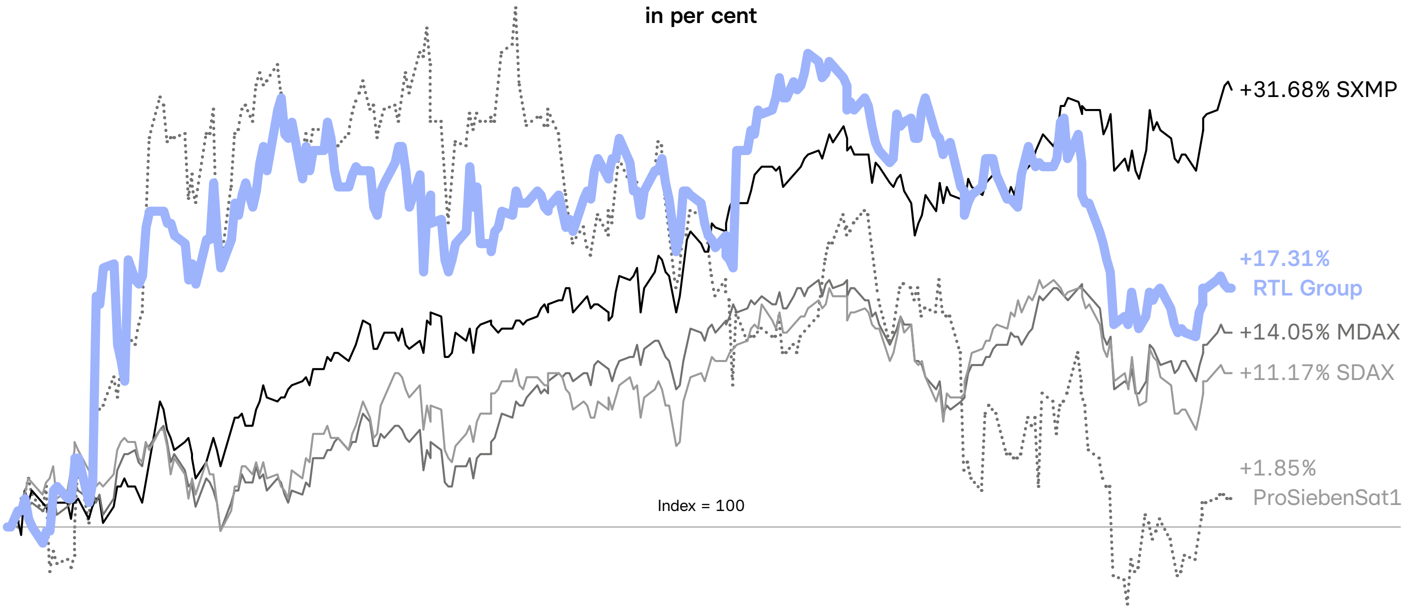
RTL Group
Annual Report 2021

Key figures

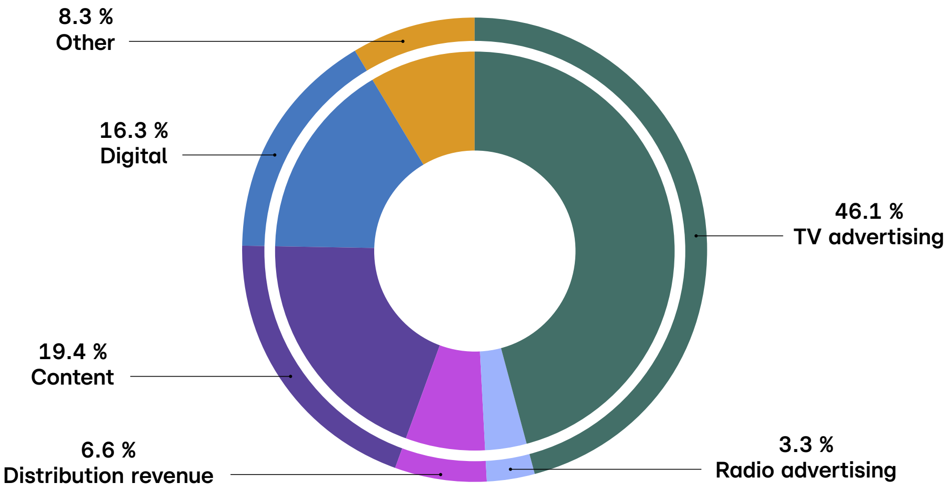
Share performance

1 January 2021 to 31 December 2021
in per cent



RTL Group share price development for January to December 2021 based on the Frankfurt Stock Exchange (Xetra) against MDAX/SDAX, Euro Stoxx 600 Media (SXMP) and ProSiebenSat1.

RTL Group revenue split



RTL Group's revenue is well diversified, with 46.1 per cent from TV advertising, 19.4 per cent from content, 16.3 per cent from digital activities, 6.6 per cent from distribution revenue, 3.3 per cent from radio advertising, and 8.3 per cent from other revenue.

Revenue

2017–2021 (€million)

21	6,637
20	6,017
19	6,651
18	6,505
17	6,373

Adjusted EBITA*

2017–2021 (€million)

21	1,152
20	853
19	1,156
18	1,171
17	1,248

*See **Key performance indicators** on pages 56 to 57

Group profit

2017–2021 (€million)

21	1,454
20	625
19	864
18	785
17	837

Equity

2017–2021 (€million)

21	5,272
20	4,353
19	3,825
18	3,553
17	3,432

Market capitalisation*

2017–2021 (€billion)

21	7.2
20	6.2
19	6.8
18	7.2
17	10.4

*As of 31 December

Total dividend/dividend yield per share

2017–2021	(€)	(%)
21	5.00	10.3
20	3.00	8.9
19	Nil*	–
18	4.00**	6.3
17	4.00***	5.9

*On 2 April 2020, RTL Group's Board of Directors decided to withdraw its earlier proposal of a €4.00 per share dividend in respect of the fiscal year 2019, due to the Covid-19 outbreak

** Including an interim dividend of €1.00 per share, paid in September 2018

*** Including an interim dividend of €1.00 per share, paid in September 2017

Operating cash conversion rate*

2017–2021 (%)

21	114
20	123
19	105
18	90
17	104

*Calculated as operating pre-tax free cash flow as a percentage of Adjusted EBITA. See **Key performance indicators** on pages 56 to 57 for further information on Adjusted EBITA

Streaming revenue*

2017–2021 (€million)

21	223
20	170
19	141

*Streaming revenue includes SVOD, TVOD, in-stream and distribution revenue from RTL+ and Videoland/RTL XL

From top left to bottom right:
Let's Dance Kids from RTL Deutschland; evening news programme *Le 1945* from Groupe M6; original crime drama *The Responder*; singing competition format *The Masked Singer*; and Oscar-nominated drama film *The Hand of God*, all from Fremantle and associated companies.

Contents

Corporate information

Financial information

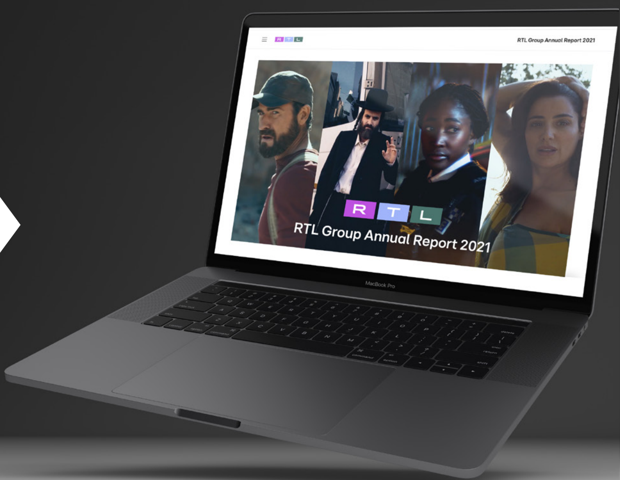
About RTL Group

RTL Group is a leading entertainment company across broadcast, streaming, content and digital, with interests in 67 television channels, ten streaming services and 39 radio stations.

Find the detailed corporate profile of RTL Group on page 41.

Explore the world of RTL Group

From top left to bottom right: reality dating show *Are You The One?* from RTL Deutschland; international competition format *Lego Masters*, shown here from RTL Nederland; and Fremantle-produced singing competition series *American Idol*.



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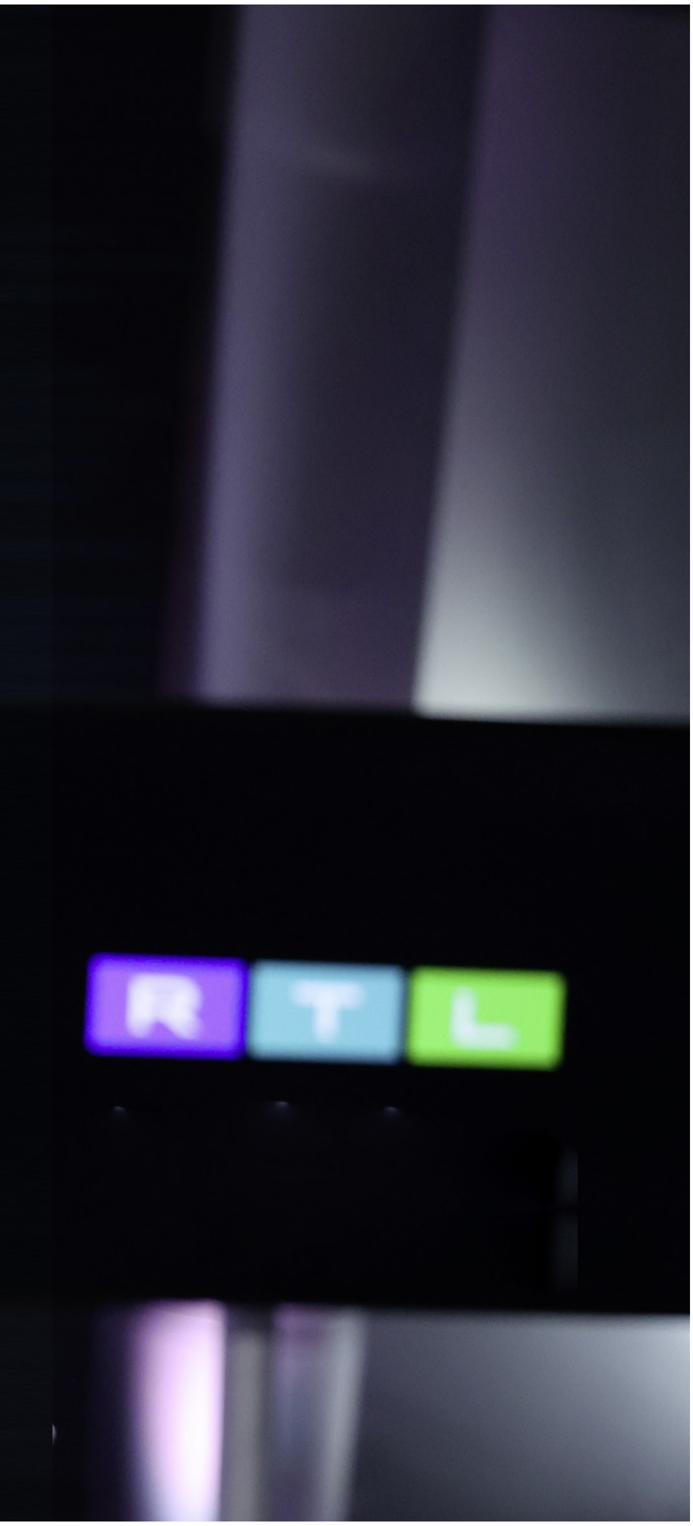
online report

annual-report2021.rtl.com

Thomas Rabe
Chief Executive Officer
RTL Group



Chief Executive’s report

2021 was a successful year for RTL. We achieved record results thanks to the recovery of the advertising markets, our strong market positions and active portfolio management. And we made significant progress in the creation of national media champions, as well as the growth of our streaming services and content business Fremantle.

"We have made significant progress in executing our strategy to establish national cross-media champions to compete with the global tech platforms."

Thomas Rabe

An all-time high

RTL Group performed strongly in 2021. Group revenue increased by 10.3 per cent to €6.6 billion. It was up 13.5 per cent organically compared to 2020 and 4.3 per cent compared to 2019. TV advertising revenue increased by 16.0 per cent, content revenue from Fremantle by 25.3 per cent and streaming revenue by 31.2 per cent.

The full-year Adjusted EBITA after streaming investments was €1,152 million in 2021 – a 35.1 per cent increase. This, together with capital gains from the disposals of SpotX, Ludia and VideoAmp, led to a record Group profit of almost €1.5 billion.

The Group's Board of Directors has proposed a dividend of €5.00 per share for 2021, which is in line with our dividend policy and represents a dividend yield of 10.3 per cent. We will continue to create value for our shareholders by driving market consolidation and implementing the growth plans for our streaming and content businesses.

A strategy with three priorities

RTL Group's strategy is based on three priorities. Firstly, to strengthen RTL Group's **core** businesses by investing in premium content, strengthening our families of channels, focusing on cost control and portfolio management, and driving market consolidation. Secondly, to expand the Group's **growth** businesses, in particular our streaming services, advertising technology and addressable TV, and global content production from Fremantle. And finally, to foster **alliances & partnerships** which span from advertising sales and content production to technology and data.

To keep the management teams across the Group informed during the pandemic, Thomas Rabe continues to hold virtual management meetings.

Leading TV consolidation in Europe

Since the summer of 2020, we have expressed our conviction that alliances, mergers and the creation of national TV champions in Europe are necessary. Given the ever-growing competition from the global tech platforms, we believe it is necessary to scale up and bundle resources. This will enable us to increase our investments in exclusive, local content, in our streaming services and in tech & data.

One year ago we said: we are ready to act. Today, we are leading TV consolidation in Europe. In May 2021, we announced the combination of Groupe TF1 and Groupe M6 in France. The transaction is aimed to close at the beginning of 2023. RTL Group will then own 16 per cent of the combined group, after selling an 11 per cent stake to Groupe Bouygues – the principal shareholder of Groupe TF1 – for €641 million. With full-year revenue of more than €3.4 billion, the new group will be the fourth largest European broadcasting group. The synergy potential – i.e. the positive impact on operating profit Adjusted EBITA – is estimated at €250 million to €350 million per year by 2026. This demonstrates the value creation potential of in-country consolidation.

In June 2021, we announced the combination of RTL Nederland and John de Mol's Talpa Network. The completion of the transaction is expected in 2022. Talpa Network will contribute its TV, radio, print, digital, e-commerce and other assets to RTL Nederland and will receive a 30 per cent shareholding in the enlarged RTL Nederland in return. RTL Group will hold the remaining 70 per cent and will continue to fully consolidate RTL Nederland. The synergies of the merger are estimated between €100 million and €120 million per year, to be fully realised by 2025.

A German cross-media champion

In January 2022, RTL Deutschland acquired Gruner + Jahr's German publishing assets and brands to create Germany's first cross-media champion. The synergies are estimated to be €100 million per year, to be fully realised by 2025. These synergies – three quarters of which are growth-driven – result from more exclusive and diverse cross-media content, increased appeal for Germany's top creative talent and optimised cross-media advertising campaigns.

A more focused Group

As part of our strategy to create national media champions, we decided to sell RTL Belgium to DPG Media and Groupe Rossel, and RTL Croatia to Central European Media Enterprises (CME).

To focus our portfolio, we also sold our interests in the US ad-tech companies SpotX and VideoAmp, and in the Canadian mobile video game company Ludia.

A one-app, all-media solution

In November 2021, we rebranded our German streaming service from TV Now to RTL+. We are preparing for the expansion of RTL+ to a cross-media entertainment service, comprising video, audio (music, podcasts, audio books) and text (e-magazines). The one-app, all-media offer will be based on state-of-the-art technology with a high degree of personalisation.

Strong partnerships are vital to grow our streaming services. In November 2020, Deutsche Telekom and RTL Deutschland announced the expansion of their cooperation. We integrated our streaming service RTL+ Premium with Deutsche Telekom's TV offer, Magenta TV, contributing significantly to the rapid growth of RTL+ in 2021. We have also agreed to increase cooperation in advertising technology, advertising sales and content – with a particular focus on addressable TV.

Ambitious streaming targets

During 2021, we invested heavily in technology, marketing and content to further boost the growth of our streaming services. By the end of the year, we registered more than 3.8 million paying subscribers for RTL+ in Germany and Videoland in the Netherlands, meaning that our subscriber base grew by 74 per cent year on year.

We have significantly raised our streaming targets. Compared to 2021, we plan to triple the annual content investments to around €600 million by 2026. On this basis, we aim to grow the number of paying subscribers for RTL+ and Videoland to 10 million by the end of 2026, to increase our streaming revenue to €1 billion and to reach profitability for the two services in 2026.

"We are preparing for the expansion of RTL+ to a cross-media entertainment service, comprising video, audio and text." Thomas Rabe

A global content powerhouse

We also have big ambitions for Fremantle, our global content business. We will accelerate the company's expansion – both organically and via M&A – with a revenue target of €3 billion by 2025, thus doubling the revenue compared with 2020.

Since 2012, Fremantle has successfully expanded into scripted drama and established a global production network in 20 countries – organically and via acquisitions such as Wildside, Kwaï and Miso Film. This helped to significantly expand partnerships with global and national streaming services, which in 2021 accounted for more than 15 per cent of Fremantle's total revenue.

There is a strong and growing demand for high-end factual content and documentaries, in particular from streaming services. Fremantle responded to this demand by establishing a new global factual division, with the aim of replicating its success in scripted.

M&A is part of the €3 billion revenue growth plan for Fremantle – and we have been active with four acquisitions since April 2021. Firstly, we increased our stake in Abot Hameiri, taking full ownership of one of the leading entertainment producers in Israel. We also stepped up our shareholding in Eureka to a majority position, and we fully acquired twelve production labels from Nent Group in the Nordics. In March 2022, we acquired 70 per cent of Lux Vide, one of the leading Italian production companies for scripted content.

Throughout 2021, Fremantle continued to have major creative successes across all genres. The film *The Hand of God*, produced for Netflix and directed by Paolo Sorrentino, has been nominated as Best International Feature Film in the 2022 Academy Awards. In March 2022, Fremantle signed a three-year international filmmaking agreement with Oscar-winning actress Angelina Jolie. These achievements show that Fremantle has firmly established itself as a home and attractive partner for the best creative minds, especially in the areas of fictional productions and documentaries.

A united RTL brand

With all these changes, the time had come to reposition our core RTL brand with a new identity and based on a clear set of principles. Standing for inspiration, energy and attitude, our new brand identity – RTL United – does exactly that. With our new multicoloured logo, we combine the power of a one-brand strategy with the customisation possibilities of the digital world.

The rebranding started with RTL Group and RTL Deutschland, with the international roll-out following in 2022. RTL, as Europe's leading entertainment brand, stands for positive entertainment and independent journalism.

Our role in society

We believe...

...video is the most complete medium. There is no better way to tell a story. Video engages our mind and captures our heart. It demands our attention and inspires our imagination. Since our first radio broadcast in 1924, and through the growth of video and digital, our aim has always been to entertain, inform and engage our audiences – and this is our role in society.

The entertainment format *Make Up Your Mind* is a celebration of diversity and representation: everyone can be who they want to be.

Our clear set of our brand principles defines who we are, what we do and what we stand for. RTL stands for positive entertainment, independent journalism, inspiration, energy and attitude. Importantly, we act responsibly: We respect people, nature and the communities we serve. We take a stand and embrace diversity and cohesion, sustainability and humanity. We think globally and act locally.

Viewers, listeners, digital users

Every day, millions of people access RTL Group's content on television, streaming services, digital platforms and radio. This audience is at the heart of what we do.

We've never strayed from our commitment to be refreshingly different and always close to the audience. We've grown over the years by covering the events and issues people care about. The millions of people who turn to us each day for the latest news need to be able to trust us. A healthy, diverse and high-quality media landscape is the foundation of a democratic and connected society. In this light, our local CEOs act as publishers and are not involved in producing content. Our news editors-in-chief apply rigorous ethical standards and ensure compliance with local guidelines. This allows our journalists the freedom to express a range and balance of opinions that reflect the diverse societies we serve.

Since the early 1990s, we've been building families of TV channels, radio stations, digital platforms and streaming services. They offer our audiences a vast range of high-quality entertainment and information programmes that people of all demographics and circumstances can enjoy. We also take great care to protect all media users – especially minors.

We Are Era launched the initiative The Female Era in collaboration with Google, which aims to further empower female content creators.

The creative community

We succeed in entertainment by building inspiring environments where creative and pioneering spirits can thrive. Our broadcasters and streaming services commission content from production companies or their own in-house producers. Our global production company, Fremantle, commissions scriptwriters, artists, and many other creatives and our talent agency and digital studio, We Are Era, showcases young video talents.

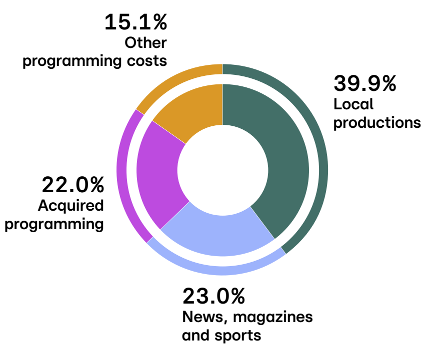
To enhance our creative output, we are also developing strategic alliances and partnerships. Within the Bertelsmann Content Alliance, RTL Group companies are working closely on several content cooperation projects with other Bertelsmann companies, not only adding value and a competitive edge, but aiming to attract more and new artists and creators. We are also innovating in the market, for example expanding RTL+ to become a unique cross-media entertainment service offering video, music, podcasts, audio books and e-magazines.

Whether we buy a programme from a production company, create one ourselves, or work in partnerships, it involves a substantial investment. Being able to recoup this investment comes from our exclusive right to show and distribute the programme in a particular geographic area.

Successful programmes attract large audiences that, in turn, attract advertisers who pay us to show their commercials. This cycle ensures production companies and other creators are suitably rewarded, so they can continue to develop new, entertaining and compelling content.

Maintaining the integrity of this cycle is crucial. This is why copyright is the lifeblood of our industry. Effective protection and enforcement of intellectual property rights are especially important in a digital world, where people can watch whatever they want, wherever they want, whenever they want. Without this protection and enforcement, the rewards to creators would fade away – as would their creativity. Our unwavering commitment to copyright is therefore one important way we add value to society.

RTL Group's broadcasters' programme spend in 2021*



*based on fully consolidated businesses

Our people

Our business is based on talent. We depend on the creativity and dedication of our employees, so we give our people the freedom to create.

We want to be the employer of choice, attracting and retaining the best talent. In order to do so, we offer attractive salaries and other financial incentives, plus a wide range of training programmes and individual coaching to help people develop personally and professionally. We foster a fair, flexible and inspiring work environment to help people maintain a healthy work-life balance.

With a diverse audience, we need to be a diverse business. To remain an attractive and successful employer, we reflect the audiences we entertain, and so we embrace workplace diversity in gender, ethnicity, disability and socio-economic status. We offer equal opportunities and recognise everyone's unique value, treating each person with courtesy, honesty and dignity. In our Diversity Statement, we reinforce our commitment to equal opportunities and non-discrimination throughout all RTL Group companies. To advance our belief in inclusion, Fremantle in the US runs a scheme that connects under-represented workers to job opportunities in Hollywood and helps broaden the diversity of the hiring pool. In the UK, Fremantle created a mentoring programme designed to support 50 Black, Asian and minority-ethnic future leaders. In Germany, UFA made a commitment that by the end of 2024, its full-year programming portfolio will reflect the diversity found in society.

The Covid-19 crisis has deeply changed the world of work. In 2021, we continued to offer flexible mobile office options to all employees whose function did not require their presence at the office, and we introduced hybrid work solutions. We protect those whose roles need to be on site with all advised safety measures.

Colleagues from RTL Group behind the scenes at the Virtual Management Meeting.

Advertisers

Television and video commercials are the most effective advertising. TV reaches mass audiences, and so is still the dominant ingredient in the advertising mix. It establishes the key message of a major advertising campaign in a brand-safe environment and then resonates across other media. We've taken many steps to expand our position in the rapidly growing markets for addressable TV and online video advertising.

Television and video commercials work best when they tell interesting, informative stories that connect with viewers' emotions. Together, high-quality programming and engaging commercials are the basis for successful free-to-air broadcasting. Advertising helps shape people's lifestyles, guides their purchasing decisions and keeps the global economy moving. It also fosters media neutrality – an essential ingredient of a democratic society. Our free TV channels are mainly financed by advertising.

A Europe without advertising would not be as affluent, informed or competitive. It is a major contributor to overall economic growth. By advertising different products and services, consumers not only get choice, but advertising can also encourage the competition and innovation that maintains that choice.

We also help our advertising clients with their environmental ambitions. Our German advertising sales house, Ad Alliance, joined the Green GRP initiative, with the aim of offsetting campaigns' CO_2 emissions, while M6 Publicité created the first carbon-neutral advertising slot.

Since 1989 we have raised more than €440 million for children in need.

Communities and charities

As a leading entertainment company across broadcast, streaming, content and digital, we have social responsibilities to the communities and audiences we serve. These include raising awareness of important social and environmental issues, particularly those that might otherwise go unreported or under-funded. We do this through TV and radio reports, magazine programmes and series, and on many digital platforms, but we are well aware of the care and responsibility we must take as both an opinion former and information provider.

We strive to give back to our communities by using our profile to raise public awareness of, and funds for, important social issues, particularly those that might otherwise not receive adequate coverage or funding. We provide free airtime worth several million Euro to charities or non-profit organisations, to enable them to raise awareness of their cause. In addition, we donate significant amounts of money to numerous charitable initiatives and foundations. Since 1996, the annual *RTL-Spendenmarathon* in Germany has raised more than €222 million for children in need, while our *Télévie* events in Belgium and Luxembourg have raised more than €220 million for scientific research to fight cancer – particularly leukaemia – since 1989. We also support many organisations and projects that help sick or disadvantaged children and young people in Croatia, Belgium, Hungary, the UK, France and the Netherlands.

RTL Deutschland's anti-racism TikTok channel aims to raise awareness for anti-racism topics.

Environment

We feel it's important to combine our business success with responsible action on environmental protection. Conserving resources and protecting the climate are key challenges today. We aim to minimise our impact on the environment by reducing our energy use and our direct and indirect greenhouse gas emissions, with the aim of being climate-neutral by 2030. In 2021, we established a Group-wide Climate Task Force, aiming to share knowledge on our carbon footprints, and to work together to reduce our emissions significantly.

In addition, we use our scale and reach to draw attention to environmental issues. Since 2019, RTL Deutschland and companies from the Bertelsmann Content Alliance have been running special sustainability weeks to regularly promote socially relevant topics and a sustainable future. Groupe M6 also devotes a large part of its programming to environmental topics, providing extensive on-air, online, and social media coverage to put them under the spotlight.

RTL Deutschland's "Packen wir's an" (Let's do it) themed weeks address socially relevant topics and Fremantle's documentary *Arctic Drift* focuses on the largest Arctic expedition to date.

Chairman's statement

Dear shareholders,

In 2021, RTL Group rebounded strongly from the Covid-19 downturn, generated excellent financial results and took decisive steps to reshape its portfolio.
A more focused Group with larger and stronger units, ambitious growth targets and the ability to generate substantial dividend payments will, we hope, prove rewarding for shareholders.

Martin Taylor
Chairman of the Board of Directors

“Reshaping and simplifying our portfolio is key to improving the growth profile of RTL Group.” Martin Taylor

Since its creation in the year 2000, RTL Group has consistently demonstrated its ability to generate solid profits and shareholder remuneration, even in difficult economic environments. But I am particularly pleased to be able to report that we have recovered from the unprecedented Covid-19 downturn of the year 2020 in a way that exceeded our expectations.

With significantly higher operating profit and considerable capital gains, Group profit reached a new all-time high of almost €1.5 billion in 2021 – more than €340 million above the previous record profit, achieved in 2006. In line with our dividend policy, the Board agreed to propose a dividend of €5.00 per share to our Annual General Meeting, representing a dividend yield of 10.3 per cent. Next year, shareholders will also benefit from the disposal of RTL Belgium.

In the last Annual Report, I wrote that we expect the consolidation of positions in national broadcasting markets to gather pace over the next few years. The Board was therefore very pleased that our Executive Committee succeeded in negotiating three major transactions to scale our broadcasting businesses in three key markets – Germany, France and the Netherlands. You will find more details in the CEO report. The Board was deeply involved in working through all these transactions. We believe that in-country consolidation has the potential not only to create substantial value but to allow us to compete more vigorously with the American streaming giants. The mid-range estimation of the long-term impact of these three transactions on the units’ operating profits exceeds €500 million. RTL Group’s share from these synergies – deducting the shares of our future co-shareholders in France and the Netherlands – is estimated at approximately €250 million, which is more than a fifth of RTL Group’s operating profit in 2021.

A special thank you goes to my fellow Independent Directors who scrutinised the acquisition of Gruner + Jahr’s German publishing assets and brands with particular care. As this acquisition from Bertelsmann qualified as a related-party transaction, the responsibility for approving the transaction fell entirely on the independent members of our Board. Deutsche Bank provided an expert and independent opinion to the Board members, concluding that the consideration to be paid by RTL Group for the G+J publishing assets was fair from a financial point of view to RTL Group. The independent Board members approved the deal unanimously.

Reshaping and simplifying our portfolio is key to improving the growth profile of RTL Group – and future-proofing our company in the ever-growing competition with global

tech platforms. The Board has reviewed and discussed the Group's major growth initiatives in the areas of streaming, content production, and addressable TV, and we are pleased with the progress we are making in all three areas.

Covid-19 required us to hold all 2021 Board meetings virtually. In common with our management teams, the Board will no doubt conduct more functions virtually in the post-Covid future, but we are also conscious of how much we have missed the richness of debate that in-person gatherings can provide, and we look forward to resuming these as soon as we can.

As in previous years, the Board advised the Executive Committee regularly, not only with regard to the transactions and growth initiatives described above. We approved the Group's budget, reviewed its business and financial performance, and discussed RTL's new brand identity, our Corporate Responsibility efforts and the encouraging results of the most recent employee survey. The Board will continue to engage regularly with our management teams, supporting their initiatives to foster positive entertainment, independent journalism and diversity as key values of RTL. These values define our contribution to the societies we play a part in, and help us to stand out in the highly fragmented digital media landscape.

Martin Taylor
Chairman of the Board of Directors

This year we say goodbye to James Singh, who has served the company as Independent Director and Audit Committee Chair since 2011, and as Vice Chairman since 2019. RTL Group has benefited enormously from the experience and wisdom he has built up over a long and distinguished career. On James' retirement, Jean-Louis Schiltz will become Vice Chairman of the Board, and Pernille Erenbjerg will take over as Chair of the Audit Committee.

Finally, I would like to thank the employees, executives and creatives who have chosen RTL as their employer and partner of choice. The past two years have been demanding for all of us, and the whole Board has been impressed and encouraged by the dedication, flexibility and resilience of our teams. We are only able to pursue and achieve our ambitious goals thanks to such a diverse and talented selection of people throughout our organisation. RTL Group's strong rebound and strategic progress are testament to their excellent performance.

The Board

Executive Directors

Thomas Rabe
Chief Executive Officer of RTL Group, CEO and Chairman of the Bertelsmann Management SE Executive Board

Thomas Rabe, born in 1965, holds a diploma and a doctorate in economics from the University of Cologne, Germany. He started his career in 1989 at the European Commission in Brussels. From 1990 to 1996 he held various senior positions at Forrester Norall & Sutton (now White & Case) in Brussels, the state privatisation agency Treuhandanstalt, and a venture capital fund in Berlin. In 1996, he joined Cedel International (now Clearstream), where he was appointed CFO and member of the Management Board in 1998.

In 2000, Thomas Rabe became CFO and member of the Executive Committee of RTL Group. In March 2003, he was also appointed Head of the Corporate Centre. With effect from 1 January 2006, Thomas Rabe was appointed to the Executive Board of Bertelsmann AG as the Group's CFO. From 2006 to 2008, he was also responsible for Bertelsmann AG's music business.

Since 1 January 2012, Thomas Rabe has been CEO and Chairman of the Executive Board of Bertelsmann.

In May 2019, Thomas Rabe was appointed member of the Supervisory Board of Adidas AG and has served as Chairman since 11 August 2020.

On 1 April 2019, Thomas Rabe was appointed CEO of RTL Group.

Nationality: **German**
First appointed: **12 December 2005** (effective 1 January 2006)
Re-elected: **28 April 2021**
Mandates in listed companies:
Member of the Supervisory Board of Adidas AG, Herzogenaurach

Elmar Heggen
Chief Operating Officer and Deputy Chief Executive Officer, RTL Group

Elmar Heggen, born in 1968, holds a diploma in business administration from the European Business School Oestrich-Winkel, and graduated with a Master of Business Administration (MBA) in finance.

In 1992, he started his career at the Felix Schoeller Group, becoming Vice President and General Manager of Felix Schoeller Digital Imaging in the UK in 1999. Elmar Heggen first joined the RTL Group Corporate Centre in 2000 as Vice President Mergers and Acquisitions. In January 2003, he was promoted to Senior Vice President Controlling and Investments. From July 2003 until December 2005 he was Executive Vice President Strategy and Controlling.

Elmar Heggen has served on the RTL Group Executive Management Team since January 2006, and been CFO and Head of the Corporate Centre of RTL Group since 1 October 2006.

In January 2018, Elmar Heggen was appointed Deputy CEO of RTL Group, in addition to his role as CFO.

Since August 2019, Elmar Heggen has been Chief Operating Officer and Deputy CEO of RTL Group.

Nationality: **German**
First appointed: **18 April 2012**
Re-elected: **28 April 2021**

Non-Executive Directors

Martin Taylor
Chairman and Independent Director

Martin Taylor, born in 1952, began his career as a financial journalist with Reuters and the Financial Times. He then joined Courtaulds PLC, becoming a director in 1987, then Chief Executive of Courtaulds Textiles PLC on its demerger in 1990. He moved to Barclays PLC in 1993 as Chief Executive, a post he held until the end of 1998. From 1999 to 2003, he was Chairman of WHSmith PLC, and from 1999 to 2005, International Advisor to Goldman Sachs. From 2005 until 2013, he was Chairman of the Board of Syngenta AG.

From 2013 until March 2020, Martin Taylor served as an external member of the Financial Policy Committee of the Bank of England.

He has worked on various projects for the British Government and served for five years as a member of its Council for Science and Technology. Appointed as Independent Non-Executive Director in July 2000 (when RTL Group was created), Martin Taylor took over the responsibilities of Vice-Chairman of the Board in December 2004.

On 1 April 2019, Martin Taylor was appointed Chairman of the RTL Group Board of Directors.

Nationality: **British**
First appointed: **25 July 2000**
Re-elected: **28 April 2021**
Committee membership:
Audit, Nomination and Compensation (Chairman)

James Singh
Vice Chairman and Independent Director

James Singh, born in 1946, holds a Bachelor of Commerce (Hons) and a Master of Business Administration from the University of Windsor, Canada. He is a CPA (Canada) and a Fellow of the Chartered Institute of Management Accountants (UK).

James Singh joined Nestlé Canada as Financial Analyst in 1977 and served the company in various executive positions until 2000 when he was appointed Senior Vice President, Acquisitions and Business Development in Nestlé SA's headquarters in Vevey, Switzerland. He was a member of the Executive Board, Executive Vice President and Chief Financial Officer of Nestlé SA from 2008 to 2012. He retired on 31 March 2012 after a distinguished 35-year career with Nestlé.

James Singh previously served as Chairman of the Finance Committee of the European Round Table, is a member of the International Integrated Financial Reporting Standards, and is a trustee of the Foundation.

He was until recently a Director of Great West Life Assurance, Director of the American Skin Association, and Chairman of the Supervisory Board of CSM Bakery Solutions Ltd.

On 1 April 2019, James Singh was appointed Vice Chairman of the RTL Group Board of Directors.

Nationality: **Canadian**
First appointed: **20 April 2011**
Re-elected: **28 April 2021**
Committee membership:
Audit (Chairman)

Pernille Erenbjerg
Independent Director

Pernille Erenbjerg, born in 1967, was appointed as an Independent Non-Executive Director to RTL Group's Board of Directors on 28 April 2021.

