



FULL-YEAR RESULTS 2020



RTL
GROUP

ENTERTAIN. INFORM. ENGAGE.

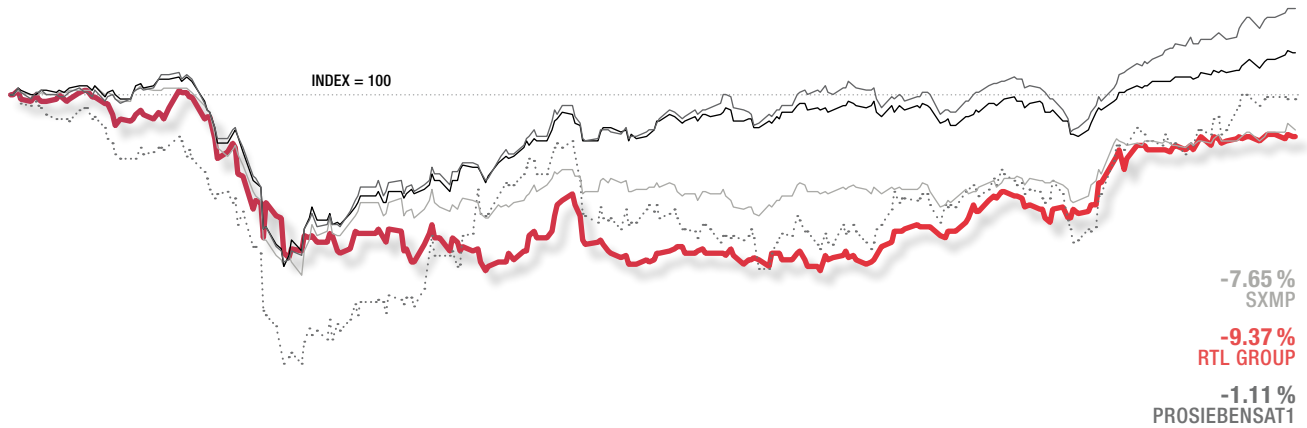
KEY FIGURES

SHARE PERFORMANCE

1 January 2020 to 31 December 2020 in per cent

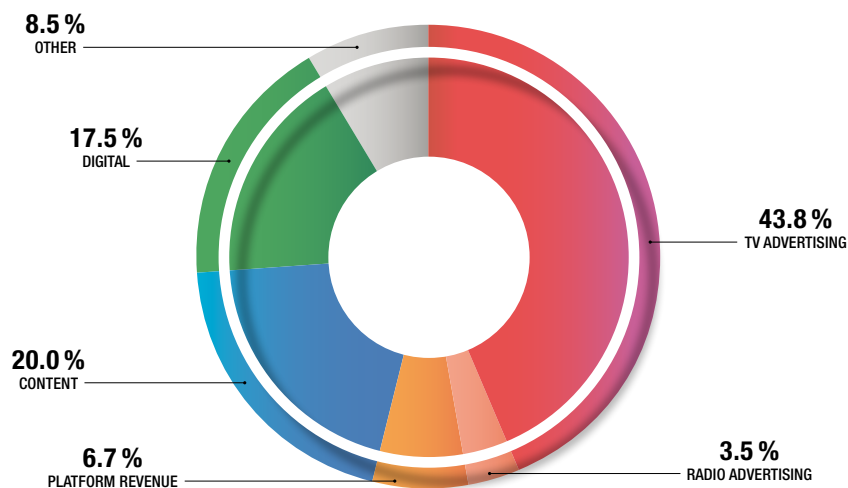
+18.01 %
SDAX

+8.77 %
MDAX



RTL Group share price development for January to December 2020 based on the Frankfurt Stock Exchange (Xetra) against MDAX/SDAX, Euro Stoxx 600 Media and ProSiebenSat1

RTL GROUP REVENUE SPLIT



RTL Group's revenue is well diversified, with 43.8 per cent from TV advertising, 20.0 per cent from content, 17.5 per cent from digital activities, 6.7 per cent from platform revenue, 3.5 per cent from radio advertising, and 8.5 per cent from other revenue.

| REVENUE | | 2016–2020 (€ million) |
|---------|--|-----------------------|
| 20 | | 6,017 |
| 19 | | 6,651 |
| 18 | | 6,505 |
| 17 | | 6,373 |
| 16 | | 6,237 |

| ADJUSTED EBITA | | 2016–2020 (€ million) |
|----------------|--|-----------------------|
| 20 | | 853 |
| 19 | | 1,156 |
| 18 | | 1,171 |
| 17 | | 1,248 |
| 16 | | 1,205 |

| PROFIT FOR THE YEAR | | 2016–2020 (€ million) |
|---------------------|--|-----------------------|
| 20 | | 625 |
| 19 | | 864 |
| 18 | | 785 |
| 17 | | 837 |
| 16 | | 816 |

| EQUITY | | 2016–2020 (€ million) |
|--------|--|-----------------------|
| 20 | | 4,353 |
| 19 | | 3,825 |
| 18 | | 3,553 |
| 17 | | 3,432 |
| 16 | | 3,552 |

| MARKET CAPITALISATION* | | 2016–2020 (€ billion) |
|------------------------|--|-----------------------|
| 20 | | 6.2 |
| 19 | | 6.8 |
| 18 | | 7.2 |
| 17 | | 10.4 |
| 16 | | 10.7 |

*As of 31 December

| TOTAL DIVIDEND/DIVIDEND YIELD PER SHARE | | 2016–2020 | (€) | (%) |
|---|--|-----------|-----|-----|
| 20 | | 3.00 | 8.9 | |
| 19 | | NIL* | – | |
| 18 | | 4.00** | 6.3 | |
| 17 | | 4.00*** | 5.9 | |
| 16 | | 4.00**** | 5.4 | |

*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 coronavirus 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

****Including an interim dividend of €1.00 per share, paid in September 2016

| OPERATING CASH CONVERSION RATE* | | 2016–2020 (%) |
|---------------------------------|--|---------------|
| 20 | | 123 |
| 19 | | 105 |
| 18 | | 90 |
| 17 | | 104 |
| 16 | | 97 |

*Calculated as operating pre-tax free cash flow as a percentage of EBITA

| STREAMING REVENUE* | | 2019–2020 (€ million) |
|--------------------|--|-----------------------|
| 20 | | 170 |
| 19 | | 141 |

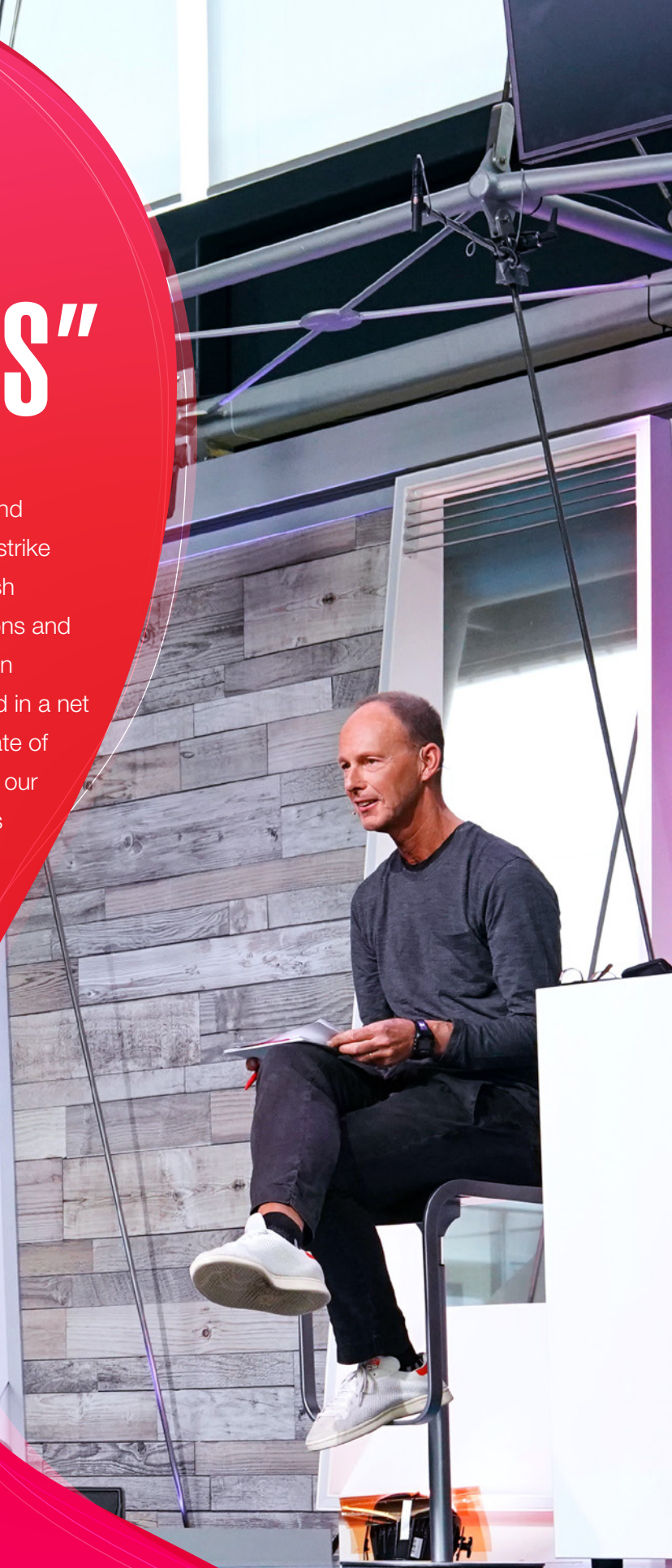
*Streaming revenue includes SVOD, TVOD and in-stream revenue from TV Now and Videoland/RTL XL

"A YEAR OF UNPRECEDENTED CHALLENGE AND MAJOR ACHIEVEMENTS"

"2020 was a year of both unprecedented challenge and major achievements for RTL Group. We managed to strike the right balance between implementing cost and cash flow countermeasures, maintaining our market positions and investing in the future of our businesses, in particular in streaming and advertising technology. This is reflected in a net profit of €625 million, an operating cash conversion rate of more than 100 per cent, audience outperformance of our commercial competitors and rapid growth in numbers of paying subscribers for our streaming services. Over the past six months, we sold non-core businesses, unlocking significant shareholder value. We continue to strengthen our portfolio with the full acquisitions of Super RTL in Germany and RTL Belgium. And we entered into new partnerships, for example with Deutsche Telekom to grow our streaming business in Germany and to cooperate in advertising technology, advertising sales and content. As stated on 29 January 2021, there is a strong case for consolidation in the European broadcasting industry. We are currently reviewing such options for our controlling stake in the French broadcaster Groupe M6, with a view to creating value for our shareholders. There can be no certainty that this may lead to any type of agreement or transaction."

**Thomas
RABE**

CHIEF EXECUTIVE OFFICER
RTL GROUP



RTL GROUP ENDS 2020 WITH STRONG REBOUND IN TV ADVERTISING AND HIGH STREAMING GROWTH — PROPOSED DIVIDEND OF €3.00 PER SHARE

Full-year Group revenue: €6,017 million (2019: €6,651 million)

Full-year Adjusted EBITA: €853 million (2019: €1,156 million).

Adjusted EBITA margin: 14.2 per cent (2019: 17.4 per cent);
more than 70 per cent of revenue decrease offset by cost savings on a comparable basis¹

Profit for the year: €625 million (2019: €864 million)

Operating free cash flow: €1,005 million (2019: €1,199 million).

Operating cash conversion rate: 123 per cent (2019: 105 per cent)

Proposed dividend of €3.00 per share, in line with the Group's dividend policy

RTL Group audience ratings outperform commercial competitors
in the Group's largest territories: Germany, France and the Netherlands

Paying subscribers for RTL Group's streaming services in Germany (TV Now)
and the Netherlands (Videoland) up 52 per cent to 2.19 million

Portfolio management: disposals of BroadbandTV
and iGraal generate capital gains of €158 million;
full acquisition of RTL Belgium; disposal of SpotX and
full acquisition of Super RTL announced in Q1/2021

Luxembourg, 12 March 2021 – RTL Group announces its audited results for the year ended 31 December 2020.

¹ The compensation rate is defined as total cost reduction as percentage of total revenue decline in a defined period. The compensation rate on a comparable basis excludes streaming revenue and streaming start-up losses and significant effects from provisions in the defined period and the prior year baseline

STRONG REBOUND OF TV ADVERTISING IN THE SECOND HALF OF 2020

- Group **revenue** decreased 9.5 per cent to €6,017 million (2019: €6,651 million), mainly due to declining TV advertising markets across Europe in Q2/2020 and lower content production revenue as a result of the Covid-19 outbreak. Group revenue was down 6.8 per cent organically².
- **TV advertising revenue** across the Group was up 0.8 per cent year on year in the second half of 2020 and up 2.8 per cent year on year in Q4/2020.
- **Streaming revenue**³ from TV Now and Videoland grew by 20.6 per cent to €170 million (2019: €141 million).
- **Adjusted EBITA**⁴ was down to €853 million (2019: €1,156 million). The **Adjusted EBITA margin** was 14.2 per cent (2019: 17.4 per cent).
- **Profit for the year** decreased by 27.7 per cent to €625 million (2019: €864 million), mainly due to the decrease in Adjusted EBITA. This was partly compensated by lower income tax expense and capital gains.
- **Net cash from operating activities** was €933 million. The operating cash conversion rate⁵ was 123 per cent (2019: 105 per cent) due to working capital management. With no dividend payment for the financial year 2019 in 2020, RTL Group had net cash⁶ of €236 million at the end of 2020 (end of 2019: net debt of €(384) million).
- RTL Group's Board of Directors has proposed a **dividend** of €3.00 per share for 2020 of which €2.50 represents ordinary dividend while the remaining €0.50 relates to the distribution of cash capital gains.
- Based on the average share price in 2020 (€33.85⁷), the proposed dividend of €3.00 per share represents a **dividend yield** of 8.9 per cent.

FINANCIAL REVIEW

| | 2020 €m | 2019 €m | Per cent change |
|--|------------|------------|--------------------|
| Revenue | 6,017 | 6,651 | (9.5) |
| Adjusted EBITA | 853 | 1,156 | (26.2) |
| Adjusted EBITA margin (%) | 14.2 | 17.4 | |
| Adjusted EBITA | 853 | 1,156 | (26.2) |
| Significant special items | (34) | (17) | |
| Impairment and reversals of investments accounted for using the equity method | (62) | (50) | |
| Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries | (25) | (15) | |
| Re-measurement of earn-out arrangements and gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree | 171 | 87 | |
| EBIT | 903 | 1,161 | (22.2) |
| Net financial expense | (28) | (5) | |
| Income tax expense | (250) | (292) | |
| Profit for the year | 625 | 864 | (27.7) |
| Attributable to: | | | |
| – RTL Group shareholders | 492 | 754 | (34.8) |
| – Non-controlling interests | 133 | 110 | |
| Reported EPS (in €) | 3.20 | 4.91 | (34.8) |

² Adjusted for portfolio changes, the wind-down of StyleHaul in 2019 and at constant exchange rates. Further details can be found on page 25

³ Streaming revenue includes SVOD, TVOD and in-stream revenue from TV Now and Videoland/RTL XL; prior year restated to reflect in-stream revenue from RTL XL

⁴ Adjusted EBITA represents a recurring operating result and excludes significant special items. Further details on Adjusted EBITA can be found on pages 25 to 26

⁵ Operating cash conversion rate reflects the level of operating profits converted into cash. Further details can be found on page 27

⁶ The net cash/(debt) excludes current and non-current lease liabilities. Including these, net debt as of 31 December 2020 was €(148) million (31 December 2019: €(816) million). Further details can be found on page 28

⁷ Frankfurt Stock Exchange

STRENGTHENING RTL GROUP'S CORE

- Mediengruppe RTL Deutschland continued to outperform the German TV advertising market, also thanks to the German **Ad Alliance**.
- In October 2020, RTL Group completed the sale of its digital video network **BroadbandTV** to BBTV Holdings Inc. for €102 million in cash.
- In December 2020, RTL Group agreed with its co-shareholders to acquire their shares in **RTL Belgium** against a payment in cash and RTL Group treasury shares. The transaction was finalised on 28 December 2020 and took RTL Group's shareholding in RTL Belgium to 100 per cent.
- In February 2021, RTL Group signed a definitive agreement for the sale of **SpotX** to the US ad-tech company Magnite. The transaction is subject to regulatory approvals and is expected to close in Q2/2021. The purchase price consists of US-\$560 million (€468 million) in cash and 14.0 million shares of Magnite stock. The agreement implied an enterprise value (100 per cent) for SpotX of US-\$1.17 billion (€977 million), based on the closing price of Magnite stock as of 4 February 2021.
- In March 2021, Mediengruppe RTL Deutschland announced a binding agreement with its current joint venture partner, The Walt Disney Company, to acquire the outstanding 50 per cent shareholding in **Super RTL**. The transaction – which is subject to approval from the German and Austrian competition authorities – will take RTL Group's shareholding in Super RTL to 100 per cent.

