



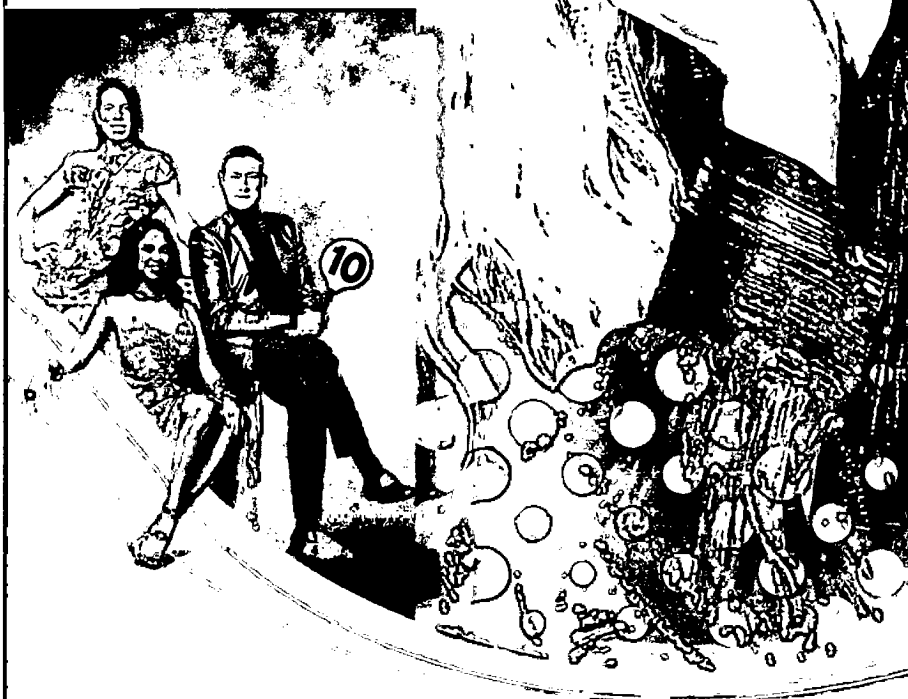
PARENT COMPANY ACCOUNTS FILED IN
RESPECT OF A SUBSIDIARY COMPANY

RTL Group Support Services Ltd

Company Number 00889123

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ANNUAL REPORT 2020



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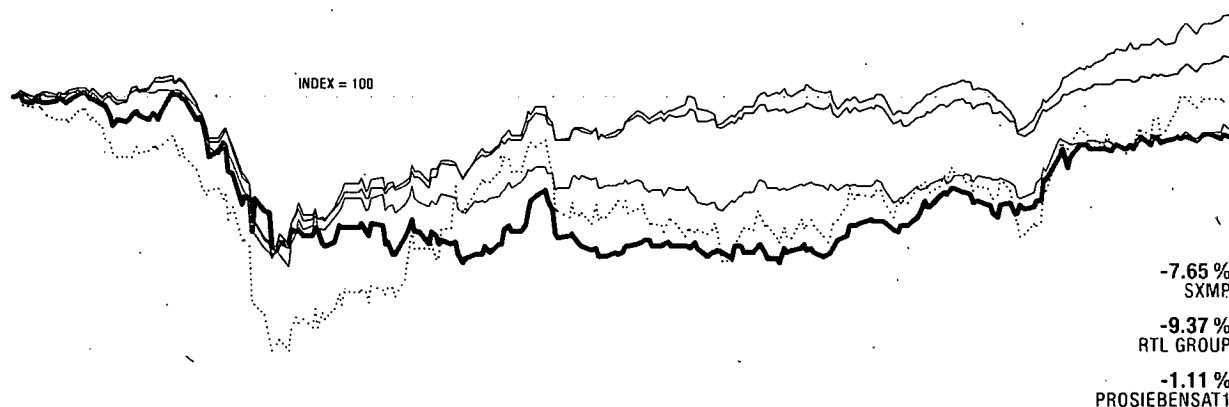
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COMPANIES HOUSE

KEY FIGURES

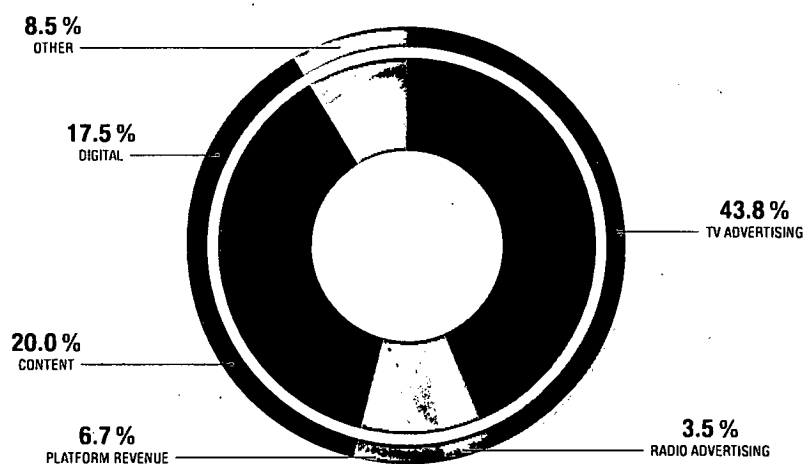
SHARE PERFORMANCE

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 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	3,557

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	NL*	–
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 ViceLand/RTL XL

ABOUT RTL GROUP

RTL Group is a leader across broadcast, content and digital, with interests in 67 television channels, ten streaming platforms and 38 radio stations.

RTL Group also produces content throughout the world and owns a digital video network.

Find the
detailed corporate
profile of RTL Group
on page 38



OUR MISSION

We are innovators who shape the media world across broadcast, content and digital.

We build inspiring environments where creative and pioneering spirits can thrive.

We create and share stories that entertain, inform, and engage audiences around the world.

We embrace independence and diversity in our people, our content and our businesses.

We have a proud past, a vibrant present and an exciting future.

RTL GROUP
ENTERTAIN. INFORM. ENGAGE.



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VISIT
THE INTERACTIVE
ONLINE REPORT

annual-report2020.rtlgroup.com



CHIEF EXECUTIVE'S REPORT

2020 was a year of both unprecedented challenge and major achievements for RTL Group.

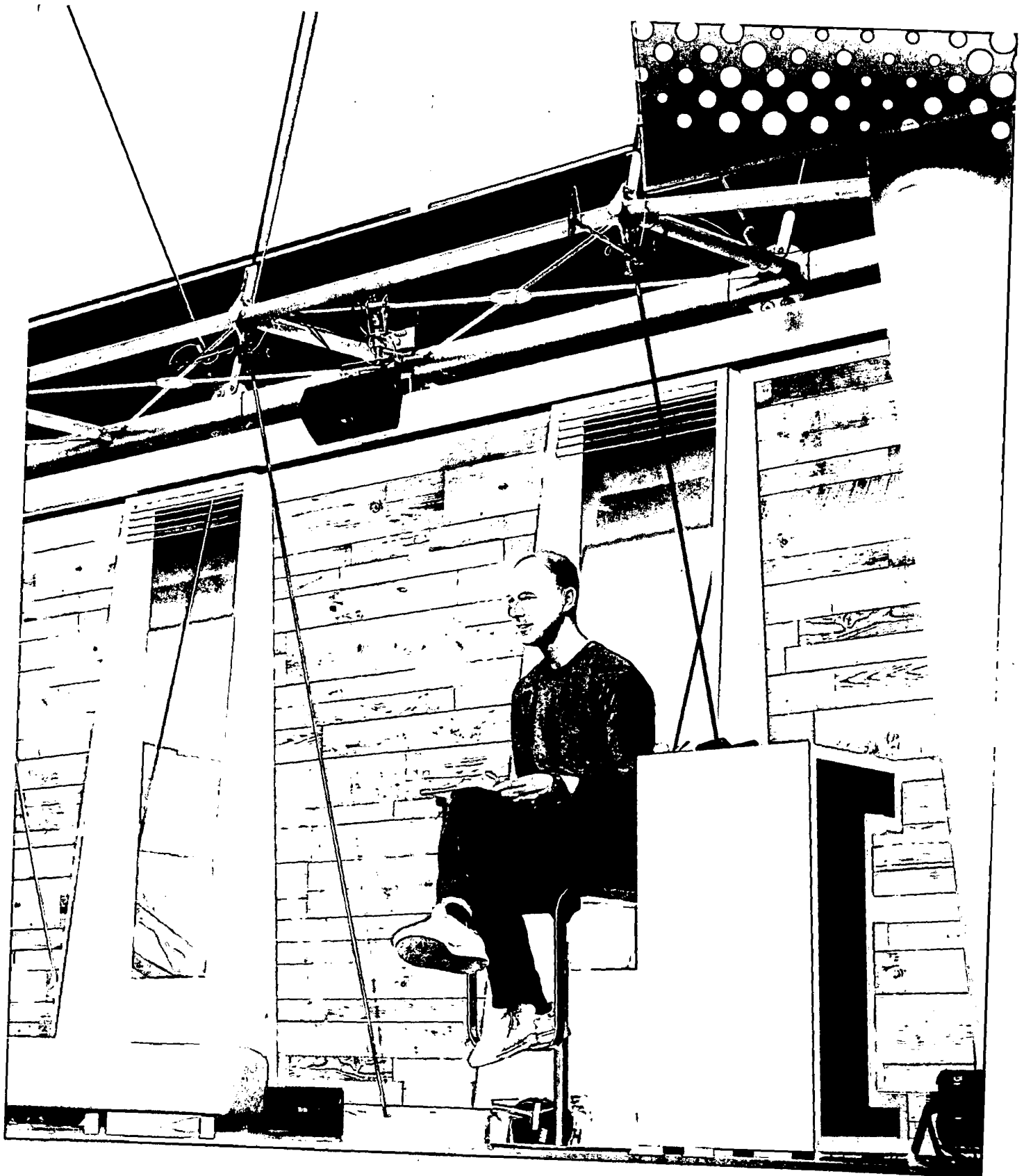
We reacted promptly to the worldwide spread of the coronavirus disease, placing the highest priority on the health of our employees and on protecting our businesses.

The full-year results for 2020 show that 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.

Thomas
RABE

CHIEF EXECUTIVE OFFICER
RTL GROUP





To keep the management teams across the Group informed during the Covid-19 pandemic, Thomas Grise held a number of virtual management meetings.



The RTL Group Management Committee successfully steered the Group through unprecedented times. From left to right: Björn Bauer, CFO RTL Group, Elmar Heggen, Deputy CEO and COO RTL Group, Jennifer Mullin, CEO Fremantle, Thomas Rabe, CEO RTL Group, Bernd Reichart, CEO RTL Deutschland, and Nicolas de Tavernost, Chairman of the Executive Board of Groupe M6

ACHIEVING VALUE FOR THE PUBLIC

At the beginning of March 2020, we registered the first cancellations of advertising bookings, as well as postponements of productions. This trend accelerated with the introduction of wide-ranging lockdown measures across Europe in later March. At this time, we moved to compulsory working-from-home measures, with very few exceptions.

Despite these challenges, our TV channels, radio stations, streaming services and websites continued to operate without interruption, registering significantly higher reach and usage. Throughout the year, RTL provided information and entertainment to millions of people who faced extraordinary disruption to their daily lives. The strong ratings of our news shows and information magazines demonstrated again: when it matters, people turn to TV. And they could rely on the dedication and professionalism of our news teams who covered the crisis from all angles with live broadcasts, specials and documentaries.

I am also pleased we have been running many initiatives such as awareness campaigns for social-distancing measures, thank you messages for the daily heroes of this unique crisis, and economic support for those businesses

hardest hit by it. For example, RTL Nederland offered free advertising to small and medium companies when the country re-opened in May 2020. And the Ad Alliance 'click & collect' campaign in Germany has encouraged consumers to support local retailers and restaurants by buying things online and picking them up.

All employees showed great team spirit and solidarity – physically distant, but in a way closer than ever and cooperating even more. Together, in our response, we were able to confirm the relevance of media, and to contribute to society in a meaningful way.

DEMONSTRATING RESILIENCE

Following a sharp decline in the second quarter of 2020, we saw a strong rebound in TV advertising in the second half of the year. In the important fourth quarter, TV advertising revenue across the Group was up 2.8 per cent year on year. The pandemic has shown that there is no substitute for TV when it comes to brand building, storytelling in a brand-safe environment and for achieving high reach in a short period of time.

Our full-year revenue decreased by 9.5 per cent to €6.0 billion. With programme cost savings at our broadcasting businesses and production cost savings at Fremantle, we succeeded in offsetting more than 70 per cent of the total revenue decline, on a comparable basis. We did so without cutting into the substance of our businesses or reducing investments in our streaming services. This is reflected in an Adjusted EBITA margin of 14.2 per cent, a net profit of €625 million and an operating cash conversion rate of more than 100 per cent. We continued to outperform our commercial competitors on audience ratings, and grew the number of paying subscribers for our streaming services by 52 per cent. All this demonstrates the resilience of our businesses, and the strength of our management teams, who had to operate under immense pressure, in particular in the months from March to July 2020.

**"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."**

— THOMAS RABE

RTL Group ended the year 2020 with net cash of €236 million, and our strong balance sheet has allowed us to return to our stated dividend policy. The proposed dividend of €3.00 per share represents a dividend yield of 8.9 per cent, based on the average share price in 2020.

CORE STRENGTHENING THE PORTFOLIO

RTL Group's three-priority strategy – core, growth, alliances & partnerships – has remained unchanged. I am very pleased to report that we have made major progress in all three priorities.

We strengthened our portfolio with the full acquisition of RTL Belgium and we recently signed a definitive agreement with Disney to fully acquire Super RTL in Germany. We sold non-core businesses, unlocking significant shareholder value. The disposals of BroadbandTV and iGraal generated capital gains of €158 million in 2020. In February 2021, we announced the sale of our US ad-tech company SpotX to Magnite for US-\$560 million in cash and 14.0 million shares of Magnite stock. Based on the closing price of Magnite stock as of 4 February 2021, the agreement implied an enterprise value for SpotX of US-\$1.17 billion. All disposals are fully in line with our strategy to concentrate on growing our European digital businesses and our global content business, Fremantle.

GROWTH BOOSTING RTL'S STREAMING SERVICES

We confirm our mid-term targets for the streaming services TV Now in Germany and Videoland in the Netherlands to grow their total number of paying subscribers to between 5 and 7 million, to grow streaming revenue to at least €500 million and to break even by 2025. To reach these goals, our annual content spend in TV Now and Videoland will increase to around €350 million in 2025. The growth in paying subscribers, viewing time and streaming revenue in 2020 is in line with these targets.

GROWTH TAPPING INTO ADDRESSABLE TV

In last year's report, I announced we had started a review of our brand architecture, taking into account how profoundly our competitive landscape has changed over the past five to ten years. As this report is published, we are working on implementing a comprehensive redesign and repositioning of the RTL brand. We will sustainably strengthen RTL as the leading European entertainment brand and harmonise the brand architecture across the entire RTL Group – from the corporate brands to the channel and format brands, and across all digital platforms. The focus is on 'one RTL' brand that stands for positive entertainment and independent journalism, as well as inspiration, energy and attitude.

We have planned the roll-out of this transformational project for the second half of 2021, starting with RTL Group and RTL Deutschland, and then gradually across the other European RTL families of channels. As part of the plan, TV Now will become RTL+, a clear statement of our ambition to build national streaming champions.

Strong partnerships are vital for this strategy. In November 2020, Deutsche Telekom and our largest business unit, RTL Deutschland, announced they would extend their cooperation. We integrated our streaming service TV Now Premium within Deutsche Telekom's TV offer, Magenta TV – and have already seen a positive effect on our subscriber numbers as a result. Both companies have also agreed to increase cooperation in advertising technology, advertising sales and content, with a special focus on addressable TV.