Pernille Erenbjerg graduated from the Copenhagen Business School with a Master of Science in Economics. She started her career at Arthur Andersen as Auditor and Consultant and later joined Deloitte as Equity Partner.

From 2003 to 2018, Pernille Erenbjerg held several positions at Denmark's largest telecommunications company, TDC Group, most recently as Group CEO and President, and before that as Group CFO and Deputy CEO.

As well as being a Non-Executive Director for RTL Group, she is Chairman of the Board of Nordic Entertainment Group (NENT), Deputy Chair of the Board and Chair of the Remuneration Committee at Millicom, and Deputy Chair of the Board, Chair of the Audit and Finance Committee, and member of the Nomination and Corporate Governance Committee at Genmab.

Pernille Erenbjerg was previously Non-Executive Director at Nordea, DFDS, and the Royal Danish Theatre.

Nationality: **Danish**
First appointed: **28 April 2021**
Committee membership: **Audit**
Mandates in listed companies:
Chairman of the Board of Nordic Entertainment Group (Nent)

Non-Executive Directors

Thomas Götz
General Counsel,
Bertelsmann SE & Co. KGaA

Thomas Götz, born in 1971, graduated from the University of Bayreuth with a doctorate in law in 1999. A year earlier, during his studies, he joined Bertelsmann's Corporate Legal department as an in-house lawyer.

From 2009 to 2013, he was Co-Head of Mergers and Acquisitions at Bertelsmann. Prior to this he worked for two years as Senior Vice President Mergers and Acquisitions.

Thomas Götz has been General Counsel at Bertelsmann SE & Co. KGaA since January 2014.

Nationality: **German**
First appointed: **15 April 2015**
Re-elected: **28 April 2021**
Committee membership:
Audit, Nomination and Compensation

Rolf Hellermann
Chief Financial Officer and member of the Bertelsmann Management SE Executive Board

Rolf Hellermann, born in 1976, studied business administration in Vallendar, Los Angeles, and Nancy, and received his doctorate from WHU – Otto Beisheim School of Management in Vallendar. He started working at the Bertelsmann Corporate Centre directly afterwards, in 2004.

In 2012, Rolf Hellermann became head of Bertelsmann's Corporate Controlling and Strategy department.

From 2015 until 2018 he was CFO of Arvato, the services division of Bertelsmann. He served as CEO of Arvato Financial Solutions from November 2018 until December 2020 and has been a member of Bertelsmann's Group Management Committee since January 2019.

He also heads the Bertelsmann Tech and Data Advisory Board, which advises the Executive Board on technology issues and advances Bertelsmann's evolution into a globally leading media, services, and education company in tech.

Rolf Hellermann was appointed CFO and member of the Board at Bertelsmann Management SE on 1 January 2021.

He previously served as a non-executive member of RTL Group's Board of Directors from August 2015 to December 2018.

Nationality: **German**
First appointed: **1 January 2021**
Re-elected: **28 April 2021**
Committee membership: **Audit**

Immanuel Hermreck
Chief Human Resources Officer and member of the Bertelsmann Management SE Executive Board

Immanuel Hermreck, born in 1969, has been Chief Human Resources Officer and member of the Executive Board at Bertelsmann Management SE since 2015. His responsibilities include the worldwide leadership of Bertelsmann's HR function, with particular attention to executive development, organisational learning and education, compensation, HR strategy, services, corporate responsibility and corporate culture.

Immanuel Hermreck was appointed Global Head of HR for Bertelsmann in 2006. Before this, he was Director of the Media Economics Department at the Bertelsmann Foundation, and became Managing Director of Bertelsmann University – the company's global knowledge and learning institution – in 2000.

Immanuel Hermreck volunteers as a member or trustee of several non-profit organisations, including as a founding Executive Committee member of the German Association of HR Managers.

He holds a PhD in communication and economics, and is both a Stanford University graduate and a former scholar of the prestigious Konrad-Adenauer Foundation.

Nationality: **German**
First appointed: **12 December 2018**
(with effect from 1 January 2019)
Re-elected: **28 April 2021**
Committee membership:
Nomination and Compensation

Non-Executive Directors

Bernd Kundrun
Business Founder and Investor
(until 28 April 2021)

Bernd Kundrun, born in 1957, studied business administration at the universities of Münster and Innsbruck. In 1984, he started his career as Executive Assistant at the Bertelsmann Club. In 1993, he was appointed Chairman of the Management Board of the Bertelsmann Club.

In 1994, Bernd Kundrun became Managing Director of Premiere Medien in Hamburg. He was appointed a member of the Executive Board of Gruner + Jahr in August 1997 and was responsible for the company's newspaper division until 31 October 2000.

From November 2000 to January 2009, Bernd Kundrun was Chairman of Gruner + Jahr's Executive Board and the company's CEO. During this time, he was also a member of the Executive Board of Bertelsmann. Since February 2009, Bernd Kundrun has been partner of the online donation platform *Betterplace.org*, and since 2015 he has been Honorary Chairman of the Supervisory Board of *Gut.org*.

At the end of 2009, Bernd Kundrun founded the Start 2 Ventures Beteiligungsgesellschaft, which provides online start-ups with initial capital. He is also a member of the Boards of both Neue Zürcher Zeitung and Caseking, and Chairman of the Supervisory Board of CTS Eventim AG & Co. KGaA.

Nationality: **German**
First appointed: **18 April 2012**

Guillaume de Posch
Business Founder and Investor

Guillaume de Posch, born in 1958, started his career at the international energy and services company Tractebel (1985 to 1990) and then joined the global management consulting firm McKinsey & Company (1990 to 1993).

Guillaume de Posch began working in the media industry at the Compagnie Luxembourgeoise de Télédiffusion (CLT) as assistant to the Managing Director (1993 to 1994) before becoming Head of CLT's TV operations in French-speaking countries (1995 to 1997). From 1997 to 2003, he was Deputy General Manager and Programming Director of the French pay-TV company TPS, before joining the publicly listed ProSiebenSat1 Media AG in August 2003, first as Chief Operating Officer and then as Chairman of the Executive Board and CEO (2004 to 2008).

Guillaume de Posch was appointed Chief Operating Officer and member of the RTL Group Executive Committee on 1 January 2012.

With effect from 18 April 2012, Guillaume de Posch assumed the role of Co-CEO of RTL Group. In January 2018, Guillaume de Posch stepped down as Co-CEO of RTL Group. Since then, he has served as a non-executive member of RTL Group's Board of Directors.

Guillaume de Posch has served as President of the ACT (Association of Commercial Television) in Europe since 2017.

Nationality: **Belgian**
First appointed: **18 April 2012**
Re-elected: **28 April 2021**

Jean-Louis Schiltz
Tech Law Advisor, Professor (hon.), Independent Director

Jean-Louis Schiltz, born in 1964, holds a post-graduate degree (DEA) in business law from the University of Paris I, Panthéon-Sorbonne. He also taught at his alma mater in the early 1990s.

From 2004 to 2009, Jean-Louis Schiltz was a cabinet minister in Luxembourg. His portfolios included media, telecommunications, technology (IT and internet in particular), international development and defence.

Jean-Louis Schiltz is a tech law advisor, a senior partner at Schiltz & Schiltz (avocats) and a professor (hon.) at the University of Luxembourg. His work focuses on technology, regulatory, M&A and finance. He is a regular speaker at tech law conferences and has authored and co-authored a number of articles and reports in this field.

Jean-Louis Schiltz serves on the boards of a limited number of other companies.

Nationality: **Luxembourgish**
First appointed: **19 April 2017**
Re-elected: **28 April 2021**
Committee membership: **Audit**

Non-Executive Directors

Rolf Schmidt-Holtz
Business Founder and Investor
(until 28 April 2021)

Rolf Schmidt-Holtz, born in 1948 in Martinsreuth, Germany, is an examined lawyer and studied political science and psychology. He has been an independent business founder and investor since April 2011. Prior to that he was CEO of Sony Music Entertainment (Sony BMG Music Entertainment until October 2008) from February 2006 to March 2011, having served the company as Chairman of the Board from August 2004.

From January 2001 to August 2004, Rolf Schmidt-Holtz was Chairman and CEO of Bertelsmann Music Group (BMG) and a member of the Bertelsmann AG Executive Board (from 2000) heading the BMG division, which consisted of the Sony BMG Music Entertainment joint venture and BMG Music Publishing. He also served on the Bertelsmann Executive Board as Chief Creative Officer. Furthermore, he was a member of the Supervisory Boards of Gruner + Jahr, RTL Group and of the Bertelsmann Foundation's Board of Trustees.

Prior to running BMG, Rolf Schmidt-Holtz served as Chief Executive Officer of CLT-UFA. He later oversaw the merger of CLT-UFA with Pearson Television to form RTL Group. He is Co-Founder and Chairman of Just Software AG and Co-Founder and Partner of Hanse Ventures BSJ GmbH.

Nationality: **German**
First appointed: **18 April 2012**

Bettina Wulf
Senior Vice President Corporate Legal, Bertelsmann

Bettina Wulf, born in 1962, has been a member of the Corporate Legal Department at Bertelsmann SE & Co. KGaA since July 1993. Prior to this she worked as an in-house lawyer for an international IT company, with a particular focus on global mergers and acquisitions.

Bettina Wulf graduated from the University of Bielefeld, Germany, with a degree in law in 1988. In 2014 she was honoured by the International Law Office with the European Counsel Award for her prominent role in highly complex merger and acquisition transactions requiring level-headed negotiation skills.

Nationality: **German**
First appointed: **30 June 2020**
Re-elected: **28 April 2021**
Mandates in listed companies:
Majorel Group Luxembourg SA.

Lauren Zalaznick
Media Executive and Industry Advisor, Independent Director

Lauren Zalaznick, born in 1963, begun her career making independent feature films. Zalaznick moved on to become a TV executive, most recently Executive Vice President, Comcast NBC Universal, where she was responsible for overseeing brands such as Bravo, Oxygen, Telemundo, and Fandango. She now advises and invests in the world's leading digital and media brands.

Zalaznick has devoted her career in media to transforming the cultural landscape, and has been responsible for the growth of some of the strongest TV and digital brands in media. She is widely recognised as an industry shape-shifter and innovator, and has received many honours for her achievements.

Aside from many Emmy, BDA, Webby and Peabody Award nominations and wins, Zalaznick has been named one of *Time Magazine*'s 100 most influential people in the world, has delivered a TED talk with close to a million views, and has been the subject of a *New York Times Magazine* cover story.

Lauren Zalaznick is currently a director of The Nielsen Holdings PLC and GoPro Inc, which are both listed companies. She is also a Trustee Emerita of Brown University, from which she graduated magna cum laude and Phi Beta Kappa.

Nationality: **American**
First appointed: **18 April 2018**
Re-elected: **28 April 2021**
Mandates in listed companies:
The Nielsen Holdings PLC and GoPro Inc
Committee membership:
Nomination and Compensation

Executive Committee

Thomas Rabe
Chief Executive Officer

- CEO since 2019
- Portfolio responsibility: RTL Deutschland and Fremantle
- Corporate Centre responsibility: Audit and European Affairs

Elmar Heggen
Chief Operating Officer and Deputy CEO

- Deputy CEO since 2018
- COO since 2019
- Portfolio responsibility: Groupe M6, RTL Nederland, RTL Belgium, RTL Hungary, RTL Croatia, We Are Era and the Luxembourg operations
- Representing RTL Group on the Board of Atresmedia, Spain
- Corporate Centre responsibility: Business Development, Legal, Communications & Marketing and HR

Björn Bauer
Chief Financial Officer

- CFO since 2019
- Corporate Centre responsibility: Finance functions, Investor Relations, IT and Compliance

Responsibilities of the Executive Committee

The Executive Committee is vested with internal management authority

Active dialogue with the Board of Directors about the status and development of the Group

Proposal of annual budgets, to be approved by the Board of Directors

Remuneration report

1 Introduction

1.1 Categories of persons to whom the remuneration report applies:
The RTL Group remuneration policy, as published on RTL Group's website, *company.rtl.com*, applies to the non-executive directors (the **"Non-Executive Directors"**) and to the CEO and Deputy CEO (the **"Executive Directors"**) of RTL Group S.A. (**"RTL Group"**), all together the **"Directors"**.

1.2 The remuneration report concerns the financial year 2021.

Non-Executive Directors

1.3 In order to achieve its goals, RTL Group must be able to attract a broad spectrum of competencies, skills, know-how and experience to its Board, mirroring RTL Group's diverse businesses. Furthermore, the composition of the Board of Directors must embody a thorough knowledge of business dynamics and markets in the sectors of audio-visual media, communication, information and all related technologies.

1.4 Non-Executive Directors are paid only a fixed remuneration. Due to the greater responsibility and time required by their respective functions, an additional annual remuneration is granted to the Chairman and the Vice-Chairman of the Board, and to the Chairmen of the Board's sub-committees. Such remuneration is prorated in case the Director concerned is appointed to or leaves the Board during the year.

1.5 The Board of Directors may grant additional remuneration or indemnities to those Board members who are entrusted with specific duties or missions. They shall not receive incentives nor other forms of variable compensation from RTL Group.

Executive Directors

1.6 The remuneration policy's section addressing Executive Directors is designed to support RTL Group's high-performance culture and the creation of long-term sustainable value for its shareholders. Its goal is to reward Executive Directors with an attractive compensation, in line with the market, which is conditional upon both their own and RTL Group's performance, and which beyond driving performance, also aims to attract and retain the best talent. As a result of the general principles outlined above, the proportion of performance-related pay is generally higher for the Executive Directors than for lower ranking executives in the Group.

1.7 Executive Directors are compensated in line with their responsibilities, and according to both their own and the company's performance.

2 Remuneration of the Non-Executive Directors (or members of the Board of Directors)

In 2021, each Non-Executive Director received a fixed fee amounting to €90,000 for their attendance at the meetings of the RTL Group Board of Directors, except the following:
– Bernd Kundrun received an amount of €29,096 corresponding to €90,000 prorated until the end date of his mandate (28 April 2021).
– Rolf Schmidt-Holtz received an amount of €29,096 corresponding to €90,000 prorated until the end date of his mandate (28 April 2021).
– Pernille Erenbjerg received an amount of €61,151 corresponding to €90,000 prorated from the start date of her appointment to the Board (28 April 2021).
– Martin Taylor received an amount of €400,000 for his mandate as Chairman of the Board of Directors and Non-Executive Director.
– James Singh received an amount of €200,000 for his mandate as Vice-Chairman of the Board of Directors and Non-Executive Director.
No variable remuneration, pension rights, options, loans nor other benefits were granted to the Non-Executive Directors during the financial year 2021.

3 Remuneration of the CEO and Deputy CEO

3.1 **Fixed remuneration (base salary)**
The base salary for the CEO and the Deputy CEO is within a competitive range of the third quartile base salary for comparable positions in their peer groups. The base salary reflects the individual's position,

scope of responsibility, experience and contribution to the business. Base salary levels are generally reviewed every three years, and their development depends on the individual's performance and salary level in relation to the external benchmarks.

3.2 Board attendance fees

RTL Group does not pay any attendance fees to its Executive Directors. As a result, the CEO and Deputy CEO receive board attendance fees only from other Group entities.

3.3 Variable remuneration: annual short-term incentive plan (STIP) and long-term incentive plan (LTIP)

3.3.1 STIP

The Executive Directors are eligible for a STIP which is capped at an amount stipulated in their employment contract.
The STIP payout is linked to the achievement of three sets of targets, as set out in the Executive Directors' bonus agreements:

- **Financial targets**;
  This target is weighted higher than the business and leadership targets. Its calibration (e.g. EBITA, invested capital) is defined by the Nomination and Compensation Committee (NCC) on an annual basis.
- **Business targets**;
- **Leadership targets**.

The amount due under the STIP is paid in April of the following year.
The RTL Group remuneration policy, published in 2020 in accordance with the Shareholder Rights Directive II, foresees the possibility to temporarily derogate from the rules in this remuneration policy in exceptional circumstances, to serve the company's long-term interests and sustainability or to assure its viability. In 2020, to retain management and keep them focused on the business throughout the Covid-19 crisis, the NCC approved the recalibration of the 2020 bonus structure, reducing the weight of the EBITA-related bonus component, while retaining the weight of the business and leadership targets. The remaining weight was allocated to a new goal – "Crisis Management" – designed to incentivise management to develop and implement appropriate measures and initiatives to counter the effects of the crisis and preserve the company's cashflow, profitability, and long-term viability.
In 2021 the NCC agreed to apply the bonus structure as defined in the Remuneration Policy to the Executive Directors' annual bonuses.

3.3.2 LTIP

RTL Group offers its Executive Directors a long-term incentive plan (LTIP), to reward them for entrepreneurial performance, to retain key executives and to align the interests of management and shareholders. The performance targets of the LTIP have been approved by the NCC and are based on financial metrics such as RTL Group Value Added ("RVA") or EBITA.

RTL Group's LTIP for the period 2020 to 2022 has the following features:

- The metric used in the plan is EBITA.
- The plan term is three years (N, N+1, N+2).
- Performance is measured based on yearly targets, which are defined annually.
- The vesting of the LTIP occurs at the end of the term (N+2).
- The payment occurs in N+3 (see below).
- The reward basis is the annual contractual maximum cash compensation.
- The maximum annual amount under the LTIP equals the reward basis multiplied by one third, multiplied by 1.5, multiplied by the participation rate.
- The total maximum amount over the three years of the plan corresponds to the sum of the maximum annual amounts, taking into account the length of participation in the plan.
- The actual annual LTIP amount equals the total maximum annual amount multiplied by the achievement rate. The resulting amount is accrued for deferred payment at the end of the LTIP term, subject to the terms and conditions of the plan.

The amount due under the LTIP in force for the period 2020 to 2022 is paid after the end of the term, within 90 days from the later of (i) the approval by RTL Group's shareholders of the financial statements of RTL Group for the previous year, (ii) the approval by the Business Unit's shareholders of the financial statements of the Business Unit for the previous year, and (iii) the payment of the individual yearly bonuses (STIPs), if applicable, related to the previous year.

3.4 Complementary pension plan

The pension plan granted to all employees of RTL Group S.A. is currently a defined benefit plan which also covers death and invalidity risks and is linked to (i) base salary (i.e. fixed salary, all benefits excluded), (ii) years of service, and (iii) legal pension entitlements. The employer accrues the reserves on its balance sheet on a yearly basis.
The pension plan granted to all employees of RTL Group GmbH is currently a defined benefit plan, managed by Bertelsmann SE & Co KGaA. Each year, a capital component is set aside and accrued accordingly. The individual pension contribution is calculated by multiplying a basic pension contribution by the personal earnings ratio pursuant to the plan. A specific age factor applies for each age. The actuarial interest rate is reviewed annually on 1 April and adjusted in line with capital market developments.

3.5 Benefits

These comprise an accident insurance, which covers both death and disability, a complementary health insurance, and a car allowance to finance a company car at the executive's discretion.

Remunerations of the CEO and Deputy CEO in 2021

The remuneration received by the executives during the period (i.e. already paid to the executives), and the remuneration earned during the period (i.e. the total amounts to which the executives are entitled under certain conditions for their services rendered during the period, including amounts already received and amounts still to be received) are summarised in Exhibit 1 on page 33.

Chief Executive Officer ("CEO")

3.6 Total amount and proportion of fixed vs variable remuneration
Thomas Rabe has a 50 per cent employment contract with RTL Group. The total amount of remuneration earned by Thomas Rabe in his capacity as CEO of RTL Group in the financial year 2021 amounts to €1,500,208. The fixed remuneration plus benefits represents 40 per cent and the variable remuneration represents 60 per cent of the total remuneration.

A total amount received by Thomas Rabe in his capacity as CEO of RTL Group in the financial year 2021 amounts to €1,302,208. Thomas Rabe does not participate in the LTIP of RTL Group.

3.7 Fixed remuneration (base salary)
The amount of fixed remuneration earned and received by Thomas Rabe in his capacity as CEO of RTL Group in 2021 is €600,000.

3.8 Variable remuneration: annual short-term incentive plan (STIP) and long-term incentive plan (LTIP)

3.8.1 STIP
The amount of variable remuneration received by Thomas Rabe in his capacity as CEO of RTL Group in 2021 under the STIP 2020 is €702,000.
The amount of variable remuneration earned by Thomas Rabe in his capacity as CEO of RTL Group in 2021 under the STIP 2021 is €900,000. This will be paid to Thomas Rabe in April 2022.

3.8.2 LTIP
Thomas Rabe did not earn any amount in 2021 under the LTIP 2020 to 2022 as he does not participate in the plan.

3.9 Complementary pension plan
The CEO does not participate in the RTL Group complementary pension plan.

3.10 Benefits

3.10.1 Accident insurance, which covers both death and disability
This benefit represents €208 for 2021.

Chief Operating Officer ("COO") and Deputy CEO of RTL Group

3.11 Total amount and proportion of fixed vs variable remuneration
The total amount of remuneration earned by Elmar Heggen in 2021 in his capacity as Chief Operating Officer ("COO") and Deputy CEO and as a member of both the Métropole Télévision Supervisory Board (Groupe M6) and the Atresmedia Board of Directors is €4,976,725. The fixed remuneration plus benefits represent 24 per cent and the variable remuneration represents 76 per cent of the total remuneration.

The total amount of remuneration received by Elmar Heggen in 2021 in his capacity as COO and Deputy CEO and as a member of both the Métropole Télévision Supervisory Board and the Atresmedia Board of Directors is €3,459,925.

3.12 Fixed remuneration (base salary and fixed allowances)
The amount of fixed remuneration earned and received by Elmar Heggen in his capacity as COO and Deputy CEO and as a member of both the Métropole Télévision Supervisory Board and the Atresmedia Board of Directors in 2021 is €1,172,603. This amount corresponds to (a) €960,000 base salary including any board attendance fees, (b) €188,603 fixed allowance for compensation of pension entitlements lost as a result of the change in the main working location, and (c) €24,000 housing allowance linked to the change in the main working location.

3.13 Attendance fees at boards of other group entities
Elmar Heggen's contractual annual base remuneration for the year 2021 amounts to €960,000. As stipulated in the employment contract, this includes any board fees paid by other Group entities during the period. Accordingly, at the end of the year, the annual base remuneration is reduced by the amount of board fees for the period. In 2021, Elmar Heggen earned and received €32,601 as a member of the Métropole Télévision Supervisory Board and €53,000 as a member of the Atresmedia Board of Directors.

3.14 Variable remuneration: annual short-term incentive plan (STIP), Transaction Bonus and long-term incentive plan (LTIP)

3.14.1 STIP
The amount of variable remuneration received by Elmar Heggen in 2021 in his capacity as COO and Deputy CEO under the STIP 2020 is €1,123,200.
The amount of variable remuneration earned by Elmar Heggen in his capacity as COO and Deputy CEO in 2021 under the STIP 2021 is €1,440,000. This will be paid to Elmar Heggen in April 2022.

3.14.2 Transaction Bonus

Based on article 6 of the RTL Group remuneration policy, in exceptional circumstances, RTL Group may temporarily derogate from the remuneration policy in order to serve the long-term interests and sustainability of RTL Group as a whole or to assure its viability.

In 2021, RTL Group undertook several important transactions that go beyond RTL Group's regular course of business. These transactions are an integral part of the strategic repositioning of RTL Group, aimed at at establishing national cross-media champions, and result in a significant change of RTL Group's business portfolio and geographic footprint.

In this context, the Nomination and Compensation Committee has approved the grant of an exceptional bonus (the "Transaction Bonus") to Elmar Heggen for his significant contribution to the following transactions: disposal of BBTV, disposal of SpotX, merger of Groupe M6 with Groupe TF1, merger of RTL Nederland with Talpa, disposal of RTL Belgium and acquisition of Gruner + Jahr by RTL Deutschland.

The related Transaction Bonus fulfills the conditions set by the remuneration policy, as they align the Executives' interest with the shareholders' interests and contribute to assuring RTL Group's long-term viability.

Elmar Heggen's Transaction Bonus amounts to €2,400,000 maximum across all transactions and is paid in two instalments for each transaction: 30 per cent of the amount allocated to each transaction vested and was payable at signature of the related transaction, 70 per cent of the amount allocated to each transaction will vest and be paid at closing of the related transaction. Accordingly, €1,140,000 have been paid in 2021 to Elmar Heggen, in relation to the signature of all transactions and in relation to the closing of the BBTV and SpotX transactions, corresponding to 48 per cent of the maximum Transaction Bonus amount. The remaining portion of the Transaction Bonus will gradually become payable upon closing of the outstanding transactions.

3.14.3 LTIP

Elmar Heggen participates in the RTL Group LTIP 2020 to 2022. The amount of variable remuneration earned by Elmar Heggen in his capacity as COO and Deputy CEO in 2021 under the LTIP 2020 to 2022 is €1,200,000.

3.15 Complementary pension plan

Elmar Heggen participates in the pension plan of RTL Group GmbH, as described in section 3.4. In addition, Elmar Heggen has a pension entitlement from the defined benefit plan at RTL Group S.A. as described in section 3.4 linked to previous years of employment.

3.16 Benefits

3.16.1 Accident insurance, which covers both death and disability

This benefit represents €333 for 2021.

3.16.2 Health benefits

This benefit represents €3,989 for 2021.

3.16.3 A company car financed via a car allowance

amounting to €19,800 for 2021.

Exhibit 1

	Earned 2021				Received 2021	
	Thomas Rabe		Elmar Heggen		Thomas Rabe	Elmar Heggen
	€	per cent	€	per cent	€	€
Annual base salary	600,000		874,399		600,000	874,399
Fixed allowances			188,603			188,603
Director fees earned 2020			85,601			85,601
Other allowances:						
– Housing allowance			24,000			24,000
Total fixed remuneration	600,000	40	1,172,603	24	600,000	1,172,603
Variable remuneration:						
– STIP 2020					702,000	1,123,200
– STIP 2021	900,000	60	1,440,000	29		
– Transaction Bonus			1,140,000	23		1,140,000
– LTIP 2020 to 2022 annualised*			1,200,000	24		0
Benefits:						
– Car allowance			19,800	–		19,800
– Other benefits	208	–	4,322	–	208	4,322
Total remuneration	**1,500,208**	**100**	**4,976,725**	**100**	**1,302,208**	**3,459,925**

*Thomas Rabe does not participate in the LTIP

From top to bottom: crime documentary series *The Investigation*, produced by Fremantle-owned Miso Films; primetime news programme *RTL Direkt* from RTL Deutschland; and cooking competition format *Top Chef*, from Groupe M6.

Directors' report

Consolidated financial statements and audit report

RTL Group reports record Group profit of €1.5 billion, strong growth in streaming subscribers and significant TV consolidation moves

- Full-year Group revenue up 10.3 per cent to €6.6 billion; Group revenue up 13.5 per cent organically vs 2020 and 4.3 per cent vs 2019
- TV advertising revenue +16.0 per cent, Fremantle revenue +25.3 per cent and streaming revenue +31.2 per cent vs 2020
- Full-year Adjusted EBITA up 35.1 per cent to €1,152 million (2020: €853 million). Adjusted EBITA margin up 3.2 percentage points to 17.4 per cent (2020: 14.2 per cent)
- Record Group profit at €1,454 million (2020: €625 million), due to strong operating performance and capital gains
- Proposed dividend of €5.00 per share, in line with the Group's dividend policy
- Paying subscribers up 73.8 per cent for RTL Group's streaming services in Germany and the Netherlands to more than 3.8 million
- Major consolidation moves in Germany, France, the Netherlands, Belgium and Croatia to build national cross-media champions
- Progress on Fremantle growth plan with four acquisitions completed since April 2021
- Portfolio management: disposals of SpotX, Ludia and VideoAmp

Luxembourg, 17 March 2022 – RTL Group announces its audited results for the year ended 31 December 2021.

Strong growth in revenue, Adjusted EBITA, EBIT and Group profit

- Group **revenue** increased 10.3 per cent to €6,637 million (2020: €6,017 million), mainly due to strong growth of TV advertising revenue in the second, third and fourth quarters of 2021, of Fremantle and of the streaming businesses. Group revenue was up 13.5 per cent organically[1] compared to 2020 and 4.3 per cent compared to 2019.

- In 2021, RTL Nederland reported significantly higher **audience share**, while the audience share of Groupe M6 was up slightly. RTL Deutschland's audience share decreased in 2021 partly due to major sporting events broadcast by the public broadcasters.

- **TV advertising revenue** across the Group was up 16.0 per cent year-on-year and 10.7 per cent in Q4/2021.

- **Streaming revenue**[2] from RTL+ and Videoland grew by 31.2 per cent to €223 million (2020: €170 million).

- **Distribution revenue**[3] was up 9.0 per cent to €437 million (2020: €401 million).

- **Adjusted EBITA**[4] was up 35.1 per cent to €1,152 million (2020: €853 million), while the **Adjusted EBITA margin**[4] increased to 17.4 per cent (2020: 14.2 per cent). Streaming start-up losses amounted to €166 million (2020: €55 million).

- **EBIT** more than doubled, reaching a record level of €1,908 million (2020: €903 million).

- **Group profit** grew strongly, reaching a record level of €1,454 million (2020: €625 million), mainly due to the increase in Adjusted EBITA, the capital gains from the disposals of SpotX and Ludia and positive effects from the re-measurements of Super RTL and Stéphane Plaza Immobilier.

- **Net cash from operating activities** was €932 million. The operating cash conversion rate[5] was 114 per cent (2020: 123 per cent). RTL Group had **net cash**[6] of €657 million at the end of 2021 (2020: €236 million).

- RTL Group's Board of Directors has proposed a **dividend** of €5.00 per share for 2021 of which €3.50 represents ordinary dividend while the remaining €1.50 relates to the disposals of SpotX (cash proceeds only), Ludia and VideoAmp[7].

- In 2021, RTL Group's share price increased by 17.3 per cent. Based on the average share price in 2021 (€48.6[8]), the proposed dividend of €5.00 per share represents a **dividend yield** of 10.3 per cent.

	2021 €m	2020 €m	Per cent change
Revenue	**6,637**	6,017	**+10.3**
Adjusted EBITA	**1,152**	853	**+35.1**
Adjusted EBITA margin (%)	**17.4**	14.2	
Adjusted EBITA	**1,152**	853	**+35.1**
Significant special items	**(61)**	(34)	
Impairment and reversals of investments accounted for using the equity method	**2**	(62)	
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(19)**	(25)	
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**949**	172	
Fair value measurement of investments and re-measurement of earn-out arrangements	**(115)**	(1)	
EBIT	**1,908**	903	**+111.3**
Financial result	**(27)**	(28)	
Income tax expense	**(427)**	(250)	
Group profit	**1,454**	625	**+132.6**
Attributable to:			
– RTL Group shareholders	**1,301**	492	**+164.4**
– Non-controlling interests	**153**	133	
Basic and diluted EPS (in €)	**8.41**	3.20	**+162.8**

1 Adjusted for portfolio changes and at constant exchange rates, for 2019 additionally adjusted for the wind-down of StyleHaul. Further details can be found in **Key performance indicators** on page 56
2 Streaming revenue includes SVOD, TVOD, in-stream and distribution revenue from RTL+ and Videoland/RTL XL
3 Revenue generated across all distribution platforms (cable, satellite, internet TV) including subscription and re-transmission fees
4 See **Key performance indicators** on pages 56 to 57
5 Operating cash conversion rate reflects the level of operating profits converted into cash. Further details can be found in **Key performance indicators** on page 58
6 The net cash/(debt) excludes current and non-current lease liabilities. Including these, net cash as of 31 December 2021 was €325 million (31 December 2020: net debt of €–148 million). See **Key performance indicators** on page 59
7 Effective closing 5 January 2022
8 Frankfurt Stock Exchange

Strengthening RTL Group's core – creating national cross-media champions

In May 2021, Groupe TF1, Groupe M6, Groupe Bouygues and RTL Group announced they had signed agreements to enter into exclusive negotiations to merge the activities of **Groupe TF1** and **Groupe M6** and create a major French media group. The merger project was unanimously approved by the Boards of the four groups concerned. In July 2021, Groupe Bouygues and RTL Group signed agreements relating to the merger following the favourable opinions of the employee representative bodies. The completion of the transaction remains subject to conditions precedent, in particular the authorisations of the competent authorities[9] and the general meetings of the shareholders of Groupe TF1 and Groupe M6. The potential for synergies (Adjusted EBITA run-rate impact) is estimated at between €250 million and €350 million per year, to be fully realised by 2026. The transaction is expected to close at the beginning of 2023.

In June 2021, **RTL Group** and **Talpa Network** announced they had signed agreements to merge their broadcasting and other media businesses in **the Netherlands**. The merger will allow the combined group to step up investments in local content, streaming, technology and data, offering Dutch audiences the broadest spectrum of high-quality entertainment and reliable information programmes. The transaction is subject to approval from the competent authorities. The potential synergies of the merger (Adjusted EBITA run-rate impact) are estimated at between €100 million and €120 million per year, to be fully realised by 2025. The transaction is expected to close in the third quarter of 2022.

In June 2021, RTL Group announced it had signed a definitive agreement for the sale of **RTL Belgium** to the Belgian media companies DPG Media and Groupe Rossel. The transaction – with total cash proceeds of €250 million – is subject to regulatory approvals and is expected to close at the end of March 2022.

In July 2021, RTL Deutschland acquired the outstanding 50 per cent shareholding in **Super RTL** from its former 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 for the purchase price of €213 million on a cash-free and debt-free basis[10], to create Germany's first cross-media champion. G+J contributes popular and trusted media brands such as *Stern, Brigitte, Geo, Capital, Schöner Wohnen, Eltern* and *Art* to RTL Deutschland. The potential synergies of the transaction (Adjusted EBITA run-rate impact) are estimated at around €100 million per year, to be fully realised by 2025.

In February 2022, RTL Group announced that it had reached an agreement with Central European Media Enterprises (CME) for the sale of **RTL Croatia**. The preliminary total consideration to be paid at closing amounts to €50 million. In addition, RTL Group will benefit from royalties under a long-term trademark license agreement with CME. The transaction is subject to regulatory approvals and is expected to close in the second quarter of 2022.

Strengthening RTL Group's core – portfolio management

In April 2021, RTL Group sold its interests in **SpotX** to the US ad-tech company, Magnite. Following the announcement of the transaction on 5 February 2021, RTL Group exercised an option to increase the cash component of the transaction and received US-$640 million (€587 million) in cash and 12.37 million shares of Magnite stock.

In September 2021, **Fremantle** completed the sale of its 100 per cent shareholding in Ludia Inc. to US-based mobile entertainment company, Jam City, for US-$165 million (€146 million) in cash.

In January 2022, RTL Group sold its entire shareholding in **VideoAmp**, a US software and data company for media measurement, for US-$104 million (€92 million) in cash.

9 The antitrust authorities (Autorité de la Concurrence) and media regulator (Autorité de Régulation de la Communication Audiovisuelle et Numérique)

10 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

Boosting growth businesses

At the end of 2021, RTL Group registered **3.804 million paying subscribers** for its streaming services RTL+ in Germany and Videoland in the Netherlands, up 73.8 per cent year-on-year (2020: 2.189 million).

- The number of paying subscribers for RTL+ more than doubled to 2.712 million compared to 1.286 million at the end of December 2020. The strategic partnership with Deutsche Telekom to bundle RTL+ Premium in Magenta TV and the growing number of original formats such as *Sisi* contributed significantly to the growth.
- Paying subscriber numbers for Videoland grew 20.9 per cent to 1.092 million compared to 0.903 million at the end of December 2020, partly thanks to the third season of the Videoland original series *Mocro Maffia* and the reality format *Temptation Island*.

In November 2021, the rapidly growing German streaming service rebranded to **RTL+** and continued to expand its content offer, with 67 new originals available in 2021 (2020: 37).

In February 2022, RTL Group announced that **RTL Deutschland** had 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 will receive access to exclusive films and series, including HBO Max originals. In addition, RTL Deutschland will 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.

