, actors – leads large production businesses to merge or acquire smaller production companies.	RTL Group embraces new digital opportunities by ensuring its channels and stations are platform-neutral (that is, available on the widest possible choice) and by developing families of channels and streaming services, based on its leading brands. By forming alliances and partnerships, RTL Group aims to counteract the dominance of global tech platforms. Examples include RTL Ad Alliance (combining RTL AdConnect, G+J iMS and the media division of Smartclip). RTL Group's European ad-tech business, Smartclip, fully acquired the French ad-tech company Realytics, complementing the group's ad-tech stack. In TV advertising, RTL Group expands its addressable TV offerings, which connect precise, data-driven targeting with premium content in a brand-safe environment, delivered via traditional linear TV. Thereby, addressable TV offers the opportunity to compensate for potential future declines of classic TV advertising revenues. RTL Group intends to secure or improve its share in the resulting total TV advertising market. Within its global content business, Fremantle, RTL Group established a buy-and-build strategy – next to organic growth – to expand its global content business and to gain market share.
Cyclical development of economy	The cyclical development of the economy is highly correlated with the development of the advertising markets and	Continuous monitoring of market conditions, scenario planning and strict cost control allow RTL Group to react to economic downturns. RTL Group tries to diversify its revenue base by introducing

	therefore impacts RTL Group's revenue. 2022 has seen a significant deterioration of macroeconomic conditions, mainly due to growing economic uncertainties from the war in Ukraine, increasing inflation and supply chain issues.	new products and services that generate non-advertising revenue.
Legal	Local and European regulations are subject to change. Some changes could alter businesses and revenue streams (for example, a ban on certain types of advertisements, opening of markets, deregulation of markets, cancellation of restrictions, limitation of advertising minutes, data protection).	RTL Group aims to anticipate any changes in legislation and to act accordingly by developing and exploiting new revenue sources.
Integrity and compliance risks	These are risks arising due to non-compliance with regulations. Unethical acts, illegal or non-compliant behaviour (such as violations of applicable local, national, and international laws and regulations, corporate policies and contract requirements) may cause legal consequences and result in financial or reputational damage.	RTL Group has established a compliance organisation and a compliance programme that highlights the importance RTL Group attaches to issues of compliance with the law and social responsibility. RTL Group provides support in complying with laws, regulations and corporate policies, promotes an ethical culture and strengthens trusting relationships with its business partners.

Risks in key business		
Poor strategic decisions	Strategic decisions are associated with risks. The resource allocation based on the strategic direction could become disadvantageous to RTL Group's revenue and ultimately lead to a potential loss of revenue. This particularly relates to portfolio changes if acquired assets do not perform in line with assumed business plans and an impairment of goodwill may be triggered.	Investment policies are followed, underpinned by realistic and prudent business planning. Approval procedures are followed to ensure relevant risk assessment and management sign-off. A regular review of strategic options is undertaken.

Audience share and market share performance	A decrease in audience and/or market share may have a negative impact on RTL Group's revenue.	New talents and formats are developed or acquired. Performance of existing shows is under constant review with the aim of improving audience share performance and hence future revenue. RTL Group's strategy is to extend and enhance the diversity and quality of its programmes – especially on its streaming services – to create national cross-media champions. Budget processes on subscriber revenue undergo ongoing maturation.
Customers	Bad debts or loss of customers may negatively affect RTL Group's profits.	Credit analysis of all new advertisers is systematically undertaken. Depending on the customer's creditworthiness, insurance may be used. This risk is also mitigated by broadening the advertiser base.
Suppliers	The supply of certain types of content and materials (such as paper) is limited and may lead to further cost increases. There may also be a strong reliance on key suppliers. Strong competition may lead to increased costs and/or the loss of profitable programmes.	The Group aims to diversify its sources of supply wherever possible, partly by producing content in-house. RTL Group benchmarks purchasing terms and conditions to identify best practices with the aim of reducing costs by, for example, joint purchasing.
Inventories	There is a risk of over-accumulation of stock that could become obsolete. This may lead to write-offs or impairments.	RTL Group has strict commercial policies, very close follow-up of existing inventories, and strict criteria for approval of investment proposals for rights.
Pricing/discounting	There is potential price erosion either at broadcaster level or at production level, or in the digital environment, where competition could impact margin levels.	RTL Group aims to satisfy customer needs by providing unique, tailored proposals that are possible due to alliances and the company's unique network position as well as the evolution of the business model.
IT infrastructure	Potential vulnerabilities within RTL Group operation systems and infrastructure may compromise business activities.	RTL Group entities use approved processes to continually monitor IT infrastructure and to update operation systems, if necessary, in line with the Group's IT policies.

Financial risks		
Foreign exchange exposure	The operating margin and programme costs are affected by foreign exchange volatility, especially if there is a strong increase of the USD against the EUR (such as feature films, sports and distribution rights and scripted programmes).	RTL Group has in place a strict policy regarding foreign exchange management, which is monitored and followed up by Group Treasury, using hedging instruments and applying hedge accounting principles to mitigate volatility on the income statement.

By their nature, media businesses are exposed to risk. Television, radio channels and streaming services can lose audiences as new competitive threats emerge, with consequent loss of revenue. Broadcasters, streaming services and producers are exposed to legal risks, such as litigation by aggrieved individuals or organisations, and advertising businesses are more exposed than most to economic cycles. RTL Group's international presence exposes it to further risks, such as adverse currency movements.

RTL Group defines its risk management as a continuous process at both business unit and Group level to prevent, protect, mitigate and leverage risks when executing RTL Group's strategy. RTL Group's risk management system has been designed to align fully with international risk management standards (such as the COSO framework).

RTL Group's robust risk management processes are designed to ensure that risks are identified, monitored and controlled, and its risk management system is based on a specific policy and a clear set of procedures. Policies and procedures are reviewed on a regular basis by the Internal Audit department and/or external consulting companies. Risk management and risk reporting are coordinated by the Head of Enterprise Risk Management (ERM), and reporting is reviewed by Internal Audit.

RTL Group's risk management process is designed to meet the following main objectives:

– **Embedded culture**: promote and embed a common risk management culture in the daily work of all RTL Group employees.

– **Consistent policy**: develop consistent risk policies on key matters, to be tailored and implemented at business unit level with consideration for local challenges and environment.

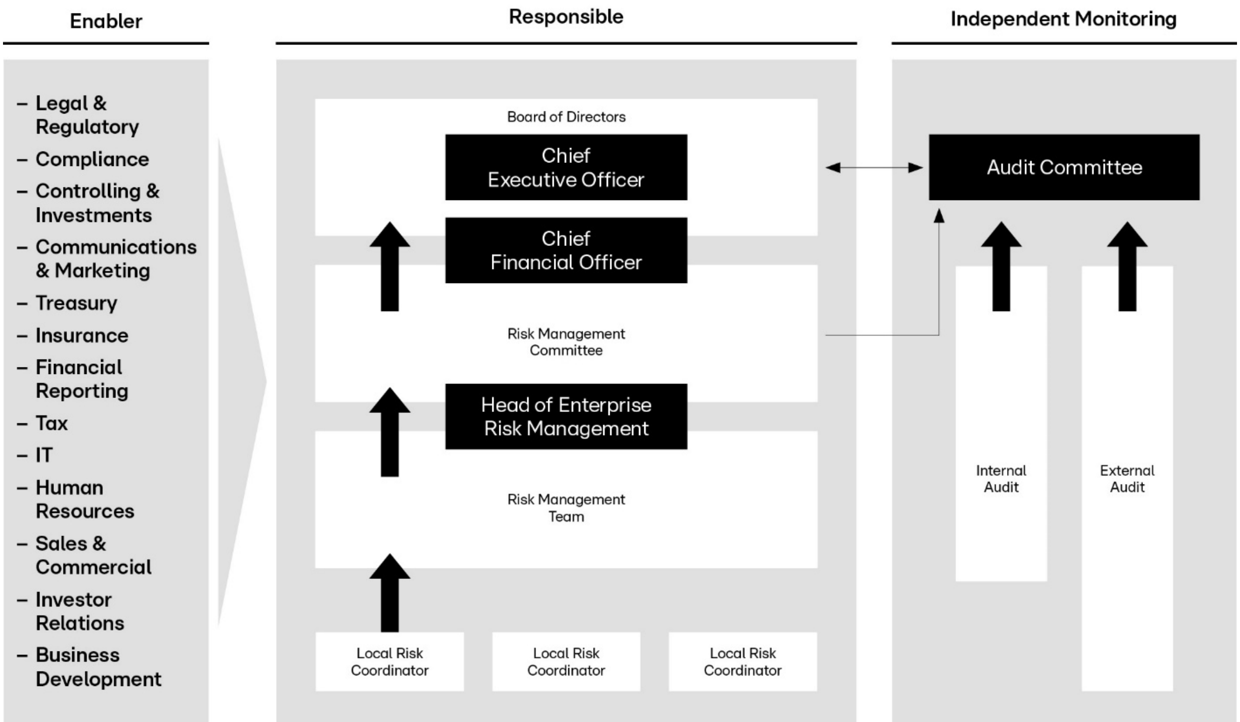
– **Harmonised response**: ensure harmonised risk management prevention, detection and mitigation measures across RTL Group and its business units against key risks, as well as a continuous related monitoring and improvement programme.

The risk management organisation is the combination of structures and relationships (see diagram on the following page) which enables a proper risk governance environment. RTL Group's risk management governance model has a strong vertical component – from the Board of Directors and Executive Committee to the Audit and Risk Management Committees, to the executive responsible (CEO, CFO and Head of ERM), down to all levels of the dedicated risk management functions, including local entities. This backbone is enabled by related control functions carried out by Group Risk Management and Internal Control, the Legal and Regulatory, Compliance, Business Development, Controlling and Investments, Communications and Investor Relations, Treasury, Insurance, Group Financial Reporting, Tax, IT, Human Resources and Sales and Commercial departments. Independent monitoring is also carried out by Internal Audit and External Audit.

The Board of Directors is responsible for ensuring RTL Group maintains a sound system of internal controls, including financial, operational and compliance risks.

The internal control system is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

– Effectiveness and efficiency of operations, and the optimal use of the Group's resources
– Integrity and reliability of financial and operational information
– Reliability of financial reporting
– Proper identification, assessment, mitigation and reporting of material risks
– Compliance with applicable laws, regulations, standards and contracts.



The Risk Management Committee is composed of the following permanent members:

– RTL Group Chief Financial Officer
– RTL Group Senior Vice President Internal Audit
– RTL Group Senior Vice President Compliance
– RTL Group Senior Vice President Treasury and Enterprise Risk Management
– RTL Group Senior Vice President Controlling and Investments
– RTL Group General Counsel
– RTL Group Senior Vice President Group IT
– RTL Group Senior Vice President Financial Reporting
– Media Assurances' Chief Executive Officer

– Additional guests may be invited to participate in Risk Management Committee meetings as subject matter experts, based on the topics to be addressed.

Definition of risk

A risk is defined as a potential future development or event that can negatively affect the achievement of the Group’s strategic, operational, reporting-related and compliance-related objectives.

Risk classification

(potential financial loss in three-year period)

		Risk classification (potential financial loss in three-year period)				
Priority	Type of risk	Low (<€ 50million)	Moderate (<€ 100 million)	Significant (<€ 250 million)	Considerable (<€ 500 million)	Endangering (>€ 500 million)
1	Changes in market environment			■		
2	Cyclical development of economy			■		
3	Audience and market share			■		
4	Supplier risks	■				
5	Legal risks	■				
6	Customer risks	■				
7	IT & infrastructure	■				
8	Pricing/discounting	■				
9	Risks without cash impact	■				
10	Integrity & Compliance	■				

Risk reporting framework

RTL Group has developed a framework for reporting risks, in line with good corporate practice.

This framework is based on several key principles:

– **Comprehensive scope of risk assessment:** risks are assessed within a framework of defined key risk categories. Regular risk assessments include a description of the risk, an indication of the potential financial impact, and steps taken to mitigate the risk. These steps are performed throughout RTL Group, consolidated by the Head of Enterprise Risk Management and ultimately summarised in a dedicated risk management report. Results are presented to the Audit Committee.

– **Regular and consistent reporting:** RTL Group’s system of internal controls ensures that risks are addressed, reported and mitigated when they arise. All significant risks are comprehensively assessed within the risk-reporting framework and reported to RTL Group management twice a year. This ensures that necessary actions are undertaken to manage, mitigate or offset risks within the Group. The risks are reported using a common reporting tool to ensure consistency in scope and approach.

- **Bottom-up approach:** RTL Group assesses risks where they arise in its operations. All business units assess themselves according to the three parts of the risk management report:

    - Risk Management System: risk assessment and quantification of residual risks if applicable
    - Internal Control System: self-assessment on internal controls in place
    - Information Security Management System: risk assessment and quantification of IT-related risks

- **Consolidated Group matrix:** Group Risk Management and the Internal Control team aggregate a comprehensive view of significant risks for the Group by consolidating local risk assessments. A Risk Management Committee prepares and reviews this consolidated Group risk matrix. The committee also:

    - advises on the control and reporting process for any major risks, and recommends mitigation strategies to the Group CFO
    - monitors follow-up of risks and ensures mitigation measures have been taken
    - increases risk awareness within the Group
    - identifies potential optimisation opportunities in processes

- **Audit approach:** both the process of local risk assessments and the consolidated Group risk matrices are regularly reviewed by Internal Audit.

Risk management in the future
RTL Group's risk management framework is constantly challenged – at both operational and Group level – through the Risk Management Committee, to ensure it reflects the risk profile of the Group at any time.

To ensure RTL Group's Enterprise Risk Management process and reporting requirements are consistently implemented throughout the Group, it holds regular workshops to update staff and to introduce new tools available to assess risk.

General Management Statement on Risk Evaluation

RTL Group is committed to high risk management standards and applies principles endorsed by local and European regulations and expected by market authorities. Consequently, RTL Group has developed a risk management system integrated into an enterprise-wide process, as outlined in the previous section.

RTL Group defines its risk management process as a continuous process at business unit and Group level to prevent, protect, mitigate and leverage risks considering the execution of the Group's strategic objectives and values. RTL Group's risk management strategy is a holistic and enterprise-wide process, aligned to the definition and execution of the Group's strategy. RTL Group may have to make strategic decisions involving a new set of risks or reassessment of existing risks that need to be addressed within the risk management framework.

As of the date of this report, management considers the overall risk position of the Group to be stable though there has been significant deterioration in macroeconomic conditions, reflected in lower economic sentiment and growth expectations, due to the war in Ukraine, inflation, energy supply and supply chain issues. Changes in the industry – in particular due to new technologies and increasing competition with US platforms – will continue to affect the Group.

There are currently no risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the revenue, earnings, financial position or performance of RTL Group over the projection period of three years.

Opportunity management

Opportunity-management system

An efficient opportunity-management system enables RTL Group to secure its success in the long term, and to exploit its potential in the best possible way. Opportunities are defined as future developments or events that could result in a positive change from either the Group's outlook or from strategic objectives. RTL Group's Risk Management System (RMS) is an important part of the company's business processes and decisions. Significant opportunities are identified from profit-centre-level upward, during the Group's annual strategy and planning process.

This largely decentralised system is coordinated by central departments to identify opportunities for cooperation across the Group and within the business units. Experience is shared within divisions, and this collaborative approach is reinforced by regular senior management meetings.

Opportunities

The Group has strategic, financial and regulatory opportunities. These could result from a better-than-expected performance of streaming services and advertising technology; from higher demand for content; from a better-than-expected macro-economic development, leading to higher advertising market growth; from higher market shares resulting from programme successes; and from changes in the laws regulating the Group's businesses, such as advertising. In addition, RTL Group's strategy to form cross-media champions could create significant value through the synergy potential of RTL Deutschland and Gruner + Jahr, the international cross-media sales house RTL Ad Alliance, and RTL Group's Smartclip fully acquiring Realytics. RTL Group continues to develop its business model, to rethink its operational processes and to set the path for more open and agile collaboration across countries, departments and functions.

Luxembourg Law on Takeover Bids

The following disclosures are made in accordance with article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

a) Share capital structure

RTL Group SA has issued one class of shares which is admitted to trading on the Frankfurt Stock Exchange and the Luxembourg Stock Exchange. No other securities have been issued. The issued share capital as at 31 December 2022 amounts to €191,845,074 represented by 154,742,806 shares with no par value, each fully paid-up.

b) Transfer restrictions

At the date of this report, all RTL Group SA shares are freely transferable but shall be subject to the provisions of the applicable German and Luxembourg insider dealing and market manipulation laws, which prevent anyone who has material non-public information about a company from dealing in its shares and from committing market manipulations. A detailed Dealing Code contains restrictions on dealings by directors and certain employees of RTL Group SA and its subsidiaries.

c) Major shareholding

The shareholding structure of RTL Group SA as at 31 December 2022 is as follows: Bertelsmann Capital Holding GmbH held 76.28 per cent, and 23.72 per cent were publicly traded.

d) Special control rights

All the issued and outstanding shares of RTL Group SA have equal voting rights and no special control rights attached.

e) Control system in employee share scheme

RTL Group SA's Board of Directors is not aware of any issue regarding section e) of article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

f) Voting rights

Each share issued and outstanding in RTL Group SA represents one vote. The Articles of Association do not provide for any voting restrictions. In accordance with the Articles of Association, a record date for the admission to a general meeting is set and certificates for the shareholdings and proxies shall be received by RTL Group SA the 14th day before the relevant date at 24 hours (Luxembourg time). Additional provisions may apply under Luxembourg law.

g) Shareholders' agreement with transfer restrictions

RTL Group SA's Board of Directors has no information about any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

h) Appointment of Board members, amendments of the Articles of Association

The appointment and replacement of Board members and the amendments of the Articles of Association are governed by Luxembourg Law and the Articles of Association. The Articles of Association are published under the Investor Relations section on *rtl.com*.

i) Powers of the Board of Directors

The Board of Directors is vested with the broadest powers to manage the business of RTL Group SA. It may take all acts of administration and of disposal in the interests of RTL Group SA. The Board of Directors has set up several committees whose members are Directors. The responsibilities and functionalities of the Board of Directors and its committees are described in the Articles of Association and the Corporate Governance Charter, published under the Investor Relations section on *rtl.com*.

The Company's General Meeting held on 26 April 2019 renewed the authorisation granted at the Company General Meeting of 16 April 2014 to the Board of Directors, to acquire a total number of shares of the company not exceeding 150,000. This renewal of authorisation is valid for five years and the purchase price is fixed at a minimum of 90 per cent and a maximum of 110 per cent of the average closing price of the RTL Group share over the last five trading days preceding the acquisition.

j) Significant agreements or essential business contracts

The Board of Directors is not aware of any significant agreements to which RTL Group SA is party and which take effect, alter or terminate upon a change of control of RTL Group SA following a takeover bid.

k) Agreements with Directors and employees

The Executive Committee members are entitled to contractual severance payments in the case of dismissal, except in the case of dismissal for serious reasons.

Declaration of Conformity with recommendations C.10, D.3, D.9 and D.11 of the German Corporate Governance Code for use by foreign companies

RTL Group SA is a public limited liability company under Luxembourg law. The German Corporate Governance Code (GCGC) does therefore not apply to RTL Group SA and RTL Group SA does not have to issue a Declaration of Conformity with the GCGC under section 161 of the German Stock Corporation Act (Aktiengesetz).

Solely for purposes of section 4.1.1.1 of the Guide to the DAX Equity Indices of STOXX Ltd., RTL Group SA declares that it does not deviate from recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.3, D.9 and D.11 of the GCGC, in each case applied accordingly to a public limited liability company with a one-tier governance system under Luxembourg law.

RTL Group's Board of Directors or its audit committee arranges for RTL Group's external auditors to inform it and note in the audit report if, during the performance of the audit, the external auditors identify any facts that indicate an inaccuracy in adhering to the recommendations in C.10, D.3, D.9 or D.11 of the GCGC in each case applied accordingly to a public limited liability company with a one-tier governance system under Luxembourg law.

Luxembourg, 15 March 2023
The Board of Directors
RTL Group SA

Subsequent events

In January 2023, Global Savings Group (GSG), an at equity investment held by Groupe M6, completed the acquisition of Pepper.com. This transaction resulted in a dilution of RTL Group's investment in GSG from 41.49 per cent at 31 December 2022 to 31.16 per cent. The preliminary impact on profit or loss in 2023 is currently under estimation and will be recognised under 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree' of the consolidated income statement for the year 2023.

In February 2023, RTL Deutschland announced a reorganisation of its publishing business to focus on its core brands *Stern, Geo, Capital, Stern Crime, Brigitte, Gala, Schöner Wohnen, Häuser, Couch, Eltern, Chefkoch, Geolino* and *Geolino Mini*. Other brands will be sold or discontinued. During the reorganisation, costs will be reduced in all areas – especially in corporate functions, corporate IT, office space, publishing and editorial teams. Around 500 jobs will be reduced in Hamburg, while an additional 200 jobs will be transferred to new owners through the planned sale of titles. RTL Deutschland will invest €80 million in its publishing business by 2025, €30 million thereof in the expansion of the paid offer Stern+ with complementary content from *Stern, Geo, Capital* and *Stern Crime*. The potential synergies of the transaction (Adjusted EBITA run-rate impact) are estimated at around €75 million per year, to be fully realised by 2025. At the time the consolidated financial statements were authorised for issue, the management has prepared its negotiations with relevant stakeholders – mainly employee representatives – and expects the costs associated with the reorganisation to be in the high double-digit millions.

In February 2023, RTL Group GmbH and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a revolving and swingline facility in the amount of up to €600 million. The main terms of this facility are:

- The interest rates for loans under the revolving and swingline facility are EURIBOR (floored at zero per cent) plus a margin of 0.40 per cent per annum, and ESTR (floored at zero per cent) plus a margin of 0.40 per cent per year, respectively. Additional utilisation fees of 0.075/0.15/0.30 per cent per year are computed for the utilisation of each subsequent tranche of €200 million, with an upfront fee of 0.25 per cent and a commitment fee of 14 basis points calculated and payable on the undrawn amount of the total credit facility.

In March 2023, RTL Group GmbH and Bertelsmann Business Support Sàrl entered into a shareholder loan agreement pursuant to which Bertelsmann makes available two term loan facilities in the amount of €500 million.

The main terms of these facilities are:

- Term loan facility of €200 million until 9 March 2026 bearing a fixed interest rate of 3.60 per cent per annum
- Term loan facility of €300 million until 7 March 2028 bearing a fixed interest rate of 3.57 per cent per annum
- RTL Group GmbH has the right to early repay the loans subject to break costs.

In March 2023, an amendment to the pledge agreement was signed between RTL Group SA, RTL Group GmbH, CLT-UFA SA, Bertelsmann SE & Co. KGaA, Reinhard Mohn GmbH and Bertelsmann Business Support Sàrl granting RTL Group the pledge on all current repayment claims of Bertelsmann Business Support Sàrl against RTL Group GmbH under the new Term Loan Facilities of €500 million.

Outlook

The geopolitical and macroeconomic environment remains volatile and the impact on RTL Group's businesses is hard to predict.

On this basis and subject to the above:

– RTL Group expects its revenue to increase to between €7.3 and €7.4 billion.

– RTL Group expects its Adjusted EBITA for 2023 to be between €1.0 and €1.05 billion. Streaming start-up losses are expected at just below €200 million (2022: €233 million). Consequently, the Group expects its Adjusted EBITA before streaming start-up losses to be between €1.2 and €1.25 billion (2022: €1,316 million).

– RTL Group's dividend policy remains unchanged: RTL Group plans to pay out at least 80 per cent of the adjusted full-year net result, resulting in an ordinary dividend paid in 2024 and 2025 (for the financial years 2023 and 2024) of approximately €3.50 per share, based on current projections.

	2022	2023e
Revenue	**€7,224m**	**€7.3bn to €7.4bn**
Adjusted EBITA	**€1,083m**	**€1.0bn to €1.05bn**
Streaming start-up losses	€233m	Just below €0.2bn
Adjusted EBITA before streaming start-up losses	€1,316m	**€1.2bn to €1.25bn**

Strategic targets for RTL Group's streaming services[31]

	2022	2026e
Paying subscribers	5.5m	**10m**
Streaming revenue	€267m	**€1bn**
Content spend per annum	€304m	**~€600m**

Profitability is expected by 2026[32].

[31] RTL+ in Germany and Hungary and Videoland in the Netherlands
[32] Total of Adjusted EBITA from RTL+ in Germany and Hungary, Videoland/RTL XL, Salto and Bedrock as consolidated on RTL Group level. The Adjusted EBITA of RTL+ and Videoland/RTL XL includes synergies with TV channels at business unit level. For the definition of Adjusted EBITA please see **Key performance indicators** on pages 30 to 31

Fremantle: revenue target

Fremantle targets full-year revenue of €3 billion by 2025.

To reach this goal and keep up with the increasing demand for content, RTL Group will invest significantly in Fremantle – both organically and via acquisitions – in all territories across drama and film, entertainment and factual shows, and documentaries.