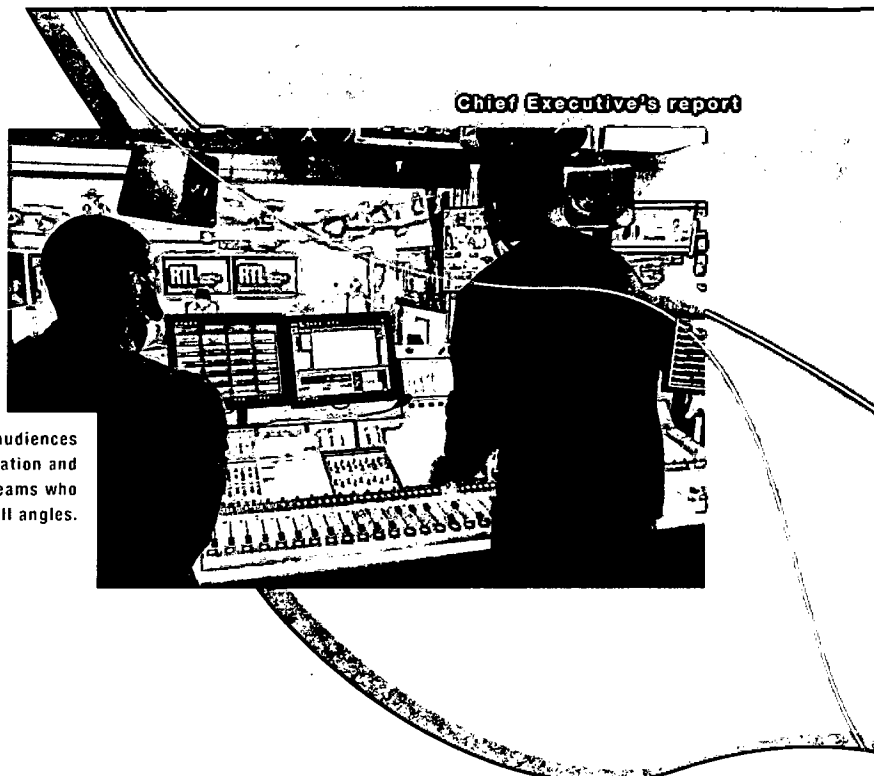
Addressable TV (ATV) advertising is one of the biggest growth opportunities for European broadcasters. ATV enables advertisers to continue to make the most of TV for what it has always been best at – creating brand awareness with massive audience reach in a high-quality, brand-safe environment. At the 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 achieve higher CPMs (Cost Per Mille).

In Germany alone, the market for addressable TV advertising is expected to grow to more than €500 million by 2025 – with RTL Deutschland taking approximately €200 million of this market.

Advertising technology remains a strategic priority for RTL Group. To transform our business successfully, two factors are particularly important. One is higher reach, in both linear and non-linear TV. The second is better monetisation of our reach, through targeting and personalisation – and this requires state-of-the-art advertising technology and data management. With our European ad-tech companies Smartclip and Yospace, we have made significant progress in building an open European ad-tech platform and tapping into the high-growth market of addressable TV advertising.

"I EXPRESSED MY CONVICTION THAT PARTNERSHIPS ARE MORE IMPORTANT THAN EVER, ESPECIALLY AFTER THE CORONAVIRUS PANDEMIC."

— THOMAS RABE



Throughout the pandemic, our audiences could rely on the dedication and professionalism of our news teams who covered the crisis from all angles.

GROWTH EXPANDING OUR GLOBAL CONTENT BUSINESS

Another growth driver for our business is the rising demand for fresh, exclusive content from both broadcasters and streaming services. 2020 was a challenging year for Fremantle, our global content business, as it had to stop or postpone around 200 productions in spring. By the end of 2020, Fremantle had resumed more than 90 per cent of these productions, and we are confident the company will return to pre-pandemic levels in a short space of time.

Fremantle delivered a total of 54 dramas from 15 territories in 2020 – compared to 53 from 14 territories in 2019. With productions such as *The New Pope* (Sky Italia), *The Investigation* (TV2 in Denmark, HBO in the US, BBC Two in the UK, TV Now in Germany), *We Are Who We Are* (HBO, Sky Italia) and *Deutschland 89* (Amazon Prime), Fremantle has become one of the leading global producers of international scripted series.

Fremantle launched its first high-end documentary – *Expedition Arktis* – which will be rolled out internationally in 2021, and also created one of the most-watched shows globally on Netflix in 2020, *Too Hot To Handle*. All this demonstrates the thriving creative diversity across Fremantle's global footprint – a solid foundation to continue to grow Fremantle, both organically and through targeted acquisitions.

ALLIANCES & PARTNERSHIPS CONSOLIDATION AND NATIONAL CHAMPIONS

Throughout 2020, I expressed my conviction that partnerships are more important than ever, especially after the coronavirus pandemic.

Our Ad Alliance in Germany reaches nearly 99 per cent of all households. The Bertelsmann Content Alliance in Germany comprises seven Bertelsmann content businesses that invest a total of more than €2 billion in content every year. In 2020, we created a Bertelsmann Content Alliance in the UK and at the beginning of 2021, RTL Deutschland and Gruner + Jahr started a process of exploring closer collaboration.

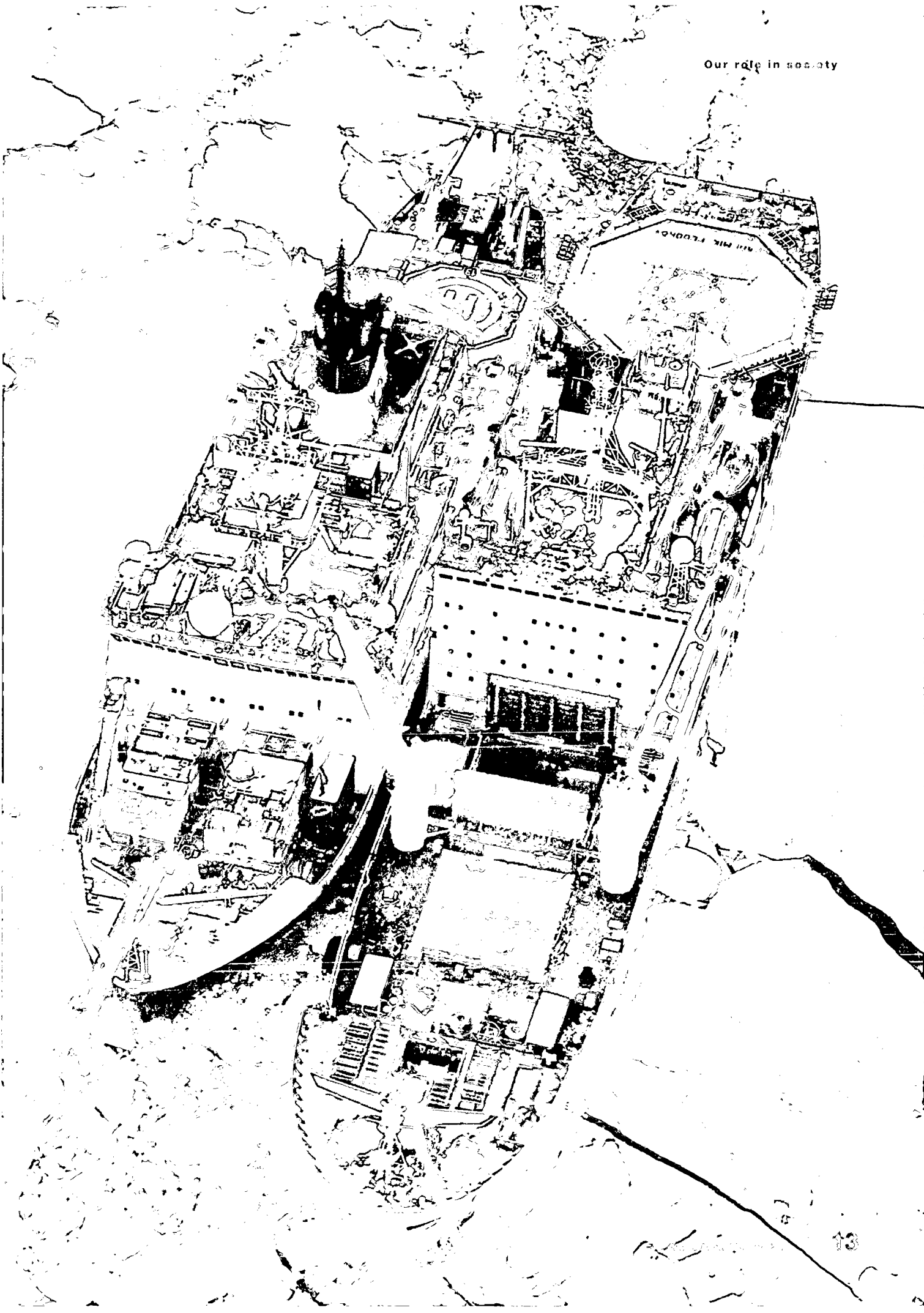
We believe that there is a strong case for in-country consolidation in the European media industry, in particular in TV. We at RTL will continue to review options for such consolidation and the creation of national champions to compete with the US tech platforms.

OUR ROLE IN SOCIETY

ENSURING
INDEPENDENCE

EMBRACING
DIVERSITY

With the documentary
Arctic Drift about the
largest Arctic expedition
ever, UFA provides a
clearer understanding of
climate change.



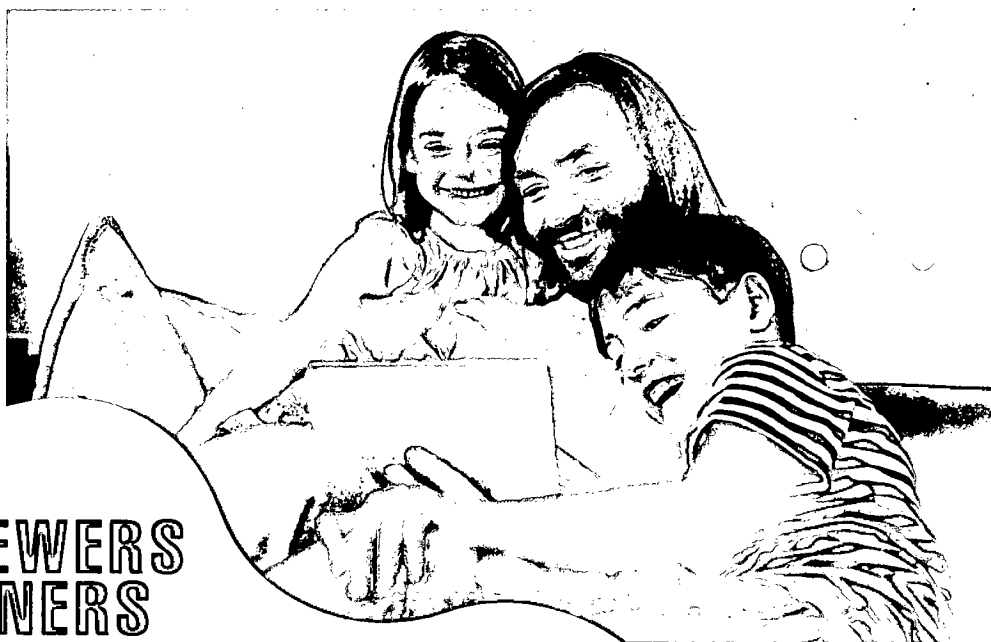
Our role in society

WE BELIEVE...

...video is the most complete medium. There is no better way to tell a story. Video engages our mind and captures our heart. It demands our attention and inspires our imagination.

Since our first radio broadcast in 1924, and through the growth of video and digital, our aim has always been to entertain, inform and engage our audiences. This is our role in society.

Our Mission Statement defines who we are, what we do and what we stand for. It reflects our role in society and guides us in our work. It includes a commitment to embrace independence and diversity in our people, our content and our businesses. Being a responsible company is integral to our mission.



VIEWERS LISTENERS DIGITAL USERS

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

We've never strayed from our commitment to be 'refreshingly different' and 'always close to the audience' and we pride ourselves on covering the events and issues people care about. A healthy, diverse and high-quality media landscape is the foundation of a democratic and connected society, and the millions of people who turn to us each day for the latest news need to be able to trust us. Our commitment to independence and diversity in our content

means we can maintain journalistic balance and reflect the diverse opinions of the societies we serve. In keeping with this commitment, the CEOs of our local business units act as publishers, while selecting and producing content is the responsibility of our editors-in-chief and programme directors.

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

Every year, RTL Group invests around €2 billion in Europe's creative community.



THE CREATIVE COMMUNITY

We succeed in entertainment by building inspiring environments where creative and pioneering spirits can thrive. Our broadcasters and streaming services commission content from production companies. Our own production company, Fremantle, commissions scriptwriters, artists, and other creatives, and our digital platforms showcase young video talents.

To enhance our creative output we continue to develop strategic alliances and partnerships. Within the Bertelsmann Content Alliance, RTL Group companies are working closely on several content cooperation projects with other Bertelsmann companies, with the aim of adding value and a competitive edge, as well as attracting new artists and creators. In 2019, we launched a new creative unit – Format Creation Group (FC Group) – to develop non-scripted formats exclusively for RTL broadcasters and their streaming services. The unit aims to fulfil the growing demand for exclusive content by developing innovative formats and intellectual property, fully owned and controlled by RTL Group. FC Group currently focuses on entertainment formats, reality and game

shows, working closely with RTL broadcasters to reflect their local market needs. Whether we buy a programme from a production company, create one ourselves, or work within partnerships, it involves a substantial investment. Being able to recoup this investment comes from our exclusive rights to show and distribute the programme in a particular geographic area.

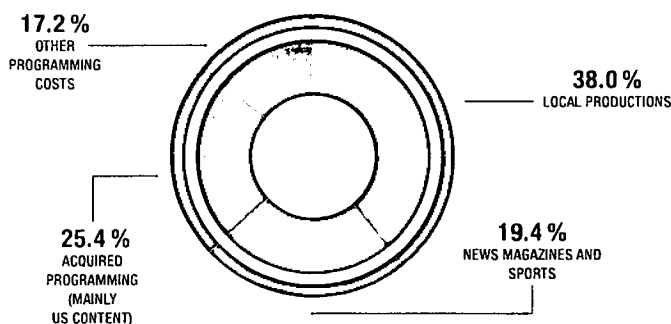
Successful programmes attract large audiences which, in turn, attract advertisers who pay us to show their commercials. This cycle ensures production companies and other creators are suitably rewarded, so they can continue to develop new, entertaining and compelling content.

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



RTL GROUP'S BROADCASTERS' PROGRAMME SPEND IN 2020*

*based on fully consolidated businesses



OUR PEOPLE

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

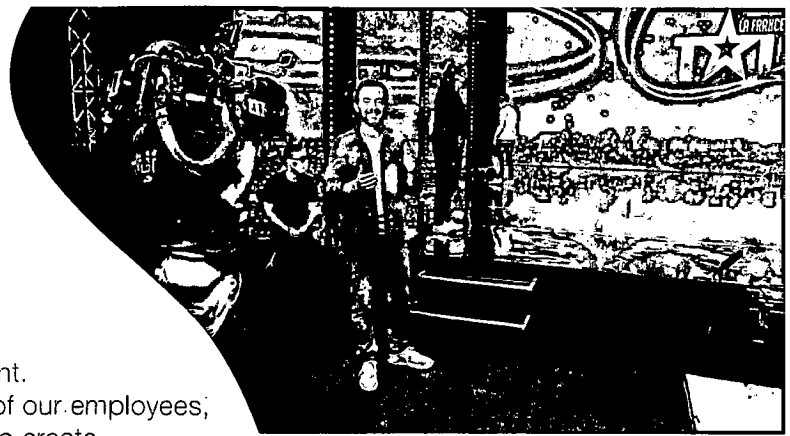
To recruit, retain and reward our employees, we offer attractive salaries and other financial incentives. We foster a fair, flexible and inspiring work environment and offer talent management and succession planning programmes.

We want to be the employer of choice, and so we offer a wide range of opportunities for our people to develop personally and professionally, to advance their careers, and to maintain a healthy work-life balance. Our diverse audience requires us to be a diverse business. To remain an attractive and successful employer, we must reflect the audiences we entertain, and so we embrace workplace diversity in gender, ethnicity, disability and socio-economic status. We offer equal opportunities and recognise everyone's unique value, treating each person with courtesy, honesty and dignity. In our Diversity Statement, we reinforce our commitment to equal opportunities and non-discrimination throughout all RTL Group companies.

This is why UFA made a commitment to become more diversified 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. UFA will regularly monitor the phased goals made in this commitment, and will publish its performance by the end of 2021.