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 will invest significantly in Fremantle in all territories, across all three content pillars – **drama and film**, **entertainment** and **factual shows and documentaries**. Fremantle's film business continued to grow, with seven movies produced in 2021. Its film, *The Hand of God*, directed by Paolo Sorrentino and produced by The Apartment for Netflix, was nominated for the 'Best International Feature Film' category of the 2022 Oscars. In March 2022, Fremantle signed a three-year international filmmaking agreement with Oscar-winning actress **Angelina Jolie**. Fremantle and Angelina Jolie will jointly develop a variety of feature films, documentaries and original series, that she will produce, direct, or star in.

Since April 2021, Fremantle completed four transactions:

- In April 2021, Fremantle increased its stake in **Abot Hameiri**, taking full ownership of one of the leading entertainment producers in Israel.
- In May 2021, Fremantle also increased its shareholding in **Eureka**, a production company for entertainment content in the US and Australia, from 25 per cent to 51 per cent.
- In September 2021, Fremantle acquired **12 production labels from Nent Group** – now called This is Nice Group – in Norway, Sweden, Finland and Denmark that operate across non-scripted, scripted and factual.
- In March 2022, Fremantle acquired 70 per cent of the shareholding in the leading Italian scripted production company, **Lux Vide**.

Fostering alliances and partnerships

In October 2021, RTL Group announced a comprehensive cooperation with the advertising technology company Amobee, in order to strengthen both companies' ad-tech businesses in continental Europe. As part of **TechAlliance**, RTL Group and Amobee will establish a jointly owned sales and services company for the ad-tech services of Amobee and Smartclip in Europe. The TechAlliance offering will also benefit from Yospace's technology solutions. The agreement is subject to regulatory approvals and expected to close in the first half of 2022.

In January 2022, **RTL AdConnect** entered into a partnership with **NBCUniversal**, which will provide the opportunity for the company's clients and partner agencies in Germany, Austria, Switzerland, Belgium, the Netherlands and Luxembourg to access all premium, brand-safe TV and digital inventory owned and operated by NBCUniversal. NBCUniversal will represent RTL AdConnect's European inventory to its clients based in China and the US, providing them with strong reach and advertising solutions.

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. The new unit will provide international advertisers with simplified access to a unique portfolio of media brands across TV, digital video, radio/audio, online, mobile and print.

Outlook

The following outlook assumes that the economic recovery continues – mainly driven by private consumption – and that there is no significant impact from Covid-19 and the war in Ukraine. It is too early to quantify the potential impact of the war in Ukraine on consumer sentiment, inflation and economic growth – and thus on RTL Group's results in 2022.

The outlook does not reflect the announced consolidation moves in France, the Netherlands and Croatia as they are still subject to regulatory approvals, but reflects the acquisition of Lux Vide by Fremantle (as of 3 March 2022) and the sale of RTL Belgium (as of end of March 2022)[11].

On this basis and subject to the above:
- RTL Group expects its **revenue** to increase to approximately €7.4 billion. This includes organic growth of approximately 5 to 6 per cent.
- RTL Group expects its **Adjusted EBITA** for 2022 to be stable at approximately €1.15 billion, despite significantly higher streaming start-up losses of approximately €250 million (2021: €166 million). Consequently, the Group expects its Adjusted EBITA before streaming start-up losses to increase to approximately €1.4 billion (2021: €1,318 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.

	2021	2022e
Revenue	€6,637m	**~€7.4bn**
Adjusted EBITA	€1,152m	**~€1.15bn**
Streaming start-up losses	€166m	**~€0.25bn**
'Adjusted EBITA before streaming start-up losses'	€1,318m	**~€1.4bn**

RTL Group: strategic targets for the streaming services RTL+ and Videoland

	2021	2026e
Paying subscribers	3.804m	**10m**
Streaming revenue	€223m	**€1bn**
Content spend per annum	€209m	**~€600m**

Profitability is expected by 2026[12].

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.

11 In addition, the outlook includes, among other scope effects, the deconsolidation of SpotX (as of 30 April 2021) and Ludia (as of 8 September 2021) as well as the full consolidation of Eureka (as of 17 May 2021), Super RTL (as of 1 July 2021), This is Nice Group (as of 30 September 2021) and Gruner + Jahr (as of 1 January 2022)

12 Total of Adjusted EBITA from RTL+, 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 on business unit level. For the definition of Adjusted EBITA please see **Key performance indicators** on pages 56 to 57

Corporate profile

RTL Group – Entertain. Inform. Engage.

RTL Group is a leading entertainment company across broadcast, streaming, content and digital, with interests in 67 television channels, ten streaming services and 39 radio stations.

The Group's families of TV channels are either number one or number two in eight European countries, while RTL Group owns or has interests in radio stations in France, Germany, Belgium, 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, Videoland in the Netherlands and 6play and Salto in France.

Fremantle is one of the world's largest creators, producers and distributors of scripted and unscripted content, responsible for around 12,000 hours of programming per year, alongside an international network of teams operating in more than 25 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 AdConnect.

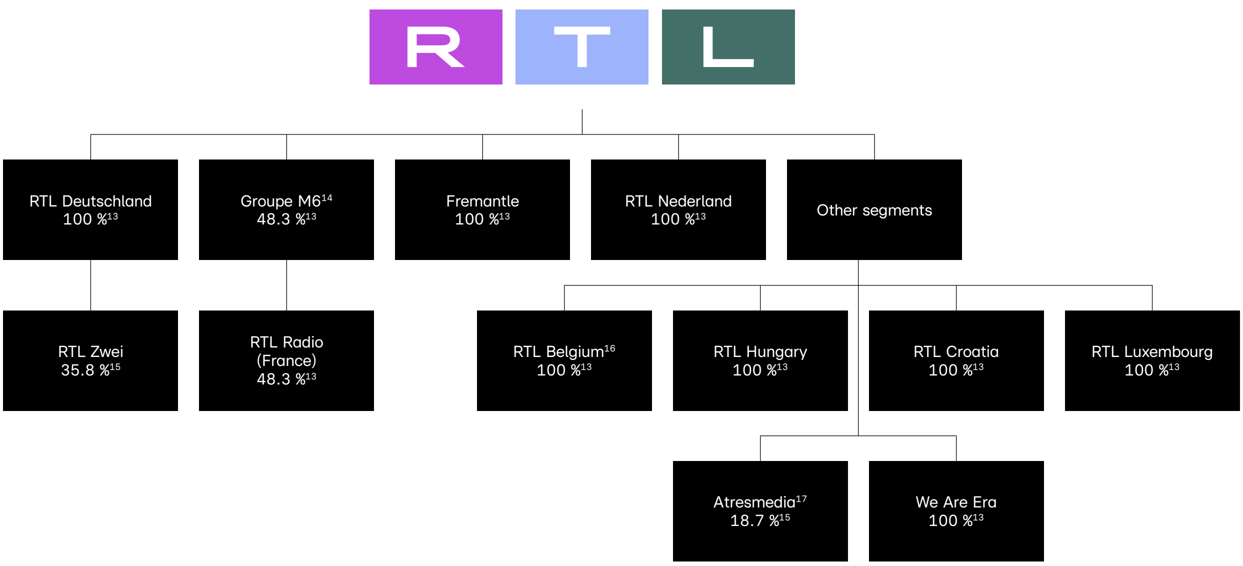
The roots of the company date back to 1924, when Radio Luxembourg first went on air. Compagnie Luxembourgeoise de Radiodiffusion (CLR) was founded in 1931. As a European pioneer, the company broadcast a unique programme in several languages using the same wavelength.

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. From September 2013 to September 2020, RTL Group was listed in the MDAX stock index. Since then, RTL Group has been listed in the SDAX stock index. As of 21 March 2022, RTL Group will be re-included in the MDAX. RTL Group publishes its consolidated financial statements in accordance with IFRS as adopted by the European Union.

RTL Group corporate structure

(simplified)



13 Fully consolidated
14 Net of treasury shares and own shares held by Métropole Télévision SA under liquidity contract
15 Investment accounted for using the equity method
16 Classified as assets held for sale
17 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 and senior executives from the Corporate Centre meet 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); content creation, sourcing and distribution; and international advertising sales.

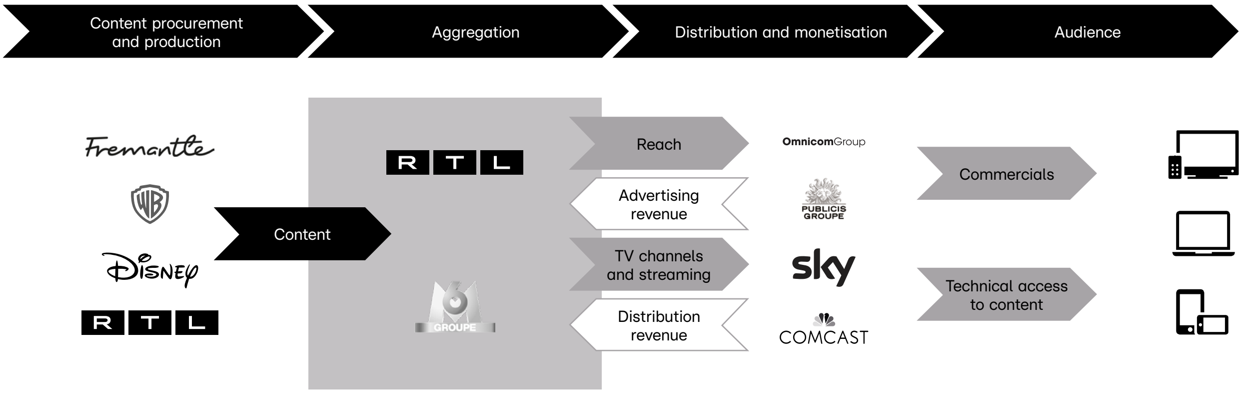
In addition, all units benefit from sharing information, knowledge and experience across the Group through the Group's Synergy Committees (SyCos). These SyCos – which are comprised of executives and experts from each segment and from the Group's Corporate Centre – meet regularly to discuss topics such as programming, advertising sales, distribution and news. 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 the framework of strategic direction and financial control, 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

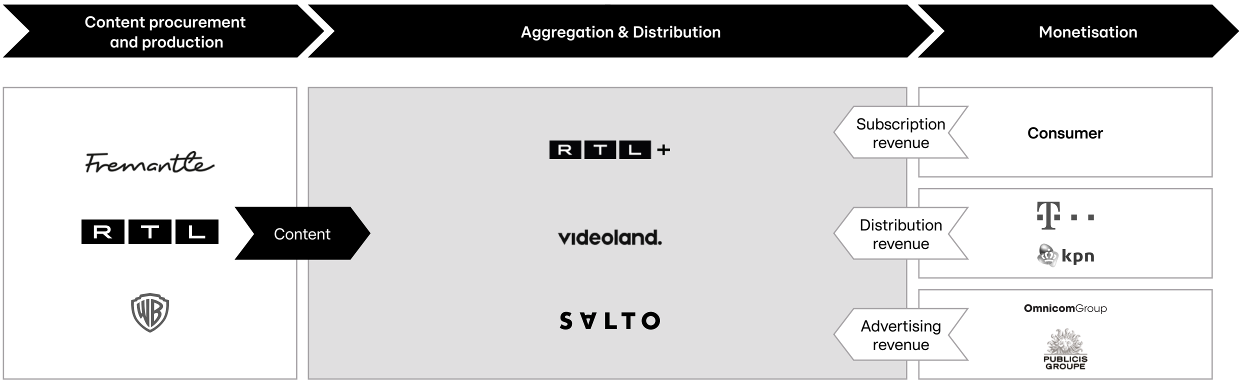
RTL Group's broadcasters buy, produce and commission mostly local content. They also buy or license broadcasting rights for movies, TV series and sporting events. TV channels and radio stations create and schedule programming that helps them shape their channel brands. Rather than focusing on a single 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. 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 2021, this high-margin revenue rose from €175 million to €437 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 predominantly financed by advertising and subscription fees. These broadcasters continue to increase their production volume of original content for their streaming services.

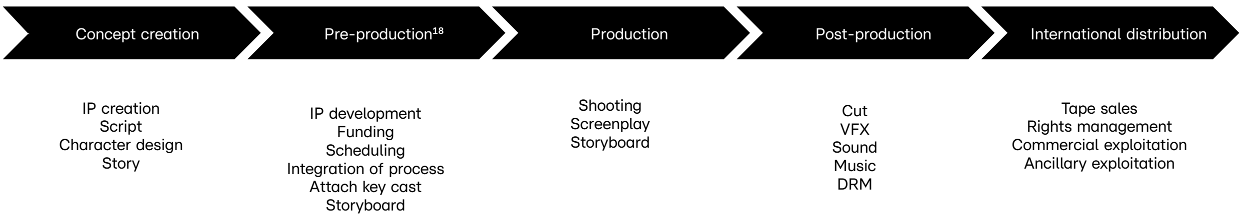
The aim is to combine the different streaming offerings into a hybrid business model, consisting of various price packages. Lower-priced or free packages are predominantly financed by advertising. The various premium price packages include, for example, several parallel streams on various devices, the 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.



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

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 these clients use to build their businesses. Fremantle has an international network of teams across production and distribution, operating in more than 25 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 that includes drama, comedy, factual, lifestyle and entertainment shows.

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

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

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

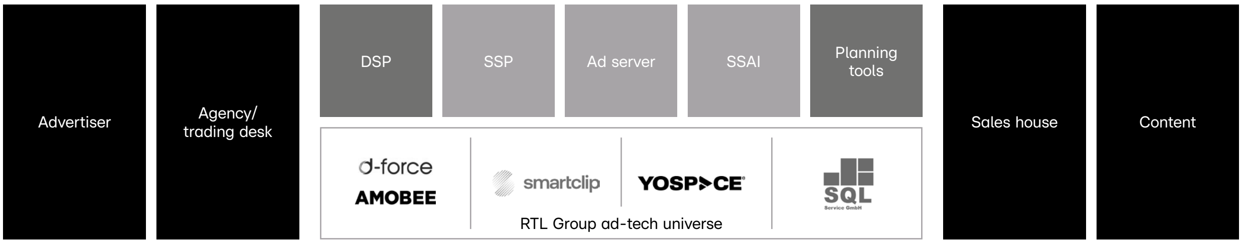
The business model of drama series is based on creating long-term library value. Ideally, these series will entertain viewers and thereby generate revenue and profits for between five and 20 years. The development cycle of high-end drama series – from concept to screening – ranges from two to three years.

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 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 bring their message to an engaged audience, which can be enhanced using technology and data. This is done using a sophisticated process 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. The market for addressable TV in Germany alone is forecast to be greater than €500 million by 2025. Around 14.5 million TV devices in Germany are already accessible to addressable TV, and therefore tailored advertising.



Digital video companies

RTL Group fully owns the talent agency and studio We Are Era. Creators and influencers create content for their own channels on an online platform such as YouTube, TikTok or Instagram. As it can be hard for individual creators to sell advertising on their own or to approach and cooperate with bigger brands, digital video companies and talent agencies aggregate content to offer advertisers an attractive content package and, most importantly, help them reach a defined target group.

We Are Era has become a modern talent agency with a growing studio business, and has several broadcasters such as Vox, NGOs and world-leading brands among its clients – including Netflix, Disney+, EA Sports, Adidas, N26, and Ikea.

Generic value chain of digital video companies

Market

Market environment

Digitisation has significantly transformed the TV market. More than 90 per cent of EU households now receive their TV signal digitally and, in Germany alone, viewers have access to over 75 linear television channels.

Digitisation has brought new ways of reaching viewers – such as short-form video content made for consumption on mobile devices and over-the-top 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.

To most people, TV still refers to the screen in their living room. But the business model of TV, and the wider industry behind it, has moved on – and, with it, the definition of TV. At RTL Group, TV stands for **Total Video**.

The Total 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 or pay-per-view (especially long-form)
– YouTube, Facebook 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 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
- Watching video content on mobile devices increases the demand for short-form video (short clips that last just a few minutes)
- The higher the share of non-linear viewing, the higher the demand for high-end drama series and documentaries

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, WarnerMedia 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 $20 a month.

As a result, the production business around the world is booming, especially for high-end drama series, causing rapidly rising prices for the best content and talent:
- According to the *Financial Times*, the top eight media groups in the US plan to spend at least $115 billion on new movies and television shows in 2022. When sports rights are taken into account, the combined spending estimate increases to $140 billion. According to predictions from research firm, Ampere Analysis, media companies will spend $230 billion on video content in 2022 – twice as much as ten years ago.
- Content production prices increased rapidly. According to *The Economist*, the final season of WarnerMedia's *Game of Thrones* cost $15 million in 2019. The first season of the new series *Lord of the Rings* for Amazon Prime – scheduled to launch in September 2022 – is estimated to cost $465 million for eight episodes.
- The boom has meant big Hollywood names such as JJ Abrams, Shonda Rhimes and Ryan Murphy, can command nine-figure deals to make shows for streaming services.
- More and more key players – such as Disney, Paramount Global and WarnerMedia – are holding back valuable IP and content to boost the growth of their own streaming services.

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 plans to split off WarnerMedia and to combine it with Discovery in summer 2022. Elsewhere, 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, that acquired Endemol Shine from Disney and Apollo Global Management, creating a global production giant which represents the largest TV producer outside the United States.

In 2021, a trend of in-country consolidation started in Europe to form national cross-media champions to compete with the global tech platforms.

Strategy

The international TV 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 – creating national media champions

Wherever attractive opportunities arise, the Group **aims to consolidate** across its existing European broadcasting footprint, including through mergers and acquisitions to create national cross-media champions. The strategic rationale is about scale, pooling resources and creativity to compete with global tech platforms in the respective national markets. It is about higher investments in exclusive, local content to boost the growth of the Group's streaming services. And it is about investments in tech and data and, in particular, addressable TV advertising. Hence, the following consolidation steps will create significant value for all shareholders through significant synergies.

In May 2021, Groupe TF1, Groupe M6, Groupe Bouygues and RTL Group announced they had signed agreements to enter into exclusive negotiations to merge the activities of **Groupe TF1** and **Groupe M6** and create a major French media group. The merger project was unanimously approved by the Boards of the four groups concerned. In July 2021, Groupe Bouygues and RTL Group signed agreements relating to the merger following the favourable opinions of the employee representative bodies. The completion of the transaction remains subject to conditions precedent, in particular the authorisations of the competent authorities[19] and the general meetings of the shareholders of Groupe TF1 and Groupe M6. The potential synergies (Adjusted EBITA run-rate impact) are estimated at between €250 million and €350 million per year, to be fully realised by 2026. The transaction is expected to close at the beginning of 2023.

In June 2021, **RTL Group** and **Talpa Network** announced that they had signed agreements to merge their broadcasting and affiliated media businesses in **the Netherlands** and create a strong Dutch cross-media group. The merger will allow the combined group to step up investments in local content, streaming, technology and data, offering Dutch audiences the broadest spectrum of high-quality entertainment and reliable information programmes. Both the Dutch creative industry and advertising market will benefit from the ambitious long-term strategy pursued by RTL Group and Talpa Network. The transaction is subject to approval from the competent authorities. The potential synergies of the merger (Adjusted EBITA run-rate impact) are estimated at between €100 million and €120 million per year, to be fully realised by 2025. The transaction is expected to close in the third quarter of 2022.

In June 2021, RTL Group announced that it had signed a definitive agreement for the sale of **RTL Belgium** to the Belgian media companies DPG Media and Groupe Rossel. The transaction – with total cash proceeds of €250 million – is subject to regulatory approvals and is expected to close at the end of March 2022. With this sale, RTL Group enables consolidation for other market participants.

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 for €213 million on a cash-free and debt-free basis[20]. The potential synergies of the transaction (Adjusted EBITA run-rate impact) are estimated at around €100 million per year, to be fully realised by 2025. As of 1 January 2022, G+J contributes popular and trusted brands such as *Stern*, *Brigitte*, *Geo*, *Capital*, *Schöner Wohnen*, *Eltern* and *Art* 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, independent journalism, technology and data. A joint

19 The antitrust authorities (Autorité de la Concurrence) and media regulator (Autorité de Régulation de la Communication Audiovisuelle et Numérique)

20 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

editorial team with more than 1,500 journalists creates a journalistic powerhouse to deliver reliable news, investigative reports and features in all genres across TV, audio and print.

In February 2022, RTL Group announced that it had reached an agreement with Central European Media Enterprises (CME) for the sale of **RTL Croatia**. The total consideration to be paid at closing amounts to €50 million. In addition, RTL Group will benefit from royalties under a long-term trademark license agreement with CME. The transaction is subject to regulatory approvals and is expected to close in the second quarter of 2022.

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 keeping RTL Group's audience shares and net TV advertising market shares in the various countries stable or growing them. In recent 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**. RTL Group aims to receive a fair revenue share 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
Every year, RTL Group invests around €3.5 billion in 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 are 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 and streaming services. For example, in January 2020, RTL Deutschland won the full and exclusive rights to broadcast and stream the Uefa Europa League and the newly established Uefa Conference League, starting with the 2021/22 season, for a period of three years. In March 2021, RTL Deutschland and Deutsche Telekom agreed on the sub-licensing of exclusive rights to 17 Uefa Euro 2024 matches, as part of the companies' strategic partnership, announced in November 2020. The agreement covers the broadcast of 14 group phase matches, two round-of-16 matches and one quarter-final to be broadcast exclusively on free-to-air TV on RTL Television and live streamed on RTL+. These deals strengthen two of RTL Deutschland's linear channels – RTL Television and Nitro – and will play an important part in attracting new paying subscribers for RTL+. RTL Nederland also acquired the rights to broadcast certain Uefa Champions League matches, starting with the 2021/22 season, for a period of three years.

Streamlining RTL Group's portfolio
RTL Group's management continuously reviews the Group's portfolio of assets. In the past four years, RTL Group sold several non-core assets in Europe such as the football club Girondins de Bordeaux and the website MonAlbumPhoto in France, and the home entertainment and theatrical distribution company Universum Film in Germany. In North America, the Group sold its digital businesses below due to limited synergy potential with its core businesses.

- In October 2020, RTL Group completed the sale of its digital video network BroadbandTV to BBTV Holdings Inc. for €102 million in cash.
- In April 2021, RTL Group sold its interests in SpotX to the US ad-tech company, Magnite. Since the announcement of the transaction on 5 February 2021, RTL Group exercised an option to increase the cash component of the transaction and received US-$640 million (€587 million) in cash and 12.37 million shares of Magnite stock.
- In September 2021, Fremantle completed the sale of its 100 per cent shareholding in Ludia Inc. to US-based mobile entertainment company, Jam City, for US-$165 million (€146 million) in cash.
- In January 2022, RTL Group sold its entire shareholding in VideoAmp, a US software and data company for media measurement, for US-$104 million (€92 million) in cash.
- 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.

Increasing operational efficiency
Management continuously assesses opportunities to reduce costs and to reallocate resources to growth areas such as its streaming services. In December 2020, RTL Deutschland announced that it would free up resources for significant additional investments in streaming content, technology and data by reallocating budgets as well as through cost savings. The programme was implemented in the course of 2021, the cost savings will target overhead and structural costs such as events and travel, including personnel.

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 either through stand-alone services such as RTL+ in Germany and Videoland in the Netherlands, or through national partnerships such as Salto in France.

RTL Group's stand-alone services will gradually adopt a **hybrid business model** – consisting of various price packages. Lower-priced or free packages are predominantly 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.

On 31 December 2021, RTL Group registered **3.804 million paying subscribers** for its streaming services RTL+ in Germany and Videoland in the Netherlands – up 73.8 per cent year-on-year (31 December 2020: 2.189 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+ will expand to a cross-media entertainment service, comprising video, music, podcasts, audio books and e-magazines, which will be 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+ and Videoland to around €600 million by 2026 (previous target: around €350 million by 2025).
- ...the number of **paying subscribers** for RTL+ and Videoland to 10 million by the end of 2026 (previous target: between 5 and 7 million paying subscribers by the end of 2025).
- ...its **streaming revenue**, to €1 billion by 2026 (previous target: at least €500 million by 2025).
- with the aim of reaching **profitability** by 2026 (previous target: Adjusted EBITA breakeven by 2025). The peak of the investment (streaming start-up losses) is expected in 2022, with around €250 million.

In July 2020, RTL Nederland announced a **new hybrid model for Videoland**, adding an entry subscription model at a lower price including advertising, and a Plus subscription model enabling concurrent streams. This strategic step has opened up Videoland to advertising clients of the Dutch Ad Alliance.

In November 2020, **RTL Deutschland** and **Deutsche Telekom** announced a **strategic partnership**. The partners integrated the RTL streaming service RTL+ Premium within Deutsche Telekom's TV offer, Magenta TV. Since then, the 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. As part of the agreement, Sky exclusively sub-licenses Formula One free-to-air rights to RTL Deutschland for the 2021 and 2022 seasons.

In June 2021, **RTL Nederland** and **T-Mobile** in the Netherlands announced that Videoland will become part of T-Mobile's new Unlimited & Entertainment proposition. The new offer gives customers access to both Videoland Plus and Netflix Standard as well as unlimited 5G data, calling and SMS in the T-Mobile network in the Netherlands with an attractive price advantage.

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 more than 25 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 will invest significantly in Fremantle – both organically and via acquisitions – in all territories across drama and film, entertainment and factual shows and documentaries.

Fremantle pursues three strategic goals:
- Maintaining its position as a leading producer and distributor of quality programming by **nurturing established brands** such as *Idols*, *Got Talent* and *The Farmer Wants a Wife*, while investing in creating new formats and brands.
- **Diversifying its portfolio**. Fremantle has made a series of investments in talent and labels, to strengthen its capabilities in the scripted, entertainment and factual genres, and in building a new client base with global streaming platforms such as Netflix and Amazon Prime.

As part of Fremantle's growth plan, it established a new global documentaries division in May 2021 to significantly grow the company's high-end documentary business. Fremantle has already announced the production of a number of premium documentaries including *Arctic Drift*, *Veleno: The Town of Lost Children, Kingdom of Dreams* and *Phat Tuesdays*. Further growth drivers include the production of feature films such as *The Hand of God* and taking the opportunity of new monetisation models.

– **Maximising its global network** by increasing scale in strategic markets. The company has strengthened its Scandinavian and southern European footprint and expanded its scripted footprint in Latin America, Sweden, Norway and Spain.

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.

Since 2012, Fremantle has invested heavily in high-end productions, to **accelerate its growth in scripted series**. With a number of acquisitions – including Miso Film in Scandinavia, Wildside in Italy, Kwaï in France, Abot Hameiri in Israel and This is Nice Group in the Nordics – Fremantle has created a global network that now comprises 20 production sites for drama series.

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 81 scripted productions across drama, film and soaps in 2021.

As a result of this strategy, Fremantle generated 29 per cent of its total revenue in 2021 from drama productions and expects this share to grow further over the coming years.

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. Market studies predict that addressable TV could account for 30 to 50 per cent of all TV advertising spend in Europe in the long term.

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 October 2021, RTL Group announced a comprehensive cooperation with the advertising technology company Amobee, to strengthen both companies' ad-tech businesses in continental Europe. As part of **TechAlliance**, RTL Group and Amobee will establish a jointly owned sales and services company for the ad-tech services of Amobee and Smartclip in Europe. The TechAlliance offering will also use Yospace's technology solutions. The agreement is subject to regulatory approvals and expected to close in the first half of 2022. TechAlliance will give advertisers programmatic access to the addressable TV inventory of broadcasting partners from RTL Group and Smartclip.

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, the French subscription service Salto, Videoland in the Netherlands, and the RTL streaming services in Belgium and Hungary.

Within the area of data, the open log-in standard **NetID** was developed by the European NetID Foundation and initiated by RTL Deutschland, ProSiebenSat1 and United Internet. The standard offers a single sign-on that can be used on numerous German websites, and which already has a reach of more than 35 million users.

In 2021, We Are Era launched the **Social Intelligence Hub**, pooling its data-driven services for brands, broadcasters, NGOs and platforms. It will offer partners psychographic and demographic insights and analyses covering communities across all social networks plus deep social listening insights about online conversations.

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 via RTL AdConnect

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 sales house, RTL AdConnect**, 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. To be more relevant in all key European markets, RTL AdConnect's portfolio also encompasses leading partners such as ITV in the UK, RAI in Italy and DPG Media in Belgium. Thanks to these partnerships, RTL Group is one of the only media companies in Europe that can **offer advertisers pan-European digital video campaigns**. In January 2022, RTL AdConnect entered into a partnership with NBCUniversal, which opens up new advertising opportunities for marketers across Europe, the US and Asia. NBCUniversal will represent RTL AdConnect's premium Total Video European portfolio to its clients based in China and the US, providing them with strong reach and powerful advertising solutions, including the leading TV channels and digital platforms from RTL AdConnect's media partners in Germany, France, the UK, Belgium, the Netherlands and Luxembourg. 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. The new unit 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.

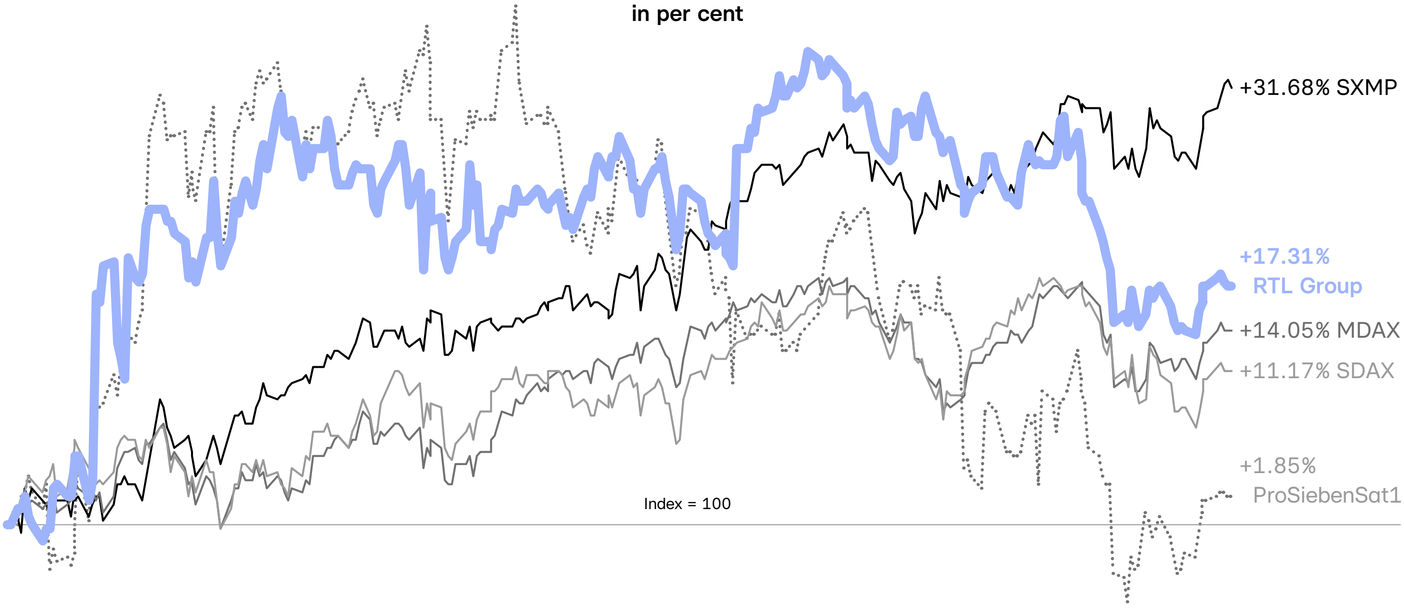
RTL Nederland followed the German example by building an integrated advertising sales network for the Dutch market, also called Ad Alliance. The **Dutch Ad Alliance** integrates the sales activities of RTL Nederland, BrandDeli, Adfactor and Triade Media, and is also open to new partners.

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. From September 2013 to September 2020, RTL Group was listed in the MDAX stock index. Since then, RTL Group has been listed in the SDAX stock index. As of 21 March 2022, RTL Group will be re-included in the MDAX.

Share performance

1 January 2021 to 31 December 2021
in per cent



RTL Group share price development for January to December 2021 based on the Frankfurt Stock Exchange (Xetra) against MDAX/SDAX, Euro Stoxx 600 Media (SXMP) and ProSiebenSat1

RTL Group's share price started 2021 at €39.74, finished the year up 17.3 per cent, at €46.62, thereby performing better than the German indices SDAX and MDAX. The share price highs and lows were €53.30 (27 August) and €39.26 (11 January). During 2021 the Group's share continued to recover from the Covid-19 downturn.

Quarterly, the average share price evolved as follows:
Q1: €46.04
Q2: €49.20
Q3: €50.66
Q4: €48.35

The Group declared a dividend in April 2021 that was paid in May. The payment of €3.00 (gross) per share related to the 2020 full-year dividend. The total dividend paid amounted to €464 million. Based on the average share price in 2020 (€33.85), this represents a dividend yield of 8.9 per cent (2020: nil) and a dividend payout ratio of 80 per cent in line with the 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

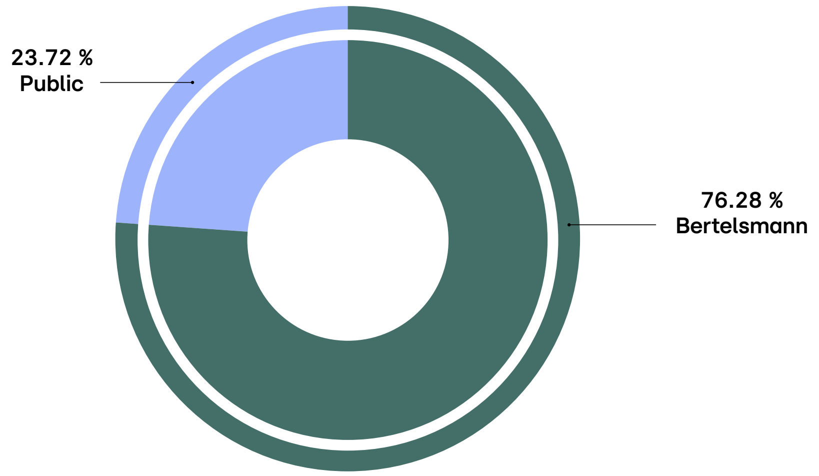
RTL Group's dividend policy offers a pay-out ratio of at least 80 per cent of the Group's adjusted net result.

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 2021, 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

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 2020)	€3.00
Number of shares	154,742,806
Market capitalisation[21]	€7,214,109,615
52 week high	€53.30 (27 August 2021)
52 week low	€39.26 (11 January 2021)

Indices

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

Index	Weight in per cent	Date
SDAX	2.4548	30/12/2021
SDAX Kursindex	2.4524	30/12/2021
Prime All Share	0.0951	30/12/2021
HDAX	0.0831	18/09/2020
HDAX Kursindex	0.0818	18/09/2020

As of 21 March 2022, RTL Group will be re-included in the MDAX.

21 As at 31 December 2021

Key performance indicators

RTL Group analyses key performance indicators (KPIs) to manage its businesses, including revenue, organic growth/decline, Adjusted EBITA, Adjusted EBITA margin, net debt, operating cash conversion rate and audience shares in 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

The organic growth is calculated by adjusting the reported revenue growth mainly for the impact of exchange rate effects as well as 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. 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 46 to 47) and **Strategy** section (pages 48 to 52) 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 is continually assessing opportunities to reduce costs in its traditional broadcasting activities, i.e. to reallocate resources from its traditional businesses to its growing digital businesses, which 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
- 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 exceed 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 2021, 'Special items' reflects 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).

In 2020, 'Special items' reflected the impact of a restructuring programme at RTL Deutschland (€ –27 million) and onerous advertising sales contracts (€ –10 million) as well as reversal of a provision at the Corporate Centre in Luxembourg (€ 3 million).