15 March 2023
The Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Notes	2022 € m	2021 € m
Revenue	5.1	**7,224**	6,637
Other operating income	5.2	**84**	88
Consumption of current programme rights		**(2,894)**	(2,512)
Depreciation, amortisation and impairment		**(240)**	(209)
Other operating expenses	5.3	**(3,257)**	(3,055)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		**(46)**	(19)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	4.3	**107**	949
Profit from operating activities		**978**	1,879
Share of results of investments accounted for using the equity method	6.5	**14**	27
Impairment and reversals of investments accounted for using the equity method	6.5	**(5)**	2
Earnings before interest and taxes (EBIT)		**987**	1,908
Interest income	5.4	**5**	5
Interest expense	5.4	**(18)**	(18)
Other financial income	5.5	**6**	19
Other financial expense	5.5	**(48)**	(33)
Financial result		**(55)**	(27)
Profit before tax		**932**	1,881
Income tax expense	5.6	**(166)**	(427)
Group profit		**766**	1,454
Attributable to:			
RTL Group shareholders		**673**	1,301
Non-controlling interests		**93**	153
Earnings per share (in €)			
– Basic	5.7	**4.35**	8.41
– Diluted	5.7	**4.35**	8.41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 € m	2021 € m
Group profit		**766**	1,454
Other comprehensive income (OCI):			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations	6.15	**108**	18
Income tax	6.7	**(29)**	(2)
		79	16
Equity instruments at FVOCI – change in fair value	6.6	**(5)**	1
Income tax	6.7	**2**	–
		(3)	1
Share of other comprehensive income of investments accounted for using the equity method	6.5	**23**	–
Income tax		**–**	–
		23	–
		99	17
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**22**	33
Effective portion of changes in fair value of cash flow hedges	6.16.4	**14**	14
Income tax	6.7	**(2)**	(5)
		12	9
Recycling of cash flow hedge reserve	6.16.4	**–**	–
Income tax	6.7	**–**	–
		–	–
Share of other comprehensive income of investments accounted for using the equity method		**2**	–
Income tax		**–**	–
		2	–
		36	42
Other comprehensive income/(loss), net of income tax		**135**	59
Total comprehensive income		**901**	1,513
Attributable to:			
RTL Group shareholders		**802**	1,358
Non-controlling interests		**99**	155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2022 €m	31 December 2021 €m
Non-current assets			
Programme and other rights	6.1	**73**	74
Goodwill	6.1 6.2	**3,327**	3,010
Other intangible assets	6.1	**571**	525
Property, plant and equipment	6.3	**272**	264
Right-of-use assets	6.4	**342**	283
Investments accounted for using the equity method	6.5	**376**	366
Loans and other non-current assets	6.6	**113**	117
Deferred tax assets	6.7	**318**	322
		5,392	4,961
Current assets			
Programme rights	6.8	**1,579**	1,298
Other inventories		**18**	15
Income tax receivable		**51**	24
Accounts receivable and other current assets	6.9	**2,503**	3,502
Cash and cash equivalents	6.10	**589**	547
		4,740	5,386
Assets held for sale	6.11	**–**	196
Current liabilities			
Loans and bank overdrafts	6.12	**547**	49
Lease liabilities	6.12	**85**	59
Income tax payable		**24**	41
Accounts payable and other liabilities	6.13	**2,312**	2,762
Contract liabilities	5.1	**596**	449
Provisions	6.14	**111**	131
		3,675	3,491
Liabilities related to assets held for sale	6.11	**–**	113
Net current assets		**1,065**	1,978
Non-current liabilities			
Loans	6.12	**138**	635
Lease liabilities	6.12	**300**	273
Accounts payable and other liabilities	6.13	**508**	372
Contract liabilities	5.1	**5**	2
Provisions	6.14	**218**	276
Deferred tax liabilities	6.7	**75**	77
		1,244	1,635
Net assets		**5,213**	5,304
Equity attributable to RTL Group shareholders		**4,422**	4,538
Equity attributable to non-controlling interests	6.16.8	**791**	766
Equity	6.16	**5,213**	5,304

The figures from the previous year have been adjusted (see note 1.30)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital € m	Currency translation reserve € m	Hedging reserve € m	Revaluation reserve € m	Reserves and retained earnings € m	Equity attributable to RTL Group shareholders € m	Equity attributable to non-controlling interests € m	**Total equity** **€ m**
Balance at 1 January 2021	**192**	**(181)**	**(7)**	**67**	**3,635**	**3,706**	**647**	**4,353**
Total comprehensive income:								
Group profit	–	–	–	–	1,301	1,301	153	**1,454**
Other comprehensive income (OCI)	–	32	9	1	15	57	2	**59**
	–	32	9	1	1,316	1,358	155	**1,513**
Capital transactions with owners:								
Dividends	–	–	–	–	(464)	(464)	(100)	**(564)**
Equity-settled transactions, net of tax	–	–	–	–	3	3	3	**6**
Transactions on non-controlling interests without a change in control	–	–	–	–	(60)	(60)	10	**(50)**
Transactions on non-controlling interests with a change in control	–	–	–	–	–	–	51	**51**
Other changes	–	–	3	–	(8)	(5)	–	**(5)**
	–	–	3	–	(529)	(526)	(36)	**(562)**
Balance at 31 December 2021	**192**	**(149)**	**5**	**68**	**4,422**	**4,538**	**766**	**5,304**
Balance at 1 January 2022	**192**	**(149)**	**5**	**68**	**4,422**	**4,538**	**766**	**5,304**
Total comprehensive income:								
Group profit	–	–	–	–	673	673	93	**766**
Other comprehensive income (OCI)	–	23	13	20	73	129	6	**135**
	–	23	13	20	746	802	99	**901**
Capital transactions with owners:								
Dividends	–	–	–	–	(774)	(774)	(76)	**(850)**
Equity-settled transactions, net of tax	–	–	–	–	3	3	3	**6**
Transactions on non-controlling interests without a change in control	–	–	–	–	(134)	(134)	(23)	**(157)**
Transactions on non-controlling interests with a change in control	–	–	–	–	–	–	21	**21**
Other changes	–	–	(7)	(1)	(5)	(13)	1	**(12)**
	–	–	(7)	(1)	(910)	(918)	(74)	**(992)**
Balance at 31 December 2022	**192**	**(126)**	**11**	**87**	**4,258**	**4,422**	**791**	**5,213**

The figures from the previous year have been adjusted (see note 1.30)

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2022 € m	2021 € m
Cash flows from operating activities			
Profit before tax		932	1,881
Adjustments for:			
– Depreciation, amortisation and impairment		286	228
– Impairment and reversals on other financial assets at amortised cost		30	–
– Share-based payments expenses		5	6
– Re-measurement of earn-out arrangements		–	–
– Fair value measurement of investments		78	115
– (Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree		(107)	(949)
– Financial results including net interest expense and share of results of investments accounted for using the equity method		132	40
Change of provisions	6.14	(97)	46
Working capital changes		(503)	2
Income tax paid		(293)	(437)
Net cash from operating activities		463	932
Cash flows from investing activities			
Acquisitions of:			
– Programme and other rights		(68)	(88)
– Subsidiaries, net of cash acquired	4.2	(113)	(136)
– Companies under common control, net of cash acquired	4.2	166	(217)
– Other intangible and tangible assets		(133)	(107)
– Other investments and financial assets		(48)	(48)
Proceeds from the sale of intangible and tangible assets	6.1 6.3	1	2
Disposal of other subsidiaries, net of cash disposed of	4.3	194	665
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets		105	29
Interest received		10	4
Current deposits with shareholder and its subsidiaries	10.1	544	(218)
Net cash from/(used in) investing activities		658	(114)
Cash flows from financing activities			
Interest paid		(24)	(26)
Transactions on non-controlling interests	6.16.8	(67)	(37)
Proceeds from loans	6.12	35	56
Repayment of loans	6.12	(79)	(113)
Payment of lease liabilities	6.12	(81)	(63)
Dividends paid		(860)	(569)
Other changes from financing activities		(16)	(7)
Net cash used in financing activities		(1,092)	(759)
Net increase/(decrease) in cash and cash equivalents		29	59
Exchange rate effects and other changes in cash and cash equivalents		(11)	4
Cash and cash equivalents and bank overdrafts at the beginning of the year	6.10	570	507
Cash and cash equivalents and bank overdrafts at the end of the year		588	570
Less cash and cash equivalents included within assets held for sale	6.11	–	(23)
Cash and cash equivalents and bank overdrafts at the end of the year (without assets held for sale)	6.10	588	547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

RTL Group S.A. (the 'Company') is a company incorporated under Luxembourgish law. The consolidated financial statements of the Company as at 31 December 2022, comprise the Company and its subsidiaries (together referred to as 'RTL Group' or 'the Group') and the Group's interest in associates and joint ventures.

RTL Group S.A. is a leading entertainment company across broadcast, streaming, content and digital, with interests in 56 television channels, nine streaming services and 36 radio stations and a global business for content production and distribution.

The Company is listed on the Frankfurt and Luxembourg Stock Exchanges and is a member of the MDAX stock index. Statutory accounts can be obtained at its registered office established at 43, boulevard Pierre Frieden, L-1543 Luxembourg.

The ultimate parent company of RTL Group S.A. preparing consolidated financial statements, Bertelsmann SE & Co. KGaA, includes in its consolidated financial statements those of RTL Group S.A. Bertelsmann SE & Co. KGaA is a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Straße 270, D-33311 Gütersloh, Germany. Consolidated financial statements for Bertelsmann SE & Co. KGaA can be obtained at the company's registered office.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 15 March 2023. They will be submitted for approval to the next Shareholders' Meeting on 26 April 2023.

1.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

1.2. Basis of preparation of consolidated financial statements

The consolidated financial statements are presented in millions of Euro, which is the Company's functional and Group presentation currency, and have been prepared under the historical cost convention except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value
- Non-derivative financial instruments at fair value through profit or loss (FVTPL) are measured at fair value
- Equity instruments at fair value through OCI (FVOCI) are measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured at fair value
- The defined benefit assets and liabilities are measured in accordance with IAS 19.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the coming years, are discussed in note 2.

Impact of new financial reporting standards, interpretations and amendments
The first-time application of new requirements had no material impact on RTL Group.

Impact of issued financial reporting standards that are not yet effective
RTL Group has not opted for early adoption of any additional standards, interpretations or amendments that have been issued by the IASB or the IFRS IC but are not yet mandatory.

Impact of external events on the consolidated financial statements
In 2022 multiple external events impacted the business environment of RTL Group. These include geopolitical tensions with the war in Ukraine, inflation, energy supply and supply chain issues. The inflation had direct implications on the business performance of RTL Group (e.g. increase in raw material costs) as well as indirect implications (e.g. reduced levels of bookings of advertising clients).

Despite the challenging macroeconomic backdrop, RTL Group's businesses showed a robust performance in the financial year 2022. This is indicated by a strong Adjusted EBITA level, comparing favourably to almost all historical years when normalising for effects from streaming start-up losses. The external challenges and associated uncertainties have been and will continue to be regularly monitored by management from the outset to allow for early intervention if necessary. For this reason, the effects on the consolidated statement of financial position of the particularly relevant areas of impairment of goodwill and individual assets, leasing, programming rights, inventories, trade receivables, government grants, deferred tax assets, contingent losses and revenues have been analysed on an ongoing basis. Based on the current development of the business, no impairment of goodwill was considered necessary, despite the geopolitical and economic uncertainties. This also applies to the accounting areas classified as vulnerable, for which no significant negative impact on the financial position and results of operations of RTL Group is currently expected.

The assessment is based on judgements, estimates and assumptions that involve uncertainties in the current situation characterised by geopolitical and macroeconomic challenges above and beyond the level seen in recent years. Management believes it has considered these uncertainties appropriately.

1.3. Principles of consolidation

1.3.1. Subsidiaries

Subsidiaries are those undertakings controlled by the Company. Control exists when the Company has power or ability, directly or indirectly, over an entity; is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. Directly or indirectly held subsidiaries are consolidated from the date on which control is transferred to the Company, and are no longer consolidated from the date that control ceases.

The full consolidation method is used, whereby the assets, liabilities, income and expenses are fully incorporated. The proportion of the net assets and net income attributable to non-controlling interests is presented separately as non-controlling interests in the consolidated statement of financial position and in the consolidated income statement.

Intra-group balances and transactions, and any unrealised income and expense (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired, and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs related to the acquisition – other than those associated with the issue of debt or equity securities – that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Contingent consideration is classified as either equity or a financial liability. If an obligation to pay contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. It is a Level 3 fair value measurement based on the discounted cash flows (DCF) and derived from market sources as described in notes 6.2 and 7.3.

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognised for the present value of the redemption amount within accounts payable with a corresponding charge directly to equity or through goodwill in case of a business combination with the transfer of the risks and rewards of the non-controlling interests to the Group. Subsequent measurement of liabilities from put options is recognised in profit or loss. The income/(expense) arising is recorded in 'Other financial income' or 'Other financial expense'.

On an acquisition-by-acquisition basis the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Accounting for transactions under common control

For transaction under common control RTL Group applies the accounting policy choice to recognise assets acquired and liabilities assumed at carrying amounts, while the difference between assets/liabilities and consideration transferred is recognised in equity under 'Other changes'.

Accounting for transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying amount of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

Loss of control

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value subsequently becomes the initial carrying amount for the purposes of accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3.2. Investments accounted for using the equity method

The investments accounted for using the equity method comprise interests in associates and joint ventures. Associates are defined as those investments where the Group can exercise a significant influence. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of arrangements, rather than rights to their assets and obligations for their liabilities. Such investments are recorded in the consolidated statement of financial position using the equity method of accounting and are initially recognised at cost, which includes transaction costs. Under this method the Group's share of the post-acquisition profits or losses of investments accounted for using the equity method (impairment loss included) is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves.

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the investment accounted for using the equity method, including any other unsecured receivables, the

Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investment accounted for using the equity method.

Unrealised gains on transactions between the Group and its investments accounted for using the equity method are eliminated against the investment accounted for using the equity method to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies for investments accounted for using the equity method have been changed where necessary to ensure consistency with the policies adopted by the Group and restated in the case of specific transactions on RTL Group level in relation to investments.

1.4. Foreign currency translation

1.4.1. Foreign currency translations and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are generally recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at foreign exchange rates ruling at the date the fair value was determined.

1.4.2. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill, and fair value adjustments arising on consolidation, are translated to Euro using the foreign exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rate for the year under review. The foreign currency translation differences resulting from this treatment and those resulting from the translation of the foreign operations' opening net asset values at year-end rates are recognised directly in a separate component of equity.

Exchange differences arising from the translation of the net investment in a foreign operation, or associated undertaking and financial instruments, which are designated and qualified as hedges of such investments, are recognised directly in a separate component of equity. On disposal or partial disposal of a foreign operation, such exchange differences or proportion of exchange differences are recognised in profit or loss as part of the gain or loss on sale.

1.5. Derivative financial instruments and hedging activities

Fair value

Derivative financial instruments are initially recognised at fair value in the statement of financial position at the date a derivative contract is entered into and are subsequently re-measured at fair value. The fair value of foreign currency forward contracts is determined by using forward exchange market rates at the reporting date.

Cash flow hedges

For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. Thereby the qualifying instrument is separated in the spot element and forward element and only the change in the fair value of the spot element is designated as a hedging instrument. The hedge ratio of 1:1 is applied accordingly. The Group also documents, both at the hedge inception and on an ongoing basis, its assessment of whether the hedging derivatives are effective in offsetting changes in fair values or cash flows of the hedged items.

The accounting treatment applied to cash flow hedges in respect of off-balance sheet assets and liabilities can be summarised as follows:

- The designated component of fair value changes on the hedging instrument (mostly foreign currency forward contracts or cash balances in foreign currencies) is deferred in 'Hedging reserve'
- Amounts deferred in 'Hedging reserve' are subsequently released to the income statement in the periods in which the hedged item impacts the income statement. Hedging forecast purchases of programme rights in foreign currency releases from equity when the programme right is recognised on-balance sheet in accordance with the Group's policy
- The non-designated component of the fair value changes on the hedging instrument is recorded directly in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the 'Hedging reserve' remains in equity until – for a hedge of a transaction resulting in the recognition of the programme rights – it is included in the costs of the programme rights on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, the amounts that have accumulated in the 'Hedging reserve' are immediately reclassified to profit or loss.

1.6. Current/non-current distinction

Current assets are assets expected to be realised or consumed in the normal course of the Group's operating cycle (normally within one year). All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group's operating cycle (normally within one year) or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

1.7. Intangible assets

1.7.1. Non-current programme and other rights

Non-current programme and other rights are initially recognised at acquisition cost or production cost – which includes staff costs and an appropriate portion of relevant overheads – when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Non-current programme and other rights include (co-)productions, audio-visual and other rights acquired with the primary intention to broadcast, distribute or trade them as part of the Group's long-term operations. The economic benefits of the rights are highly correlated to their consumption patterns, which themselves are linked to the revenue. These non-current programme and other rights are therefore amortised based on expected revenue. The amortisation charge is based on the ratio of net revenue for the period over total estimated net revenue. The (co-)production shares and flat fees of distributors are amortised over the applicable product lifecycle based on the ratio of the current period's revenue to the estimated remaining total revenue (ultimate revenue) for each (co-)production.

Estimates of total net revenue are periodically reviewed and additional impairment losses are recognised if appropriate.

1.7.2. Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date. Goodwill arising from applying this method is measured at initial recognition as detailed in note 1.3.1.

Goodwill on acquisitions of subsidiaries is recognised as an intangible asset. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each cash-generating unit represents the Group's investment in a geographical area of operation by business segment, except for Fremantle and We Are Era which are global/multi-territory operations. RTL Deutschland has minor businesses in France and United Kingdom.

No goodwill is recognised on the acquisition of non-controlling interests.

1.7.3. Other intangible assets

Other intangible assets with a definite useful life, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses. They comprise licences (other than (co-)production, audio-visual and other rights), trademarks and similar rights as well as software. They are amortised on a straight-line basis over their estimated useful life as follows:

- Licences: seven to 20 years
- Software: maximum three years.

Brands, unless an indefinite useful life can be justified, and customer relationships acquired through business combinations are mainly amortised on a straight-line basis over their estimated useful life.

Other intangible assets with an indefinite useful life are tested annually for impairment and whenever there is an indication that the intangible asset may be impaired.

1.8. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:

- Land: nil
- Buildings: ten to 25 years
- Technical equipment: four to ten years
- Other fixtures and fittings, tools and equipment: three to ten years.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit from operating activities.

Depreciation methods and useful lives, as well as residual values, are reassessed annually.

Expenditure incurred to replace a component of an item of property, plant and equipment that is separately accounted for is capitalised with the carrying amount of the component that is to be replaced being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits that will be derived from the item of property, plant and equipment. All other expenditure is expensed as incurred.

1.9. Leases

The Group mainly leases premises for operating businesses. Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, initial direct costs incurred, restoration costs, and lease payments made at, or before, the commencement date less any incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset’s estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's maturity, currency and risk-specific incremental borrowing rate is used. The incremental borrowing rate represents the cost of obtaining external financing for a corresponding asset with a financing period corresponding to the term of the lease denominated in the currency in which lease payments are settled.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets for all classes of assets
The Group applies the short-term lease recognition exemption to its leases (i.e. those leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the exemption of low-value leased assets. Lease payments on short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense over the lease term.

1.10. Loans and other financial assets

Initial recognition
The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets (with the exception of trade receivables without a significant financing component) are recognised initially at fair value, taking into account transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets recognised at fair value through profit or loss are immediately expensed in profit or loss. Trade receivables without a significant financing component are initially recognised at their transaction price.

For financial assets – debt instruments and investments in equity instruments – measured at fair value through profit or loss, gains and losses will be recorded in either profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income (FVOCI).

Financial assets with embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

The fair value of publicly traded investments is based on quoted market prices at the reporting date. The fair value of non-publicly traded investments is based on the estimated discounted value of future cash flows.

Subsequent measurement
Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments in three measurement categories:

- Amortised cost: assets that are held in order to collect contractual cash flows where those cash flows represent solely payments of principal and interest. Financial assets at amortised cost are subsequently measured using the effective yield method, less any valuation allowance for credit risk. Any difference between nominal value, net of transaction costs, and redemption value is recognised using the effective interest method in profit or loss over the period of the loan. Interest income from these financial assets is included in 'Interest income' using the effective interest method. Any gain or loss arising on derecognition is recorded directly in profit or loss and presented in 'Other operating income' or 'Other operating expense', together with foreign exchange gains and losses. Impairment losses, when applicable, are presented as 'Other operating expenses' in the consolidated income statement
- FVOCI: assets that are held in order to collect contractual cash flows and for selling the financial assets – where the assets' cash flows solely represent payments of principal and interest – are measured at FVOCI. Changes in the fair value are taken through OCI, except for the recognition of impairment losses (and reversal of impairment losses), foreign exchange gains and losses and interest income, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Impairment expenses are presented in 'Other operating expenses' and disclosed separately in the notes to the consolidated income statement
- FVTPL: instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in the consolidated income statement and presented net within 'Fair value measurement of investments' which is reported in 'Other operating income' or 'Other operating expense'.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Equity instruments
The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity instruments at FVOCI are not reported separately from 'Equity instruments at FVOCI – change in fair value, net of tax' in the revaluation reserve of the consolidated statement of changes in equity.

Changes in the fair value of financial assets at FVTPL are recognised within 'Fair value measurement of investments' in the consolidated income statement.

1.11. Current programme rights

Current programme rights are initially recognised at acquisition cost or Group production cost when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Current programme rights include programmes in progress, (co-)productions and rights acquired with the primary intention to broadcast or sell them in the normal course of the Group's operating cycle. Current programme rights include an appropriate portion of overheads and are stated at the lower of cost and net realisable value. The net realisable value assessment is based on the advertising revenue expected to be generated when broadcast, and on estimated net sales. Weak audience shares or changes from a prime-time to a late-night slot constitute indicators that a valuation allowance may be recorded. They are consumed based on either the expected number of transmissions or expected revenue in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are as follows:

- Free television thematic channels: programme rights are consumed on a straight-line basis over a maximum of six runs
- Free television other channels:
    - Blockbusters (films with high cinema ticket sales), mini-series (primarily own productions with a large budget), other films, series, TV movies and (co-)productions are consumed, run by run, over a maximum of four transmissions mainly following a degressive approach for amortisation depending on the agreed total number of transmissions
    - Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission
    - Children's programmes and cartoons are consumed over the license period on a linear basis as there is a very slow saturation and a very high number of repetitions for the target group kids (three to 13-year-olds)
- Pay television channels: programme rights are consumed on a straight-line basis over the licence period.

1.12. Accounts receivable and contract assets

Trade accounts receivable arise from the sale of goods and services related to the Group's operating activities. Trade accounts receivable are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less impairment loss.

Contract assets relate to the conditional right to consideration for complete satisfaction of the contractual obligations. Other accounts receivable include – in addition to deposits and amounts related to Profit and Loss Pooling (PLP) and Compensation Agreements with RTL Group's controlling shareholder – VAT recoverable, and prepaid expenses.

Impairment losses on trade accounts receivable, other financial instruments measured at amortised costs and contract assets are recognised when:
- RTL Group assesses on a forward-looking basis the expected credit loss; or
- there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable or the contract asset is impaired. In that case, the trade receivable or the contract asset is removed from the expected credit loss and impaired on a stand-alone basis.

Additions to valuation allowance and subsequent recoveries of amounts previously written off are reported in the income statement within 'Other operating expenses'.

Accrued income is stated at the amounts expected to be received.

1.13. Cash and cash equivalents

Cash consists of cash in hand and at bank. Cash equivalents are assets that are readily convertible into cash, such as short-term highly liquid investments, commercial paper, bank deposits and marketable securities, all of which mature within three months from the date of purchase, and money market funds that qualify as cash and cash equivalents under IAS 7. Bank overdrafts are included within current liabilities.

1.14. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, and fair value less costs of disposal where applicable, the estimated future cash flows are discounted to their present value using a discount rate after tax that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed when there is an indication that the conditions that caused the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. The carrying amount after the reversal of the impairment loss cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

1.15. Impairment of financial assets

RTL Group applies the expected credit loss (ECL) model in accordance with IFRS 9 for debt instruments at amortised cost and for contract assets. Accordingly, the amount of expected credit losses recognised as a loss allowance depends on the extent to which the default risk has increased since initial recognition. According to the so-called general approach, a distinction is made between the following two measurement bases:

- 12-month ECL: At initial recognition, and if the default risk has not increased significantly from the initial recognition of the debt instrument, a loss allowance is recognised for expected credit losses within the next 12 months.
- Lifetime ECL: If the default risk has increased significantly, a loss allowance for expected credit losses is recognised for the entire life of the debt instrument.

Appropriate quantitative and qualitative information and analyses based on the Group's past experience and reasonable assessments – including forward-looking information such as customer-specific information and forecasts of future economic conditions – are taken into consideration when determining the credit risk. When a financial asset is more than 30 days past due, its credit risk is assumed to have increased significantly. A default of a financial asset is assumed at the latest when the counterparty fails to make contractual payments within 90 days of when they fall due, unless reasonable and supportable information is available that justifies a different time of overdue payment. The Group assesses whether a financial asset is credit-impaired at the end of each reporting period. This is the case when one or more events that have a detrimental impact on the expected future cash flows of that financial asset have occurred. A financial asset is written off when it is no longer reasonably expected to be fully or partially recoverable.

For trade receivables and contract assets, RTL Group uses a simplified approach to measure expected credit losses. According to this, the loss allowance is measured using lifetime expected credit losses. For this purpose, impairment matrices based on historic bad debt losses, maturity bands and expected credit losses have been prepared. The impairment matrices were created for business unit-specific groups of receivables, each with similar default patterns. In addition, separate risk assessments are performed. Contract assets have substantially the same risk characteristics as trade receivables for the same types of contracts, so that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

1.16. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs of disposal if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

1.17. Accounts payable

Trade accounts payable arise from the purchase of assets, goods and services relating to the Group's operating activities and include accrued expenses. Other accounts payable comprise – in addition to amounts related to the Profit and Loss Pooling Agreement (PLP) with RTL Group's controlling shareholder – VAT payable, fair value of derivative liabilities, and accounts payable on capital expenditure. Trade and other accounts payable are measured at amortised cost using the effective interest method, except derivative liabilities, which are measured at fair value.

1.18. Loans payable

Interest-bearing current and non-current liabilities are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing current and non-current liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

1.19. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events. The amounts recognised represent management's best estimate of the expenditures that will be required to settle the obligation at the reporting date. Provisions are measured by discounting the expected future cash flows to settle the obligation at a pre-tax risk-free rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or been announced publicly. Costs relating to the ongoing activities of the Group are not provided for.

Provisions for onerous contracts mainly relate to unavoidable costs for individual programme rights, the performance of which is assessed as clearly below that originally planned when the contract was agreed. Such situations mainly arise in case of executory obligations to purchase programmes that will not be aired due to lack of audience capacity or to a mismatch with the current editorial policy. In addition, an expected or actual fall in audience can be evidenced by several indicators, such as the underperformance of a previous season, the withdrawal of the programme's main advertisers or a decline in the popularity or success of sports programmes. Long-term sourcing agreements aim to secure the programme supply of broadcasters. These are mainly output deals, production agreements given European quota obligations, and arrangements with sports organisations. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

1.20. Employee benefits

1.20.1. Pension benefits

The Group operates or participates in both defined contribution and defined benefit plans, according to the national laws and regulations of the countries in which it operates. The assets of the plans are generally held in separate trustee-administered funds, and some of the plans are operated through pension funds that are legally independent from the Group. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. The Group recognises actuarial gains and losses in other comprehensive income. Past-service costs are recognised immediately through profit or loss.

Pension costs relating to defined contribution plans (including deferred compensation plans that are defined contribution plans in nature) are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1.20.2. Other benefits

Many Group companies provide death in service benefits, and spouses' and children's benefits. The costs associated with these benefits are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1.20.3. Share-based transactions

Share options are granted to directors, senior executives and other employees of the Group. They may also be granted to suppliers for settlement of their professional services. Share options entitle holders to purchase shares at a price (the 'strike price') payable at the exercise date of the options. Options are initially measured at their fair value determined on the date of grant.

The grant date fair value of equity-settled share-based payment arrangements is recognised as an expense with a corresponding increase in equity over the vesting period of the options. The amount recognised as an expense is adjusted to reflect the number of options that are expected to ultimately vest, considering vesting service conditions and non-market performance conditions.

For cash settled share-based payment arrangements, the fair value of the amount payable to employees is recognised as an expense with a corresponding increase in liability until the employees exercise their options. The liability is re-measured to fair value at each reporting date up until the settlement date. Any changes in the liability are recognised in the income statement. The fair value of the options is measured using specific valuation models.

1.21. Share capital

1.21.1. Equity transaction costs

Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are deducted, net of the related income taxes, against the gross proceeds recorded in equity.

1.21.2. Treasury shares

Where the Company or its subsidiaries purchase the Company's own equity, the consideration paid, including any attributable transaction costs net of income taxes, is shown in deduction of equity as 'Treasury shares'.

1.21.3. Dividends

Dividends on ordinary shares are recorded in the consolidated financial statements in the period in which they are approved at the Shareholders' meeting or authorised by the Board of Directors in case of interim dividends.

1.22. Revenue presentation and recognition

Revenue relates to advertising, the production, distribution and licensing of films, programmes and other rights, the rendering of services and the sales of merchandise. Revenue is presented net of sales deductions such as cash rebates, credit notes, discounts, refunds and VAT. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities. The transaction price is determined based on the contractually agreed terms. The nature and timing of satisfaction of performance obligations and significant payment terms differ between the categories of revenue , whereas payments are generally due within short time.

Advertising revenue

Advertising arrangements mostly include spots aired or advertisements published as part of a campaign on various media (TV, radio, internet or printed magazines), generally for a period of up to one year. RTL Group considers that spots aired constitute a series of performance obligations for which the clients benefit from the visibility of their brands as the spot is broadcast. Therefore, RTL Group treats the series of spots as a single performance obligation. The same applies to advertisements in printed magazines.

Advertising revenue is recognised during the period over which the related advertisement is broadcast or appears before the public. Commissions paid to sales houses and other agencies are directly deducted from advertising revenue.

Both normal and free advertising spots of an advertising campaign are considered as separate performance obligations and recognised for their relative standalone selling price. Free advertising spots and printed advertisements generate a contract asset if they are aired or published before normal advertising spots and printed advertisements, and a contract liability in the reverse case.

Content revenue

Content revenue mostly consists of revenue generated from the production and licensing of intellectual property to customers.

Customer contracts typically have a wide variety of performance obligations, from production licence contracts to multi-year format licence agreements, as well as ancillary rights and services (e.g. merchandising rights, sponsorship rights and production consulting services) and distribution activities. IFRS 15 requires an assessment of the nature of promise at contract level, of the unit of account regarding licences and payment terms. The Group assesses whether licences are determined to be a right to access the content (revenue recognised over time) versus a right to use the content (revenue recognised at a point in time).

RTL Group has determined that, for most of the licences granted, the involvement of the Group is limited to the transfer of the licence, where the performance obligation is satisfied at a point in time. Non-refundable minimum guarantees recoupable over royalties are received as part of some production or distribution arrangements. These are recognised in accordance with the classification of the type of licence granted.

Granting licences for streaming agreements (e.g. RTL+) stipulate obligations to provide access to the content over the subscription period. These are recognised in accordance with the classification of the type of licence granted, i.e. over time.

In the case of sales-based or usage-based royalties in exchange for a licence of intellectual property, the Group recognises revenue when the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied) and when the subsequent sale or usage has occurred.

Most of the licences granted are licences for which revenue, including minimum guarantees, should be recognised at a point in time. In parallel, advance payments received from a customer to fulfil non-cancellable arrangements generate a contract liability.

When the customer has a right to return the product within a given period, the entity is obliged to refund the purchase price. Under IFRS 15, a refund liability for the expected refunds to customers is recognised as an adjustment to revenue in trade and other accounts payable.

A significant part of operations developed by the digital video networks consists of distributing videos licenced by talents/influencers that are advertising-financed. The related revenue, due to a variable basis, is reported in content revenue.

Distribution revenue is recognised when the Group's TV channels are providing a signal to cable, satellite platforms and internet TV for a fee.

Other revenue

Revenue from own products is recognised at a point in time when control is transferred. Depending on the underlying respective terms of sale, this is generally upon delivery to the customer. Expected returns from sales of products, mainly from print magazines, are shown as liabilities in the position 'Accounts payable and other liabilities'. In individual business models, giveaways to customers meet the criteria of a separate performance obligation. Any giveaways to an agent are capitalised as costs to obtain a contract and are amortised over the expected term of the subscription.