The Covid-19 pandemic is largely responsible for the new 'working from home' trend that has become a reality at RTL Group. Since the beginning of the crisis, we have offered flexible home-office options to employees who can work from home, and enhanced safety measures for staff who need to remain on site.

Similarly, our responsibility to society grows with every broadcast we make or viewer we gain. Our programmes also reflect important socio-cultural topics. Bel RTL and RTL-TVI, for example, set out to help their viewers cope better with lockdown. *Belges à domicile* (Belgians at home) launched in March to address the questions everyone was asking during this extraordinary situation: How do we keep the kids occupied? How can we help our neighbours? How do we show the elderly they are not alone? The phone-in show let people share their tips and tricks for coping.



RTL Nederland launched a free advertising initiative to support small and medium-sized businesses.



ADVERTISERS

Television and video commercials are the most effective advertising.

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

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

Advertising is a major contributor to economic growth, and a Europe without advertising would not be as affluent, informed or competitive. Advertising supports the competition and innovation that maintain consumer choice, and educates on the different products and services available.

As well as affecting global advertising markets, the Covid-19 pandemic has harmed small and medium-sized companies. To support these businesses, RTL Nederland launched an initiative to offer free advertising as part of 'Nederland gaat weer open'. The commercials were also distributed online, using RTL Nederland's network.

SINCE 1989
WE HAVE RAISED
AROUND
€400 MILLION
FOR CHILDREN
IN NEED

COMMUNITIES AND CHARITIES

As a leading media organisation, we are in an excellent position to raise awareness of important social and environmental issues, particularly those that might otherwise go unreported or under-funded. We do this through TV and radio reports, magazine programmes and series, and on many digital platforms, and we are well aware of the care and responsibility we must take as both an opinion former and Information provider.

We also harness our profile, and the power of TV, radio and the internet, to raise money for charities that make a positive difference to people's lives. This is a contribution to society that only we can make, and we readily take on this responsibility.

Since 1996, the annual *RTL-Spendenmarathon* in Germany has raised more than €199 million for children in need, while our *Télévie* events in Belgium and Luxembourg have raised more than €208 million for scientific research to fight cancer – particularly leukaemia – since 1989. We also support many organisations and projects that help sick or disadvantaged children and young people in Croatia,

Belgium, Hungary, the UK, France and the Netherlands.

The climate and the environment remain at the centre of public debate. In 2020, Mediengruppe RTL Deutschland and Groupe M6 established special sustainability weeks to draw attention to this important topic. With a focus on food, nutrition and sustainability, extensive on-air, online, and social media coverage put the topic under the spotlight.

In addition, UFA Show & Factual provided exclusive video footage of the largest Arctic expedition ever in a comprehensive documentary, *Arctic Drift*. The aim was to gain a clearer understanding of climate change, as the Arctic is where the weather patterns of the future will emerge.

In 2020, over €10.5 million was raised for *Télévie* in Belgium and Luxembourg to support cancer research.

RTL-Spendenmarathon set a new record in 2020, raising over €16.5 million to support children in need worldwide.

A black and white portrait of Martin Taylor, Chairman of the Board of Directors. He is an older man with short, light-colored hair, smiling at the camera. He is wearing a dark suit jacket over a light-colored shirt. His arms are crossed. The background is a light, neutral color with a subtle curved line on the left side.

CHAIRMAN'S STATEMENT

Martin
TAYLOR

CHAIRMAN OF THE BOARD
OF DIRECTORS

Dear shareholder,

It has clearly been an extraordinary year for businesses around the world. More than ever, the efforts of your Board were directed towards supporting Group management. Not only did we have the immediate and unusual circumstances of the pandemic to deal with, but we were anxious not to allow these to distract us from our strategic priorities.

I am pleased to say that our results have turned out better than we feared. Dealing with the pandemic, especially at first, put the organisation under severe pressure. I have the highest regard for the adaptability and resourcefulness of our people, whose response has been magnificent.

You may remember that we moved most of our head office functions from Luxembourg to Cologne at the end of 2019. We had not completed the full staffing of the Cologne office when in March, just after the full-year profits announcement, we needed to introduce working from home for all employees whose presence on site was not critical to maintaining a functioning business. Fortunately, we were able to keep very tight control of the business, at least of the matters that were in our own hands. On behalf of the Board, and also personally, I would like to thank all of our colleagues around the world for their hard work and ingenuity during the year.

In responding to the situation, safety was the absolute priority, both for our individual employees and for the business as a whole. In March and April 2020, the public were watching television all day, yet in the interests of safeguarding liquidity, many of our customers cut their advertising spend drastically, and for safety reasons we were obliged to suspend or postpone many of our TV productions. We also had no idea how long this situation would go on, or quite how deep the impact on our business would be. One of the first responses of the management

and the Board was to plot forward a number of potential scenarios as to how the pandemic might play out. This helped guide us through our response, and the amount of operational adjustment we had to make. Forecasting under utterly unforeseen circumstances is both absolutely necessary and exceptionally hard.

In the second half of the year, some kind of equilibrium began to be restored as advertising sales stabilised. By the fourth quarter, we were able to take positive encouragement from the speed and extent of the recovery, as advertisers chose to spend their budgets, underlining the value of TV for brand building. It is worth noting that with the exception of our September meeting, when the Board held an in-person gathering, most of our work has been virtual all year, and remains so at the time of writing. It seems quite likely that the Board, in common with management more widely, will continue to carry out some functions virtually in the future.

**"WE ARE
RESHAPING AND
SIMPLIFYING
OUR PORTFOLIO
IN RESPONSE TO
THE VERY
CONSIDERABLE
CHALLENGES
FACING BROADCAST
MEDIA."**

— MARTIN TAYLOR

THE DIVIDEND PROPOSAL

In April, the Board decided to withdraw its proposal to pay a dividend for 2019, although that had been a very good year for RTL Group. We agreed, given the uncertainties that abounded, that we needed to retain the cash in the business as a security buffer, the preservation of liquidity being an imperative, just as it was in the financial crisis of a decade ago. Though you as shareholders were deprived of a cash payment, the money retained in the business of course still belongs to you, and its retention underpinned the stability of RTL Group.

It is a mark of our confidence in the control of the business that, although the pandemic is not over, on 11 March 2021, the Board proposed that we should return to paying a dividend, of €3.00 per share, both from the profits of current trading and as a result of selling non-core businesses. The disposal of BroadbandTV in Canada was brought to a successful conclusion, and since the year-end we have announced the sale, subject to regulatory approval, of our American ad-tech business SpotX to Magnite, in which we have become a shareholder. SpotX is a terrific business, but we have decided to focus on European rather than North American ad-tech.

RESHAPING THE PORTFOLIO

These sales represent one of several ways in which we are reshaping and simplifying our portfolio in response to the very considerable challenges facing broadcast media, such as rapid advances in technology and the rise of the global streaming giants. These challenges have not been held at bay by the pandemic. Indeed, if anything, they have been accelerated and magnified by it.

Alongside the divestments have come acquisitions. We have recently announced purchases of shares in Super RTL in Germany, subject to regulatory approval, and in RTL Belgium, in both cases taking our holdings to 100 per cent. The consolidation of positions in national broadcasting markets is something we expect to gather pace over the next few years.

As Thomas Rabe has described, the Group continues to invest energetically in streaming; broadcasting is clearly increasingly shifting towards streaming platforms. Another major growth area is our production business, Fremantle, which suffered badly at first from the social-distancing restrictions that made creating programmes very difficult and, in some cases, impossible. Perhaps especially here the ingenuity with which our people have overcome these obstacles has been impressive. The desire for high-quality product from the broadcasters and streaming platforms has by no means gone away; on the contrary, the market is most definitely there, and we are anxious to invest more in Fremantle and see it grow.

CHANGES TO THE BOARD

This year, as in any year, the Board has advised the Executive Committee regularly, in particular with regard to RTL Group's strategy. We approved the Group's budget and regularly reviewed its business and financial performance. There have been, and will be, some changes to the composition of the Board. Bernd Hirsch left Bertelsmann at the end of the year, and his replacement as Bertelsmann CFO, Rolf Hellermann, is returning to the RTL Group Board. Rolf knows us well and we warmly welcome him back. We also welcomed Bettina Wulf from Bertelsmann as a non-executive director. In addition, we are proposing the appointment of a new independent director in April 2021, Danish businesswoman Pernille Erenbjerg.

I thank all my Board colleagues for their advice and patience during an extremely tricky period, in particular Bernd Kundrun and Rolf Schmidt-Holtz, who will be leaving the Board at the Shareholders' Meeting in April 2021. Both have deep knowledge of the global media industries and have given tremendous service to RTL Group over the years.

Finally, I would like to thank the employees, executives and creatives who have chosen RTL Group as their employer or partner of choice. Your efforts underpin the creative and commercial accomplishments of RTL Group, and I hope we may continue to rely on your contributions to our success as the business evolves in the coming years.



Martin Taylor

MARTIN TAYLOR
Chairman of the Board of Directors

THE BOARD

EXECUTIVE DIRECTORS



Thomas Rabe

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

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

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

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

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

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



Elmar Heggen

**Chief Operating Officer and Deputy Chief
Executive Officer, RTL Group**

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

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

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

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

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

NATIONALITY: GERMAN
FIRST APPOINTED: 12 DECEMBER 2005
(EFFECTIVE 1 JANUARY 2006)
RE-ELECTED: 18 APRIL 2018
MANDATES IN LISTED COMPANIES: MEMBER OF THE
SUPERVISORY BOARD OF ADIDAS AG, HERZOGENAUACH

NATIONALITY: GERMAN
FIRST APPOINTED: 18 APRIL 2012
RE-ELECTED: 18 APRIL 2018

NON-EXECUTIVE DIRECTORS



Martin Taylor
Chairman
and Independent Director

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

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

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

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

NATIONALITY: BRITISH
FIRST APPOINTED: 25 JULY 2000
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP:
AUDIT, NOMINATION AND COMPENSATION (CHAIRMAN)



James Singh
Vice Chairman
and Independent Director

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

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

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

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

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

NATIONALITY: CANADIAN
FIRST APPOINTED: 20 APRIL 2011
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP:
AUDIT (CHAIRMAN)



Thomas Götz
General Counsel,
Bertelsmann SE & Co. KGaA

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

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

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

NATIONALITY: GERMAN
FIRST APPOINTED: 15 APRIL 2015
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP:
AUDIT, NOMINATION AND COMPENSATION
(AS OF 1 APRIL 2019)

NON-EXECUTIVE DIRECTORS



Rolf Hellermann

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

Rolf Hellermann, born in 1976, has been a member of RTL Group's Board of Directors since 1 January 2021.

After studying business administration in Vallendar, Los Angeles, and Nancy, Rolf Hellermann received his doctorate from WHU – Otto Beisheim School of Management in Vallendar. He started working at the Bertelsmann Corporate Centre directly afterwards, in 2004. In 2012, Rolf Hellermann became head of Bertelsmann's Corporate Controlling and Strategy department. From 2015 until 2018 he was CFO of Arvato, the services division of Bertelsmann. He served as CEO of Arvato Financial Solutions from November 2018 until December 2020 and has been a member of Bertelsmann's Group Management Committee since January 2019. He also heads the Bertelsmann Tech and Data Advisory Board, which advises the Executive Board on technology issues and advances Bertelsmann's evolution into a globally leading media, services, and education company in tech.

With effect from 1 January 2021, Rolf Hellermann has taken up the position as CFO and member of the Board at Bertelsmann SE.

From August 2015 to December 2018, Rolf Hellermann had already served as a non-executive member of RTL Group's Board of Directors.

NATIONALITY: GERMAN
CO-OPTED: 1 JANUARY 2021



Immanuel Hermreck

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

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

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

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

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

NATIONALITY: GERMAN
FIRST APPOINTED: 12 DECEMBER 2018
(WITH EFFECT FROM 1 JANUARY 2019)
COMMITTEE MEMBERSHIP:
NOMINATION AND COMPENSATION
(AS OF 1 APRIL 2019)



Bernd Hirsch

Chief Financial Officer and member of the Bertelsmann Management SE Executive Board (until 31 December 2020)

Bernd Hirsch, born in 1970, holds a diploma in economics from the University of Würzburg, Germany. He started his career in 1998 at the international audit firm Arthur Andersen where he served as an Audit Manager. In 2001, he joined the Carl Zeiss Group as Head of Mergers & Acquisitions. One year later, Bernd Hirsch was appointed Chief Financial Officer and member of the Executive Board at Carl Zeiss Meditec AG.

From December 2009 until December 2015 Bernd Hirsch was Chief Financial Officer and member of the Executive Board of Symrise AG. Bernd Hirsch served as CFO and member of the Executive Board of Bertelsmann Management SE from April 2016 until December 2020.

Bernd Hirsch was a member of the Supervisory Board of Evotec AG, Hamburg, from December 2013 until June 2019 where he served as Chairman of the Audit Committee and Vice Chairman of the Supervisory Board.

In May 2018, he was appointed member of the Supervisory Board of Symrise AG, Holzminden, and Chairman of the Audit Committee.

NATIONALITY: GERMAN
FIRST APPOINTED: 20 APRIL 2016
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP: AUDIT
MANDATES IN LISTED COMPANIES: SYMRIS AG, HOLZMINDEN



Bernd Kundrun
Business Founder
and Investor

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

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

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

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

NATIONALITY: GERMAN
FIRST APPOINTED: 18 APRIL 2012
RE-ELECTED: 18 APRIL 2018



Guillaume de Posch
Business Founder
and Investor

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

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

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

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

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

NATIONALITY: BELGIAN
FIRST APPOINTED: 18 APRIL 2012
RE-ELECTED: 18 APRIL 2018



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

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

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

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

Jean-Louis Schiltz serves on the boards of a number of companies and non-profit organisations.

NATIONALITY: LUXEMBOURGISH
FIRST APPOINTED: 19 APRIL 2017
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP: AUDIT
(AS OF 1 APRIL 2019)

The Board



Rolf Schmidt-Holtz

**Business Founder
and Investor**

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

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

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

NATIONALITY: GERMAN
FIRST APPOINTED: 18 APRIL 2012
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP:
NOMINATION AND COMPENSATION



Bettina Wulf

**Senior Vice President Corporate Legal
Bertelsmann**

Bettina Wulf, born in 1962, has been a member of the Corporate Legal Department at Bertelsmann SE & Co. KGaA since July 1993. Prior to this she worked as an inhouse lawyer for an international information technology company. Her experience covers in particular global M&A transactions.

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

On 30 June 2020, the AGM appointed Bettina Wulf as non-executive director for a term of one year, to expire at the end of the Ordinary General Meeting of Shareholders ruling on the 2020 accounts.

NATIONALITY: GERMAN
FIRST APPOINTED: 30 JUNE 2020



Lauren Zalaznick

**Media Executive & Industry Advisor,
Independent Director**

Lauren Zalaznick, born in 1963, was appointed as Non-Executive Director to RTL Group's Board of Directors for a term of three years in April 2018.

Having begun her career making independent feature films, Zalaznick moved on to become a TV executive, most recently EVP, Comcast NBC Universal, overseeing such brands as Bravo, Oxygen, Telemundo, and Fandango. She now advises and invests in the world's leading digital and media brands.

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

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

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

NATIONALITY: AMERICAN
FIRST APPOINTED: 18 APRIL 2018
MANDATES IN LISTED COMPANIES: THE NIELSEN HOLDINGS PLC
AND GOPRO INC

EXECUTIVE COMMITTEE



Thomas Rabe
Chief Executive Officer

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



Elmar Heggen
Chief Operating Officer and Deputy CEO

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



Björn Bauer
Chief Financial Officer

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

RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

The Executive
Committee
is vested with internal
management
authority

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

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

RTL GROUP REMUNERATION REPORT

1 INTRODUCTION

1.1 Categories of persons to whom the Remuneration Report applies:
RTL Group's Remuneration Policy, as published on RTL Group's website, *RTLGroup.com*, applies to the non-executive directors (the "**Non-Executive Directors**") and the CEO and deputy CEO (the "**Executive Directors**") of RTL Group S.A. ("**RTL Group**"), all together the "**Directors**".