BOOSTING GROWTH BUSINESSES

- At the end of 2020, RTL Group registered 2.19 million **paying subscribers** for its streaming services TV Now in Germany and Videoland in the Netherlands, up 52 per cent year on year.
 - Paying subscribers for TV Now grew 64 per cent to 1.286 million (end of 2019: 0.783 million)
 - Paying subscribers for Videoland grew 38 per cent to 0.903 million (end of 2019: 0.653 million)
- **TV Now** continues to expand its content offer, with a substantial increase in TV Now originals of around one new format per week – including more than 10 new German fiction series – in 2021. Another driver for TV Now will be the streaming of exclusive matches of the Uefa Europa and Uefa Europa Conference Leagues, starting with the 2021/22 season. In addition, TV Now introduced a new Premium+ subscription in April 2020. Premium+ subscribers can enjoy two streams in parallel, largely ad-free, and with original sound for non-German productions.
- In November 2020, **Mediengruppe RTL Deutschland and Deutsche Telekom announced a strategic partnership**. The partners integrated the RTL streaming service TV Now Premium in Deutsche Telekom's TV offer, Magenta TV. Both companies have also agreed to increase cooperation in advertising technology, advertising sales and content, with a special focus on addressable TV.
- RTL Nederland introduced a new hybrid model for **Videoland** with an entry subscription tier (Basis) at a lower price that shows ads and a Premium tier that includes the parallel use of four screens.
- RTL Group aims to grow its total number of paying subscribers in Germany and the Netherlands to between 5 and 7 million, to grow streaming revenue to at least €500 million and to reach Adjusted EBITA break even by 2025. To reach these goals, the Group will grow the annual content spend for TV Now and Videoland to €350 million in 2025.
- On 20 October 2020, **Salto** – the joint subscription streaming service of Groupe TF1, France Télévisions and Groupe M6 – was launched in France with more than 10,000 hours of content, and the chance to stream 20 TV channels live in HD quality. RTL Group's technology company Bedrock provides the tech platform for the streaming service with state-of-the-art content curation and personalisation features.
- **Fremantle** continued its push into **drama and high-end factual production** with the launches of *The New Pope* on Sky Italia, *The Investigation* on TV2 in Denmark, *We Are Who We Are* on HBO and Sky Italia, *The Sister* on ITV, *Deutschland 89* and *La Jauria* on Amazon Prime, and *No Man's Land* on Starzplay. With *Expedition Arktis*, produced by UFA, Fremantle launched its first high-end documentary, which will be rolled out internationally in 2021. In 2020, Fremantle delivered a total of 54 dramas (including movies, high-end scripted series and daily dramas) from 15 territories – compared to 53 from 14 territories in 2019.

- With its European ad-tech companies Smartclip and Yospace, RTL Group made significant progress in building an open European ad-tech platform and in tapping into the high-growth market of addressable TV (ATV) advertising. In Germany alone, the market

for addressable TV advertising is expected to grow to more than €500 million by 2025, with Mediengruppe RTL Deutschland then generating approximately €200 million in ATV advertising revenue.

FOSTERING ALLIANCES AND PARTNERSHIPS

- After the sales house Media Impact (Axel Springer) became a partner of the German **Ad Alliance** for its digital inventory in January 2020, Ad Alliance and Media Impact have expanded their advertising sales cooperation to Media Impact's print titles, for example *Bild* and *Welt*, starting in January 2021.
- On 1 January 2021 Deutsche Telekom has become a partner of the German log-in alliance **European NetID Foundation** – initiated by Mediengruppe RTL Deutschland, ProSiebenSat1 and United Internet.
- Fremantle, Penguin Random House UK and BMG launched a joint podcast business as part of the Bertelsmann Content Alliance UK. The new podcast company, **Storyglass**, produces podcast projects across scripted, non-scripted, documentary, true crime, lifestyle, music and talent-led series for all major podcast distribution platforms.

OUTLOOK

The following outlook assumes that the economic recovery continues in 2021, in particular in Q2/2021, as current lockdown measures are gradually eased and vaccination programmes against Covid-19 progress.

- RTL Group expects its **revenue** to increase to approximately €6.2 billion. This includes organic growth of 8 per cent and the effects of the deconsolidation of BroadbandTV.
- RTL Group expects its **Adjusted EBITA** for 2021 to grow to approximately €975 million. This includes streaming start-up losses of approximately €150 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.

| | 2020 €m | 2021e €m |
|--|------------|-------------|
| Revenue | 6,017 | ~6,200 |
| Adjusted EBITA | 853 | ~975 |
| Streaming start-up losses | 55 | ~150 |
| "Adjusted EBITA before streaming start-up losses" | 908 | ~1,125 |
| RTL Group: strategic targets for the streaming services TV Now and Videoland | | |
| | 2020 | 2025e |
| Paying subscribers | 2.19 m | 5 m to 7 m |
| Streaming revenue | €170 m | >€500 m |
| Content spend per annum | €117 m | ~€350 m |

Adjusted EBITA break-even expected by 2025.

CORPORATE PROFILE

RTL GROUP – ENTERTAIN. INFORM. ENGAGE.

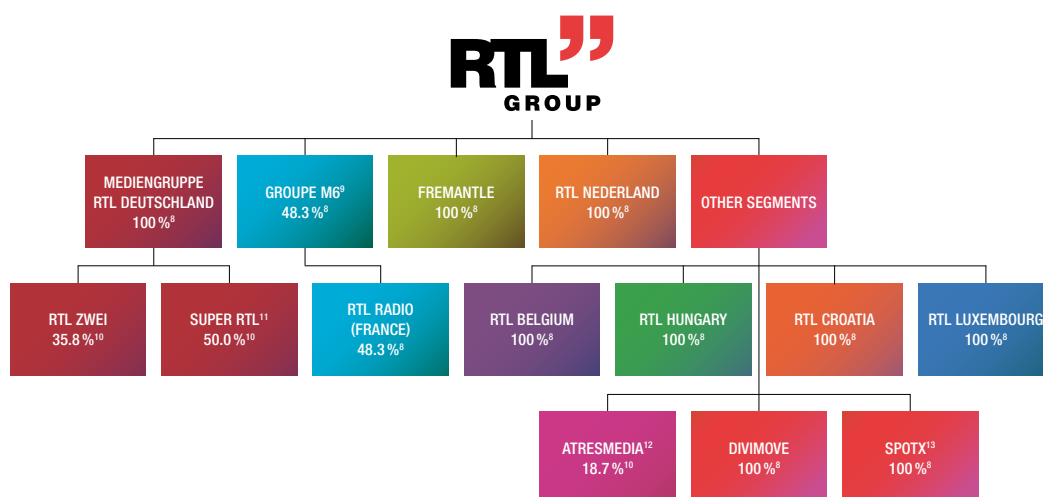
With interests in 67 television channels, ten streaming services, 38 radio stations, a global business for content production and distribution, and a digital video network, RTL Group entertains, informs and engages audiences around the world.

The Luxembourg-based company owns stakes in TV channels and radio stations in Germany, France, Belgium, the Netherlands, Luxembourg, Spain, Hungary and Croatia. Through Fremantle, it is one of the world's leading producers of scripted and unscripted content: from talent and game shows to drama series, daily soaps and telenovelas, including *Idols*, *Got Talent*, *Family Feud*, *American Gods* and *Charité*. Combining the streaming services of its broadcasters, the digital video network Divimove, and Fremantle's more than 360 YouTube channels, RTL Group has become the leading European media company in digital video. RTL Group also owns the ad-tech businesses Smartclip and Yospace, as well as the streaming-tech company Bedrock. RTL AdConnect is RTL Group's international advertising sales house.

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. RTL Group publishes its Consolidated Financial Statements in accordance with IFRS.



RTL Group corporate structure (simplified)

- ⁸ Fully consolidated
- ⁹ Net of treasury shares and own shares held by Métropole Télévision SA under liquidity contract
- ¹⁰ Investment accounted for using the equity method
- ¹¹ Full acquisition announced on 3 March 2021
- ¹² Net of treasury shares
- ¹³ Disposal announced on 5 February 2021

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.

To drive the strategic agenda of RTL Group and to foster cooperation, the Group established a Group Management Committee (GMC), which is composed of the three members of the Executive Committee (CEO, COO/Deputy CEO, CFO) and the CEOs of the Group's three largest business units – Mediengruppe RTL Deutschland, Groupe M6 and Fremantle.

In the Operations Management Committee (OMC), the Executive Committee and senior executives from the Corporate Centre meet with all 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, a company owned by RTL Group and Groupe M6); advertising technology (led by Smartclip); content creation, sourcing and distribution; and international advertising sales.

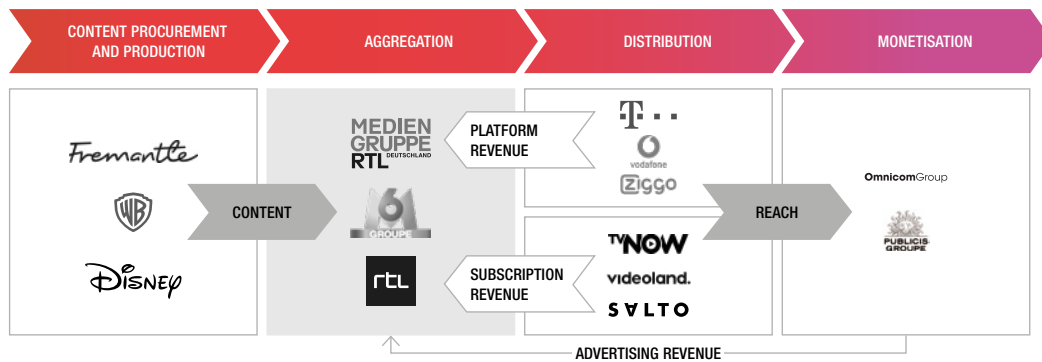
In addition, all units benefit from sharing information, knowledge and experience across the Group through the Group's Synergy Committees (SyCos). These SyCos – which are comprised of executives and experts from each segment and from the Group's Corporate Centre – meet regularly to discuss topics such 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 actively 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 shows, 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 their advertising clients are offered a range of ad formats, from the traditional 30-second commercial to tailored packages of TV and digital ads. RTL Group's advertising sales houses sell spots in the channel's 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).

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. As a result, broadcasters can charge significantly higher CPMs for addressable TV commercials (see under "Advertising technology" for more information on ATV).

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 platform revenue. Between 2012 and 2020, this high-margin revenue rose from €175 million to €401 million.

STREAMING

RTL Group's broadcasters have established their own streaming platforms that make their programmes available on all devices at all times – predominantly financed by subscriptions and advertising. To boost the number of paying subscribers, RTL Group is increasing the production of original content for its streaming services ('originals'). As a consequence, the

Group will grow its annual content spend in TV Now and Videoland from €85 million in 2019 to around €350 million in 2025.

The aim is to combine the different streaming offerings into a hybrid business model, consisting of a free, advertising-funded service (catch-up) and a paid,

premium content bundle – offering the programmes of the Group's TV channels in the respective countries for on-demand (non-linear) viewing, the live signals of the linear TV channels in HD quality, and premium content – either exclusively produced or licensed from third parties.

RTL Group's streaming services operate their own over-the-top (OTT) platforms, delivering their

content directly to the end consumer over the open internet. At the same time, they work together with telcos and cable operators to make the streaming services available via the TV services of these platform operators. For example, Mediengruppe RTL Deutschland and Deutsche Telekom agreed to integrate the RTL streaming service TV Now Premium in Deutsche Telekom's TV offer, Magenta TV.

ADVERTISING TECHNOLOGY

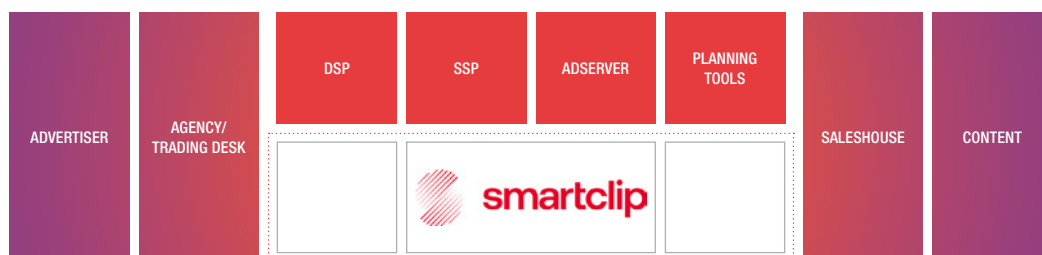
While linear television remains the only medium to reach mass audiences on a daily basis, digital video advertising lets advertisers bring their message to an engaged audience, which can be enhanced by the use of technology and data. This is done using a sophisticated process that automates the advertising 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) find the perfect match between advertiser and user and, b) 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 (ATV) advertising is one of the biggest growth opportunities for European broadcasters. ATV enables advertisers to continue to leverage TV for what it has always been good at – driving brand awareness with massive audience reach in a high quality, brand-safe environment. At the same time, 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. In essence, ATV will grow available inventory, attract new advertisers (for example local and regional advertisers) and deliver higher CPMs.

The pan-European Hybrid Broadcast Broadband TV (HbbTV) standard has been the driver for ATV 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.

Almost 50 per cent of European households – i.e. more than 140 million households – own a smart TV and a growing number of these TV sets carry the HbbTV standard. European broadcasters have taken steps to develop their ATV capabilities with the aim of capturing this market potential. For example, in 2019, Mediengruppe RTL Deutschland and ProSiebenSat1 launched d-force, a joint demand-side platform for addressable TV and online video in Germany and Austria.

In its December 2020 report, *The future of TV*, UBS stated: "In the medium term we see addressable TV potentially accounting for c.30–50% of all TV ad spend." In Germany alone, the market for addressable TV advertising is expected to grow to more than €500 million by 2025.

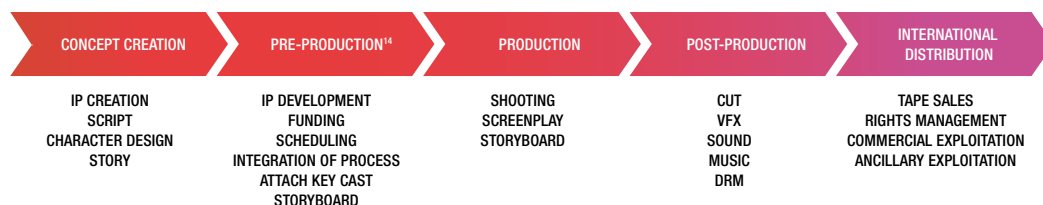


Controlling our ad-tech strategy requires a full stack approach, secure TV data and programmatic addressable TV advertising

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 TV programming broadcast each year.



Content production value chain

As one of the world's largest creators, producers and distributors of television 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, through game shows and daily soaps and entertainment formats. As a production company, Fremantle provides broadcasters, platforms and streaming services with content that these clients use to build their businesses. Fremantle's network of local production and distribution companies operates in over 30 territories around the world.

Fremantle's international distribution business sells finished programmes and formats worldwide, 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, documentaries, lifestyle and entertainment shows.

The distribution business also plays an important role in providing financing for high-quality drama series such as *American Gods*, *Deutschland 89* and *My Brilliant Friend*.

Supported by a sales network that spans ten international offices and four continents, Fremantle distributes and licenses more than 30,000 hours of content in 180 countries globally.

The business model of drama series is based on creating long-term library value. Ideally, these series will entertain viewers – generating revenue and profits as a result – for between five and 20 years. The development cycle of high-end drama series, from concept to screening, can range 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 neutralised over the course of the year.