	2021 €m	2020 €m
Earnings before interest and taxes (EBIT)	**1,908**	903
Impairment of goodwill of subsidiaries	–	11
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	19	14
Impairment and reversals of investments accounted for using the equity method	(2)	62
Re-measurement of earn-out arrangements	–	1
Fair value measurement of investments	115	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	(949)	(172)
EBITA	**1,091**	819
Significant special items	61	34
Adjusted EBITA	**1,152**	853

In accordance with RTL Group's strategy, significant efforts were spent in growth businesses of streaming activities. Furthermore, the company is continuing to heavily invest in its streaming services RTL+ and Videoland with a rapidly increasing number of paying subscribers (for further details please refer to the section **Building national streaming champions**). Therefore, RTL Group discloses additionally the streaming start-up losses defined as total of Adjusted EBITA from RTL+, Videoland/RTL XL, Salto and Bedrock as consolidated on RTL Group level. For the year 2021, the total of streaming start-up losses amounted to € 166 million (2020: € 55 million). Considering this amount, the Adjusted EBITA before streaming start-up losses was € 1,318 million (2020: € 908 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
- 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

	2021 €m	2020[22] €m
Earnings before interest and taxes (EBIT)	**1,908**	903
Depreciation, amortisation and impairment	209	238
Impairment of goodwill of subsidiaries	–	11
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	19	14
Impairment and reversals of investments accounted for using the equity method	(2)	62
Re-measurement of earn-out arrangements	–	1
Fair value measurement of investments	**115**	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	(949)	(172)
EBITDA	**1,300**	1,057

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 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 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

	2021 €m	2020 €m
Net cash from operating activities	**932**	933
Adjusted by:		
Income tax paid	**437**	248
Transaction-related costs	**72**	–
Acquisitions of:		
– Programme and other rights	**(88)**	(60)
– Other intangible and tangible assets	**(107)**	(118)
Proceeds from the sale of intangible and tangible assets	**2**	2
Operating free cash flow	**1,248**	1,005
EBITA	**1,091**	819
Operating cash conversion rate	**114%**	123%

22 The figures from the previous year have been adjusted (see note 1.30. to the consolidated financial statements)

Net cash/(debt)

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

– Cash and cash equivalents
– Cash pooling accounts receivable with investments accounted for using the equity method and not consolidated investments presented in 'Accounts receivable and other financial assets'
– 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 2021 €m	31 December 2020 €m
Current loans and bank overdrafts	**(49)**	(124)
Non-current loans	**(635)**	(641)
	(684)	(765)
Deduction of:		
– Cash and cash equivalents	**547**	436
– Cash pooling accounts receivable with investments accounted for using the equity method and not consolidated investments	**–**	2
– Current deposits with shareholder and its subsidiaries	**794**	563
Net cash/(debt)	**657**	236
EBITDA	**1,300**	1,057
Net cash/(debt) to EBITDA ratio	**n.a.**	n.a.

The net debt excludes current and non-current lease liabilities of €332 million (31 December 2020: €384 million).

RVA

In 2020, RTL Group applied a performance indicator for assessing the profitability from operations and return on invested capital, RTL Group Value Added (RVA). From 2021, RTL Group management decided to discontinue the application of this KPI.

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'.

	2021 €m	2020[23] €m
Consumption of current programme rights	2,512	2,070
Depreciation, amortisation and impairment	209	238
Other operating expenses	3,055	2,960
Operating cost base	**5,776**	**5,268**

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.

	2021 €m
Profit attributable to RTL Group shareholders	**1,301**
Adjustments (from SpotX, Super RTL, Stéphane Plaza Immobilier, Eureka, VideoAmp)	335
Adjusted profit for the year attributable to RTL Group shareholders	**967**
from ordinary activities	682
from cash capital gains (from SpotX, Ludia and VideoAmp transactions[24])	285
Dividend in € per share	**5.00**
from ordinary activities	3.50
from cash capital gains (from SpotX, Ludia and VideoAmp transactions[24])	1.50
Dividend, absolute amount	**774**
Dividend payout ratio[25]	**~80%**

23 The figures from the previous year have been adjusted (see note 1.30. to the consolidated financial statements)
24 Including non-cash gain for VideoAmp, for which cash proceeds are reflected in dividend as proceeds were received in the first quarter of 2022
25 Dividend, absolute amount/adjusted profit attributable to RTL Group shareholders

Financial review

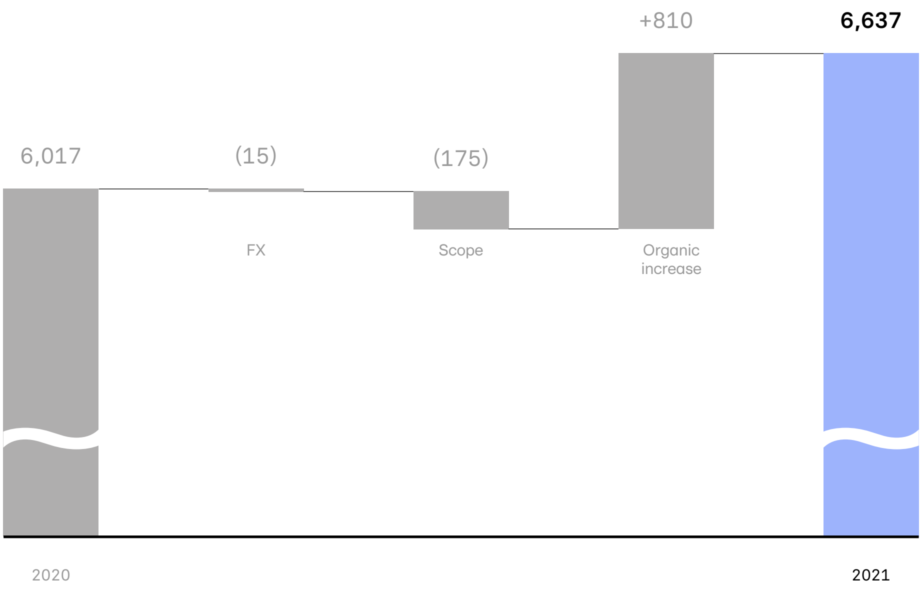
Revenue

RTL Group estimates that the net TV advertising markets were up strongly across RTL Group's key markets. 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.

	Net TV advertising market growth rate 2021 (in per cent)	RTL Group audience share in the main target group 2021 (in per cent)	RTL Group audience share in the main target group 2020 (in per cent)
Germany	6.0 to 6.5[26]	26.3[27]	27.5[27]
France	16.1[28]	22.8[29]	22.7[29]
The Netherlands	21.6[26]	34.2[30]	31.7[30]
Belgium	11.9[26]	34.1[31]	36.1[31]
Hungary	18.0[26]	25.1[32]	26.6[32]
Croatia	20.1[26]	23.8[33]	27.0[33]
Spain	8.3[34]	27.4[35]	27.8[35]

RTL Group's total **revenue** increased 10.3 per cent to €6,637 million (2020: €6,017 million), mainly due to strong growth of TV advertising revenue in the second, third and fourth quarters of 2021, of Fremantle and of the streaming businesses. Group revenue was up 13.5 per cent organically. Foreign exchange rate effects had a negative impact of €15 million on revenue in 2021.

RTL Group revenue bridge in 2021
(in € million)



26 Industry and RTL Group estimates
27 Source: GfK. Target group: 14–59
28 Source: Groupe M6 estimate
29 Source: Médiamétrie. Target group: women under 50 responsible for purchases (free-to-air channels: M6, W9, 6ter and Gulli)
30 Source: SKO. Target group: 25–54, 18–24h. Restated for a different audience measurement method, now excluding the screen use coming from devices such as hard disk DVD and video recorders
31 Source: Audimétrie. Target group: shoppers 18–54, 17–23h
32 Source: AGB Hungary. Target group: 18–49, prime time (including cable channels) 20–23h
33 Source: AGB Nielsen Media Research. Target group: 18–49, prime time 20–23h
34 Source: Infoadex
35 Source: TNS Sofres. Commercial target group: 25–59

Streaming revenue – which includes SVOD, TVOD, in-stream and distribution revenue from RTL+ and Videoland/RTL XL – was up by 31.2 per cent, to €223 million (2020: €170 million).

RTL Group's **advertising revenue** was €3,774 million (2020: €3,330 million), of which €3,057 million represented TV advertising revenue (2020: €2,636 million), €348 million represented digital advertising revenue (2020: €345 million) and €219 million represented radio advertising revenue (2020: €212 million).

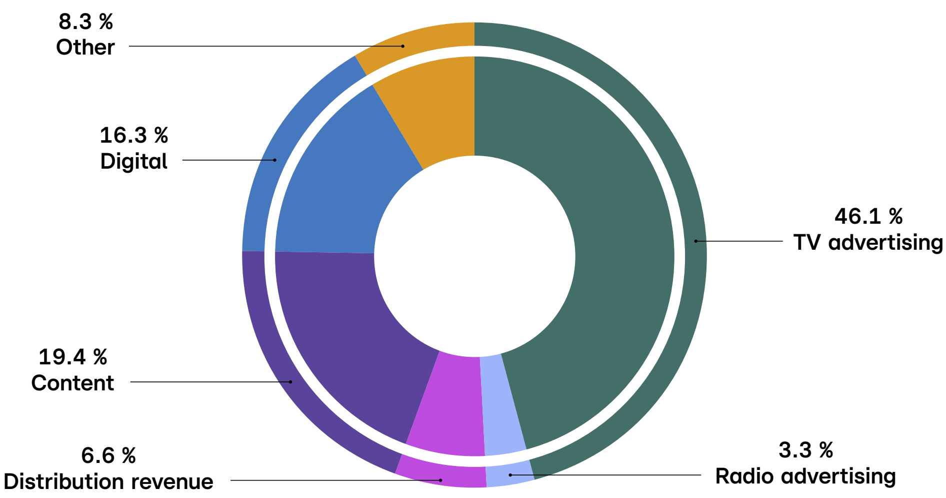
RTL Group's **digital revenue** was up by 2.7 per cent to €1,083 million (2020: €1,055 million). The effect of the disposals of BroadbandTV in 2020 and SpotX in 2021 was mainly compensated by Fremantle and higher streaming revenue.

Distribution revenue – generated across all distribution platforms (cable, satellite, internet TV) including subscription and re-transmission fees – was up 9.0 per cent to €437 million (2020: €401 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, home shopping and distribution 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 46.1 per cent from TV advertising, 19.4 per cent from content, 16.3 per cent from digital activities, 6.6 per cent from distribution revenue, 3.3 per cent from radio advertising, and 8.3 per cent from other revenue.

RTL Group revenue split



Geographical revenue overview

	2021 €m	2021 %	2020 €m	2020 %
Germany	**2,241**	**33.8**	1,958	32.5
France	**1,392**	**21.0**	1,242	20.6
USA	**901**	**13.6**	1,037	17.2
The Netherlands	**610**	**9.2**	497	8.3
UK	**233**	**3.5**	197	3.3
Belgium	**203**	**3.1**	187	3.1
Other regions	**1,057**	**15.9**	899	14.9

Adjusted EBITA

Adjusted EBITA was significantly up to €1,152 million (2020: €853 million). The Adjusted **EBITA margin** came in at 17.4 per cent (2020: 14.2 per cent).

For more detailed information and reconciliation of these measures see pages 56 to 57.

Financial development over time

	2021 €m	2020 €m	2019 €m	2018 €m	2017 €m
Revenue	**6,637**	6,017	6,651	6,505	6,373
Adjusted EBITA	**1,152**	853	1,156	1,171	1,248
Net cash/(debt)	**657**	236	(384)	(470)	(545)
Operating cash conversion rate (in per cent)	**114**	123	105	90	104

Operating cost base
Group operating cost base increased to €5,776 million in 2021 (2020: €5,268 million), due mainly to increased programme costs at the Group's broadcasting businesses and production costs at Fremantle.

Investments accounted for using the equity method
The total share of results of these investments was €27 million (2020: €32 million).

Fair value measurement of investments
Fair value measurement of investments of €–115 million (2020: nil) is mostly attributable to the negative valuation effects of the Magnite shares, partly compensated by valuation effects of the minority stake in VideoAmp.

Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree
In 2021, the Group recorded a gain of €949 million (2020: €172 million), mainly thanks to the disposals of SpotX and Ludia and positive effects of pre-existing interests in Super RTL and Stéphane Plaza Immobilier.

Financial result
Financial result amounted to the expense of €–27 million (2020: expense of €–28 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 €19 million (2020: €25 million), relates to the amortisation of fair value adjustments on acquisitions of subsidiaries and in 2020 additionally to the impairment loss of goodwill allocated to We Are Era.

Income tax expense
In 2021, the income tax expense was €427 million (2020: €250 million).

Profit attributable to RTL Group shareholders
The profit for the year attributable to RTL Group shareholders was €1,301 million (2020: €492 million), 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 significantly 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 up strongly to €8.41 (2020: €3.20 per share based on 153,586,913 shares).

Own shares
RTL Group has an issued share capital of €191,845,074 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. All treasury shares were used as a part of the consideration paid to acquire non-controlling interests in RTL Belgium in 2020.

Profit appropriation (RTL Group SA)
The annual accounts of RTL Group show a profit for the financial year 2021 of €70,963,534 (2020: €4,627,791). Taking into account the share premium account of €4,691,802,190 (2020: €4,691,802,190) and the profit brought forward of €249,050,821 (2020: €708,651,448), the amount available for distribution is €5,011,816,545 (2020: €5,405,081,429).

Main portfolio changes

In April 2021, RTL Group sold its interests in **SpotX** to the US ad-tech company, Magnite. Since the announcement of the transaction on 5 February 2021, RTL Group exercised an option to increase the cash component of the transaction and received US-$640 million (€587 million) in cash and 12.37 million shares of Magnite stock.

In May 2021, Fremantle acquired a 26 per cent shareholding in **Eureka** through direct acquisition of shares and thus increased its total interest to 51 per cent by exercising a call option. 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 €24 million and comprises a purchase price payment of €2 million and the fair value of call option of €22 million.

In July 2021, RTL Deutschland acquired the outstanding 50 per cent shareholding in **Super RTL** from its former joint-venture partner, The Walt Disney Company, for a purchase price of €124 million. RTL Group's shareholding in Super RTL is now 100 per cent.

In September 2021, Fremantle acquired 12 production labels from Nent Group – now called **This is Nice Group** – in Norway, Sweden, Finland and Denmark that operate across non-scripted, scripted and factual businesses, for a purchase price of €39 million.

In September 2021, Fremantle completed the sale of its 100 per cent shareholding in **Ludia Inc.** to US-based mobile entertainment company, Jam City, for US-$165 million (€146 million) in cash.

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. The consideration transferred in terms of IFRS 3 was €3 million.

Major related party transactions

At 31 December 2021, 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 the note 10. to the consolidated financial statements.

General management statement on the fiscal year 2021 performance

Linear TV continues to dominate the Total 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 rapidly, and with it, online video advertising.

RTL Group estimates that the net TV advertising markets increased in 2021 in all markets where the Group is active, due to the strong rebound from the Covid-19 crisis. RTL Group's TV advertising revenue was up significantly in the second, third and fourth quarters compared to the same periods in the previous year.

Across Europe, RTL Group's flagship channels remained number one or two in their respective markets and target groups. RTL Nederland reported significantly higher audience share while the audience share of Groupe M6 was up slightly. RTL Deutschland's audience share decreased partly due to major sporting events broadcast by the public broadcasters.

RTL Group has made significant progress in its strategy to create national media champions. Major moves to consolidate in Germany, France, the Netherlands and Belgium will generate significant value for RTL Group's shareholders and keep the Group in a strong position to compete with the global tech platforms.

In 2021 RTL Group also made other significant portfolio changes, successfully selling non-core assets such as SpotX and Ludia to create significant capital gains. The Group also made several strategic acquisitions to strengthen its core businesses.

RTL Group's growth businesses of streaming and content performed particularly well. RTL+ and Videoland had more than 3.8 million paying streaming subscribers, and Fremantle produced 81 new dramas, which is why the Group raised its targets for both: For RTL+ and Videoland, these targets – all for 2026 – are: to increase annual content spend to around €600 million; to increase the number of paying subscribers for both services to 10 million; to grow streaming revenue to €1 billion; and to reach profitability[36]. In 2022, RTL+ will expand into a cross-media entertainment service, comprising video, music (through a cooperation with Deezer), podcasts, audio books and e-magazines that will add significantly to the growth of RTL+.

RTL Group's streaming revenue increased by 31.2 per cent to €223 million during 2021 as a result of organic growth.

In addition, RTL Group will 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 *American Idol*, reality formats like *Too Hot to Handle* for Netflix, and fiction film and series productions such as *The Hand of God*, *The Mosquito Coast*, *The Investigation* and *Exit*. 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.

For the full year 2021, RTL Group generated an Adjusted EBITA of €1,152 million with an Adjusted EBITA margin of 17.4 per cent. The Group's EBIT more than doubled to a record €1,908 million. RTL Group ended the year 2021 with a very strong set of financial results, with a record Group profit of €1,454 million and net cash of €657 million.

At the time of writing, RTL Group is characterised by a strong financial position and operating performance, despite the uncertainty resulting from the ongoing pandemic. Strong cash flows enable 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+ and Videoland with a rapidly increasing number of paying subscribers.
- The company's content production company, Fremantle, has successfully branched out into scripted drama and high-end factual programming.
- The company is among the European leaders in ad-tech.

36 Total of Adjusted EBITA from RTL+, 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 on business unit level. For the definition of Adjusted EBITA please see **Key performance indicators** on pages 56 to 57

Review by segments

Full year 2021

Revenue	2021 €m	2020 €m	Per cent change
RTL Deutschland	2,425	2,127	+14.0
Groupe M6	1,390	1,273	+9.2
Fremantle	1,926	1,537	+25.3
RTL Nederland	575	476	+20.8
Other segments	604	873	(30.8)
Eliminations	(283)	(269)	
Total revenue	**6,637**	**6,017**	**+10.3**

Adjusted EBITA	2021 €m	2020 €m	Per cent change
RTL Deutschland	541	467	+15.8
Groupe M6	329	266	+23.7
Fremantle	141	87	+62.1
RTL Nederland	107	58	+84.5
Other segments	33	(25)	>100.0
Eliminations	1	–	
Adjusted EBITA	**1,152**	**853**	**+35.1**

Adjusted EBITA margin	2021 per cent	2020 per cent	Percentage point change
RTL Deutschland	22.3	22.0	+0.3
Groupe M6	23.7	20.9	+2.8
Fremantle	7.3	5.7	+1.6
RTL Nederland	18.6	12.2	+6.4
RTL Group	**17.4**	**14.2**	**+3.2**

RTL Deutschland

Financial results

In the reporting period, the German net TV advertising market was estimated to be up between 6.0 and 6.5 per cent. RTL Deutschland's revenue was up 14.0 per cent to €2,425 million (2020: €2,127 million), thanks to significantly higher TV advertising revenue and growing streaming revenue. Accordingly, Adjusted EBITA was up significantly from €467 million in 2020 to €541 million.

Audience ratings

In 2021, the combined average audience share of **RTL Deutschland** in the target group of viewers aged 14 to 59 was 26.3 per cent (2020: 27.5 per cent), including the pay-TV channels RTL Crime, RTL Living, RTL Passion and Geo Television. The German RTL family of channels was ahead of its main commercial competitor, ProSiebenSat1, by 3.5 percentage points (audience share 2021: 22.8 per cent, 2020: lead of 3.6 percentage points).

With its portfolio of eight free-TV, four pay-TV channels and the streaming service RTL+, RTL Deutschland reached 28.9 million viewers every day in 2021 (2020: 30.3 million viewers).

With an audience share of 9.0 per cent in the target group of viewers aged 14 to 59 in 2021 (2020: 10.2 per cent), **RTL Television** was the leading commercial channel, ahead of Sat1 (6.7 per cent) and ProSieben (6.3 per cent), but behind the public channels ZDF (9.8 per cent) and Das Erste (9.1 per cent).

Let's Dance was the channel's most successful show in 2021. On average, 4.41 million viewers (15.8 per cent) aged three and above watched the 14th season, representing an average audience share in the commercial target group (viewers aged 14 to 59) of 17.5 per cent (2020: 19.0 per cent). The most watched programme was the German football match against Iceland on 8 September 2021, which attracted an average 7.34 million total viewers and a total average audience share of 28.9 per cent. The main news *RTL Aktuell* increased its average audience share in the commercial target group to 19.7 per cent, up 1.3 percentage points compared to 2020. On average the evening news was watched by 3.4 million total viewers. The late evening news format *RTL Direkt* was established successfully in the German news market with an audience share of 8.4 per cent in the commercial target group of viewers aged 14 to 59.

RTL Deutschland (continued)

The streaming service **RTL+** continued its rapid growth in 2021, more than doubling its number of paying subscribers, taking the total to 2.712 million (2020: 1.286 million). Viewing time increased by 47 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 fiction series such as *Sisi, Glauben* and *Faking Hitler. Are you the One – Realitystars in Love* and *Temptation Island VIP* were the most-watched shows among RTL+ reality shows. The exclusive series *Gossip Girl* (2021), documentaries such as *Stern Crime: Der Alptraummann* and the TV show *Kampf der Realitystars* also attracted a large audience.

Vox achieved a stable audience share of 6.1 per cent in the target group of viewers aged 14 to 59 (2020: 6.1 per cent). *Die Höhle der Löwen* (Dragons' Den) remained popular, generating an average audience share of 12.9 per cent among viewers aged 14 to 59, while *Kitchen Impossible* was watched by 10.4 per cent of the target group. *Showtime of my Life – Stars gegen Krebs* – awarded with Deutscher Fernsehpreis (German TV Award) – was another success for Vox. The two episodes were watched by 7.0 per cent of viewers ages 14 to 59. Furthermore, in the 14 to 49 target group, Vox was for the first time and then in total for four months, among the top three commercial channels (monthly ranking).

Nitro attracted 2.2 per cent of the 14 to 59 target group (2020: 2.1 per cent) and 2.9 per cent of its main target demographic of men aged 30 to 49 (2020: 2.6 per cent).

The news channel **NTV** scored a total audience share of 1.1 per cent and attracted 1.2 per cent of viewers aged 14 to 59 (2020: 1.2 per cent and 1.3 per cent).

RTL Up, previously RTL Plus, attained a 1.8 per cent audience share in the 14 to 59 age group, up 0.1 percentage points on 2020.

Super RTL retained its leading position in the children's segment in 2021, attracting an average audience share of 21.0 per cent in the target group of three to 13-year-olds between 06:00 and 20:15, including Toggo Plus (2020: 20.7 per cent), ahead of the public service broadcaster KiKA (17.2 per cent).

In 2021, **RTL Zwei** attained a market share of 3.7 per cent among 14 to 59-year-old viewers (2020: 4.0 per cent).

Radio consumption in Germany remained strong in 2021, reaching 74.7 per cent of Germans aged 14 and above every day – with an average listening time of 259 minutes per day. **RTL Group's German radio portfolio** reached 14 million Germans aged 14 and above every day. Many radio stations increased their reach, including Hitradio RTL Sachsen (with a growth of 29.8 per cent year-on-year among listeners aged 14 to 49) and 89.0 RTL, a station for younger listeners (growth of 10.2 per cent year-on-year among listeners aged 14 and above). 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.

Audio Now, one of Germany's largest audio platforms, expanded its market position in 2021, with up to 7 million monthly users, and a portfolio of over 200 in-house productions developed by the podcast production company, Audio Alliance.

Groupe M6

Financial results

In 2021, the French net TV advertising market was estimated to be up 16.1 per cent compared to 2020, with Groupe M6 performing in line with the market. Groupe M6's total revenue was up significantly by 9.2 per cent to €1,390 million (2020: €1,273 million). The increase in revenue was mainly due to higher advertising revenue. Accordingly, Groupe M6's Adjusted EBITA was up by 23.7 per cent to €329 million (2020: €266 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 a record of 22.8 per cent (2020: 22.7 per cent). The total audience share was 14.3 per cent (2020: 14.6 per cent). On average, 25.1 million viewers watched Groupe M6's free-to-air channels every day in 2021 (2020: 25.5 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 14.7 per cent (2020: 14.4 per cent). Established entertainment brands such as *L'Amour est dans le pré* (The Farmer Wants a Wife), *Top Chef* and *La France a Un Incroyable Talent* (Got Talent) continued to attract high audience shares as did the broadcast of the Uefa Euro 2020 matches. The channel also introduced new favourites such as *Appel à Témoins* (Call to Witnesses), in collaboration with the Ministry of the Interior and the Ministry of Justice, *Et si on se rencontrait* (Love IRL) and the drama series *Chernobyl*. M6's news shows *Le 1245* and *Le 1945*, and magazines such as *Enquête exclusive*, *Capital* and *Zone Interdite* remained popular and played a major role during the ongoing Covid-19 crisis by providing reliable information.

The advertising-financed streaming service **6play** continued to grow, with 28.5 million active users in 2021 (2020: 26.9 million active users). Viewing time was up 5.4 per cent to 530 million hours (2020: 503 million), mostly due to non-linear viewing of TV programmes from the M6 family of channels and by programmes exclusively licensed or produced for 6play.

W9 reached an average audience share of 3.8 per cent among women under 50 responsible for purchases (2020: 3.8 per cent), ranking it second among the DTT channels in France in this target group. Reality series, sports, movies, and magazines such as *Enquête d'Action* 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 2.6 per cent (2020: 2.8 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 12.7 per cent (2020: 14.8 per cent). Every day, nearly 5 million viewers watch their favourite animated heroes, live-action series, games and documentaries, as well as fiction and movies for the whole family.

In 2021, the RTL radio family of stations registered a consolidated audience share of 18.2 per cent among listeners aged 13 and older (2020: 18.8 per cent). Its flagship station, **RTL Radio**, was the leading commercial station in France for the 18th consecutive year with an average audience share of 12.5 per cent (2020: 13.0 per cent). The pop-rock station **RTL 2** recorded a stable average audience share of 3.0 per cent (2020: 2.9 per cent), while **Fun Radio** registered an average audience share of 2.8 per cent (2020: 2.9 per cent).

Fremantle

Financial results

Revenue at RTL Group's content business, Fremantle, was up by 25.3 per cent to €1,926 million in 2021 (2020: €1,537 million), with the delivery of the high-end drama series *American Gods* (season three) and *The Mosquito Coast*. Revenue grew 15.8 per cent organically[37] and Adjusted EBITA was up 62.1 per cent to €141 million (2020: €87 million).

Drama and film

In total, Fremantle delivered 81 scripted productions across drama, film and soaps in 13 languages in 2021, representing an increase of 42.1 per cent compared to 2020 (2020: 57). 2021 saw an increase in Fremantle's film production, with seven movie releases (2020: 6).

The Hand of God – a movie directed by Paolo Sorrentino and produced by The Apartment – has been nominated for Best International Feature Film at the 2022 Academy Awards (The Oscars). The film was viewed over 12.7 million times during the first two weeks after its launch on Netflix in December 2021, with a global average audience of around 5.8 million. It was Netflix's number one film in Italy in week 52 of 2021 and entered the weekly top ten in a further ten countries.

In the Nordics, *Exit* finished its second season, scoring record viewing figures of over two million per episode in Norway – a country of 5.4 million inhabitants. Holding the record for NRK's most streamed drama ever, *Exit* has now sold to 119 territories.

The Investigation launched internationally in January 2021 on HBO, and in February 2021 in the UK on BBC2 after a successful domestic premiere on TV2 in Denmark in 2020. In the UK, the series about the investigation of the murder of the Swedish journalist Kim Wall launched with an audience share of 6.9 per cent of total viewers, making it the highest-rated non-English language drama in the UK for the 2020/21 season.

The UFA Fiction show *Faking Hitler* launched in December 2021 on RTL+ and was the second most-watched scripted original on RTL+ that didn't also air on another platform (linear TV or YouTube). A total 87 per cent of *Faking Hitler* views were generated by viewers aged 14 to 49. On 27 December 2021, *Eldorado KaDeWe* launched on ARD and the German public broadcaster's Mediathek with an audience of 3.9 million viewers across both TV and streaming. With the whole series airing in one evening, *KaDeWe* performed 39 per cent higher than ARD's time slot average for women aged 14 to 59 years.

Entertainment

American Idol's 19th season, won an average audience of 7.1 million viewers and a market share of 9.3 per cent of total viewers, making it ABC's number one entertainment series of the 2020/21 season. The 16th season of *America's Got Talent* launched in June 2021 and scored an average audience share of 12.2 per cent for the season.

2021 also saw Fremantle shows reach wider audiences via online entertainment platforms. In October, *China's Got Talent* was licensed to TikTok in China (known locally as Douyin) – the first time Fremantle has licenced a global format anywhere in the world. The show generated over 890 million views across the series.

The Masked Singer continued its success in 2021 with Fremantle responsible for the production of 16 series of the show across 14 territories, including four new markets (Armenia, Denmark, Sweden and Ukraine). In Sweden, *The Masked Singer* launched as the highest-rated entertainment show premiere on TV4 for more than eight years, attracting a total average audience share of 51.4 per cent across the series.

Too Hot to Handle returned for a second season on Netflix in June 2021. The popular format was featured on Netflix's top ten most-watched list in several countries a few days after its launch, and attracted an audience of 29 million within its first four weeks online. Celebrated by Ted Sarandos, Co-CEO and Chief Content Officer at Netflix as a 'standout unscripted title', localised adaptations of the show aired in Brazil in July 2021 and in Mexico in September 2021. After seven days of availability, the Latin American version achieved a top ten rank on Netflix in 27 countries.

For the first time in its 45-year history, *Family Feud* in the US was number one in daytime syndication, in both households and target group. Fremantle game shows dominated summer prime time on ABC with six series on air – *Card Sharks, Celebrity Family Feud, Press Your Luck, To Tell The Truth, Supermarket Sweep* and *Holey Moley*. The seventh series of *Celebrity Family Feud* was the highest-rated summer entertainment show on ABC, attracting an average audience of 5.4 million viewers which represents an average total audience share of 7.7 per cent. It was the number one show for the season in both household and the target group of viewers aged 25 to 54 years.

37 Adjusted for portfolio changes and at constant exchange rates. Further details can be found in **Key performance indicators** on page 56

Fremantle (continued)

Factual shows and documentaries
In Germany, UFA produced the documentary series *Expedition Arktis,* which follows the scientific expedition to undertake crucial climate research. The international version, *Arctic Drift,* has been sold to 170 territories.

In Italy, Fremantle launched its original series *Veleno: The Town of Lost Children,* with Amazon Prime Video. Written and directed by award-winning Hugo Berkeley, this factual series chronicles the true events of the Satanic Panic phenomenon, a decades-long saga of families torn apart.

Since May 2021, Fremantle has been in production with award-winning producer Richard Brown, his production company, Passenger, and sports-marketing company Infront, with an original documentary series telling the story of the launch and inaugural season of the Basketball Africa League, and produced documentaries including *Ghislaine, The Prince and The Paedophile* – a documentary about Ghislaine Maxwell for ITV in the UK – and *Phat Tuesdays* for Amazon Prime Video.

Fremantle also distributed several high-end documentaries in 2021, including the water-scarcity documentary, *Day Zero*, the Samuel L. Jackson-fronted seminal series, *Enslaved,* the Hulu docuseries, *Von Dutch,* and *How it Feels to Be Free,* which was executive-produced by Alicia Keys.

RTL Nederland

Financial results
In 2021, the Dutch net TV advertising market was estimated to be up by 21.6 per cent with RTL Nederland clearly outperforming the market. RTL Nederland's total revenue increased by 20.8 per cent to €575 million (2020: €476 million). This resulted in a significantly higher Adjusted EBITA of €107 million (2020: €58 million).

Audience ratings
In 2021, **RTL Nederland**'s family of channels grew its combined prime-time audience share in the target group of viewers aged 25 to 54 to 34.2 per cent (2020: 31.7 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 broadcasters – which also broadcast the European football championship – to 5.3 percentage points (audience share 2021: 28.9 per cent) and its main commercial competitor, Talpa TV (audience share 2021: 19.8 per cent).

RTL Nederland's flagship channel, **RTL 4,** grew its average prime-time audience share in the target group of shoppers aged 25 to 54 to 21.6 per cent (2020: 18.7 per cent). The channel scored very high audience shares in this target group with the new show *De Verraders* (40.4 per cent), *Make Up Your Mind* (43.6 per cent), *The Masked Singer* (46.6 per cent), *The Voice of Holland* (30.4 per cent), *Expeditie Robinson* (34.4 per cent) and *Lego Masters* (37.5 per cent). The increase in audience share was also thanks to RTL 4's current affairs programmes in early prime time with *Editie NL* (26.3 per cent) and *RTL Boulevard* (28.1 per cent). The main evening news show, *RTL Nieuws,* grew its average audience share in 2021 to 31.5 per cent (2020: 27.2 per cent).

RTL Nederland's streaming service, **Videoland**, recorded subscriber growth of 20.9 per cent to 1.092 million paying subscribers at the end of 2021 (end of 2020: 0.903 million) while viewing time was up by 4.6 per cent year-on-year. Videoland's growth was largely thanks to the third season of the series *Mocro Maffia* and the reality format *Temptation Island*, both of which are exclusive to Videoland in the Netherlands.

RTL 5's prime-time audience share was 4.1 per cent in the target group of viewers aged 25 to 54 (2020: 3.9 per cent).

Men's channel **RTL 7** scored an average prime-time audience share of 5.8 per cent among male viewers aged 25 to 54 (2020: 5.3 per cent).

Women's channel **RTL 8** attracted an average prime-time audience share of 3.8 per cent among female viewers aged 35 to 59 (2020: 3.7 per cent).

RTL Z's audience share in the demographic of the upper social status aged 25 to 59 decreased to 1.1 per cent (2020: 1.3 per cent).

Other segments

This segment mainly comprises the fully consolidated businesses RTL Belgium, RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities, RTL Group's digital video company, We Are Era, and the global ad-tech company SpotX until 30 April 2021. It also includes its investment accounted for using the equity method, Atresmedia in Spain.

Revenue split – Other segments	2021 €m	2020 €m	Per cent change
Total revenue of other segments	604	873	(30.8)
Thereof			
– SpotX (until 30 April 2021)	56	164	(65.9)
– RTL Belgium	176	159	+10.7
– RTL Hungary	116	105	+10.5
– RTL Croatia	46	40	+15.0
– Other including elimination	**210**	405	(48.1)

The net TV advertising market in French-speaking Belgium was estimated to be up 11.9 per cent in 2021. Accordingly, **RTL Belgium**'s revenue was up to €176 million (2020: €159 million). Adjusted EBITA more than doubled to €33 million (2020: €16 million), reflecting higher TV and radio advertising revenue.

RTL Belgium's family of TV channels attracted a combined audience share among shoppers aged 18 to 54 of 34.1 per cent (2020: 36.1 per cent), maintaining its position as the clear market leader in French-speaking Belgium. RTL Belgium's lead over the public channels decreased to 11.1 percentage points (2020: 15.5 percentage points), mainly since the public broadcaster aired the European football championship matches.

The flagship channel, **RTL-TVI,** had an audience share among shoppers aged 18 to 54 of 25.1 per cent (2020: 27.1 per cent) – 8.6 percentage points ahead of the Belgian public broadcaster La Une, and 12.6 percentage points ahead of the French broadcaster TF1. The broadcast of the Uefa Nations League game between Belgium and France was a great success, attracting an audience share of 71.3 per cent in the target group of shoppers aged between 18 and 54. Popular formats included *Face au Juge* with an average audience share of 46.0 per cent and *L'amour est dans le Pré,* which attracted an average audience share of 41.6 per cent in the commercial target group. The evening news show *RTL Info 19h* attracted an average audience share in the commercial target group of 40.3 per cent (2021: 43.3 per cent), continuing to reflect the strong interest in reliable news during the Covid-19 crisis and the flooding in Belgium in summer 2021.

RTL Belgium's streaming service, **RTL Play**, performed strongly in 2021, with an average of 281,900 active users per month (2020: 200,400) and 37.7 million video views (2020: 18.6 million).

Club RTL's audience share among male viewers aged 18 to 54 increased to 5.8 per cent (2020: 5.3 per cent), while **Plug RTL** reported a prime-time audience share of 4.3 per cent among 15 to 34-year-old viewers (2020: 4.4 per cent).

According to the CIM audience surveys for 2021 (January to September), **Bel RTL** and **Radio Contact** achieved audience shares of 12.7 and 12.9 per cent respectively, among listeners aged 12 years and over. In 2020 (January to December), audience shares reached 11.5 and 11.9 per cent respectively.

Other segments (continued)

The Hungarian net TV advertising market was estimated to be up by 18.0 per cent in 2021 with **RTL Hungary** outperforming the market. Total revenue of RTL Hungary was up 10.5 per cent to €116 million (2020: €105 million) mainly due to higher TV advertising revenue. Accordingly, the business unit's Adjusted EBITA increased to €13 million (2020: €8 million).