1.2 The Remuneration Report concerns the financial year 2020.

NON-EXECUTIVE DIRECTORS

- 1.3 In order to achieve its goals, RTL Group must be able to attract a broad spectrum of competencies, skills, know-how and experience to its Board, mirroring RTL Group's diverse businesses. Furthermore, the composition of the Board of Directors must embody a thorough knowledge of business dynamics and markets in the sectors of audio-visual media, communication, information and all related technologies.
- 1.4 Non-Executive Directors are paid only a fixed remuneration. Due to the greater responsibility and time required by their respective functions, an additional annual remuneration is granted to the Chairman and the Vice-Chairman of the Board, and to the Chairmen of the Board's sub-committees.
- 1.5 The Board of Directors may grant additional remuneration or indemnities to those Board members who are entrusted with specific duties or missions. They shall not receive incentive or other form of variable compensation from RTL Group.

EXECUTIVE DIRECTORS

- 1.6 The Remuneration Policy for Executive Directors is designed to support RTL Group's high-performance culture and the creation of long-term sustainable value for its shareholders. Its goal is to reward Executive Directors with an attractive compensation, in line with the market, which is conditional upon both their own and RTL Group's performance, and which beyond driving performance, also aims at attracting and retaining the best talent. As a result of the general principles outlined above, the proportion of performance-related pay is generally higher for the Executive Directors than for lower ranking executives in the Group.
- 1.7 Executive Directors are compensated in line with their responsibilities, and according to both their own and the company's performance.

2 REMUNERATION OF THE NON-EXECUTIVE DIRECTORS (OR MEMBERS OF THE BOARD OF DIRECTORS)

In 2020, each Non-Executive Director received a fixed fee amounting to €90,000 for their attendance at the meetings of the RTL Group Board of Directors, except for the following Directors:

- Martin Taylor received an amount of €400,000 for his mandate as Chairman of the Board of Directors and Non-Executive Director.
- James Singh received an amount of €200,000 for his mandate as Vice-Chairman of the Board of Directors and Non-Executive Director.

No variable remuneration, pension rights, options, loans nor other benefits were granted to the Non-Executive Directors during the financial year 2020.

3 REMUNERATION OF THE CEO AND DEPUTY CEO

3.1 Fixed remuneration (base salary)

The base salary for the CEO and Deputy CEO (the Executive Directors) is within a competitive range of the median base salary for comparable positions in their peer group. The salary reflects the individual's position, scope of responsibility, experience and contribution to the business. Base salary levels are generally reviewed every three years, and their development depends on the individual's performance and salary level in relation to the external benchmarks.

3.2 Board attendance fees

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

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

3.3.1 STIP

The Executive Directors are eligible for a STIP which is capped at an amount stipulated in their employment contract.

The STIP payout is linked to the achievement of three sets of targets, as set out in the Executive Directors' bonus agreements:

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

The amount due under the STIP is paid in April of the following year.

The RTL Group Remuneration Policy, published in 2020 in accordance with the Shareholder Rights Directive II, foresees the possibility to derogate from this Remuneration Policy in exceptional circumstances, to serve the company's long-term interest. To retain management and keep them focused on the business through the Coronavirus crisis, the NCC approved the recalibration of the 2020 bonus structure, reducing the weight of the EBITA-related bonus component, while keeping the weight of the business and leadership targets unchanged. The remaining weight was allocated to a new goal – "Crisis Management" – designed to incentivise management to develop and implement appropriate measures and initiatives to counter the effects of the crisis and preserve the company's cashflow, profitability, and long-term viability.

3.3.2 LTIP

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

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

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

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

3.4 Complementary pension plan

The pension plan granted to all employees of RTL Group S.A. is currently a defined benefit plan which also covers death and invalidity risks and is linked to (i) base salary (i.e. fixed salary, all benefits excluded), (ii) years of service, and (iii) legal pension entitlements. The employer accrues the reserves on its balance sheet on a yearly basis.

The pension plan granted to all employees of RTL Group GmbH is currently a defined benefit plan, managed by Bertelsmann SE & Co KGaA. Each year, a capital component is set aside and accrued accordingly. The individual pension contribution is calculated by multiplying the general Bertelsmann pension contribution by the personal earnings ratio. A specific age factor applies for each age. The actuarial interest rate is reviewed annually on 1 April and adjusted in line with capital market developments.

3.5 Benefits

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

REMUNERATIONS OF THE CEO, DEPUTY CEO AND EX-CEO IN 2020

The remuneration received by the executives during the period (i.e. already paid to the executives), and the remuneration earned during the period (i.e. the total amounts to which the executives are entitled under certain conditions for their services rendered during the period, including amounts already received and amounts still to be received) are summarised in Exhibit 1 on page 31.

CHIEF EXECUTIVE OFFICER ("CEO")

3.6 Total amount and proportion of fixed vs variable remuneration

Thomas Rabe has a 50 per cent employment contract with RTL Group. The total amount of remuneration earned by Thomas Rabe in his capacity as CEO of RTL Group in the financial year 2020 amounts to €1,302,208. The fixed remuneration plus benefits represents 46 per cent and the variable remuneration represents 54 per cent of the total remuneration.

The total amount received by Thomas Rabe in his capacity as CEO of RTL Group in the financial year 2020 amounts to €1,275,208. Thomas Rabe does not participate in the LTIP of RTL Group.

3.7 Fixed remuneration (base salary)

The amount of fixed remuneration earned and received by Thomas Rabe in his capacity as CEO of RTL Group in 2020 is €600,000.

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

3.8.1 STIP

The amount of variable remuneration received by Thomas Rabe in his capacity as CEO of RTL Group in 2020 under the STIP 2019 is €675,000.

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

3.8.2 LTIP

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

3.9 Complementary pension plan

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

3.10 Benefits

3.10.1 Accident insurance, which covers both death and disability

This benefit represents €208 for 2020.

CHIEF OPERATING OFFICER ("COO") AND "DEPUTY CEO" OF RTL GROUP

3.11 Total amount and proportion of fixed vs variable remuneration

The total amount of remuneration earned by Elmar Heggen in 2020 in his capacity as Chief Operating Officer ("COO") & Deputy CEO and as a member of both the Métropole Télévision Supervisory Board (Groupe M6) and the Atresmedia Board of Directors is €2,319,131. The fixed remuneration plus benefits represent 52 per cent and the variable remuneration represents 48 per cent of the total remuneration.

The total amount of remuneration received by Elmar Heggen in 2020 in his capacity as COO and Deputy CEO and as a member of both the Métropole Télévision Supervisory Board and the Atresmedia Board of Directors is €5,026,735.

3.12 Fixed remuneration (base salary and fix allowances)

The amount of fixed remuneration earned and received by Elmar Heggen in his capacity as COO and Deputy CEO and as a member of both the Métropole Télévision Supervisory Board and the Atresmedia Board of Directors in 2020 is €1,172,603. This amount corresponds to (a) €960,000 base salary including any board attendance fees, (b) €188,603 fixed allowance for compensation of pension entitlements lost as a result of the change in the main working location, and (c) €24,000 housing allowance linked to the change in the main working location.

3.13 Attendance fees at boards of other group entities

Elmar Heggen's contractual annual base remuneration for the year 2020 amounts to €960,000. As stipulated in the employment contract, this includes any board fees paid by other Group entities during the period. Accordingly, at the

end of the year, the annual base remuneration is reduced by the amount of board fees for the period. In 2020, Elmar Heggen earned and received €36,963 as a member of the Métropole Télévision Supervisory Board and €48,288 as a member of the Atresmedia Board of Directors.

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

3.14.1 STIP

The amount of variable remuneration received by Elmar Heggen in 2020 in his capacity as COO and Deputy CEO under the STIP 2019 is €1,267,200. The amount of variable remuneration earned by Elmar Heggen in his capacity as COO and Deputy CEO in 2020 under the STIP 2020 is €1,123,200. This will be paid to Elmar Heggen in April 2021.

3.14.2 LTIP

Elmar Heggen participates in the RTL Group LTIP 2020 to 2022. The plan did not generate any earnings for the year 2020. The amount of variable remuneration earned by Elmar Heggen in his capacity as COO and Deputy CEO in 2020 under the LTIP 2020 to 2022 is €0.00.

Elmar Heggen received €2,563,604 in 2020, as the total amount due under the LTIP 2017 to 2019.

3.15 Complementary pension plan

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

3.16 Benefits

3.16.1 Accident insurance, which covers both death and disability

This benefit represents €333 for 2020.

3.16.2 Health benefits

This benefit represents €3,195 for 2020.

3.16.3 A company car financed via a car allowance amounting to €19,800 for 2020.

FORMER CHIEF EXECUTIVE OFFICER ("EX-CEO")

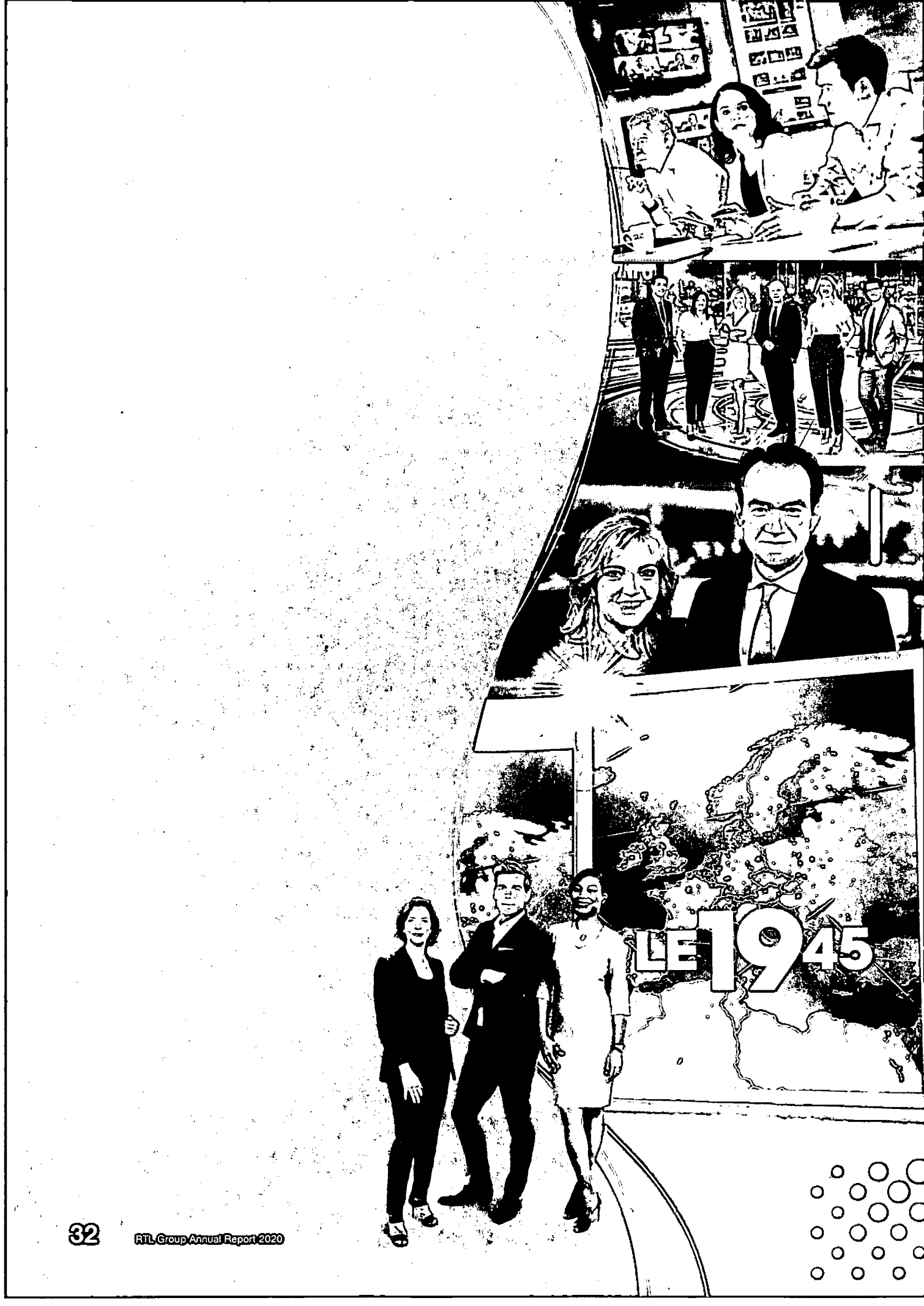
3.17 Voluntary indemnity in the context of the departure

Bert Habets received a voluntary indemnity payment in the context of his exit as CEO of RTL Group (until April 5, 2019) in the amount of €2.4 million.

Exhibit 1

	Earned 2020				Received 2020			
	Thomas Rabe		Elmar Heggen		Thomas Rabe		Elmar Heggen	
	€	per cent	€	per cent	€		€	
Annual base salary	600,000		874,750		600,000		874,750	
Fixed allowances			188,603				188,603	
Director fees earned 2020			85,251				85,251	
Other allowances:								
– Housing allowance			24,000				24,000	
Total fixed remuneration	600,000	46	1,172,603	51	600,000		1,172,603	
Variable remuneration:								
– STIP 2019					675,000		1,267,200	
– STIP 2020	702,000	54	1,123,200	48				
– LTIP 2017 to 2019 total payout*							2,536,604	
– LTIP 2020 to 2022 annualised*			0				0	
Benefits:								
– Car allowance			19,800	1			19,800	
– Other benefits	208	–	3,528	–	208		3,528	
Total remuneration	1,302,208	100	2,319,131	100	1,275,208		5,026,735	

* Thomas Rabe does not participate in the LTIP



DIRECTORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT

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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 revenue³ from TV Now and Videoland grew by 20.6 per cent to €170 million (2019: €141 million).
- Adjusted EBITA⁴ 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 Styliatou in 2019 and at constant exchange rates. Further details can be found on page 54

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 54 to 55

5 Operating cash conversion rate reflects the level of operating profits converted into cash. Further details can be found on page 56

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 57

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, ProSiebenSat 1 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.

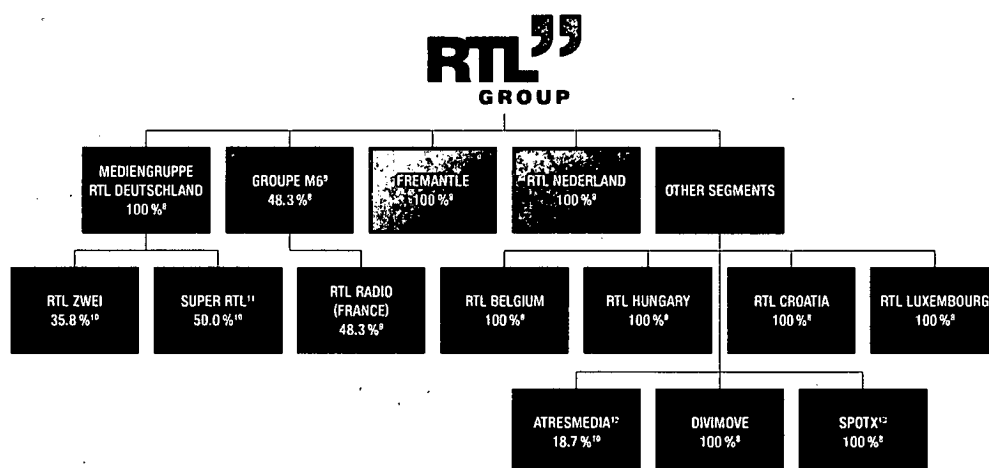
With interests in 67 television channels, ten streaming services, 38 radio stations, a global business for content production and distribution, and a digital video network, RTL Group entertains, informs and engages audiences around the world.

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.