¹⁴ Pre-production only starts once the idea is sold to a commissioning client network

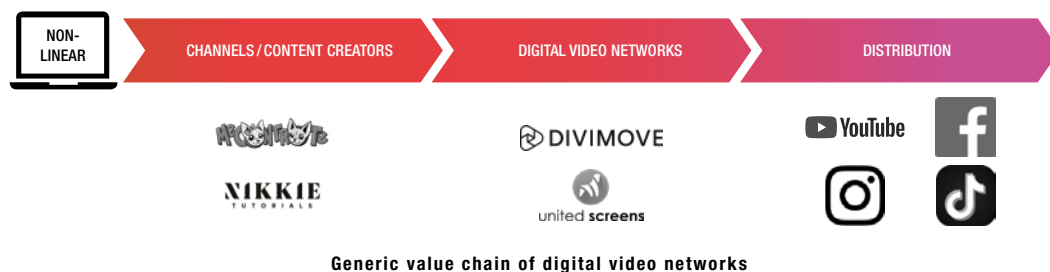
DIGITAL VIDEO NETWORKS

RTL Group fully owns the digital video network Divimove, which operates under the brand United Screens in the Nordics. 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 networks aggregate content to offer advertisers an attractive content package and, most importantly, help them reach defined target groups, often based on psychographic segmentation aspects such as interests and activities, lifestyle, opinions, beliefs and values.

On platforms such as YouTube, advertising revenue is shared between the platform and the digital video networks. In return for their content, the creators receive a revenue share from the digital video networks. The more attractive the content – measured by the number of subscribers and video views – the higher the price for advertising. Furthermore, branded content – where certain products are featured within

video content – offers the opportunity to diversify revenue streams. This revenue is not subject to the revenue share taken by the platform, and thus offers higher margins.

In addition, digital video networks such as Divimove are establishing new revenue streams such as talent/artist management, content production (digital studio) and developing creative campaigns for brands (agency business). For example, Divimove offers its creators and influencers partnerships with RTL broadcasters and Fremantle productions to expand their presence beyond the social media ecosystem. Divimove also gives TV stars the opportunity to boost their social media presence. In November 2020, Divimove and UFA Serial Drama signed a collaboration agreement to promote actors from popular UFA daily dramas such as *Gute Zeiten, schlechte Zeiten* (Good Times, Bad Times) and *Unter Uns* (Between Us). The aim is to develop acting talent from these productions into cross-platform personality brands.



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 100 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, as well as linear TV channels delivered ‘over-the-top’)
- Streaming services financed by advertising, pay per view or subscriptions (especially long-form)
- YouTube, Facebook, TikTok and other online video platforms (especially short-form)

MARKET TRENDS

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

While linear TV is still, by far, 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 on larger screens, the higher the demand for drama series and documentaries, often with a niche appeal

COMPETITION

Traditional media companies – particularly in the United States – spend tens of billions of dollars in the battle with digital players such as Netflix, Amazon and YouTube (Google). In what became known as the ‘streaming wars’, Disney, Apple, AT&T/WarnerMedia and Comcast/NBCUniversal all launched new streaming services in a short period of time. Subscriptions for these libraries of films and shows, along with other services, cost consumers up to US-\$18 a month.

In its December 2020 report, *The future of TV*, UBS stated: “By 2030, we forecast ~2.2 bn streaming subscribers (55% penetration), ~3 subscriptions per household and global SVOD revenues of US-\$167bn.”

The race to differentiate the various streaming services has led to a boom in content production around the world. In particular, the demand for high-end drama series is causing a rapid increase in prices for the best content and talent:

- More than 500 scripted TV shows were made in the US in 2019. That’s more than double the 216 series that were released in 2010.
- The boom has meant big Hollywood names such as J.J. 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 and AT&T/WarnerMedia – are holding back valuable IP and content to boost the growth of their own streaming services.

CONSOLIDATION

Over the past decade, many media groups have been folded into vertically integrated conglomerates that control both the production and distribution of content. Comcast bought NBC Universal in 2011, while the US telecommunications company AT&T bought the satellite firm DirecTV in 2015 and Time Warner (owner of HBO and the Warner Bros studio) in 2018.

The world’s largest media company, Disney, expanded horizontally rather than vertically, with its acquisitions of 21st Century Fox (film and TV studios), Pixar (animation studio), Lucasfilm (*Star Wars*) and Marvel Entertainment (Marvel Comics). This period of consolidation created a handful of content giants with huge back catalogues, ready to spend heavily on old shows and new programming.

STRATEGY

As described in the previous section on market trends, the international TV industry is in the midst of 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 – in both 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/recommendation – which requires investments in advertising technology and data.

RTL Group's Board of Directors, Executive Committee and Group Management Committee (GMC) 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

Building and extending families of TV channels has been key to address 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 Plus, Vox Up, 6ter, and RTL Z.

RTL Group's primary focus is on organic growth. However, wherever attractive opportunities arise, the Group **aims to consolidate** across its existing European broadcasting footprint, including through acquisitions.

In 2019, Groupe M6 acquired Lagardère's TV business, to complement its offering for families and to strengthen its overall position in the French media market, both in TV advertising and digital. This transaction included the full acquisition of Gulli (the country's leading free-to-air digital channel for children), five pay-TV channels and the corresponding streaming services, including Gulli Replay and Gulli Max.

In December 2020, RTL Group agreed with its co-shareholders in the Group's Belgian TV and radio operations to acquire their shares in RTL Belgium

against a payment in cash and RTL Group treasury shares. The transaction was finalised on 28 December 2020 and took RTL Group's shareholding in RTL Belgium to 100 per cent.

In March 2021, Mediengruppe RTL Deutschland announced a binding agreement with its current joint venture partner, The Walt Disney Company, to acquire the outstanding 50 per cent shareholding in Super RTL. With its umbrella brands, Toggo and Toggolino, Super RTL has successfully developed into a digital entertainment company, distributing its content via linear TV, streaming, digital radio and a variety of apps and websites. Super RTL also operates a growing merchandising business. The transaction – which is subject to approval from the German and Austrian competition authorities – will take RTL Group's shareholding in Super RTL to 100 per cent.

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 and continuing to grow the Group's investments into premium content are key to strengthening RTL Group's core businesses.

Every 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, Mediengruppe 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. This deal strengthens two of Mediengruppe RTL Deutschland's linear channels – RTL Television and Nitro – and will play an important part in attracting new paying subscribers for TV Now. RTL Nederland has acquired the rights to broadcast certain matches of the Uefa Champions League, also starting with the 2021/22 season, for a period of three years. RTL Belgium has broadcast live matches of the Uefa Champions League since 2000 and recently signed a new agreement for three more seasons, starting in autumn 2021.

In 2019, RTL Group launched a new creative unit – Format Creation Group (**FC Group**) – which develops non-scripted formats exclusively for RTL broadcasters and their streaming services. FC Group is jointly financed by RTL Group's major broadcasters. The new unit aims to fulfil the growing demand for exclusive content by developing innovative **formats**

and intellectual property, fully owned and controlled by RTL Group. FC Group currently focuses on the development of entertainment formats, reality and game shows, working closely with RTL broadcasters to reflect the needs of their local markets.

STREAMLINING RTL GROUP'S PORTFOLIO

RTL Group's management continuously reviews the Group's portfolio of assets. In the last three years, RTL Group sold several non-core assets such as the football club Girondins de Bordeaux and the website MonAlbumPhoto in France, the home entertainment and theatrical distribution company Universum Film in Germany, and the Vancouver-based digital video network BroadbandTV (BBTV). In February 2021, RTL Group signed a definitive agreement for the sale of SpotX to US ad-tech company Magnite. The transaction is subject to regulatory approvals and is expected to close in Q2/2021.

INCREASING OPERATIONAL EFFICIENCY

Management continuously assesses opportunities to reduce costs and to reallocate resources to growth areas such as its streaming services. In 2019, RTL Group's Executive Committee reviewed the role of the Group's Corporate Centre. As a result of this review, the Group's Corporate Centre was significantly reduced and partly transferred to Cologne, Germany. In December 2020, Mediengruppe RTL Deutschland announced that it will free up resources for significant additional investments in streaming content, technology and data by reallocating budgets as well as through cost savings. These cost savings will target overhead and structural costs such as events and travel, including personnel. The planned headcount reduction of 100 to 150 jobs will be implemented during 2021.

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 TV Now 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** – combining a free, advertising-funded offer with a premium pay content bundle that offers RTL Group TV programmes (both live and on demand) with licensed content from third parties and content production 'originals' exclusive to these services.

At the end of 2020, RTL Group registered 2.19 million paying subscribers for its streaming services TV Now in Germany and Videoland in the Netherlands – 52 per cent more than last year. The viewing times of TV Now and Videoland also increased over the year, by 33 per cent and 81 per cent respectively.

To further boost the expansion of RTL Group's streaming services over the next five years, RTL Group will grow:

- ...its **annual content spend** in TV Now and Videoland from €85 million in 2019 to around €350 million in 2025.
- ...the **number of paying subscribers** for TV Now and Videoland from 1.44 million at the end of 2019, to between 5 and 7 million by the end of 2025.
- ...its **streaming revenue**, from €141 million in 2019 to at least €500 million by 2025,
- with the aim of **reaching Adjusted EBITA break-even** by 2025.

In November 2020, Mediengruppe RTL Deutschland and Deutsche Telekom announced a strategic partnership. The partners integrated the RTL streaming service TV Now Premium in Deutsche Telekom's TV offer, Magenta TV. Since then, the price plans for both Magenta TV Smart and Magenta TV Smart Flex include TV Now Premium without any additional fee for customers. Both companies have also agreed to increase cooperation in advertising technology, advertising sales and content, with a special focus on addressable TV. First tests in 2021 will be based on RTL Group's ad-tech solutions, Smartclip and Yospace, and will be open for additional partners from the media and TV industry.

In July 2020, RTL Nederland announced a new hybrid model for Videoland, adding an entry subscription model at a lower price that shows advertising, and a Plus subscription model that includes the use of more screens. This strategic step has opened up Videoland to advertising clients of the Dutch Ad Alliance.

In October 2020, Salto – the joint subscription streaming service of Groupe TF1, France Télévisions and Groupe M6 – was launched in France with more than 10,000 hours of content, and the chance to stream 20 TV channels live in HD quality. RTL Group's technology company Bedrock provides the tech platform for the streaming service, which offers state-of-the-art content curation and personalisation features.

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 production teams, companies and labels in over 30 countries, rolling out 400 programmes across 75 formats each year and producing over 12,000 hours of original programming. The company's global sales business, Fremantle International, distributes and licenses over 30,000 hours of content each year.

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.
- **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 series of acquisitions – including Miso Film in Scandinavia, Wildside in Italy, Kwaï in France, and Abot Hameiri in Israel – Fremantle has created a global network that now comprises 19 production sites for drama series.

Fremantle also bought minority stakes in a number of newly founded production companies, to secure first access to their creative talent and output. Working with world-class storytellers is key to Fremantle's scripted strategy. Currently, Fremantle – together with broadcasters and streaming platforms – is working on the realisation of at least 60 scripted series ideas.

As a result of this strategy, Fremantle generated 21 per cent of its total revenue in 2020 from drama productions and expects this share to grow further over the coming years.

In 2020, Fremantle distributed *Enslaved* – the six-part documentary series featuring Samuel L. Jackson about the transatlantic slave trade – to 130 territories around the world. The company also launched its first high-end documentary – *Expedition Arktis* – which will be rolled out internationally in 2021. As part of Fremantle's expansion in this genre, the company is also launching *Planet Sex* (produced by Naked in the UK), a documentary series exploring human sexuality, hosted and co-created by LGBTQ+ advocate Cara Delevingne.

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.

RTL Group's largest unit, Mediengruppe 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, Mediengruppe RTL Deutschland will invest further in evolving and growing the Smartclip platform. In May 2020, Smartclip and the Spanish broadcasting company Atresmedia announced they would deepen their strategic partnership. Smartclip will now enable ATV advertising solutions for Atresmedia at scale. The joint aim is to provide the largest ATV product offer in Spain. RTL Group is in talks with several major

European broadcasters to work on similar ad-tech partnerships with Smartclip.

In 2019, Mediengruppe RTL Deutschland and ProSiebenSat1 launched **d-force**, a joint demand-side platform for addressable TV and online video in Germany and Austria.

The tech platform for RTL Group's streaming services is built by the French technology company **Bedrock**, a company owned by RTL Group and Groupe M6. A common platform allows RTL Group to bundle its investments in streaming technology. The Bedrock platform serves the French subscription service Salto and Videoland in the Netherlands, as well as the RTL streaming services in Belgium, Hungary and Croatia. Mediengruppe RTL Deutschland's TV Now platform and Bedrock will increasingly share components.

Within the area of data, the open log-in standard **NetID** was developed by the European NetID Foundation and initiated by Mediengruppe 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. The partner network of NetID already includes media companies such as Süddeutsche Zeitung, Spiegel Gruppe, Gruner + Jahr, retail companies such as Otto Group and Douglas, and parcel delivery company, DPD. In January 2021, Deutsche Telekom also became a partner of NetID.

CREATING EUROPE'S LEADING DIGITAL TALENT NETWORK AND CONTENT STUDIO

RTL Group's digital video businesses have built significant reach among the young audiences that are highly sought after by advertisers.

In 2019, RTL Group bundled its digital video networks – United Screens, RTL MCN and UFA X – within **Divimove**, making the Berlin-based digital studio a leading home for digital content creators in Europe. Divimove represents 1,500 social influencers in 12 European countries.

In July 2019, RTL Group's Executive Committee approved a growth plan to significantly expand Divimove's capabilities in talent management, production of short-form video content, advertising sales, and technology and data. In January 2020, Divimove acquired Tube One, one of the best-known influencer networks in Germany.

ALLIANCES AND PARTNERSHIPS

In competing with the global giants, 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. As a consequence, RTL Group is expanding its **international sales house, RTL AdConnect**, to give international advertisers and agencies easy access to RTL Group's large portfolio of TV and streaming services, digital video networks 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 Mediahuis 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**.

BUILDING ONE-STOP SALES HOUSES FOR CROSS-MEDIA CAMPAIGNS

Ad Alliance, launched in Germany in 2017, 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 can offer 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, Ad Alliance and Media Impact agreed to intensify their partnership and expand their advertising sales cooperation to Media Impact's print titles, such as *Bild* and *Welt*. This cooperation started in January 2021. Together, the platforms of the 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.

POOLING BERTELSMANN'S CONTENT EXPERTISE

At the beginning of 2019, RTL Group's majority shareholder formed the **Bertelsmann Content Alliance in Germany**. Bertelsmann is a creative powerhouse, investing more than €5 billion in creative content each year, of which €2 billion is invested in Germany. The Bertelsmann Content Alliance in Germany pools the Bertelsmann Group's content expertise to fully exploit the potential of its most important market. With content offerings across all media genres, and new marketing opportunities, Bertelsmann has become an even stronger partner for all creative professionals in Germany. The alliance has also boosted both Bertelsmann and RTL Group's ability to compete with the global giants.

The Audio Alliance, launched in May 2019, is a production company for audio content which provides a centralised platform, Audio Now, for the content produced by the Bertelsmann Content Alliance members in Germany. As part of the Bertelsmann Content Alliance UK, Fremantle, Penguin Random House UK and BMG launched in 2020 the new podcast company, Storyglass, which represents the UK Audio Alliance.

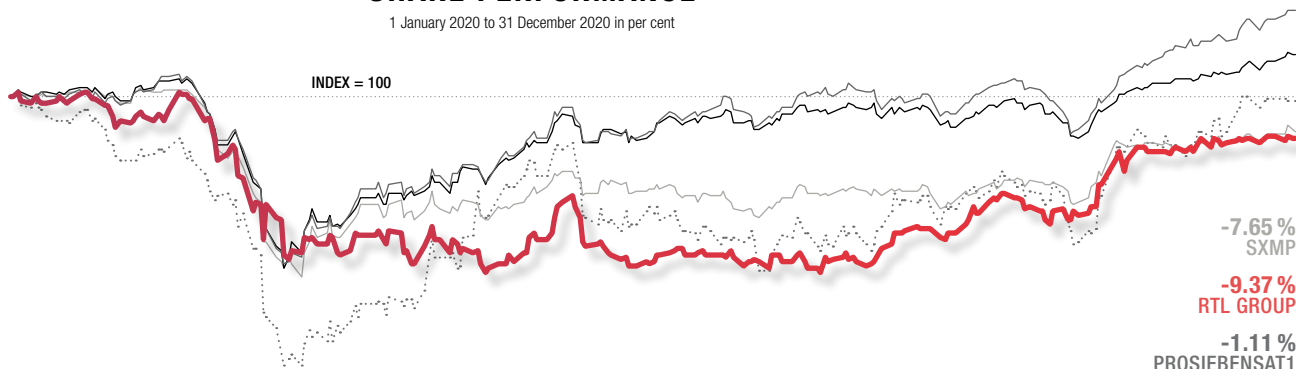
CAPITAL MARKETS AND SHARE

RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and also on the Luxembourg Stock Exchange. From September 2013

to September 2020, RTL Group was listed in the MDAX stock index. Since then, RTL Group is listed in the SDAX stock index.