Revenue from services is recognised in the period in which the service has been rendered for the consideration that the Group expects to receive.

Sales of merchandise are recognised when the customer has obtained controls of the goods for the amount that the Group expects to receive.

For the sale of third-party goods and services and especially in the context of the Group's digital businesses, the Group assesses whether it operates as a principal, and reports revenue on a gross basis, or as an agent, and reports revenue on a net basis. The decision is primarily based on who the customer is and whether the agent obtains control of the specified goods or services before they are transferred to the customer. Other indicators include who is primarily responsible for fulfilment, inventory risk, and discretion in establishing the sales price.

In the Directors' report, 'Digital' refers to internet-related activities with the exception of online sales of merchandise (e-commerce). Digital revenue is spread over three different categories: digital advertising sales, revenue from distribution and licensing content, and consumer and professional services. In contrast to some competitors, RTL Group recognises only pure digital businesses as digital revenue and does not consider e-commerce, home shopping and platform revenue as digital revenue. Revenue from e-commerce and home shopping are included in 'Revenue from selling goods and merchandise and providing services'. 'Content' mainly embraces the non-scripted and scripted production and related distribution operations.

IFRS 15 stipulates some practical expedients of which the following are applied in the RTL Group:

- Costs of obtaining contracts are not capitalised if the underlying asset is amortised in no more than 12 months
- The value of consideration is not adjusted for the effects of a material financing component if the financing component pertains to a period of no more than 12 months
- For contracts with an original duration of no more than 12 months and for contracts for which revenue can be recognised according to the amount invoiced for simplification purposes, no disclosure of the aggregated transaction price is provided.

1.23. Government grants

Grants from government and inter-governmental agencies are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants related to assets are initially presented as a deduction in arriving at the carrying amount of the asset. Grants that compensate the Group for expenses incurred are recognised in 'Other operating income' on a systematic basis in the same period in which the expenses are recognised.

Forgivable loans are loans which government and inter-governmental agencies undertake to waive repayment of under certain prescribed conditions. Forgivable loans are recognised in 'Other operating income' where there is reasonable assurance the loan will be waived.

1.24. Gain and loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

Gains and losses on disposal or loss of control of subsidiaries owning only one non-financial asset or a group of similar assets are classified in 'Other operating income'/'Other operating expenses' to reflect the substance of the transaction.

1.25. Interest income and expense

Interest income and expense is recognised on a time proportion basis using the effective interest method.

1.26. Income tax

Recognition and measurement of income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted in the countries in which the Group's entities operate and generate taxable income at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred taxes are recognised on any temporary difference between the carrying amount for consolidation purposes and the tax base of the Group's assets and liabilities, as well as for unused tax loss carry forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the deductible temporary differences, unused tax credits and tax loss carry forwards can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

Global minimum tax

In October 2021, more than 130 countries agreed to implement a minimum tax regime for multinational groups, known as Pillar Two, to reform the international corporate taxation. Pillar Two aims to ensure that multinational groups in scope are liable to a minimum effective corporate tax rate of 15 per cent per country. In December 2021, the OECD released the Pillar Two model rules – accompanied by a comment and guidelines – which are due to be passed into national legislation but adapted by local conditions. In Europe, the individual countries enact the related law based on the latest EU directive before 31 December 2023. Management closely monitors the progress of the legislative process in each country in which the Group operates. As at 31 December 2022, the Group did not have sufficient information to determine any potential quantitative impact.

1.27. Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

1.28. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares and the shares held under the liquidity programme, if any.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is currently no category of dilutive potential ordinary shares.

1.29. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Executive Committee of RTL Group, which makes strategic decisions.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The operating results of all operating segments are regularly reviewed by the Group's Executive Committee, which makes decisions about resources to be allocated to the segment and assesses its performance, and for which discrete financial information is available.

The invested capital is disclosed for each reportable segment as reported to the Group's Executive Committee. Invested capital is calculated on the basis of the Group's operating assets (right-of-use assets included) less non-interest bearing operating liabilities (lease liabilities not included). Intercompany revenues are recognised using the same arm's-length conditions applied to transactions with third parties. No measure of segment assets and liabilities other than invested capital is reported to the Group's Executive Committee.

1.30. Prior year information

In December 2021, Groupe M6 acquired a 2 per cent stake in Stéphane Plaza Immobilier, in which it already held a 49 per cent shareholding. As a result of obtaining control, the investment previously accounted for using the equity method is fully consolidated from the date of acquisition. The initial accounting for the acquisition had not yet been completed in the last financial year. During the measurement period in 2022, the provisional amounts recognised at the acquisition date were retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as at the acquisition date. In accordance with IFRS 3.49, goodwill from the acquisition of Stéphane Plaza Immobilier was decreased from €56 million to €23 million. The decrease results mainly from the valuation of intangible assets acquired for €88 million in total (consisting of €51 million for brands and €37 million for customer relationships) and respective adjustments in the deferred tax liability for €23 million as well as non-controlling interests for €32 million. Due to the finalisation of the purchase price allocation in 2022 the figures from the previous year in the consolidated statement of financial position have been adjusted accordingly. Further information is presented in note 4.2.

2. ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.1. Consolidation of entities in which the Group holds less than 50 per cent

Even though the Group has less than 50 per cent of the voting rights of Groupe M6, management considers that the Group has control of Groupe M6. The Group is the controlling shareholder of Groupe M6 while the balance of other holdings remains highly dispersed and the other shareholders have not organised their interest in such a way that they intend to vote differently from the Group.

2.2. Significant influence with less than 20 per cent

Although the Group holds less than 20 per cent of the equity shares of Atresmedia, management consider that the Group exercises a significant influence in Atresmedia in view of the representation of RTL Group on the Board of Directors and other governing bodies of Atresmedia.

2.3. Lease accounting

Extension and termination options are included in several real estate leases across the Group. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option and considers all relevant factors that create an economic incentive to exercise the option. After the commencement date, the Group re-assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option or not. Most of the extension and termination options held are exercisable only by the Group and not by the respective lessor. Incremental borrowing rates determined by currency and maturity are updated on a yearly basis unless a triggering event occurs.

2.4. Programme and other rights (assets and provisions for onerous contracts)

The Group's accounting for non-current programme rights requires estimates by management as it relates to total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management estimates must consider factors such as the future programme grid, the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast, and the related valuation allowance.

Provisions for onerous contracts related to programme and other rights are also recognised when the Group has constructive obligations, and it is probable that unavoidable costs exceed the economic benefits originally planned. These provisions have been determined by discounting the expected future cash inflows for which the amount and timing are dependent on future events.

2.5. Estimated impairment of goodwill, intangible assets with indefinite useful life and investments accounted for using the equity method

The Group tests at least annually whether goodwill and intangible assets with indefinite useful life have suffered any impairment. The Group also tests annually whether investments accounted for using the equity method have suffered any impairment, and if any impairment should be reversed.

The Group has used a combination of long-term trends, industry forecasts and in-house knowledge – with greater emphasis on recent experience – in forming its assumptions about the development of the various advertising markets in which the Group operates. This is an area highly exposed to general economic conditions. The state of the advertising market is just one of the key operational drivers used by the Group to assess individual business models. Other key drivers (non-IFRS measures) include audience shares, advertising market shares, EBITA and EBITA margin, and operating cash conversion rates. Each of these elements is variable, inter-related and difficult to isolate as the main driver of the various business models and respective valuations.

The Group performs sensitivity analysis of the recoverable amount of the cash-generating units, especially on those where the headroom between the recoverable amount and the carrying amount is low.

2.6. Contingent consideration and put option liabilities on non-controlling interests

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination, and subsequently re-measured at each reporting date. The determination of the fair value is based on discounted cash flow and takes into account the probability of meeting each performance target. Put option liabilities on non-controlling interests are recognised at the present value of the redemption amount in case of exercise of the option by the counterparty.

2.7. Fair value of equity instruments at fair value through OCI

The Group has used discounted cash flow analysis for the equity instruments at FVOCI that were not traded in active markets.

2.8. Assets held for sale and discontinued operations

The determination of the fair value less costs to sell requires management judgement as it relates to estimates of proceeds of the disposal, residual obligations and direct disposal costs. The classification as assets held for sale and discontinued operations also requires management judgement.

2.9. Provisions for litigations

Most claims involve complex issues, and the probability of loss and an estimation of damages are difficult to ascertain. A provision is recognised when the risk of a loss becomes more likely than not and when it is possible to make a reasonable estimate of the expected financial effect. RTL Group management reviews on a regular basis the expected settlement of the provisions.

2.10. Income tax, deferred tax and other taxes

The Group is subject to income and other taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Uncertain tax positions and future tax benefits are based on assumptions and estimations that may arise from the interpretation of tax regulations. An asset or liability arising from an uncertain tax position is recognised in accordance with IAS 12 if a payment or reimbursement for the uncertain tax position is probable. The valuation of the uncertain tax positions is based on their most probable amount in accordance with IFRIC 23. Deferred tax assets are recognised in the amount in which they are likely to be utilised later. Various factors are used to assess the probability of the future usability of deferred tax assets. This includes past profit and loss, corporate planning and tax planning strategies, and loss periods.

2.11. Post-employment benefits

Post-employment benefits rely on several assumptions such as:

- The discount rate determined by reference to market yields at the closing on high quality corporate bonds (such as corporate AA bonds) and depending on the duration of the plan
- Estimation of future salary increases, mainly taking into account inflation, seniority, promotion, and supply and demand in the employment market.

2.12. Recognition of revenue

In the event of return rights, mostly for print products, estimates must be made with regard to the anticipated return volume, as revenues are recognised taking the anticipated returns into account. Return ratios determined using statistical methods are used to identify the anticipated returns. The transaction prices to be determined using the contract-based five-step model defined in IFRS 15 often include both fixed and variable consideration. The variable components are determined on the basis of estimates, which are made and updated in accordance with constraint conditions. For various business models, qualitative estimates must be made as part of principal-agent considerations as to who is to be regarded as a customer of an RTL Group company and whether an RTL Group company is to be regarded as principal or agent in a transaction.

2.13. Contingent liabilities

Contingent liabilities are disclosed unless management considers that the likelihood of an outflow of economic benefits is remote.

3. SEGMENT REPORTING

The determination of the Group's operating segments is based on the operational and management-related entities for which information is reported to the Executive Committee.

The Group has 14 business units (of which Atresmedia is accounted for using the equity method) at 31 December 2022, each one led by a CEO. The Group owns interests in 56 television channels, nine streaming services and 36 radio stations, of which 10 TV channels, three radio stations and a streaming service are held by Atresmedia as an associate (see note 6.5.2).

In addition, Fremantle and We Are Era operate global/multi-territory networks in content, digital video and advertising technology businesses.

The following reported segments meet the quantitative thresholds required by IFRS 8:

- **RTL Deutschland:** RTL Deutschland is the Group's largest business unit and Germany's first cross-media champion, operating across TV, streaming, radio, digital and publishing. RTL Deutschland owns 15 TV channels, 50 premium magazines, a broad podcast portfolio and numerous digital offerings, such as chefkoch.de and wetter.de. RTL Radio is one of Germany's largest privately owned radio groups, with holdings in 17 stations including Antenne Bayern and Radio Hamburg
- **Groupe M6:** this segment represents a multimedia group in France which focuses on three areas: television (13 channels including M6, the second largest commercial channel in the French market), radio (three stations including RTL, the leading radio station in France) and digital (AVOD platforms and several special interest portals)
- **Fremantle:** RTL Group's global content production business includes a significant distribution and licensing business (international) and operates in 27 countries
- **RTL Nederland:** this segment covers television broadcasting and a wide range of digital and diversification activities. The business unit includes five free-to-air television channels, an independent news organisation, the leading local streaming service Videoland, three digital pay-TV channels and the digital weather platform Buienradar.

The revenue of 'Other segments' amounts to €411 million (2021: €604 million). The major contributors are RTL Hungary with €113 million (2021: €116 million), We Are Era with €64 million (2021: €62 million), RTL Belgium (before disposal) with €40 million (2021: €176 million), and RTL Croatia (before disposal) with €19 million (2021: €46 million). The Group's Corporate Centre, which provides services and initiates projects, is also reported in 'Other segments'.

RTL Group's Executive Committee primarily assesses the performance of the operating segments based on Adjusted EBITA. Interest income, interest expense, other financial income, other financial expense and income tax are not allocated to segments, as these are centrally managed. Inter-segment pricing is determined on an arm's length basis.

The Executive Committee also reviews, on a regular basis, the amount of the invested capital of each business unit.

As a rule, all management financial information reported to RTL Group's Executive Committee is fully compliant and consistent with the Group's accounting policies and primary statements, except intercompany leases. For segment reporting, intercompany leases are presented as operating leases with income and expenses recognised using the straight-line method in accordance with IFRS 8, in line with internal management.

3.1. Segment information

	RTL Deutschland		Groupe M6		Fremantle		RTL Nederland		Other segments[1]		Eliminations		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	**2022**	2021
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	**€ m**	€ m
Revenue from external customers	2,766	2,422	1,352	1,379	2,147	1,727	635	577	324	532	–	–	**7,224**	6,637
Inter-segment revenue	–	3	5	11	200	199	1	(2)	87	72	(293)	(283)	**–**	–
Total revenue	**2,766**	**2,425**	**1,357**	**1,390**	**2,347**	**1,926**	**636**	**575**	**411**	**604**	**(293)**	**(283)**	**7,224**	**6,637**
Depreciation, amortisation and impairment including on goodwill and on fair value adjustments on acquisitions of subsidiaries	(76)	(43)	(105)	(95)	(62)	(43)	(9)	(9)	(34)	(38)	–	–	**(286)**	(228)
Share of results of investments accounted for using the equity method	25	32	(34)	(26)	1	2	–	–	22	19	–	–	**14**	27
Impairment and reversals of investments accounted for using the equity method	(5)	–	–	2	–	–	–	–	–	–	–	–	**(5)**	2
Adjusted EBITA	**459**	**541**	**304**	**329**	**162**	**141**	**161**	**107**	**(12)**	**33**	**9**	**1**	**1,083**	**1,152**
Adjusted EBITA margin	**16.6%**	**22.3%**	**22.4%**	**23.7%**	**6.9%**	**7.3%**	**25.3%**	**18.6%**	**(2.9)%**	**5.5%**	**n/a**	**n/a**	**15.0%**	**17.4%**
Invested capital	1,464	963	1,419	1,370	1,980	1,610	167	165	390	623	5	(3)	**5,425**	4,728

1) Other segments include the Adjusted EBITA loss of €-31 million generated by Group Corporate Centre (2021: €-34 million).

The following table shows the reconciliation of segment information to the consolidated financial statements.

	2022	2021
	€ m	€ m
Adjusted EBITA	**1,083**	1,152
Impairment of goodwill of subsidiaries	**–**	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(46)**	(19)
Impairment and reversals of investments accounted for using the equity method	**(5)**	2
Impairment and reversals on other financial assets at amortised cost	**(30)**	–
Re-measurement of earn-out arrangements	**–**	–
Fair value measurement of investments	**(78)**	(115)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**107**	949
Significant special items	**(44)**	(61)
Earnings before interest and taxes (EBIT)	**987**	1,908
Financial result	**(55)**	(27)
Profit before tax	**932**	1,881
Income tax expense	**(166)**	(427)
Group profit	**766**	1,454

In 2022, 'Significant special items' reflects restructuring and integration costs in Germany (€-33 million) following the Gruner + Jahr transaction as well as the impact of expenses in connection with strategic portfolio management (€-11 million). In 2021, 'Significant special items' reflected the impact of restructuring expenses at RTL Deutschland (€-38 million), reversal of negative effects from onerous advertising sales contracts (€10 million) and the impact of expenses in connection with strategic portfolio management (€-33 million).

3.2. Geographical information

Geographical areas are based on where customers (revenue) and the Group's non-current assets are located. Goodwill has been allocated to a geographical area based on whether the Group's risks and returns are affected predominantly by the products and services it produces.

	Germany		France		United States		The Netherlands		UK		Belgium		Other regions		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	**2022**	2021
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	**€ m**	€ m
Revenue from external customers	2,606	2,241	1,367	1,392	1,003	901	628	610	319	233	72	203	1,229	1,057	**7,224**	6,637
Non-current assets[1)]	1,738	1,465	1,183	1,193	507	481	336	338	559	435	2	2	260	242	**4,585**	4,156
Assets held for sale	–	–	–	–	–	–	–	–	–	–	–	164	–	32	**–**	196
Capital expenditure	391	256	114	173	28	53	7	10	136	5	2	6	57	77	**735**	580

1) Non-current assets comprise intangible assets (including goodwill), property, plant and equipment and right-of-use assets

The revenue generated in Luxembourg amounts to €91 million (2021: €75 million). The total of non-current assets other than investments accounted for using the equity method, financial instruments, deferred tax assets and post-employment benefit assets located in Luxembourg amounts to €60 million (2021: €66 million).

4. GROUP COMPOSITION

4.1. Scope of consolidation

RTL Deutschland, Fremantle and RTL Nederland are wholly owned by RTL Group. Additionally, RTL Group is the controlling shareholder of Groupe M6 with ownership interest of 48.4 per cent (after considering treasury shares held by Groupe M6), and groups further investments under 'Other segments', in 2022 including RTL Hungary, Atresmedia and We Are Era (in 2021 including RTL Belgium, RTL Croatia, RTL Hungary, Atresmedia and We Are Era).

The following table shows the composition of the scope of consolidation excluding the parent company RTL Group SA, based in Luxembourg:

	Subsidiaries		Joint ventures[1]		Associates[1]		Total	
	2022	2021	2022	2021	2022	2021	**2022**	2021
RTL Deutschland	67	50	2	2	14	13	**83**	65
Groupe M6	47	49	5	4	4	3	**56**	56
Fremantle	174	104	2	1	1	1	**177**	106
RTL Nederland	8	6	2	2	2	2	**12**	10
Other segments	39	54	–	–	3	3	**42**	57
Total	335	263	11	9	24	22	**370**	294

1) The joint ventures and associates included in the table are investments accounted for using the equity method.

The following table shows the changes of the scope of consolidation excluding the parent company RTL Group SA, based in Luxembourg:

	Germany	France	United States	The Netherlands	UK	Belgium	Other regions	Total
Consolidated as at 31 December 2021	69	62	22	21	18	10	92	**294**
Additions	17	4	23	–	40	–	23	**107**
Disposals	2	3	1	–	–	8	17	**31**
Consolidated as at 31 December 2022	84	63	44	21	58	2	98	**370**

A total of 61 (2021: 64) companies were excluded from the scope of consolidation. These consist of entities without significant business operations and of negligible importance for the financial position and financial performance of RTL Group as a whole.

The complete list of RTL Group's undertakings as at 31 December 2022 is presented in note 12.

4.2. Acquisitions

In the financial year 2022, the cash flow from acquisition activities – without acquisition of businesses under common control – totalled €-113 million (2021: €-136 million), of which, after consideration of cash and cash equivalents acquired, €-110 million relates to new acquisitions during the reporting period. Considering the acquisition of businesses under common control, the total cash flow from acquisition activities amounted to €53 million (2021: €-353 million). The consideration transferred in accordance with IFRS 3 amounted to €189 million (2021: €190 million) taking into account contingent consideration of €22 million (2021: €nil million). In addition, put options were recognised in the amount of €149 million (2021: €38 million) in connection with the acquisitions.

In March 2022, Fremantle acquired 70 per cent of **Lux Vide**, Italy's leading independent television production company. The acquisition of Lux Vide forms part of Fremantle's growth strategy to invest in premium production companies, content creators, and talents from around the world – developing and securing original formats and exclusive IP. The consideration transferred amounted to €43 million and was fully paid in cash. The purchase price allocation resulted in goodwill of €8 million, mainly reflecting the expertise of the management and synergy potential with Fremantle. Goodwill is not tax deductible and was allocated to the Fremantle cash-generating unit. Furthermore, in connection with the acquisition, the related put options on the remaining 30 per cent share capital were recognised for an amount of €32 million through equity for the present value of the redemption amount. In the financial year 2022, transaction-related costs amounted to €1 million and have been recognised in profit or loss as other operating expenses. Since the initial consolidation, Lux Vide has contributed €56 million to Group revenue and €6 million to Group profit or loss. If consolidated as at 1 January 2022, Lux Vide would have contributed €67 million to Group revenue and €7 million to Group profit or loss.

In April 2022, Fremantle acquired a further 36 per cent of the shares in **Dancing Ledge Productions**. RTL Group's shareholding in Dancing Ledge Productions is now 61 per cent. The acquisition underlines Fremantle's strategic plan to invest in and grow premium production companies and creative talents from around the world. As a result of obtaining control, the investment previously accounted for using the equity method is fully consolidated from the date of acquisition. The consideration transferred in terms of IFRS 3 was €6 million and was fully paid in cash. Obtaining control led to a derecognition of the associate previously accounted for using the equity method, the fair value of which amounted to €3 million immediately before the acquisition date. The re-measurement of the investment already held resulted in an income of €3 million recognised in 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree'. The purchase price allocation resulted in goodwill of €5 million, mainly reflecting growth opportunities in the UK market and international distribution opportunities for their content. Goodwill is not tax deductible and was allocated to the Fremantle cash-generating unit. Furthermore, in connection with the acquisition, the related put option on the 39 per cent share capital was recognised for an amount of €9 million through equity for the present value of the redemption amount. In the financial year 2022, transaction-related costs were insignificant and have been recognised in profit or loss as other operating expenses. Since the initial consolidation, Dancing Ledge Productions has contributed €32 million to Group revenue and €nil million to Group profit or loss. If consolidated as at 1 January 2022, Dancing Ledge Productions would have contributed €32 million to Group revenue and €nil million to Group profit or loss.

In May 2022, Fremantle acquired 51 per cent of **Element Pictures**, the production company behind Academy Award, Golden Globe and BAFTA-winning films *The Favourite* and *Room,* the global drama *Normal People*, and the mini-series *Conversations With Friends*. The acquisition of Element Pictures also forms part of Fremantle's growth strategy to invest in premium production companies, content, and talents around the world to source the best creative ideas, and to develop and create strong and exclusive IP. The consideration transferred amounted to €56 million and comprises a purchase price payment already made in the amount of €46 million and a contingent consideration in the amount of €10 million. The purchase price allocation resulted in goodwill of €51 million, mainly reflecting synergies with Fremantle and international distribution growth opportunities. Goodwill is not tax deductible and was allocated to the Fremantle cash-generating unit. Furthermore, in connection with the acquisition, the related put options on the remaining 49 per cent share capital were recognised for an amount of €54 million through equity for the present value of the redemption amount. In the financial year 2022, transaction-related costs amounted to €1 million and have been recognised in profit or loss as other operating expenses. Since the initial consolidation, Element Pictures has contributed €51 million to Group revenue and €5 million to Group profit or loss. If consolidated as at 1 January 2022, Element Pictures would have contributed €66 million to Group revenue and €-2 million to Group profit or loss.

In May 2022, Smartclip – the ad-tech business of RTL Deutschland – acquired 100 per cent of **Realytics**, a French ad-tech company that is spearheading the convergence between TV and digital in Europe. The combined ad-tech solutions of Smartclip and Realytics help to measure the impact of TV campaigns on websites. The integration of Paris-based Realytics into Smartclip's ad-tech stack marks Smartclip's entry into the French market. The consideration transferred amounted to €7 million and was fully paid in cash. The purchase price allocation resulted in goodwill of €8 million, mainly reflecting revenue synergies by the roll-out of Realytics´ offerings across other RTL Group countries and cost synergies. Goodwill is not tax deductible and was allocated to the RTL Deutschland cash-generating unit. In the financial year 2022, transaction-related costs were insignificant and have been recognised in profit or loss as other operating expenses. Since the initial consolidation, Realytics has contributed €1 million to Group revenue and €-2 million to Group profit or loss. If consolidated as at 1 January 2022, Realytics would have contributed €2 million to Group revenue and €-3 million to Group profit or loss.

In November 2022, Fremantle acquired 55 per cent of **72 Films**, an independent TV production company focusing on documentaries and factual entertainment. The acquisition further underlines Fremantle's strategic plan to invest in and help develop premium production companies with exceptional creative talents. The consideration transferred amounted to €51 million, of which €44 million was paid in cash. Earn-out consideration amounted to €7 million. The preliminary purchase price allocation at a very early stage resulted in provisional goodwill of €50 million, mainly reflecting the expertise of the management and synergy potential with Fremantle. Goodwill is not tax deductible and was allocated to the Fremantle cash-generating unit. Further, in connection with the acquisition, the related put options on the remaining 45 per cent share capital were recognised for an amount of €39 million through equity for the present value of the redemption amount. In the financial year 2022, transaction-related costs amounted to €1 million and have been recognised in profit or loss as other operating expenses. Since the initial consolidation, 72 Films has contributed €3 million to Group revenue and €nil million to Group profit or loss. If consolidated as at 1 January 2022, 72 Films would have contributed €25 million to Group revenue and €2 million to Group profit or loss.

Also in November 2022, Fremantle acquired 51 per cent of **Wildstar Films**, a production company focused on natural history documentaries. The acquisition is in line with Fremantle's strategic plan to invest in and develop premium production companies and creative talents from around the world. The consideration transferred amounted to €19 million, of which €13 million was paid in cash. The earn-out consideration amounted to €5 million and the deferred payment to €1 million. The preliminary purchase price allocation at a very early stage resulted in provisional goodwill of €14 million, mainly reflecting the expertise of the management and synergy potential with Fremantle. Goodwill is not tax deductible and was allocated to the Fremantle cash-generating unit. Further, in connection with the acquisition, the related put option on the remaining 49 per cent share capital was recognised for an amount of €15 million through equity for the present value of the redemption amount. In the financial year 2022, transaction-related costs amounted to €1 million and have been recognised in profit or loss as other operating expenses. Since the initial consolidation, Wildstar Films has contributed €7 million to Group revenue and €1 million to Group profit or loss. If consolidated as at 1 January 2022, Wildstar Films would have contributed €62 million to Group revenue and €4 million to Group profit or loss.

At the time the consolidated financial statements were authorised for issue, RTL Group had not yet completed the accounting for the acquisitions of 72 Films and Wildstar Films. As the valuations have not yet been finalised, the fair values of identifiable assets – especially intangible assets – and liabilities acquired have only been determined provisionally and have not been recognised accordingly. The accounting for these acquisitions will be revised in 2023 based on facts and circumstances that existed at the date of gain of control.

In addition, RTL Group made further acquisitions in the financial year 2022, none of which were material on a standalone basis. The consideration transferred in terms of IFRS 3 for other minor acquisitions amounted to €7 million. Other acquisitions resulted in goodwill totalling €4 million, which reflects synergy potential and is not tax deductible. Transaction-related costs were insignificant in the financial year 2022 and have been recognised in profit or loss.

The purchase price allocations consider all the facts and circumstances prevailing as at the respective dates of acquisition that were known prior to the preparation of the consolidated financial statements. In accordance with IFRS 3, should further facts and circumstances become known within the 12-month measurement period, the purchase price allocation will be adjusted accordingly.

In accordance with IFRS 3, the fair values of the identifiable assets, liabilities and contingent liabilities acquired are measured primarily using the market price-oriented method. According to this method, assets and liabilities are measured at the prices observed in active markets. If measurement using the market price-oriented method is not feasible, the capital value-oriented method is generally applied. According to that method, the fair value of an asset or a liability corresponds to the present value of the future cash inflows or outflows (cash flows).