With a combined prime-time audience share of 25.1 per cent in the key demographic of 18 to 49-year-old viewers (2020: 26.6 per cent), the eight channels of RTL Hungary were 1.6 percentage points ahead of the main commercial competitor TV2 Group with 14 channels. Flagship channel **RTL Klub** reached a prime-time audience share of 13.9 per cent among viewers aged 18 to 49 (2020: 13.6 per cent) and remained the clear market leader, 2.8 percentage points ahead of TV2 (2020: 2.0 percentage points). The market-leading news programme, *RTL Híradó*, attracted 16.2 per cent of viewers aged 18 to 49 (2020: 18.1 per cent), and an average total audience share of 20.4 per cent (2020: 21.4 per cent) while Hungary's strongest TV infotainment brand, *Fókusz* (Focus), achieved an average audience share of 14.2 per cent in the commercial target group. In 2021, political formats such as opposition primary debates of potential Prime Minister candidates attained successful ratings: the first debate attracted 16.4 per cent and the second debate 17.2 per cent in the commercial target group. This format also created a high level of interest on RTL Most.

The streaming service **RTL Most** is the leading local brand for professionally produced online video content. The service generated an increase of 17.9 per cent of registered users in 2021 compared to 2020.

In Croatia, the net TV advertising market was estimated to be up 20.1 per cent with **RTL Croatia** performing better than the market. Total revenue of RTL Croatia was up to €46 million (2020: €40 million), while Adjusted EBITA was up to €2 million (2020: €–2 million).

RTL Croatia's channels achieved a combined prime-time audience share of 23.8 per cent in the target audience aged 18 to 49 (2020: 27.0 per cent). The flagship channel, **RTL Televizija**, recorded a prime-time audience share of 16.9 per cent of 18 to 49-year-olds (2020: 17.9 per cent).

Local content production remained a cornerstone of the channel's programming. The year started with the European Men's Handball Championship, which attracted an average audience share of 25.7 per cent across 21 live matches, while the match between Argentina and Croatia was watched by 55.7 per cent of 18 to 49-year-old viewers. Successful formats include *Ljubav je na selu* (The Farmer Wants a Wife), the second season of *Brak na prvu* (Married at First Sight) and *Večera za pet na selu* (Come Dine With Me – Village Edition). The late-night news format, *RTL Direkt*, scored an average audience share of 20.8 per cent in the target audience (2020: 21.4 per cent) while the main news format, *RTL Danas*, scored an average of 19.8 per cent (2020: 20.4 per cent).

RTL 2's prime-time audience share was 5.3 per cent (2020: 6.6 per cent). The children's channel, **RTL Kockica**, recorded an average audience share of 8.4 per cent (2020: 16.4 per cent) among children aged four to 14 between the hours of 7:00 and 20:00.

RTL Croatia's streaming service **RTL Play** – the largest free streaming platform in Croatia – registered 14.4 million video views (2020: 16.3 million) from 1.2 million registered users (2020: 1.0 million).

Other segments (continued)

In 2021, **RTL Luxembourg** confirmed its position as the leading media brand in the Grand Duchy of 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 82.1 per cent (2020: 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 164,600 listeners each weekday (2020: 151,800). **RTL Télé Lëtzebuerg** – the only general-interest TV channel broadcast in Luxembourgish – attracted 138,700 viewers each day (2020: 153,000) and achieved a prime-time audience share of 48.0 per cent in the target group of Luxembourgish viewers aged 15 and over (2020: 50.3 per cent). *rtl.lu*, Luxembourg's most visited website, has a daily reach of 52.4 per cent (2020: 46.7 per cent) of all Luxembourgers aged 15 and over.

In February 2021, RTL Luxembourg secured the rights to broadcast the world championships of FIA Formula 1 and MotoGP over a period of three seasons in Luxembourg. RTL Sport Live Arena – the digital platform for major team sports (football, basketball, volleyball, and handball) in Luxembourg – was launched in March 2021. RTL Luxembourg also started RTL Gold, the first Luxembourgish web radio station dedicated to the greatest hits of the 50s, 60s, 70s and 80s and RTL LX, a web radio station entirely dedicated to local talent. Launched in December 2020, **RTL Play** – the streaming service for audio and video content in Luxembourgish, French and English – recorded a total of 3.6 million plays during 2021.

In 2021, **Broadcasting Center Europe (BCE)** strengthened its position with remote production services, enhancing the video content of the French magazine *l'Equipe* with cloud-based solutions, as well as advanced global streaming services for sports federations. With the Start and Play broadcast solution, BCE maximised the playout footprint of the broadcasting family SECOM, among others. BCE also installed new studios for Radio Vinci in France and enabled the studio automation for RSI (Radiotelevisione Svizzera) and RTS (Radio Télévision Suisse) with its software, StudioTalk. BCE continued to operate its online video platform for Luxembourgish and European institutions, as well as major fashion brands.

After the combination of RTL Group's digital video companies Divimove, United Screens, UFA X and RTL MCN – and the acquisition of Tube One Networks – Divimove was repositioned and rebranded as **We Are Era**. In 2021, We Are Era strengthened its leading positions in talent management, digital content production and influencer marketing, launched projects on TikTok for *ZDF Sportstudio,* started market-entry influencer campaigns for About You in Italy and Spain, and initiated successful branded-content campaigns for brands such as Coca-Cola. We Are Era also launched a dedicated Social Intelligence Hub providing unique audience and topic insights for productions, clients and talent. We Are Era's revenue was up 10.7 per cent in 2021.

The Spanish net TV advertising market increased by an estimated 8.3 per cent in 2021. On a 100 per cent basis, consolidated revenue of **Atresmedia** was up 11.2 per cent to €963 million (2020: €866 million), operating profit (EBITDA) more than doubled to €173 million (2020: €74 million), and net profit was €118 million (2020: €24 million). The profit share of RTL Group was €22 million (2020: €4 million).

The Atresmedia family of channels achieved a combined audience share of 27.4 per cent in the commercial target group of viewers aged 25 to 59 (2020: 27.8 per cent). The main channel, **Antena 3**, recorded an audience share of 13.8 per cent (2020: 11.4 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 2021.

Non-financial information

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. With the recent portfolio changes and the announced consolidation moves in France, the Netherlands, Belgium, Germany and Croatia, the time had come to reposition the core RTL brand with a new identity, a clear set of brand principles and a new design reflecting the diversity at RTL. With this, RTL will be strengthened as Europe's leading entertainment brand that stands for positive entertainment and independent journalism, as well as inspiration, energy and attitude. 'We act responsibly' is one of eight newly 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.

RTL Group redefined its CR organisation in 2020. As part of this re-evaluation the Group decided to stop publishing its own Non-Financial Statement. The information of the Combined Non-Financial Statement (which complies with the 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*.

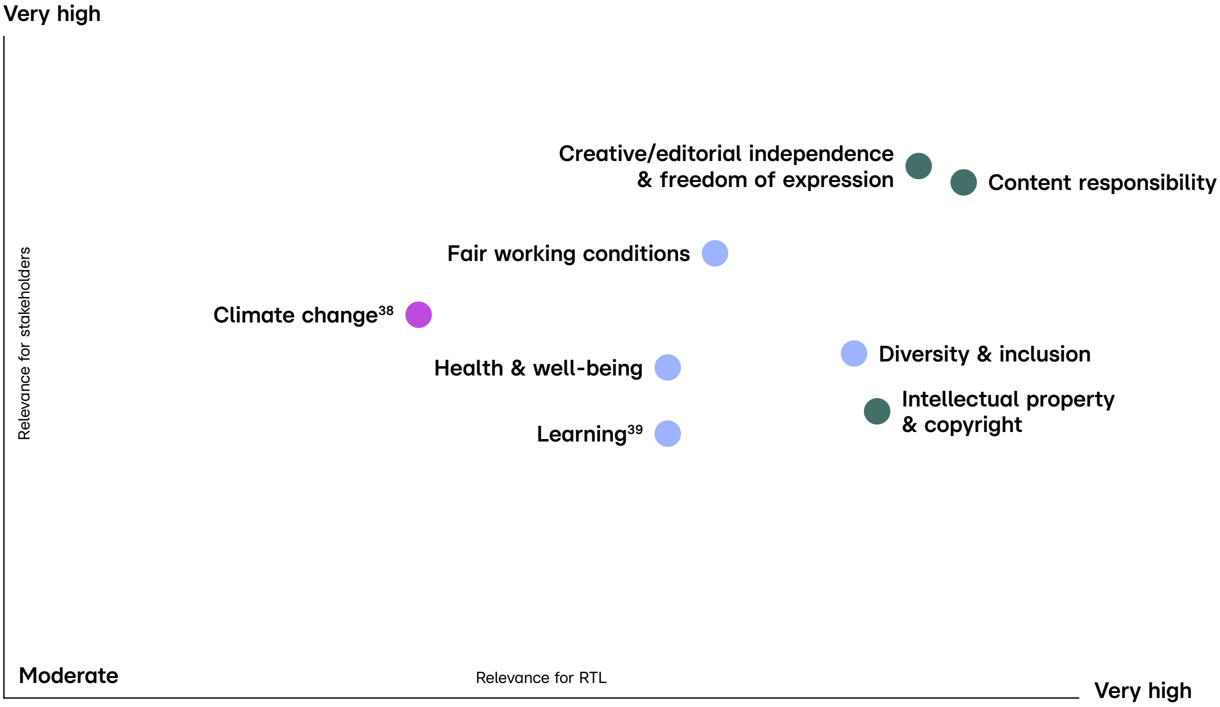
The RTL CR Board unites executives from RTL Group and RTL Deutschland and will be enlarged in 2022 following the combination of RTL Deutschland and Gruner + Jahr. The Board meets monthly to coordinate projects in key areas such as diversity, editorial independence and climate protection, to develop new ideas and to ensure efficient use of the 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, Communications, Facility Management and RTL Group (HR, Investor Relations, Compliance). The RTL Group CR Network – created in March 2014 and consisting of CR representatives from the Group's profit centres – 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 and collaborate to define actions to reduce CO_2 emissions, with the target of becoming climate-neutral by 2030.

The summary covers key information on the following subjects: editorial independence, employees, diversity, society, intellectual property and copyright, information security, anti-corruption and anti-bribery, human rights and the environment.

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 and inclusion, health and well-being, 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



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 2021, the Group had an average of 10,861 full-time employees (total headcount: 17,650 including permanent and temporary staff) in more than 30 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 and well-being. It reviews and, if necessary, adjusts its training offers on an ongoing basis.

38 The different environmental topics have been pooled
39 Including digital media literacy

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 and various lockdown measures have deeply changed the world of work. In 2021, RTL Group continued to offer flexible work from home options to all employees who could work from home and whose function did not require their presence at the office. It also introduced hybrid work solutions.

In 2021, RTL Group conducted its bi-annual employee survey with a response rate of 81 per cent. This corresponds 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.

Employee survey 2021[40]: CR Index at 73.5% – Target: 80%

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 50 per cent men and 50 per cent women as at 31 December 2021) while women account for 28 per cent at top management positions (31 December 2020: 24 per cent), and 24 per cent of senior management positions (31 December 2020: 24 per cent).

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

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 2019, RTL Group's Executive Committee reviewed the Group's objectives and set the following quantitative target for 2021: to increase the ratio of women in top and senior management positions to at least one third. At the end of 2021, the ratio of women in top and senior management positions was 25 per cent, up 5 percentage points compared to 2016 when RTL Group reported those measures for the first time (2016: 20 per cent). The Group did not achieve the gender diversity goal it set for 2021. Among the reasons for this were changes to the Group's portfolio of companies. In January 2021, 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 40 per cent by the end of 2025. The Group reports on its progress towards these diversity targets each year.

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 needs to be as representative as possible of the diversity of society, so that many different segments of society can identify with it.

In 2021, Fremantle continued to make progress towards building an equitable and inclusive culture across its business and content, and appointed a Group Head of Diversity, Equity and Inclusion to accelerate these issues.

In the US, Fremantle is working with the Hollywood Bridge Fund, a scheme that trains and connects below-the-line, under-represented workers to job opportunities in Hollywood and helps broaden the diversity of the hiring pool. In the UK, Fremantle partnered with the TV collective to help create a mentoring initiative called *Breakthrough Leaders* to develop a mentoring programme designed to support 50 Black, Asian and minority-ethnic future leaders. In Germany, UFA made a commitment to becoming more diverse both in front of and behind the camera. UFA's full-year programming portfolio aims to reflect the diversity found in society by the end of 2024.

Inclusive casting and storylines across Fremantle shows continued to provide a platform for different voices and perspectives that reflect and celebrate the world we live in, influence authentic storytelling, and promote empathy and understanding. In Italy, *X Factor* went gender neutral for its 15th season. The four teams of performers formed with no distinctions based on gender, age or even whether they were a solo artist or band. In the UK, Fremantle's format *Five Guys A Week* expanded with a brand new six-part series, *Five Dates A Week* (working title), which will involve single people of any gender and sexual orientation trying out the UK's most unique matchmaking set-up.

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 euros 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 Belgium and Luxembourg, and *RTL-Spendenmarathon* in Germany) raised €34,175,495 for charity in 2021 (2020: €27,129,150).

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 was updated and adapted to the latest developments in 2021 and now includes a new, user-friendly speak-up system, and an Information Security Policy that sets 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.

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 page 86.

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 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.

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 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 in dialogue with various 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 first 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 CO_2 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 full carbon neutrality with regards to the emissions from the production of its programmes and products.

As part of its aims 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 them.

In April 2021, the German advertising sales house, Ad Alliance, joined the Green GRP initiative, which aims to offset the carbon dioxide emissions produced by campaigns with certified climate protection projects.

In November 2021, BCE inaugurated the largest ground-based solar panel park in Luxembourg, in partnership with energy supplier Enovos. The panels will produce around 10.5 gigawatt hours of electricity per year – enough to power more than 2,800 households.

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

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 addressing target groups.

In 2021, RTL Group launched a new identity and design for its core brand, RTL. The comprehensive redesign and repositioning of RTL was started to strengthen RTL as Europe's leading entertainment brand. Within this project, the German streaming service was rebranded to RTL+ (formerly TV Now). RTL Group also announced the expansion of RTL+ into a cross-media entertainment service, comprising video, music, podcasts, audio books and e-magazines, which will be a unique selling proposition in the German-speaking market, starting in 2022. The cross-media extension is the first example of the synergies to be realised following the combination of RTL Deutschland and Gruner + Jahr. The service's innovative recommendation algorithm based on smart text, audio and video analysis will ensure users are offered personalised content suggestions across all types of media.

Another innovative focus point is addressable TV advertising, which combines the broad reach of linear TV with targeted digital advertising. In October 2021, RTL Group and Amobee – a global leader of advertising technologies – announced the formation of TechAlliance. This comprehensive cooperation will be a joint sales and services company for the ad-tech solutions of Amobee and Smartclip, which is part of RTL Deutschland. TechAlliance will be the first European-wide offering for programmatic access to addressable TV advertising.

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 2021).

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 yet to decide on the appointment of a new expert. 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 29 January 2021, the Court has determined dates for the submission of writs by the parties. A decision is expected in spring 2022.

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.

Corporate governance

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 Investor Relations 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 2021, 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 28 April 2021 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 2021 the Board of RTL Group had 12 members: two executive directors and ten non-executive directors. At the Annual General Meeting (AGM) on 28 April 2021 Pernille Erenbjerg was appointed for a term of three years and James Singh was re-elected for one year. The other executive and non-executive directors were re-elected for three years. Biographical details of the directors are set out on pages 24 to 28.

Among the non-executive directors, Pernille Erenbjerg, Jean-Louis Schiltz, James Singh, 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

Martin Taylor[41]
Chairman of the Board of Directors

James Singh[41]
Vice-Chairman of the Board of Directors

Executive Directors

- Thomas Rabe, CEO RTL Group
- Elmar Heggen, COO and Deputy CEO RTL Group

Non-Executive Directors

- Guillaume de Posch
- Thomas Götz
- Immanuel Hermreck
- Jean-Louis Schiltz[41]
- Bettina Wulf
- Pernille Erenbjerg[41,42]
- Rolf Hellermann[42]
- Bernd Kundrun[43]
- Rolf Schmidt-Holtz[43]
- Lauren Zalaznick[41]

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, James Singh, 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 eight times by telephone conference in 2021 – with an average attendance rate of 96.6 per cent – and adopted some decisions by circular resolution. An evaluation process of the Board of Directors' activities, and the activities of its committees, will be launched in 2022.

41 Independent Director
42 As from 28 April 2021
43 Until 28 April 2021

Individual attendance of the members of the RTL Group Board of Directors	Participation in meetings	Attendance
Martin Taylor (Chairman)	8/8	100%
Guillaume de Posch	8/8	100%
Pernille Erenbjerg	6/7	85.7%
Thomas Götz	8/8	100%
Elmar Heggen	8/8	100%
Rolf Hellermann	8/8	100%
Immanuel Hermreck	8/8	100%
Bernd Kundrun	1/1	100%
Thomas Rabe	8/8	100%
Jean-Louis Schiltz	8/8	100%
Rolf Schmidt-Holtz	0/1	0%
James Singh	7/8	87.5%
Bettina Wulf	8/8	100%
Lauren Zalaznick	8/8	100%

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 2021, a total of €1.4 million (2020: €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 2021).

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. Lauren Zalaznick replaced Rolf Schmidt-Holtz from 28 April 2021. 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 Chairman 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 five times in 2021, by telephone/video conference, with an average attendance rate of 100 per cent.

Individual attendance of the members of the Nomination and Compensation Committee	Participation in meetings	Attendance
Martin Taylor (Chairman)	5/5	100%
Thomas Götz	5/5	100%
Immanuel Hermreck	5/5	100%
Rolf Schmidt-Holtz (until April 2021)	2/2	100%
Lauren Zalaznick (as of April 2021)	3/3	100%

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. Rolf Hellermann replaced Bernd Hirsch from 1 January 2021, and Pernille Erenbjerg joined the Audit Committee on 28 April 2021.

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 2021, by telephone conference, with an average attendance rate of 96.55 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.

Individual attendance of the members of the Audit Committee	Participation in meetings	Attendance
James Singh (Chairman)	5/5	100%
Rolf Hellermann	5/5	100%
Martin Taylor	5/5	100%
Jean-Louis Schiltz	5/5	100%
Thomas Götz	5/5	100%
Pernille Erenbjerg (as of April 2021)	3/4	75%

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 2021, a total of €8.6 million (2020: €5.0 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 2021).

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 28 April 2021, 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 2021 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 at *rtl.com/compliance*.

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 section** on pages 89 to 93).

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

Type of risk	Description and areas of impact	Mitigation activities
External and market risk		
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. In the past ten years, many international media groups have been folded into vertically integrated conglomerates that control both the production and distribution of content. This period of consolidation created a handful of content giants with significant back catalogues. The classic TV advertising market may be affected by higher competition for audience attention on linear TV and by lower total viewing figures such as reach. As a result, advertising budgets may partly shift to alternative digital channels. 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.	In Europe, RTL Group has initiated an in-country consolidation strategy to scale up its broadcasting businesses and to form national cross-media champions to compete with the global tech platforms. This can take many forms: for example the planned merger of Groupe M6 and Groupe TF1, after which RTL Group would be in a minority position; the planned merger of RTL Nederland and Talpa Networks, after which RTL Group remains in the majority position; and RTL Deutschland's acquisition of Gruner + Jahr. These consolidation moves would create significant synergies, which RTL Group could use for more investment in local content, streaming and ad tech. Within this strategy, 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 Ad Alliances in Germany and the Netherlands and the new European sales house that will combine RTL AdConnect, G+J iMS and the media division of Smartclip. 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 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 therefore impacts RTL Group's revenue.	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 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.

Type of risk	Description and areas of impact	Mitigation activities
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 conservative 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.
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 is limited and may lead to cost increases.	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. RTL Group selects high-quality and solid suppliers for key services or equipment, to reduce the risk of bankruptcy of its business partners.
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.
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 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 three main objectives:

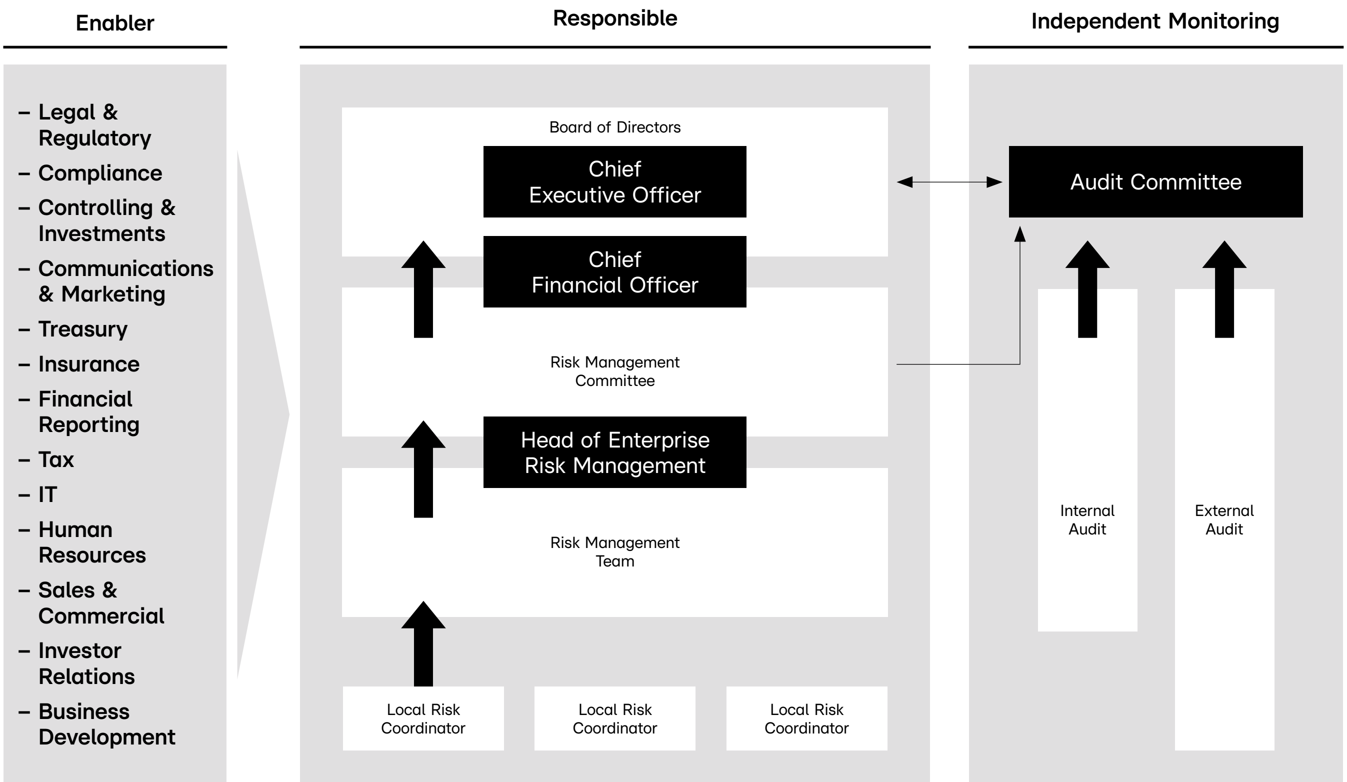
- **Embedded culture**: promote and embed a common risk management culture in the daily work of all RTL Group employees.
- **Consistent policy**: develop consistent risk policies on key matters, to be tailored and implemented at business unit level with consideration for local challenges and environment.

– **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 the diagram below) 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, 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)				
Priority	Type of risk	Low (<€50million)	Moderate (<€100 million)	Significant (<€250 million)	Considerable (<€500 million)	Endangering (>€500 million)
1	Changes in market environment			■		
2	Audience and market share			■		
3	Cyclical development of economy			■		
4	Legal		■			
5	Supplier risks	■				
6	IT & infrastructure	■				
7	Customer risks	■				
8	Risks without cash impact	■				
9	Pricing/discounting	■				
10	Strategic risks	■				

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 the economic development remains highly uncertain with the continuation of the Covid-19 pandemic and the geopolitical risks resulting from the war in Ukraine. 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 the planned mergers of Groupe M6 and Groupe TF1, RTL Nederland and Talpa Networks as well as the synergy potential of the combination of RTL Deutschland and Gruner + Jahr. The Covid-19 crisis continues to allow RTL Group 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 2021 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 2021 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 S.A. is a public limited liability company under Luxembourg law. The German Corporate Governance Code (GCGC) does therefore not apply to RTL Group S.A. and RTL Group S.A. 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 S.A. 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, 16 March 2022
The Board of Directors
RTL Group S.A.

Subsequent events

In January 2022, RTL Deutschland GmbH 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 the 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 preliminary purchase price amounted to €213 million on a cash-free and debt-free basis and is subject to a usual working capital adjustment clause.

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 February 2022, RTL Group announced that it has signed a definitive agreement for the sale of **RTL Croatia** to Central European Media Enterprises (CME). The transaction is subject to regulatory approvals and is expected to close in the second quarter of 2022. The expected total consideration amounts to €50 million. 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.

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

Outlook

The following outlook assumes that the economic recovery continues – mainly driven by private consumption – and that there is no significant impact from Covid-19 and the war in Ukraine. It is too early to quantify the potential impact of the war in Ukraine on consumer sentiment, inflation and economic growth – and thus on RTL Group's results in 2022.

The outlook does not reflect the announced consolidation moves in France, the Netherlands and Croatia as they are still subject to regulatory approvals, but reflects the acquisition of Lux Vide by Fremantle (as of 3 March 2022) and the sale of RTL Belgium (as of end of March 2022)[44].

On this basis and subject to the above:
- RTL Group expects its **revenue** to increase to approximately €7.4 billion. This includes organic growth of approximately 5 to 6 per cent.
- RTL Group expects its **Adjusted EBITA** for 2022 to be stable at approximately €1.15 billion, despite significantly higher streaming start-up losses of approximately €250 million (2021: €166 million). Consequently, the Group expects its Adjusted EBITA before streaming start-up losses to increase to approximately €1.4 billion (2021: €1,318 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.

	2021	2022e
Revenue	€6,637m	**~€7.4bn**
Adjusted EBITA	€1,152m	**~€1.15bn**
Streaming start-up losses	€166m	**~€0.25bn**
'Adjusted EBITA before streaming start-up losses'	€1,318m	**~€1.4bn**

RTL Group: strategic targets for the streaming services RTL+ and Videoland

	2021	2026e
Paying subscribers	3.804m	**10m**
Streaming revenue	€223m	**€1bn**
Content spend per annum	€209m	**~€600m**

Profitability is expected by 2026[45].

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.

16 March 2022
The Board of Directors

44 In addition, the outlook includes, among other scope effects, the deconsolidation of SpotX (as of 30 April 2021) and Ludia (as of 8 September 2021) as well as the full consolidation of Eureka (as of 17 May 2021), Super RTL (as of 1 July 2021), This is Nice Group (as of 30 September 2021) and Gruner + Jahr (as of 1 January 2022)

45 Total of Adjusted EBITA from RTL+, 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 on business unit level. For the definition of Adjusted EBITA please see **Key performance indicators** on pages 56 to 57

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 2021 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, 16 March 2022

Thomas Rabe
Chief Executive Officer

Elmar Heggen
Chief Operating Officer
Deputy Chief Executive Officer

Björn Bauer
Chief Financial Officer

Consolidated income statement

	Notes	2021 €m	2020[46] €m
Revenue	5.1.	6,637	6,017
Other operating income	5.2.	88	37
Consumption of current programme rights		(2,512)	(2,070)
Depreciation, amortisation and impairment		(209)	(238)
Other operating expenses	5.3.	(3,055)	(2,960)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		(19)	(25)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	4.3.	949	172
Profit from operating activities		**1,879**	933
Share of results of investments accounted for using the equity method	6.5.	27	32
Impairment and reversals of investments accounted for using the equity method	6.5.	2	(62)
Earnings before interest and taxes (EBIT)		**1,908**	903
Interest income	5.4.	5	4
Interest expense	5.4.	(18)	(22)
Other financial income	5.5.	19	12
Other financial expense	5.5.	(33)	(22)
Financial result		**(27)**	(28)
Profit before tax		**1,881**	875
Income tax expense	5.6.	(427)	(250)
Group profit		**1,454**	625
Attributable to:			
RTL Group shareholders		1,301	492
Non-controlling interests		153	133
Earnings per share (in €)			
– Basic	5.7.	8.41	3.20
– Diluted	5.7.	8.41	3.20

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

Consolidated statement of comprehensive income

	Notes	2021 €m	2020 €m
Group profit		**1,454**	625
Other comprehensive income (OCI):			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations	6.15.	**18**	8
Income tax	6.7.	**(2)**	–
		16	8
Equity investments at FVOCI – change in fair value	6.6.	**1**	2
Income tax	6.7.	**–**	(1)
		1	1
		17	9
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**33**	(52)
Effective portion of changes in fair value of cash flow hedges	6.16.4.	**14**	(20)
Income tax	6.7.	**(5)**	6
		9	(14)
Recycling of cash flow hedge reserve	6.16.4.	**–**	–
Income tax	6.7.	**–**	–
		–	–
		42	(66)
Other comprehensive income/(loss), net of income tax		**59**	(57)
Total comprehensive income		**1,513**	568
Attributable to:			
RTL Group shareholders		**1,358**	434
Non-controlling interests		**155**	134

Consolidated statement of financial position

	Notes	31 December 2021 €m	31 December 2020 €m
Non-current assets			
Programme and other rights	6.1.	**74**	54
Goodwill	6.1. 6.2.	**3,043**	2,871
Other intangible assets	6.1.	**437**	313
Property, plant and equipment	6.3.	**264**	291
Right-of-use assets	6.4.	**283**	329
Investments accounted for using the equity method	6.5.	**366**	384
Loans and other financial assets	6.6.	**117**	139
Deferred tax assets	6.7.	**322**	333
		4,906	4,714
Current assets			
Programme rights	6.8.	**1,298**	1,211
Other inventories		**15**	8
Income tax receivable		**24**	24
Accounts receivable and other financial assets	6.9.	**3,502**	2,248
Cash and cash equivalents	6.10.	**547**	436
		5,386	3,927
Assets held for sale	6.11.	**196**	429
Current liabilities			
Loans and bank overdrafts	6.12.	**49**	124
Lease liabilities	6.12.	**59**	60
Income tax payable		**41**	24
Accounts payable	6.13.	**2,762**	2,201
Contract liabilities	5.1.	**449**	328
Provisions	6.14.	**131**	144
		3,491	2,881
Liabilities related to assets held for sale	6.11.	**113**	234
Net current assets		**1,978**	1,241
Non-current liabilities			
Loans	6.12.	**635**	641
Lease liabilities	6.12.	**273**	324
Accounts payable	6.13.	**372**	347
Contract liabilities	5.1.	**2**	4
Provisions	6.14.	**276**	238
Deferred tax liabilities	6.7.	**54**	48
		1,612	1,602
Net assets		**5,272**	4,353
Equity attributable to RTL Group shareholders		**4,538**	3,706
Equity attributable to non-controlling interests	6.16.8.	**734**	647
Equity	6.16.	**5,272**	4,353

Consolidated statement of changes in equity

	Share capital €m	Treasury shares €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 2020	**192**	**(41)**	**(129)**	**7**	**66**	**3,197**	**3,292**	**533**	**3,825**
Total comprehensive income:									
Group profit	–	–	–	–	–	492	492	133	**625**
Re-measurement of post-employment benefit obligations, net of tax	–	–	–	–	–	7	7	1	**8**
Equity investments at FVOCI – change in fair value, net of tax	–	–	–	–	1	–	1	–	**1**
Foreign currency translation differences	–	–	(52)	–	–	–	(52)	–	**(52)**
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	(14)	–	–	(14)	–	**(14)**
Recycling of cash flow hedge reserve, net of tax	–	–	–	–	–	–	–	–	**–**
	–	–	(52)	(14)	1	499	434	134	**568**
Capital transactions with owners:									
Dividends	–	–	–	–	–	–	–	(5)	**(5)**
Equity-settled transactions, net of tax	–	–	–	–	–	2	2	3	**5**
Transactions on non-controlling interests without a change in control	–	41	–	–	–	(64)	(23)	(35)	**(58)**
Transactions on non-controlling interests with a change in control	–	–	–	–	–	–	–	16	**16**
Other changes	–	–	–	–	–	1	1	1	**2**
	–	41	–	–	–	(61)	(20)	(20)	**(40)**
Balance at 31 December 2020	**192**	**–**	**(181)**	**(7)**	**67**	**3,635**	**3,706**	**647**	**4,353**
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**
Re-measurement of post-employment benefit obligations, net of tax	–	–	–	–	–	15	15	1	**16**
Equity investments at FVOCI – change in fair value, net of tax	–	–	–	–	1	–	1	–	**1**
Foreign currency translation differences	–	–	32	–	–	–	32	1	**33**
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	9	–	–	9	–	**9**
Recycling of cash flow hedge reserve, net of tax	–	–	–	–	–	–	–	–	**–**
	–	–	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	–	–	–	–	–	–	–	19	**19**
Other changes	–	–	–	3	–	(8)	(5)	–	**(5)**
	–	–	–	3	–	(529)	(526)	(68)	**(594)**
Balance at 31 December 2021	**192**	**–**	**(149)**	**5**	**68**	**4,422**	**4,538**	**734**	**5,272**

Consolidated cash flow statement

	Notes	2021 €m	2020 €m
Cash flows from operating activities			
Profit before tax		**1,881**	875
Adjustments for:			
– Depreciation, amortisation and impairment		**228**	263
– Share-based payments expenses		**6**	5
– Re-measurement of earn-out arrangements		**–**	1
– Fair value measurement of investments		**115**	–
– Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree		**(949)**	(172)
– Financial results including net interest expense and share of results of investments accounted for using the equity method		**40**	93
Change of provisions	6.14.	**46**	38
Working capital changes		**2**	78
Income tax paid		**(437)**	(248)
Net cash from operating activities		**932**	933
Cash flows from investing activities			
Acquisitions of:			
– Programme and other rights		**(88)**	(60)
– Subsidiaries, net of cash acquired	4.2.	**(353)**	(10)
– Other intangible and tangible assets		**(107)**	(118)
– Other investments and financial assets		**(48)**	(22)
Proceeds from the sale of intangible and tangible assets	6.1. 6.3.	**2**	2
Disposal of other subsidiaries, net of cash disposed of	4.3.	**665**	113
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets		**29**	9
Interest received		**4**	3
Current deposits with shareholder and its subsidiaries	10.1.	**(218)**	(536)
Net cash used in investing activities		**(114)**	(619)
Cash flows from financing activities			
Interest paid		**(26)**	(28)
Transactions on non-controlling interests	6.16.8.	**(37)**	(63)
Proceeds from loans	6.12.	**56**	251
Repayment of loans	6.12.	**(113)**	(271)
Payment of lease liabilities	6.12.	**(63)**	(59)
Dividends paid		**(569)**	(4)
Other changes from financing activities		**(7)**	–
Net cash used in financing activities		**(759)**	(174)
Net increase/(decrease) in cash and cash equivalents		**59**	140
Exchange rate effects and other changes in cash and cash equivalents		**4**	(16)
Cash and cash equivalents and bank overdrafts at the beginning of the year	6.10.	**507**	383
Cash and cash equivalents and bank overdrafts at the end of the year		**570**	507
Less cash and cash equivalents included within assets held for sale	6.11.	**(23)**	(72)
Cash and cash equivalents and bank overdrafts at the end of the year (without assets held for sale)	6.10.	**547**	435

Notes to the consolidated financial statements

1. Significant accounting policies

RTL Group S.A. (the 'Company') is a company domiciled in Luxembourg. The consolidated financial statements of the Company as at 31 December 2021, 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 the parent company of an international media Group across broadcast, content and digital, holding, directly or indirectly, investments. With interests in 67 television channels, ten streaming services, 39 radio stations, a global business for content production and distribution, and a digital video network, RTL Group entertains, informs and engages audiences around the world. The Company is listed on the Frankfurt and Luxembourg Stock Exchanges. 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 16 March 2022.

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 investments at fair value through OCI (FVOCI), equity instruments at FVTPL and debt instruments at FVTPL 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 amendments 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.