SHARE PERFORMANCE

1 January 2020 to 31 December 2020 in per cent



**RTL Group share price development for January to December 2020
based on the Frankfurt Stock Exchange (Xetra)
against MDAX/SDAX, Euro Stoxx 600 Media and ProSiebenSat1**

RTL Group's share price started 2020 at just over €43.96 and finished the year down 9.4 per cent, at €39.74. The share price highs and lows were €44.24 (17 February) and €27.30 (18 August).

On a quarterly basis, the average share price evolved as follows:

Q1: €39.40

Q2: €29.96

Q3: €29.45

Q4: €36.92

In the context of the Covid-19 crisis, preserving liquidity is essential to safeguard the Group's present operations and future prospects. In addition to working capital management and review of credit risk, RTL Group's Board of Directors decided to withdraw its earlier proposal of a €4.00 per share dividend for the fiscal year 2019. Consequently, no dividend was proposed to the Annual Meeting of Shareholders and no dividend was paid for the financial year 2019.

For more information on the analysts' views on RTL Group and RTL Group's equity story, please visit the Investor Relations section on RTLGroup.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. KG, 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 2020, 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.

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 2018) | €4.00 |
| Number of shares | 154,742,806 |
| Market capitalisation ¹⁵ | € 6,164,953,391 |
| 52 week high | €44.24 (17 February 2020) |
| 52 week low | €27.30 (18 August 2020) |

INDICES

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

| Index | Weight in per cent | Date |
|-----------------|--------------------|------------|
| MDAX | 0.4014 | 18/09/2020 |
| MDAX Kursindex | 0.4048 | 17/09/2020 |
| SDAX | 1.5730 | 29/12/2020 |
| SDAX Kursindex | 2.5148 | 30/12/2020 |
| Prime All Share | 0.0942 | 30/12/2020 |
| HDAX | 0.0818 | 17/09/2020 |
| HDAX Kursindex | 0.0831 | 18/09/2020 |

KEY PERFORMANCE INDICATORS

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

In the 2019 Annual Report, RTL Group reported an additional measure "underlying revenue". From 2020 onwards, underlying revenue is replaced by the measure organic revenue growth/decline. Underlying revenue was defined as reported revenue adjusted for scope changes and at constant exchange rates. The differences between reported revenue and underlying revenue are predominantly attributable to organic revenue 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 with regards to operating profitability of for RTL Group and its business units is Adjusted EBITA. The analyst community continues to also 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 to the readers. Driven by the accelerated industry trends explained in the sections "Market" (pages 15 to 16) and "Strategy" (pages 17 to 21) 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 continuously 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 and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- "Impairment of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements 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 2020 the special items reflect the impact of a restructuring programme at Mediengruppe RTL Deutschland (€27.4 million) and onerous advertising sales contracts (€9.7 million) as well as reversal of the restructuring provision at Corporate Centre in Luxembourg (€2.6 million).

| | 2020 €m | 2019 €m |
|--|------------|--------------|
| Earnings before interest and taxes ("EBIT") | 903 | 1,161 |
| Impairment of goodwill of subsidiaries | 11 | – |
| Impairment and reversals of investments accounted for using the equity method | 62 | 50 |
| Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries | 14 | 15 |
| Re-measurement of earn-out arrangements | 1 | (1) |
| Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree | (172) | (86) |
| EBITA | 819 | 1,139 |
| Significant special items | 34 | 17 |
| Adjusted EBITA | 853 | 1,156 |

ADJUSTED EBITA MARGIN

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

EBITDA

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

- "Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Amortisation and impairment of non-current programme and other rights, of other intangible assets, depreciation and impairment of property, plant and equipment, (with the exception to the part concerning goodwill and fair value adjustments

(see above) and of right-of-use assets reported in "Depreciation, amortisation, impairment and valuation allowance";

- "Impairment of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements reported 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".

| | 2020 €m | 2019 ¹⁶ €m |
|--|--------------|--------------------------|
| Earnings before interest and taxes ("EBIT") | 903 | 1,161 |
| Depreciation, amortisation and impairment | 252 | 259 |
| Impairment of goodwill of subsidiaries | 11 | – |
| Impairment and reversals of investments accounted for using the equity method | 62 | 50 |
| Re-measurement of earn-out arrangements | 1 | (1) |
| Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree | (172) | (86) |
| EBITDA | 1,057 | 1,383 |

¹⁶ The figures from the previous year have been adjusted (see note 1.30. to the Consolidated Financial Statements)

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 percent in the long-term average and/or it should normally exceed market benchmarks in a given year.

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

- Income tax paid;
- Cash outflows from the acquisitions of programme and other rights and other intangible assets and tangible assets;
- Cash inflows from proceeds from the sale of intangible and tangible assets.

| | 2020 €m | 2019 ¹⁷ €m |
|--|--------------|--------------------------|
| Net cash from operating activities | 933 | 1,055 |
| Adjusted by: | | |
| Income tax paid | 248 | 334 |
| Acquisitions of: | | |
| – Programme and other rights | (60) | (87) |
| – Other intangible and tangible assets | (118) | (107) |
| Proceeds from the sale of intangible and tangible assets | 2 | 4 |
| Operating free cash flow | 1,005 | 1,199 |
| EBITA | 819 | 1,139 |
| Operating cash conversion rate | 123 % | 105 % |

¹⁷ The figures from the previous year have been adjusted (see note 18.30. to the Consolidated Financial Statements)

NET DEBT

The net 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 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 2020 €m | 31 December 2019 ¹⁸ €m |
|--|---------------------------|---|
| Current loans and bank overdrafts | (124) | (157) |
| Non-current loans | (641) | (631) |
| | (765) | (788) |
| Deduction of: | | |
| – Cash and cash equivalents | 436 | 377 |
| – Cash pooling accounts receivable with investments accounted for using the equity method and not consolidated investments | 2 | – |
| – Current deposit with shareholder | 563 | 27 |
| Net cash/(debt) | 236 | (384) |
| EBITDA | 1,057 | 1,383 |
| Net cash/(debt) to EBITDA ratio | n.a. | 0.3 |

The net debt excludes current and non-current lease liabilities of €384 million (€432 million at 31 December 2019).

¹⁸ The figures from the previous year have been adjusted (see note 18.30. to the Consolidated Financial Statements)

RVA

A performance indicator for assessing the profitability from operations and return on invested capital is RTL Group Value Added (RVA). RVA measures the profit realised above and beyond the expected return on invested capital. This form of value orientation is reflected in strategic investment and portfolio planning – including the management of Group operations – and is the basis for senior management variable compensation.

The RVA is the difference between net operating profit after tax (NOPAT), defined as EBITA before special items adjusted for a uniform tax rate of 30 per cent (2019: 33 per cent), and cost of capital.

The NOPAT corresponds to the sum of EBITA of fully consolidated entities and share of result of investments accounted for using the equity method not already taxed, adjusted for a uniform tax rate of 30 per cent (2019: 33 per cent), and share of result of investments accounted for using the equity method already taxed.

The cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the quarterly average invested capital (operating assets, right-of-use assets included less non-interest bearing operating liabilities, lease liabilities excluded).

| | 2020 €m | 2019 ¹⁹ €m |
|---|------------|--------------------------|
| EBITA | 819 | 1,139 |
| Deduction of shares of results of investments accounted for using the equity method and already taxed | – | (26) |
| | 819 | 1,113 |
| Net basis after deduction of uniform tax rate | 573 | 746 |
| Share of results of investments accounted for using the equity method and already taxed | – | 26 |
| NOPAT | 573 | 772 |
| Invested capital at 31 March | 4,621 | 4,405 |
| Invested capital at 30 June | 4,474 | 4,488 |
| Invested capital at 30 September | 4,548 | 4,779 |
| Invested capital at the end of the year | 4,425 | 4,630 |
| Adjusted average invested capital | 4,517 | 4,576 |
| Cost of capital | 361 | 366 |
| RVA | 212 | 406 |

OPERATING COST BASE

Operating cost base is calculated as the sum of “Consumption of current programme rights”, “Depreciation, amortisation, impairment and valuation allowance” and “Other operating expenses”

| | 2020 €m | 2019 ¹⁹ €m |
|--|--------------|--------------------------|
| Consumption of current programme rights | 2,070 | 2,266 |
| Depreciation, amortisation, impairment and valuation allowance | 248 | 245 |
| Other operating expense | 2,950 | 3,112 |
| Operating cost base | 5,268 | 5,623 |

¹⁹ The figures from the previous year have been adjusted (see note 18.30. to the Consolidated Financial Statements)

DIVIDEND PAYOUT RATIO

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

The absolute dividend amount is based on the number of issued ordinary shares at 31 December multiplied with the dividend per share. The main adjustments on profit attributable refer to impairment losses on Atresmedia and Divimove in 2020.

| | 2020 €m |
|---|-------------|
| Profit attributable to RTL Group shareholders | 492 |
| Adjustments | 71 |
| Adjusted profit for the year attributable to RTL Group shareholders | 563 |
| Dividend in € per share | 3.00 |
| Dividend, absolute amount | 464 |
| Dividend payout ratio | 83 % |

FINANCIAL REVIEW

REVENUE

RTL Group estimates that the net TV advertising market decreased in 2020 in all markets where the Group is active.

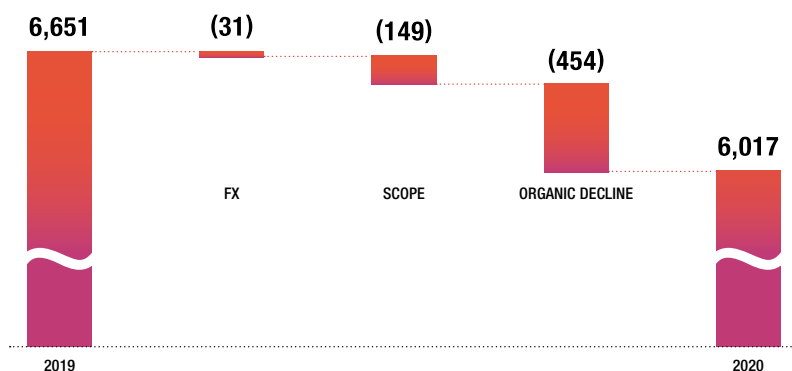
A summary of RTL Group's key markets is shown below, including estimates of net TV advertising market growth rates and the audience share of the main target audience group.

| | Net TV advertising market growth rate 2020 (in per cent) | RTL Group audience share in the main target group 2020 (in per cent) | RTL Group audience share in the main target group 2019 (in per cent) |
|-----------------|--|---|---|
| Germany | (9.0) to (9.5) ²⁰ | 27.5 ²¹ | 28.1 ²¹ |
| France | (11.0) ²² | 22.7 ²³ | 22.8 ²³ |
| The Netherlands | (9.8) ²⁰ | 31.7 ²⁴ | 29.8 ²⁴ |
| Belgium | (10.3) ²⁰ | 36.1 ²⁵ | 34.5 ²⁵ |
| Hungary | (11.2) ²⁰ | 26.6 ²⁶ | 27.5 ²⁶ |
| Croatia | (15.8) ²⁰ | 27.0 ²⁷ | 25.8 ²⁷ |
| Spain | (18.4) ²⁸ | 27.8 ²⁹ | 27.7 ²⁹ |

RTL Group's total **revenue** was down 9.5 per cent to €6,017 million (2019: € 6,651 million), mainly due to declining TV advertising markets across Europe in the second quarter of 2020 as a result of the Covid-19

outbreak. Group revenue was down 6.8 per cent organically³⁰. Foreign exchange rate effects had a negative impact of €31 million on revenue.

- ²⁰ Industry and RTL Group estimates
- ²¹ Source: GfK. Target group: 14–59
- ²² Source: Groupe M6 estimate
- ²³ Source: Médiamétrie. Target group: women under 50 responsible for purchases (free-to-air channels: M6, W9, 6ter and Gulli for 2019)
- ²⁴ 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
- ²⁵ Source: Audimétrie. Target group: shoppers 18–54, 17–23h
- ²⁶ Source: AGB Hungary. Target group: 18–49, prime time (including cable channels) 20–23h
- ²⁷ Source: AGB Nielsen Media Research. Target group: 18–49, prime time 20–23h
- ²⁸ Source: Infoadex
- ²⁹ Source: TNS Sofres. Commercial target group: 25–59
- ³⁰ Adjusted for portfolio changes, the wind-down of StyleHaul in 2019 and at constant exchange rates



RTL Group revenue bridge in 2020 (in € million)

Streaming revenue – which includes SVOD, TVOD and in-stream revenue from TV Now and Videoland/RTL XL – was up by 20.6 per cent, to €170 million (2019: €141 million).

RTL Group's **advertising revenue** was €3,330 million (2019: €3,659 million), of which €2,636 million represented TV advertising revenue (2019: €2,941 million), €345 million represented digital advertising revenue (2019: €335 million) and €212 million represented radio advertising revenue (2019: €269 million).

RTL Group's **digital revenue** was down by 1.7 per cent to €1,055 million (2019: €1,073 million), mainly due to the disposals of iGraal (March 2020) and BroadbandTV (October 2020) and the wind down of StyleHaul in the course of 2019. In addition, Fremantle's digital revenue in 2019 was boosted by the launch of the second season of *American Gods* on Amazon Prime Video.

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' as stated in note 6.1 to the Consolidated Financial Statements.

RTL Group's revenue is well diversified, with 43.8 per cent from TV advertising, 20.0 per cent from content, 17.5 per cent from digital activities, 6.7 per cent from platform revenue, 3.5 per cent from radio advertising, and 8.5 per cent from other revenue.



RTL Group revenue split

GEOGRAPHICAL REVENUE OVERVIEW

| | 2020 €m | 2019 €m |
|-----------------|------------|------------|
| Germany | 1,958 | 2,140 |
| France | 1,242 | 1,439 |
| USA | 1,037 | 1,119 |
| The Netherlands | 497 | 527 |
| UK | 197 | 254 |
| Belgium | 187 | 217 |
| Other regions | 899 | 955 |

ADJUSTED EBITA

Adjusted EBITA was down to €853 million (2019: €1,156 million). The Adjusted **EBITA margin** came in at 14.2 per cent (2019: 17.4 per cent).

For more detailed information and reconciliation of these measures see pages 25 to 26.

FINANCIAL DEVELOPMENT OVER TIME

| | 2020 €m | 2019 €m | 2018 €m | 2017 €m | 2016 €m |
|--|------------|------------|------------|------------|------------|
| Revenue | 6,017 | 6,651 | 6,505 | 6,373 | 6,237 |
| Adjusted EBITA | 853 | 1,156 | 1,171 | 1,248 | 1,205 |
| Net cash/(debt) | 236 | (384) | (470) | (545) | (576) |
| Operating cash conversion rate (in per cent) | 123 | 105 | 90 | 104 | 97 |

OPERATING COST BASE

Group operating cost base decreased to €5,268 million in 2020 compared to €5,623 million in 2019, driven by programme cost savings at the Group's broadcasting businesses and production cost savings at Fremantle.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The total share of results of these investments was €32 million (2019: €64 million).

The further reduction of the share price, and the reduction of Spanish TV advertising spend due to the Covid-19 crisis, constituted triggering events for performing the impairment testing for Atresmedia at 30 June 2020. The valuation resulted in an impairment, generating a loss of minus €60 million at 30 June 2020.

GAIN FROM SALE OF SUBSIDIARIES, OTHER INVESTMENTS AND RE-MEASUREMENT TO FAIR VALUE OF PRE-EXISTING INTEREST IN ACQUIREE

In 2020, the Group recorded a gain of €172 million (2019: €86 million), mainly driven by the disposals of BroadbandTV and iGraal.

INTEREST EXPENSE

Net interest expense amounted to €29 million (2019: expense of €32 million), primarily due to the interest charge on the Group's financial debt, pension costs, lease liability and other interest expenses.

IMPAIRMENT OF GOODWILL, 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 7.2. to the Consolidated Financial Statements).

The loss, totalling €25 million (2019: €15 million), relates to the amortisation of fair value adjustments on acquisitions of subsidiaries and to the impairment loss of goodwill allocated to Divimove.

INCOME TAX EXPENSE

In 2020, the income tax expense was €250 million (2019: €292 million).

PROFIT ATTRIBUTABLE TO RTL GROUP SHAREHOLDERS

The profit for the year attributable to RTL Group shareholders was €492 million (2019: €754 million), mainly due to the decrease in Adjusted EBITA. This was partly compensated by lower income tax expense and capital gains.

EARNINGS PER SHARE

Reported earnings per share, based upon 153,586,913 weighted average number of ordinary shares, both basic and diluted, was down 34.8 per cent to €3.20 (2019: €4.91 per share based on 153,557,430 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.