The following table shows the fair values of the assets and liabilities of the acquisitions on their dates of initial consolidation based on the purchase price allocations, some of which are currently preliminary:

	Lux Vide €m	Dancing Ledge Productions €m	Element Pictures €m	Realytics €m	72 Films €m	Wildstar Films €m	Other €m	**Total €m**
Non-current assets								
Programme and other rights	–	–	–	–	–	–	1	**1**
Other intangible assets	10	5	13	5	–	–	–	**33**
Property, plant and equipment	8	–	1	–	1	3	–	**13**
Right-of-use assets	9	–	1	–	–	2	–	**12**
Other non-current assets	–	–	1	–	2	–	1	**4**
Current assets								
Programme rights	42	34	72	–	12	–	–	**160**
Trade and other accounts receivable	37	2	4	–	4	7	1	**55**
Other current assets	28	–	–	1	1	3	–	**33**
Cash and cash equivalents	3	7	20	2	7	17	3	**59**
Liabilities								
Loans and bank overdrafts	(32)	–	(7)	(4)	–	–	–	**(43)**
Lease liabilities	(5)	–	(1)	–	–	(2)	–	**(8)**
Other liabilities	(50)	(42)	(93)	(5)	(25)	(21)	(1)	**(237)**
Net assets acquired	**50**	**6**	**11**	**(1)**	**2**	**9**	**5**	**82**
Goodwill	8	5	51	8	50	14	4	**140**
Non-controlling interests	(15)	(2)	(6)	–	(1)	(4)	–	**(28)**
Fair value of pre-existing interests	–	(3)	–	–	–	–	(2)	**(5)**
Consideration transferred according to IFRS 3	**43**	**6**	**56**	**7**	**51**	**19**	**7**	**189**
Less earn-out consideration	–	–	(10)	–	(7)	(5)	–	**(22)**
Less other deferred consideration	–	–	–	–	–	(1)	–	**(1)**
Consideration paid in cash	**43**	**6**	**46**	**7**	**44**	**13**	**7**	**166**
Cash and cash equivalents acquired	(3)	(7)	(20)	(2)	(7)	(17)	(3)	**(59)**
Financial debt repaid at closing	–	–	–	3	–	–	–	**3**
Cash outflow/(inflow) on acquisitions in terms of IFRS 3	**40**	**(1)**	**26**	**8**	**37**	**(4)**	**4**	**110**

On the acquisition date, the fair value of the acquired receivables was €55 million. Of that amount, €52 million is attributable to trade receivables and €3 million to other receivables. Trade receivables are impaired in the amount of €-1 million, so that the gross amount of trade receivables amounts to €53 million. The other receivables were not impaired, so that the fair value is equal to the gross amount.

Since initial consolidation, all new acquisitions in accordance with IFRS 3 in the financial year 2022 have contributed €150 million to revenue and €10 million to Group profit. If consolidated as at 1 January 2022, these would have contributed €253 million to revenue and €7 million to Group profit.

In addition, RTL Group made transactions under common control in the financial year 2022.

In January 2022, RTL Deutschland acquired 100 per cent of the share capital of Gruner + Jahr Deutschland GmbH. The acquisition was preceded by the decision of RTL Group in August 2021 to acquire Gruner + Jahr's German publishing assets and brands from Bertelsmann to create a German cross-media champion across TV, streaming, print, radio and digital. As part of the Gruner + Jahr acquisition, 50 per cent of the capital of Deutsche Medien Manufaktur (DMM) was transferred downstream to RTL Deutschland in April 2022.

The total consideration transferred – including final working capital adjustment – amounted to €228 million, of which €210 million was paid in 2021. Considering cash acquired of €181 million, the net cash inflows from the transaction amount to €166 million in 2022. The transactions were accounted for as a transaction under common control, whereby RTL Group applies the accounting policy choice to recognise assets acquired and liabilities assumed at carrying amounts, while the difference between assets/liabilities and consideration transferred amounted to €16 million, recognised in equity under 'Other changes'.

The following table provides an outline of the impact of the transaction on RTL Group's financial position:

	Total € m
Non-current assets	
Goodwill	179
Other intangible assets	18
Property, plant and equipment	3
Right-of-use assets	4
Investments accounted for using the equity method	13
Other non-current assets	7
Deferred tax assets	23
Current assets	
Other inventories	13
Trade and other accounts receivable	50
Other current assets	7
Cash and cash equivalents	181
Liabilities	
Provisions for pensions and similar obligations	(96)
Lease liabilities	(4)
Income tax payable	(31)
Trade and other accounts payable	(82)
Other liabilities	(10)
Contract liabilities	(46)
Other provisions	(15)
Deferred tax liabilities	(2)
Net assets acquired	**212**

The following table summarises the total cash flow from acquisition activities during the financial year 2022:

	2022 **€ m**	2021 € m
Cash outflow/(inflow) on acquisitions in terms of IFRS 3	**110**	135
Cash outflow/(inflow) on acquisition of businesses under common control	**(166)**	217
Payments on prior years' acquisitions	**3**	1
Total cash flow from acquisition activities	**(53)**	**353**

In December 2021, Groupe M6 finalised the acquisition of a 2 per cent stake in Stéphane Plaza Immobilier, in which it already held a 49 per cent shareholding, thereby assuming control of this network of franchised estate agents. As a result of obtaining control, the investment previously accounted for using the equity method was fully consolidated from the date of acquisition. The consideration transferred in terms of IFRS 3 was €3 million. The final purchase price allocation was completed in the second half 2022 and thus the figures from the previous year in the consolidated statement of financial position have been adjusted accordingly. The following table summarises the recognised amounts of assets acquired and liabilities assumed after completion of the purchase price allocation in comparison with published financial statements for the year-end 2021.

	Stéphane Plaza Immobilier	
	€ m	€ m
	Published in 2021	Restated 2021
Non-current assets	–	–
Programme and other rights	–	–
Other intangible assets	–	88
Property, plant and equipment	–	–
Right-of-use assets	–	–
Other non-current assets	–	–
Current assets		
Programme rights	–	–
Trade and other accounts receivable	–	–
Other current assets	–	–
Cash and cash equivalents	18	18
Liabilities		
Lease liabilities	–	–
Other liabilities	(3)	(26)
Net assets acquired	15	80
Goodwill	56	23
Non-controlling interests	(7)	(39)
Fair value of pre-existing interests	(61)	(61)
Consideration transferred according to IFRS 3	3	3

4.3. Disposals

In March 2022, RTL Group sold its interests held in **RTL Belgium** to the Belgian media companies DPG Media and Groupe Rossel which resulted in net cash inflows of €154 million. Net of transaction-related costs, the transaction resulted in an overall gain of €102 million recognised in 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree'. RTL Group's shareholders will benefit from the transaction in line with the stated dividend policy.

In June 2022, RTL Group sold its interests held in **RTL Croatia** to Central European Media Enterprises (CME) for €41 million net of cash disposed of. Net of transaction-related costs, the transaction resulted in an overall gain of €16 million recognised in 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree'. In addition, RTL Group has agreed to a long-term trademark licensing agreement with the buyer. RTL Group's shareholders will benefit from the cash proceeds in line with the stated dividend policy.

During the financial year 2022 RTL Group sold other subsidiaries, none of which was material on a standalone basis. In total, the impact of these disposals on the Group's financial position and financial performance was also minor.

From all disposals in the financial year 2022, RTL Group generated cash flows totalling €194 million (2021: €665 million) after considering cash and cash equivalents disposed of. The disposals led to a gain from deconsolidation of €112 million (2021: €776 million), which is recognised in 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree'. The following table shows their impact on RTL Group's assets and liabilities at the time of deconsolidation.

	RTL Belgium € m	RTL Croatia € m	Other € m	**Total € m**
Non-current assets				
Goodwill	32	–	1	**33**
Other intangible assets	3	4	–	**7**
Property, plant and equipment	14	4	1	**19**
Right-of-use assets	26	5	1	**32**
Loans and other non-current assets	–	–	–	**–**
Deferred tax assets	5	2	1	**8**
Current assets				
Programme rights	28	16	–	**44**
Other inventories	–	–	5	**5**
Accounts receivable and other current assets	49	14	9	**72**
Other current assets	5	1	1	**7**
Cash and cash equivalents	51	2	3	**56**
Liabilities				
Income tax payable	(3)	–	–	**(3)**
Deferred tax liabilities	(2)	–	–	**(2)**
Lease liabilities	(26)	(5)	(1)	**(32)**
Provisions	(15)	–	–	**(15)**
Accounts payable and other liabilities	(60)	(18)	(6)	**(84)**
Contract liabilities	(2)	–	–	**(2)**
Net assets disposed of	**105**	**25**	**15**	**145**

4.4. Other information

In September 2022, Groupe Bouygues, RTL Group, Groupe TF1 and Groupe M6 decided to call off their plan to merge Groupe TF1 and Groupe M6. Following this decision, RTL Group received several financially attractive offers for its controlling stake in Groupe M6. However, RTL Group considered the legal risks and uncertainties to be too high, due to the required approval processes from the antitrust and media authorities, and the timing for the upcoming license renewal for the main channel M6. RTL Group has thus decided not to sell or reduce its shareholding in Groupe M6.

In January 2023, the Dutch competition authority ACM informed RTL Group and Talpa Network that the authority will not approve the proposed merger of RTL Nederland and Talpa Network, initially announced on 22 June 2021. Since the initial announcement of the planned transaction, RTL Group and Talpa Network have fully cooperated with ACM during its in-depth review. Most recently, both parties made proposals to address and mitigate the concerns raised by ACM regarding the position of the combined group in the Dutch TV advertising market. The proposed remedy was to completely outsource the advertising sales of Talpa Network's TV channels to Mediahuis Nederland. However, ACM has indicated to RTL Group and Talpa Network that the market test did not sufficiently mitigate its concerns. This stops the current merger process. ACM will likely need a few weeks to finalise the formal decision. RTL Group and Talpa Network continue to firmly believe that a merger of RTL Nederland and Talpa Network would have been the right strategic response to the challenges resulting from the increased competition with the international platforms.

5. DETAILS ON CONSOLIDATED INCOME STATEMENT

5.1. Revenue

Revenue is disaggregated below by nature and timing of recognition. The table also includes a reconciliation with reportable segments.

	RTL Deutschland		Groupe M6		Fremantle		RTL Nederland		Other segments		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Revenue from advertising	2,053	1,937	1,084	1,126	16	21	403	362	166	328	3,722	3,774
Revenue from exploitation of programmes, rights and other assets	334	302	174	172	2,112	1,689	206	189	89	106	2,915	2,458
Revenue from selling goods and merchandise and providing services	379	183	94	81	19	17	26	26	69	98	587	405
	2,766	**2,422**	**1,352**	**1,379**	**2,147**	**1,727**	**635**	**577**	**324**	**532**	**7,224**	**6,637**
Timing of revenue recognition												
At a point in time	353	88	94	103	2,035	1,674	1	–	63	72	2,546	1,937
Over time	2,413	2,334	1,258	1,276	112	53	634	577	261	460	4,678	4,700
	2,766	**2,422**	**1,352**	**1,379**	**2,147**	**1,727**	**635**	**577**	**324**	**532**	**7,224**	**6,637**

The increase in 'Revenue from exploitation of programmes, rights and other assets' is mainly due to the several acquisitions conducted by Fremantle and its organic growth. The increase in 'Revenue from selling goods and merchandise and providing services' is mainly due to publishing business through the acquisition of Gruner + Jahr's German publishing assets and brands.

The following table shows how much of the revenue recognised in the reporting period relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in previous periods:

	2022	2021
	€ m	€ m
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	**553**	358
Revenue recognised from performance obligations satisfied in previous periods	**–**	-

As at 31 December 2022, RTL Group expects future revenues from existing long-term agreements of €77 million (2021: €17 million), which will be attributable to unsatisfied (or partially unsatisfied) performance obligations as at the end of the reporting period and is expected to be recognised in the amount of €41 million (2021: €16 million) in the next financial year and in the amount of €36 million (2021: €1 million) in the following years.

The increase in current contract liabilities from €449 million at 31 December 2021 to €596 million at 31 December 2022 is due to the increased volume of activity still to be completed on Fremantle productions.

5.2. Other operating income

The other operating income amounting to €84 million (2021: €88 million) was characterised by a decline in Groupe M6 due to higher tax credits and operating subsidies in the prior year, partly balanced by scope effects in RTL Deutschland following the acquisition of Gruner + Jahr.

5.3. Other operating expenses

	2022 €m	2021 €m
Employee benefits expenses	**1,335**	1,159
Production subcontracting expenses	**461**	392
Intellectual property expenses	**312**	342
Expenses related to live programmes	**262**	339
Repairs and maintenance	**160**	125
Marketing and promotion expenses	**157**	131
Transmission expenses including satellite capacity	**90**	91
Audit and consulting fees	**80**	88
Fair value measurement of investments	**78**	115
Consumption of other inventories	**58**	24
Operating taxes	**55**	64
Valuation allowance	**44**	1
Rentals and other lease expenses	**38**	27
Marketing and promotion barter expenses	**23**	30
Commissions on sales	**16**	4
Administration and sundry expenses	**88**	123
	3,257	3,055

In the financial years 2022 and 2021, the item 'Fair value measurement of investments' included mainly effects from the valuation of Magnite shares and VideoAmp shares. The item 'Valuation allowance' includes the impairment of the loan provided by Groupe M6 to Salto (see note 6.5.1). The item 'Rentals and other lease expenses' includes expenses from short-term leases of €17 million (2021: €12 million) and expenses for low-value assets for €nil million (2021: €nil million). Expenses from variable lease payments, which are not included in the lease liabilities, are immaterial for RTL Group.

The item 'Audit and consulting fees' includes fees related to the Group's auditor, KPMG, and its affiliates regarding continuing operations. These are set out below:

	2022 €m	2021 €m
Audit services pursuant to legislation	**3.8**	3.5
Audit-related services	**0.5**	0.5
Non-audit services	**0.3**	0.7
	4.6	4.7

Employee benefits expenses are set out in more detail below:

	2022 €m	2021 €m
Wages and salaries	1,030	883
Termination benefits	29	43
Social security costs	198	169
Share options granted to employees	5	6
Pension costs	25	24
Other employee expenses	48	34
	1,335	1,159
Of which restructuring costs	23	28

The increase of the total amount of 'Employee benefits expenses' compared to the previous year is mainly due to the acquisition of Gruner + Jahr publishing business and scope effects from Fremantle's acquisitions in 2021 and 2022.

The amounts set out above exclude personnel costs of €307 million (2021: €257 million), which are capitalised, and which represent employee costs directly allocated to the production of assets.

In addition to other short-term bonus schemes, RTL Group has implemented for its senior management a long-term incentive plan (RTL Group-LTIP 2020-2022 'LTIP') which runs for the term 2020 to 2022. The liability related to the LTIP-Tranche 2022 amounted to €14 million at 31 December 2022, (LTIP-Tranche 2021: €19 million at 31 December 2021). Further details on the terms and conditions of the LTIP are contained in the RTL Group Remuneration Report. RTL Group operates a sub-plan for senior management of Fremantle (New Format Incentive Scheme 2020-2022 'NFIS2020-2022'). NFIS2020-2022 is a long-term plan based on cumulative creative targets. The creative target achievement is linked to a defined ranking scheme set out for new productions created and marketed during the plan's term. The liability related to the NFIS2020-2022 amounted to €6 million at 31 December 2022.

Groupe M6 operates a specific long-term incentive plan based on free shares plans (see note 6.16.7). Pension costs relate to defined contributions for €14 million (2021: €14 million) and defined benefit plans for €10 million (2021: €10 million).

The average number of employees for undertakings held by the Group is set out below:

	2022	2021
Employees of fully consolidated undertakings	**12,975**	10,861
	12,975	10,861

5.4. Interest income and interest expense

	2022 **€ m**	2021 € m
Interest income on loans and accounts receivable	**4**	4
Tax-related interest income	**1**	1
Interest income	**5**	**5**
Interest expense on financial liabilities	**(18)**	(18)
Interest expense	**(18)**	**(18)**

Interest expense on financial liabilities includes an amount of €14 million (2021: €14 million) in respect of the loans from Bertelsmann Business Support Sàrl (see note 10.1).

5.5. Other financial income and other financial expense

	2022 **€ m**	2021 € m
Gains resulting from swap points	**1**	–
Net gains on put/call options	**–**	18
Sundry financial income	**5**	1
Other financial income	**6**	**19**
Losses resulting from swap points	**–**	(4)
Net losses on put/call options	**(4)**	–
Interest expense on lease liabilities	**(6)**	(6)
Interest on defined benefit obligations	**(4)**	(1)
Sundry financial expenses	**(34)**	(22)
Other financial expense	**(48)**	**(33)**

In 2022, the item 'Net losses on put/call options' relates to the re-measurement effects of put options in connection with recent acquisitions of Fremantle. In 2021, 'Net gains on put/call options' mainly included the re-measurement effects of Eureka call and put options.

Interest on defined benefit obligations comprises interest income on plan assets of €2 million (2021: €3 million) and unwind of discount on defined benefit obligations of €-6 million (2021: €-4 million).

The item 'Sundry financial expenses' includes among others, non-operating foreign exchange effects of €-19 million (2021: €-10 million) and negative impact of the net wealth tax of €-3 million (2021: €-4 million).

5.6. Income tax expense

	2022 **€ m**	2021 € m
Current tax expense	**(177)**	(421)
Deferred tax income/(expense)	**11**	(6)
	(166)	(427)

In 2022, the significant change in the income tax expense compared to the previous year is due to lower profit before tax, mainly resulting from a decrease of taxable capital gains realised in the previous period.

The income tax on the Group profit before tax differs from the theoretical amount that would arise using the Luxembourg tax rate as follows:

	2022 **€ m**	2021 € m
Profit before tax	**932**	**1,881**
Income tax rate applicable to RTL Group SA	**24.94%**	24.94%
Expected tax expense	**(232)**	**(469)**
The tax effects of the following items led to differences between the expected and actual tax expense:		
Adjustment to different national tax rates	**(16)**	(19)
Effect of changes in tax rate and tax law	**2**	(2)
Tax effects in respect of results from disposals of investments	**32**	6
Current income taxes for previous years	**6**	10
Deferred income taxes for previous years	**(3)**	1
Effects of measurements of deferred tax assets	**48**	(3)
Commission received in relation to the Compensation Agreement	**16**	46
Permanent differences	**(14)**	42
Other adjustments	**(5)**	(39)
Total adjustments	**66**	**42**
Actual tax expense	**(166)**	**(427)**

Effect of tax rates in material foreign jurisdictions mainly results from the differentiated rates applicable in the following countries:

- Germany, where the official tax rate is 32.10 per cent, representing an impact of €-17 million (2021: €-37 million with a tax rate of 32.10 per cent)
- France, where several tax rates apply, depending on the size of the business. The rates of 25.83 and 25.00 per cent apply, representing an impact of €-2 million (2021: the rates of 28.41 and 27.50 per cent applied, representing an impact of €-13 million)
- United States, where the official tax rate is 21.90 per cent, representing an impact of €3 million (2021: €28 million with a tax rate of 21.00 per cent).

'Tax effects in respect of results from disposals of investments' mainly includes the effect from the disposal of RTL Belgium. 'Effects of measurements of deferred tax assets' considers the recognition of deferred tax assets on losses carry forward based on projections of the future taxable income derived from financial budgets approved by management. 'Permanent differences' mainly include the effects of non-taxable fair value measurements of investments and effects from other taxes.

5.7. Earnings per share

The determination of basic earnings per share is based on the profit attributable to RTL Group shareholders of €673 million (2021: €1,301 million) and a weighted average number of ordinary shares outstanding during the year of 154,742,806 (2021: 154,742,806), calculated as follows:

	2022	2021
Profit attributable to RTL Group shareholders (in € million)	**673**	1,301
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	**154,742,806**	154,742,806
Weighted average number of ordinary shares	**154,742,806**	154,742,806
Basic earnings per share (in €)	**4.35**	8.41
Diluted earnings per share (in €)	**4.35**	8.41

6. DETAILS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1. Programme and other rights, goodwill and other intangible assets

	(Co-)productions € m	Distribution and broadcasting rights € m	Advance payments and (co-)productions in progress € m	Total programme and other rights € m	Goodwill € m	Other intangible assets € m
Cost						
Balance at 1 January 2021	**852**	**1,163**	**23**	**2,038**	**5,363**	**684**
Effects of movements in foreign exchange	26	–	1	27	16	4
Additions	4	45	37	86	–	63
Disposals	–	(20)	–	(20)	–	(5)
Subsidiaries acquired	–	8	–	8	191	236
Subsidiaries disposed of	–	–	–	–	(31)	(35)
Transfer to assets held for sale	–	–	–	–	(32)	(10)
Transfers and other changes	9	9	(23)	(5)	–	1
Balance at 31 December 2021	**891**	**1,205**	**38**	**2,134**	**5,507**	**938**
Effects of movements in foreign exchange	26	–	1	27	–	(2)
Additions	1	32	39	72	–	77
Disposals	–	(39)	(1)	(40)	–	(14)
Subsidiaries acquired	1	–	–	1	319	51
Subsidiaries disposed of	–	–	–	–	(1)	–
Transfer to assets held for sale	–	–	–	–	–	(8)
Transfers and other changes	13	23	(34)	2	–	(1)
Balance at 31 December 2022	**932**	**1,221**	**43**	**2,196**	**5,825**	**1,041**
Amortisation and impairment losses						
Balance at 1 January 2021	**(840)**	**(1,139)**	**(5)**	**(1,984)**	**(2,492)**	**(371)**
Effects of movements in foreign exchange	(27)	–	–	(27)	(5)	(3)
Amortisation charge	(12)	(56)	–	(68)	–	(46)
Impairment losses	–	–	–	–	–	–
Disposals	–	20	–	20	–	4
Transfer to assets held for sale	–	–	–	–	–	3
Transfers and other changes	–	–	(1)	(1)	–	–
Balance at 31 December 2021	**(879)**	**(1,175)**	**(6)**	**(2,060)**	**(2,497)**	**(413)**
Effects of movements in foreign exchange	(27)	–	–	(27)	(1)	2
Amortisation charge	(17)	(59)	–	(76)	–	(76)
Impairment losses	–	2	(1)	1	–	(2)
Disposals	–	39	1	40	–	14
Transfer to assets held for sale	–	–	–	–	–	4
Transfers and other changes	(1)	–	–	(1)	–	1
Balance at 31 December 2022	**(924)**	**(1,193)**	**(6)**	**(2,123)**	**(2,498)**	**(470)**
Carrying amount:						
At 31 December 2021	**12**	**30**	**32**	**74**	**3,010**	**525**
At 31 December 2022	**8**	**28**	**37**	**73**	**3,327**	**571**

'Other intangible assets' mainly includes brands for an amount of €307 million (2021: €263 million), primarily related to brands within Groupe M6 (the M6 brand, Gulli-related brands and Stéphane Plaza brand) and RTL Deutschland (the Toggo brand).

The M6 brand and Gulli-related brands are considered to have an indefinite useful life and were recognised for an amount of €120 million and €38 million, respectively. At 31 December 2022, an impairment test was performed and did not lead to any impairment.

In determining that the M6 brand has an indefinite useful life, management has considered various factors such as the historical and expected longevity of the brand, the impact of possible changes in broadcasting technologies, the impact of possible evolutions of the regulatory environment in the French television industry, the current and expected audience share of the M6 channel, and M6 management's strategy to maintain and strengthen the trademark 'M6'. Based on the analysis of these factors, management has determined and confirmed at 31 December 2022, that there is no foreseeable limit to the period over which the brand M6 is expected to generate cash inflows for the Group. Gulli-related brands correspond to Gulli, Canal J and Tiji. Given their positioning, the market's awareness of the brands and their history, they are considered to have an indefinite useful life.

'Subsidiaries acquired' includes an amount of €179 million for goodwill and of €18 million for other intangible assets from the acquisition of Gruner + Jahr (see note 4.2).

6.2. Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) on the basis of the business units and at the level at which independent cash flows are generated. In January 2022, RTL Deutschland acquired Gruner + Jahr's German publishing assets and brands from Bertelsmann to create a German cross-media champion. Fremantle extended its global content business by acquisitions in Lux Vide, Dancing Ledge, Element Pictures, 72 Films and Wildstar Films. In May 2022, Smartclip – the ad-tech business of RTL Deutschland – acquired and integrated Realytics, a French ad-tech company.

Business units and CGUs mainly operate in one country, except Fremantle and We Are Era, which have global/multi-territory operations. RTL Deutschland has minor businesses in France and United Kingdom. Goodwill is allocated by CGU as follows:

	31 December 2022 **€ m**	31 December 2021 € m
RTL Deutschland	**1,269**	1,080
Groupe M6	**613**	614
Fremantle	**1,252**	1,123
RTL Nederland	**159**	159
We Are Era	**32**	33
Others	**2**	1
Total goodwill on cash-generating units	**3,327**	**3,010**

Goodwill is tested for impairment annually, as at 31 December, or whenever changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of a CGU has been determined on the basis of the higher of its value in use and its fair value less costs of disposal:

- The value in use is determined on the basis of cash flows excluding estimated future cash inflows or outflows expected to arise from future restructurings and from improving or enhancing the CGU's performance unless the CGUs committed at year-end to the restructuring, and related provisions have been made. Furthermore, the discount rate is closely linked to peer group parameters. Specific country risk and inflation differentials are also considered.
- Fair value less costs of disposal is the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. When available, market quoted prices are used.

The Group supports its fair values less costs of disposal on market-based valuations, if an active market exists, and on the basis of a discounted cash flow (DCF) model to the extent that it would reflect the value that 'any market participant' would be ready to pay in an arm's length transaction. Differently from the 'value in use' approach, which reflects the perspective of the Group for a long-term use of the CGU, a 'fair value less costs of disposal' DCF model would include future cash flows expected to arise from restructuring plans and future investments, as all rational market participants would be expected to undertake these restructurings and investments in order to extract the best value from the acquisition.

Furthermore, the discount rate of each CGU is calculated based on a market approach and most of the parameters used are derived from market sources. The discount rates are based on a mixed interest rate represented by the weighted average cost of equity and cost of capital (WACC) after tax. The discount rates reflect the time value of money and the perception of risk associated with projected future cash flows, both from the equity shareholders' and the debt holders' point of view.

The discount rates have been determined, CGU by CGU, and embody, where appropriate, the following factors:

- country risk
- inflation rate differential
- specific firm premium
- specific tax rate
- credit spread
- gearing ratio.

The recoverable amount of all CGUs is based on their fair value less costs of disposal and is a Level 3 fair value measurement, with exception of Groupe M6 which is listed on Euronext Paris, Compartment A (Paris Stock Exchange). As at 31 December 2022, the market price of Métropole Télévision shares on the Paris Stock Exchange was €15.35 (2021: €17.16). The recoverable amount of Groupe M6 at that date was based on value in use using a discounted cash flow method (Level 3), as management considered the share price of Groupe M6 did not fully reflect its earning potential due to the expected growth in AVOD offers and diversification business of the Groupe M6. The value in use determined significantly exceeded the carrying amount.

Cash flow projections are based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period for a total of up to five years are prepared using the estimated growth rates and other key drivers. For the cash-generating units' operating advertising revenue, the projections consider audience and advertising market shares, the EBITA margin, operating cash conversion rates based on past performance, and expectations regarding market development. Management also relies on wider macro-economic indicators from external sources to verify the veracity of their own budgeting assumptions. Finally, the market positions of the Group's channels are also reviewed in the context of the competitive landscape, including the impact of new technologies and consumption habits. For Fremantle, which operates a multi-territory/worldwide and diversified operation, the expected growth rate is determined according to a weighted average of growth expectations of its multiple regions, markets and product offerings.

Cash flows beyond the three and five-year period are extrapolated using the estimated perpetual growth and EBITA margin rates and applying the discount rates stated below.

The perpetual growth and EBITA margins are based on the expected outcome of the strategy implemented by the Group in the different markets, on macro-economic and industry trends, and on in-house estimates.

Capital expenditure is assumed to be in line with depreciation and amortisation. Management also considers that the moderate perpetual growth would not result in a significant increase of the net working capital.

	2022		2021	
	Perpetual growth rate	**Discount rate**	Perpetual growth rate	Discount rate
	% a year	**%**	% a year	%
Cash-generating units				
RTL Deutschland	**0.5**	**7.4**	0.5	6.3
Groupe M6	**0.0**	**8.2**	0.0	6.8
Fremantle	**1.8**	**8.0**	1.8	8.2
RTL Nederland	**0.5**	**7.4**	0.0	6.1
We Are Era	**2.0**	**12.4**	2.0	10.0

We Are Era's shift to higher margin project business leads to a higher level of uncertainty in terms of forecast. For the CGU We Are Era, in the event of an increase in the discount rate by 2.4 percentage points, a decrease in the long-term growth rate by 3.8 percentage points or a decrease in the EBITA margin by 1.1 percentage points, the recoverable amount would fall below the carrying amount.

For other CGUs, management considers that, at 31 December 2022, no reasonably possible change in the market shares, EBITA margin and operating cash conversion rates would reduce the headroom between the recoverable amounts and the carrying amounts of the CGUs to zero, when the recoverable amount is solely based on a DCF approach.