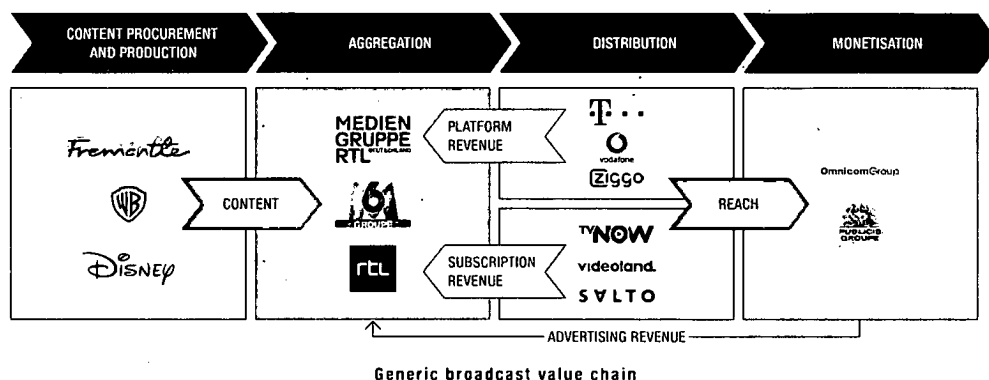
In addition, all units benefit from sharing information, knowledge and experience across the Group through the Group's Synergy Committees (SyCos). These SyCos – which are comprised of executives and experts from each segment and from the Group's Corporate Centre – meet regularly to discuss topics such 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



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

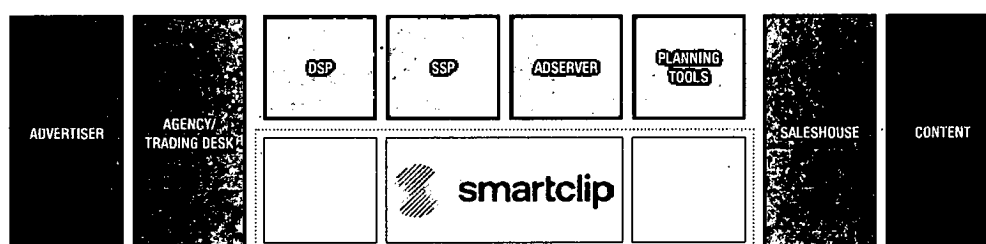
While linear television remains the only medium to reach mass audiences on a daily basis, digital video advertising lets advertisers bring their message to an engaged audience, which can be enhanced by the use of technology and data. This is done using a sophisticated process that automates the advertising 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

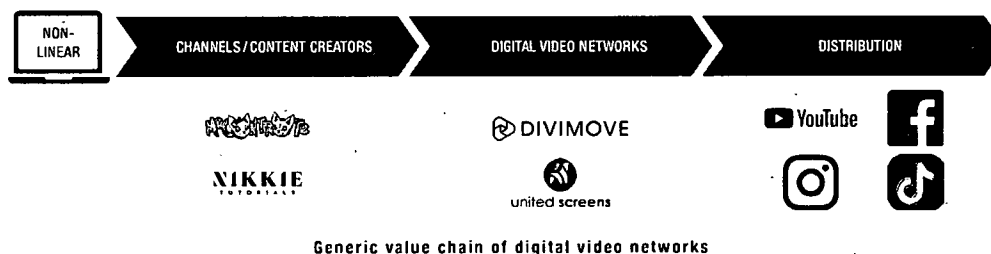
DIGITAL VIDEO NETWORKS

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, Shondá 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.

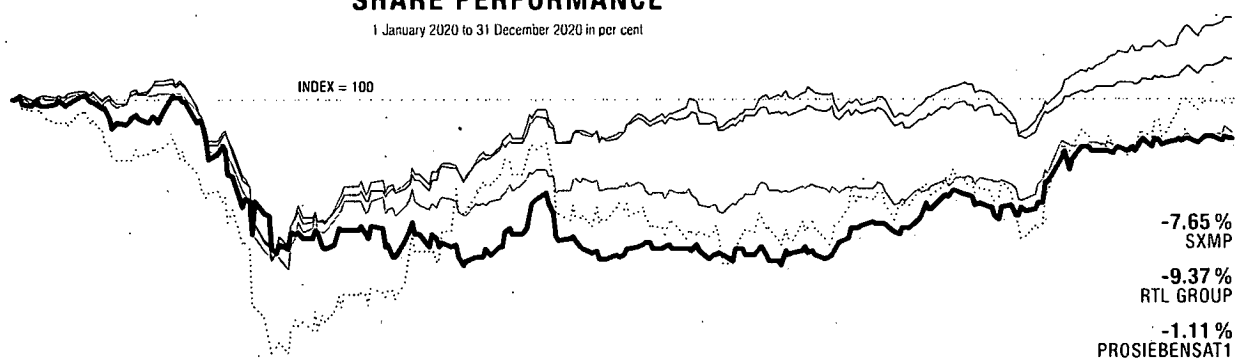
CAPITAL MARKETS AND SHARE

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

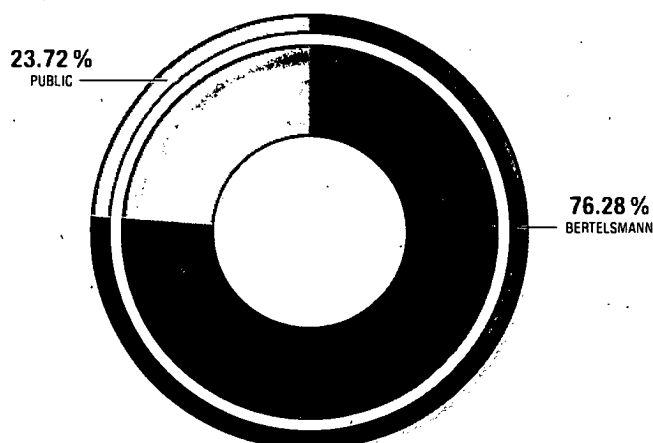
RTL Group's dividend policy offers a pay-out ratio of at least 80 per cent of the Group's adjusted net result.

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 ¹	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

¹⁵ As of 31 December 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 44 to 45) and "Strategy" (pages 46 to 50) 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 11.30. 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 1.30 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 1.33 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 14.30 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: GfK. Target group: 14–59

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: AUCIMÉTRIE.

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:

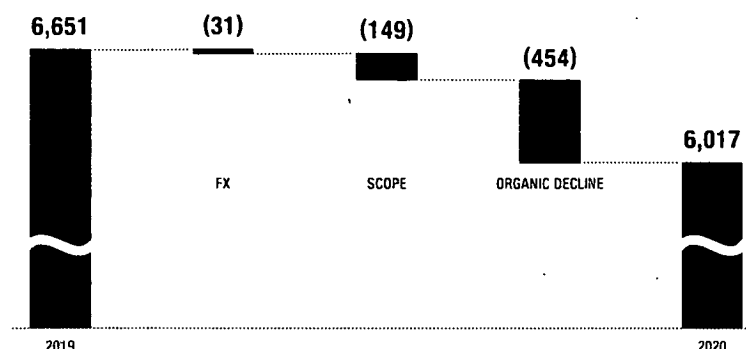
25–59

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)

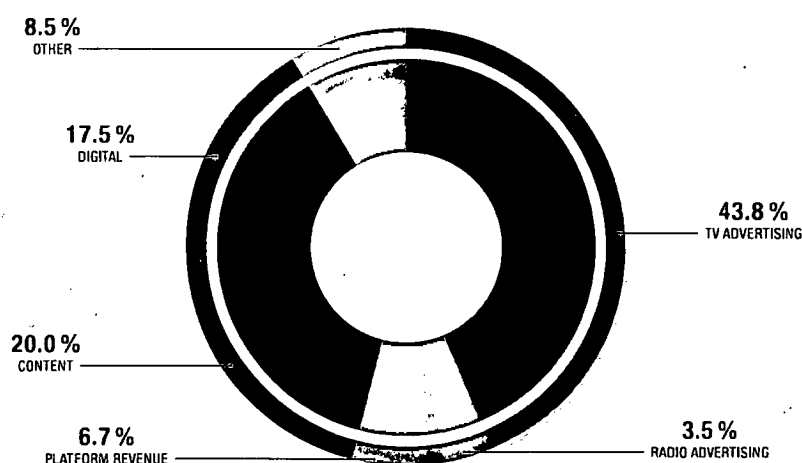
Streaming revenue – which includes SVOD, TVOD and in-stream revenue from TV Now and Videoland/RTL XL – was up by 20.6 per cent, to €170 million (2019: €141 million).

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 iGaal (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 54 to 55.

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 iGral 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)
Freemantle	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)
Freemantle	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
Freemantle	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).

Fremantle

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).



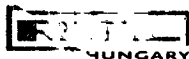
The net TV advertising market in French-speaking Belgium was estimated to be down 10.3 per cent in 2020. Accordingly, RTL Belgium's revenue was down to €159 million (2019: €185 million). Adjusted EBITA decreased to €16 million (2019: €36 million), reflecting lower TV and radio advertising revenue.

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.

bce))

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.

ATRESMEDIA

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.

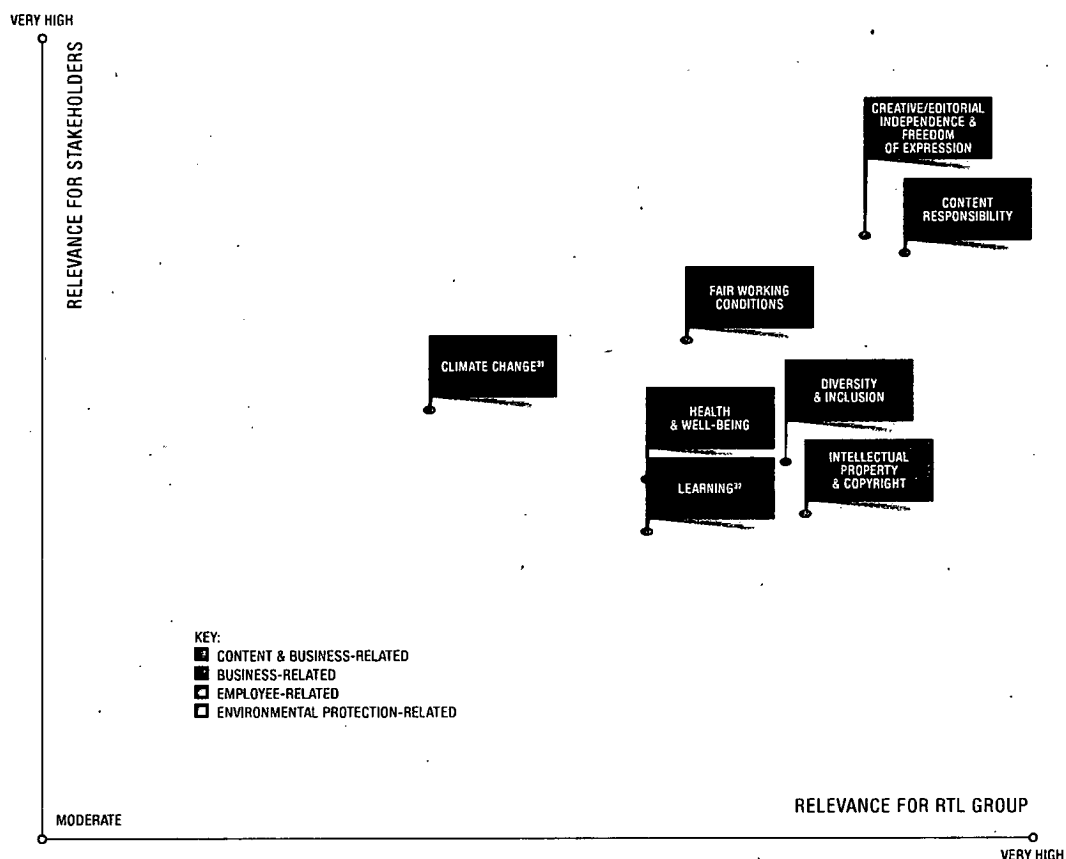
Following the reorganisation of the Group's Corporate Centre in 2019, RTL Group redefined its CR organisation in 2020. As part of this re-evaluation the Group decided to stop publishing its own Non-Financial Statement. The information of the Combined Non-Financial Statement (compliant with the European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

For information about RTL Group's Audit Committee please see pages 82 to 83 of RTL Group's Annual Report.

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 8 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

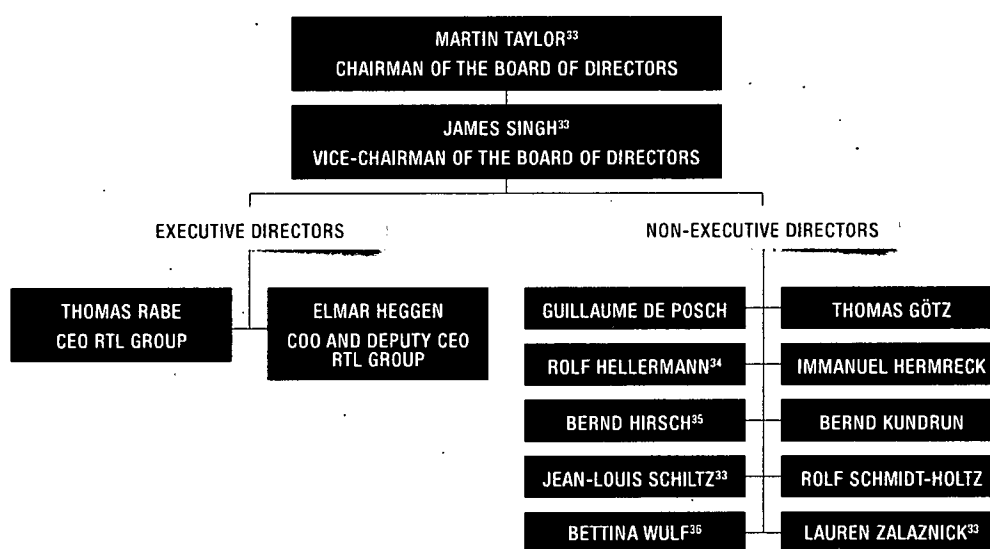
BOARD OF DIRECTORS

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 are set out on pages 22 to 26.

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 Schillz	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 page 27.

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://www.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 86 to 90).

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:

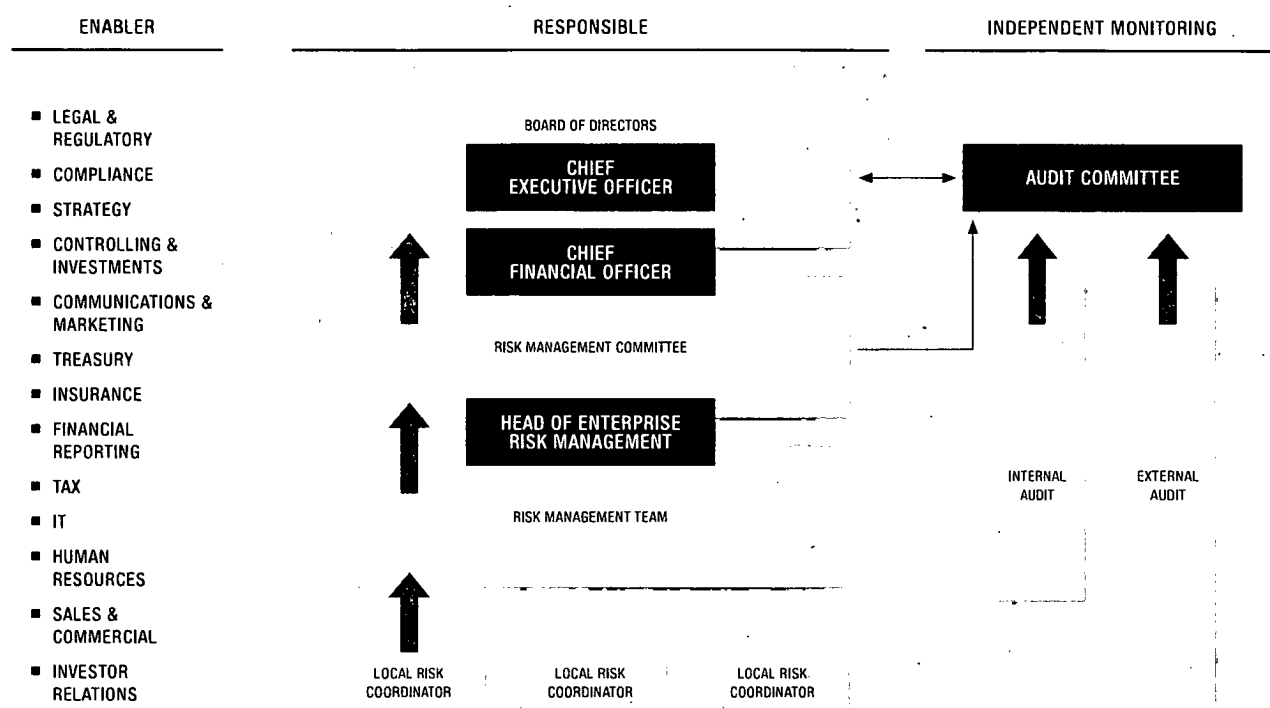
- **Embedded culture:** promote and embed a common risk management culture in the daily work of all RTL Group employees.
- **Consistent policy:** develop consistent risk policies on key matters, to be tailored and implemented at business unit level with consideration of local challenges and environment.
- **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 88) 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



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.