Until 28 December 2020, RTL Group directly and indirectly held 0.8 per cent (2019: 0.8 per cent) of RTL Group's shares (without taking into account the liquidity programme in 2019). On 28 December 2020, RTL Group acquired the remaining shareholdings in RTL Belgium against a payment in cash and RTL Group treasury shares (see note **7.16.8.** to the Consolidated Financial Statements).

PROFIT APPROPRIATION (RTL GROUP SA)

The annual accounts of RTL Group show a profit for the financial year 2020 of €4,627,791 (2019: €374,073,350). Taking into account the share premium account of €4,691,802,190 (2019: €4,691,802,190) and the profit brought forward of €708,651,448 (2019: €326,956,364), the amount available for distribution is €5,405,081,429 (2019: €5,392,831,904).

MAIN PORTFOLIO CHANGES

In March 2020, Groupe M6 sold its shareholding in its subsidiary iGraal to German Global Savings Group (GSG). The deal took the form of a partial cash sale and a share swap. As a result, Groupe M6 has become a shareholder in GSG. The transaction resulted in a capital gain of €78 million.

In October 2020, RTL Group completed the sale of its entire shareholding in Vancouver-based BroadbandTV to BBTV Holdings Inc. The transaction resulted in a capital gain of €80 million.

In December 2020, RTL Group agreed with its co-shareholders in the Group's Belgian TV and radio operations to acquire their shares in RTL Belgium against a payment in cash and RTL Group treasury shares. The transaction was finalised on 28 December 2020 and took RTL Group's shareholding in RTL Belgium to 100 per cent.

For more information on RTL Group's main acquisitions, disposals, and increase in interests held in subsidiaries please see notes **5.1.**, **5.2.** and **7.16.8.** to the Consolidated Financial Statements.

MAJOR RELATED PARTY TRANSACTIONS

At 31 December 2020, 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 and with its directors and executive officers.

The comprehensive description on the related party transactions is disclosed in the note **9.** to the Consolidated Financial Statements.

GENERAL MANAGEMENT STATEMENT ON THE FISCAL YEAR 2020 PERFORMANCE

Linear TV continues to dominate the Total Video market and is the only medium to consistently reach mass audiences on a daily basis. In total, people watch more video content than ever before – long-form and short-form, linear and non-linear, on televisions and portable devices, and increasingly on different streaming platforms. The demand for high-quality video content is growing rapidly, and online video advertising with it.

RTL Group estimates that the net TV advertising markets decreased in 2020 in all markets where the Group is active due to the coronavirus crisis. After a strong decline in RTL Group's TV advertising revenue in the second quarter, the situation stabilised in the third quarter, and in the important fourth quarter of the year, RTL Group's TV advertising revenues increased again year-on-year.

RTL Group reacted promptly to the worldwide spread of Covid-19 by focusing on the safety of its employees, the continuity of its businesses, and both cost and liquidity management.

As a result, the Group succeeded in offsetting more than 70 per cent of the total revenue decline, on a comparable basis, without cutting into the substance of its businesses or reducing investments in its growth businesses.

Across Europe, RTL Group's flagship channels remained number one or number two in their respective markets and target groups. In its three largest markets – Germany, France and the Netherlands – RTL Group's families of TV channels outperformed their key commercial competitors on audience ratings. In its largest market, Germany, the Group increased its net TV advertising market share.

Overall, RTL Group increased its net reach, viewing times and digital usage across its channels and platforms during the pandemic. Its media provided information and entertainment to millions of people who faced unprecedented disruption to their daily lives. This demonstrates the resilience of RTL Group's businesses and that these businesses are part of their countries' critical infrastructure.

RTL Group's content business, Fremantle, faced significant constraints in film and TV production during 2020, due to Covid-19. The result was fewer show deliveries and the postponement of productions,

particularly in the second quarter of the year. Following the introduction of protective measures, production resumed in most markets by mid-year. Through the year, Fremantle further increased creative diversity. Major creative successes included shows such as *American Idol*, reality formats like *Too Hot to Handle* for Netflix, and fiction series productions such as *The New Pope* for Sky Italia, *The Investigation* for TV2 in Denmark, and *Deutschland 89* for Amazon Prime. The company has positioned itself as a producer of quality TV drama 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.

RTL Group's streaming revenue increased by 20.6 per cent to €170 million during 2020 as a result of organic growth.

For the full year 2020, RTL Group generated an Adjusted EBITA of €853 million. The Adjusted EBITA margin was 14.2 per cent. This significantly exceeded the guidance communicated in November 2020 and the analysts' consensus at the end of 2020 – as a result, the Group issued a trading update on 27 January 2021. Given the unprecedented challenges resulting from the coronavirus crisis, RTL Group ended the year 2020 with a solid set of financial results, with a profit for the year of €625 million and net cash of €236 million.

At the time this Directors' report was compiled, 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 into 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's content production arm, Fremantle, has successfully branched out into scripted drama and high-end factual programming.
- The company is among the European leaders in both ad-tech and the rapidly growing YouTube ecosystem.

REVIEW BY SEGMENTS

FULL-YEAR 2020

| Revenue | 2020 € m | 2019 € m | Per cent change |
|------------------------------|--------------|--------------|--------------------|
| Mediengruppe RTL Deutschland | 2,127 | 2,262 | (6.0) |
| Groupe M6 | 1,273 | 1,456 | (12.6) |
| Fremantle | 1,537 | 1,793 | (14.3) |
| RTL Nederland | 476 | 496 | (4.0) |
| Other segments | 873 | 909 | (4.0) |
| Eliminations | (269) | (265) | – |
| Total revenue | 6,017 | 6,651 | (9.5) |

| Adjusted EBITA | 2020 € m | 2019 € m | Per cent change |
|------------------------------|-------------|--------------|--------------------|
| Mediengruppe RTL Deutschland | 467 | 663 | (29.6) |
| Groupe M6 | 266 | 287 | (7.3) |
| Fremantle | 87 | 142 | (38.7) |
| RTL Nederland | 58 | 54 | +7.4 |
| Other segments | (25) | 10 | n.a. |
| Adjusted EBITA | 853 | 1,156 | (26.2) |

| Adjusted EBITA margin | 2020 per cent | 2019 per cent | Percentage point change |
|------------------------------|------------------|------------------|----------------------------|
| Mediengruppe RTL Deutschland | 22.0 | 29.3 | (7.3) |
| Groupe M6 | 20.9 | 19.7 | +1.2 |
| Fremantle | 5.7 | 7.9 | (2.2) |
| RTL Nederland | 12.2 | 10.9 | +1.3 |
| RTL Group | 14.2 | 17.4 | (3.2) |

FINANCIAL RESULTS

In the reporting period, the German net TV advertising market was estimated to be down between 9.0 and 9.5 per cent, with Mediengruppe RTL Deutschland clearly outperforming the market. Mediengruppe RTL Deutschland's revenue was down 6.0 per cent to €2,127 million (2019: €2,262 million), as higher platform and streaming revenue partly compensated for lower TV advertising revenue. Adjusted EBITA was significantly down from €663 million in 2019 to €467 million, due to lower TV advertising revenue and higher investments into the streaming service TV Now and other growth initiatives in the area of advertising technology and data.

AUDIENCE RATINGS

In 2020, the combined average audience share of **Mediengruppe RTL Deutschland** in the target group of viewers aged 14 to 59 was 27.5 per cent (2019: 28.1 per cent) including the pay-TV channels RTL Crime, RTL Living, RTL Passion and Geo Television. The German RTL family of channels increased its lead over its main commercial competitor, ProSiebenSat1, to 3.6 percentage points (audience share 2020: 23.9 per cent, 2019: lead of 3.1 percentage points).

With its portfolio of eight free-TV and four pay-TV channels, the streaming service TV Now, and the journalistic digital platforms *ntv.de* and *RTL.de*, Mediengruppe RTL Deutschland reached 30.3 million viewers and around 7.1 million unique users every day in 2020 (2019: 29.5 million viewers and 4.8 million unique users).

With an audience share of 10.2 per cent in the target group of viewers aged 14 to 59 in 2020 (2019: 10.7 per cent), **RTL Television** was the leading channel in the main commercial target group for the 28th consecutive year, well ahead of ZDF (9.0 per cent), Das Erste (8.2 per cent), Sat1 (7.3 per cent), and ProSieben (6.7 per cent). In addition, RTL Television was again the only channel with a double-digit audience share in this demographic.

The channel's most successful show was *Ich bin ein Star – Holt mich hier raus!* (I'm a Celebrity, Get Me Out of Here!). On average, 5.30 million viewers (24.6 per cent) aged three and above watched the 14th season of the jungle challenge. The show's average audience share among viewers aged 14 to 59 was 32.9 per cent, up 0.9 percentage points compared to 2019. *Let's Dance* attracted on average 4.70 million viewers, giving the show an average total audience share of 16.1 per cent. The average audience share in the commercial target group of viewers aged 14 to 59 was 19.0 per cent (2019: 18.2 per cent), making the 13th season of the dancing show the most popular since 2014. The main evening news, *RTL Aktuell*, increased its audience share in the commercial target group to 18.4 per cent, up 2.0 percentage points compared to 2019.

The streaming service **TV Now** continued its rapid growth in 2020. The service recorded a 64 per cent increase in paying subscribers, taking the total to 1.286 million (end of 2019: 0.783 million) and a 33 per cent increase in viewing time. This was thanks to the wide range of programmes (47,000 hours) available, including the fiction series such as *Unter Freunden stirbt man nicht* and *Sunny – Wer bist Du wirklich?*, reality formats such as *Temptation Island VIP*, and the documentary *Stunde Null – Wettlauf mit dem Corona-Virus* which was the most streamed documentary on the service in 2020.

Vox achieved a 6.1 per cent audience share in the target group of viewers aged 14 to 59 (2019: 6.4 per cent) and was the most-watched channel in prime time in this target group on 14 evenings of the year. *Die Höhle der Löwen* (Dragons' Den) remained popular, generating an average audience share of 13.6 per cent among viewers aged 14 to 59, while the seventh season of *Sing meinen Song – Das Tauschkonzert* was watched by 10.2 per cent of viewers aged 14 to 59, up 1.0 percentage point on the previous year. The documentary *Ich bin besonders – Mein Leben mit dem Down-Syndrom* was watched by 6.4 per cent of viewers aged 14 to 59.

Nitro attracted 2.1 per cent of the 14 to 59 target group (2019: 2.2 per cent) and 2.6 per cent of its main target demographic of men aged 30 to 49 (2019: 2.9 per cent).

The news channel **NTV** strongly grew its audiences in 2020, scoring a total audience share of 1.2 per cent and attracting 1.3 per cent of viewers aged 14 to 59 (2019: 1.0 per cent in both target groups).

RTL Plus continued its growth and attained a 1.7 per cent audience share in the 14 to 59 age group, up 0.1 percentage points on 2019.

Super RTL retained its leading position in the children's segment in 2020, attracting an average audience share of 20.7 per cent in the target group of three to 13-year-olds between 06:00 and 20:15 (2019: 21.6 per cent), ahead of the public service broadcaster KiKA (16.8 per cent).

Vox Up, the latest addition to Mediengruppe RTL Deutschland's family of channels, celebrated its first anniversary in December 2020. The channel achieved an average audience share of 0.3 per cent in the target group of viewers aged 14 to 59.

In 2020, **RTL Zwei** attained a market share of 4.0 per cent among 14 to 59-year-old viewers (2019: 4.2 per cent).

Radio consumption in Germany remained strong in 2020, reaching 74.8 per cent of Germans aged 14 and above every day – with an average listening time of 253 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, such as Hitradio RTL Sachsen (with a growth of 13 per cent year on year among listeners aged 14 to 49) and 89.0 RTL, a station for younger listeners. 104.6 RTL maintained its market-leading position in the highly competitive Berlin radio market in the target group of listeners aged 14 to 49 for the 27th consecutive time.

Audio Now, one of Germany's largest audio platforms, expanded its market position in 2020, with up to 6 million monthly users, in-house productions developed by the podcast production company Audio Alliance, and over 140 successful formats.



FINANCIAL RESULTS

In 2020, the French net TV advertising market was estimated to be down 11.0 per cent compared to 2019, with Groupe M6 performing in line with the market. Groupe M6's revenue was down by 12.6 per cent to €1,273 million (2019: €1,456 million). The decrease in revenue was mainly due to the sharp decline in TV advertising revenue in the second quarter of 2020. Groupe M6 successfully offset 89 per cent of the decline in revenue through cost savings. Accordingly, Groupe M6's Adjusted EBITA was down by 7.3 per cent to €266 million (2019: €287 million).

AUDIENCE RATINGS

The audience share of the Groupe M6 family of free-to-air channels in the commercial target group of women under 50 responsible for purchases was almost stable at 22.7 per cent (2019: 22.8 per cent). The total audience share increased slightly to 14.6 per cent (2019: 14.5 per cent). On average, 25.5 million viewers watched Groupe M6's free-to-air channels every day in 2020, an increase of 9.9 per cent year on year (2019: average reach of 23.2 million viewers per day).

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 14.4 per cent (2019: 14.7 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. At the same time, the channel introduced new favourites such as *Lego Masters* and *Tous en Cuisine* (All in the Kitchen), an innovative cooking show developed within a few days during the first lockdown period in spring 2020. *Tous en Cuisine* generated an average audience share of 20.0 per cent in the main commercial target group. M6's news shows *Le 1245* and *Le 1945* and magazines such as *Enquête exclusive* broke new audience records in 2020 and played a major role during the health crisis by providing reliable information.

The advertising-financed streaming service 6play continued to grow significantly, with 16.3 million active users in 2020 (2019: 11.1 million active users). Viewing time was up 8.8 per cent to 530 million hours watched (2019: 487 million hours), driven by non-linear viewing of TV programmes from the M6 family of channels and by programmes exclusively licensed or produced for 6play.

On 20 October 2020, Salto – the joint subscription streaming service of Groupe TF1, France Télévisions and Groupe M6 – was launched in France with more than 10,000 hours of content, and the chance to stream 20 TV channels live in HD quality. RTL Group's technology company Bedrock provides the tech platform for the streaming service, which offers state-of-the-art content curation and personalisation features.

W9 reached an average audience share of 3.8 per cent among women under 50 responsible for purchases (2019: 3.9 per cent), ranking it second among the DTT channels in France in this target group. Reality series such as *Les Marseillais VS Le reste du Monde* and *Les Princes et Princesses*, movies, and magazines such as *Minute par minute* 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 2.8 per cent (2019: 2.7 per cent), the channel had its best year since its launch in 2012.

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), with an average audience share of 14.8 per cent (2019: 16.4 per cent).

In 2020, the RTL radio family of stations registered a consolidated audience share of 18.8 per cent among listeners aged 13 and older (2019: 18.4 per cent). Its flagship station, RTL Radio, was the leading commercial station in France for the 18th consecutive year and significantly grew its average audience share to 13.0 per cent (2019: 12.3 per cent). The pop-rock station RTL 2 recorded a stable average audience share of 2.9 per cent (2019: 2.9 per cent), while Fun Radio registered an average audience share of 2.9 per cent (2019: 3.4 per cent).



FINANCIAL RESULTS

Revenue at RTL Group's content business, Fremantle, was down by 14.3 per cent to €1,537 million in 2020 (2019: €1,793 million), mainly due to fewer deliveries of shows and postponements of productions as a result of the worldwide impact of the coronavirus crisis. Accordingly, Fremantle's Adjusted EBITA was down to €87 million (2019: €142 million).

NON-SCRIPTED

American Idol was very successful under special circumstances with the live finale produced remotely using 120 iPhones in the judges' and contestants' homes. For the key commercial target group of viewers aged 18 to 49, *American Idol* won a 7.6 per cent average audience share. The fourth season on ABC has already been confirmed for 2021.

In the US, *America's Got Talent: The Champions* won an average audience of 8.9 million viewers resulting in a 9.5 per cent total audience share. The 15th season of *America's Got Talent* launched in May 2020 and won an average audience share of 10.6 per cent among viewers aged 18 to 49 – 63 per cent higher than NBC's prime-time average.

Too Hot to Handle – Fremantle's original dating format – launched on Netflix in April 2020 and quickly topped its most-watched charts globally. Netflix's Co-Chief Executive Officer and Chief Content Officer Ted Sarandos described the show as the streaming platform's "biggest competition show ever". In March 2020, *Five Guys a Week* launched on Channel 4 in the UK and was watched by an average 1.4 million viewers per episode on all platforms. The show has already been sold to France, Canada, Denmark, Norway, Finland and Sweden.