6.3. Property, plant and equipment

	Land, buildings and improvements €m	Technical equipment €m	Other €m	**Total €m**
Cost				
Balance at 1 January 2021	**393**	**362**	**245**	**1,000**
Effect of movements in foreign exchange	1	–	2	**3**
Additions	2	14	28	**44**
Disposals	(9)	(12)	(9)	**(30)**
Subsidiaries acquired	–	1	3	**4**
Subsidiaries disposed of	(2)	–	(1)	**(3)**
Transfer to assets held for sale	(2)	(55)	(26)	**(83)**
Transfers and other changes	3	3	(5)	**1**
Balance at 31 December 2021	**386**	**313**	**237**	**936**
Effect of movements in foreign exchange	–	(2)	(1)	**(3)**
Additions	12	13	30	**55**
Disposals	(3)	(12)	(24)	**(39)**
Subsidiaries acquired	7	3	6	**16**
Subsidiaries disposed of	–	–	(1)	**(1)**
Transfer to assets held for sale	(3)	(16)	(3)	**(22)**
Transfers and other changes	–	(1)	1	**–**
Balance at 31 December 2022	**399**	**298**	**245**	**942**
Depreciation and impairment losses				
Balance at 1 January 2021	**(215)**	**(306)**	**(188)**	**(709)**
Effect of movements in foreign exchange	(1)	–	(2)	**(3)**
Depreciation charge	(18)	(20)	(21)	**(59)**
Disposals	10	12	7	**29**
Transfer to assets held for sale	2	49	19	**70**
Balance at 31 December 2021	**(222)**	**(265)**	**(185)**	**(672)**
Effect of movements in foreign exchange	–	1	1	**2**
Depreciation charge	(16)	(18)	(24)	**(58)**
Disposals	3	16	21	**40**
Transfer to assets held for sale	2	14	2	**18**
Balance at 31 December 2022	**(233)**	**(252)**	**(185)**	**(670)**
Carrying amount:				
At 31 December 2021	**164**	**48**	**52**	**264**
At 31 December 2022	**166**	**46**	**60**	**272**

'Subsidiaries acquired' includes an amount of €3 million from the acquisition of Gruner + Jahr (see note 4.2).

6.4. Right-of-use assets

Depreciation, additions and carrying amounts of right-of-use from leased property, plant and equipment are as follows:

	Land and equivalent real estate rights and buildings €m	Technical equipment and machinery €m	Other equipment, fixtures, furniture and office equipment €m	**Total €m**
Balance at 1 January 2022	**277**	**1**	**5**	**283**
Effect of movements in foreign exchange	(1)	–	–	**(1)**
Depreciation charge	(72)	–	(4)	**(76)**
Additions	76	–	5	**81**
Other changes	55	–	–	**55**
Balance at 31 December 2022	**335**	**1**	**6**	**342**

	Land and equivalent real estate rights and buildings €m	Technical equipment and machinery €m	Other equipment, fixtures, furniture and office equipment €m	**Total €m**
Balance at 1 January 2021	**320**	**1**	**8**	**329**
Effect of movements in foreign exchange	2	–	–	**2**
Depreciation charge	(51)	(1)	(4)	**(56)**
Additions	12	–	4	**16**
Other changes	(6)	1	(3)	**(8)**
Balance at 31 December 2021	**277**	**1**	**5**	**283**

'Other changes' includes an amount of €46 million increases in right-of-use assets from the extension of existing lease contracts and an amount of €4 million from the acquisition of Gruner + Jahr (see note 4.2).

6.5. Investments accounted for using the equity method

As at 31 December 2022, investments in 11 joint ventures (31 December 2021: 9) and 24 associates (31 December 2021: 22) were accounted for in the consolidated financial statements.

The amounts recognised in the consolidated statement of financial position are as follows:

	2022 €m	2021 €m
Associates	**370**	360
Joint ventures	**6**	6
Balance at 31 December	**376**	**366**

The amounts recognised in the income statement are as follows:

	2022 € m	2021 € m
Share of results of investments accounted for using the equity method		
Associates	**33**	50
Joint ventures	**(19)**	(23)
	14	**27**
Impairment and reversals of investments accounted for using the equity method		
Associates	**(5)**	2
Joint ventures	**–**	–
	(5)	**2**

In the year 2022, dividends received from investments accounted for using the equity method amounted to €53 million (2021: €45 million). This amount is considered as an adjustment in 'Financial results including net interest expense and share of results of investments accounted for using the equity method' when calculating cash flows from operating activities.

6.5.1. Investments in joint ventures

Individually material joint venture
As at 31 December 2022, RTL Group had no joint venture, which, in the opinion of management, is material to the Group.

Individually immaterial joint venture
The following table shows summarised financial information on joint ventures that management considers individually immaterial. The information provided represents RTL Group's interest in each case.

	2022 € m	2021 € m
Non-current assets	**10**	22
Current assets	**66**	19
Non-current liabilities	**4**	42
Current liabilities	**85**	34
Earnings after taxes from continuing operations	**(19)**	(27)
Earnings after taxes from discontinued operations	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(19)**	(27)

On 29 March 2022, Groupe M6 subscribed to the capital increase of the joint venture Salto (the streaming platform held jointly by Groupe M6, TF1 and France Télévisions) for €41 million by offsetting its receivable held in its shareholder current account. Further, Groupe M6 provided Salto with a loan which, in substance, forms part of its investment in Salto. The proposed Groupe M6/Groupe TF1 merger having been abandoned, and in the absence of satisfactory offers for a sale of the platform, the three shareholders of Salto have unanimously decided to proceed with the voluntary liquidation of Salto. According to IAS 28.14A RTL Group applied IFRS 9 to the loan and recognised an impairment amount of €-28 million through profit or loss presented in 'Impairment and reversals on other financial assets at amortised cost' as part of 'Other operating expenses' (see note 5.3). The costs of the withdrawal for each of the partners were recognised by way of provisions as at 31 December 2022, over and above their share of Salto's net loss for the year. Thus, the excess of €15 million was recognised as a provision (see note 6.14.1).

There are no material contingent liabilities relating to the Group's interest in the joint ventures.

6.5.2. Investments in associates

Individually material associates

Set out below are the associates of the Group at 31 December 2022, which, in the opinion of the management, are material to the Group:

Name of entity	Country of incorporation	Principal activity	Percentage ownership interest		Measurement method
			2022	2021	
Atresmedia	Spain	Broadcasting TV	**18.7**	18.7	At equity
Global Savings Group (GSG)	Germany	Shopping rewards	**41.5**	41.5	At equity
RTL 2 Fernsehen GmbH & Co KG	Germany	Broadcasting TV	**35.9**	35.9	At equity

Atresmedia Corporación de Medios de Comunicación S.A. (and subsidiaries, 'Atresmedia') is listed on the Madrid Stock Exchange. Based on the published share price at 31 December 2022, the market capitalisation of 100 per cent of Atresmedia amounts to €721 million, i.e. €3.19 per share (2021: €753 million, i.e. €3.34 per share). Global Savings Group (GSG) is a private company providing shopping rewards activities and there is no quoted market price available for its shares. RTL 2 Fernsehen GmbH & Co KG is a private company and there is no quoted market price available for its shares.

The following table shows summarised financial information for Atresmedia, Global Savings Group (GSG) and RTL 2 Fernsehen GmbH & Co KG. The information presented represents the amounts included in the financial statements of the material associates plus adjustments for using the equity method, and not RTL Group's share of these amounts.

	Atresmedia		Global Savings Group (GSG)		RTL 2 Fernsehen GmbH & Co KG	
	2022	2021	**2022**	2021	**2022**	2021
	€ m	€ m	**€ m**	€ m	**€ m**	€ m
Non-current assets	**686**	549	**189**	180	**63**	51
Current assets	**825**	853	**87**	91	**70**	92
Current liabilities	**(529)**	(478)	**(128)**	(85)	**(34)**	(43)
Non-current liabilities	**(295)**	(381)	**(56)**	(59)	**(47)**	(38)
Net assets	**687**	**543**	**92**	**127**	**52**	**62**
Revenue	**951**	963	**167**	148	**256**	283
Earnings after taxes from continuing operations	**112**	118	**(34)**	(11)	**38**	52
Earnings after taxes from discontinued operations	**–**	–	**–**	–	**–**	–
Other comprehensive income	**127**	(2)	**–**	(1)	**–**	–
Total comprehensive income	**239**	116	**(34)**	(12)	**38**	52
Dividends received from associates	**18**	8	**–**	–	**19**	15

The reconciliation of the summarised financial information shown to the carrying amount of the interest in each material associate in the consolidated financial statements is shown in the following table:

	Atresmedia		Global Savings Group (GSG)		RTL 2 Fernsehen GmbH & Co KG	
	2022	2021	**2022**	2021	**2022**	2021
	€ m	€ m	**€ m**	€ m	**€ m**	€ m
Net assets at 31 December	687	543	92	127	52	62
Proportionate equity	**128**	**101**	**38**	**52**	**17**	**33**
Goodwill	**166**	166	**42**	42	**24**	24
Impairment on investments accounted for using the equity method	**(110)**	(110)	**–**	–	**–**	–
Carrying amount	**184**	**157**	**80**	**94**	**41**	**57**

Investments in associates are tested for impairment according to the same methodology applied for the impairment test of goodwill.

The perpetual growth and discount rates used are as follows:

	2022		2021	
	Perpetual growth rate	**Discount rate**	Perpetual growth rate	Discount rate
	% a year	**%**	% a year	%
Atresmedia	**0.0**	**10.0**	0.0	8.1
RTL 2 Fernsehen GmbH & Co. KG	**0.5**	**6.7**	0.5	7.0

As at 31 December 2022, the investment in Atresmedia was tested for impairment in accordance with IAS 36. The recoverable amount of Atresmedia on 31 December 2022 was based on the value in use determined using a discounted cash flow model, as management considered the share price of Atresmedia did not fully reflect its earning potential, which includes the new diversification strategy through expansion of its investment portfolio, strengthen its digital streaming offers and building its leading position in locally relevant content production. The ongoing challenging economic environment in Spain combined with strong competition, changing viewing preferences and continued dependence on linear television continues to lead to high uncertainty in terms of forecasts. As at 31 December 2022 neither additional impairment loss nor reversal of impairment loss had to be recognised on the at equity investment in Atresmedia.

As at 31 December 2022, the share price of Atresmedia was €3.19 (31 December 2021: €3.34) which results in a fair value less costs of disposal of €132 million for the 18.7 per cent held by RTL Group (31 December 2021: €138 million).

The assumptions based on the value in use using a discounted cash flow model are shown in the above table.

Management has identified that a reasonably possible change in three key assumptions could cause the carrying amount to exceed the recoverable amount. In the event of changes of these assumptions individually, as described in the following table, the estimated recoverable amount would be equal to the carrying amount.

	31 December 2022
	Percentage point
EBITA margin	(0.6)
Discount rate	0.7
Perpetual growth rate	(0.7)

In November 2019, the Spanish Competition Authority (CNMC) arrived at a decision in disciplinary proceedings imposing a fine on Atresmedia and Mediaset and barring both operators from specified courses of conduct. The parties were ordered to take steps to align their commercial and contractual relations to the requirements of the decision. The fine imposed on Atresmedia amounts to €38.2 million. In 2020, Atresmedia challenged the decision by filing an application for judicial review with the Administrative Chamber of the Audiencia Nacional, Spain's national court. The application was found admissible. Consequently, Atresmedia will proceed with an appeal in the aforementioned court. The directors and legal advisors of Atresmedia believe that the application for judicial review against the CNMC's decision is likely to succeed. No provision has been recognised.

For Global Savings Group no triggering events for an impairment test have been identified.

The recoverable amount of RTL 2 Fernsehen GmbH & Co KG has been determined on the basis of the fair value less costs of disposal at 31 December 2022. This is a Level 3 fair value measurement.

Individually immaterial associates
The following table shows summarised financial information on associates that management considers individually immaterial. The information given represents RTL Group's interest in each case.

	2022 € m	2021 € m
Non-current assets	**53**	43
Current assets	**72**	52
Non-current liabilities	**8**	3
Current liabilities	**50**	38
Earnings after taxes from continuing operations	**12**	14
Earnings after taxes from discontinued operations	**–**	–
Other comprehensive income	**1**	1
Total comprehensive income	**13**	15

There are no material contingent liabilities relating to the Group's interest in the associates.

6.6. Loans and non-current other assets

	2022 € m	2021 € m
Loans and other financial assets		
Equity instruments at FVOCI	**29**	37
Equity instruments at FVTPL	**6**	6
Debt instruments at FVTPL	**3**	–
Convertible loans at FVTPL	**–**	11
Derivative financial assets	**14**	8
Loans receivable to investments accounted for using the equity method	**8**	7
Other loans receivable	**5**	7
Trade accounts and other receivables	**46**	41
	111	117
Other non-financial assets		
Net defined benefit asset	**2**	–
	2	–
	113	117

Equity instruments at FVOCI comprise those instruments which are not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, mainly in radio activities.

In December 2022, RTL Group sold its entire shareholding in Beyond International Limited, a company listed on the Australian Stock Exchange (2021: 19.5 per cent share capital). Beyond International Limited was a Level 1 fair value measurement. In 2022, RTL Group recorded an increase in the fair value of this equity instrument at FVOCI of €1 million (2021: increase of €1 million).

The movements in equity instruments at FVOCI are as follows:

	2022 € m	2021 € m
Balance at 1 January	**37**	**35**
Net acquisitions and disposals	**(3)**	–
Change in fair value	**(5)**	1
Other changes	**–**	1
Balance at 31 December	**29**	**37**

6.7. Deferred tax assets and liabilities

	2022 €m	2021 €m
Deferred tax assets	**318**	322
Deferred tax liabilities	**(75)**	(77)
	243	245

	2022 €m	2021 €m
Balance at 1 January	**245**	**285**
Income tax income/(expense)	**11**	(6)
Income tax credited/(charged) to other comprehensive income	**(29)**	(7)
Change in consolidation scope	**15**	(27)
Transfer to assets held for sale	**(1)**	(1)
Transfers and other changes	**2**	1
Balance at 31 December	**243**	**245**

The amount of the tax benefit arising from a previously unrecognised tax loss that is used to reduce current tax expense amounts to €1 million (2021: €13 million).

The recognition of previously unrecognised tax loss carry forwards and deductible temporary differences resulted in a reduction in deferred tax expense of €74 million (2021: €9 million).

Of 'Income tax credited/(charged) to other comprehensive income' an amount of €-2 million (2021: €-5 million) relates to effective portion of changes in fair value of cash flow hedges, €nil million (2021: €nil million) relates to recycling of cash flow hedge reserve, €-29 million (2021: €-2 million) relates to defined benefit plan actuarial gains/(losses) and €2 million (2021: €nil million) relates to change in fair value of equity instruments at FVOCI. The cumulative amount of deferred tax assets recognised in other comprehensive income amounts to €-3 million (2021: €14 million).

Deferred tax assets are recognised to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has not recognised deferred tax assets in respect of the following items:

	2022 €m	2021 €m
Tax loss carry forwards		
No expiration date	**4,007**	4,182
Expiration within 5 years	**68**	80
Expiration after 5 years	**11**	9
Deductible temporary differences (no expiration date)	**11**	**20**

At 31 December 2022, there were temporary differences of €171 million (2021: €126 million) related to investments in subsidiaries. However, this liability was not recognised because the Group controls the dividend policy of its subsidiaries – i.e. the Group controls the timing of reversal of the related taxable temporary differences and these will not reverse in the foreseeable future.

The movement in deferred tax assets and liabilities during the year is as follows:

	Balance at 1 January 2022	(Charged)/credited to income statement	Charged to other comprehensive income	Change in consolidation scope	Transfers and other changes	**Balance at 31 December 2022**
	€ m	€ m	€ m	€ m	€ m	**€ m**
Deferred tax assets						
Intangible assets	67	(12)	–	11	1	**67**
Programme rights	168	(29)	–	–	–	**139**
Property, plant and equipment	3	1	–	–	–	**4**
Right-of-use assets and lease liabilities	93	10	–	2	(1)	**104**
Provisions	95	(11)	(24)	27	–	**87**
Tax loss carry forwards	18	75	–	3	(1)	**95**
Others	92	(13)	(2)	6	1	**84**
Offset	(214)				(48)	**(262)**
	322	21	(26)	49	(48)	**318**
Deferred tax liabilities						
Intangible assets	(131)	(4)	–	(14)	–	**(149)**
Programme rights	(2)	2	–	(2)	–	**(2)**
Property, plant and equipment	(13)	–	–	(1)	–	**(14)**
Right-of-use assets and lease liabilities	(80)	(10)	–	(2)	1	**(91)**
Provisions	(24)	(4)	(3)	(9)	1	**(39)**
Others	(41)	6	–	(6)	(1)	**(42)**
Offset	214				48	**262**
	(77)	(10)	(3)	(34)	49	**(75)**

	Balance at 1 January 2021 €m	(Charged)/credited to income statement €m	Charged to other comprehensive income €m	Change in consolidation scope €m	Transfers and other changes €m	**Balance at 31 December 2021 €m**
Deferred tax assets						
Intangible assets	71	(4)	–	–	–	**67**
Programme rights	193	(34)	–	8	1	**168**
Property, plant and equipment	3	–	–	–	–	**3**
Right-of-use assets and lease liabilities	107	(12)	–	–	(2)	**93**
Provisions	80	17	(1)	1	(2)	**95**
Tax loss carry forwards	25	(8)	–	1	–	**18**
Others	62	29	(5)	4	2	**92**
Offset	(208)				(6)	**(214)**
	333	(12)	(6)	14	(7)	**322**
Deferred tax liabilities						
Intangible assets	(79)	(2)	–	(49)	(1)	**(131)**
Programme rights	(6)	–	–	4	–	**(2)**
Property, plant and equipment	(12)	(3)	–	1	1	**(13)**
Right-of-use assets and lease liabilities	(94)	11	–	1	2	**(80)**
Provisions	(28)	3	(1)	(1)	3	**(24)**
Others	(37)	(3)	–	3	(4)	**(41)**
Offset	208				6	**214**
	(48)	6	(1)	(41)	7	**(77)**

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria of offsetting. The term of the deferred taxes on temporary differences is mostly expected to be recovered or settled more than 12 months from the balance sheet date.

6.8. Current programme rights

	2022			2021		
	Gross value €m	**Valuation allowance €m**	**Net value €m**	Gross value €m	Valuation allowance €m	Net value €m
(Co-)productions	**433**	**(339)**	**94**	400	(338)	62
TV programmes	**162**	**–**	**162**	117	(2)	115
Other distribution and broadcasting rights	**702**	**(250)**	**452**	763	(270)	493
Sub-total programme rights	**1,297**	**(589)**	**708**	**1,280**	**(610)**	**670**
(Co-)productions and programmes in progress	**717**	**(15)**	**702**	458	(13)	445
Advance payments on (co-)productions, programmes and rights	**169**	**–**	**169**	183	–	183
Sub-total programme rights in progress	**886**	**(15)**	**871**	**641**	**(13)**	**628**
	2,183	**(604)**	**1,579**	1,921	(623)	1,298

Additions and reversals of valuation allowance have been recorded for €-48 million and €58 million respectively in 2022 (2021: €-70 million and €64 million, respectively).

6.9. Accounts receivable and other current assets

	2022 €m	2021 €m
Accounts receivable and other financial assets		
Trade accounts receivable	**1,301**	1,207
Contract assets	**10**	16
Accounts receivable from investments accounted for using the equity method	**18**	23
Loans receivable to investments accounted for using the equity method	**–**	3
Derivative financial assets	**38**	21
Equity instruments at FVTPL	**127**	274
Debt instruments at FVTPL	**–**	–
Other current financial assets	**6**	19
Current deposits with shareholder and its subsidiaries	**276**	794
Account receivable from shareholder in relation with PLP Agreement	**306**	648
Other accounts receivable	**108**	290
	2,190	3,295
Other non-financial assets		
Prepaid expenses	**93**	80
Sundry other non-financial assets	**220**	127
	313	207
	2,503	**3,502**

'Equity instruments at FVTPL' includes minority investments in Magnite amounting to €123 million (31 December 2021: €190 million) as well as a number of minority investments held by different entities. The fair value of the listed investment in Magnite is measured on the basis of its market value. The gains and losses resulting from changes in the fair value are recognised in 'Fair value measurement of investments' as presented in note 5.3.

At 31 December 2021, 'Equity instruments at FVTPL' also included a minority investment in VideoAmp amounting to €81 million. In January 2022, RTL Group sold its entire investment in VideoAmp for US-$104 million (€92 million) in cash. The transaction was carried out as a share buyback by VideoAmp. The cash inflow is recognised in the consolidated cash flow statement under 'Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets'.

Additions and reversals of valuation allowance have been recorded for €-26 million and €19 million respectively in 2022 (2021: €-21 million and €20 million respectively).

6.10. Cash and cash equivalents

	2022 €m	2021 €m
Cash in hand and at bank	**333**	417
Fixed term deposits (under three months) and money market funds	**256**	130
Cash and cash equivalents (excluding bank overdrafts)	**589**	547

	2022 €m	2021 €m
Cash and cash equivalents (excluding bank overdrafts)	**589**	547
Bank overdrafts	**(1)**	–
Cash and cash equivalents and bank overdrafts	**588**	547

As at 31 December 2022, 'Cash in hand and at bank' in the amount of €3 million was subject to restrictions on disposals (2021: €nil million).

6.11. Assets classified as held for sale

As at 31 December 2022, RTL Group had no assets classified as held for sale. As at 31 December 2021, the carrying amounts of the assets classified as held for sale and related liabilities were attributable to RTL Belgium – the disposal of which was completed in March 2022 (see note 4.3).

6.12. Loans, bank overdrafts and lease liabilities

2022	Under 1 year € m	Over 1 year € m	**Total carrying amount € m**
Bank overdrafts	1	–	**1**
Bank loans payable – fixed rate	22	133	**155**
Bank loans payable – floating rate	3	–	**3**
Loans due to investments accounted for using the equity method – floating rate	–	–	**–**
Term loan facility due to shareholder – fixed rate	511	–	**511**
Other loans payable – fixed rate	–	5	**5**
Other loans payable – floating rate	10	–	**10**
	547	138	**685**
Lease liabilities	85	300	**385**

2021	Under 1 year € m	Over 1 year € m	**Total carrying amount € m**
Bank overdrafts	–	–	**–**
Bank loans payable – fixed rate	16	130	**146**
Bank loans payable – floating rate	7	–	**7**
Loans due to investments accounted for using the equity method – floating rate	1	–	**1**
Term loan facility due to shareholder – fixed rate	11	500	**511**
Other loans payable – fixed rate	–	5	**5**
Other loans payable – floating rate	14	–	**14**
	49	635	**684**
Lease liabilities	59	273	**332**

As at 31 December 2021, bank overdrafts were immaterial. As at 31 December 2022, potential future cash outflows of €179 million (undiscounted) have not been included in the lease liabilities as it is not reasonably certain that the leases will be extended (or not terminated) (2021: €219 million).

6.13. Accounts payable and other liabilities

2022	Under 1 year € m	Over 1 year € m	**Total carrying amount € m**
Accounts payable and other financial liabilities			
Trade accounts payable	1,360	40	**1,400**
Amounts due to associates	8	–	**8**
Derivative financial liabilities	43	14	**57**
Account payable to shareholder in relation to PLP Agreement	322	–	**322**
Sundry financial liabilities	106	167	**273**
	1,839	221	**2,060**
Non-financial liabilities			
Employee benefits liability	249	287	**536**
VAT payables	132	–	**132**
Deferred income	3	–	**3**
Social security and other taxes payable	89	–	**89**
	473	287	**760**
	2,312	508	**2,820**

2021	Under 1 year € m	Over 1 year € m	**Total carrying amount € m**
Accounts payable and other financial liabilities			
Trade accounts payable	1,459	32	**1,491**
Amounts due to associates	8	–	**8**
Derivative financial liabilities	12	5	**17**
Account payable to shareholder in relation to PLP Agreement	732	–	**732**
Sundry financial liabilities	87	48	**135**
	2,298	85	**2,383**
Non-financial liabilities			
Employee benefits liability	228	287	**515**
VAT payables	132	–	**132**
Deferred income	8	–	**8**
Social security and other taxes payable	96	–	**96**
	464	287	**751**
	2,762	372	**3,134**

At 31 December 2022, the profit participation liabilities of RTL Deutschland amounted to €315 million (2021: €305 million).

6.14. Provisions

6.14.1. Provisions other than post-employment benefits

	Restructuring € m	Litigations € m	Onerous contracts € m	Other provisions € m	**Total** **€ m**
Balance at 1 January 2022	**48**	**67**	**85**	**31**	**231**
Provisions charged/(credited) to the income statement:					
– Additions	5	7	41	5	**58**
– Reversals	–	(41)	(7)	(11)	**(59)**
Provisions used during the year	(38)	(4)	(47)	(14)	**(103)**
Other changes	9	–	–	21	**30**
Balance at 31 December 2022	**24**	**29**	**72**	**32**	**157**

'Other changes' includes an amount of €15 million from the acquisition of Gruner + Jahr (see note 4.2).

The provisions mainly relate to the following:

Provisions for litigations
Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities.

RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant. The main legal proceedings to which RTL Group is a party are disclosed below.

Several subsidiaries of RTL Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co KG and its sales house, El Cartel Media GmbH & Co KG, before the regional court in Düsseldorf, Germany, seeking disclosure of information to substantiate a possible claim for damages. The proceedings follow the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements (share deals) granted by Ad Alliance GmbH (formerly IP Deutschland GmbH) and SevenOne Media GmbH to media agencies. The German Federal Cartel Office argued that these discounts would foreclose small broadcasters from the advertising market. In 2014, the district court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL 2 Fernsehen GmbH & Co KG filed a motion claiming that the expert was not impartial, with the aim of getting the court to obtain a new expert opinion. Ad Alliance GmbH has rejected the motion of lack of impartiality as unfounded. Due to his unexpected death in February 2020, the court expert could not submit his response to the allegation of impartiality. The court has announced that it would take a decision on the issue of impartiality in the upcoming weeks. The court case will continue. Similar proceedings from other small broadcasters, initiated in different courts, were unsuccessful or have been withdrawn. Based on the independent legal advice obtained in 2022, management's assessment is that the basis for the claim has little merit, and it is not probable that an outflow will be required to settle the claim. As no further outflows of resources are expected, the provision of €35 million was reversed.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as of September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a 'halo effect'. Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged 'halo effect'. In September 2019, the judicial expert issued his final report which confirmed the 'halo effect' but assessed that Fun Radio's results were over-corrected. As of September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition, but this procedure was suspended until the end of the judicial expertise. In the meantime, four of the six claimants withdrew their claim from the proceedings. On 23 January 2023, the Court decided to award damages for unfair competition. Fun Radio appealed the Court's decision on 26 January 2023 and is confident to achieve a favourable decision before the Court of appeal.

No further information is disclosed as it may harm the Group's position.

Onerous contracts
'Onerous contracts' mainly comprise provisions made by:

- RTL Deutschland for €68 million (2021: €82 million) mainly in relation to the supply of programmes, of which sport events €21 million (2021: €15 million)
- Groupe M6 for €1 million (2021: €2 million) in relation to the supply of programmes
- RTL Nederland for €3 million (2021: €nil million) in relation to the supply of programmes fully related to sport events.

'Other provisions' of €15 million relate to the provision for losses for the Group's undertaking in Salto (see note 6.5).

	2022 € m	2021 € m
Current	**109**	129
Non-current	**48**	102
	157	231

6.14.2. Post-employment benefits

	2022 € m	2021 € m
Balance at 1 January	**176**	188
Provisions charged/(credited) to the income statement:		
– Additions[1]	**36**	28
– Reversals	**(1)**	(1)
Provisions used during the year[1]	**(28)**	(13)
Actuarial (gains)/losses directly recognised in other comprehensive income	**(106)**	(18)
Change in consolidation scope	**96**	–
Other	**(1)**	(8)
Balance at 31 December	**172**	176

1) Of which defined contribution plan for €14 million (2021: €14 million)

'Post-employment benefits' comprise provision for defined benefit obligations for €157 million (2021: €168 million) and provision for other employee benefits for €15 million (2021: €8 million). 'Change in consolidation scope' includes an amount of €96 million from the Gruner + Jahr acquisition (see note 4.2).

6.15. Defined benefit obligations

RTL Group operates or participates in a number of defined benefit and defined contribution plans throughout Europe. FremantleMedia North America in the United States also operates a medical care plan which is also a defined benefit obligation and is included in 'Provisions' in the statement of financial position. These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group and associated risks is given below:

France
Groupe M6 operates retirement indemnity plans which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at the date of the retirement in accordance with the applicable collective agreement. The Métropole Télévision (following the merger with Ediradio) and ID retirement indemnity plan is partly funded by an insurance contract with AXA. Métropole Télévision (following the merger with Ediradio) also participates in a defined benefit plan that provides pension benefits to members on retirement. This plan is partly funded by an insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should

not be affected by financial market development. By nature, the lifetime risk of the beneficiaries is no longer supported by Métropole Télévision at retirement. The risk is externalised to the insurer.

Germany
Employees of UFA companies (including UFA Fiction GmbH, UFA Shows & Factual GmbH, UFA GmbH, UFA Serial Drama GmbH), Radio Center Berlin, AVE Gesellschaft für Hörfunkbeteiligungen GmbH, UFA Film & Fernsehen GmbH, RTL Group GmbH and RTL Group Central & Eastern Europe participate in an unfunded common group retirement plan. The company UFA Serial Drama has a partly funded plan. Related obligations and plan assets are subject to demographic, legal and economic risks. The main risk relates to longevity risk for pension recipients. Each employer that participates in this plan has separately identifiable liabilities.