DEFINITION OF RISK

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

RISK CLASSIFICATION

(potential financial loss in three-year period)

Priority	Type of risk	Risk classification (potential financial loss in three-year period)				
		Low (<€50 million)	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

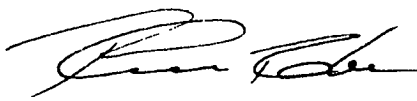
Adjusted EBITA break-even expected by 2025.

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

	Notes	2020 €m	2019 ¹ €m
Revenue	6.1	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	6.2	(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	5.2	172	86
Profit from operating activities		933	1,147
Share of results of investments accounted for using the equity method	7.5	32	64
Impairment and reversals of investments accounted for using the equity method	7.5.1	(62)	(50)
Earnings before interest and taxes ("EBIT")		903	1,161
Interest income	6.3	4	5
Interest expense	6.3	(33)	(37)
Financial results other than interest	6.4	1	27
Profit before tax		875	1,156
Income tax expense	6.5	(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	6.6	3.20	4.91
- Diluted	6.6	3.20	4.91

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	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	7.15	8	(21)
Income tax	7.7	–	4
		8	(17)
Equity investments at fair value through OCI – change in fair value	7.16	2	(2)
Income tax	7.7	(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	7.16.4	(20)	12
Income tax	7.7	6	(4)
		(14)	8
Recycling of cash flow hedge reserve	7.16.4	–	(6)
Income tax	7.7	–	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

	Notes	31 December 2020 € m	31 December 2019 ² € m
Non-current assets			
Programme and other rights	7.11	54	66
Goodwill	7.11, 7.12	2,871	3,026
Other intangible assets	7.11	313	323
Property, plant and equipment	7.13	291	315
Right-of-use assets	7.14	329	380
Investments accounted for using the equity method	7.15	384	352
Loans and other financial assets	7.16, 7.19	139	148
Deferred tax assets	7.17	333	332
		4,714	4,942
Current assets			
Programme rights	7.18	1,211	1,252
Other inventories		8	13
Income tax receivable		24	33
Accounts receivable and other financial assets	7.19	2,248	2,275
Cash and cash equivalents	7.10	436	377
		3,927	3,950
Assets held for sale	7.11	429	88
Current liabilities			
Loans and bank overdrafts	7.12	124	157
Lease liabilities	7.12	60	59
Income tax payable		24	24
Accounts payable	7.13	2,201	2,778
Contract liabilities	6.1	328	299
Provisions	7.14	144	97
		2,881	3,414
Liabilities related to assets held for sale	7.11	234	43
Net current assets		1,241	581
Non-current liabilities			
Loans	7.12	641	631
Lease liabilities	7.12	324	373
Accounts payable	7.13	347	388
Contract liabilities	6.1	4	6
Provisions	7.14	238	257
Deferred tax liabilities	7.17	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	7.16, 8	647	533
Equity	7.16	4,353	3,825

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	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

	Notes	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	7.14	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	5.11	(10)	(235)
– Other intangible and tangible assets		(118)	(107)
– Other investments and financial assets		(22)	(23)
Current deposit with shareholder	9.1	(536)	(27)
		(746)	(479)
Proceeds from the sale of intangible and tangible assets	7.1, 7.3	2	4
Disposal of other subsidiaries, net of cash disposed of	5.2	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	7.16, 8	(63)	(44)
(Acquisition)/disposal of treasury shares		–	2
Term loan facility due to shareholder	9.1	–	(232)
Proceeds from loans	7.12	251	134
Repayment of loans	7.12	(271)	(7)
Payment of lease liabilities	7.12	(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	7.10	376	422
Effect of exchange rate fluctuation on cash held		(16)	1
Effect of cash in disposal group held for sale	7.11	(72)	(6)
Cash and cash equivalents and bank overdrafts at the end of the year	7.10	435	376

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 SIGNIFICANT ACCOUNTING POLICIES

RTL Group SA (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2020, comprise the Company and its subsidiaries (together referred to as "RTL Group" or "the Group") and the Group's interest in associates and joint ventures. RTL Group SA is the parent company of an international media Group across broadcast, content and digital, holding, directly or indirectly, investments in 520 companies. The Group mainly operates television channels, streaming services and radio stations in Europe and, via Fremantle, produces television content, from talent and game shows to drama, daily soaps and telenovelas. The list of the principal Group undertakings at 31 December 2020, is set out in note 11.

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

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

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 11 March 2021.

11.1 STATEMENT OF COMPLIANCE

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

11.2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

IMPACT OF NEW FINANCIAL REPORTING STANDARDS

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

IMPACT OF ISSUED FINANCIAL REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

EFFECTS OF THE COVID-19 PANDEMIC ON THE CONSOLIDATED FINANCIAL STATEMENTS

The effects of the Covid-19 pandemic on the financial information of RTL Group vary across broadcasting, content and digital activities. While especially advertising markets (notably in Germany, France, and the Netherlands) declined significantly with a negative impact on revenue and EBITA, cost measures helped to partially compensate the impact of revenue decline on EBITA. In addition to the implementation of further cash and receivables oversight procedures throughout the Group, the shareholders of both RTL Group and Groupe M6 agreed to suspend dividend payments in 2020 to help secure liquidity throughout the year. Together with the Bertelsmann credit facilities, RTL Group Management is convinced that the Group is adequately equipped with liquidity during the Covid-19 pandemic. Additionally, in March 2020, Groupe M6 drew down €180 million in bank credit lines as a precautionary measure since the beginning of the Covid-19 pandemic but paid back this amount in full in September.

Furthermore, RTL Group collected and evaluated data on the impairment of goodwill and individual assets, leases, programme rights, trade receivables, government grants, deferred tax assets, contracts that might be onerous and revenue, in addition to implementing measures to safeguard liquidity. No significant issues were noted except for the impairment of Atresmedia (see note 7.5.1). Economic uncertainties arising from the Covid-19 pandemic require discretionary decisions, estimates and assumptions. The assessment of the extent to which current and future customers will continue to be able to fulfil their contractual payment obligations depends on the current economic climate. RTL Group will be examining this criterion both before and at the time of performance obligations, as part of revenue recognition.

On 31 December 2020, goodwill was tested for possible impairment in accordance with IAS 36, following an impairment test performed on 30 June 2020 due to the Covid-19 pandemic having qualified as a triggering event. In addition to the description in the "Impairment" section, this year's impairment tests are subject to increased uncertainties and extended discretionary decisions regarding the forecast of cash flows resulting from the Covid-19 pandemic. In order to determine the recoverable amount, the cash flows determined are discounted using the cost of capital rate at the reporting date.

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

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

1.3. PRINCIPLES OF CONSOLIDATION

1.3.1. SUBSIDIARIES

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

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

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

ACCOUNTING FOR BUSINESS COMBINATIONS

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

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired, and liabilities assumed.

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

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

Any contingent consideration payable is recognised at fair value at the acquisition date. Contingent consideration is classified as either equity or a financial liability. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent consideration related to business combinations subsequent to 1 January 2016 is re-measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognised in profit or loss. It is Level 3 fair value measurement based on the discounted cash flows ("DCF") and derived from market sources as described in notes 3.3. and 7.2.

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

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

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

ACCOUNTING FOR TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

LOSS OF CONTROL

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

1.3.2. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the investment accounted for using the equity method, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investment accounted for using the equity method.

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

1.4. FOREIGN CURRENCY TRANSLATION**1.4.1. FOREIGN CURRENCY TRANSLATIONS AND BALANCES**

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

1.4.2. FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill, except for goodwill arising from acquisitions before 1 January 2004, and fair value adjustments arising on consolidation, are translated to Euro using the foreign exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rate for the year under review. The foreign currency translation differences resulting from this treatment and those resulting from the translation of the foreign operations' opening net asset values at year-end rates are recognised directly in a separate component of equity.

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

1.5. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

FAIR VALUE

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

CASH FLOW HEDGING

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

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

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

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

1.6. CURRENT/NON-CURRENT DISTINCTION

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

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

1.7. INTANGIBLE ASSETS

1.7.1. NON-CURRENT PROGRAMME AND OTHER RIGHTS

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

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

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

1.7.2. GOODWILL

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

Goodwill on acquisitions of subsidiaries is recognised as an intangible asset. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of the cash-generating units represents the Group's investment in a geographical area of operation by business segment, except for the content business and Divimove, which are multi-territory/worldwide operations.

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

1.7.3. OTHER INTANGIBLE ASSETS

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

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

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

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

1.8. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

1.9. LEASES

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

RIGHT-OF-USE ASSETS

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

LEASE LIABILITIES

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

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

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

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS FOR ALL CLASSES OF ASSETS

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

1.10. LOANS AND OTHER FINANCIAL ASSETS

INITIAL RECOGNITION

Loans are recognised initially at fair value plus transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method, less any valuation allowance for credit risk. Any difference between nominal value, net of transaction costs, and redemption value is recognised using the effective interest method in profit or loss over the period of the loan.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

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

For financial assets measured at fair value, gains and losses will be recorded in either profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI"). At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, in the case of a financial asset not at fair value through profit or loss ("FVTPL"). Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

SUBSEQUENT MEASUREMENT

DEBT INSTRUMENTS

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

- **Amortised cost:** assets that are held in order to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recorded directly in profit or loss and presented in "Other operating income" or "Other operating expense", together with foreign exchange gains and losses. Impairment losses, when applicable, are presented as "Depreciation, amortisation, impairment and valuation allowance" in the consolidated income statement;
- **FVOCI:** assets that are held in order to collect contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in the fair value are taken through OCI, except for the recognition of impairment losses (and reversal of impairment losses) and interest income, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Financial results other than interest". Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented in "Financial results other than interest" and disclosed separately in the notes to the consolidated income statement;
- **FVTPL:** instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in the consolidated income statement and presented net within "Financial results other than interest" in the period in which it arises, with the exception of the earn-out arrangement related liabilities – the re-measurement of which is reported in "Other operating income" or "Other operating expense".

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

EQUITY INSTRUMENTS

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

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

Changes in the fair value of financial assets at FVTPL are recognised within "Financial results other than interest" in the consolidated income statement.

1.11. CURRENT PROGRAMME RIGHTS

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

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

- Free television thematic channels: programme rights are consumed on a straight-line basis over a maximum of six runs;
- Free television other channels:
 - Blockbusters (films with high cinema ticket sales), mini-series (primarily own productions with a large budget), other films, series, TV movies and (co-)productions are mainly consumed over a maximum of two transmissions as follows: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;
 - Soaps, in house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
 - Children's programmes and cartoons are consumed over a maximum of two transmissions as follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission;
- Pay television channels: programme rights are consumed on a straight-line basis over the licence period.

1.12. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

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

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

Impairment losses on trade accounts receivable, other accounts receivable (PLP, VAT and prepaid expenses related ones excepted) and contract assets are recognised when:

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

Additions to valuation allowance and subsequent recoveries of amounts previously written off are reported in the income statement within "Depreciation, amortisation, impairment and valuation allowance".

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

1.13. CASH AND CASH EQUIVALENTS

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

1.14. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

1.15. IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

1.16. NON-CURRENT ASSETS HELD FOR SALE

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

1.17. ACCOUNTS PAYABLE

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

1.18. LOANS PAYABLE

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

1.19. PROVISIONS

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

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

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

1.20. EMPLOYEE BENEFITS**1.20.1. PENSION BENEFITS**

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

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

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

1.20.2. OTHER BENEFITS

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

1.20.3. SHARE-BASED TRANSACTIONS

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

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

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

1.21. SHARE CAPITAL**1.21.1. EQUITY TRANSACTION COSTS**

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

1.21.2. TREASURY SHARES

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

1.21.3. DIVIDENDS

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

1.22. REVENUE PRESENTATION AND RECOGNITION

Revenue relates to advertising, the production, distribution and licensing of films, programmes and other rights, the rendering of services and the sales of merchandise. Revenue is presented, net of sales deductions such as cash rebates, credit notes, discounts, refunds and VAT. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities.

ADVERTISING REVENUE**THE NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS**

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

Advertising revenue is recognised during the period over which the related advertisement is broadcast or appears before the public. Sales house and other agencies' commissions are directly deducted from advertising revenue.

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

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

CONTENT REVENUE

THE NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS

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

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

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

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

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

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

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

TV platform distribution revenue is recognised when the Group's TV channels are providing a signal to cable, IPTV or satellite platforms for a fee.

OTHER REVENUE

THE NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS

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

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

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

In the directors' report, "Digital" refers to the internet-related activities with the exception of online sales of merchandise ("e-commerce"). Digital revenue is spread over three different categories: digital advertising sales, revenue from distribution and licensing content, and consumer and professional services. In contrast to some competitors, RTL Group recognises only pure digital businesses as digital revenue and does not consider

e-commerce, home shopping and platform revenue as digital revenue. Revenue from e-commerce and home shopping are included in "Revenue from selling goods and merchandise and providing services". "Content" mainly embraces the non-scripted and scripted production and related distribution operations.

1.23. GOVERNMENT GRANTS

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

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

1.24. GAIN/(LOSS) FROM SALE OF SUBSIDIARIES, OTHER INVESTMENTS AND RE-MEASUREMENT TO FAIR VALUE OF PRE-EXISTING INTEREST IN ACQUIREE

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

1.25. INTEREST INCOME/(EXPENSE)

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

1.26. INCOME TAX

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

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

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

Deferred tax is not recognised for:

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

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

1.27. DISCONTINUED OPERATIONS

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

1.28. EARNINGS PER SHARE

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

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

1.29. SEGMENT REPORTING

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

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

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

The invested capital is disclosed for each reportable segment as reported to the Group's Executive Committee. Invested capital is calculated on the basis of the Group's operating assets, right-of-use assets included less non-interest bearing operating liabilities, lease liabilities excluded. Intercompany revenues are recognised using the same arm's-length conditions applied to transactions with third parties. No measure of segment assets and liabilities other than invested capital is reported to the Group's Executive Committee.

1.30. PRIOR YEAR INFORMATION

As a result of the further development of the business model, the presentation of programme rights at Videoland – a company of RTL Nederland – has been reclassified from non-current to current assets. The figures for the previous year were adjusted for better comparability. As the measurement has not changed, there is no effect on profit on operating activities within the income statement and Adjusted EBITA in the segment reporting. Based on carrying amounts, non-current assets decreased by €26 million with a corresponding increase in current programme rights as of 31 December 2019. The respective comparative figures in the income statement on the position "Depreciation, amortisation, impairment and valuation allowance" were decreased by €22 million and on the position of "Consumption of current programme rights" were increased by €22 million accordingly. Further, the comparative figures of the net cash from operating activities for the year 2019 were decreased and net cash from investing activities were increased by €30 million.

In September 2019, Groupe M6 acquired 100 per cent of the share capital of Jeunesse TV SAS, Lagardère Thématiques SAS (renamed Jeunesse Thématiques SAS) and LTI Vostok LLC. The initial accounting for the acquisition had not yet been completed in the last financial year. In accordance with IFRS 3.49, goodwill from the acquisition of Youth Television Business was decreased from €193 million to €126 million. The decrease results mainly from the valuation of intangible assets acquired for €90 million in total (including €38 million for brands, almost all for the brand Gulli, and €52 million for customer relationships) and respective adjustments in the deferred tax liability for €23 million. Due to the finalisation of the purchase price allocation in 2020 the consolidated balance sheet figures from the previous year have been adjusted accordingly.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

2.1.1. CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN 50 PER CENT

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

2.1.2. SIGNIFICANT INFLUENCE WITH LESS THAN 20 PER CENT

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

2.1.3. PROGRAMME AND OTHER RIGHTS (ASSETS AND PROVISIONS FOR ONEROUS CONTRACTS)

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

In addition, management judgement will need to take into account factors such as the future programme grid, the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast, and the related valuation allowance.