Effects of the Covid-19 pandemic on the consolidated financial statements
Negative effects of the Covid-19 pandemic on RTL Group's financial performance were mostly visible in the first quarter of 2021, but eventually a strong rebound in the second half of the year led total TV advertising revenue to recover back beyond the pre-crisis level on a full year basis. As a result, revenue and Adjusted EBITA 2021 are significantly above the 2020 level.

Nevertheless, accounting impacts continue to be evaluated for the particularly relevant areas of impairment testing for goodwill and individual assets, leases, inventories, trade receivables, government grants, deferred tax assets, contingent losses and revenue. Due to the overall economic situation in 2021, no significant issues were noted in that regard. No significant negative effects on RTL Group's financial position and results of operations are currently expected for the other accounting areas classified as vulnerable to the Covid-19 pandemic.

Economic uncertainties arising from the Covid-19 pandemic continue to require discretionary decisions, estimates and assumptions. The assessment of the extent to which current and future customers will continue to be able to fulfil their contractual payment obligations depends on the future economic climate. RTL Group will examine this criterion both before and at the time of performance obligations, as part of revenue recognition.

On 31 December 2021, goodwill was tested for possible impairment in accordance with IAS 36. In addition to the description in the 'Impairment' section, this year's impairment tests are subject to increased uncertainties and extended discretionary decisions regarding the forecast of cash flows resulting from the Covid-19 pandemic. The volatility of financial performance driven by the uncertainty may cause performance to deviate from expectations both negatively – due, for example, to re-introductions of lockdown measures impacting advertisers' spending – and positively, such as in the form of strong advertising market rebounds as seen particularly after the first quarter of 2021. In order to determine the recoverable amount, the cash flows determined are discounted using the cost of capital rate at the reporting date.

Due to the Covid-19 pandemic, RTL Group companies have, in some instances, received grants in various forms. If the conditions for a government grant are met, cash flows from grants are generally deferred and recognised in income over the term of the grant, while investment grants reduce the cost of the acquired asset. Since newly created conditions are subject to interpretation ex post, the risk that the conditions for a granted subsidy may not be fulfilled cannot be ruled out, despite intensive checks in advance.

Overall, no significant effects on RTL Group's net assets, financial position and results of operations are currently expected due to the Covid-19 pandemic. Management is of the opinion that the additional estimates and discretionary decisions resulting from the Covid-19 pandemic adequately reflect the currently foreseeable microeconomic and macroeconomic situation.

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 gains 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 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 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 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 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 designed 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-designed component of the fair value changes on the hedging instrument is recorded directly in profit or loss.

When a hedging instrument expires or is sold – or when a hedge no longer meets the criteria for hedge accounting under IFRS 9 – any cumulative gain or loss included in the 'Hedging reserve' is deferred until the committed or forecast transaction ultimately impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

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 upon 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 of the cash-generating units represents the Group's investment in a geographical area of operation by business segment, except for the content business and We Are Era (Divimove was repositioned and rebranded to We Are Era in the first half of 2021), which are multi-territory/ worldwide operations.

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, audiovisual 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
Loans are recognised initially at fair value plus transaction costs. In subsequent periods, loans are stated at amortised cost 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.

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 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 investment 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 into 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 are measured at amortised cost. Interest income from these financial assets is included in 'Interest income' using the effective interest rate 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 item '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 investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments 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 investments at FVOCI are not reported separately from 'Equity investments 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 accounts receivable (PLP, VAT and prepaid expenses-related ones excepted) 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 stars. Long-term sourcing agreements aim to secure the programme supply of broadcasters. They are mainly output deals, production agreements given the 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 nature and timing of satisfaction of performance obligations and significant payment terms differ between the categories of revenue.

Advertising revenue

Advertising arrangements mostly include spots aired as part of a campaign on various media (TV, radio, internet), 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.

Advertising revenue is recognised during the period over which the related advertisement is broadcast or appears before the public. Sales house and other agencies' commissions 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 generate a contract asset if they are aired before normal advertising spots, and a contract liability in the reverse case.

In addition, barter arrangements, whereby particular advertising spots are broadcast in exchange for other media advertising, generate a contract asset or liability to the extent that the service rendered by the Group does not pertain to the same line of business as the service received from the counterpart. Revenue from barter transactions is recognised at the fair value of the goods or services received, adjusted for any cash involved in the transaction.

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.

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 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 which 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 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 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.

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/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

Gains/(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/(expense)

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

1.26. 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 substantially 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.

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

For the purposes of both better comparability with the Group's peers and increased transparency the valuation allowance has been reclassified from the income statement position 'Depreciation, amortisation, impairment and valuation allowance' (renamed 'Depreciation, amortisation, impairment') into the income statement position 'Other operating expenses'. The figures for the previous year were adjusted for better comparability. The position 'Depreciation, amortisation, impairment' decreased by €10 million and the position 'Other operating expenses' increased by €10 million accordingly.

Further, the income statement position 'Other financial result' has been disaggregated into two separate positions: 'Other financial income' and 'Other financial expense' in order to increase the clarity and the level of detail in the presentation. Additionally, certain items within the 'Financial result' were reallocated. The respective prior-year comparatives were adjusted accordingly.

As the measurement has not changed in both cases, there is no effect on 'Profit on operating activities' within the income statement and Adjusted EBITA.

2. Accounting estimates and judgements

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

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

In addition, management judgement must take into account 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.

Following the continuous evaluation of the consumption patterns, RTL Group has adopted updated models for the consumption of current programme rights resulting in a consumption over a maximum of four runs following a degressive approach for blockbusters and in a consumption over the licence period for children's programmes and cartoons as there is a very slow saturation and a very high number of repetitions for the target group kids (three to 13-year-olds) starting from 1 January 2021. For the year ended 31 December 2021, the positive impact over the period of this prospective change in estimate on the consumption expense amounted to €27 million. Due to the complexity in the planning of programme grid, the estimation of the impact for future periods is impracticable.

2.4. 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 the 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, the 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.

2.5. Lease accounting

Extension and termination options are included in a number of real estate leases across the Group. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option. The Group considers all relevant factors that create an economic incentive for the Group 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.

2.6. 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 valued based on the net present value of the expected cash outflow in case of exercise of the option by the counterparty.

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

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

2.8. 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.

2.9. 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.

2.10. Post-employment benefits

The post-employment benefits lay 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.

2.11. Assets held for sale and discontinued operations

The determination of the fair value less costs of disposal 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.

The announced transaction between Groupe M6 and Groupe TF1 is subject to complex approvals and conditions precedent:

(i) obtaining the required regulatory authorisations from (i) the French Competition Authority (Autorité de la Concurrence, 'ADLC'), and a limited number of other national competition authorities, as well as from, (ii) the French media regulator (Autorité de Régulation de la Communication Audiovisuelle et Numérique, 'ARCOM'). The transaction has been formally notified to the ADLC on 17 February 2022 and is expected to be challenged by competitors. Consequently, there cannot be certainty of completion of the transaction and the probability of completion cannot be reasonably and objectively assessed at the year-end.

(ii) completion of the transfer of selected TV channels to comply with applicable media law restrictions, and

(iii) obtaining of unconditional exemptions from the French stock market regulator (Autorité des marchés financiers) to the obligation to file mandatory takeover offers on Groupe TF1 and Groupe M6 shares. As a result of the above, management has determined that Groupe M6 did not meet the necessary criteria to be classified as assets held for sale as at 31 December 2021.

Further details on this transaction are presented in note 4.4.

2.12. 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 accounted for using the equity method) at 31 December 2021, each one led by a CEO. The Group owns interests in 67 TV channels, 10 streaming services and 39 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, We Are Era and SpotX (before disposal) operate multi-territory/international networks in content, digital video and advertising technology businesses.

The following reported segments meet the quantitative thresholds required by IFRS 8:
– **RTL Deutschland**: this segment encompasses the Group's German TV broadcasting activities. These include the leading commercial free-to-air channel, RTL, as well as Vox, Super RTL and Toggo Plus, NTV, Nitro, Vox Up and RTL Up (previously RTL Plus), thematic pay channels RTL Crime, RTL Passion, RTL Living, GEO Television and Now!, and an equity participation in the free-to-air channel RTL Zwei. This segment also includes the streaming service RTL+ (previously TV Now), and content activities such as the production companies RTL Studios and RTL News. Furthermore this segment includes the activities of RTL Radio Deutschland and of RTL Group's ad-tech business, Smartclip
– **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 (more than 30 online media services including mobile applications and IPTV services)
– **Fremantle**: RTL Group's global content production business includes a significant distribution and licensing business (international) and operates in more than 25 countries
– **RTL Nederland**: this segment covers television broadcasting and a wide range of digital and diversification activities. Its television channels – RTL 4, RTL 5, RTL 7, RTL 8, RTL Z, RTL Lounge, RTL Crime and RTL Telekids – build the leading family of channels in the Netherlands. This segment also includes the catch-up TV service, RTL XL, and the paid-for streaming service, Videoland.

The revenue of 'Other segments' amounts to €604 million (2020: €873 million). The major contributors are RTL Belgium with €176 million (2020: €159 million), RTL Hungary with €116 million (2020: €105 million), RTL Croatia with €46 million (2020: €40 million) and SpotX (before disposal) with €56 million (2020: €164 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.

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.

3.1. Segment information

	RTL Deutschland		Groupe M6		Fremantle		RTL Nederland		Other segments[47]		Eliminations		Total Group	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Revenue from external customers	2,422	2,124	1,379	1,263	1,727	1,346	577	473	532	811	–	–	**6,637**	6,017
Inter-segment revenue	3	3	11	10	199	191	(2)	3	72	62	(283)	(269)	**–**	–
Total revenue	**2,425**	**2,127**	**1,390**	**1,273**	**1,926**	**1,537**	**575**	**476**	**604**	**873**	**(283)**	**(269)**	**6,637**	**6,017**
Depreciation, amortisation and impairment including on goodwill and on fair value adjustments on acquisitions of subsidiaries	(43)	(38)	(95)	(100)	(43)	(43)	(9)	(10)	(38)	(61)	–	–	**(228)**	(252)
Impairment and reversals of investments accounted for using the equity method	–	–	2	(2)	–	–	–	–	–	(60)	–	–	**2**	(62)
Share of results of investments accounted for using the equity method	32	35	(26)	(5)	2	2	–	1	19	(1)	–	–	**27**	32
Adjusted EBITA	541	467	329	266	141	87	107	58	33	(25)	1	–	**1,152**	853
Adjusted EBITA margin	22.3%	22.0%	23.7%	20.9%	7.3%	5.7%	18.6%	12.2%	5.5%	(2.9)%	n/a	n/a	**17.4%**	14.2%
Invested capital	963	907	1,370	1,403	1,610	1,464	165	203	623	450	(3)	(2)	**4,728**	4,425

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

	2021 €m	2020 €m
Adjusted EBITA	**1,152**	**853**
Impairment of goodwill of subsidiaries	**–**	(11)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(19)**	(14)
Impairment and reversals of investments accounted for using the equity method	**2**	(62)
Re-measurement of earn-out arrangements	**–**	(1)
Fair value measurement of investments	**(115)**	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**949**	172
Significant special items	**(61)**	**(34)**
Earnings before interest and taxes (EBIT)	**1,908**	903
Financial result	**(27)**	(28)
Profit before tax	**1,881**	**875**
Income tax expense	**(427)**	(250)
Group profit	**1,454**	**625**

In 2021 'Special items' reflects 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). In 2020 'Special items' reflected the impact of a restructuring programme at RTL Deutschland (€ –27 million) and onerous advertising sales contracts (€ –10 million) as well as reversal of a provision at the Corporate Centre in Luxembourg (€ 3 million).

47 Other segments include the Adjusted EBITA loss of € –34 million generated by Group Corporate Centre (2020: € –47 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		USA		The Netherlands		UK		Belgium		Other regions		Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	**2021 €m**	2020 €m
Revenue from external customers	2,241	1,958	1,392	1,242	901	1,037	610	497	233	197	203	187	1,057	899	**6,637**	6,017
Non-current assets	1,465	1,254	1,138	1,073	481	439	338	339	435	435	2	75	242	243	**4,101**	3,858
Assets held for sale[48]	–	–	–	–	–	427	–	–	–	2	164	–	32	–	**196**	429
Capital expenditure	256	52	173	104	53	17	10	8	5	18	6	11	77	33	**580**	243

The revenue generated in Luxembourg amounts to €75 million (2020: €70 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 €66 million (2020: €74 million).

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

4. Group composition

4.1. Scope of consolidation

RTL Deutschland, Fremantle and RTL Nederland are wholly owned by RTL Group. Additionally, the Luxembourg-based company is the majority shareholder of Groupe M6 with an interest of 48.2 per cent, and groups further investments under 'Other segments', including RTL Belgium, 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[49]		Associates[49]		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
RTL Deutschland	50	43	2	7	13	13	**65**	63
Groupe M6	49	58	4	4	3	5	**56**	67
Fremantle	104	88	1	2	1	9	**106**	99
RTL Nederland	6	5	2	2	2	2	**10**	9
Other segments	54	65	–	–	3	5	**57**	70
Total	263	259	9	15	22	34	**294**	308

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

	Germany	France	USA	The Netherlands	UK	Belgium	Other regions	Total
Consolidated as at 31 December 2020	72	70	28	20	23	13	82	**308**
Additions	2	1	1	1	1	–	21	**27**
Disposals	5	9	7	–	6	3	11	**41**
Consolidated as at 31 December 2021	69	62	22	21	18	10	92	**294**

A total of 64 (previous year: 58) 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 2021 is presented in note 12.

4.2. Acquisitions

In the financial year 2021, the cash flow from acquisition activities totalled €–353 million (2020: €–10 million), of which, after consideration of cash and cash equivalents acquired, €–135 million relates to new acquisitions during the reporting period. The consideration transferred in accordance with IFRS 3 amounted to €190 million (2020: €23 million). There was no contingent consideration (2020: €2 million). In addition, put options were recognised in the amount of €38 million (2020: €nil million) in connection with the acquisitions.

In May 2021, Fremantle increased its interest in the share capital of **Eureka** Productions, LLC (Eureka) by 26 per cent to 51 per cent by exercising a call option. The acquisition of the majority interest in Eureka strengthens RTL Group's position in the creation of new formats and helps to broaden the client base. 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 €24 million and comprises a purchase price payment of €2 million and the fair value of a call option of €22 million, recognised in 'Net gains on put/call options'. Obtaining control led to a derecognition of the investment previously accounted for using the equity method, the fair value of which amounted to €21 million immediately before the acquisition date. The re-measurement of the investment already held resulted in an income of €17 million recognised in 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in

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

acquiree'. The preliminary purchase price allocation resulted in goodwill of €32 million, mainly reflecting synergy potential and representing the value of creative talent and market competence of the Eureka personnel. 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 share capital was recognised for an amount of €38 million through equity for the present value of the redemption amount. In 2021, transaction-related costs were insignificant and have been recognised in profit or loss. Since initial consolidation, Eureka has contributed €122 million to Group revenue and €5 million to Group profit or loss. If consolidated as at 1 January 2021 Eureka would have contributed €153 million to Group revenue and €6 million to Group profit or loss.

In July 2021, RTL Deutschland acquired the remaining 50 per cent of the shares in **Super RTL** (RTL Disney Fernsehen GmbH & Co KG) from The Walt Disney Company (Buena Vista International Television Investments, Inc.). RTL Group's shareholding in Super RTL is now 100 per cent. The acquisition of the full interest in Super RTL is in line with RTL Group's consolidation strategy and supports the growth plan for RTL Deutschland's streaming service, RTL+. 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 €124 million and comprises a purchase price payment of €124 million, made in June 2021. Obtaining control led to a derecognition of the joint venture previously accounted for using the equity method, the fair value of which amounted to €110 million immediately before the acquisition date. The re-measurement of the investment already held resulted in an income of €94 million recognised in 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree'. The preliminary purchase price allocation resulted in goodwill of €101 million, mainly reflecting synergy potential with RTL Deutschland and the strengthening and growth of the market position. Goodwill is partly tax deductible and was allocated to the RTL Deutschland cash-generating unit. In 2021, transaction-related costs were insignificant and have been recognised in profit or loss. Since initial consolidation, Super RTL has contributed €95 million to Group revenue and €2 million to Group profit or loss. If consolidated as at 1 January 2021 Super RTL would have contributed €146 million to Group revenue and €7 million to Group profit or loss.

In September 2021, Fremantle acquired from Nent Group 12 **Nent production labels** – now called This is Nice Group – in Norway, Sweden, Finland and Denmark that operate across non-scripted, scripted and factual businesses. The acquisition further strengthens Fremantle in the Nordics. The consideration transferred amounted to €39 million and comprises a purchase price payment in the amount of €39 million. Additionally a shareholder loan of €12 million was repaid on the closing date. The preliminary purchase price allocation resulted in goodwill of €34 million, mainly reflecting the increased market footprint and expertise in Scandinavia. Goodwill is not tax deductible and was allocated to the Fremantle cash-generating unit. In 2021, transaction-related costs were insignificant and have been recognised in profit or loss. Since initial consolidation, This is Nice Group has contributed €31 million to Group revenue and €1 million to Group profit or loss. If consolidated as at 1 January 2021 This is Nice Group would have contributed €93 million to Group revenue and €–1 million to Group profit or loss.

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 is fully consolidated from the date of acquisition. The consideration transferred in terms of IFRS 3 was €3 million. The purchase price payment was made in January 2022. Obtaining control led to a derecognition of the investment previously accounted for using the equity method, the fair value of which amounted to €61 million immediately before the acquisition date. The re-measurement of the investment already held resulted in an income of €52 million recognised in 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree'. At the time the consolidated financial statements were authorised for issue, the purchase price allocation was at a very preliminary stage. In particular, the valuations had not yet been finalised. As a result, 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 the acquisition will be finalised in 2022, within one year of the date of acquisition, based on facts and circumstances that existed at the date when control was assumed. The preliminary purchase price allocation resulted in preliminary goodwill of €56 million. Goodwill is not tax deductible and was allocated to the Groupe M6 cash-generating unit. In 2021, transaction-related costs were insignificant and have been recognised in profit or loss. If consolidated as at 1 January 2021 Stéphane Plaza Immobilier would have contributed €22 million to Group revenue and €10 million to Group profit or loss.

In addition, RTL Group made further acquisitions in the financial year 2021, none of which were material on a standalone basis. The consideration transferred in terms of IFRS 3 for other minor acquisitions was insignificant. Other acquisitions resulted in goodwill totalling €1 million, which reflects synergy potential and is not tax-deductible. Transaction-related costs were insignificant in the financial year 2021 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:

	Eureka €m	Super RTL €m	This is Nice Group €m	Stéphane Plaza Immobilier €m	Other €m	Total €m
Non-current assets						
Programme and other rights	–	8	–	–	–	**8**
Other intangible assets	24	116	6	–	2	**148**
Property, plant and equipment	2	1	1	–	–	**4**
Right-of-use assets	1	–	12	–	–	**13**
Other non-current assets	–	–	2	–	–	**2**
Current assets						
Programme rights	36	12	36	–	1	**85**
Trade and other accounts receivable	8	10	10	–	–	**28**
Other current assets	–	31	1	–	–	**32**
Cash and cash equivalents	12	1	10	18	1	**42**
Liabilities						
Lease liabilities	(1)	–	(12)	–	–	**(13)**
Other liabilities	(58)	(46)	(61)	(3)	(4)	**(172)**
Net assets acquired	**24**	**133**	**5**	**15**	**–**	**177**
Goodwill	32	101	34	56	1	**224**
Non-controlling interests	(11)	–	–	(7)	–	**(18)**
Fair value of pre-existing interests	(21)	(110)	–	(61)	(1)	**(193)**
Consideration transferred according to IFRS 3	24	124	39	3	–	**190**
Less fair value of contributed assets	(22)	–	–	–	–	**(22)**
Less other deferred consideration	–	–	–	(3)	–	**(3)**
Consideration paid in cash	**2**	**124**	**39**	**–**	**–**	**165**
Cash and cash equivalents acquired	(12)	(1)	(10)	(18)	(1)	**(42)**
Financial debt repaid at closing	–	–	12	–	–	**12**
Cash outflow/(inflow) on acquisitions in terms of IFRS 3	**(10)**	**123**	**41**	**(18)**	**(1)**	**135**

On the acquisition date, the fair value of the acquired receivables was €28 million. Of that amount, €24 million is attributable to trade receivables and €4 million to other receivables. The impairment of trade receivables was not significant and other receivables were not impaired, and therefore the fair values are equal to the gross amounts.

Since initial consolidation, all new acquisitions in accordance with IFRS 3 in the financial year 2021 have contributed €254 million to revenue and €7 million to Group profit. If consolidated as at 1 January 2021, these would have contributed €421 million to revenue and €23 million to Group profit.

In addition, RTL Group made transactions under common control in the financial year 2021. Payments amounting to €–217 million are attributable to the transactions under common control.

In April 2021, RTL Deutschland acquired Gruner + Jahr's advertising sales business activities and the podcast activities of Audio Alliance for a total purchase price of €7 million. The transactions were accounted for as a transaction under common control with assets acquired and liabilities assumed at carrying amount and any difference between assets/liabilities and consideration transferred recognised in equity under the item 'Other changes'.

In January 2022, RTL Deutschland GmbH 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 the 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 preliminary purchase price amounted to €213 million on a cash-free and debt-free basis and is subject to an usual working capital adjustment clause. On 30 December 2021, RTL Deutschland made a prepayment of €210 million. The transaction was closed in January 2022 and will be accounted for as a transaction under common control, with assets acquired and liabilities assumed at carrying amount and any difference between assets/liabilities and consideration transferred recognised in equity.

The following table summarises the total cash flow from acquisition activities during the financial year 2021:

	Total €m
Cash outflow/(inflow) on acquisitions in terms of IFRS 3	**135**
Payments on acquisition of businesses under common control	7
Payments on prior years' acquisitions	1
Advance payment on acquisition of Gruner + Jahr businesses	210
Total cash flow from acquisition activities	**353**

4.3. Disposals

In April 2021, RTL Group sold its interests held in its subsidiary **SpotX** to the US ad-tech company Magnite for €968 million. The purchase price was settled by the transfer of 12.4 million shares of Magnite stock, for a total of €381 million after considering the lock-up adjustment measured at fair value through profit or loss, and a cash payment of €587 million after considering closing adjustments in accordance with the sales and purchase agreement. Net of transaction-related costs, the transactions resulted in an overall gain of €717 million recognised in the item 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree'.

In September 2021, Fremantle sold its interests held in its subsidiary **Ludia Inc.** to the US-based mobile entertainment company Jam City for €144 million net of cash disposed of. Net of transaction-related costs, the transactions resulted in an overall gain of €56 million recognised in the item 'Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree'.

During the financial year 2021 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 2021, RTL Group generated cash flows totalling €665 million (2020: €113 million) after considering cash and cash equivalents disposed of. The disposals led to a gain from deconsolidation of €776 million (2020: €159 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.

	SpotX €m	Ludia €m	Other €m	Total €m
Non-current assets				
Goodwill	109	30	–	**139**
Other intangible assets	21	34	–	**55**
Property, plant and equipment	6	3	–	**9**
Right-of-use assets	5	4	–	**9**
Loans and other financial assets	1	–	–	**1**
Deferred tax assets	–	1	–	**1**
Current assets				
Programme rights	–	–	1	**1**
Accounts receivable and other financial assets	168	7	3	**178**
Other current assets	2	15	–	**17**
Cash and cash equivalents	68	2	1	**71**
Liabilities				
Income tax payable	–	1	–	**1**
Deferred tax liabilities	3	8	–	**11**
Lease liabilities	4	4	–	**8**
Loans	–	4	–	**4**
Accounts payable	170	8	1	**179**
Contract liabilities	1	2	1	**4**

4.4. Other portfolio changes not yet effective

In May 2021, Groupe TF1, Groupe M6, Groupe Bouygues and RTL Group announced that they have signed agreements to enter into exclusive negotiations to merge the activities of Groupe TF1 and Groupe M6 and create a major French media group. The new group would be well positioned to master the challenges arising from the accelerating competition with global platforms, being active on the French market, and to produce quality audiovisual content. The merger project has been unanimously approved by the Boards of Groupe Bouygues, RTL Group, Groupe TF1 and Groupe M6. The completion of the transaction remains subject to the approval of the extraordinary general meetings of the shareholders of Groupe M6 and Groupe TF1 and is also subject to approval from the French competition authority (Autorité de la Concurrence, 'ADLC') and French media regulator (Autorité de Régulation de la Communication Audiovisuelle et Numérique, 'ARCOM'). Despite the firm commitment from the shareholders of Groupe M6 and Groupe TF1 the criteria to be classified as assets held for sale or discontinued operations are not fulfilled at the end of the reporting period. This is because Groupe M6 is not available for immediate sale in its present condition and the expectation of sale could not be assumed as highly probable at the end of the period. In consequence, the proposed transaction had no impact on the presentation of Groupe M6 within RTL Group's consolidated financial statements as at 31 December 2021.

In June 2021, RTL Group and Talpa Network announced that they have signed agreements to merge their broadcasting and affiliated media businesses in the Netherlands and to create a Dutch cross-media group. According to the agreements, Talpa Network will contribute its TV, radio, print, digital, e-commerce and other assets to RTL Nederland and will receive a 30 per cent stake in the enlarged RTL Nederland in return. RTL Group will hold the remaining 70 per cent in the combined group and will continue to fully consolidate RTL Nederland. In September 2021 the works councils of RTL Nederland and Talpa Network issued their favourable opinions on the proposed merger. The completion of the transaction remains subject to approval from the Dutch competition authority ACM (Authority for Consumers and Markets). The approval is expected in the first half of 2022 and completion in the third quarter of 2022.

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	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Revenue from advertising	1,937	1,710	1,126	969	21	14	362	290	328	347	**3,774**	3,330
Revenue from exploitation of programmes, rights and other assets	302	248	172	167	1,689	1,323	189	174	106	323	**2,458**	2,235
Revenue from selling goods and merchandise and providing services	183	166	81	127	17	9	26	9	98	141	**405**	452
	2,422	**2,124**	**1,379**	**1,263**	**1,727**	**1,346**	**577**	**473**	**532**	**811**	**6,637**	**6,017**
Timing of revenue recognition												
At a point in time	88	106	103	158	1,674	1,294	–	9	72	289	**1,937**	1,856
Over time	2,334	2,018	1,276	1,105	53	52	577	464	460	522	**4,700**	4,161
	2,422	**2,124**	**1,379**	**1,263**	**1,727**	**1,346**	**577**	**473**	**532**	**811**	**6,637**	**6,017**

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:

	2021 €m	2020 €m
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	**358**	271
Revenue recognised from performance obligations satisfied in previous periods	**–**	2

5.2. Other operating income

The increase in other operating income is mainly attributable to the new tax credit for audiovisual and film creation expenses for €18 million (2020: nil), operating subsidies of €7 million (2020: €5 million) including €2 million in radio broadcasting aid within Groupe M6, and subsidies of €10 million received in Luxembourg for certain public service activities. The additional increase consists of a number of individually immaterial matters in the subsidiaries.

5.3. Other operating expenses

	2021 €m	2020 €m
Employee benefits expenses	**1,159**	1,089
Production subcontracting expenses	**392**	340
Intellectual property expenses	**342**	563
Expenses related to live programmes	**339**	294
Marketing and promotion expenses	**131**	110
Repairs and maintenance	**125**	75
Fair value measurement of investments	**115**	–
Transmission expenses including satellite capacity	**91**	89
Audit and consulting fees	**88**	60
Operating taxes	**64**	56
Marketing and promotion barter expenses	**30**	32
Rentals and other lease expenses	**27**	25
Consumption of other inventories	**24**	44
Commissions on sales	**4**	32
Valuation allowance	**1**	10
Administration and sundry expenses	**123**	141
	3,055	2,960

The item 'Fair value measurement of investments' includes mainly effects from the valuation of Magnite shares and VideoAmp shares (see note 6.9).

The item 'Rentals and other lease expenses' includes expenses from short-term leases of €12 million (2020: €14 million) and expenses for low-value assets for €nil million (2020: €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:

	2021 €m	2020 €m
Audit services pursuant to legislation	**3.5**	2.6
Audit-related services	**0.5**	0.1
Non-audit services	**0.7**	0.4
	4.7	3.1

Employee benefits expenses are set out in more detail below:

	2021 €m	2020 €m
Wages and salaries	**883**	811
Termination benefits	**43**	54
Social security costs	**169**	164
Share options granted to employees	**6**	5
Pension costs	**24**	21
Other employee expenses	**34**	34
	1,159	1,089
Of which restructuring costs	**(28)**	(27)

The amounts set out above exclude personnel costs of €257 million (2020: €260 million), which are capitalised and represent costs of employees 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 2021 amounted to €19 million at 31 December 2021, (LTIP-Tranche 2020: €3 million at 31 December 2020). Further details on the terms and conditions of the LTIP are contained in the remuneration report. 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 (2020: €13 million) and defined benefit plans for €10 million (2020: €9 million).

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

	2021 €m	2020 €m
Employees of fully consolidated undertakings	**10,861**	10,598
	10,861	10,598

5.4. Interest income and interest expense

	2021 €m	2020 €m
Interest income on loans and accounts receivable	**4**	4
Tax-related interest income	**1**	–
Interest income	**5**	4
Interest expense on financial liabilities	**(18)**	(21)
Tax-related interest expense	**–**	(1)
Interest expense	**(18)**	(22)

Interest expense on financial liabilities includes an amount of €14 million (2020: €14 million) in respect of the loans from Bertelsmann Business Support S.à.r.l. (see note 10.1).

5.5. Other financial income and other financial expense

	2021 €m	2020 €m
Gains resulting from swap points	**–**	6
Net gains on put/call options	**18**	3
Sundry financial income	**1**	3
Other financial income	**19**	12
Losses resulting from swap points	**(4)**	–
Interest expense on lease liabilities	**(6)**	(9)
Interest on defined benefit obligations	**(1)**	(2)
Sundry financial expenses	**(22)**	(11)
Other financial expense	**(33)**	(22)

The item 'Net gains on put/call options' in 2021 relates to the re-measurement effects of Eureka call and put options. In 2020, this item mainly included the re-measurement effect of the Best of TV put option initially recognised at fair value through profit or loss (€12 million) and the re-measurement effects of the put options on Wildside (€ –9 million).

Interest on defined benefit obligations comprises interest income on plan assets of €3 million (2020: €2 million) and unwind of discount on defined benefit obligations of € –4 million (2020: € –4 million).

The item 'Sundry financial expenses' includes among others, non-operating foreign exchange effects of € –10 million (2020: € nil million) and negative impact of the net wealth tax of € –4 million (2020: € –3 million).

5.6. Income tax expense

	2021 €m	2020 €m
Current tax expense	(421)	(242)
Deferred tax expense	(6)	(8)
	(427)	(250)

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

	2021 €m	2020 €m
Profit before tax	1,881	875
Income tax rate applicable to RTL Group SA	24.94%	24.94%
Expected tax expense	(469)	(218)
The tax effects of the following items led to differences between the expected and actual tax expense:		
Adjustment to different national tax rates	(19)	(68)
Effects of changes in tax rate and tax law	(2)	(13)
Current income taxes for previous years	10	8
Deferred income taxes for previous years	1	(8)
Effects of measurements of deferred tax assets	(3)	6
Commission received in relation to the Compensation Agreement	46	–
Permanent differences	48	43
thereof tax effects in respect of results from disposals of investments	6	58
thereof tax effects in respect of results in associates	17	(11)
thereof other permanent differences	25	(4)
Other adjustments	(39)	–
Total adjustments	42	(32)
Actual tax expense	(427)	(250)

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 € –37 million (2020: € –34 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 28.41 and 27.50 per cent apply, representing an impact of € –13 million (2020: the rates of 32.02 and 31.00 per cent applied, representing an impact of € –28 million)
- USA, where the official tax rate is 21.00 per cent, representing an impact of € 28 million (2020: € 1 million with a tax rate of 21.00 per cent).

'Permanent differences' mainly includes the effects of non-taxable fair value re-measurements in the amount of € 43 million and effects from other taxes. 'Other adjustments' mainly relates in 2021 to withholding taxes and deferred tax effects on outside basis differences. Current and deferred tax adjustments on prior years relates to tax audits and recent tax returns.

5.7. Earnings per share

The determination of basic earnings per share is based on the profit attributable to RTL Group shareholders of €1,301 million (2020: €492 million) and a weighted average number of ordinary shares outstanding during the year of 154,742,806 (2020: 153,586,913), calculated as follows:

	2021	2020
Profit attributable to RTL Group shareholders (in € million)	**1,301**	492
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	**154,742,806**	154,742,806
Effect of treasury shares held	**–**	(1,155,893)
Weighted average number of ordinary shares	**154,742,806**	153,586,913
Basic earnings per share (in €)	**8.41**	3.20
Diluted earnings per share (in €)	**8.41**	3.20

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 2020	**882**	**1,281**	**23**	**2,186**	**5,522**	**678**
Effects of movements in foreign exchange	(37)	(3)	–	(40)	(37)	(10)
Additions	1	36	28	65	–	64
Disposals	–	(30)	–	(30)	–	(7)
Subsidiaries acquired	–	2	–	2	14	2
Subsidiaries disposed of	(3)	–	–	(3)	(28)	(4)
Transfer to assets held for sale	–	–	–	–	(108)	(39)
Transfers and other changes	9	(123)	(28)	(142)	–	–
Balance at 31 December 2020	**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	224	148
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**	**5,540**	**850**
Amortisation and impairment losses						
Balance at 1 January 2020	**(864)**	**(1,252)**	**(4)**	**(2,120)**	**(2,496)**	**(355)**
Effects of movements in foreign exchange	38	3	–	41	15	7
Amortisation charge	(14)	(58)	–	(72)	–	(49)
Impairment losses	(1)	–	(1)	(2)	(11)	(1)
Reversal of impairment losses				–		
Disposals	–	30	–	30	–	6
Transfer to assets held for sale	–	–	–	–	–	22
Transfers and other changes	1	138	–	139	–	(1)
Balance at 31 December 2020	**(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)**
Carrying amount:						
At 31 December 2020	**12**	**24**	**18**	**54**	**2,871**	**313**
At 31 December 2021	**12**	**30**	**32**	**74**	**3,043**	**437**

'Other intangible assets' mainly includes brands for an amount of €263 million (2020: €164 million), primarily related to brands within Groupe M6 (the M6 brand and Gulli-related brands) and RTL Deutschland (the Toggo brand). The increase in the reporting period is mainly due to the recognition of the Toggo brand for an amount of €99 million as part of the purchase price allocation of Super RTL.

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 2021, 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 2021, 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.

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 2021, RTL Group initiated several portfolio changes which impact the scope of tested CGUs. In September 2021, Fremantle sold its interests held in its subsidiary Ludia Inc. to Jam City (see note 4.3). Goodwill assigned to RTL Belgium was reclassified as 'Assets held for sale' (see note 6.11). Yospace has been integrated in RTL Deutschland.

All business units and cash-generating units mainly operate in one country, except Fremantle and We Are Era, which have multi-territory/worldwide operations. Goodwill is allocated by cash-generating unit as follows:

	31 December 2021 €m	31 December 2020 €m
RTL Deutschland	**1,080**	971
Groupe M6	**647**	592
Fremantle	**1,123**	1,046
Ludia	**–**	29
RTL Nederland	**159**	159
RTL Belgium	**–**	32
Others		
– Yospace	**–**	8
– We Are Era (previously Divimove)	**33**	33
– Freecaster	**1**	1
Total goodwill on cash-generating units	**3,043**	**2,871**

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 cash-generating unit is 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 taken into account.
– 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 2021, the market price of Métropole Télévision shares on the Paris Stock Exchange was €17.16 (2020: €13.26). The recoverable amount of Groupe M6 at that date was based on value in use using a discounted cash flow method (Level 3). 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. The number of video views and the development of original production and branded entertainment are key drivers for the digital video networks.

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.