Throughout 2020, Fremantle's gameshows such as *Family Feud*, *Game of Talents* and *Ask me Anything* aired all over the world. For example, 17 versions of the classic format *Family Feud* were shown in 2020. In Germany, the sixth season of *Wer weiss denn sowas?* (Who Knew?) was the most successful so far, attracting an average of 3.6 million total viewers and an average audience share of 16.3 per cent. The show's number of viewers more than doubled since its first broadcast in 2015.

SCRIPTED

After its launch in June 2020, *The Salisbury Poisonings* – a four-part drama series from BBC One and Dancing Ledge Productions – became the BBC's highest-rated drama since August 2018. The first episode was watched by 10.0 million viewers, representing a total audience share of 43.7 per cent, making it the biggest new drama across all channels in the UK since 2018. Fremantle International sold *The Salisbury Poisonings*, to AMC in the US and to Movistar+ in Spain.

My Brilliant Friend: The Story of a New Name launched on Rai in February 2020 as the most watched drama series in Italy since December 2018, with an average audience of 6.8 million viewers and a total average audience share of 28.0 per cent. In June 2020 it launched on Sky Atlantic, followed by iQIYI, Youku and Tencent in China – making it the first non-English language European drama series to be sold to all three platforms.

The psychological thriller *The Sister* was successful on ITV at the end of October 2020. The mini-series achieved an average of 5.8 million viewers and an average audience share of 22.5 per cent. The series, which was fully delivered during lockdown in the UK, was sold to 75 territories including Hulu in the US and Viasat in Russia.

The Investigation launched in September 2020 and became Denmark's highest rated new crime drama of 2020 and TV2's highest rated crime drama since 2014. The series about the investigation surrounding the murder of the Swedish journalist Kim Wall was watched by an average audience share of 41.0 per cent across the series and has already sold to 93 territories, including HBO in the US, BBC Two in the UK and TV Now in Germany.

The Luminaries, a high-end series set in New Zealand at the height of the 1860s gold rush, launched on BBC One and was watched by 6.5 million viewers across all platforms (with an additional 1.2 million viewers watching the show on catch-up), achieving an average total audience share of 30.0 per cent.

Fremantle's first Latin American drama, *La Jauria*, launched in July 2020 on Amazon Prime in Latin America and in December on HBO Max in the US. The second season is already in production.

FACTUAL SHOWS AND DOCUMENTARIES

Expedition Arktis, the first high-end documentary produced by UFA, aired in November 2020 on Germany's public channel ARD. The film follows MOSAiC – the largest Arctic expedition of all time – and was watched by 4.23 million viewers, with a total audience share of 12.6 per cent. An international version of the documentary, *Arctic Drift*, is scheduled for 2021.

Enslaved, the six-part documentary series featuring Samuel L. Jackson, is a non-scripted series about the transatlantic slave trade that launched in September 2020 on EPIX in the US. The series was distributed by Fremantle to 130 territories around the world, including as a re-versioned four-part series for BBC Two in the UK.



FINANCIAL RESULTS

In 2020, the Dutch net TV advertising market was estimated to be down by 9.8 per cent. RTL Nederland's revenue decreased by 4.0 per cent to €476 million (2019: €496 million), as higher platform and streaming revenue partly compensated for lower TV advertising revenue. Adjusted EBITA increased by 7.4 per cent to €58 million (2019: €54 million) due to significant cost savings initiated in reaction to the coronavirus crisis.

AUDIENCE RATINGS

In 2020, RTL Nederland's family of channels grew its combined prime-time audience share in the target group of viewers aged 25 to 54 to 31.7 per cent (2019: 29.8 per cent), driven by a strong audience performance of the main channel RTL 4. As a result, RTL Nederland remained ahead of the public broadcasters (28.9 per cent) and increased its audience lead over its main commercial competitor, Talpa TV, to 9.9 percentage points (audience share 2020: 21.8 per cent; 2019: lead of 6.5 percentage points).

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 18.7 per cent (2019: 17.2 per cent). The channel scored very high audience shares in this target group with the shows *The Masked Singer* (48.0 per cent) and *Lego Masters* (40.2 per cent) and retained its strong position in the talent show genre with *The Voice Of Holland* in spring (34.4 per cent) and autumn (35.9 per cent), *The Voice Kids* (23.1 per cent) and *The Voice Senior* (23.0 per cent). Other popular programmes included *RTL Late Night*, *Het Perfecte Plaatje*, *I Can See Your Voice* and *Oh Wat Een Jaar*. The main evening news show at 19:30, *RTL Nieuws*, grew its average audience share in 2020 to 27.2 per cent (2019: 21.7 per cent).

RTL Nederland's streaming service, Videoland, recorded subscriber growth of 38.3 per cent to 0.903 million paying subscribers at the end of 2020 (end of 2019: 0.653 million). The viewing time was up by 81 per cent year on year. Videoland's high growth was largely driven by the second season of the Videoland original 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 3.9 per cent in the target group of viewers aged 25 to 54 (2019: 4.1 per cent).

Men's channel RTL 7 scored an average prime-time audience share of 5.3 per cent among male viewers aged 25 to 54 (2019: 5.5 per cent).

Women's channel RTL 8 attracted an average prime-time audience share of 3.7 per cent among female viewers aged 35 to 59 (2019: 4.2 per cent).

RTL Z grew its audience share in the demographic of the upper social status aged 25 to 59 to 1.3 per cent (2019: 1.0 per cent), driven by the high interest in news on the coronavirus crisis.

OTHER SEGMENTS

This segment comprises RTL Belgium, RTL Hungary, RTL Croatia, the US-based ad-tech company SpotX, and the digital video network Divimove. It also includes RTL Group's Luxembourgish activities and its investment accounted for using the equity

method, Atresmedia in Spain. The Canada-based digital video network BroadbandTV was consolidated in this segment until the sale of RTL Group's shareholding in the company on 28 October 2020.

REVENUE SPLIT – OTHER SEGMENTS

| | 2020 €m | 2019 €m | Per cent change |
|---------------------------------|------------|------------|--------------------|
| Total revenue of other segments | 873 | 909 | (4.0) |
| Thereof | | | |
| – Digital video networks | 281 | 319 | (11.9) |
| – SpotX | 164 | 133 | +23.3 |
| – RTL Belgium | 159 | 185 | (14.1) |
| – RTL Hungary | 105 | 114 | (7.9) |
| – RTL Croatia | 40 | 47 | (14.9) |
| – Other including elimination | 124 | 111 | 11.7 |

In 2020, the combined revenue of RTL Group's **digital video networks** – including BroadbandTV (until 28 October 2020) and Divimove – was down 11.9 per cent to €281 million compared to €319 million in 2019. The decrease was due to the deconsolidation of BroadbandTV at the end of October.

DIVIMOVE

In 2020, **Divimove** represented 1,500 social influencers in 12 European countries, making it a leading pan-European talent agency and content studio. In January 2020, Divimove acquired Tube One Networks, a leading influencer marketing agency in Germany. The company expanded its value chain across Europe and realised campaigns and productions for clients such as Disney+, H&M, Carlsberg, EA Sports, Nintendo, Samsung, Lego and YouTube. With higher revenue from all major revenue streams – indirect advertising sales via YouTube's AdSense platform, direct advertising sales, exclusive talent management and digital productions – total revenue of Divimove (United Screens included) was up 24.4 per cent in 2020.

SPOTX

As a leading video ad serving platform for premium publishers and broadcasters, **SpotX** continues to build solutions to help monetise video content across all screens and devices. The revenue of SpotX (Yospace included) was up by 23.3 per cent to €164 million compared to €133 million in 2019. Revenue growth was driven by expanded partnerships with major media owners and platforms, including AMC Networks, Roku, Samsung, Sony and TiVo, by its connected-TV (CTV) viewership, and by the increase in political ad spend due to the US elections. The United States remains SpotX's primary market, reaching 70 million CTV households with over 70 per cent of all ad spend in 2020 coming from over-the-top (OTT).



The net TV advertising market in French-speaking Belgium was estimated to be down 10.3 per cent in 2020. Accordingly, **RTL Belgium's** revenue was down to €159 million (2019: €185 million). Adjusted EBITA decreased to €16 million (2019: €36 million), reflecting lower TV and radio advertising revenue.

RTL Belgium's family of TV channels grew its combined audience share among shoppers aged 18 to 54 to 36.1 per cent (2019: 34.5 per cent), maintaining its position as the clear market leader in French-speaking Belgium. RTL Belgium increased its lead over the public channels to 15.5 percentage points (2019: 14.9 percentage points).

The flagship channel, **RTL-TVI**, increased its audience share among shoppers aged 18 to 54 to 27.1 per cent (2019: 25.3 per cent) – 11.8 percentage points ahead of the Belgian public broadcaster La Une, and 14.1 percentage points ahead of the French broadcaster TF1. The evening news show, *RTL Info 19h*, grew its average audience share in the commercial target group to 43.3 per cent (2019: 39.2 per cent), reflecting the strong interest in reliable news during the coronavirus crisis.

RTL Belgium's streaming service, **RTL Play**, performed strongly in 2020, with an average of 200,400 active users per month (2019: 155,000 active users per month) and 18.6 million video views (2019: 12.5 million).

Club RTL's audience share among male viewers aged 18 to 54 decreased to 5.3 per cent (2019: 6.8 per cent), while **Plug RTL** reported a prime-time audience share of 4.4 per cent among 15 to 34-year-old viewers, up from 3.8 per cent in 2019.



The Hungarian net TV advertising market was estimated to be down by 11.2 per cent in 2020. Total revenue of **RTL Hungary** was down 7.9 per cent to €105 million (2019: €114 million) mainly due to lower TV advertising revenue. Accordingly, the unit's Adjusted EBITA decreased to €8 million (2019: €10 million).

With a combined prime-time audience share of 26.6 per cent in the key demographic of 18 to 49-year-old viewers (2019: 27.5 per cent), the eight channels of the Hungarian RTL family 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 13.6 per cent among viewers aged 18 to 49 (2019: 14.4 per cent) and remained the clear market leader, 2.0 percentage points ahead of TV2 (2019: 3.8 percentage points). The most popular daily series was *Dear Heirs*, with an average audience share of 18.2 per cent among 18 to 49-year-olds, while the market-leading news programme – *RTL Híradó* – attracted 18.1 per cent of viewers aged 18 to 49 (2019: 18.5 per cent), and an average total audience share of 21.4 per cent (2019: 21.3 per cent).

The streaming platform **RTL Most** is the leading local brand for professionally produced online video content. The service generated an increase of 18.3 per cent of registered users in 2020 compared to 2019.



In Croatia, the net TV advertising market was estimated to be down 15.8 per cent. Total revenue of **RTL Croatia** was down to €40 million (2019: €47 million). Accordingly, Adjusted EBITA was down to minus €2 million (2019: €1 million).

RTL Croatia's channels achieved a combined prime-time audience share of 27.0 per cent in the target audience aged 18 to 49 (2019: 25.8 per cent). The flagship channel, **RTL Televizija**, recorded a prime-time audience share of 17.9 per cent of 18 to 49-year-olds (2019: 17.6 per cent).

Local content production remained a cornerstone of the channel's programming including formats such as *Ljubav je na selu* (The Farmer Wants a Wife), *Superpar* (Powercouple), *Život na vagi* (The Biggest Loser), *Brak na prvu* (Married at First Sight) and *Večera za pet na selu* (Come Dine With Me – Village Edition). The year started with the European Men's Handball Championship, which attracted an average audience share of 37.1 per cent across 18 live matches, while the match between Spain and Croatia was watched by 81 per cent of 18 to 49-year-old viewers. The late-night news format, *RTL Direkt*, scored an average audience share of 21.4 per cent in the target audience aged 18 to 49 (2019: 20.8 per cent) while the main news format, *RTL Danas*, scored an average of 20.4 per cent (2019: 19.1 per cent).

RTL 2 grew its prime-time audience share to 6.6 per cent (2019: 5.6 per cent). The children's channel, **RTL Kockica**, recorded an average audience share of 16.4 per cent (2019: 18.2 per cent) among children aged four to 14 between the hours of 7:00 and 20:00.

RTL Croatia's streaming platform **RTL Play** – the largest free streaming platform in Croatia – registered 16.3 million video views, up 35.8 per cent year on year (2019: 12 million video views). In September 2020, RTL Play launched the pay service Play Premium with two different price tiers. The basic tier includes access to content from RTL Croatia's pay-TV channels (both linear and non-linear) and additional SVOD exclusives. The extended price tier offers additional content from Discovery and TLC Eurosport.



In 2020, **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 (2019: 82.3 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 151,800 listeners each weekday (2019: 164,500). **RTL Télé Lëtzebuerg** – the only general-interest TV channel broadcast in Luxembourgish – attracted 153,000 viewers each day (2019: 124,700) and achieved a prime-time audience share of 50.3 per cent in the target group of Luxembourgish viewers aged 15 and over (2019: 44.6 per cent). **RTL.lu**, Luxembourg's most visited website, has a daily reach of 46.7 per cent (2019: 45.8 per cent) of all Luxembourgers aged 15 and over. In December 2020, RTL Luxembourg launched **RTL Play**, a new streaming platform for audio and video content that contains all of RTL Luxembourg's original programmes, podcasts, and external productions and series in Luxembourgish, French and English.



In 2020, **Broadcasting Center Europe (BCE)** extended its footprint in the online video market, serving European institutions (the European Commission, European Central Bank and the Council of the European Union), sports federations and live-streaming of hybrid events such as music festivals, fashion events, general assemblies and product roadshows. BCE's playout operations have proven to be resilient during the coronavirus crisis, keeping their full range of services operational by introducing strict security and sanitary measures. BCE also worked on the migration of Radio France to an IP (Internet Protocol) infrastructure for the distribution of all audio and video content and Antenne Réunion to HD.



The Spanish net TV advertising market decreased by an estimated 18.4 per cent in 2020. On a 100 per cent basis, consolidated revenue of **Atresmedia** was down 16.7 per cent to €866 million (2019: €1,039 million), while operating profit (EBITDA) was down by 59.8 per cent to €74 million (2019: €184 million) and net profit was €24 million (2019: €120 million). The profit share of RTL Group was €4 million (2019: €22 million).

The Atresmedia family of channels achieved a combined audience share of 27.8 per cent in the commercial target group of viewers aged 25 to 59 (2019: 27.7 per cent). The main channel, **Antena 3**, recorded an audience share of 11.4 per cent (2019: 11.4 per cent) in the commercial target group.

The further reduction of the share price, and the reduction of Spanish TV advertising spend due to Covid-19 constituted triggering events for performing the impairment testing for Atresmedia at 30 June 2020. The current valuation resulted in an impairment, generating a loss of minus €60 million at 30 June 2020.

For more information on investments in associates please see note **7.5.1** to the Consolidated Financial Statements in the RTL Group Annual Report 2020.

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 mission. The Mission Statement defines what the Group does, what it stands for and how employees communicate – both with the outside world and with each other. At the heart of RTL Group's guiding principles and values is a commitment to embracing independence and diversity in its people, content and businesses.