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

2.1.4. ESTIMATED IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

2.5. LEASE ACCOUNTING ASSUMPTIONS

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

2.6. CONTINGENT CONSIDERATION AND PUT OPTION LIABILITIES ON NON-CONTROLLING INTERESTS

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

2.7. FAIR VALUE OF EQUITY INVESTMENTS AT FAIR VALUE THROUGH OCI

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

2.8. PROVISIONS FOR LITIGATIONS

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

2.9. INCOME, DEFERRED AND OTHER TAXES

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

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

2.10. POST-EMPLOYMENT BENEFITS

The post-employment benefits lay on several assumptions such as:

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

2.11. DISPOSAL GROUPS

The determination of the fair value less costs of disposal requires management judgement as it relates to estimates of proceeds of the disposal, residual obligations and direct disposal costs.

2.12. CONTINGENT LIABILITIES

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

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group is exposed in particular to risks from movements in foreign exchange rates as it engages in long-term purchase contracts for programme rights (output deals) denominated in foreign currency.

Risk management is carried out by the Group Treasury department under the supervision of the Chief Financial Officer under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges risks in close cooperation with the Group's operating units. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors has issued written principles for overall risk management as well as written policies covering specific areas, such as market risk, credit risk, liquidity risk, use of derivatives and investment of excess liquidity.

The Group seeks to minimise the potential adverse effects of changing financial markets on its performance using derivative financial instruments such as foreign exchange forward contracts. Derivatives are not used for speculative purposes. Risks are hedged to the extent that they influence the Group's cash flows (i.e. translational risk linked to the conversion of net investments in foreign operations is not hedged).

3.1.1 MARKET RISK

FOREIGN EXCHANGE RISK

FOREIGN EXCHANGE EXPOSURE

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of USD and GBP. Foreign exchange risk arises from recognised assets and liabilities, future commercial transactions and net investments in foreign operations.

For the Group as a whole, cash flows, net income and net worth are optimised by reference to the Euro. However, foreign exchange risks faced by individual Group companies are managed or hedged against the functional currency of the relevant entity (as these entities generally generate their revenue in local currencies). The Group therefore manages a variety of currencies due to the numerous functional currencies of the companies constituting the Group.

In addition, market practices in the television business imply a significant forward exposure to USD as programme rights are usually denominated in USD and not paid up-front. For this reason, the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commitments for future cash flows) and highly probable forecast transactions (US-\$5 million as at 31 December 2020, US-\$17 million as at 31 December 2019).

MANAGEMENT OF THE FOREIGN EXCHANGE EXPOSURE

Management have set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge their entire foreign currency exchange risk exposure with Group Treasury in accordance with Group's Treasury policies. All foreign currency exchange exposures, including signed and forecast output deals and programme rights in foreign currency are centralised in an intranet-based database. To manage their foreign exchange risk arising from recognised assets and liabilities and future commercial transactions, entities in the Group use forward contracts transacted with Group Treasury. Group Treasury is then responsible for hedging, usually on a one-to-one basis, the exposure against the functional currency of the respective entity.

The Group's Treasury policy is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. The Group treasury policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 10 per cent and 80 per cent of longer term (between two and five years) cash flow forecasts. Approximately 77 per cent (2019: 65 per cent) of anticipated cash flows constitute firm commitments or highly probable forecast transactions for the purpose of hedge accounting.

In order to monitor the compliance of the management of the foreign exchange exposure (mainly USD) with the Group's policy, a monthly report is produced and analysed by RTL Group management. This report shows each subsidiary's exposure to currencies other than their functional currency, detailing the nature (e.g. trade accounts, royalties, intercompany accounts) of on-balance sheet items, and the underlying deals and maturities of off-balance sheet items, as well as the corresponding hedging ratios.

ACCOUNTING

RTL Group separates the spot component and the forward (or swap) point of the forward contracts. Only the spot component is considered as the hedging instrument. Forward (or swap) points are therefore accounted for directly in profit or loss accounts.

The foreign currency cash flow hedge accounting model defined under IFRS 9 is applied by those companies that account for the majority of the Group's foreign currency exposure, when:

- Hedged foreign currency exposures relate to programme rights transactions that have not yet been recognised on the statement of financial position (such as forecast or firm purchases of programme rights for which the license period has not yet begun); and
- Amounts are sufficiently material to justify the need for hedge accounting.

When cash flow hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instrument is recognised net of deferred tax in the cash flow hedging reserve as presented in the "Consolidated statement of changes in equity". It is added to the carrying amount of the hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument is recognised directly in profit or loss. For the year ended 31 December 2020, the swap points have been recognised in the income statement for €6 million (€16 million in 2019).

For recognised foreign currency monetary assets and liabilities there is a natural offset of gains and losses in the income statement between the revaluation of the underlying derivatives and the exposure. Therefore, hedge accounting as defined under IFRS 9 is not applied.

FOREIGN EXCHANGE DERIVATIVE CONTRACTS

The impact of forward foreign exchange contracts is detailed as follows:

	2020 €m	2019 €m
Net fair value of foreign exchange derivatives	(3)	20
Operating foreign exchange gains/(losses)	2	(16)
Gains resulting from swap points	6	16
	2020 €m	2019 €m
Less than 3 months	(6)	(4)
Less than 1 year	(2)	14
Less than 5 years	5	10
Net fair value of foreign exchange derivatives	(3)	20

The line item "Operating foreign exchange gains/(losses)" relates to derivatives used to offset the currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied.

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

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

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

The split by maturities of notional amounts of forward exchange contracts at 31 December 2019 is, for the main foreign currencies, as follows:

	2020 £m	2021 £m	2022 £m	2023 £m	>2023 £m	Total £m
Buy	250	52	7	46	50	405
Sell	(442)	(44)	(5)	(22)	(23)	(536)
Total	(192)	8	2	24	27	(131)

	2020 \$m	2021 \$m	2022 \$m	2023 \$m	>2023 \$m	Total \$m
Buy	844	118	73	76	35	1,146
Sell	(362)	(69)	(21)	(62)	(68)	(582)
Total	482	49	52	14	(33)	564

SENSITIVITY ANALYSIS TO FOREIGN EXCHANGE RATES

Management estimate that:

- If the USD had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2019: no material impact), and an additional pre-tax €23 million gain (respectively loss) (2019: a gain of €35 million) recognised in total comprehensive income in equity;
- If the GBP had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2019: no material impact), and no material impact on the pre-tax expense (respectively income) recognised in total comprehensive income in equity (2019: no material impact);
- If other currencies had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on profit or loss and total comprehensive income in equity (2019: no material impact).

This sensitivity analysis does not include the impact of translation into € of foreign operations.

INTEREST RATE RISK

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long-term and to maximise the excess cash return.

The Group interest rate risk arises primarily from loans payable, financing agreements with Bertelsmann SE & Co. KGaA and Bertelsmann Business Support S.à.r.l. (see note 9.1) and from cash and cash equivalents.

Groupe M6 secured during the third quarter of 2017 external funding of €170 million, including a seven-year Euro Private Placement bond issue (seven-year Euro PP) of €50 million and three bilateral committed credit facilities for a total of €120 million (€40 million each) with a maturity of five years. The fixed interest rate on the Euro PP is 1.50 per cent (all-in). The fair value of the seven-year Euro PP – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €51 million (2019: €51 million).

During the third quarter of 2019, Groupe M6 entered into a seven-year-term Schuldschein loan of €75 million including a credit line of €65 million with a fixed rate of 1 per cent and a credit facility for €10 million with a floating rate of EURIBOR six months (floored at zero per cent) plus a margin of 1 per cent per year. The fair value of the seven-year Euro Schuldschein of €65 million – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €65 million (2019: €65 million). At the same time, in 2019, Groupe M6 increased the three bilateral committed facilities from €40 million to €60 million each, with a maturity in September 2022, July 2024 and September 2024. In March 2020, Groupe M6 used these three revolving bank credit facilities, amounting to €180 million, in order to protect Groupe M6 against liquidity risk. In September 2020, the full amount of bank credit facilities of €180 million was paid back.

In order to maximise the excess cash return on cash balances and to minimise the gross indebtedness of the Group, cross border cash pooling has been set up for most Group entities. The interest rate strategy defined by RTL Group depends on the net cash position of each company.

Group Treasury uses various indicators to monitor interest rate risk, such as a targeted not fixed/floating ratio debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio.

If the interest rates achieved had been plus or minus 100 basis points, and assuming the current amount of floating net cash available remained constant, the net interest income/(expense) at 31 December 2020, would have been changed as follows:

	31 December 2020		31 December 2019	
	Shift +1% €m	Shift -1% €m	Shift +1% €m	Shift -1% €m
Cash flow risks (income statement)	4.5	(0.7)	1.4	(1.6)

The following table indicates the interest-bearing financial liabilities at 31 December and the periods in which they re-price:

	Total amount ⁴ €m	Under 1 year €m	1–5 years €m	Over 5 years €m
Bank loans – fixed rate	(115)	–	(50)	(65)
Bank loans – floating rate	(69)	(49)	(10)	(10)
Term loan facility due to shareholder – fixed rate	(500)	–	(500)	–
Loans due to investments accounted for using the equity method – floating rate	(58)	(58)	–	–
Bank overdrafts	(1)	(1)	–	–
Loans payable – fixed rate	–	–	–	–
Loans payable – floating rate	(10)	(4)	(6)	–
At 31 December 2020	(753)	(112)	(566)	(75)

	Total amount ⁴ €m	Under 1 year €m	1–5 years €m	Over 5 years €m
Bank loans – fixed rate	(120)	(5)	–	(115)
Bank loans – floating rate	(83)	(73)	–	(10)
Term loan facility due to shareholder – fixed rate	(500)	–	(500)	–
Loans due to investments accounted for using the equity method – floating rate	(57)	(57)	–	–
Bank overdrafts	(1)	(1)	–	–
Loans payable – fixed rate	(1)	(1)	–	–
Loans payable – floating rate	(14)	(14)	–	–
At 31 December 2019	(776)	(151)	(500)	(125)

3.1.2. CREDIT RISK

RTL Group's exposure to credit risk primarily arises through sales made to customers (trade receivables), investments in money market funds classified in cash and cash equivalents, and deposits made with banks and the shareholder.

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances that are managed by individual subsidiaries.

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2020, combined television and radio advertising revenue contributed 48 per cent of the Group's revenue (2019: 48 per cent). Due to its business model, RTL Group's exposure to credit risk is directly linked to the final client. However, the risks are considered to be low due to the size of the individual companies or agency groups.

RTL Group sells, licenses and monetises content to state-owned and commercial television channels and internet platforms. In 2020, these activities contributed 30 per cent of the Group's revenue (2019: 32 per cent). Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content providers and broadcasters and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

RTL Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

⁴ Excluding accrued interests

According to the Group's banking policy, derivative instruments and cash transactions (including bank deposits and investments in money market funds) are operated only with high credit quality financial institutions so as to mitigate counterparty risk (only independently rated parties with a minimum rating of 'BBB+' are accepted for bank deposits for the smallest tranches). The Group's bank relationship policy sets forth stringent criteria for the selection of banking partners and money market funds (such as applicable supervisory authorities, investment policy, maximum volatility, track record, rating, cash and cash equivalents status under IAS 7). In order to mitigate settlement risk, the Group has policies that limit the amount of credit exposure to any one financial institution on any single day. Statistics (such as the percentage of the business allocated to each bank over the year, or a summary of the highest intraday exposures by bank and maturity date) are computed and used on a daily basis to ensure credit risk is mitigated in practice at any time.

The carrying amount of financial assets represents their maximum credit exposure.

For trade accounts receivable and contract assets, the expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customers' ability to settle the receivables.

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

As at 31 December 2019	Current €m	More than 30 days past due €m	More than 90 days past due €m	Total €m
Average expected loss rate	0.23%	1.00%	16.39%	-
Gross carrying amount	1,314	100	61	1,475
Loss allowance	3	1	10	14

At 31 December 2020, the gross carrying amount of credit impaired trade receivables and contract assets amounts to €51 million with €46 million loss allowance (2019: €51 million and €50 million, respectively).

The other accounts receivable are considered to be low default risk.

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann. Nevertheless, credit risk arising from transactions with the principal shareholder or its subsidiaries is significantly mitigated (see note 9.1). RTL Group considers that there is a low concentration of credit for other counterparties.

3.1.3. PRICE RISK

The Group is subject to price risk linked to equity securities, earn-out mechanisms, put options on non-controlling interests and derivatives on subsidiaries, and investment accounted for using the equity method. The primary goal of the Group's investment in equity securities categorised as FVOCI is to hold such investments for the long-term for strategic purposes. Some investments designated at FVTPL are actively monitored on a fair value basis.

3.1.4. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, management aim to maintain flexibility in funding by keeping committed credit lines available despite the total cash situation. Cash flow forecasting is performed in the operating entities of the Group. Group Treasury monitors rolling forecasts on the Group's liquidity requirements to ensure it has sufficient headroom to meet operational needs. Management monitor, on a monthly basis, the level of the "Liquidity Headroom" (total committed facilities minus current utilisation through bank loans and guarantees).

	Under 1 year €m	1–5 years €m	Over 5 years €m	2020 €m
Credit facilities – banks				
Committed facilities	–	230	75	305
Headroom	–	180	–	180

	Under 1 year €m	1–5 years €m	Over 5 years €m	2019 €m
Credit facilities – banks				
Committed facilities	–	180	125	305
Headroom	–	180	–	180

Surplus cash held by the operating entities over and above balances required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest-bearing current accounts, time deposits, money market funds or deposits with Bertelsmann SE & Co. KGaA (see note 9.1) choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the closing date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

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

The line item "Accounts payable" excludes employee benefit liability, deferred income, social security and other taxes payable, and other non-financial liabilities.

	Under 1 year €m	1–5 years €m	Over 5 years €m	Total €m
Non-derivative financial liabilities				
Loans and bank overdrafts	174	593	76	843
Lease liabilities	68	224	186	478
Accounts payable	2,304	81	9	2,394
At 31 December 2019	2,546	898	271	3,715
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	969	163	–	1,132
– Inflow	(953)	(158)	–	(1,111)
At 31 December 2019	16	5	–	21

The line item "Accounts payable" excludes employee benefit liability, deferred income, social security and other taxes payable, and other non-financial liabilities.

3.2. CAPITAL MANAGEMENT

The Group monitors capital on the basis of its net debt to EBITDA ratio (non-IFRS measure).

The Group's ability and intention to pay dividends in the future will depend on its financial condition, results of operations, capital requirements, investment alternatives and other factors that management may deem relevant. Management expects that the principal source of funds for the payment of dividends will be the cash flow and dividends received from its current and future subsidiaries:

The Group intends to pay ordinary dividends in the future targeting a dividend ratio of at least 80 per cent of the adjusted net profit attributable to RTL Group shareholders.

The adjusted net result (non-IFRS measure) is the reported net result available to RTL Group shareholders, adjusted for significant one-off items (both positive and negative).

3.3. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE HIERARCHY**3.3.1. FINANCIAL INSTRUMENTS BY CATEGORY**

The fair value of each class of financial assets and liabilities are equivalent to their carrying amount.

	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	Derivatives €m	Loans and accounts receivable €m	Total €m
Assets					
Loans and other financial assets (surplus of the defined benefit plans excluded)	19	35	–	22	76
Accounts receivable and other financial assets	2	–	21	2,063	2,086
Cash and cash equivalents	–	–	–	436	436
At 31 December 2020	21	35	21	2,521	2,598

Of the derivatives, €7 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied and a further €14 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 3.1.1). The item "Accounts receivable and other financial assets" excludes prepaid expenses, other tax receivables and other non-financial receivables.

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

The item "Liabilities at fair value through profit or loss" includes put options on non-controlling interests which have been designated at fair value through profit or loss and earn-out related to business combinations subsequent to 1 January 2016. Of the item "Derivatives", €10 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €14 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 3.1.1). The item "Other financial liabilities" consists of financial liabilities measured at amortised cost. The item "Accounts payable" excludes employee benefits liability, deferred income, social security, other tax payables and other non-financial liabilities.