	2021		2020	
	Perpetual growth rate % a year	Discount rate %	Perpetual growth rate % a year	Discount rate %
Cash-generating units				
RTL Deutschland	0.5	6.3	0.5	6.5
Groupe M6	0.0	6.8	0.0	6.9
Fremantle	1.8	8.2	1.8	8.2
Ludia	–	–	2.0	5.8
RTL Nederland	0.0	6.1	0.0	6.0
RTL Belgium	–	–	0.0	7.3
Others				
– Yospace	–	–	2.0	10.2
– We Are Era (previously Divimove)	2.0	10.0	2.0	9.2

We Are Era
We Are Era demonstrated strong top-line growth of 11 per cent on the back of its organic operational performance and gross margins continued to improve. Overall, the operational performance was in line with the business plans of RTL Group. The future growth assumptions of the business plan are supported by tailwinds from positive market developments in all of We Are Era's segments.

After the recognition of a €11 million impairment loss at 31 December 2020, the DCF valuation at 31 December 2021 amounts to a fair value less disposal of €41 million, which exceeds the carrying amount by €3 million.

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 2021 (in percentage points)
EBITA margin	(0.3)
Discount rate	0.4
Perpetual growth rate	(0.7)

Management considers that, at 31 December 2021, apart from the above mentioned sensitivities, 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 cash-generating units 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 2020	**395**	**351**	**266**	**1,012**
Effect of movements in foreign exchange	(2)	(3)	(5)	**(10)**
Additions	4	12	35	**51**
Disposals	(5)	(8)	(11)	**(24)**
Subsidiaries acquired	–	–	–	**–**
Subsidiaries disposed of	–	–	(1)	**(1)**
Transfer to assets held for sale	(3)	–	(25)	**(28)**
Transfers and other changes	4	10	(14)	**–**
Balance at 31 December 2020	**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**
Depreciation and impairment losses				
Balance at 1 January 2020	**(203)**	**(293)**	**(201)**	**(697)**
Effect of movements in foreign exchange	1	2	4	**7**
Depreciation charge	(19)	(22)	(23)	**(64)**
Disposals	5	7	10	**22**
Transfer to assets held for sale	1	–	22	**23**
Balance at 31 December 2020	**(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)**
Carrying amount:				
At 31 December 2020	**178**	**56**	**57**	**291**
At 31 December 2021	**164**	**48**	**52**	**264**

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 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**

	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 2020	**370**	**1**	**9**	**380**
Effect of movements in foreign exchange	(5)	–	–	**(5)**
Depreciation charge	(58)	(1)	(5)	**(64)**
Additions	40	2	4	**46**
Other changes	(27)	(1)	–	**(28)**
Balance at 31 December 2020	**320**	**1**	**8**	**329**

6.5. Investments accounted for using the equity method

As of 31 December 2021, investments in nine joint ventures (31 December 2020: 15) and investments in 22 associates (31 December 2020: 34) were accounted for in the consolidated financial statements.

The amounts recognised in the statement of financial position are as follows:

	2021 €m	2020 €m
Associates	**360**	356
Joint ventures	**6**	28
Balance at 31 December	**366**	**384**

The amounts recognised in the income statement are as follows:

	2021 €m	2020 €m
Share of results of investments accounted for using the equity method		
Associates	**50**	28
Joint ventures	**(23)**	4
	27	**32**
Impairment and reversals of investments accounted for using the equity method		
Associates	**2**	(62)
Joint ventures	**–**	–
	2	**(62)**

In the year 2021, dividends received from investments accounted for using the equity method amounted to €45 million (2020: €38 million). This amount is considered as an adjustment in the item '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 2021, RTL Group had no joint venture, which, in the opinion of the management, is material to the Group.

In July 2021 RTL Deutschland acquired the remaining 50 per cent of the shares in Super RTL (RTL Disney Fernsehen GmbH & Co KG) from The Walt Disney Company (Buena Vista International Television Investments, Inc). The transaction was accounted for as a business combination in accordance with IFRS 3. Previously RTL Disney Fernsehen GmbH & Co KG was accounted for using the equity method. Further information is provided in note 4.2.

The following table summarises the financial information for Super RTL as included in its own financial statements and adjusted for differences in accounting policies between RTL Group and Super RTL. The information for 2020 presented in the table includes the results of Super RTL for the period from 1 January to 31 December 2020. The information for 2021 includes the results of Super RTL only for the period from 1 January to 1 July 2021, because Super RTL became a subsidiary on 1 July 2021.

	2021 €m	2020 €m
Non-current		
Assets	–	14
Current		
Cash and cash equivalents	–	58
Other current assets	–	17
Total current assets	–	75
Current liabilities	–	(46)
Non-current liabilities	–	(3)
Net assets	**–**	**40**
Revenue	**51**	132
Depreciation and amortisation	**–**	(4)
Profit before tax	**9**	31
Income corporate tax expense	**(2)**	(5)
Profit and total comprehensive income for the year	**7**	**26**
Group's share of profit and total comprehensive income for the year	**4**	**13**
Dividends received from joint venture	**8**	**7**

Individually immaterial joint venture

The following table shows summarised financial information on joint ventures that management considers individually immaterial. The information given represents RTL Group's interest in each case.

	2021 €m	2020 €m
Non-current assets	**22**	20
Current assets	**19**	22
Non-current liabilities	**42**	14
Current liabilities	**34**	32
Earnings after taxes from continuing operations	**(27)**	(9)
Earnings after taxes from discontinued operations	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(27)**	(9)

There are no 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 2021, which, in the opinion of the management, are material to the Group:

Name of entity	Country of incorporation	Principal activity	Percentage ownership interest 2021	Percentage ownership interest 2020	Measurement method
Atresmedia	Spain	Broadcasting TV	**18.7**	18.7	Equity
Global Savings Group (GSG)	Germany	Shopping rewards	**41.5**	41.6	Equity
RTL 2 Fernsehen GmbH & Co. KG	Germany	Broadcasting TV	**35.9**	35.9	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 2021, the market capitalisation of 100 per cent of Atresmedia amounts to €753 million, i.e. €3.34 per share (2020: €650 million, i.e. €2.88 per share). Global Savings Group 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	
	2021	2020	2021	2020	2021	2020
Non-current assets	549	556	180	141	51	54
Current assets	853	762	91	74	92	86
Current liabilities	(478)	(495)	(85)	(59)	(43)	(86)
Non-current liabilities	(381)	(357)	(59)	(28)	(38)	(3)
Net assets	543	466	127	128	62	51
Revenue	963	866	148	77	283	261
Earnings after taxes from continuing operations	118	24	(11)	4	52	42
Earnings after taxes from discontinued operations	–	–	–	–	–	–
Other comprehensive income	(2)	3	(1)	–	–	–
Total comprehensive income	116	27	(12)	4	52	42
Dividends received from associates	8	–	–	–	15	18

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	
	2021	2020	2021	2020	2021	2020
Net assets at 31 December	543	466	127	128	62	51
Proportionate equity	101	87	52	53	33	29
Goodwill	166	166	42	42	24	24
Impairment on investments accounted for using the equity method	(110)	(110)	–	–	–	–
Carrying amount	157	143	94	95	57	53

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:

	2021		2020	
	Perpetual growth rate % a year	Discount rate %	Perpetual growth rate % a year	Discount rate %
Atresmedia	0.0	8.1	0.0	9.0
RTL 2 Fernsehen GmbH & Co. KG	0.5	7.0	0.5	7.2

As of 31 December 2021, the investment in Atresmedia was tested for impairment in accordance with IAS 36. The recoverable amount of Atresmedia on 31 December 2021 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 is expected to include new digital and platform revenue streams and further content and channel exploitation opportunities. Despite the recovery of the share price of Atresmedia – and the indicated increase of TV advertising spend for the upcoming months – the ongoing challenging economic environment in Spain due to the Covid-19 pandemic combined with strong competition, changing viewing preferences and continued dependence on linear television still leads to high uncertainty in terms of forecasts. As at 31 December 2021 neither additional impairment loss nor reversal of impairment loss had to be recognised on the at equity investment in Atresmedia.

As at 31 December 2021, the share price of Atresmedia was €3.34 (31 December 2020: €2.88) which results in a fair value less costs of disposal of €138 million for the 18.7 per cent held by RTL Group (31 December 2020: €119 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 2021 (in percentage points)
EBITA margin	**(0.4)**
Discount rate	**0.5**
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.

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 2020. This is a Level 3 fair value measurement.

RTL 2 Fernsehen GmbH & Co KG is a party in legal proceedings with a subsidiary of RTL Group (see note 6.14.1).

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.

	2021 €m	2020 €m
Non-current assets	**43**	57
Current assets	**52**	78
Non-current liabilities	**3**	7
Current liabilities	**38**	59
Earnings after taxes from continuing operations	**14**	8
Earnings after taxes from discontinued operations	**–**	–
Other comprehensive income	**1**	–
Total comprehensive income	**15**	8

There are no contingent liabilities relating to the Group's interest in the associates.

6.6. Loans and other financial assets

	2021 €m	2020 €m
Equity investments at FVOCI	37	35
Equity instruments at FVTPL	6	3
Debt instruments at FVTPL	–	1
Convertible loans at FVTPL	11	15
Fair value of derivative assets	8	9
Loans receivable to investments accounted for using the equity method	7	15
Other loans receivable	7	–
Trade accounts and other receivables	41	61
	117	139

In 2021, impairment loss related to loans amounting to €nil million (2020: €nil million).

RTL Group holds 19.50 per cent of the share capital of Beyond International Limited, a company listed on the Australian Stock Exchange. This is a Level 1 fair value measurement. In 2021, RTL Group recorded an increase in the fair value of this equity investment at fair value through OCI of €1 million (2020: decrease of €2 million).

The movements in equity investments at FVOCI are as follows:

	2021 €m	2020 €m
Balance at 1 January	35	33
Net acquisitions and disposals	–	1
Change in fair value	1	2
Other changes	1	(1)
Balance at 31 December	37	35

6.7. Deferred tax assets and liabilities

	2021 €m	2020 €m
Deferred tax assets	322	333
Deferred tax liabilities	(54)	(48)
	268	285

	2021 €m	2020 €m
Balance at 1 January	285	289
Income tax income/(expense)	(6)	(8)
Income tax credited/(charged) to other comprehensive income	(7)	5
Change in consolidation scope	(4)	–
Transfer to assets held for sale	(1)	1
Transfers and other changes	1	(2)
Balance at 31 December	268	285

The amount of the tax benefit arising from a previously unrecognised tax loss that is used to reduce current tax expense amounts to €13 million (2020: €7 million).

The recognition of previously unrecognised tax loss carry forwards and deductible temporary differences resulted in a reduction in deferred tax expense of €9 million (2020: €nil million).

Of 'Income tax credited/(charged) to other comprehensive income' an amount of €−5 million (2020: €6 million) relates to effective portion of changes in fair value of cash flow hedges, €nil million (2020: €nil million) relates to recycling of cash flow hedge reserve, €−2 million (2020: €nil million) relates to defined benefit plan actuarial gains/(losses) and €nil million (2020: €−1 million) relates to change in fair value of equity investments at FVOCI. The cumulative amount of deferred tax assets recognised in other comprehensive income amounts to €14 million (2020: €22 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:

	2021 €m	2020 €m
Tax loss carry forwards		
No expiration date	**4,182**	4,211
Expiration within 5 years	**80**	88
Expiration after 5 years	**9**	1
Deductible temporary differences (no expiration date)	**20**	**17**

At 31 December 2021, there were temporary differences of €126 million (2020: €107 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 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)	–	(26)	(1)	**(108)**
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)	(18)	7	**(54)**

	Balance at 1 January 2020 €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 2020 €m
Deferred tax assets						
Intangible assets	79	(9)	–	–	1	**71**
Programme rights	184	10	–	–	(1)	**193**
Property, plant and equipment	3	–	–	–	–	**3**
Right-of-use assets and lease liabilities	114	(5)	–	–	(2)	**107**
Provisions	80	(3)	–	–	3	**80**
Tax loss carry forwards	47	(27)	–	–	5	**25**
Others	38	20	(1)	–	5	**62**
Offset	(213)	(2)	7	–	–	**(208)**
	332	(16)	6	–	11	**333**
Deferred tax liabilities						
Intangible assets	(87)	9	–	–	(1)	**(79)**
Programme rights	(3)	(3)	–	–	–	**(6)**
Property, plant and equipment	(13)	(1)	–	–	2	**(12)**
Right-of-use assets and lease liabilities	(100)	4	–	1	1	**(94)**
Provisions	(20)	(5)	–	–	(3)	**(28)**
Others	(33)	2	6	(1)	(11)	**(37)**
Offset	213	2	(7)	–	–	**208**
	(43)	8	(1)	–	(12)	**(48)**

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

	2021			2020		
	Gross value €m	Valuation allowance €m	Net value €m	Gross value €m	Valuation allowance €m	Net value €m
(Co-)productions	**400**	**(338)**	**62**	376	(335)	41
TV programmes	**117**	**(2)**	**115**	143	(3)	140
Other distribution and broadcasting rights	**763**	**(270)**	**493**	755	(267)	488
Sub-total programme rights	**1,280**	**(610)**	**670**	**1,274**	**(605)**	**669**
(Co-)productions and programmes in progress	**458**	**(13)**	**445**	435	(13)	422
Advance payments on (co-)productions, programmes and rights	**183**	**–**	**183**	120	–	120
Sub-total programme rights in progress	**641**	**(13)**	**628**	**555**	**(13)**	**542**
	1,921	**(623)**	**1,298**	1,829	(618)	1,211

Additions and reversals of valuation allowance have been recorded for €–70 million and €64 million respectively in 2021 (2020: €–76 million and €89 million, respectively).

6.9. Accounts receivable and other financial assets

	2021 €m	2020 €m
Trade accounts receivable	**1,223**	1,159
Accounts receivable from investments accounted for using the equity method	**23**	39
Loans receivable to investments accounted for using the equity method	**3**	1
Prepaid expenses	**80**	120
Fair value of derivative assets	**21**	12
Equity instruments at FVTPL	**274**	–
Debt instruments at FVTPL	**–**	2
Other current financial assets	**19**	3
Current deposits with shareholder and its subsidiaries	**794**	563
Account receivable from shareholder in relation with PLP Agreement	**648**	216
Other accounts receivable	**417**	133
	3,502	2,248

The item 'Equity instruments at FVTPL' includes minority investments in Magnite amounting to €190 million and Videoamp amounting to €81 million, as well as a number of small 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 fair value of the unlisted investment in Videoamp is estimated on the basis of observable prices obtained as part of the most recently implemented qualified financing rounds which meet the minimum requirements for volume and participants, taking into account life and development cycles of the entity. The gains and losses resulting from changes in the fair value are recognised in the item 'Fair value measurement of investments' as presented in the note 5.3.

Additions and reversals of valuation allowance have been recorded for €−21 million and €20 million respectively in 2021 (2020: €−26 million and €16 million respectively).

6.10. Cash and cash equivalents

	2021 €m	2020 €m
Cash in hand and at bank	**417**	427
Fixed term deposits (under three months)	**130**	9
Cash and cash equivalents (excluding bank overdrafts)	**547**	436

	2021 €m	2020 €m
Cash and cash equivalents (excluding bank overdrafts)	**547**	436
Bank overdrafts	**–**	(1)
Cash and cash equivalents and bank overdrafts	**547**	435

6.11. Assets classified as held for sale

The carrying amounts of the assets classified as held for sale and related liabilities are presented in the following table:

	31 December 2021 €m	31 December 2020 €m
Assets		
Non-current assets		
Goodwill	32	108
Other intangible assets	2	17
Property, plant and equipment	13	5
Right-of-use assets	26	4
Investments accounted for using the equity method	–	2
Deferred tax assets	4	–
Current assets		
Programme rights	26	–
Accounts receivable and other financial assets	70	221
Cash and cash equivalents	23	72
Impairment on assets held for sale	–	–
Assets held for sale	196	429
Liabilities		
Non-current liabilities		
Lease liabilities	23	3
Accounts payable	–	1
Provisions	15	
Deferred tax liabilities	–	1
Current liabilities		
Provisions	–	–
Lease liabilities	4	2
Income tax payable	1	–
Accounts payable	70	227
Contract liabilities	–	–
Liabilities related to assets held for sale	113	234

As of 31 December 2021, the carrying amounts of the assets classified as held for sale and related liabilities are attributable to RTL Belgium. In June 2021, RTL Group announced that it had signed a definitive agreement for the sale of RTL Belgium to the Belgian media companies DPG Media and Groupe Rossel. The transaction – with an expected consideration of €215 million and after a dividend distribution of €35 million – is subject to regulatory approvals and is expected to close at the end of March 2022. As at 31 December 2020, the carrying amounts of the assets classified as held for sale and related liabilities were mainly attributable to SpotX.

In the financial year 2021, no impairment losses were recognised for disposal groups that are measured at fair value less costs to sell. The fair values are based on Level 3 of the hierarchy of non-recurring fair values. Valuations for Level 3 are based on information from the contract negotiations.

6.12. Loans, bank overdrafts and lease liabilities

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**

2020	Under 1 year €m	Over 1 year €m	Total carrying amount €m
Bank overdrafts	1	–	**1**
Bank loans payable – fixed rate	–	115	**115**
Bank loans payable – floating rate	49	20	**69**
Loans due to investments accounted for using the equity method – floating rate	58	–	**58**
Term loan facility due to shareholder – fixed rate	11	500	**511**
Other loans payable – fixed rate	–	6	**6**
Other loans payable – floating rate	5	–	**5**
	124	641	**765**
Lease liabilities	60	324	**384**

As at 31 December 2021, bank overdrafts were immaterial. As at 31 December 2021, potential future cash outflows of €219 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) (2020: €231 million).

6.13. Accounts payable

	2021 €m	2020 €m
Current		
Trade accounts payable	**1,459**	1,349
Amounts due to associates	**8**	9
Employee benefits liability	**228**	159
Deferred income	**8**	7
Social security and other taxes payable	**96**	89
Fair value of derivative liabilities	**12**	20
Account payable to shareholder in relation to PLP Agreement	**732**	325
Other accounts payable	**219**	243
	2,762	2,201
Non-current		
Trade accounts payable	**32**	39
Employee benefits liability	**287**	297
Fair value of derivative liabilities	**5**	4
Other accounts payable	**48**	7
	372	347

At 31 December 2021, the profit participation liabilities of RTL Deutschland amounted to €305 million (2020: €294 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 2021	**33**	**63**	**84**	**13**	**194**
Provisions charged/(credited) to the income statement:					
– Additions	24	13	64	17	**118**
– Reversals	–	(7)	(14)	–	**(21)**
Provisions used during the year	(8)	(6)	(50)	(1)	**(65)**
Subsidiaries disposed of	–	–	–	–	**–**
Other changes	(1)	4	1	2	**6**
Balance at 31 December 2021	**48**	**67**	**85**	**31**	**231**

The provisions mainly relate to the following:

Restructuring
RTL Deutschland announced in December 2020 a transformation plan that would result in a reshaping of the organisation and a reduction in headcount. Discussions with the employee representatives around a voluntary leave programme and the collective dismissal process – which specifies the financial terms of the restructuring plan and the number of staff affected – were underway as at 31 December 2020. In 2021 additional restructuring costs were recognised and the restructuring provisions amounts at 31 December 2021 to €46 million (31 December 2020: €27 million).

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 (former 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 yet to decide on the appointment of a new expert. 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 at 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 at 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 29 January 2022, the Court has determined dates for the submission of writs by the parties. A decision is expected in spring 2022.

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 €82 million (2020: €68 million) mainly in relation to the supply of programmes, of which sport events amount to €15 million (2020: € 30 million)
– Groupe M6 for €2 million (2020: €6 million) in relation to the supply of programmes
– RTL Nederland for €nil million (2020: €10 million) in relation to advertising sales contracts.

	2021 €m	2020 €m
Current	**129**	143
Non-current	**102**	51
	231	**194**

6.14.2. Post-employment benefits

	2021 €m	2020 €m
Balance at 1 January 2021	**188**	**195**
Provisions charged/(credited) to the income statement:		
– Additions[50]	**28**	25
– Reversals	**(1)**	(1)
Provisions used during the year[50]	**(13)**	(20)
Actuarial (gains)/losses directly recognised in equity	**(18)**	(8)
Other	**(8)**	(3)
Balance at 31 December 2021	**176**	**188**

'Post-employment benefits' comprise provision for defined benefit obligations for €168 million (2020: €184 million) and provision for other employee benefits for €8 million (2020: €4 million).

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 the item '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.

50 Of which defined contribution plan for €14 million (2020: €13 million)

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. In case of insolvency, there is a comprehensive protection system (Pensionssicherungsverein) operated by the German Pension Protection Fund. 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 and Ad Alliance (former IP Deutschland GmbH) operate their own retirement arrangements. 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.

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.

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.

The main risk related to the defined benefit section is that the insurance provider (Pension Insurance Corporation) defaults on the buy-in policy and the Trustees are unable to recover the full value. This event is extremely unlikely given the regulatory capital requirements for insurance companies and other protections in place (e.g. the Financial Services Compensation Scheme).

Future pension provision for members of the Fremantle Plan still employed by the Company is now through a Group Personal Pension plan with Scottish Widows, which commenced on 1 April 2013.

Legislation regarding introducing employers' pensions 'auto-enrolment' obligations requires contributions to be made for employees/workers who were previously not members of Company schemes or who previously had no pension entitlement. This affected the Company from 1 September 2013 onwards. An employee must now choose to 'opt out' if they do not wish to contribute to the pension scheme.

The 31 December 2020 year end reporting noted the issue of GMP (Guaranteed Minimum Pension) equalisation and the estimated impact on the Plan liabilities. Work on GMP equalisation is ongoing and the precise impact of GMP equalisation is not yet known, but was estimated to be <0.1% of defined benefit liabilities.

Information about the nature of the present value of the defined benefit liabilities is detailed as follows:

	2021 €m	2020 €m
Final salary plans	**214**	257
Career average plans	**10**	10
Flat salary plans/plans with fixed amounts	**28**	36
Other commitments given	**64**	51
Present value of defined benefit obligation	**316**	354
– thereof capital commitments	**97**	153

'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:

	2021 Head	2020 Head	2021 €m	2020 €m
Active members	**2,540**	2,993	**108**	139
Deferred members	**1,103**	1,539	**135**	142
Pensioners	**309**	306	**73**	73
Total	**3,952**	4,838	**316**	354
– thereof vested			**272**	306

The amounts recognised in the statement of financial position are determined as follows:

	2021 €m	2020 €m
Present value of defined benefit obligation of unfunded plans	**159**	124
Present value of defined benefit obligation of funded plans	**157**	230
Total present value of defined benefit obligation	**316**	354
Fair value of plan assets	**(148)**	(170)
Net defined benefit liability	**168**	184
– thereof provisions for pensions	**168**	184
– thereof other assets	**–**	–

The amounts recognised in profit or loss are determined as follows:

	2021 €m	2020 €m
Current service cost	9	9
Past service cost and impact from settlement	1	(1)
Net interest expense	1	2
Net pension expense	11	10

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)	
	2021	2020	2021	2020	2021	2020
Balance at 1 January	**354**	**353**	**170**	**163**	**184**	**190**
Current service cost	9	9	–	–	9	9
Interest expense	4	4	–	–	4	4
Interest income	–	–	3	2	(3)	(2)
Past service cost	1	–	–	–	1	–
Income and expenses for defined benefit plans recognised in the consolidated income statement	**14**	**13**	**3**	**2**	**11**	**11**
Income/expense on plan assets excluding amounts included in net interest income and net interest expense	–	–	6	12	(6)	(12)
Actuarial gains (-) and losses (+)						
– changes in financial assumptions	(13)	4	–	–	(13)	4
– changes in demographic assumptions	(1)	2	–	–	(1)	2
– experience adjustments	2	(2)	–	–	2	(2)
Re-measurements for defined benefit plans recognised in the consolidated statement of comprehensive income	**(12)**	**4**	**6**	**12**	**(18)**	**(8)**
Contributions to plan assets by employer	–	–	2	3	(2)	(3)
Contributions to plan assets by employees	–	–	–	–	–	–
Pensions payments	(12)	(7)	(6)	(2)	(6)	(5)
Changes in foreign exchange rates	9	(9)	9	(9)	–	–
Changes associated with assets held for sale	(54)	–	(39)	–	(15)	–
Other changes	17	–	3	1	14	(1)
Other reconciling items	**(40)**	**(16)**	**(31)**	**(7)**	**(9)**	**(9)**
Balance at 31 December	**316**	**354**	**148**	**170**	**168**	**184**
thereof						
Germany	74	62	17	16	57	46
United Kingdom	130	118	129	116	1	2
Other European countries	112	174	2	38	110	136

Plan assets are comprised as follows:

	2021 €m	2020 €m
Qualifying insurance policies	85	119
Equity instruments	46	37
Other funds	11	9
Debt instruments	5	5
Cash and cash equivalents	1	–
Fair value of plan assets	148	170

Significant actuarial assumptions used were as follows:

	2021 % a year			2020 % a year		
	Germany	Other European countries	UK	Germany	Other European countries	UK
Discount rate	**1.40**	**1.2–1.3**	**1.80**	1.10	0.90	1.40
Rate of salary increase	**2.25**	**2.5–4.6**	**n/a**	2.25	2.10–4.60	n/a
Rate of pension increase	**1.0–1.6**	**1.00**	**3.70**	1.00–1.50	1.00	3.25

The breakdown of the weighted-average duration by geographical area is as follows:

	2021 years	2020 years
Germany	**16**	17
UK	**23**	23
Other European countries	**13**	12

At 31 December 2021, 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	(23)	26
Effect of 0.5 percentage point change in rate of salary increase	11	(10)
Effect of 0.5 percentage point change in rate of pension increase	10	(9)
Effect of change in average life expectancy by 1 year	7	(7)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

At 31 December 2021, expected maturity analysis of undiscounted pension future cash flows is as follows:

	Expected pension payments €m
2022	10
2023	10
2024	13
2025	15
2026	19
2027–2031	74

6.16. Equity

6.16.1. Share capital

At 31 December 2021, the subscribed capital amounts to €192 million (2020: €192 million) and is represented by 154,742,806 (31 December 2020: 154,742,806) fully paid-up ordinary shares, without nominal value.

At 31 December 2021, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €46.62 (31 December 2020: €39.74).

6.16.2. Treasury shares

Since 31 December 2020, the Group no longer holds treasury shares. All treasury shares were used as part of the consideration paid to acquire non-controlling interests in RTL Belgium.

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
- cash flow hedging
- 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 2020 and 31 December 2021, the hedging reserve increased by €17 million before tax effects. Between 31 December 2019 and 31 December 2020, the hedging reserve decreased by €20 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 investments at FVOCI (see note 6.6) until the investment is derecognised for €13 million (2020: €12 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 (2021: €55 million; 2020: €55 million).

6.16.6. Dividends

Based on the resolution of the Annual General Meeting of Shareholders on 28 April 2021, the Annual General Meeting of Shareholders decided to distribute a final dividend of €3 per share. Accordingly, an amount of €464 million was paid out on 6 May 2021 (no dividends were paid in 2020).

6.16.7. Share-based payment plans

Groupe M6 has established employee 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.

The terms and conditions of the grants are as follows, whereby all plans are settled by physical delivery of shares:

	Grant date	Maximum number of free shares granted[51]	Remaining options	Vesting conditions
Free shares plans				
	25/7/2018	247,100	–	3 years of service + performance conditions
	30/7/2019	298,167	–	2 years of service + performance conditions
	30/7/2019	246,500	237,000	3 years of service + performance conditions
	20/4/2021	407,200	403,700	2 years of service + performance conditions
	20/4/2021	93,000	93,000	2 minimum years of service + performance conditions
Total		1,291,967	733,700	

The free shares plans are subject to the following performance conditions:
- the plan approved on 30 July 2019 is subject to Groupe M6 achieving its target growth in net consolidated result in 2019
- the plans approved on 25 July 2018 and 30 July 2019 are subject to a cumulated performance requirement over three years
- the plan approved on 20 April 2021 is subject to consolidated EBITA targets in 2021
- the plan approved on 20 April 2021 is subject to cumulated performance requirements over at least two years.

During the financial year, the balance of shares granted changed as follows:

	Number of shares
Balance at 31/12/2020	612,964
Change based on performance	149,547
Granted	500,200
Delivered	(511,111)
Forfeited	(17,900)
Balance at 31/12/2021	733,700

Free shares plans outstanding at the end of the year have the following terms:

	Expiry date	Number of shares 2021	Number of shares 2020
Free shares plans			
	2021	–	525,511
	2022	237,000	87,453
	2023	496,700	–
Total		733,700	612,964

The market price of Métropole Télévision shares on the Paris Stock Exchange was €17.16 at 31 December 2021 (31 December 2020: €13.26).

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted less the discounted future expected dividends that employees cannot receive during the vesting period.

51 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

Grant date	Share price €	Risk-free interest rate % a year	Expected return % a year	Fair value €	Vesting period	Employee expense 2021 €m	Employee expense 2020 €m
Free shares plans							
27/7/2017	–	–	–	–	–	–	0.5
02/10/2017	–	–	–	–	–	–	0.0
25/7/2018 (2 plans)	16.92	(0.10)%	5.66%	14.97	2 years	0.9	2.1
30/7/2019 (2 plans)	15.35	(0.30)%	6.97%	13.23	2 years	2.6	2.2
20/4/2021 (2 plans)	18.38	(0.64)%	n/a	14.34	minimum 2 years	2.3	–
Total						5.8	4.8

6.16.8. Non-controlling interests

The Group owns a 48.2 per cent share of 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. The total non-controlling interests amounts to €734 million at 31 December 2021 (2020: €647 million), of which €701 million (2020: €634 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 2021	Groupe M6 2020
Non-current assets	869	818
Current assets	1,162	1,044
Assets held for sale	–	–
Current liabilities	(657)	(583)
Non-current liabilities	(203)	(210)
Liabilities related to assets held for sale	–	–
Net assets	1,171	1,069
Revenue	1,390	1,274
Profit before tax	358	365
Income tax expense	(77)	(88)
Profit from continuing operations	281	277
Profit from discontinued operations	–	–
Group profit	281	277
Other comprehensive income	–	2
Total comprehensive income	281	279
Dividends paid to non-controlling interest	–	–
Net cash from/(used in) operating activities	456	246
Net cash from/(used in) investing activities	(67)	(40)
Net cash from/(used in) financing activities	(237)	(55)
Net cash from/(used of) discontinued operation	–	–
Net increase/(decrease) in cash and cash equivalents	152	151

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 derivative financial instruments such as foreign exchange forward contracts. 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

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-$ 7 million as at 31 December 2021, US-$ 5 million as at 31 December 2020).

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 75 per cent (2020: 77 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

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 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 2021, the swap points have been recognised in the income statement for €–4 million (€6 million in 2020).

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 statement of financial position and in profit or loss is as follows:

	2021 €m	2020 €m
Net fair value of foreign exchange derivatives	**12**	(3)
Operating foreign exchange gains/(losses)	**(3)**	2
Non-operating foreign exchange gains/(losses)	**(10)**	–
Gains/(losses) resulting from swap points	**(4)**	6

	2021 €m	2020 €m
Less than 3 months	**–**	(6)
Less than 1 year	**9**	(2)
Less than 5 years	**3**	5
Net fair value of foreign exchange derivatives	**12**	(3)

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 2021, is, for the main foreign currencies, as follows:

	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	Total £m
Buy	175	75	87	1	2	**340**
Sell	(344)	(59)	(44)	(1)	(1)	**(449)**
Total	**(169)**	**16**	**43**	**–**	**1**	**(109)**

	2022 $m	2023 $m	2024 $m	2025 $m	2026 $m	Total $m
Buy	609	143	61	2	1	**816**
Sell	(560)	(126)	(106)	(1)	(3)	**(796)**
Total	**49**	**17**	**(45)**	**1**	**(2)**	**20**

The split by maturities of notional amounts of forward exchange contracts at 31 December 2020 is, for the main foreign currencies, as follows:

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	Total £m
Buy	181	27	54	56	–	**318**
Sell	(355)	(20)	(37)	(24)	–	**(436)**
Total	**(174)**	**7**	**17**	**32**	**–**	**(118)**

	2021 $m	2022 $m	2023 $m	2024 $m	2025 $m	Total $m
Buy	679	108	98	40	–	**925**
Sell	(303)	(48)	(78)	(74)	–	**(503)**
Total	**376**	**60**	**20**	**(34)**	**–**	**422**

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 (2020: no material impact), and an additional pre-tax € 9 million gain (respectively loss) (2020: € 23 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 (2020: no material impact), and no material impact on the pre-tax expense (respectively income) recognised in total comprehensive income in equity (2020: 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 (2020: no material impact) and no material impact on the pre-tax expense (respectively income) recognised in total comprehensive income in equity (2020: 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 three bilateral committed credit facilities for a total of €120 million (€40 million each) 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 (2020: €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 Euro 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 (2020: €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 2021, would have been changed as follows:

	31 December 2021		31 December 2020	
	Shift +1% €m	Shift (1)% €m	Shift +1% €m	Shift (1)% €m
Cash flow risks (income statement)	**4.7**	**(0.3)**	4.5	(0.7)

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 that 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 2021, combined television and radio advertising revenue contributed 50 per cent of the Group's revenue (2020: 48 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 2021, these activities contributed 31 per cent of the Group's revenue (2020: 30 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 so as 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 status 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 2021	Current €m	More than 30 days past due €m	More than 90 days past due €m	Total €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**

As at 31 December 2020	Current €m	More than 30 days past due €m	More than 90 days past due €m	Total €m
Average expected loss rate	0.37%	2.70%	16.36%	
Gross carrying amount	1,079	74	55	**1,208**
Loss allowance	4	2	9	**15**

At 31 December 2021, the gross carrying amount of credit impaired trade receivables and contract assets amounts to €35 million with €31 million loss allowance (2020: €51 million and €46 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 €m	1 to 5 years €m	Over 5 years €m	2021 €m
Credit facilities – banks				
Committed facilities	–	230	75	**305**
Headroom	–	180	–	**180**

	Under 1 year €m	1 to 5 years €m	Over 5 years €m	2020 €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	49	556	79	**684**
Lease liabilities	65	192	102	**359**
Accounts payable	2,297	81	–	**2,378**
At 31 December 2021	**2,411**	**829**	**181**	**3,421**
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)**

'Accounts payable' excludes employee benefit liability, deferred income, social security and other taxes payable, and other non-financial liabilities.

	Under 1 year €m	1 to 5 years €m	Over 5 years €m	Total €m
Non-derivative financial liabilities				
Loans and bank overdrafts	140	589	75	**804**
Lease liabilities	68	207	143	**418**
Accounts payable	1,792	48	–	**1,840**
At 31 December 2020	**2,000**	**844**	**218**	**3,062**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	(850)	(119)	–	**(969)**
– Inflow	830	115	–	**945**
At 31 December 2020	**(20)**	**(4)**	**–**	**(24)**

'Accounts payable' excludes employee benefit liability, deferred income, social security and other taxes payable, and other non-financial liabilities.

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 (both positive and negative).

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 fair value through profit or loss €m	Equity investments at FVOCI €m	Derivatives €m	Loans and accounts receivable €m	Total €m
Assets					
Loans and other financial assets (surplus of the defined benefit plans excluded)	17	37	8	55	**117**
Accounts receivable and other financial assets	274	–	21	3,000	**3,295**
Cash and cash equivalents	–	–	–	547	**547**
At 31 December 2021	**291**	**37**	**29**	**3,602**	**3,959**

Of the item 'Derivatives', €10 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €19 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities, for which hedge accounting as defined under IFRS 9 is not applied (see note 7.1.1). The item 'Accounts receivable and other financial assets' excludes prepaid expenses, other tax receivables and other non-financial receivables.

	Liabilities at fair value through profit or loss €m	Derivatives €m	Other financial liabilities €m	Total €m
Liabilities				
Loans and bank overdrafts	–	–	684	**684**
Lease liabilities	–	–	332	**332**
Accounts payable	4	17	2,362	**2,383**
At 31 December 2021	**4**	**17**	**3,378**	**3,399**

Of the item 'Derivatives', €3 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €14 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities, for which hedge accounting as defined under IFRS 9 is not applied (see note 7.1.1). The item 'Other financial liabilities' consists of financial liabilities measured at amortised cost. The item 'Accounts payable' excludes employee benefits liability, deferred income, social security, other tax payables and other non-financial liabilities.