RTL Television, Super RTL, RTL Deutschland and Ad Alliance (former IP Deutschland GmbH) operate their own retirement arrangements. The pension obligations of Super RTL Fernsehen GmbH provide for a one-time lump-sum benefit and a widow's pension, which is subject to an annual increase of 1 per cent. Reinsurance policies have been taken out partially for the promised benefits. The reinsurance policies are classified as plan assets.

The pension obligations of RTL Deutschland GmbH are based on individual commitments of mostly deferred compensation. A monthly retirement pension is promised in an individually agreed amount, including entitlement for benefits in case of disability or death of the beneficiary. Current pension benefits are increased by 2 per cent annually. One reinsurance policy without benefit-determining character exists with AXA. Further there exists an individual commitment for a one-time lump-sum benefit, which is partially funded. The reinsurance policies are classified as plan assets. Ad Alliance GmbH (former IP Deutschland GmbH) sponsors individual plans for five former employees, providing defined pension benefits to each employee at retirement. RTL Television sponsors individual plans for two former employees, providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death. The plan of RTL Television is partly funded by a life insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Both companies are exposed to certain risks associated with defined benefits plans such as longevity, inflation and the increase of wages and salaries.

The Gruner + Jahr companies participate in a pension plan, which has been closed to new members for many years. The pension entitlement amounts to 50 per cent of the pensionable income, which is fixed at the age of 41. Pension payments are paid annually adjusted by at least 2 per cent.

Luxembourg
CLT-UFA, RTL Group and Broadcasting Center Europe (BCE) sponsor a post-employment defined benefit plan in favour of their employees. The occupational pension plan provides benefits to the affiliates (members and their dependants) in case of retirement, death in service or disability. The pension benefits are financed through an internal book reserve, as one of the allowed funding vehicles described in the law of 8 June 1999 on occupational pension plans in Luxembourg. Therefore CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Nevertheless, in such cases, the law requires the company to subscribe to insolvency insurance with the German Pension Protection Fund (Pensionssicherungsverein). The CLT-UFA, RTL Group and BCE occupational pension scheme is a defined benefit plan final pay with integration of the state pension. Consequently, the Company is exposed to certain risks associated with defined benefits plans – such as longevity, inflation, the effect of compensation increases – and of the State pension legislation.

Death and disability are insured with La Luxembourgeoise-Vie SA.

At the end of 2022 the Executive Committee of RTL Group decided to close this plan to new hires as at 1 January 2023. The plan will remain open for current employees and a new defined contribution plan will be implemented for employees joining from 2023 onwards.

United Kingdom
FremantleMedia Group Limited is the principal employer of the Fremantle Group Pension Plan ('the Fremantle Plan' or 'the Plan'), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides benefits through two sections, one providing defined benefits and the other providing defined contribution benefits with a defined benefit underpin. Plan assets are held for both

sections of the Fremantle Plan – the assets in the defined benefit section are the qualifying insurance (buy-in) policies; the assets in the defined contribution section comprise mainly equities, with the Plan holding corporate bonds in relation to the defined benefit underpin. The Plan is funded through a trust administered by a trustee company, the assets of which are held separately from the assets of the participating employers. FremantleMedia Group Limited is ultimately liable for any deficit in the Plan. Funding requirements are under section 3 of the Pensions Act 2004 (UK), which requires:

- Three-yearly formal actuarial valuations, with annual monitoring
- Trustees to maintain a Statement of Funding Principles
- Trustees and employers to agree the approach to each actuarial valuation
- Funding deficits to be eliminated in accordance with a schedule of deficit funding contributions.

The Company has been managing and reducing the risks associated with the Fremantle Plan. The Company closed the Plan to all further benefit accrual with effect from 31 March 2013. From 19 March 2014, the Company decided to secure benefits by insuring the Plan's liabilities through a buy-in policy.

Information about the nature of the present value of the defined benefit liabilities is detailed as follows:

	2022 **€ m**	2021 € m
Final salary plans	**128**	214
Career average plans	**6**	10
Flat salary plans/plans with fixed amounts	**73**	28
Other commitments given	**54**	64
Present value of defined benefit obligation	**261**	316
– thereof capital commitments	**65**	97

'Other commitments given' broadly contains the defined contribution section of the Fremantle Plan. Under the Fremantle Plan Rules, in the defined benefit sections, a member may opt to exchange up to around 25 per cent of their pension benefit for a cash lump sum.

The breakdown of the present value of the defined benefit liabilities by the plan members is as follows:

	2022 **Head**	2021 Head	**2022** **€ m**	2021 € m
Active members	**2,753**	2,540	**114**	108
Deferred members	**1,131**	1,103	**90**	135
Pensioners	**323**	309	**57**	73
Total	**4,207**	3,952	**261**	316
– thereof vested			**227**	272

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2022 **€ m**	2021 € m
Present value of defined benefit obligation of unfunded plans	**155**	159
Present value of defined benefit obligation of funded plans	**106**	157
Total present value of defined benefit obligation	**261**	316
Fair value of plan assets	**(106)**	(148)
Net defined benefit liability	**155**	168
– thereof provisions for pensions	**157**	168
– thereof other assets	**2**	–

The amounts recognised in profit or loss are determined as follows:

	2022 € m	2021 € m
Current service cost	**9**	9
Past service cost and impact from settlement	**1**	1
Net interest expense	**4**	1
Net pension expense	**14**	11

Changes in the present value of defined benefit obligations and plan assets in the reporting period were as follows:

	Defined benefit obligation (I)		Fair value of plan assets (II)		Net defined benefit balance (I)-(II)	
	2022 **€ m**	2021 € m	**2022** **€ m**	2021 € m	**2022** **€ m**	2021 € m
Balance at 1 January	**316**	**354**	**148**	**170**	**168**	**184**
Current service cost	**9**	9	**–**	–	**9**	9
Interest expense	**6**	4	**–**	–	**6**	4
Interest income	**–**	–	**2**	3	**(2)**	(3)
Past service cost	**1**	1	**–**	–	**1**	1
Income and expenses for defined benefit plans recognised in the consolidated income statement	**16**	**14**	**2**	**3**	**14**	**11**
Income/expense on plan assets excluding amounts included in net interest income and net interest expense	**–**	–	**(34)**	6	**34**	(6)
Actuarial gains (-) and losses (+)						
– changes in financial assumptions	**(141)**	(13)	**–**	–	**(141)**	(13)
– changes in demographic assumptions	**5**	(1)	**–**	–	**5**	(1)
– experience adjustments	**(7)**	2	**–**	–	**(7)**	2
Re-measurements for defined benefit plans recognised in the consolidated statement of comprehensive income	**(143)**	**(12)**	**(34)**	**6**	**(109)**	**(18)**
Contributions to plan assets by employer	**–**	–	**1**	2	**(1)**	(2)
Contributions to plan assets by employees	**–**	–	**–**	–	**–**	–
Pensions payments	**(13)**	(12)	**(8)**	(6)	**(5)**	(6)
Changes in foreign exchange rates	**(5)**	9	**(5)**	9	**–**	–
Changes associated with assets held for sale	**–**	(54)	**–**	(39)	**–**	(15)
Change in consolidation scope	**89**	1	**1**	1	**88**	–
Other changes	**1**	16	**1**	2	**–**	14
Other reconciling items	**72**	**(40)**	**(10)**	**(31)**	**82**	**(9)**
Balance at 31 December	**261**	**316**	**106**	**148**	**155**	**168**
thereof						
Germany	**106**	74	**18**	17	**88**	57
United Kingdom	**84**	130	**86**	129	**(2)**	1
Other European countries	**70**	112	**2**	2	**68**	110

Plan assets are comprised as follows:

	2022 € m	2021 € m
Qualifying insurance policies	**52**	85
Equity instruments	**40**	46
Other funds	**9**	11
Debt instruments	**4**	5
Cash and cash equivalents	**1**	1
Fair value of plan assets	**106**	148

Significant actuarial assumptions used were as follows:

	2022 % a year Germany	2022 % a year Other European countries	2022 % a year UK	2021 % a year Germany	2021 % a year Other European countries	2021 % a year UK
Discount rate	**4.20**	**4.20**	**4.80**	1.40	1.16	1.80
Rate of salary increase	**2.25**	**3.25**	**n/a**	2.25	4.04	n/a
Rate of pension increase	**2.06**	**2.27**	**3.57**	1.49	1.00	3.70

The breakdown of the weighted-average duration by geographical area is as follows:

	2022 years	2021 years
Germany	**15**	16
Other European countries	**11**	13
UK	**20**	23

At 31 December 2022, the sensitivity of the defined benefit liabilities to changes in the weighted significant assumptions is as follows:

	Increase € m	Decrease € m
Effect of 0.5 percentage point change in discount rate	(14)	16
Effect of 0.5 percentage point change in rate of salary increase	7	(5)
Effect of 0.5 percentage point change in rate of pension increase	9	(5)
Effect of change in average life expectancy by 1 year	5	(5)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

At 31 December 2022, expected maturity analysis of undiscounted pension future cash flows is as follows:

	Expected pension payments € m
2023	10
2024	12
2025	14
2026	17
2027	22
2028-2032	88

6.16. Equity

6.16.1. Share capital

At 31 December 2022, the subscribed capital amounts to €192 million (2021: €192 million) and is represented by 154,742,806 (31 December 2021: 154,742,806) fully paid-up ordinary shares, without nominal value.

At 31 December 2022, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €39.44 (31 December 2021: €46.62).

6.16.2. Treasury shares

Since 31 December 2020, the Group no longer holds treasury shares.

6.16.3. Currency translation reserve

The currency translation reserve comprises:
- all foreign exchange differences arising from the translation of the financial statements of foreign operations
- reserves on investments accounted for using the equity method for foreign exchange translation differences
- loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

6.16.4. Hedging reserve

The hedging reserve (equity attributable to non-controlling interests included) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Between 31 December 2021 and 31 December 2022, the hedging reserve increased by €8 million before tax effects. Between 31 December 2020 and 31 December 2021, the hedging reserve increased by €17 million before tax effects.

6.16.5. Revaluation reserve

The revaluation reserve includes:
- The cumulative change net of tax in the fair value of equity instruments at FVOCI (see note 6.6) for €32 million (2021: €13 million)
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gains of control of Groupe M6 and M-RTL (2022: €55 million; 2021: €55 million).

6.16.6. Dividends

Based on the resolution of the Annual General Meeting of Shareholders on 27 April 2022, the Annual General Meeting of Shareholders decided to distribute a final dividend of €5 per share. Accordingly, an amount of €774 million was paid out on 5 May 2022 (2021: €464 million).

6.16.7. Share-based payment plans

Groupe M6 has established free shares plans open to directors and certain employees. The number of free shares granted to participants is approved by the Supervisory Board of Métropole Télévision SA in accordance with the authorisation given by the Annual General Meeting of Shareholders.

Plans allocated in October 2022:
- one plan involves 160 beneficiaries and covers 291,050 shares, subject to beneficiaries remaining employed by the Group at 31 March 2025 and the achievement of consolidated EBITA objectives in 2022
- another plan covers a group of 25 beneficiaries and relates to 224,700 shares subject to a continued employment requirement of at least two years. It is allotted annually on the basis of multi-year performance conditions.

The maximum number of free shares granted and remaining free shares are as follows, whereby all plans are settled by physical delivery of shares:

	Grant date	Maximum number of free shares granted[1)]	Remaining free shares
Free shares plans			
	30/7/2019	246,500	–
	20/4/2021	407,200	393,600
	20/4/2021	93,000	93,000
	10/10/2022	291,050	291,050
	10/10/2022	224,700	224,700
Total		1,262,450	1,002,350

1) The maximum number of free shares granted if the performance conditions are significantly exceeded. Such number could be reduced to nil if objectives are not met.

During the financial year, the balance of shares granted changed as follows:

	Number of shares
Balance at 31/12/2021	733,700
Change based on performance	–
Granted	515,750
Delivered	(237,000)
Forfeited	(10,100)
Balance at 31/12/2022	1,002,350

Free shares plans outstanding at the end of the year have the following terms:

	Expiry date	Number of shares 2022	Number of shares 2021
Free shares plans			
	2022	–	237,000
	2023	486,600	496,700
	2024	224,700	–
	2025	291,050	–
Total		1,002,350	733,700

The market price of Métropole Télévision shares on the Paris Stock Exchange was €15.35 at 31 December 2022 (31 December 2021: €17.16).

The fair value of performance shares granted is based on the value of the share at date of grant less the current value of future dividends estimated for the period of unavailability. For all performance share plans, the maturity corresponds to the vesting period (i.e. 2 years, 2 years and 6 months or 2 years and 8 months).

The features of plans, fair value of benefits granted and employee expenses are as follows:

					Employee expense	
Grant date	Share price €	Risk-free interest rate % a year	Expected return % a year	Fair value €	**2022 € m**	2021 € m
Free shares plans						
25/7/2018 (2 plans)	16.92	(0.10)%	5.66%	14.97	**–**	0.9
30/07/2019 (2 plans)	15.35	(0.30)%	6.97%	13.23	**0.8**	2.6
20/4/2021 (2 plans)	18.38	(0.64)%	n/a	14.34	**4.1**	2.3
10/10/2022 (2 plans)	10.34	2.07%	6.15%	8.38	**0.4**	–
Total					**5.3**	5.8

6.16.8. Non-controlling interests

RTL Group has ownership interest of 48.4 per cent (after considering treasury shares held by Groupe M6) in Métropole Télévision SA which, together with its subsidiaries and investments accounted for using the equity method, represents Groupe M6, which is listed on the Paris Stock Exchange. Deviating from the ownership interests, RTL Group holds 48.3 per cent of the voting rights. The total non-controlling interests amounts to €791 million at 31 December 2022 (2021: €766 million), of which €748 million (2021: €733 million), is for Groupe M6. Non-controlling interests in other subsidiaries are individually immaterial.

The following tables summarise the information relating to Groupe M6, before any intra-group elimination.

Summarised financial information (as published by Groupe M6):

	Groupe M6 2022 € m	2021 € m
Non-current assets	**888**	924
Current assets	**1,099**	1,162
Assets held for sale	**–**	–
Current liabilities	**(535)**	(657)
Non-current liabilities	**(214)**	(226)
Liabilities related to assets held for sale	**–**	–
Net assets	**1,238**	1,203
Revenue	**1,357**	1,390
Profit before tax	**241**	358
Income tax expense	**(75)**	(77)
Profit from continuing operations	**166**	281
Profit from discontinued operations	**–**	–
Group profit	**166**	281
Other comprehensive income	**11**	–
Total comprehensive income	**177**	281
Dividends paid to non-controlling interest	**(5)**	–
Net cash from/(used in) operating activities	**296**	456
Net cash from/(used in) investing activities	**(80)**	(67)
Net cash from/(used in) financing activities	**(190)**	(237)
Net increase/(decrease) in cash and cash equivalents	**26**	152

RTL Group's subsidiary, Métropole Télévision SA, declared and paid cash dividends during the financial year 2022. The amount received within the Group was eliminated on consolidation and the amount paid to non-controlling interests was €65 million (2021: €98 million).

Transactions on non-controlling interests without changes of control

In June 2022, RTL Group exercised its right to acquire the remaining interest in Eureka, increasing its ownership from 51 per cent to 100 per cent. The consideration paid amounted to €55 million and related to the settlement of a put option liability on the remaining share capital, which was recognised in connection with the acquisition of the majority interest in Eureka in 2021. The transaction was accounted for as an equity transaction in accordance with IFRS 10. The transaction resulted in an increase of the equity attributable to RTL Group shareholders in the amount of €17 million and a decrease of the equity attributable to non-controlling interests in the amount of €-17 million.

	€ m Change in RTL Group shareholders' equity
Carrying amount of interests acquired	17
Increase in RTL Group shareholders' equity	17
– thereof increase in retained earnings	17
– thereof increase in other comprehensive income	-

7. FINANCIAL RISK MANAGEMENT

7.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group is exposed in particular to risks from movements in foreign exchange rates as it engages in long-term purchase contracts for programme rights (output deals) denominated in foreign currency.

Risk management is carried out by the Group Treasury department under the supervision of the Chief Financial Officer under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges risks in close cooperation with the Group's operating units. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors has issued written principles for overall risk management and written policies covering specific areas, such as market risk, credit risk, liquidity risk, use of derivatives and investment of excess liquidity.

The Group seeks to minimise the potential adverse effects of changing financial markets on its performance using standard market financial derivatives, primarily unlisted (OTC) instruments such as foreign exchange forward contracts. Transactions are entered into with selected banks in line with the Bank Relationship Policy. Derivatives are not used for speculative purposes. Risks are hedged to the extent that they influence the Group's cash flows (i.e. translational risk linked to the conversion of net investments in foreign operations is not hedged).

7.1.1. Market risk

Foreign exchange risk

Euro exchange rates for significant foreign currencies
The following significant exchange rates have been applied:

		Average rates		Closing rates	
Foreign currency unit per €1		2022	2021	31 December 2022	31 December 2021
British pound	GBP	0.8527	0.8598	0.8869	0.8413
US dollar	USD	1.0534	1.1828	1.0666	1.1370
Australian dollar	AUD	1.5165	1.5748	1.5693	1.5647

Foreign exchange exposure
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of USD and GBP. Foreign exchange risk arises from recognised assets and liabilities, future commercial transactions and net investments in foreign operations.

For the Group as a whole, cash flows, net income and net worth are optimised by reference to the Euro. However, foreign exchange risks faced by individual Group companies are managed or hedged against the functional currency of the relevant entity (as these entities generally generate their revenue in local currencies). The Group therefore manages a variety of currencies due to the numerous functional currencies of the companies constituting the Group.

In addition, market practices in the television business imply a significant forward exposure to USD as programme rights are usually denominated in USD and not paid up-front. For this reason, the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commitments for future cash flows) and highly probable forecast transactions (US-$2 million as at 31 December 2022, US-$7 million as at 31 December 2021).

Management of foreign exchange exposure

RTL Group management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge their entire foreign currency exchange risk exposure with Group Treasury in accordance with the Group's Treasury policies. All foreign currency exchange exposures – including signed and forecast output deals and programme rights in foreign currency – are centralised in an intranet-based database. To manage their foreign exchange risk arising from recognised assets and liabilities and future commercial transactions, entities in the Group use forward contracts transacted with Group Treasury. Group Treasury is then responsible for hedging, usually on a one-to-one basis, the exposure against the functional currency of the respective entity.

The Group's Treasury policy is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. The Group Treasury policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 10 per cent and 80 per cent of longer term (between two and five years) cash flow forecasts. Approximately 68 per cent (2021: 75 per cent) of anticipated cash flows constitute firm commitments or highly probable forecast transactions for the purpose of hedge accounting.

In order to monitor the compliance of the management of the foreign exchange exposure (mainly USD) with the Group's policy, a monthly report is produced and analysed by RTL Group management. This report shows each subsidiary's exposure to currencies other than their functional currency, detailing the nature (e.g. trade accounts, royalties, intercompany accounts) of on-balance sheet items, and the underlying deals and maturities of off-balance sheet items, as well as the corresponding hedging ratios.

Accounting

At interception of the hedging relationships, RTL Group documents the risk management objective and strategy for undertaking the hedge. RTL Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and the hedging instrument are expected to offset each other.

RTL Group separates the spot component and the forward (or swap) point of the forward contracts. Only the spot component is considered as the hedging instrument. Forward (or swap) points are accounted for directly in profit or loss accounts.

The foreign currency cash flow hedge accounting model defined under IFRS 9 is applied by those companies that account for the majority of the Group's foreign currency exposure, when:

- Hedged foreign currency exposures relate to programme rights transactions that have not yet been recognised on the consolidated statement of financial position (such as forecast or firm purchases of programme rights for which the licence period has not yet begun)
- Amounts are sufficiently material to justify the need for hedge accounting.

When cash flow hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instrument is recognised net of deferred tax in the cash flow hedging reserve as presented in 'Consolidated statement of changes in equity'. It is released to the income statement in the periods in which the hedged item impacts the income statement. In case of hedging forecast purchases of programme rights in foreign currency the releases from cash flow hedging reserve are added to the carrying amount of the hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument is recognised directly in profit or loss. For the year ended 31 December 2022, the swap points have been recognised in the income statement for €1 million (2021: €-4 million).

For recognised foreign currency monetary assets and liabilities there is a natural offset of gains and losses in the income statement between the revaluation of the underlying derivatives and the exposure. Therefore, hedge accounting as defined under IFRS 9 is not applied.

Foreign exchange derivative contracts

The impact of forward foreign exchange contracts in the consolidated statement of financial position and in profit or loss is as follows:

	2022	2021
	€ m	€ m
Net fair value of foreign exchange derivatives	**(5)**	12
Operating foreign exchange gains/(losses)	**–**	(3)
Non-operating foreign exchange gains/(losses)	**(19)**	(10)
Gains/(losses) resulting from swap points	**1**	(4)

	2022	2021
	€ m	€ m
Less than 3 months	**(10)**	–
Less than 1 year	**5**	9
Less than 5 years	**–**	3
Net fair value of foreign exchange derivatives	**(5)**	12

The items 'Operating foreign exchange gains/(losses)' and 'Non-operating foreign exchange gains/(losses)' relate to derivatives used to offset the currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied.

The split by maturities of notional amounts of forward exchange contracts at 31 December 2022, is, for the main foreign currencies, as follows:

	2023	2024	2025	2026	≥ 2027	**Total**
	£ m	£ m	£ m	£ m	£ m	**£ m**
Buy	388	125	12	4	4	**533**
Sell	(533)	(90)	(6)	(1)	(2)	**(632)**
Total	**(145)**	**35**	**6**	**3**	**2**	**(99)**

	2023	2024	2025	2026	≥ 2027	**Total**
	$ m	$ m	$ m	$ m	$ m	**$ m**
Buy	767	151	14	7	2	**941**
Sell	(353)	(142)	(12)	(5)	(6)	**(518)**
Total	**414**	**9**	**2**	**2**	**(4)**	**423**

The split by maturities of notional amounts of forward exchange contracts at 31 December 2021 is, for the main foreign currencies, as follows:

	2022	2023	2024	2025	2026	**Total**
	£ m	£ m	£ m	£ m	£ m	**£ m**
Buy	175	75	87	1	2	**340**
Sell	(344)	(59)	(44)	(1)	(1)	**(449)**
Total	**(169)**	**16**	**43**	**–**	**1**	**(109)**

	2022	2023	2024	2025	2026	**Total**
	$ m	$ m	$ m	$ m	$ m	**$ m**
Buy	609	143	61	2	1	**816**
Sell	(560)	(126)	(106)	(1)	(3)	**(796)**
Total	**49**	**17**	**(45)**	**1**	**(2)**	**20**

Sensitivity analysis to foreign exchange rates
Management estimates that:

- If the USD had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group's profit or loss (2021: no material impact), and an additional pre-tax €22 million gain (respectively loss) (2021: €9 million gain (respectively loss)) recognised in total comprehensive income in equity
- If the GBP had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group's profit or loss (2021: no material impact), and no material impact on the pre-tax expense (respectively income) recognised in total comprehensive income in equity (2021: no material impact)
- If other currencies had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group's profit or loss (2021: no material impact) and no material impact on the pre-tax expense (respectively income) recognised in total comprehensive income in equity (2021: no material impact).

This sensitivity analysis does not include the impact of translation into € of foreign operations.

Interest rate risk

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long-term and to maximise the excess cash return.

The Group interest rate risk arises primarily from loans payable, financing agreements with Bertelsmann SE & Co. KGaA and its subsidiaries (see note 10.1) and from cash and cash equivalents.

During the third quarter of 2017, Groupe M6 secured external funding of €170 million, including a seven-year Euro private placement bond issue (seven-year Euro private placement bond) of €50 million and two bilateral committed credit facilities for a total of €120 million with a maturity of five years. The fixed interest rate on the Euro private placement bond is 1.50 per cent (all-in). The fair value of the seven-year Euro private placement bond – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €51 million (2021: €51 million).

During the third quarter of 2019, Groupe M6 entered into a seven-year-term Schuldschein loan of €75 million including a credit line of €65 million with a fixed rate of 1 per cent and a credit facility for €10 million with a floating rate of EURIBOR six months (floored at zero per cent) plus a margin of 1 per cent per year. The fair value of the seven-year-term Schuldschein of €65 million – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €65 million (2021: €65 million).

In order to maximise the excess cash return on cash balances and to minimise the gross indebtedness of the Group, cross border cash pooling has been set up for most Group entities. The interest rate strategy defined by RTL Group depends on the net cash position of each company.

Group Treasury uses various indicators to monitor interest rate risk, such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio.

If the interest rates achieved had plus or minus 100 basis points, and assuming the current amount of floating net cash available remained constant, the net interest income/(expense) at 31 December 2022, would have been changed as follows:

	31 December 2022		31 December 2021	
	Shift +1%	**Shift (1)%**	Shift +1%	Shift (1)%
	€ m	**€ m**	€ m	€ m
Cash flow risks (income statement)	**3.0**	**(3.0)**	4.7	(0.3)

7.1.2. Credit risk

RTL Group's exposure to credit risk primarily arises through sales made to customers (trade receivables), investments in money market funds classified in cash and cash equivalents, and deposits made with banks and the shareholder.

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances, which are managed by individual subsidiaries.

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2022, combined television and radio advertising revenue contributed 43 per cent of the Group's revenue (2021: 50 per cent). Due to its business model, RTL Group's exposure to credit risk is directly linked to the final client. However, the risks are considered to be low due to the size of the individual companies or agency groups.

RTL Group sells, licenses and monetises content to state-owned and commercial television channels and internet platforms. In 2022, these activities contributed 34 per cent of the Group's revenue (2021: 31 per cent). Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content providers and broadcasters and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

RTL Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

According to the Group's banking policy, derivative instruments and cash transactions (including bank deposits and investments in money market funds) are operated only with high credit quality financial institutions in order to mitigate counterparty risk (only independently rated parties with a minimum rating of 'BBB+' are accepted for bank deposits for the smallest tranches). The Group's bank relationship policy sets forth stringent criteria for the selection of banking partners and money market funds (such as applicable supervisory authorities, investment policy, maximum volatility, track record, rating, cash and cash equivalents as defined under IAS 7). To mitigate settlement risk, the Group has policies that limit the amount of credit exposure to any one financial institution on any single day. Statistics (such as the percentage of the business allocated to each bank over the year, or a summary of the highest intraday exposures by bank and maturity date) are computed and used daily to ensure credit risk is mitigated in practice at any time.

The carrying amount of financial assets represents their maximum credit exposure.

For trade receivables and contract assets, RTL Group uses a simplified approach to measure expected credit losses. According to this, the loss allowance is measured using lifetime expected credit losses. For this purpose, impairment matrices based on historic bad debt losses, maturity bands and expected credit losses have been prepared. The impairment matrices were created for business unit-specific groups of receivables, each with similar default patterns. In addition, separate risk assessments are performed. Contract assets have substantially the same risk characteristics as trade receivables for the same types of contracts, so that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

As at 31 December 2022	Current	More than 30 days past due	More than 90 days past due	**Total**
	€ m	€ m	€ m	**€ m**
Average expected loss rate	0.41%	1.52%	7.94%	
Gross carrying amount	1,218	66	63	**1,347**
Loss allowance	5	1	5	**11**

As at 31 December 2021	Current	More than 30 days past due	More than 90 days past due	**Total**
	€ m	€ m	€ m	**€ m**
Average expected loss rate	0.51%	2.27%	9.80%	
Gross carrying amount	1,171	44	51	**1,266**
Loss allowance	6	1	5	**12**

At 31 December 2022, the gross carrying amount of credit impaired trade receivables and contract assets amounts to €39 million with €34 million loss allowance (2021: €35 million and €31 million, respectively).

The other accounts receivables are considered to be of low default risk.

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann. Nevertheless, credit risk arising from transactions with the principal shareholder or its subsidiaries is significantly mitigated (see note 10.1). RTL Group considers that there is a low concentration of credit risk for other counterparties.

7.1.3. Price risk

The Group is subject to price risk mainly linked to equity securities, earn-out mechanisms, put options on non-controlling interests and derivatives, and investments accounted for using the equity method. The primary goal of the Group's investment in equity securities categorised as FVOCI is to hold such investments for the long term for strategic purposes. Some investments designated at FVTPL are actively monitored on a fair value basis.

7.1.4. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, management aims to maintain flexibility in funding by keeping committed credit lines available despite the total cash situation. Cash flow forecasting is performed in the operating entities of the Group. Group Treasury monitors rolling forecasts on the Group's liquidity requirements to ensure it has sufficient headroom to meet operational needs. Management monitors, on a monthly basis, the level of the 'liquidity headroom' (total committed facilities minus current utilisation through bank loans and guarantees).