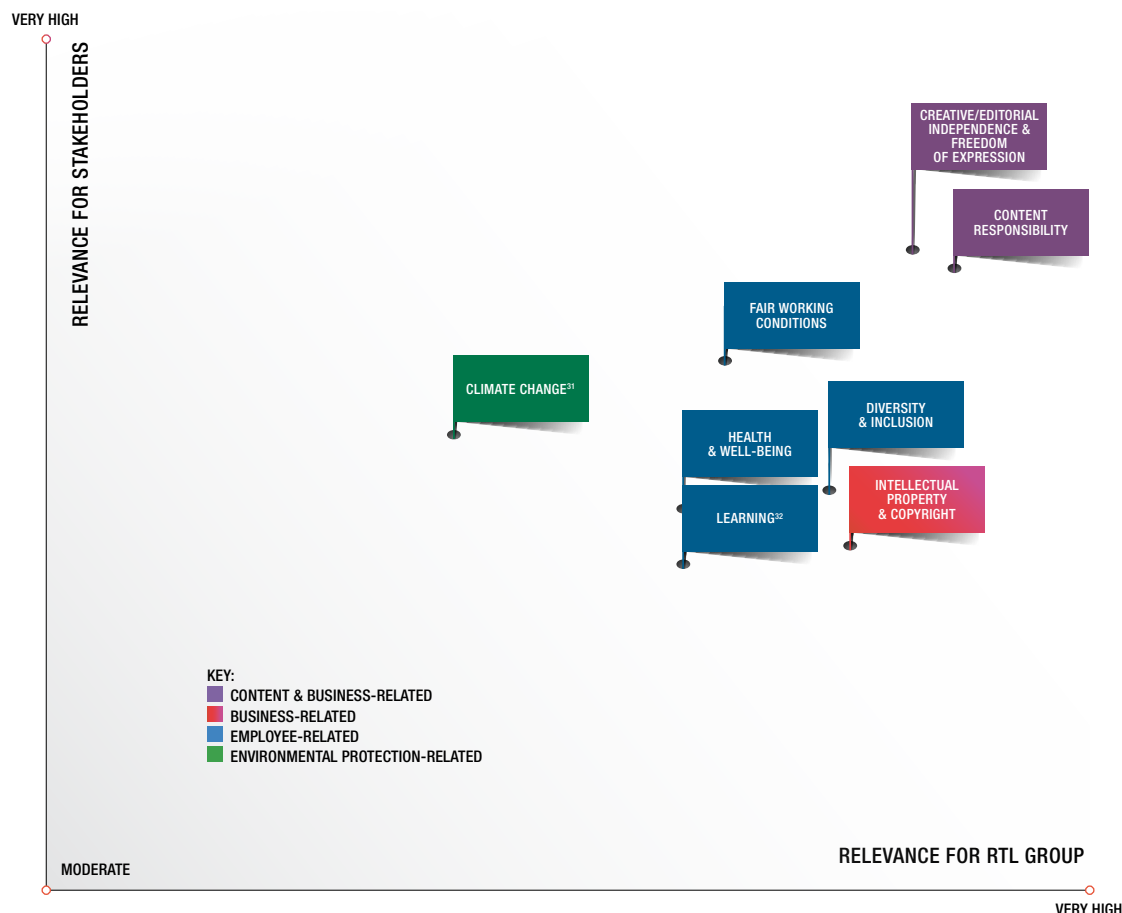
Following the reorganisation of the Group's Corporate Centre in 2019, RTL Group redefined its CR organisation in 2020. As part of this re-evaluation the Group decided to stop publishing its own Non-Financial Statement. The information of the Combined Non-Financial Statement (compliant with the European 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*.

At the end of 2020, RTL Group established a new RTL CR Board that brings together executives from RTL Group and Mediengruppe RTL Deutschland. 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 the Corporate Centre and in the Group's largest business unit. 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-practice 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 achieve defined climate targets. The Group is working hard to reduce CO₂ emissions, with a view to becoming climate-neutral by 2030.

The following summary covers the key information of the following subjects: editorial independence, employees, diversity, society, intellectual property and copyright, information security, anti-corruption and anti-bribery, human rights and 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 conducted in 2020 in close consultation with 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 thus 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 therefore needs to be a diverse and creative business. In 2020, the Group had an average of 10,598 full-time employees (15,960 headcount, including permanent and temporary employees) 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 – one that attracts and retains the best talent. The objective is to equip employees with the skills and competencies they need to address the company's current and future challenges. The Group 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.

³¹ The different environmental topics have been pooled
³² 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 coronavirus crisis and various lockdown measures have changed the world of work tremendously. In 2020, RTL Group offered flexible home-office options to all employees who could work from home and whose function did not require their presence at the office. Various local surveys were conducted to find out how employees experience these new ways of working, and to establish their future expectations. The results showed that employees want more flexibility in their working life. As a result, RTL Group's management is committed – in close consultation with employee representatives – to finding hybrid solutions that blend working from home and at the office.

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 promote diversity and ensure 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 as a whole is balanced by gender (with 52 per cent men and 48 per cent women as of 31 December 2020). At the end of 2020, women accounted for 24 per cent of top management positions (31 December 2019: 22 per cent), and 24 per cent of senior management positions (31 December 2019: 20 per cent).

Top management generally encompasses the members of the Executive Committee, the CEOs of the business units and their direct reports members of the Management Boards, and the Executive Committee direct reports at RTL Group's Corporate Centre. Senior management generally encompasses the Managing

Directors of the businesses at each business unit, the heads of the business units' departments and the Senior Vice Presidents of RTL Group's Corporate Centre (unless already classified as members of top management).

RTL Group's long-term ambition is for women and men to be represented in equal proportions across all management layers. In 2019, RTL Group's Executive Committee reviewed the Group's objectives and set the following quantitative targets for 2021: to increase the ratio of women in top and senior management positions to at least one third (24 per cent as of 31 December 2020). 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. The 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 2020, Fremantle committed itself globally to more diversity across its business and content by focusing on three key areas. *Unlock* is a commitment to creating opportunities across the business, including the expansion of mentoring initiatives to broaden the diversity of the hiring pool and to promote change across the wider industry. *Unlearn* is a new and ongoing cultural learning programme which includes mandatory bias training. *Untitled* is a communication platform designed to amplify and involve all voices, where Fremantle facilitates multiple open-forum sessions for their employees to discuss equality or voice concerns.

In the US, Fremantle is working with the Hollywood Bridge Fund, a scheme that trains and connects below-the-line, underrepresented workers to job opportunities in Hollywood and helps broaden the diversity of the hiring pool. In the UK, Fremantle created a mentoring initiative with the TV Collective 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. By the end of 2024, UFA's full-year programming portfolio should reflect the diversity found in society.

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 regarding children and young people. The Group complies fully with all child-protection laws and also ensures that its programming is suitable for children or is broadcast when they are unlikely to be viewing. In addition, RTL Group strives to give back to its communities by using its high profile to raise public awareness of, and funds for, important social issues, particularly those that might otherwise receive less coverage or funding.

As part of the Group's support of worthy causes, it provides free airtime worth several million euros to charities or non-profit organisations, to enable them to raise awareness of their cause. In addition, RTL Group donates significant amounts of money to numerous charitable initiatives and corporate foundations. Finally, RTL Group's flagship events broadcast in 2020 (*Télévie* in Belgium and Luxembourg; *RTL-Spendenmarathon* in Germany) raised €27,129,150 for charity (2019: €24,806,880).

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 who can help the Group contribute to a vibrant, creative, innovative and diverse media landscape. Strong intellectual property rights are the foundation of RTL Group's business, and that of creators and rights holders.

RTL Group's Code of Conduct and Information Security Policy set a high standard for the protection of intellectual property. All employees are expected to comply with copyright laws and licensing agreements and to put in place appropriate security practices (password protection, approved technology and licensed software) to protect intellectual property. Sharing, downloading or exchanging copyrighted files without appropriate permission is prohibited.

ANTI-CORRUPTION AND ANTI-BRIBERY

The foundation for lasting business success is built on integrity and trustworthiness, and RTL Group has zero tolerance of 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.

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 on the

basis of each country's average energy mix. To improve data quality, since 2017 it has been calculated on the basis of the emissions associated with the Group's individual electricity supply contracts.

At the beginning of 2020, RTL Group decided to become carbon neutral by 2030. It will reach this goal in two steps. By 2025, RTL Group will be carbon neutral with regards to company-related CO₂ emissions. Here, the main 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.

For RTL Group's environmental indicators according to GRI standards please visit [RTLGroup.com](https://www.rtlgroup.com).

INNOVATION

Innovations at RTL Group focus on three core topics: continuously developing new, high-quality TV formats; using all digital means of distribution; and better monetisation of the Group's audience reach, via targeting and personalisation/recommendation.

For example, RTL Group established the Format Creation Group (FC Group) to meet the high demand for exclusive content by developing innovative format ideas and intellectual property fully owned and controlled by RTL Group.

On 20 October 2020, Salto – the joint subscription streaming service of Groupe TF1, France Télévisions

and Groupe M6 – was launched in France. The technology company Bedrock, a company owned by RTL Group and Groupe M6, provides the tech platform for Salto with state-of-the-art content curation and personalisation features. The Bedrock tech platform will also be used by RTL Group broadcasters and is open to other European broadcasters.

Addressable TV (ATV) advertising combines the high reach of linear TV with the targeting solutions of digital advertising. RTL Group aims to create an open ad-tech platform, based on the technology developed by its subsidiary Smartclip and tailored for the needs of European broadcasters and streaming services. RTL Group is in talks with several European broadcasters to work on ad-tech partnerships with Smartclip.

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 7.5.1. and 7.14.1. to the Consolidated Financial Statements in the RTL Group Annual Report 2020).

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 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. IP Deutschland 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 hearing is scheduled for 25 June 2021.

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. Atresmedia later challenged the decision by filing an application for judicial review with the Administrative Chamber of the Audiencia Nacional, Spain's national court. Atresmedia remains convinced that the decision made by the CNMC is not sufficiently justified and expects a positive outcome. The prospects of success are based, inter alia, on the outdated definition of the advertising market used by CNMC.

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 3. to the Consolidated Financial Statements for the risks linked to financial instruments, and in the Corporate Governance section on *RTLGroup.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 Investors section on *RTLGroup.com*, which contains RTL Group's corporate governance charter, and regularly updated information, such as the latest version of the company's governance documents (such as articles of incorporation, statutory accounts, minutes of shareholders' meetings), and information on the composition and mission of the RTL Group Board and its committees. The Investors section also contains the financial calendar and other information that may be of interest to shareholders.

SHAREHOLDERS

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

As at 31 December 2020, 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 Meetings of Shareholders on 30 June 2020 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

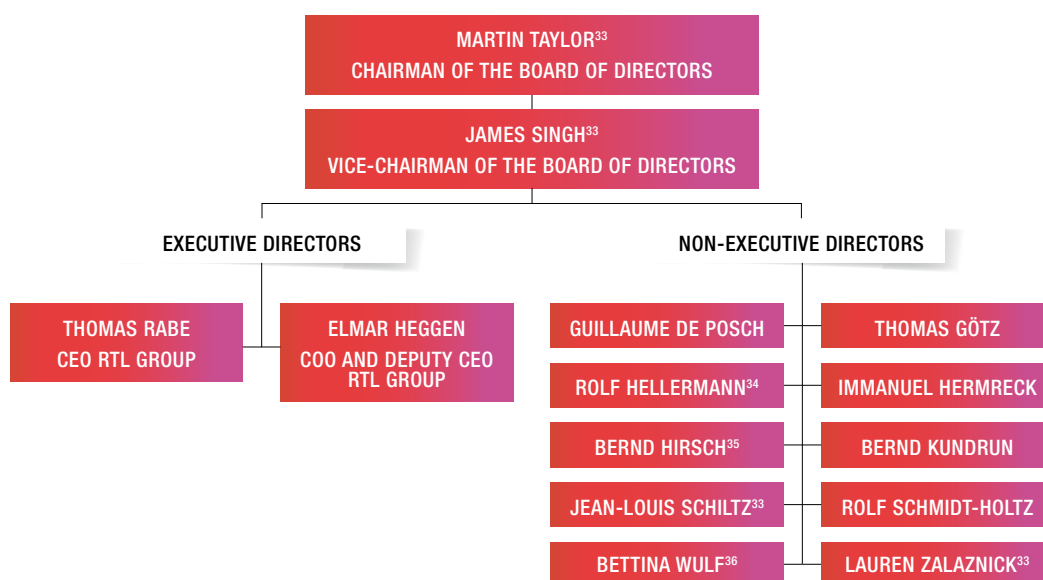
BOARD OF DIRECTORS

The Board of Directors has the most extensive powers to take, in the interest 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 2020 the Board of RTL Group had 13 members: two executive directors and 11 non-executive directors. The Annual General Meeting (AGM) on 30 June 2020 appointed Bettina Wulf. The other executive and non-executive directors re-elected

at the AGM of 2018 were appointed for three years. Bernd Hirsch resigned with effect from 31 December 2020. Rolf Hellermann was co-opted in replacement of Bernd Hirsch with effect from 1 January 2021. Biographical details of the directors can be found on *RTLGroup.com*.

Among the non-executive directors, 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 was appointed under the criteria of independence of the London Stock Exchange, before RTL Group adopted the Ten Principles of the Luxembourg Stock Exchange. 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 six times physically or by telephone conference in 2020 – with an average attendance rate of 100 per cent – and adopted some decisions by circular resolution. An evaluation process of the Board of Directors' activities, and the activities of its committees, was carried out in 2018.

³³ Independent Director

³⁴ As from 1 January 2021

³⁵ Until 31 December 2020

³⁶ As from 30 June 2020

| Individual attendance of the members of the RTL Group Board of Directors | Participation in meetings | Attendance % |
|--|------------------------------|-----------------|
| Martin Taylor (Chairman) | 6/6 | 100 |
| Guillaume de Posch | 6/6 | 100 |
| Elmar Heggen | 6/6 | 100 |
| Thomas Götz | 6/6 | 100 |
| Immanuel Hermreck | 6/6 | 100 |
| Bernd Hirsch | 6/6 | 100 |
| Bernd Kundrun | 6/6 | 100 |
| Thomas Rabe | 6/6 | 100 |
| Jean-Louis Schiltz | 6/6 | 100 |
| Rolf Schmidt-Holtz | 6/6 | 100 |
| James Singh | 6/6 | 100 |
| Bettina Wulf | 3/3 | 100 |
| Lauren Zalaznick | 6/6 | 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 2020, a total of €1.4 million (2019: €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 9.4. to the Consolidated Financial Statements in the RTL Group Annual Report 2020).

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

The Nomination and Compensation Committee comprises four non-executive directors, one of whom is an independent director (who also chairs the meetings) and meets at least twice a year. The committee's plenary meetings are attended by the CEO, the COO/Deputy CEO and the Executive Vice

President Human Resources. The Nomination and Compensation Committee may involve other persons to help the committee fulfil its tasks. The 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 four times in 2020, physically or by telephone 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) | 4/4 | 100 |
| Rolf Schmidt-Holtz | 4/4 | 100 |
| Thomas Götz | 4/4 | 100 |
| Immanuel Hermreck | 4/4 | 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.

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 of time under review, as well as on their remediation.

The Audit Committee met five times in 2020 – by telephone and Microsoft Teams conference – with an average attendance rate of 100 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 |
| Bernd Hirsch | 5/5 | 100 |
| Martin Taylor | 5/5 | 100 |
| Jean-Louis Schiltz | 5/5 | 100 |
| Thomas Götz | 5/5 | 100 |

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. More information about the members of the Executive Committee can be found on [RTLGroup.com](https://rtlgroup.com).

In 2020, a total of €5.0 million (2019: €7.5 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 9.3. to the Consolidated Financial Statements of the RTL Group Annual Report 2020).

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 30 June 2020, the shareholders appointed KPMG Luxembourg Société coopérative as statutory auditor for a term of one year, expiring at the end of the Ordinary General Meeting of Shareholders ruling on the 2020 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 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 [RTLGroup.com/codeofconduct](https://rtlgroup.com/codeofconduct).

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 57 to 61).

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 the 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 Head of Treasury, Corporate Finance & ERM 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 Audit department.