	Financial assets at fair value through profit or loss €m	Equity investments at FVOCI €m	Derivatives €m	Loans and accounts receivable €m	Total €m
Assets					
Loans and other financial assets (surplus of the defined benefit plans excluded)	19	35	9	76	**139**
Accounts receivable and other financial assets	2	–	12	2,007	**2,021**
Cash and cash equivalents	–	–	–	436	**436**
At 31 December 2020	**21**	**35**	**21**	**2,519**	**2,596**

Of the item 'Derivatives', €7 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €14 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities, for which hedge accounting as defined under IFRS 9 is not applied (see note 7.1.1). The item 'Accounts receivable and other financial assets' excludes prepaid expenses, other tax receivables and other non-financial receivables.

	Liabilities at fair value through profit or loss €m	Derivatives €m	Other financial liabilities €m	Total €m
Liabilities				
Loans and bank overdrafts	–	–	765	**765**
Lease liabilities	–	–	384	**384**
Accounts payable	5	24	1,834	**1,863**
At 31 December 2020	**5**	**24**	**2,983**	**3,012**

Of the item 'Derivatives', €10 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €14 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities, for which hedge accounting as defined under IFRS 9 is not applied (see note 7.1.1). The item 'Other financial liabilities' consists of financial liabilities measured at amortised cost. The item 'Accounts payable' excludes employee benefits liability, deferred income, social security, other tax payables and other non-financial liabilities.

7.3.2. Fair value hierarchy

The following table presents the Group's financial assets and liabilities measured at fair value. 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.

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity investments at FVOCI	**37**	5	–	32
Equity instruments at FVTPL	**280**	190	–	90
Debt instruments at FVTPL	**11**	–	–	11
Derivatives used for hedging	**29**	–	29	–
Other cash equivalents	**–**	–	–	–
At 31 December 2021	**357**	**195**	**29**	**133**
Liabilities				
Derivatives used for hedging	**17**	–	17	–
Contingent consideration	**4**	–	–	4
Liabilities in relation to put options on non-controlling interests	**–**	–	–	–
At 31 December 2021	**21**	**–**	**17**	**4**

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity investments at FVOCI	**35**	4	–	31
Equity instruments at FVTPL	**3**	–	–	3
Debt instruments at FVTPL	**18**	–	3	15
Derivatives used for hedging	**21**	–	21	–
Other cash equivalents	**6**	–	6	–
At 31 December 2020	**83**	**4**	**30**	**49**
Liabilities				
Derivatives used for hedging	**24**	–	24	–
Contingent consideration	**5**	–	–	5
Liabilities in relation to put options on non-controlling interests	**–**	–	–	–
At 31 December 2020	**29**	**–**	**24**	**5**

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 to fair value an instrument 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 finance department – which includes Group Treasury and Controlling teams – performs 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:
– Quoted market prices or dealer quotes for similar instruments (Level 2)
– The fair value of forward foreign exchange contracts classified under Level 2 is determined by using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value
– 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.

The following table presents the change in Level 3 instruments:

	Assets			Liabilities
	Financial assets at fair value through profit or loss €m	Equity investments at FVOCI €m	Total assets €m	Liabilities at fair value through profit or loss €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**

	Assets			Liabilities
	Financial assets at fair value through profit or loss €m	Equity investments at FVOCI €m	Total assets €m	Liabilities at fair value through profit or loss €m
Balance at 1 January 2020	**3**	**27**	**30**	**14**
Acquisitions and additions	16	1	**17**	4
Gains and losses recognised in other comprehensive income	–	4	**4**	–
Gains and losses recognised in profit or loss	(1)	–	**(1)**	(12)
Other changes	–	(1)	**(1)**	(1)
Balance at 31 December 2020	**18**	**31**	**49**	**5**

In 2021, the amount disclosed in the line 'Acquisitions and additions' mainly relates 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 share were assigned to the Level 3. After the expiry of the lock-up period, the listed Magnite shares were assigned to valuation Level 1. The effect from re-measurement of these shares until the transfer out of Level 3 amounted to €–61 million and is disclosed in the line 'Gains and losses recognised in profit or loss'. A further effect of €66 million recognised in profit or loss relates to the valuation of investment in Videoamp. The effect in 'Settlements' relates 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 (2020: no transfers).

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 Group's statement of financial position if all set-off rights were exercised.

	At 31 December 2021			At 31 December 2020		
	Gross amounts in the statement of financial position €m	Related financial instruments that are not offset €m	Net amount €m	Gross amounts in the statement of financial position €m	Related financial instruments that are not offset €m	Net amount €m
Financial assets						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	**29**	**(16)**	**13**	21	(21)	–
	29	**(16)**	**13**	**21**	**(21)**	**–**
Financial liabilities						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	**(17)**	**16**	**(1)**	(24)	21	(3)
	(17)	**16**	**(1)**	**(24)**	**21**	**(3)**

8. Commitments and contingencies

	2021 €m	2020 €m
Guarantees and endorsements given	**49**	30
Contracts for purchasing rights, (co-)productions and programmes	**1,378**	1,314
Satellite transponders	**28**	48
Leases signed but not yet commenced	**23**	–
Short-term and low-value leases	**–**	1
Purchase obligations in respect of transmission and distribution	**166**	125
Other long-term contracts and commitments	**145**	80

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 2021. A full list of the concerned companies is provided in note 12 accordingly.

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 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 RTL Group 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 € –2 million (previous year: € –2 million) were also included in this item. The 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 € –12 million (2020: € nil million) was assumed during the reporting period and its repayment is presented in the item 'Acquisitions of: Subsidiaries, net of cash acquired'. As in the previous year, losing control of subsidiaries or other businesses resulted in the disposal of financial debt of an immaterial amount.

'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 € –69 million in the financial year 2021 (2020: € –67 million).

The following tables show the cash changes and non-cash changes of liabilities arising from financing activities:

			Non-cash changes				
	1 January 2021 €m	Cash changes €m	Acquisitions through business combinations €m	Disposals through business combinations €m	Exchange rate effects €m	Other changes €m	31 December 2021 €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

			Non-cash changes				
	1 January 2020 €m	Cash changes €m	Acquisitions through business combinations €m	Disposals through business combinations €m	Exchange rate effects €m	Other changes €m	31 December 2020 €m
Bank overdrafts	1	–	–	–	–	–	1
Bank loans payable	203	(19)	–	–	–	–	184
Loans due to investments accounted for using the equity method	57	1	–	–	–	–	58
Term loan facility due to shareholder	500	–	–	–	–	–	500
Other loans payable	15	(2)	–	(2)	–	(1)	10
Lease liabilities	432	(59)	1	(6)	(5)	21	384
Liabilities arising from financing activities	1,208	(79)	1	(8)	(5)	20	1,137

As of 31 December 2020, the other non-cash changes in lease liabilities mainly related to lease contracts newly concluded in the financial year 2020.

As of 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 2021, 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

Sales and purchases of goods and services
During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €112 million (2020: €84 million) and €67 million (2020: €61 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €13 million (2020: €6 million) and €37 million (2020: €40 million), respectively.

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 2021:
- Interest rates are based on EONIA (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 (formerly Gruner + Jahr GmbH)
  - All shares of its wholly owned English subsidiary, Bertelsmann UK Ltd (Arvato excluded).

The shares of RM Hamburg Holding GmbH (formerly Gruner + Jahr 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 (formerly Gruner + Jahr 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 2021, the deposit of RTL Group GmbH with Bertelsmann SE & Co. KGaA amounted to €458 million (2020: €563 million). The interest income for the period is €nil million (2020: €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 2021, the outstanding amount was EUR-equivalent €336 million (2020: €nil million). The interest income/expense for the year was €nil million (2020: €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 S.à.r.l. controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2021, the term loan balance amounts to €500 million (2020: €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 €538 million (2020: €537 million)
- 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 EONIA (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 2021, the total of revolving and swingline loan amounts to €nil million (2020: €nil million).

The interest expense for the period amounts to €14 million (2020: €14 million). The commitment fee charge for the period amounts to €1.2 million (2020: €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 and 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.

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 2021, the balance payable to BCH amounts to €731 million (2020: €325 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €648 million (2020: €216 million).

For the year ended 31 December 2021, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €130 million (2020: €109 million). The Commission amounts to €46 million (2020: €nil 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 €4 million (2020: €6 million).

All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Arvato Finance 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
RTL Group made several transactions under common control in the financial year 2021. In April 2021, RTL Deutschland acquired Gruner + Jahr's advertising sales business activities and Audio Alliance's podcast activities for an amount of €7 million. In August 2021, RTL Group announced that RTL Deutschland signed a binding agreement with Bertelsmann to fully acquire Gruner + Jahr's German publishing assets and brands. On 30 December 2021, RTL Deutschland made a payment of €210 million. Further information on both transactions is provided in note 4.2.

10.2. Transactions with investments accounted for using the equity method

The following transactions were carried out with investments accounted for using the equity method:

	2021 €m	2020 €m
Sales of goods and services to:		
Associates	**50**	41
Joint ventures	**49**	65
	99	106
Purchase of goods and services from:		
Associates	**34**	28
Joint ventures	**13**	20
	47	48

Sales and purchases to and from investments accounted for using the equity method were carried out on commercial terms and conditions, and at market prices.

Year-end balances arising from sales and purchases of goods and services are as follows:

	2021 €m	2020 €m
Trade accounts receivable from:		
Associates	**11**	16
Joint ventures	**13**	23
	24	39
Trade accounts payable to:		
Associates	**8**	5
Joint ventures	**–**	4
	8	9

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:

	2021 €m	2020 €m
Short-term benefits	**6.9**	5.0
Post-employment benefits	**–**	–
Long-term benefits	**1.7**	–
	8.6	5.0

Further details on the remuneration of key management personnel can be found in the remuneration report.

10.4. Directors' fees

In 2021, a total of €1.4 million (2020: €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 2022, RTL Deutschland GmbH 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. The preliminary purchase price amounted to €213 million on a cash-free and debt-free basis and is subject to an usual working capital adjustment clause. The transaction will be accounted for as a transaction under common control, whereby RTL Group will apply the accounting policy choice to recognise assets acquired and liabilities assumed at carrying amounts, while any difference between assets/liabilities and consideration transferred will be recognised in equity. The table below provides an outline of the preliminary impact on RTL Group's financial position:

	Total €m
Non-current assets	
Goodwill	**160**
Other intangible assets	**13**
Property, plant and equipment	**3**
Right-of-use assets	**3**
Investments accounted for using the equity method	**13**
Other non-current assets	**6**
Deferred tax assets	**5**
Current assets	
Other inventories	**9**
Trade and other accounts receivable	**48**
Other current assets	**6**
Cash and cash equivalents	**149**
Liabilities	
Provisions for pensions and similar obligations	**(93)**
Lease liabilities	**(3)**
Income tax payable	**(29)**
Trade and other accounts payable	**(58)**
Other liabilities	**(9)**
Contract liabilities	**(39)**
Other provisions	**(15)**
Deferred tax liabilities	**(29)**
Net assets acquired	**140**

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 February 2022, RTL Group announced that it has signed a definitive agreement for the sale of RTL Croatia to Central European Media Enterprises (CME). The transaction is subject to regulatory approvals and is expected to close in the second quarter of 2022. The expected total consideration at closing amounts to €50 million. 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.

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 wider international growth strategy to invest in premium production companies, content creators, and talent from around the world – developing and securing original formats and unmissable IP. The transaction will be accounted for as a business combination in accordance with IFRS 3. At the time the consolidated financial statements were authorised for issue, the purchase price allocation was at a very preliminary stage.

12. Group undertakings

The following table presents the RTL Group undertakings as of 31 December 2021 sorted by country. RTL Group SA is the parent company and domiciled in Luxembourg.

	Note	Group's ownership[52] (in per cent)	Consolidation method[53]
Antigua and Barbuda			
Grundy International Operations Ltd		100.0	FC
Argentina*			
Fremantle Productions Argentina S.A.		99.7	FC
Australia			
Eureka Productions Pty Ltd		50.9	FC
FremantleMedia Australia Holdings Pty Ltd		99.7	FC
FremantleMedia Australia Pty Ltd		99.7	FC
Grundy Organization Pty Ltd		99.7	FC
Austria			
IP Österreich GmbH		49.9	FC
RTL Austria GmbH		99.7	FC
Belgium			
Audiopresse S.A.		99.7	FC
Best of TV Benelux S.P.R.L.		24.6	FC
Cobelfra S.A.		99.7	FC
d'Information d'Animation et de Diffusion S.A.		99.7	FC
Freecaster BVBA		99.7	FC
FremantleMedia Belgium NV		99.7	FC
IP Belgium S.A.		99.7	FC
New Contact S.A.		99.7	FC
Radio H S.A.		99.7	FC
RTL Belgium S.A.		99.7	FC
Brazil			
FremantleMedia Brazil Producao de Televisao Ltda.		99.7	FC
Stylehaul Brasil Agenciamento de Midia 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
Croatia			
FremantleMedia Hrvatska d.o.o.		99.7	FC
RTL Hrvatska d.o.o.		99.7	FC
Denmark			
Blu A/S		99.7	FC
Miso Estate ApS		99.7	FC
Miso Film ApS		99.7	FC
Miso Holdings ApS		99.7	FC
Strong Production A/S		99.7	FC

	Note	Group's ownership[52] (in per cent)	Consolidation method[53]
Finland			
FremantleMedia Finland Oy		99.7	FC
Grillifilms Oy		99.7	FC
Moskito Television Oy		99.7	FC
Nice Entertainment Group Oy		99.7	FC
Production House OY Finland		99.7	FC
This is Nice Studios Finland Oy		99.7	FC
France			
123 Productions SAS		99.7	FC
BCE France SAS		99.7	FC
Bedrock SAS		74.0	FC
Best of TV SAS		24.6	FC
C. Productions SA		48.2	FC
Canal Star SARL		48.2	FC
ColoradoX SAS		99.7	FC
CTZAR SAS		24.6	FC
CTZAR STUDIO SAS		24.6	FC
EDI TV SAS		48.2	FC
Epithete Films SAS		48.2	FC
Extension TV SAS		24.1	EM (JV)
FM Graffiti SARL		48.2	FC
Freecaster France SARL		99.7	FC
FremantleMedia France SAS		99.7	FC
GM6 SAS		48.2	FC
Immobiliere 46D SAS		48.2	FC
Immobiliere M6 SAS		48.2	FC
Jeunesse TV SAS		48.2	FC
Kwai SAS		99.7	FC
M6 Communication SAS		48.2	FC
M6 Creations SAS		48.2	FC
M6 Developpement SAS		48.2	FC
M6 Diffusion SA		48.2	FC
M6 Digital Services SAS		48.2	FC
M6 Distribution Digital SAS		48.2	FC
M6 Editions SA		48.2	FC
M6 Evenements SA		48.2	FC
M6 Films SA		48.2	FC
M6 Foot SAS		48.2	FC
M6 Generation SAS		48.2	FC
M6 Interactions SAS		48.2	FC
M6 Invest 1 SAS		48.2	FC
M6 Invest 2 SAS		48.2	FC
M6 Publicite SAS		48.2	FC
M6 Shop SAS		48.2	FC
M6 Studio SAS		48.2	FC

52 The Group's ownership is based on the total number of shares after deduction of treasury shares held by the company as at 31 December 2021

53 FC: full consolidation, EM (JV): joint venture accounted for using the equity method, EM (A): associate accounted for using the equity method

	Note	Group's ownership[54] (in per cent)	Consolidation method[55]
M6 Thematique SAS		48.2	FC
Media Strategie SARL		48.2	FC
Metropole Television SA		48.2	FC
Panora Services SAS		24.1	EM (JV)
Paris Premiere SAS		48.2	FC
Quicksign SAS		11.5	EM (A)
Radio Golfe SARL		48.2	FC
Radio Porte Sud SARL		48.2	FC
RTL AdConnect SA		99.7	FC
RTL France Holding SAS		99.7	FC
RTL France Radio SAS		48.2	FC
Salto Gestion SAS		16.1	EM (JV)
Salto SNC		16.1	EM (JV)
SCI du 107		48.2	FC
SEDI TV SAS		48.2	FC
SNDA SAS		48.2	FC
Societe Commuinication A2B SARL		48.2	FC
Societe de Developpement de Radio Diffusion SA		48.2	FC
Societe d'Exploitation Radio Chic SA		48.2	FC
Societe Nouvelle de Distribution SA		48.2	FC
Societe Privee de Radiodiffusion Gibus Bourgogne SARL		48.2	FC
Stephane Plaza France SAS		24.6	FC
Studio 89 Productions SAS		48.2	FC
we are era SAS		99.7	FC
Wild Buzz Agency SAS		19.3	EM (A)

Germany

	Note	Group's ownership[54] (in per cent)	Consolidation method[55]
"I 2 I" Musikproduktions- und Musikverlagsgesellschaft mbH		99.7	FC
99pro 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)
CBC Cologne Broadcasting Center GmbH		99.7	FC
Checkout Charlie GmbH		99.7	FC
CLT-UFA Germany GmbH		99.7	FC
d-force GmbH		49.9	EM (JV)
Digital Media Hub GmbH		99.7	FC
FremantleMedia International Germany GmbH		99.7	FC
Funkhaus Halle GmbH & Co. KG		61.2	FC
Global Savings Group GmbH		20.0	EM (A)
HITRADIO RTL Sachsen GmbH		86.3	FC
Like to KNOW GmbH		99.7	FC
Madsack Hörfunk GmbH	56	99.7	FC
Mediengesellschaft Mittelstand Niedersachsen GmbH	56	23.1	EM (A)
nachrichtenmanufaktur GmbH		25.0	EM (A)
Neue Spreeradio Hörfunkgesellschaft mbH		99.7	FC
NiedersachsenRock 21 GmbH & Co. KG		21.0	EM (A)
ntv Nachrichtenfernsehen GmbH		99.7	FC
Radio Hamburg GmbH & Co. KG		29.1	EM (A)
Radio NRW GmbH		21.4	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 Audio Center Berlin GmbH		99.7	FC
RTL Audio Vermarktung GmbH		99.7	FC
RTL Deutschland GmbH		99.7	FC
RTL Group Central & Eastern Europe 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 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 Television GmbH		99.7	FC
RTL WEST GmbH		74.8	FC
Screenworks Köln GmbH		49.8	EM (A)
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 Geschäftsführungs GmbH		99.7	FC
SUPER RTL Fernsehen GmbH & Co. KG		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
we are era GmbH		99.7	FC

54 The Group's ownership is based on the total number of shares after deduction of treasury shares held by the company as at 31 December 2021

55 FC: full consolidation, EM (JV): joint venture accounted for using the equity method, EM (A): associate accounted for using the equity method

56 At 31 December 2021, the Group legally held 24.9% and 5.7% in Madsack Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH respectively. The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32

	Note	Group's ownership[57] (in per cent)	Consolidation method[58]
Great Britain			
Arbie Productions Ltd		99.7	FC
CLT-UFA UK Radio		99.7	FC
Dancing Ledge Productions Limited		24.9	EM (A)
Euston Films Productions Limited		99.7	FC
Fremantle Nordic Holdings Limited		99.7	FC
FremantleMedia Group Limited		99.7	FC
FremantleMedia Limited		99.7	FC
FremantleMedia Overseas Limited		99.7	FC
Label1 Television Limited		50.9	FC
Naked Television Limited		99.7	FC
RTL AdConnect UK Ltd		99.7	FC
RTL Group Support Services Limited		99.7	FC
Talkback Productions Limited		99.7	FC
Talkbackthames UK Limited		99.7	FC
Thames Television Limited		99.7	FC
UFA Fiction Limited		99.7	FC
Yospace Enterprises Limited		99.7	FC
Yospace Technologies Limited		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
India			
Fremantle India Television Productions Pvt Ltd		99.7	FC
Indonesia			
PT Dunia Visitama Produksi IDN/PMA		99.7	FC
Ireland			
Dublin Murders Productions Limited		74.8	FC
Israel			
Abot Hameiri Communication Ltd.		99.7	FC
Italy			
Boats S.r.l.		99.7	FC
FremantleMedia Italia S.p.A.		99.7	FC
Offside S.r.l.		99.7	FC
Quarto Piano 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

	Note	Group's ownership[57] (in per cent)	Consolidation method[58]
Luxembourg			
Audiopresse Lux S.A.		99.7	FC
B. & C.E. S.A.		99.7	FC
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.		74.5	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 Belux S.A.		99.7	FC
RTL Belux S.A. & Cie SECS		99.7	FC
RTL Group Germany S.A.		99.7	FC
RTL Group Holding S.a. r.l.		99.7	FC
Malaysia			
AGT Productions Sdn Bhd	59	99.7	FC
Mexico			
FremantleMedia Mexico, S.A. de C.V.		99.7	FC
The Netherlands			
Ad Alliance B.V.	60	99.7	FC
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
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 Productions VOF		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
RTL Nederland B.V.	60	99.7	FC
RTL Nederland Holding B.V.	60	99.7	FC
RTL Nederland Ventures B.V.	60	99.7	FC
RTL Nieuws B.V.	60	99.7	FC
smartclip Benelux B.V.		99.7	FC
Videoland B.V.	60	99.7	FC
we are era B.V.		99.7	FC

57 The Group's ownership is based on the total number of shares after deduction of treasury shares held by the company as at 31 December 2021
58 FC: full consolidation, EM (JV): joint venture accounted for using the equity method, EM (A): associate accounted for using the equity method
59 Set up as a Special Purpose Vehicle (SPV) for Asia's Got Talent of which FremantleMedia Asia Pte Ltd is the main producer. Shares are held by a local nominee shareholder for local law purposes
60 Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code

	Note	Group's ownership[61] (in per cent)	Consolidation method[62]
Norway			
FremantleMedia Norge AS		99.7	FC
Miso Film Norge AS		99.7	FC
Monster AS		99.7	FC
Monster Entertainment AS		99.7	FC
Monster Scripted AS		99.7	FC
Novemberfilm AS		99.7	FC
One Big Happy Family AS		99.7	FC
Playroom Events AS		99.7	FC
Rakett 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		48.2	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
U Screens Music 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)

	Note	Group's ownership[61] (in per cent)	Consolidation method[62]
USA			
Amygdala Records, Inc.		99.7	FC
Eureka Productions LLC		50.9	FC
FCB 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 VR, Inc.		22.9	EM (A)
Let's Play, Inc.		94.7	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
RTL US Holding, Inc.		99.7	FC
SND Films LLC		48.2	FC
Studio Production Services, Inc.		99.7	FC
Style Haul, Inc.		99.7	FC
TCF Productions, Inc.		99.7	FC
Tiny Riot, Inc.		99.7	FC
YoSpace, Inc.		99.7	FC

61 The Group's ownership is based on the total number of shares after deduction of treasury shares held by the company as at 31 December 2021

62 FC: full consolidation, EM (JV): joint venture accounted for using the equity method, EM (A): associate accounted for using the equity method

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To the Shareholders of
RTL Group S.A.
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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 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow 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 2021 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 the 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 2.4, and Note 6.2 to the consolidated financial statements.

Goodwill represents EUR 3,043 million or approximately 29% of the Group total assets as at 31 December 2021.

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 mostly 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 retained by Management;
- Assessing key assumptions used by the Management in the impairment tests by reference to the budgets approved by the Board of Directors, data external to the Group, our understanding as well as to the historical data and performance;
- Involving our own valuation specialists to test discount rates retained 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 2.4 and Note 6.5 to the consolidated financial statements.

The investment in associate - Atresmedia, listed on the Madrid stock exchange, has a carrying value of EUR 157 million as at 31 December 2021. The implied value of Atresmedia share (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 2021. An impairment loss of EUR 60 million has been recorded during the financial year ended 31 December 2020.

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 retained by Management;
- Assessing key assumptions used by the Management in the impairment tests by reference to the budgets, data external to the Group, our understanding as well as to the historical data and performance;
- Involving our own valuation specialists to test discount rates retained 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, 2.3, 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 74 million and EUR 1,298 million as of 31 December 2021 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 2021. 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 2021, provisions for onerous contracts amount to EUR 85 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;

- 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 6,637 million for the year ended 31 December 2021 compared to EUR 6,017 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 in 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 "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 communicate to 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 28 April 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two 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 Directors’ 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 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 2021 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 2021, identified as RTLGroup_AFR_2021_EN_ESEF20220315.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 2021, identified as RTLGroup_AFR_2021_EN_ESEF20220315.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 16 March 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

Philippe Meyer

Glossary

Addressable TV
Addressable TV (ATV) advertising aims to combine the advantages of traditional TV advertising such as high reach and brand safety with the targeting solutions of digital advertising. Advertisers can use new data-driven capabilities to target audience segments that are more likely to generate a specific business impact and ultimately measure that impact.

Advertising market share
The advertising market share of a media owner; in other words total sales volume expressed as a percentage of the sales volume of a given market (for example the TV advertising market in Germany).

Advertising sales house
An organisation that sells advertising on behalf of media owners. Sales houses include both in-house sales departments and independent businesses, which typically retain a percentage of sales revenues in exchange for their services.

Advertising technology (also: ad-tech)
Technological tools to sell advertising in the digital environment, for example using automated processes, such as programmatic advertising, or exchanges and market places.

Aggregator
A business that collects and organises content from multiple sources.

Audience fragmentation
The division of audiences into small groups across an increasing number of media outlets. Audience fragmentation is characteristic of digitisation and the associated proliferation of channels and platforms, and can lead to a growth in services catering to specific interest groups.

Audience share
The percentage of a radio or television audience that tuned in to a particular channel or programme during a given period, out of the total radio or television audience in the same period.

Brand-building platform
A platform, or medium, which, through its reach and the range of its viewers or listeners, enables brand owners and advertisers to establish and improve the identity of their brands.

Broadcasting licence
A licence granting the licensee permission to broadcast in a given geographical area.

Business-to-business market
A market in which transactions are carried out between businesses – such as between a content producer and a broadcaster – as opposed to a business-to-consumer market, in which transactions are carried out directly between a business and the end consumer.

Cable distribution
A system of distributing television programmes to subscribers through coaxial cables or light pulses through fibre optic cables. Cable distribution as a means of distributing television signals is usually part of a free-TV broadcasting licence.

Cable operator
The company or individual responsible for the operation of a cable system that may offer cable television, telephony and/or internet access.

Commercial broadcaster (free-to-air)
Usually a privately owned business, active in television and/or radio broadcasting. Commercial free-to-air broadcasters are financed to a large extent by the sale of advertising.

Commercial target group
A standard established by industry players, defining the largest common denominator within the total population, relevant for advertisers' demand and pricing. Commercial target groups can be defined by age, gender and other demographic factors.

Compound Annual Growth Rate (CAGR)
A measure of growth over multiple time periods. CAGR can be thought of as the growth rate that gets you from the value at one point in time to the value at another point in time, assuming that the investment has been compounding over the time period.

Connected TV (CTV)
A web-connected television device.

Content production
The creation of original content for television broadcast, either by the in-house production department of the broadcaster or an external production company. The production of television formats by a third party production company takes place either on a commissioning basis (ordered by the broadcaster, who owns all rights on a buy-out basis) or as a licensing model (the producer owns the rights and grants limited licence to the broadcaster).

Content rights
Certain intellectual property rights, given to an originator of content to protect original works of authorship, or to an assignee, to distribute, sell, broadcast or otherwise exploit an audio-visual work.

Content vertical
A business or brand that aggregates content around a specific demographic or interest group.

Cross-media offers
Advertising products that cover more than one medium at the same time: for example, TV, print and online.

Deficit funding model
A funding model for content production, in which the broadcaster commissions a production company to produce a show, and pays a licence fee that does not fully cover the costs of production. The producer funds the deficit in costs in return for retaining certain content rights.

Demand side platform (DSP)
A computer-based platform that advertisers or media agencies use to automate media buying across multiple sources with unified targeting, data, optimisation and reporting.

Digital Video Ad
An ad that is displayed online, through a web browser or browser-equivalent based internet activity that involves streaming video.

Distribution platform
A system for disseminating media content such as audio and video, using infrastructure based on technologies such as cable, satellite, terrestrial broadcast, IPTV and the open internet.

Docu drama / docu soap / docu series
A genre of radio and television programming that presents dramatised re-enactments of actual events in the style of a documentary.

DTT
Digital terrestrial television (DTT) is a distribution system that broadcasts digital TV signals 'over-the-air' from a ground-based transmitter to a receiving antenna attached to a digital receiver.

E-commerce
The buying and selling of products or services over electronic systems such as the internet and other computer networks.

Flat rate subscription
A payment model for premium services that can be accessed during a specified period of time, in exchange for a recurring fixed fee, regardless of the quantity and/or length of usage in that same time period.
(See also SVOD)

Format
The overall concept, premise and branding of a copyrighted television programme. A format can be licensed by TV channels, so they can produce a version of the show tailored to their nationality and audience.

Game show
A radio or television programming genre in which contestants, television personalities and/or celebrities, play games that involve answering questions or solving specific tasks usually for money and/or prizes.

HbbTV
Hybrid broadcast broadband television (HbbTV) is an industry technology standard for combining broadcast TV services with services delivered via the internet on connected TVs and set-top boxes. The HbbTV standard has been the driver for addressable TV (ATV) advertising across Europe. The standard allows broadcasters a controlled solution for ATV in traditional broadcast platforms. From a technical point of view, this means broadcasters have complete control over the entire value chain – from content distribution to monetisation.

HDTV
High-definition television (HDTV) is both a type of television that provides better resolution than standard definition television, and a digital TV broadcasting format that enables the broadcast of pictures with more detail and quality than standard definition.

Impression
The number of times a user is shown a video or ad – in other words, the number of chances they have to see the ad. The user doesn't need to interact with the video or ad for it to count as an impression. Impressions are commonly accepted as a billing standard for video ads running across all types of content. Ad campaigns are usually measured in terms of number of impressions.

In-page advertising
In-page advertising is a sub-segment of online display advertising, in which online advertisements are displayed in the form of banners and other graphical units, directly within a web page.

In-stream advertising
In-stream advertising is a sub-segment of online display advertising, in which audio-visual advertisements are shown within an online video stream, either before (pre-roll), during (mid-roll) or after (post-roll) the video content itself.

IPTV
Internet protocol television (IPTV) is the term used for television and/or video signals that are delivered to subscribers or viewers using internet protocol, the technology used to access the internet.

Linear TV
The provision or viewing of television programmes in a fixed time sequence according to a given schedule.

Long-form video content
A descriptive term for a type of video content that has a beginning, middle and end, and which typically lasts longer than 10 minutes in total. If the content is ad supported, it typically contains breaks (mid-roll).

Non-linear content
Content that is provided and/or viewed on demand, outside of a linear broadcast schedule.

Online advertising
A form of advertising that uses the internet to deliver marketing messages to an audience of online users.

Online display advertising
A form of online advertising in which an advertiser's message is shown on a web page in a variety of formats – both in-page (such as banner ads) and in-stream (such as pre-roll videos) – which use various techniques to enhance the visual appeal of the advertising, as opposed to online classified and search advertising.

Original content
Content that is produced specifically for a certain distribution platform (such as TV) and shown for the first time on that platform.

OTT
Over-the-top (OTT) is a term for the delivery of content or services over the open internet rather than via a managed network.

Overlaying
The superimposition of content (such as text, graphics, video) on a TV programme or advertisement shown on a TV screen.

Pay-TV
A commercial service that broadcasts or provides television programmes to viewers in exchange for a monthly charge or per-programme fee.

Phasing effect
Financial effects (positive or negative) on revenue or profit over a period longer than the reporting period, resulting from the time difference between the allocation of costs and return of investment.

Playlist start
The number of times a playlist – including video content and ads – is started.

Prime time
That part of a broadcaster's programming schedule that attracts the most viewers and is therefore the most relevant in terms of advertising. The start and end time of prime time is typically determined by the medium (such as radio or television) and defined by the industry in each market, and can therefore vary from one country to another.

Programme format
See "format".

Public broadcaster
A publicly owned company, active in television and/or radio broadcast, whose primary mission is often public service related. Public broadcasters may receive funding from diverse sources including licence fees, individual contributions, public financing and advertising.

Real time bidding (RTB)
The means by which ad inventory is bought and sold on a per-impression basis, via programmatic instantaneous auction, similar to financial markets.

Sales house
See "advertising sales house".

Second screen
An electronic device such as a tablet or smartphone that is used simultaneously with television consumption. Second screen applications may allow audiences to access additional content and services related to the broadcast programme, or to interact with the content consumed through the primary screen.

Short-form video
A descriptive term for a type of video content that lacks a content arc, and which typically lasts less than 10 minutes in total.

Streaming
Consumption of audio or video content directly from the internet to a TV, computer or mobile device.

Supply side platform (SSP)
An advertising technology platform that represents inventory (for example through publishers), and its availability. An SSP allows many of the world's larger web publishers to automate and optimise the selling of their online media space.

SSDAI
Server-side dynamic ad insertion is a technology, which allows the replacement of existing commercials from a broadcast stream with more targeted, personalised advertising.

Sycos
RTL Group's synergy committees (Sycos) are comprised of executives and experts from each segment and from the Corporate Centre, and meet regularly to discuss topics such as programming, news, radio, advertising sales and new media. While each segment makes its own management decisions, it is free to draw on the understanding and expertise of other RTL Group companies to replicate successes and share ideas.

Terrestrial broadcasting
A system to disseminate audio-visual content in the form of radio waves over the air from a ground-based transmitter to a receiving antenna.

Time-shifted viewing
The viewing of programming recorded to a storage medium (such as personal video recorder), at a time more convenient to the viewer than the scheduled linear broadcast.

TV household
A household equipped with at least one TV set.

Unique user
A metric that seeks to count as individuals, visitors who visit a website more than once in a given period of time.

Vertical network
A business that aggregates multiple content publishers into themed content verticals for which it may offer centralised advertising sales services.

Video view
The number of times a video has been viewed. Technology vendors may use the metric 'creative view' to help track which technical version of an ad was played in a particular environment, but that metric is used for technological analysis and not for measuring user engagement. Often confused with impression.

VOD/video-on-demand
A service that enables viewers to watch video content when they choose to, outside of any linear schedule.
- **AVOD – advertising-funded VOD**
  A typical example includes services from TV channels that allow free access to video content seven days after the broadcast, funded by advertising.
- **SVOD – subscription-funded VOD**
  A VOD service that is financed by subscription fees.
- **TVOD – transaction-funded VOD**
  A VOD service that is financed on single transactions per view or content item.

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Imprint

Publisher	RTL Group S.A. Communications & Investor Relations 43, Bd Pierre Frieden L–1543 Luxembourg Luxembourg
Editor	RTL Group Communications & Investor Relations
Copywriters	RTL Group Communications & Investor Relations, Richard Owsley, Writers Ltd, Bristol
Copy editing and proofreading	Sarah Townsend Editorial, Gloucester
Design, concept consulting	Ringzwei, Hamburg
Production	Johannes Bauer in der Printarena, Hamburg Ringzwei, Hamburg
Print	Ahrweiler Offset e.K., Hamburg

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Five-year summary

	2021 €m	2020 €m	2019 €m	2018 €m	2017 €m
Revenue	**6,637**	6,017	6,651	6,505	6,373
Profit from operating activities	**1,879**	**933**	**1,147**	**1,020**	**1,183**
Earnings before interest and taxes ("EBIT")	**1,908**	**903**	**1,161**	**1,076**	**1,246**
Profit before tax	**1,881**	**875**	**1,156**	**1,063**	**1,222**
Group profit	**1,454**	**625**	**864**	**785**	**837**
Attributable to:					
RTL Group shareholders	**1,301**	492	754	668	739
Non-controlling interests	**153**	133	110	117	98
Adjusted EBITA (€million)	**1,152**	853	1,156	1,171	1,248
Basic earnings per share (in €)	**8.41**	3.20	4.91	4.35	4.81
Final dividend per share (in €)	**3.00**	–	–	3.00	3.00
Interim dividend per share (in €)	**–**	–	–	1.00	1.00
Dividends paid (€million)	**464**	–	461	614	614
Average number of full-time equivalent employees	**10,861**	10,598	10,747	10,809	11,011
Net assets (€million)	**5,272**	4,353	3,825	3,553	3,432
Net (debt)/cash (€million)	**657**	236	(384)	(470)	(545)

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