	Under 1 year	1 to 5 years	Over 5 years	**2022**
	€ m	€ m	€ m	**€ m**
Credit facilities – banks				
Committed facilities	–	247	–	**247**
Headroom	–	122	–	**122**

	Under 1 year	1 to 5 years	Over 5 years	**2021**
	€ m	€ m	€ m	**€ m**
Credit facilities – banks				
Committed facilities	–	230	75	**305**
Headroom	–	180	–	**180**

Surplus cash held by the operating entities over and above balances required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest-bearing current accounts, time deposits, money market funds or deposits with Bertelsmann SE & Co. KGaA (see note 10.1) choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the closing date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Under 1 year €m	1 to 5 years €m	Over 5 years €m	**Total €m**
Non-derivative financial liabilities				
Loans and bank overdrafts	547	134	4	**685**
Lease liabilities	91	220	97	**408**
Accounts payable and other non-derivative financial liabilities	1,796	139	91	**2,026**
At 31 December 2022	**2,434**	**493**	**192**	**3,119**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	(1,027)	(181)	(2)	**(1,210)**
– Inflow	984	167	2	**1,153**
At 31 December 2022	**(43)**	**(14)**	**–**	**(57)**

	Under 1 year €m	1 to 5 years €m	Over 5 years €m	**Total €m**
Non-derivative financial liabilities				
Loans and bank overdrafts	49	556	79	**684**
Lease liabilities	65	192	102	**359**
Accounts payable and other non-derivative financial liabilities	2,286	81	–	**2,367**
At 31 December 2021	**2,400**	**829**	**181**	**3,410**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	(791)	(221)	–	**(1,012)**
– Inflow	779	215	–	**994**
At 31 December 2021	**(12)**	**(6)**	**–**	**(18)**

7.2. Capital management

The Group monitors capital on the basis of its net debt to EBITDA ratio (non-IFRS measure).

The Group's ability and intention to pay dividends in the future will depend on its financial condition, results of operations, capital requirements, investment alternatives and other factors that management may deem relevant. Management expects that the principal source of funds for the payment of dividends will be the cash flow and dividends received from its current and future subsidiaries.

The Group intends to pay ordinary dividends in the future targeting a dividend pay out ratio of at least 80 per cent of the adjusted net profit attributable to RTL Group shareholders.

The adjusted net profit (non-IFRS measure) is the reported net result available to RTL Group shareholders, adjusted for any material non-cash impacts such as goodwill impairments.

7.3. Accounting classifications and fair value hierarchy

7.3.1. Financial instruments by category

The fair value of each class of financial assets and liabilities is equivalent to its carrying amount.

	Financial assets at FVTPL €m	Equity instruments at FVOCI €m	Derivatives at FVTPL €m	Financial assets at amortised cost €m	**Total €m**
Assets					
Loans and other financial assets	9	29	14	59	**111**
Accounts receivable and other financial assets	127	–	38	2,015	**2,180**
Cash and cash equivalents	170	–	–	419	**589**
At 31 December 2022	**306**	**29**	**52**	**2,493**	**2,880**

	Liabilities at FVTPL €m	Derivatives at FVTPL €m	Financial liabilities at amortised cost €m	**Total €m**
Liabilities				
Loans and bank overdrafts	–	–	685	**685**
Lease liabilities	–	–	385	**385**
Accounts payable and other financial liabilities	22	57	1,981	**2,060**
At 31 December 2022	**22**	**57**	**3,051**	**3,130**

	Financial assets at FVTPL €m	Equity instruments at FVOCI €m	Derivatives at FVTPL €m	Financial assets at amortised cost €m	**Total €m**
Assets					
Loans and other financial assets	17	37	8	55	**117**
Accounts receivable and other financial assets	274	–	21	2,984	**3,279**
Cash and cash equivalents	–	–	–	547	**547**
At 31 December 2021	**291**	**37**	**29**	**3,586**	**3,943**

	Liabilities at FVTPL €m	Derivatives at FVTPL €m	Financial liabilities at amortised cost €m	**Total €m**
Liabilities				
Loans and bank overdrafts	–	–	684	**684**
Lease liabilities	–	–	332	**332**
Accounts payable and other financial liabilities	4	17	2,362	**2,383**
At 31 December 2021	**4**	**17**	**3,378**	**3,399**

7.3.2. Fair value hierarchy

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities)
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). Listed financial instruments with contractual trading restrictions (lock-ups) are also measured on the basis of unobservable factors.

The following table presents the Group's financial assets and liabilities measured at fair value.

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity instruments at FVOCI	**29**	–	–	29
Equity instruments at FVTPL	**133**	123	–	10
Debt instruments at FVTPL	**3**	–	–	3
Primary and derivative financial assets held for trading	**39**	–	39	–
Derivatives with hedge relation	**13**	–	13	–
Other cash equivalents	**170**	–	170	–
At 31 December 2022	**387**	**123**	**222**	**42**
Liabilities				
Primary and derivative financial liabilities held for trading	**48**	–	48	–
Derivatives with hedge relation	**9**	–	9	–
Contingent consideration	**22**	–	–	22
Liabilities in relation to put options on non-controlling interests	**–**	–	–	–
At 31 December 2022	**79**	**–**	**57**	**22**

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity instruments at FVOCI	**37**	5	–	32
Equity instruments at FVTPL	**280**	190	–	90
Debt instruments at FVTPL	**11**	–	–	11
Primary and derivative financial assets held for trading	**19**	–	19	–
Derivatives with hedge relation	**10**	–	10	–
Other cash equivalents	**–**	–	–	–
At 31 December 2021	**357**	**195**	**29**	**133**
Liabilities				
Primary and derivative financial liabilities held for trading	**14**	–	14	–
Derivatives with hedge relation	**3**	–	3	–
Contingent consideration	**4**	–	–	4
Liabilities in relation to put options on non-controlling interests	**–**	–	–	–
At 31 December 2021	**21**	**–**	**17**	**4**

The amount disclosed in 'Equity instruments at FVTPL' mainly (€123 million; 2021: €190 million) relates to the Magnite shares RTL Group received as part of the non-cash consideration from the sale of SpotX in 2021. The effect from re-measurement of these shares amounted to €-67 million and is disclosed in 'Fair value measurement of investments'.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The quoted market price used for financial assets by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Listed financial instruments with contractual trading restrictions (lock-ups) are also measured on the basis of unobservable factors and included in Level 3.

The Group's Treasury and Controlling teams perform the recurring and non-recurring valuations of items to be valued at fair value for financial purposes, including Level 3 fair values. These teams report directly to the Chief Financial Officer, who reports to the Audit Committee at least once every quarter, in line with the Group's quarterly reporting dates. The main Level 3 related inputs used by RTL Group relate to the determination of the expected discounted cash flows and the discount rates used in the different valuations.

Specific valuation techniques used to value financial instruments include:

- For measuring the fair value of unlisted derivatives, RTL Group uses various financial methods reflecting the prevailing market conditions and risks at the respective balance sheet dates. Irrespective of the type of financial instrument, future cash flows are discounted at the end of the reporting period based on the respective market interest rates and yield curves at the end of the reporting period. The fair value of forward exchange transactions is calculated using middle spot prices at the end of the reporting period and taking into account forward markdowns and markups for the remaining term of the transactions. (Level 2)
- For instruments classified under Level 3, other techniques, such as discounted cash flow analysis or option pricing models are used. These are based for the main instruments on significant unobservable inputs (for example forecast revenue growth rates and market multiples) to determine fair value for the remaining financial instruments. Volatility is primarily determined by reference to comparable, publicly traded peers.

Transfers between levels of the fair value hierarchy are recognised at the date of the event or change in circumstances that caused the transfer.

The following table presents the change in Level 3 instruments:

	Assets			Liabilities
	Financial assets at FVTPL	Equity instruments at FVOCI	**Total assets**	Liabilities at FVTPL
	€ m	€ m	**€ m**	€ m
Balance at 1 January 2022	**101**	**32**	**133**	**4**
Acquisitions and additions	4	4	**8**	22
Gains and losses recognised in other comprehensive income	–	(6)	**(6)**	–
Gains and losses recognised in profit or loss	–	–	**–**	(1)
Settlements	(92)	(1)	**(93)**	(3)
Transfers out of Level 3	–	–	**–**	–
Other changes	–	–	**–**	–
Balance at 31 December 2022	**13**	**29**	**42**	**22**

The amount disclosed in 'Acquisitions and additions' in the liabilities column relates to liabilities resulting from contingent consideration arrangements on acquisitions conducted by Fremantle. The respective expected cash inflows are estimated based on the relevant terms of the sale and purchase agreements and RTL Group's knowledge of the business of acquired entities and how the current economic environment is likely to impact it. In the financial year 2022, the amount disclosed in 'Settlements' relates to the sale of the investment in VideoAmp – a US software and data company for media measurement – in January 2022. There were no transfers in or out of Level 3 during 2022.

	Assets			Liabilities
	Financial assets at FVTPL	Equity instruments at FVOCI	**Total assets**	Liabilities at FVTPL
	€ m	€ m	**€ m**	€ m
Balance at 1 January 2021	**18**	**31**	**49**	**5**
Acquisitions and additions	404	–	**404**	1
Gains and losses recognised in other comprehensive income	(3)	1	**(2)**	–
Gains and losses recognised in profit or loss	11	–	**11**	–
Settlements	(13)	–	**(13)**	(2)
Transfers out of Level 3	(316)	–	**(316)**	–
Other changes	–	–	**–**	–
Balance at 31 December 2021	**101**	**32**	**133**	**4**

In 2021, the amount disclosed in 'Acquisitions and additions' mainly related to the Magnite shares RTL Group received as a part of the non-cash consideration from the sale of SpotX (€381 million). Due to the contractual lockup the Magnite shares were assigned to Level 3. After the expiry of the lock-up period, the listed Magnite shares were assigned to Level 1. The effect from re-measurement of these shares until the transfer out of Level 3 amounted to €-61 million and was disclosed in 'Gains and losses recognised in profit or loss'. A further effect of €66 million recognised in profit or loss related to the valuation of investment in VideoAmp. The effect in 'Settlements' related to the partial repayment of the convertible note obtained from BBTV Holdings Inc. There were no additional transfers in or out of Level 3 during 2021.

7.4. Master netting agreement

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not currently have any legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a bank loan default or other credit event.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements. The column 'net amount' shows the impact on the consolidated statement of financial position if all set-off rights were exercised.

	At 31 December 2022			At 31 December 2021		
	Gross amounts in the statement of financial position	**Related financial instruments that are not offset**	**Net amount**	Gross amounts in the statement of financial position	Related financial instruments that are not offset	Net amount
	€ m	**€ m**	**€ m**	€ m	€ m	€ m
Financial assets						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	**52**	**(43)**	**9**	29	(16)	13
	52	**(43)**	**9**	**29**	**(16)**	**13**
Financial liabilities						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	**(57)**	**43**	**(14)**	(17)	16	(1)
	(57)	**43**	**(14)**	(17)	16	(1)

8. COMMITMENTS AND CONTINGENCIES

	2022	2021
	€ m	€ m
Guarantees and endorsements given	**27**	49
Contracts for purchasing rights, (co-)productions and programmes	**1,704**	1,378
Satellite transponders	**20**	28
Leases signed but not yet commenced	**–**	23
Purchase obligations in respect of transmission and distribution	**153**	166
Other long-term contracts and commitments	**236**	145

The Group has investments in unlimited liability entities. In the event that these entities make losses, the Group may have to participate to the entire amount of losses, even if these entities are not wholly owned.

Some Dutch companies have elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code. In order to fulfil the conditions, set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year 2022. A full list of the concerned companies is provided in note 12.

In the course of their activities, several Group companies benefit from licence frequency agreements, which commit the Group in various ways depending upon the legal regulation in force in the countries concerned.

8.1. Purchase obligations in respect of transmission and distribution

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the signals of the Group's TV channels and radio stations.

8.2. Other long-term contracts and commitments

Long-term contracts include contracts for services, agreements to purchase assets or goods, and commitments to acquire licences other than audio-visual rights and television programming that are enforceable and legally binding and that specify all significant terms.

9. CASH FLOW STATEMENT

The consolidated cash flow statement has been prepared in accordance with IAS 7 and is used to evaluate the Group's ability to generate cash and cash equivalents. Cash flows are divided into those relating to operating activities, investing activities and financing activities. Cash flows from operating activities are presented using the indirect method, whereby profit before tax is adjusted for the effects of a non-cash nature, any deferrals or accruals of past or future operating receipts or payments, and items of income or expenses associated with investing cash flows. In addition, cash flows arising from income taxes are classified as cash flows from operating activities as well as other cash flows that are neither investing nor financing.

The change in provisions for pensions and similar obligations represents the balance of personnel costs for pensions and similar obligations and company payments for these obligations (see note 6.15). Contributions to pension plans totalling €-1 million (2021: €-2 million) were also included in this item. 'Financial results including net interest expense and share of results of investments accounted for using the equity method' of the cash flow from operating activities includes the adjustments of results from investments accounted for using the equity method, taking into account dividends received from these investments, and adjustments in connection with non-cash income and expenses.

The consolidated cash flow statement includes the effects of changes in foreign currencies and changes in the scope of consolidation. Items in the consolidated cash flow statement thus cannot be reconciled with changes in items reported in the statement of financial position. Investing activities include payments for investments in non-current assets and purchase price payments for acquisitions as well as proceeds from the disposal of non-current assets and investments. Further explanations concerning acquisitions made during the financial year are presented in note 4.2. Disposals made during the financial year are also presented separately in note 4.3. Financial debt of €-46 million (2021: €-12 million) was assumed during the reporting period, of which €3 million was repaid at the closing date. Its repayment is presented in 'Acquisitions of: Subsidiaries, net of cash acquired'. In 2022, no financial debt was disposed of. In the previous year, losing control of subsidiaries or other businesses resulted in the disposal of financial debt of an immaterial amount. 'Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets' mainly relates to disposal of the entire investment in VideoAmp for US-$104 million (€92 million) in cash in January 2022. The transaction was carried out as a share buyback by VideoAmp.

'Cash flow from financing activities' includes changes in equity, financial debt, lease liabilities and dividend distributions affecting cash, as well as interest paid (including interest paid due to leases). Total cash outflows from leases amounted to €-86 million (2021: €-69 million).

The following tables show the cash changes and non-cash changes of liabilities arising from financing activities:

			Non-cash changes				
	1 January 2022	**Cash changes**	Acquisitions through business combinations	Disposals through business combinations	Exchange rate effects	Other changes	31 December 2022
	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Bank overdrafts	–	1	–	–	–	–	1
Bank loans payable	153	(32)	36	–	–	–	157
Loans due to investments accounted for using the equity method	1	–	–	–	–	–	1
Term loan facility due to shareholder	500	–	–	–	–	–	500
Other loans payable	17	(12)	7	–	–	1	13
Lease liabilities	332	(81)	13	(1)	–	122	385
Liabilities arising from financing activities	1,003	(124)	56	(1)	–	123	1,057

	1 January 2021	**Cash changes**	**Non-cash changes** Acquisitions through business combinations	Disposals through business combinations	Exchange rate effects	Other changes	31 December 2021
	€ m	€ m	€ m	€ m	€ m	€ m	€ m
Bank overdrafts	1	–	–	–	–	(1)	–
Bank loans payable	184	(31)	–	–	–	–	153
Loans due to investments accounted for using the equity method	58	(29)	–	–	–	(28)	1
Term loan facility due to shareholder	500	–	–	–	–	–	500
Other loans payable	10	3	–	–	–	4	17
Lease liabilities	384	(63)	13	(4)	3	(1)	332
Liabilities arising from financing activities	1,137	(120)	13	(4)	3	(26)	1,003

As at 31 December 2022, the other non-cash changes in lease liabilities mainly related to lease contracts newly concluded and extended lease contracts in the financial year 2022.

As at 31 December 2021, the other non-cash changes in loans due to investments accounted for using the equity method related to the conversion of the loan partly paid in 2021 into a cash pooling arrangement after Super RTL became a subsidiary of RTL Group.

10. RELATED PARTIES

Identity of related parties

At 31 December 2022, the principal shareholder of RTL Group is Bertelsmann Capital Holding GmbH (BCH) (76.28 per cent). The remainder of the Group's shares are publicly listed on the Frankfurt and Luxembourg Stock Exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

10.1. Transactions with shareholders and subsidiaries

Sales and purchases of goods and services

During the year the Group made sales of goods and services to and purchases of goods and services from Bertelsmann Group amounting to €34 million (2021: €112 million) and €62 million (2021: €67 million) respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €14 million (2021: €13 million) and €18 million (2021: €37 million) respectively.

Dividend income

In 2022 RTL Group received a dividend of €1 million (2021: €nil) by Bertelsmann Business Support Sàrl related to a 10 per cent stake in the entity. A 25-year shareholders' agreement has been concluded between Bertelsmann SE & Co. KGaA and RTL Group SA. The shareholders agreement stipulates that 50 per cent of the aggregate amount of corporate and trade tax that, in the absence of existing tax losses carried forward of Bertelsmann Business Support Sàrl, if any, would have otherwise been incurred by the Company, will be paid to RTL Group SA as a preferred dividend with a minimum amount of €1 million per year. The minimum dividend of €1 million became payable as from 2016 onwards and has been recognised at contract inception for the entire contract duration. Only excessive amounts are recognised in profit or loss. The dividend accounts receivable amounts to €14 million as at 31 December 2022 (2021: €15 million).

Lease agreement

As at 1 January 2022, RTL Group has entered into a sub-lease agreement with RM Hamburg Holding GmbH, a subsidiary of Bertelsmann SE & Co. KGaA, for premises in Hamburg, Germany. The lease contract expires on 31 January 2025. The lease payments in the financial year 2022 amount to €12 million. The payables from this lease agreement as at 31 December 2022 amount to €26 million. The lease payments of RTL Group correspond to the payments of Bertelsmann from the head lease.

Deposits Bertelsmann SE & Co. KGaA

In 2006, RTL Group SA entered into a Deposit Agreement with Bertelsmann SE & Co. KGaA, the main terms of which are the following at 31 December 2022:

- Interest rates are based on ESTR (floored to zero) plus 10 basis points
- Bertelsmann SE & Co. KGaA grants to RTL Group as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:
    - All shares of its wholly owned French subsidiary, Média Communication SAS
    - All shares of its wholly owned Spanish subsidiary, Media Finance Holding SL (Arvato excluded)
    - All shares of its wholly owned German subsidiary, RM Hamburg Holding GmbH
    - All shares of its wholly owned English subsidiary, Bertelsmann UK Ltd (Arvato excluded).

The shares of RM Hamburg Holding GmbH and shares of Bertelsmann UK Ltd have also been granted as pledge by Bertelsmann SE & Co. KGaA to CLT-UFA SA, a subsidiary of RTL Group, in connection with the accounts receivable related to PLP and Compensation Agreements as defined below.

On 22 December 2011, RTL Group GmbH (formerly RTL Group Deutschland GmbH), a Group company, and Bertelsmann SE & Co. KGaA entered into an agreement related to the deposit of surplus cash by RTL Group GmbH with the shareholder. To secure the deposit, Bertelsmann pledged to RTL Group GmbH its shares of RM Hamburg Holding GmbH.

On 26 March 2021, an amendment to the pledge agreement was signed between RTL Group SA, RTL Group GmbH, CLT-UFA SA, Bertelsmann SE & Co. KGaA, Reinhard Mohn GmbH and Bertelsmann Business Support Sàrl that precises the valuation methodology of the pledged shares and grants to RTL Group an additional pledge on all current repayment claims of Bertelsmann Business Support Sàrl against RTL Group GmbH under the Term Loan Facility of €500 million.

At 31 December 2022, the deposit of RTL Group GmbH with Bertelsmann SE & Co. KGaA amounted to €197 million (2021: €458 million). The interest income for the period is €1 million (2021: €nil million).

On 30 April 2021, Bertelsmann, Inc. signed a promissory note for a total amount of US-$705 million. On 1 September, an amended version was signed including a remuneration of five basis points on the outstanding amount.

At 31 December 2022, the outstanding amount was EUR-equivalent €79 million (2021: €336 million). The interest income/expense for the year was €nil million (2021: €nil million).

Loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support S.à.r.l.

On 7 March 2013, RTL Group GmbH and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €500 million and a revolving and swing line facility in the amount of up to €1 billion. The revolving loan terminated in February 2018. RTL Group has re-negotiated an extension for another five-year period. The main terms of these facilities are:

- Term loan facility of €500 million until 7 March 2023 bearing a fixed interest rate of 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million was transferred from Bertelsmann SE & Co. KGaA to Bertelsmann Business Support Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2022, the term loan balance amounts to €500 million (2021: €500 million). The fair value of the 10-year-term facility – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €513 million (2021: €538 million). This loan was set-off at the beginning of March 2023 by two new term loan facilities in the amount of €200 million and €300 million respectively (see note 11).
- The interest rates for loans under the revolving and swingline facility are EURIBOR (floored at zero per cent) plus a margin of 0.40 per cent per annum, and ESTR (floored at zero per cent) plus a margin of 0.40 per cent per year, respectively. A commitment fee of 30 per cent of the applicable margin is payable on the undrawn amount of the total credit facility. At 31 December 2022, the total of revolving and swingline loan amounts to €nil million (2021: €nil million). The Revolving Credit Facility was renewed at its anniversary with the new market conditions (see note 11).

The interest expense for the period amounts to €14 million (2021: €14 million). The commitment fee charge for the period amounts to €1.2 million (2021: €1.2 million).

Tax

On 26 June 2008, the Board of Directors of RTL Group agreed to proceed with the tax pooling of its indirect subsidiary RTL Group GmbH (RGG) into BCH, a direct subsidiary of Bertelsmann SE & Co. KGaA.

To that effect, RGG entered into a Profit and Loss Pooling Agreement (PLP Agreement) with BCH for a six-year period starting 1 January 2008. Simultaneously, Bertelsmann SE & Co. KGaA entered into a Compensation Agreement with CLT-UFA, a direct subsidiary of RTL Group, providing for the payment to CLT-UFA of an amount compensating the above profit transfer and an additional commission ('Commission') amounting to 50 per cent of the tax saving based upon the taxable profit of RGG.

Through these agreements, as from 1 January 2008, Bertelsmann SE & Co. KGaA and the RGG sub-group of RTL Group are treated as a single entity for German income tax purposes.

As the PLP Agreement does not give any authority to BCH to instruct or control RGG, it affects neither RTL Group nor RGG's ability to manage their business, including their responsibility to optimise their tax structures as they deem fit. After six years, both PLP and Compensation Agreements are renewable on a yearly basis. RGG and CLT-UFA have the right to request the early termination of the PLP and Compensation Agreements under certain conditions.

On 15 May 2013, the Board of Directors of RTL Group agreed to the amendment of the Compensation Agreement in light of the consumption of the trade tax and corporate tax losses at the level of Bertelsmann SE & Co. KGaA and of the expected level of indebtedness of RTL Group in the future.

The PLP Agreement was slightly amended in 2014 on the basis of a recent change to German corporate tax law and in 2022 following the acquisition of Gruner + Jahr Deutschland GmbH, Deutsche Medien Manufaktur GmbH & Co KG and 11 Freunde Verlag GmbH & Co KG.

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the RGG sub-group based on the amounts payable to Bertelsmann SE & Co. KGaA and BCH as a result of the PLP and Compensation Agreements described above. Deferred income taxes continue to be recognised, based upon the enacted tax rate, in the consolidated financial statements based on the amounts expected to be settled by the Group in the future. The Commission, being economically and contractually closely related to the Compensation, is accounted for as a reduction of the tax due under the Agreements.

At 31 December 2022, the balance payable to BCH amounts to €322 million (2021: €731 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €306 million (2021: €648 million).

For the year ended 31 December 2022, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €32 million (2021: €130 million). The Commission amounts to €16 million (2021: €46 million).

As from 1 July 2019, RGG entered into the VAT tax group with Bertelsmann SE & Co. KGaA. Bertelsmann SE & Co. KGaA and the RGG sub-group are treated as a single entity for German VAT purposes.

The UK Group relief of Fremantle Group to Bertelsmann Group resulted in a tax income of €6 million (2021: €4 million).

All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Riverty Denmark A/S – a 100 per cent held subsidiary of Bertelsmann SE & Co. KGaA – was elected as the management company of the Bertelsmann Denmark Group.

All Spanish entities with a direct or indirect shareholding of at least 75 per cent by an ultimate parent are subject to Spanish tax consolidation which is mandatory under Spanish tax law. Bertelsmann SE & Co. KGaA appointed Bertelsmann España, S.L. as Spanish representative of the consolidated tax group in Spain.

Transactions under common control

In January 2022, RTL Deutschland acquired 100 per cent of the share capital of **Gruner + Jahr Deutschland GmbH**. The acquisition was preceded by the decision of RTL Group in August 2021 to acquire Gruner + Jahr's German publishing assets and brands from Bertelsmann to create a German cross-media champion across TV, streaming, print, radio and digital. As part of the Gruner + Jahr acquisition, 50 per cent of the capital of Deutsche Medien Manufaktur (DMM) was transferred downstream to RTL Deutschland in April 2022. For further details see note 4.2.

10.2. Transactions with investments accounted for using the equity method

The following transactions occurred with investments accounted for using the equity method:

	2022 **€ m**	2021 € m
Sales of goods and services to:		
Associates	**33**	50
Joint ventures	**31**	49
	64	99
Purchase of goods and services from:		
Associates	**26**	34
Joint ventures	**10**	13
	36	47
Trade accounts receivable from:		
Associates	**10**	11
Joint ventures	**8**	13
	18	24
Trade accounts payable to:		
Associates	**8**	8
Joint ventures	**–**	–
	8	8
Off-balance sheet commitments against:		
Associates	**9**	10
Joint ventures	**–**	–
	9	10
Off-balance sheet commitments from:		
Associates	**–**	–
Joint ventures	**4**	14
	4	14

In addition to the capital contributions in Salto during the reporting period (see note 6.5.1), RTL Group made further capital contributions to joint ventures amounting to €2 million and to its investments in associates amounting to €4 million.

10.3. Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to key management personnel and contributes to a post-employment defined benefit plan on its behalf.

The key management personnel compensation is as follows and includes benefits for the period for which the individuals held the Executive Committee position:

	2022	2021
	€ m	€ m
Short-term benefits	**6.3**	6.9
Post-employment benefits	**–**	–
Long-term benefits	**1.5**	1.7
	7.8	8.6

Further details on the remuneration of key management personnel can be found in the remuneration report.

10.4. Directors' fees

In 2022, a total of €1.3 million (2021: €1.4 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group SA and the committees that emanate from it, with respect to their functions within RTL Group SA and other Group companies.

11. SUBSEQUENT EVENTS

In January 2023, Global Savings Group (GSG), an at equity investment held by Groupe M6, completed the acquisition of pepper.com. This transaction resulted in a dilution of Groupe M6's investment in GSG from 41.49 per cent at 31 December 2022 to 31.16 per cent. The preliminary impact on profit or loss in 2023 is currently under estimation and will be recognised under 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree' of the consolidated income statement for the year 2023.

In February 2023, RTL Deutschland announced a reorganisation of its publishing business to focus on its core brands *Stern, Geo, Capital, Stern Crime, Brigitte, Gala, Schöner Wohnen, Häuser, Couch, Eltern, Chefkoch, Geolino* and *Geolino Mini*. Other brands will be sold or discontinued. During the reorganisation, costs will be reduced in all areas – especially in corporate functions, corporate IT, office space, publishing and editorial teams. Around 500 jobs will be reduced in Hamburg, while an additional 200 jobs will be transferred to new owners through the planned sale of titles. RTL Deutschland will invest €80 million in its publishing business by 2025, thereof €30 million in the expansion of the paid offer Stern+ with complementary content from *Stern, Geo, Capital* and *Stern Crime*. The potential synergies of the transaction (Adjusted EBITA run-rate impact) are estimated at around €75 million per year, to be fully realised by 2025. At the time the consolidated financial statements were authorised for issue, the management has prepared its negotiations with relevant stakeholders – mainly employee representatives – and expects the costs associated with the reorganisation to be in the high double-digit millions.

In February 2023, RTL Group GmbH and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a revolving and swing line facility in the amount of up to €600 million. The main terms of this facility are:

- The interest rates for loans under the revolving and swingline facility are EURIBOR (floored at zero per cent) plus a margin of 0.40 per cent per annum, and ESTR (floored at zero per cent) plus a margin of 0.40 per cent per year, respectively. Additional utilisation fees of 0.075/0.15/0.30 per cent per year are computed for the utilisation of each subsequent tranche of €200 million, with an upfront fee of 0.25 per cent and a commitment fee of 14 basis points calculated and payable on the undrawn amount of the total credit facility.