Like the RMS, 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 | | |
| Cyclical development of economy | Economic developments directly affect advertising markets and therefore RTL Group's revenue. | Continuous monitoring of market conditions, scenario planning and strict cost control allows 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. |
| Audience and market share | 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 newly developed platforms – to create national streaming champions. |
| 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. |
| 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. |
| Strategic direction | Wrong strategic decisions could lead to a potential loss of revenue. Wrong strategic investment decisions or high purchase prices could also lead to an impairment of goodwill. | Prudent investment policies are followed, underpinned by realistic and conservative business plans. Approval levels are followed to ensure the relevant degree of management sign-off. A regular review of strategic options is undertaken. |
| Market risks | | |
| New entrants and market fragmentation | Digitisation has significantly transformed the TV market, bringing various ways of reaching viewers. Higher competition for audience attention and programme acquisitions, accelerated audience fragmentation due to streaming services, new channels, and expansion of platform operators may affect RTL Group's position. | RTL Group's strategy is to embrace new digital opportunities by ensuring its channels and stations are platform neutral (that is, available on the widest possible choice) and the Group develops strong families of channels and streaming services, based on its leading brands. For example, by using alliances and partnerships to grow, RTL Group aims to counteract the dominance of the US streaming platforms. Examples include RTL AdConnect and the Ad Alliances in Germany and the Netherlands. |
| Risks in key business | | |
| Customers | Bad debts or loss of customers may negatively impact RTL Group's profits. | Credit analysis of all new advertisers is systematically undertaken. Depending on the customer's credit-worthiness, 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 a rise in costs. | The Group aims wherever possible to diversify its sources of supply. 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. |
| Financial risks | | |
| Foreign exchange exposure | The operating margin and programme costs are impacted 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 and radio channels 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:

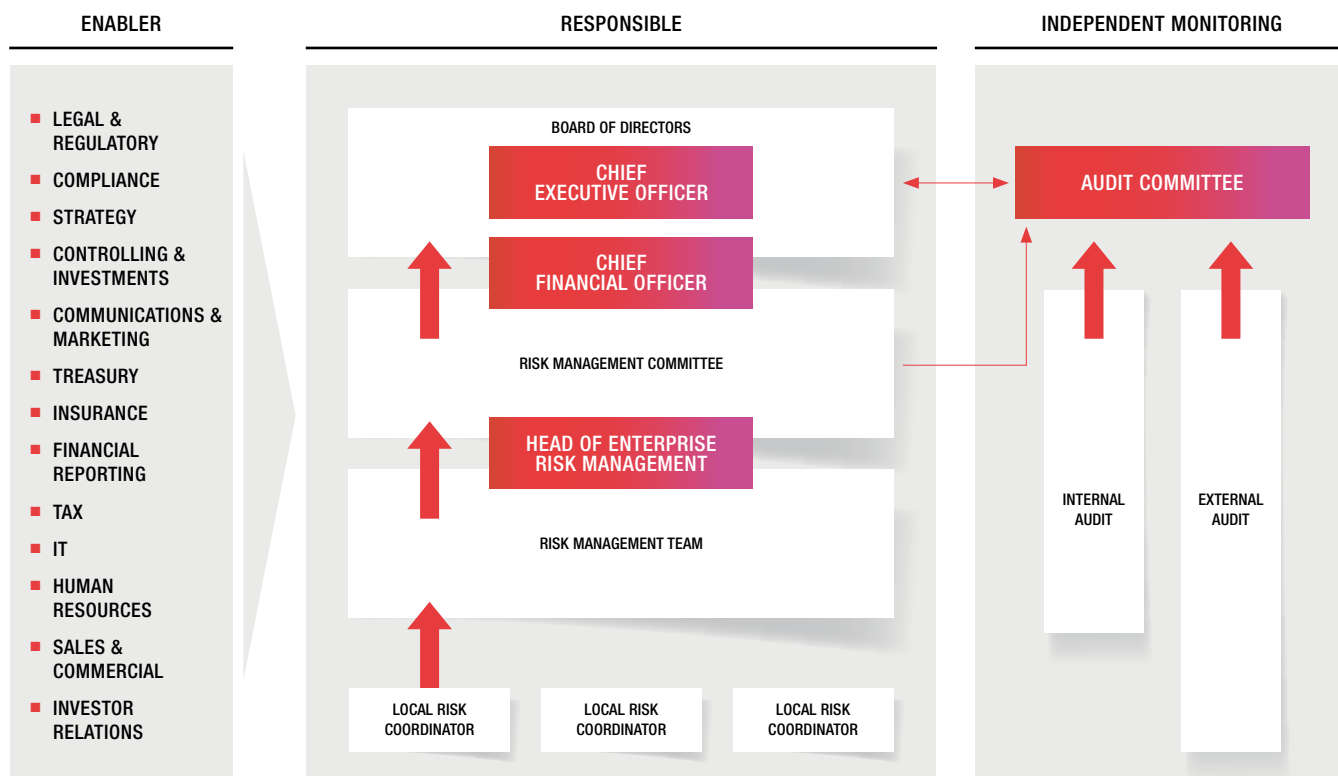
- **Embedded culture:** promote and embed a common risk management culture in the daily work of all RTL Group employees.
- **Consistent policy:** develop consistent risk policies on key matters, to be tailored and implemented at business unit level with consideration of local challenges and environment.
- **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 on page 59) 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 the Legal and Regulatory, Compliance, Strategy, Controlling and Investments, Communications and Marketing, Treasury, Insurance, Group Financial Reporting, Tax, IT, Human Resources, Sales and Commercial and Investor Relations 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



DEFINITION OF RISK

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
- 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.

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 | Risk classification (potential financial loss in three-year period) | | | | |
|----------|---------------------------------|---|-----------------------------|--------------------------------|---------------------------------|--------------------------------|
| | | Low (<€50million) | Moderate (<€100 million) | Significant (<€250 million) | Considerable (<€500 million) | Endangering (>€500 million) |
| 1 | Changes in market environment | | | | | |
| 2 | Cyclical development of economy | | | | | |
| 3 | Audience and market share | | | | | |
| 4 | Legal | | | | | |
| 5 | Supplier risks | | | | | |
| 6 | Customer risks | | | | | |
| 7 | IT & infrastructure | | | | | |
| 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 on a bi-annual basis. 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: the Enterprise Risk Management (ERM) team aggregates 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 moderate though the economic development remains highly uncertain depending on the evolution of the Covid-19 pandemic. Changes in the industry – in particular due to new technologies and increasing competition with US platforms – will continue to impact the Group. The Group considers consequences associated with Brexit to be limited.

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. The Covid-19 crisis allowed 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 2020 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 2020 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 'Investors' Corporate Governance Section on the company's website, *RTLGroup.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 interest 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 'Investors' Corporate Governance Section on *RTLGroup.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.

SUBSEQUENT EVENTS

On 5 February 2021, RTL Group announced that it has signed a definitive agreement for the sale of SpotX to the US ad tech company Magnite. The transaction is subject to receipt of regulatory approvals and is expected to close in Q2/2021.

The purchase price consists of US-\$560 million in cash and 14.0 million shares of Magnite stock. The agreement implies an enterprise value (100 per cent) for SpotX of US-\$1.17 billion (€977 million), based on the closing price of Magnite stock as of 4 February 2021. RTL Group's shareholders will benefit from the cash proceeds in line with the stated dividend policy. RTL Group acquired a 65 per cent majority shareholding in SpotX for €107 million in 2014, and took full ownership of SpotX in 2017, acquiring the remaining shareholding for €128 million.

On 3 March 2021, Mediengruppe RTL Deutschland announced a binding agreement with its current joint venture partner, The Walt Disney Company, to acquire the outstanding 50 per cent shareholding in Super RTL. The transaction – which is subject to approval from the German and Austrian competition authorities – will take RTL Group's shareholding in Super RTL to 100 per cent.

OUTLOOK

The following outlook assumes that the economic recovery continues in 2021, in particular in Q2/2021, as current lockdown measures are gradually eased and vaccination programmes against Covid-19 progress.

■ RTL Group expects its **revenue** to increase to approximately €6.2 billion. This includes organic growth of 8 per cent and the effects of the deconsolidation of BroadbandTV.

■ RTL Group expects its **Adjusted EBITA** for 2021 to grow to approximately €975 million. This includes streaming start-up losses of approximately €150 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.

| | 2020 €m | 2021e €m |
|--|------------|-------------|
| Revenue | 6,017 | ~6,200 |
| Adjusted EBITA | 853 | ~975 |
| Streaming start-up losses | 55 | ~150 |
| "Adjusted EBITA before streaming start-up losses" | 908 | ~1,125 |
| RTL Group: strategic targets for the streaming services TV Now and Videoland | | |
| | 2020 | 2025e |
| Paying subscribers | 2.19 m | 5 m to 7 m |
| Streaming revenue | €170 m | >€500 m |
| Content spend per annum | €117 m | ~€350 m |

Adjusted EBITA break-even expected by 2025.

11 March 2021

The Board of Directors

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 2020 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, 11 March 2021



Thomas Rabe
Chief Executive Officer



Elmar Heggen
Chief Operating Officer
Deputy Chief Executive Officer



Björn Bauer
Chief Financial Officer

CONSOLIDATED INCOME STATEMENT

| | 2020 € m | 2019 ¹ € m |
|--|-------------|--------------------------|
| Revenue | 6,017 | 6,651 |
| Other operating income | 37 | 48 |
| Consumption of current programme rights | (2,070) | (2,266) |
| Depreciation, amortisation, impairment and valuation allowance | (248) | (245) |
| Other operating expenses | (2,950) | (3,112) |
| Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries | (25) | (15) |
| Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree | 172 | 86 |
| Profit from operating activities | 933 | 1,147 |
| Share of results of investments accounted for using the equity method | 32 | 64 |
| Impairment and reversals of investments accounted for using the equity method | (62) | (50) |
| Earnings before interest and taxes ("EBIT") | 903 | 1,161 |
| Interest income | 4 | 5 |
| Interest expense | (33) | (37) |
| Financial results other than interest | 1 | 27 |
| Profit before tax | 875 | 1,156 |
| Income tax expense | (250) | (292) |
| Profit for the year | 625 | 864 |
| Attributable to: | | |
| RTL Group shareholders | 492 | 754 |
| Non-controlling interests | 133 | 110 |
| Profit for the year | 625 | 864 |
| Earnings per share (in €) | | |
| – Basic | 3.20 | 4.91 |
| – Diluted | 3.20 | 4.91 |

¹ The figures from the previous year have been adjusted (see note 1.30.)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 2020 € m | 2019 € m |
|---|-------------|-------------|
| Profit for the year | 625 | 864 |
| Other comprehensive income ("OCI"): | | |
| Items that will not be reclassified to profit or loss: | | |
| Re-measurement of post-employment benefit obligations | 8 | (21) |
| Income tax | – | 4 |
| | 8 | (17) |
| Equity investments at fair value through OCI – change in fair value | 2 | (2) |
| Income tax | (1) | – |
| | 1 | (2) |
| | 9 | (19) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation differences | (52) | 6 |
| Effective portion of changes in fair value of cash flow hedges | (20) | 12 |
| Income tax | 6 | (4) |
| | (14) | 8 |
| Recycling of cash flow hedge reserve | – | (6) |
| Income tax | – | 2 |
| | – | (4) |
| | (66) | 10 |
| Other comprehensive income/(loss) for the year, net of income tax | (57) | (9) |
| Total comprehensive income for the year | 568 | 855 |
| Attributable to: | | |
| RTL Group shareholders | 434 | 748 |
| Non-controlling interests | 134 | 107 |
| Total comprehensive income for the year | 568 | 855 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 31 December 2020 € m | 31 December 2019 ² € m |
|---|----------------------------|---|
| Non-current assets | | |
| Programme and other rights | 54 | 66 |
| Goodwill | 2,871 | 3,026 |
| Other intangible assets | 313 | 323 |
| Property, plant and equipment | 291 | 315 |
| Right-of-use assets | 329 | 380 |
| Investments accounted for using the equity method | 384 | 352 |
| Loans and other financial assets | 139 | 148 |
| Deferred tax assets | 333 | 332 |
| | 4,714 | 4,942 |
| Current assets | | |
| Programme rights | 1,211 | 1,252 |
| Other inventories | 8 | 13 |
| Income tax receivable | 24 | 33 |
| Accounts receivable and other financial assets | 2,248 | 2,275 |
| Cash and cash equivalents | 436 | 377 |
| | 3,927 | 3,950 |
| Assets held for sale | 429 | 88 |
| Current liabilities | | |
| Loans and bank overdrafts | 124 | 157 |
| Lease liabilities | 60 | 59 |
| Income tax payable | 24 | 24 |
| Accounts payable | 2,201 | 2,778 |
| Contract liabilities | 328 | 299 |
| Provisions | 144 | 97 |
| | 2,881 | 3,414 |
| Liabilities related to assets held for sale | 234 | 43 |
| Net current assets | 1,241 | 581 |
| Non-current liabilities | | |
| Loans | 641 | 631 |
| Lease liabilities | 324 | 373 |
| Accounts payable | 347 | 388 |
| Contract liabilities | 4 | 6 |
| Provisions | 238 | 257 |
| Deferred tax liabilities | 48 | 43 |
| | 1,602 | 1,698 |
| Net assets | 4,353 | 3,825 |
| Equity attributable to RTL Group shareholders | 3,706 | 3,292 |
| Equity attributable to non-controlling interests | 647 | 533 |
| Equity | 4,353 | 3,825 |

² The figures from the previous year have been adjusted (see note 1.30.)

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 2019 | 192 | (44) | (135) | 3 | 68 | 2,930 | 3,014 | 505 | 3,519 |
| Total comprehensive income: | | | | | | | | | |
| Profit for the year | – | – | – | – | – | 754 | 754 | 110 | 864 |
| Re-measurement of post-employment benefit obligations, net of tax | – | – | – | – | – | (14) | (14) | (3) | (17) |
| Equity investments at fair value through OCI – change in fair value, net of tax | – | – | – | – | (2) | – | (2) | – | (2) |
| Foreign currency translation differences | – | – | 6 | – | – | – | 6 | – | 6 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | – | – | – | 8 | – | – | 8 | – | 8 |
| Recycling of cash flow hedge reserve, net of tax | – | – | – | (4) | – | – | (4) | – | (4) |
| | – | – | 6 | 4 | (2) | 740 | 748 | 107 | 855 |
| Capital transactions with owners: | | | | | | | | | |
| Dividends | – | – | – | – | – | (461) | (461) | (75) | (536) |
| Equity-settled transactions, net of tax | – | – | – | – | – | 4 | 4 | 4 | 8 |
| Changes in treasury shares | – | 3 | – | – | – | (1) | 2 | – | 2 |
| Transactions on non-controlling interests without a change in control | – | – | – | – | – | (14) | (14) | (7) | (21) |
| Transactions on non-controlling interests with a change in control | – | – | – | – | – | – | – | – | – |
| Derivatives on equity instruments | – | – | – | – | – | (1) | (1) | (1) | (2) |
| | – | 3 | – | – | – | (473) | (470) | (79) | (549) |
| Balance at 31 December 2019 | 192 | (41) | (129) | 7 | 66 | 3,197 | 3,292 | 533 | 3,825 |
| Balance at 1 January 2020 | 192 | (41) | (129) | 7 | 66 | 3,197 | 3,292 | 533 | 3,825 |
| Total comprehensive income: | | | | | | | | | |
| Profit for the year | – | – | – | – | – | 492 | 492 | 133 | 625 |
| Re-measurement of post-employment benefit obligations, net of tax | – | – | – | – | – | 7 | 7 | 1 | 8 |
| Equity investments at fair value through OCI – 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 |
| Changes in treasury shares | – | – | – | – | – | – | – | – | – |
| 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 |
| Derivatives on equity instruments | – | – | – | – | – | 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 |

CONSOLIDATED CASH FLOW STATEMENT

| | 2020 € m | 2019 ³ € m |
|--|--------------|--------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 875 | 1,156 |
| Adjustments for: | | |
| – Depreciation and amortisation | 246 | 256 |
| – Value adjustments and impairment | 14 | 26 |
| – Share-based payments expenses | 5 | 8 |
| – Re-measurement of earn-out arrangements | 1 | (1) |
| – Gain on disposal of assets | (171) | (84) |
| – Financial results including net interest expense and share of results of investments accounted for using the equity method | 93 | 62 |
| Change of provisions | 38 | (20) |
| Working capital changes | 80 | (14) |
| Income tax paid | (248) | (334) |
| Net cash from operating activities | 933 | 1,055 |
| Cash flows from investing activities | | |
| Acquisitions of: | | |
| – Programme and other rights | (60) | (87) |
| – Subsidiaries, net of cash acquired | (10) | (235) |
| – Other intangible and tangible assets | (118) | (107) |
| – Other investments and financial assets | (22) | (23) |
| Current deposit with shareholder | (536) | (27) |
| | (746) | (479) |
| Proceeds from the sale of intangible and tangible assets | 2 | 4 |
| Disposal of other subsidiaries, net of cash disposed of | 120 | 102 |
| Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets | 9 | 44 |
| Interest received | 3 | 4 |
| | 134 | 154 |
| Net cash used in investing activities | (612) | (325) |
| Cash flows from financing activities | | |
| Interest paid | (28) | (27) |
| Transactions on non-controlling interests | (63) | (44) |
| (Acquisition)/disposal of treasury shares | – | 2 |
| Term loan facility due to shareholder | – | (232) |
| Proceeds from loans | 251 | 134 |
| Repayment of loans | (271) | (7) |
| Payment of lease liabilities | (59) | (59) |
| Dividends paid | (4) | (538) |
| Net cash used in financing activities | (174) | (771) |
| Net increase/(decrease) in cash and cash equivalents | 147 | (41) |
| Cash and cash equivalents and bank overdrafts at the beginning of the year | 376 | 422 |
| Effect of exchange rate fluctuation on cash held | (16) | 1 |
| Effect of cash in disposal group held for sale | (72) | (6) |
| Cash and cash equivalents and bank overdrafts at the end of the year | 435 | 376 |

³ The figures from the previous year have been adjusted (see note 1.30.)

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Financial Calendar

| | | |
|-----------------|-------|---|
| 28 April 2021 | ————— | (Virtual) Annual General Meeting 2021 |
| 6 May 2021 | ————— | Quarterly Statement January to March 2021 |
| 6 August 2021 | ————— | Interim results 2021 |
| 4 November 2021 | ————— | Quarterly Statement January to September 2021 |

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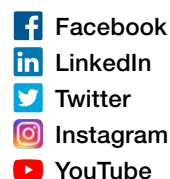
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