In March 2023, RTL Group GmbH and Bertelsmann Business Support Sàrl entered into a shareholder loan agreement pursuant to which Bertelsmann makes available two term loan facilities in the amount of €500 million The main terms of these facilities are:

- Term loan facility of €200 million until 9 March 2026 bearing a fixed interest rate of 3.60 per cent per annum
- Term loan facility of €300 million until 7 March 2028 bearing a fixed interest rate of 3.57 per cent per annum
- RTL Group GmbH has the right to early repay the loans subject to break costs.

In March 2023, an amendment to the pledge agreement was signed between RTL Group SA, RTL Group GmbH, CLT-UFA SA, Bertelsmann SE & Co KGaA, Reinhard Mohn GmbH and Bertelsmann Business Support Sàrl granting RTL Group the pledge on all current repayment claims of Bertelsmann Business Support Sàrl against RTL Group GmbH under the new Term Loan Facilities of €500 million.

12. GROUP UNDERTAKINGS

The following table presents the RTL Group undertakings as at 31 December 2022 sorted by country. RTL Group SA is the parent company and incorporated in Luxembourg.

	Group's ownership[1] (in per cent)	Consolidation method[2]
Antigua and Barbuda		
Grundy International Operations Ltd	100.0	FC
Argentina		
Fremantle Productions Argentina S.A.	99.7	FC
Australia		
Eureka Productions Pty Ltd	99.7	FC
FremantleMedia Australia Holdings Pty Ltd	99.7	FC
FremantleMedia Australia Pty Ltd	99.7	FC
Grundy Organization Pty Ltd	99.7	FC
Helium Five Pty Ltd	99.7	FC
Helium Four Pty Ltd	99.7	FC
Helium One Pty Ltd	99.7	FC
Helium Seven Pty Ltd	99.7	FC
Helium Six Pty Ltd	99.7	FC
Helium Three Pty Ltd	99.7	FC
Helium Two Pty Ltd	99.7	FC
Huzzah Productions Pty Ltd	99.7	FC
Regal Chandos Pty Ltd	99.7	FC
Royal Atchison Pty Ltd	99.7	FC
Austria		
Eat the World GmbH	99.7	FC
G+J Holding GmbH	99.7	FC
IP Österreich GmbH	49.9	FC
RTL Austria GmbH	99.7	FC
Belgium		
Freecaster BVBA	99.7	FC
FremantleMedia Belgium NV	99.7	FC
Brazil		
FremantleMedia Brazil Producao de Televisao Ltda.	99.7	FC
Canada		
FremantleMedia Canada No 2 Inc.	99.7	FC
China		
Fremantle (Shanghai) Culture Media Co. Ltd.	99.7	FC
Fremantle Productions Asia Ltd.	100.0	FC
Denmark		

Blu A/S	99.7	FC
Miso Film ApS	99.7	FC
Miso Holdings ApS	99.7	FC
Strong Productions A/S	99.7	FC
Finland		
Fremantlemedia Finland Oy	99.7	FC
Grillifilms Oy	79.8	FC
Moskito Television Oy	99.7	FC
Nice Entertainment Group Oy	99.7	FC
France		
123 Productions SAS	99.7	FC
Academee SAS	24.2	EM (JV)
BCE France SAS	99.7	FC
Bedrock SAS	74.0	FC
C. Productions SA	48.4	FC
Canal Star SARL	48.4	FC
CTZAR SAS	24.7	FC
CTZAR STUDIO SAS	24.7	FC
EDI TV SAS	48.4	FC
Extension TV SAS	24.2	EM (JV)
FM Graffiti SARL	48.4	FC
Freecaster France SAS	99.7	FC
FremantleMedia France SAS	99.7	FC
GM6 SAS	48.4	FC
Immobiliere 46D SAS	48.4	FC
Immobiliere M6 SAS	48.4	FC
Jeunesse TV SAS	48.4	FC
Kwai SAS	99.7	FC
M6 Communication SAS	48.4	FC
M6 Creations SAS	48.4	FC
M6 Developpement SAS	48.4	FC
M6 Diffusion SA	48.4	FC
M6 Digital Services SAS	48.4	FC
M6 Distribution Digital SAS	48.4	FC
M6 Editions SA	48.4	FC
M6 Evenements SA	48.4	FC
M6 Films SA	48.4	FC
M6 Foot SAS	48.4	FC
M6 Generation SAS	48.4	FC
M6 Interactions SAS	48.4	FC
M6 Invest 2 SAS	48.4	FC
M6 Plateforme SA	48.4	FC
M6 Publicite SAS	48.4	FC
M6 Shop SAS	48.4	FC
M6 Studio SAS	48.4	FC
M6 Thematique SAS	48.4	FC
Malesherbes SAS	48.4	FC
Media Strategie SARL	48.4	FC
Metropole Television SA	48.4	FC
Miliboo SA	10.4	EM (A)
Panora Services SAS	24.2	EM (JV)
Paris Premiere SAS	48.4	FC
Quicksign SAS	11.6	EM (A)
Radio Golfe SARL	48.4	FC
Radio Porte Sud SARL	48.4	FC
Realytics SAS	99.7	FC

RTL AdConnect SA	99.7	FC	
RTL France Holding SAS	99.7	FC	
RTL France Radio SAS	48.4	FC	
Salto Gestion SAS	16.1	EM (JV)	
Salto SNC	16.1	EM (JV)	
SCI du 107	48.4	FC	
SEDI TV SAS	48.4	FC	
SNDA SAS	48.4	FC	
Societe Communication A2B SARL	48.4	FC	
Societe de Developpement de Radio Diffusion SA	48.4	FC	
Societe d'Exploitation Radio Chic SA	48.4	FC	
Societe Nouvelle de Distribution SA	48.4	FC	
Societe Privee de Radiodiffusion Gibus Bourgogne SARL	48.4	FC	
Stephane Plaza France SAS	24.7	FC	
Studio 89 Productions SAS	48.4	FC	
we are era SAS	99.7	FC	
Wild Buzz Agency SAS	23.7	EM (A)	
Germany			
11 Freunde Verlag GmbH & Co KG	50.9	FC	
99 pro media GmbH	99.7	FC	
Ad Alliance GmbH	99.7	FC	
Antenne Niedersachsen GmbH & Co. KG	55.8	FC	
AVE Gesellschaft für Hörfunkbeteiligungen mbH	99.7	FC	
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG	99.7	FC	
BCS Broadcast Sachsen GmbH & Co. KG	47.5	EM (A)	
Blueberry Food Studios GmbH	99.7	FC	
Checkout Charlie GmbH	99.7	FC	
Chefkoch GmbH	99.7	FC	
CLT-UFA Germany GmbH	99.7	FC	
Deutsche Medien-Manufaktur GmbH & Co. KG	49.9	FC	
d-force GmbH	49.9	EM (JV)	
Digital Media Hub GmbH	99.7	FC	
DMV DER MEDIENVERTRIEB GmbH & Co. KG	48.9	EM (A)	
DPV Deutscher Pressevertrieb GmbH	99.7	FC	
Eat the World GmbH	99.7	FC	
FremantleMedia International Germany GmbH	99.7	FC	
Funkhaus Halle GmbH & Co. KG	61.2	FC	
G+J Electronic Media Sales GmbH	99.7	FC	
G+J LIVING Digital GmbH	99.7	FC	
G+J Medien GmbH	99.7	FC	
Global Savings Group GmbH	20.1	EM (A)	
Gruner + Jahr Deutschland GmbH	99.7	FC	
Henri-Nannen-Schule Gruner+Jahr/DIE ZEIT GmbH	94.7	FC	
HITRADIO RTL Sachsen GmbH	86.3	FC	
Like to KNOW GmbH	99.7	FC	
Madsack Hörfunk GmbH	99.7	FC	3)
Mediengesellschaft Mittelstand Niedersachsen GmbH	23.1	EM (A)	3)
MSP Medien-Service und Promotion GmbH	99.7	FC	
nachrichtenmanufaktur GmbH	99.7	FC	
Neue Spreeradio Hörfunkgesellschaft mbH	99.7	FC	
ntv Nachrichtenfernsehen GmbH	99.7	FC	
PVB Presse Vertrieb GmbH & Co. KG	58.3	EM (A)	
Radio Hamburg GmbH & Co. KG	29.1	EM (A)	
Radio NRW GmbH	21.4	EM (A)	
Radio21 GmbH & Co. KG	21.0	EM (A)	
RTL 2 Fernsehen Geschäftsführungs GmbH	35.8	EM (A)	

RTL 2 Fernsehen GmbH & Co. KG	35.4	EM (A)
RTL AdConnect GmbH	99.7	FC
RTL Advertising GmbH	99.7	FC
RTL Audio Center Berlin GmbH	99.7	FC
RTL Audio Vermarktung GmbH	99.7	FC
RTL Deutschland GmbH	99.7	FC
RTL Group Financial Services GmbH	99.7	FC
RTL Group GmbH	99.7	FC
RTL Group Markenverwaltungs GmbH	99.7	FC
RTL Group Services GmbH	99.7	FC
RTL Group Vermögensverwaltung GmbH	99.7	FC
RTL Hessen GmbH	99.7	FC
RTL Hessen Programmfenster GmbH	59.8	FC
RTL interactive GmbH	99.7	FC
RTL International GmbH	99.7	FC
RTL Journalistenschule GmbH	89.8	FC
RTL MUSIC PUBLISHING GmbH	99.7	FC
RTL NEWS GmbH	99.7	FC
RTL Nord GmbH	99.7	FC
RTL Radio Berlin GmbH	99.7	FC
RTL Radio Deutschland GmbH	99.7	FC
RTL Radio Luxemburg GmbH	99.7	FC
RTL STUDIOS GmbH	99.7	FC
RTL Technology GmbH	99.7	FC
RTL Television GmbH	99.7	FC
RTL WEST GmbH	74.8	FC
Screenworks Köln GmbH	49.8	EM (A)
Sellwell GmbH & Co. KG	99.7	FC
Skyline Medien GmbH	49.7	EM (JV)
smartclip Deutschland GmbH	99.7	FC
smartclip Europe GmbH	99.7	FC
SQL Service GmbH	49.9	EM (A)
SUPER RTL Fernsehen GmbH	99.7	FC
UFA Distribution GmbH	99.7	FC
UFA Documentary GmbH	99.7	FC
UFA Fiction GmbH	99.7	FC
UFA Fiction Productions GmbH	99.7	FC
UFA Film und Fernseh GmbH	99.7	FC
UFA GmbH	99.7	FC
Ufa Radio-Programmgesellschaft in Bayern mbH	99.7	FC
UFA Serial Drama GmbH	99.7	FC
UFA Show & Factual GmbH	99.7	FC
VOX Holding GmbH	99.7	FC
VOX Television GmbH	99.4	FC
VSG Schwerin - Verlagsservicegesellschaft mbH	99.7	FC
we are era GmbH	99.7	FC
Greece		
Fremantle Productions SA	99.7	FC
Hungary		
Magyar RTL Televizio Zrt.	99.7	FC
R-Time Kft.	99.7	FC
RTL Services Kft.	99.7	FC
UFA Magyarorszag Kft.	99.7	FC
UFA Projekt 2022 Kft.	99.7	FC
India		
Fremantle India Television Productions Pvt Ltd	99.7	FC

Indonesia			
PT Dunia Visitama Produksi IDN/PMA	99.7	FC	
Ireland			
Element Pictures (CWF) Limited	50.9	FC	
Element Pictures Limited	50.9	FC	
Element Pictures Television Limited	50.9	FC	
Sorrento TV Sales Limited	50.9	FC	
Isle of Men			
Element Pictures GHC	50.9	FC	
Israel			
Abot Hameiri Communications Ltd.	99.7	FC	
Italy			
Boats S.r.l.	99.7	FC	
Film Factory S.r.l.	69.8	FC	
FremantleMedia Italia S.p.A.	99.7	FC	
FremantleMedia Italy Group S.r.l.	99.7	FC	
Lux Vide F.I.A.T. S.p.A.	69.8	FC	
Offside S.r.l.	99.7	FC	
RTL AdConnect S.r.l.	99.7	FC	
Smartclip S.r.l.	99.7	FC	
The Apartment S.r.l.	99.7	FC	
we are era S.r.l.	99.7	FC	
Wildside S.r.l.	99.7	FC	
Luxembourg			
Broadcasting Center Europe International S.A.	99.7	FC	
Broadcasting Center Europe S.A.	99.7	FC	
CLT-UFA S.A.	99.7	FC	
Data Center Europe S.a r.L.	99.7	FC	
European News Exchange S.A.	64.5	FC	
Heliovos S.A.	48.9	EM (A)	
IP Luxembourg S.a r.l.	99.7	FC	
Luxradio S.a r.L.	99.7	FC	
Media Properties S.a r.l.	99.7	FC	
Media Real Estate S.A.	99.7	FC	
RTL AdConnect International S.A.	99.7	FC	
RTL Group Holding S.a. r.l.	99.7	FC	
RTL Media Support S.A.	99.7	FC	
RTL Nederland Media Services S.A.	99.7	FC	
RTL Nederland Media Services S.A. & Cie S.C.S.	99.7	FC	
Mexico			
FremantleMedia Mexico, S.A. de C.V.	99.7	FC	
The Netherlands			
Ad Alliance B.V.	99.7	FC	4)
Benelux Film Investments B.V.	49.9	EM (JV)	
E-Health & Safety skills B.V.	48.9	EM (A)	
Fiction Valley B.V.	99.7	FC	
Format Creation Group B.V.	99.7	FC	4)
Fremantle Productions B.V.	99.7	FC	
FremantleMedia Netherlands B.V.	99.7	FC	
FremantleMedia Overseas Holdings B.V.	99.7	FC	
Grundy International Holdings (I) B.V.	99.7	FC	
Grundy/Endemol Nederland V.O.F.	49.9	EM (JV)	
HelloSparkle B.V.	24.9	EM (A)	
NLZiet Coöperatief U.A.	33.2	EM (JV)	
RTL AdConnect B.V.	99.7	FC	
RTL Group Beheer B.V.	99.7	FC	4)

RTL Nederland B.V.	99.7	FC	4)
RTL Nederland Holding B.V.	99.7	FC	4)
RTL Nederland Ventures B.V.	99.7	FC	4)
RTL Nieuws B.V.	99.7	FC	4)
smartclip Benelux B.V.	99.7	FC	
Videoland B.V.	99.7	FC	4)
we are era B.V.	99.7	FC	
Norway			
FremantleMedia Norge AS	99.7	FC	
Miso Film Norge AS	99.7	FC	
Monster AS	99.7	FC	
One Big Happy Family AS	99.7	FC	
Playroom Events AS	99.7	FC	
Strix Televisjon AS	99.7	FC	
This is Nice Studios Norway AS	99.7	FC	
Poland			
FremantleMedia Polska Sp. z o.o.	99.7	FC	
Portugal			
FremantleMedia Portugal SA	99.7	FC	
Russia			
OOO LTI Vostok	48.4	FC	
Singapore			
FremantleMedia Asia Pte. Ltd.	99.7	FC	
Spain			
Atresmedia Corporacion de Medios de Comunicacion, S.A.	18.7	EM (A)	
FremantleMedia Espana, S.A.	99.7	FC	
we are era, S.L.U.	99.7	FC	
Sweden			
Baluba AB	99.7	FC	
FremantleMedia Sverige AB	99.7	FC	
Miso Film Sverige AB	99.7	FC	
smartclip Nordics AB	99.7	FC	
Strix Television AB	99.7	FC	
This is Nice Studios Holding AB	99.7	FC	
This is Nice Studios Sweden AB	99.7	FC	
we are era AB	99.7	FC	
Switzerland			
Goldbach Audience (Switzerland) AG	24.9	EM (A)	
Goldbach Media (Switzerland) AG	22.9	EM (A)	
Swiss Radioworld AG	22.9	EM (A)	
United Kingdom			
72 Films Limited	54.8	FC	
America Films Limited	50.9	FC	
Arbie Productions Ltd	99.7	FC	
Baxter Film Productions Limited	50.9	FC	
Blue Star Films Limited	60.8	FC	
CLT-UFA UK Radio	99.7	FC	
Cockerel Films Limited	54.8	FC	
Conversations Productions Limited	50.9	FC	
Dancing Ledge Productions Limited	60.8	FC	
DDE Films Limited	54.8	FC	
DLP (Big Mood) Ltd	60.8	FC	
DLP (Crossfire) Ltd	60.8	FC	
DLP (Domino Day) Ltd	60.8	FC	
DLP (Platform 7) Limited	60.8	FC	
DLP (The Responder) Ltd	60.8	FC	

DLP (Wedding Season) Ltd	60.8	FC
Dublin Murders Productions Limited	87.5	FC
Element Pictures (GP) Limited	50.9	FC
Element Pictures GVS Limited	50.9	FC
Element Pictures PT Limited	50.9	FC
Element Pictures RMF Limited	50.9	FC
Element Pictures UK Holdings Limited	50.9	FC
Element Pictures UK Holdings Two Limited	50.9	FC
Element Pictures UK Limited	50.9	FC
Eternal Daughter Productions Limited	50.9	FC
Euston Films Productions Limited	99.7	FC
Fremantle Nordic Holdings Limited	99.7	FC
Fremantle Periodic (Holdings) Limited	99.7	FC
FremantleMedia Group Limited	99.7	FC
FremantleMedia Limited	99.7	FC
FremantleMedia Overseas Limited	99.7	FC
House Element Wonder Limited	25.4	EM (JV)
Label1 Television Limited	50.9	FC
LBJ Films Limited	54.8	FC
LD Film Productions Limited	50.9	FC
Marlborough Film Productions Limited	50.9	FC
Matriarch Films Limited	50.9	FC
Naked Television Limited	99.7	FC
OBG Film Productions Limited	50.9	FC
Orangutan Films Limited	50.9	FC
Raven Facilities Limited	54.8	FC
RTL AdConnect UK Ltd	99.7	FC
RTL Group Support Services Limited	99.7	FC
Sentient Productions Limited	50.9	FC
Slade Films Limited	54.8	FC
Syracuse Films Limited	54.8	FC
Talkback Productions Limited	99.7	FC
TalkbackThames UK Limited	99.7	FC
Thames Television Limited	99.7	FC
Tigerstripe Films Limited	50.9	FC
True Life Films Limited	50.9	FC
UFA Fiction Limited	99.7	FC
Underdogs Films Limited	50.9	FC
Wildshot Games Limited	50.9	FC
Wildspark Films Limited	50.9	FC
WildStar Films Limited	50.9	FC
Yospace Enterprises Limited	99.7	FC
Yospace Technologies Limited	99.7	FC
United States		
3 Doors Productions, Inc.	99.7	FC
American Idol Productions, Inc.	99.7	FC
Amygdala Records, Inc.	99.7	FC
Big Break Productions, Inc.	99.7	FC
Blue Orbit Productions, Inc.	99.7	FC
Crown Broadway Productions LLC	99.7	FC
Crown Cloverfield Productions LLC	99.7	FC
Crown Noah Productions LLC	99.7	FC
Crown Venice Productions LLC	99.7	FC
Crown Wilshire Productions LLC	99.7	FC
Eureka Productions LLC	99.7	FC
Fabel Entertainment LLC	24.9	EM (A)

FCB Productions, Inc.	99.7	FC
Fellow Travelers Productions, Inc.	99.7	FC
Fremantle Productions North America, Inc.	99.7	FC
Fremantle Productions, Inc.	99.7	FC
FremantleMedia Latin America, Inc.	99.7	FC
FremantleMedia North America, Inc.	99.7	FC
Good Games Live, Inc.	99.7	FC
Haskell Studio Rentals, Inc.	99.7	FC
Inception XR, Inc.	22.4	EM (A)
Kickoff Productions, Inc.	99.7	FC
L&S USA LLC	69.8	FC
Let's Play, Inc.	94.7	FC
Little Pond Television, Inc.	99.7	FC
Mad Sweeney Productions, Inc.	99.7	FC
Marathon Productions, Inc.	99.7	FC
Max Post, Inc.	99.7	FC
Music Box Library, Inc.	99.7	FC
OP Services, Inc.	99.7	FC
Original Productions, Inc.	99.7	FC
P & P Productions, Inc.	99.7	FC
Prime Media Rentals LLC	99.7	FC
RTL US Holding, Inc.	99.7	FC
SND Films LLC	48.4	FC
Studio Production Services, Inc.	99.7	FC
TCF Productions, Inc.	99.7	FC
Terrapin Productions, Inc.	99.7	FC
The Price Is Right Productions, Inc.	99.7	FC
Tick Tock Productions, Inc.	99.7	FC
Tiny Riot, Inc.	99.7	FC
Triple Threat Productions, Inc.	99.7	FC
Wanderlust Productions, Inc.	99.7	FC
YoSpace, Inc.	99.7	FC

1) The Group's ownership is based on the total number of shares as at 31 December 2022
2) FC: full consolidation, EM (JV): joint venture accounted for using the equity method, EM (A): associate accounted for using the equity method
3) At 31 December 2022, the Group´s share legally held in Madsack Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH is 24.8% and 5.7% respectively. The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32
4) Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code

Management responsibility statement

We, Thomas Rabe, Chief Executive Officer, Elmar Heggen, Chief Operating Officer and Deputy Chief Executive Officer, and Björn Bauer, Chief Financial Officer, confirm, to the best of our knowledge, that these 2022 consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair review of the development and performance of the business and the position of RTL Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 15 March 2023

Thomas Rabe	Elmar Heggen	Björn Bauer
Chief Executive Officer	Chief Operating Officer	Chief Financial Officer
	Deputy Chief Executive Officer	

KPMG Audit S.à r.l.
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

To the Shareholders of
RTL Group S.A.
43, boulevard Pierre Frieden
L-1543 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of RTL Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidate statement of changes in equity and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

a) *Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period*

Refer to Note 1.7.2, Note 2.5 and Note 6.2 to the consolidated financial statements.

Goodwill represents EUR 3,327 million or approximately 33% of the Group's total assets as at 31 December 2022.

Management performs an annual impairment test of the Cash Generating Units (CGUs) to which the goodwill is allocated to assess whether the recoverable amount is at least equal to its carrying value. The recoverable amount can be determined through different valuation techniques; the most common used by Management being the fair value less cost of disposal's Discounted Cash Flow (DCF) models.

This matter and the related disclosures were of particular significance to our audit as Management's determination of cash flow forecasts, discount rates and growth rates used in the calculation of the recoverable amount by using DCF models involves significant judgement and estimates.

b) *How the matter was addressed during the audit*

Our procedures over the impairment of goodwill include, but are not limited to:

- Gaining an understanding of the process of preparation of the goodwill impairment test by performing a walkthrough of the process and testing design and implementation of the key controls;
- Assessing the appropriateness of the identification of the cash generating units and allocation of goodwill and cash flows to those CGUs done by the Management;
- Assessing the valuation models applied by Management;
- Assessing key assumptions used by Management in the impairment tests by reference to the budgets approved by the Board of Directors, data external to the Group, our understanding of the economic environment as well as to the historical data and performance;
- Involving our own valuation specialists to test the reasonableness of discount rates applied by Management;
- Assessing the sensitivity analysis of the recoverable amount to the discount rate, profitability measure and terminal growth rate for the most sensitive CGUs;
- Considering the adequacy and appropriateness of the disclosures provided on goodwill impairment pursuant to the relevant accounting and financial reporting standards.

Valuation of investment in associates – Atresmedia

a) *Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period*

Refer to Note 1.3.2, Note 2.5 and Note 6.5.2 to the consolidated financial statements.

The investment in associate - Atresmedia, listed on the Madrid stock exchange, has a carrying value of EUR 184 million as at 31 December 2022. The implied value of Atresmedia shares (defined as being the carrying value of Atresmedia in the consolidated financial statements divided by the number of shares held in Atresmedia) exceeds the quoted market price available as at 31 December 2022. No impairment loss was recorded during the current or prior financial year (2020: EUR 60 million).

Management performed an impairment test of its investment in Atresmedia to assess whether its recoverable amount is at least equal to its carrying value. The recoverable amount was determined on the basis of the value in use derived from a Discounted Cash Flow (DCF) model.

This matter and the related disclosures were of particular significance to our audit as Management's determination of cash flow forecasts, discount rates and growth rates used in the calculation of the recoverable amount involves significant judgement and estimates.

b) How the matter was addressed during the audit

Our procedures over the valuation of investment in the associate Atresmedia include, but are not limited to:

- Gaining an understanding of the process of preparation of the impairment test by performing a walkthrough of the process and testing design and implementation of the key controls;
- Assessing the valuation models applied by Management;
- Assessing key assumptions used by Management in the impairment tests by reference to the budgets, data external to the Group, our understanding of the economic environment as well as to the historical data and performance;
- Involving our own valuation specialists to test the reasonableness of the discount rate applied by Management;
- Assessing the sensitivity analysis of the recoverable amount to the discount rate, profitability measure and terminal growth rate;
- Considering the adequacy and appropriateness of the disclosures provided on Atresmedia impairment test pursuant to the relevant accounting and financial reporting standards.

Impairment of programme rights and provisions for onerous contracts

a) Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period

Refer to Notes 1.7.1, 1.11, 1.19, 2.4, 6.1, 6.8 and 6.14 to the consolidated financial statements.

Non-current programme and other rights and current programme rights amounting to EUR 73 million and EUR 1,579 million as of 31 December 2022 respectively, include (co-) productions, audio-visual and other rights acquired with the primary intention to broadcast, distribute or trade as part of the Group's operations.

These programme rights are tested for impairment by Management if there are indicators that these assets may be impaired.

Such impairment test for programme rights requires a high level of judgement, in particular in relation with estimates of revenue, the future programme grid, the realised and expected audience of the programme, the discount rate used and the current programme rights that are not likely to be broadcast.

Valuation of programme rights also encompasses rights that the Group has committed to purchase in periods subsequent to 31 December 2022. Provisions for onerous contracts are recognised when Management expects, at the closing date, a lower than initially budgeted return on these rights. As of 31 December 2022, provisions for onerous contracts amount to EUR 72 million and are mainly related to the supply of programmes rights.

These matters were significant to our audit since the determination of the level of impairment or provision requires significant judgment and estimates.

b) *How the matter was addressed during the audit*

Our procedures over impairment of programme rights and provision for onerous contracts include but are not limited to:

- Gaining an understanding of the process to estimate the cash flows generated by the use of programme rights and the need for programme rights impairment or provision for onerous contracts, including testing design and implementation of the key controls;
- Analysing, when relevant, the estimation of cash flows generated by the use of programme rights (including rights that the Group has committed to purchase in subsequent periods) based on the future programme grid and expected audience;
- Assessing the reliability of Management's estimates by comparing last year broadcasting forecasts with the current year programme grid;
- Testing Management's calculation of impairments and provisions when the estimated future revenues are not expected to exceed the carrying value of programme rights or purchase commitment;
- Assessing the appropriateness of the Group's disclosures regarding impairment of programme rights and provisions for onerous contracts.

Revenue recognition

a) *Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period*

Refer to accounting policy Note 1.22 and Note 5.1 of the consolidated financial statements.

Revenue of the Group amounts to EUR 7,224 million for the year ended 31 December 2022 compared to EUR 6,637 million in previous year. Revenue relates to advertising, the production, distribution and licensing of films, programmes and other rights, the rendering of services and the sales of merchandise.

Revenue is recognised in accordance with the various revenue recognition principles that apply to the specific revenue streams. There is an elevated risk linked to timing of revenue recognition around year end for revenue recognised over time. The continuously evolving online media revenue stream also results in new and more complex revenue recognition due to the trend towards new product offerings.

b) *How the matter was addressed during the audit*

Our procedures over the revenue recognition include, but are not limited to:

- Gaining an understanding of the various revenue processes by performing a walkthrough of the process and testing design and implementation of the key controls;
- Testing of the relevant internal controls used to ensure the completeness, existence, accuracy and timing of revenue recognised;

- Involvement of our own Information Risk Management specialists to evaluate the key IT general controls of relevant IT systems;
- Assessing whether appropriate revenue recognition policies are applied by the Group by comparing them with relevant accounting standards;
- Performing analytical reviews on revenues recognised to identify any material new revenue streams;
- Performing test of details over revenue recognition, including but not limited to cash proofing, addition and release of deferred income, cut-off procedures;
- Testing of supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items;
- Considering the appropriateness of the disclosures provided on revenue recognition pursuant to the relevant accounting and financial reporting standards.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Directors' report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit 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 to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, 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, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit 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 the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of 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 our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease 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 represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d'entreprises agréé” of the Company by the General Meeting of the Shareholders on 27 April 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is three years.

The Directors’ report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.
We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of RTL Group S.A. as at 31 December 2022, identified as RTLGroup_AFR_2022_EN.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the consolidated financial statements of RTL Group S.A. as at 31 December 2022, identified as RTLGroup_AFR_2022_EN.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 15 March 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Jean-Manuel Séris