	Financial assets at fair value through profit or loss € m	Equity investments at fair value through OCI € m	Derivatives € m	Loans and accounts receivable € m	Total € m
Assets					
Loans and other financial assets (surplus of the defined benefit plans excluded)	3	33	–	28	64
Accounts receivable and other financial assets	2	–	41	2,065	2,108
Cash and cash equivalents	–	–	–	377	377
At 31 December 2019	5	33	41	2,470	2,549

Of the item "Derivatives", €25 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €16 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 3.1.1). The item "Accounts receivable and other financial assets" excludes prepaid expenses, other tax receivables and other non-financial receivables.

	Liabilities at fair value through profit or loss € m	Derivatives € m	Other financial liabilities € m	Total € m
Liabilities				
Loans and bank overdrafts	–	–	788	788
Lease liabilities	–	–	432	432
Accounts payable	14	21	2,378	2,413
At 31 December 2019	14	21	3,598	3,633

The item "Liabilities at fair value through profit or loss" includes put options on non-controlling interests which have been designated at fair value through profit or loss and earn-out related to business combinations subsequent to 1 January 2016. Of the item "Derivatives", €6 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €15 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 3.1.1). The item "Other financial liabilities" consists of financial liabilities measured at amortised cost. The item "Accounts payable" excludes employee benefits liability, deferred income, social security, other tax payables and other non-financial liabilities.

3.3.2. FAIR VALUE HIERARCHY

The following table presents the Group's financial assets and liabilities measured at fair value. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities);

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity investments at fair value through OCI	35	4	-	31
Equity instruments accounted at FVTPL	3	-	-	3
Debt instruments measured at FVTPL	18	-	3	15
Derivatives used for hedging	21	-	21	-
Other cash equivalents	6	-	6	-
At 31 December 2020	83	4	30	49
Liabilities				
Derivatives used for hedging	24	-	24	-
Contingent consideration	5	-	-	5
Liabilities in relation to put options on non-controlling interests	-	-	-	-
At 31 December 2020	29	-	24	5
	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity investments at fair value through OCI	33	6	-	27
Equity instruments accounted at FVTPL	3	-	-	3
Debt instruments measured at FVTPL	2	-	2	-
Derivatives used for hedging	41	-	41	-
Other cash equivalents	8	-	8	-
At 31 December 2019	87	6	51	30
Liabilities				
Derivatives used for hedging	21	-	21	-
Contingent consideration	2	-	-	2
Liabilities in relation to put options on non-controlling interests	12	-	-	12
At 31 December 2019	35	-	21	14

There were no transfers between Levels 1, 2 and 3 during 2020 or 2019.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The quoted market price used for financial assets by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's finance department, which includes Group Treasury and Controlling teams, performs the recurring and non-recurring valuations of items to be valued at fair value for financial purposes, including Level 3 fair values. These teams report directly to the Chief Financial Officer, who reports to the Audit Committee at least once every quarter, in line with the Group's quarterly reporting dates. The main Level 3-related inputs used by RTL Group relate to the determination of the expected discounted cash flows as well as the discount rates used in the different valuations.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments (Level 2);
- The fair value of forward foreign exchange contracts classified under Level 2 is determined by using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- For instruments classified under Level 3, other techniques, such as discounted cash flow analysis, based for the main instruments on the significant unobservable inputs (e.g. forecast revenue growth rates and market multiples are used to determine fair value for the remaining financial instruments) or the Black-Scholes model. Volatility is primarily determined by reference to comparable, publicly traded peers.

The following table presents the change in Level 3 instruments:

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

	Financial assets at fair value through profit or loss €m	Assets Equity investments at fair value through OCI €m	Total assets €m	Liabilities Liabilities at fair value through profit or loss €m
Balance at 1 January 2019	4	31	35	12
Acquisitions and additions	–	1	1	2
Gains and losses recognised in other comprehensive income	–	(1)	(1)	–
Gains and losses recognised in profit or loss	(2)	–	(2)	–
Other changes	1	(4)	(3)	–
Balance at 31 December 2019	3	27	30	14

3.4. MASTER NETTING AGREEMENT

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not currently have any legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a bank loan default or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements. The column "net amount" shows the impact on the Group's statement of financial position if all set-off rights were exercised.

	At 31 December 2020			At 31 December 2019		
	Gross amounts in the statement of financial position €m	Related financial instruments that are not offset €m	Net amount €m	Gross amounts in the statement of financial position €m	Related financial instruments that are not offset €m	Net amount €m
Financial assets						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	21	(21)	–	41	(21)	20
	21	(21)	–	41	(21)	20
Financial liabilities						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	(24)	21	(3)	(21)	21	–
	(24)	21	(3)	(21)	21	–

4. SEGMENT REPORTING

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

The Group has 14 business units (of which Atresmedia accounted for using the equity method) at 31 December 2020, each one led by a CEO. The Group owns interests in 67 TV channels, 10 streaming services and 38 radio stations, of which 10 TV channels, three radio stations and a streaming service are held by Atresmedia as an associate (see note 7.5.1).

Moreover Fremantle, Divimove and SpotX operate multi-territory/international networks in the content, digital video and advertising technology businesses.

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

- **Mediengruppe RTL Deutschland:** this segment encompasses all of the Group's German TV broadcasting activities. These include the leading commercial free-to-air channel RTL Television, as well as Vox, Super RTL and Toggo Plus (through RTL Disney Fernsehen GmbH & Co. KG, a joint venture accounted for using the equity method), NTV, Nitro, Vox Up and RTL Plus, thematic pay channels RTL Crime, RTL Passion, RTL Living, GEO Television and Now!, and an equity participation in the free-to-air channel RTL Zwei. This segment also includes the streaming service TV Now, and content activities such as the production companies RTL Studios and infoNetwork. Further this segment includes activities of RTL Radio Deutschland and of RTL Group's ad-tech businesses in all European markets (except the UK), bundled under the brand Smartclip;
- **Groupe M6:** this segment represents a multimedia group in France which focuses on three areas: television (13 channels including M6, the second largest commercial channel in the French market), radio (three stations including RTL, the leading radio station in France) and digital (more than 30 online media services including mobile applications and IPTV services);
- **Fremantle:** RTL Group's global content production business includes a significant distribution and licensing business (international) and operates in more than 30 countries;
- **RTL Nederland:** this segment covers television broadcasting and a wide range of digital and diversification activities. Its television channels – RTL 4, RTL 5, RTL 7, RTL 8, RTL Z, RTL Lounge, RTL Crime and RTL Telekids – build the leading family of channels in the Netherlands. This segment also includes the catch-up TV service RTL XL and the pay streaming service Videoland.

Following a review of the Group's segment structure the segment **RTL Belgium** is now presented within "Other segments" from 31 December 2020, onwards. The figures from the previous year have been adjusted accordingly. 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 up to 100 per cent.

The revenue of "Other segments" amounts to €873 million (2019: €909 million); digital video network (Divimove and BroadbandTV before disposal), SpotX, RTL Hungary, and RTL Belgium are the major contributors for €281 million, €164 million, €105 million and €159 million respectively (2019: €319 million, €133 million, €114 million and €185 million respectively). The Group's Corporate Centre, which provides services and initiates projects, is also reported in "Other segments".

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

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

All management financial information reported to RTL Group's Executive Committee is fully compliant and consistent with the Group's accounting policies and primary statements.

4.1. SEGMENT INFORMATION

	Mediengruppe RTL Deutschland		Groupe M6 ⁵		Fremantle		RTL Nederland		Other segments ^{5,6}		Eliminations		Total Group	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Revenue from external customers	2,124	2,258	1,263	1,445	1,346	1,591	473	497	811	860	-	-	6,017	6,651
Inter-segment revenue	3	4	10	11	191	202	3	(1)	62	49	(269)	(265)	-	-
Total revenue	2,127	2,262	1,273	1,456	1,537	1,793	476	496	873	909	(269)	(265)	6,017	6,651
Depreciation, amortisation and impairment ⁷	(38)	(39)	(100)	(120)	(43)	(43)	(10)	(10)	(61)	(47)	-	-	(252)	(259)
Impairment and reversals of investments accounted for using the equity method	-	-	(2)	2	-	-	-	-	(60)	(52)	-	-	(62)	(50)
Share of results of investments accounted for using the equity method	35	42	(5)	2	2	2	1	-	(1)	18	-	-	32	64
Adjusted EBITA	467	663	266	287	87	142	58	54	(25)	10	-	-	853	1,156
Adjusted EBITA margin	22.0%	29.3%	20.9%	19.7%	5.7%	7.9%	12.2%	10.9%	(2.9)%	1.1%	n/a	n/a	14.2%	17.4%
Invested capital	907	910	1,403	1,359	1,464	1,518	203	279	450	568	(2)	(4)	4,425	4,630

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

	2020 €m	2019 €m
Adjusted EBITA	853	1,156
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
Significant special items	(34)	(17)
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

In 2020 "Special items" reflects 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 a provision at the Corporate Centre in Luxembourg (€2.6 million; 2019: addition of €17 million).

⁵ In 2020, Groupe M6 has opened Bedrock's capital, enabling RTL Group to acquire a 50 per cent stake. At 31 December 2020, the technology company Bedrock, specialising in the design and development of streaming platforms, and previously included in "Groupe M6", is presented in "Other segments". The segment information for the previous period has not been restated due to the insignificant impact. Further, the amount of invested capital for 2019 was recalculated due to the final purchase price allocation of Gulli, which led to adjustment of prior year figures.

⁶ Following a review of the Group's segment structure the segment RTL Belgium is presented within "Other segments" from 31 December 2020, onwards. The figures from the previous year have been adjusted accordingly. Other segments include the Adjusted EBITA loss of €-47 million generated by Group Corporate Centre (2019: €-39 million).

⁷ The figures from the previous year have been adjusted (see note 18.30).

4.2. GEOGRAPHICAL INFORMATION

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

	Germany		France		USA		The Netherlands		UK		Belgium		Other regions		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Revenue from external customers	1,958	2,140	1,242	1,439	1,037	1,119	497	527	197	254	187	217	899	955	6,017	6,651
Non-current assets ⁸	1,254	1,265	1,073	1,099	439	582	339	343	435	456	75	75	243	290	3,858	4,110
Assets held for sale	-	-	-	71	427	17	-	-	2	-	-	-	-	-	429	88
Capital expenditure ⁸	52	38	104	320	17	15	8	10	18	23	11	22	33	38	243	466

The revenue generated in Luxembourg amounts to €70 million (2019: €72 million). The total of non-current assets other than investments accounted for using the equity method, financial instruments, deferred tax assets and post-employment benefit assets located in Luxembourg amounts to €74 million (2019: €86 million).

5. ACQUISITIONS AND DISPOSALS**5.1. ACQUISITIONS**

Acquisitions have been consolidated using the purchase method of accounting, with goodwill being recognised as an asset. The acquisitions have been included in the consolidated financial statements from the date that the control was obtained by the Group.

RTL Group made several acquisitions in 2020, none of which was material on a stand-alone basis. Payments net of acquired cash and cash equivalents amounted to €10 million; the consideration transferred in accordance with IFRS 3 for these acquisitions amounted to €23 million including contingent consideration of €2 million. The acquisitions resulted in goodwill totalling €14 million, which reflects synergy potential and is partly tax deductible. Transaction-related costs were insignificant in the financial year 2020 and have been recognised in profit or loss. The purchase price allocations consider all the facts and circumstances prevailing as of the respective dates of acquisition that were known prior to preparation of the consolidated financial statements. In accordance with IFRS 3, should further facts and circumstances become known within the 12-month measurement period, the purchase price allocation will be adjusted accordingly.

Since initial consolidation, all new acquisitions in accordance with IFRS 3 in 2020 have contributed an insignificant amount to revenue and to Group profit or loss. If consolidated as of 1 January 2020, these would have contributed an insignificant amount to revenue and to Group profit or loss.

In September 2019, Groupe M6 acquired 100 per cent of the share capital of Jeunesse TV SAS, Lagardère Thématiques SAS (renamed Jeunesse Thématiques SAS) and LTI Vostok LLC. The initial accounting for the acquisition had not yet been completed in the last financial year. In accordance with IFRS 3.49, goodwill from the acquisition of Youth Television Business was decreased from €193 million to €126 million. The decrease results mainly from the valuation of intangible assets acquired for €90 million in total (including €38 million for brands, almost all for the brand Gulli, and €52 million for customer relationships) and respective adjustments in the deferred tax liability for €23 million. The consolidated balance sheet figures from the previous year have been adjusted accordingly.

⁸ The figures from the previous year have been adjusted (see note 12.30.)

5.2. DISPOSALS

On 13 February 2020, Fremantle sold back all its shares in its North American production companies, 495 Productions Holdings LLC and affiliates ("495") to the minority shareholder of 495 for an immaterial amount.

In March 2020, Groupe M6 sold its interests held in its subsidiary iGraal, the French leader in cashback, to German Global Savings Group ("GSG"), a major global player in digital marketing. The deal, which took the form of a partial cash sale for €35 million and a share swap, valued iGraal at €126 million. As a result, Groupe M6 becomes the leading shareholder in GSG, with 12.72 per cent of the capital and recognises its results via the equity method (initial recognition of the investment in GSG at €91 million). Net of transaction-related costs, the transaction resulted in an overall gain of €78 million recognised in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree". For details on GSG as an associate see note 7.5.1.

Both disposal groups were presented at 31 December 2019 as assets classified as held for sale.

On 28 October 2020 RTL Group announced that it has completed the sale of its entire shareholding in Vancouver-based BroadbandTV to BBTV Holdings Inc. for €102 million (CAD159 million) paid in cash. At the same time, and as part of the same transaction, RTL Group obtained a convertible note of €15 million measured at fair value through profit or loss (Level 3 measurement). Net of transaction-related costs, the transactions resulted in an overall gain of €80 million recognised in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

During the year 2020 RTL Group sold other subsidiaries, none of which was material on a standalone basis. In total, the impact of these disposals on the Group's financial position and financial performance was also minor.

After considering the cash and cash equivalents disposed of, RTL Group recorded cash flows in the amount of €120 million (2019: €102 million) from all disposals. The disposals resulted in a capital gain of €159 million (2019: €63 million), which is recognised in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree". The following table shows their impact on RTL Group's assets and liabilities at the time of disposal:

	iGraal €m	BroadbandTV €m	Other €m	Total €m
Non-current assets				
Programme and other rights	-	3	-	3
Goodwill	41	25	4	70
Other intangible assets	2	3	1	6
Property, plant and equipment	-	-	1	1
Right-of-use assets	-	1	5	6
Loans and other financial assets	8	-	-	8
Current assets				
Programme rights	-	-	9	9
Other inventories	-	-	6	6
Accounts receivable and other financial assets	14	26	10	50
Other current assets	-	7	-	7
Cash and cash equivalents	9	14	8	31
Liabilities				
Lease liabilities	-	1	5	6
Loans	-	2	1	3
Provisions	1	-	3	4
Accounts payable	24	58	14	96
Income tax payable	1	-	-	1
Contract liabilities	-	-	11	11

6. DETAILS ON CONSOLIDATED INCOME STATEMENT

6.1. REVENUE

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

	Mediengruppe RTL Deutschland		Groupe M6		Fremantle		RTL Nederland		Other segments ⁹		Total Group	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Revenue from advertising	1,710	1,845	969	1,099	14	13	290	321	347	381	3,330	3,659
Revenue from exploitation of programmes, rights and other assets	248	245	167	153	1,323	1,557	174	154	323	364	2,235	2,473
Revenue from selling goods and merchandise and providing services	166	168	127	193	9	21	9	22	141	115	452	519
	2,124	2,258	1,263	1,445	1,346	1,591	473	497	811	860	6,017	6,651
Timing of revenue recognition												
At a point in time	106	139	158	223	1,294	1,542	9	16	289	327	1,856	2,247
Over time	2,018	2,119	1,105	1,222	52	49	464	481	522	533	4,161	4,404
	2,124	2,258	1,263	1,445	1,346	1,591	473	497	811	860	6,017	6,651

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

	2020 €m	2019 €m
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	271	265
Revenue recognised from performance obligations satisfied in previous periods	2	2

6.2. OTHER OPERATING EXPENSES

	2020 €m	2019 €m
Employee benefits expenses	1,089	1,128
Intellectual property expenses	563	540
Expenses related to live programmes	294	406
Consumption of other inventories	44	54
Production subcontracting expenses	340	303
Transmission expenses including satellite capacity	89	89
Marketing and promotion expenses	110	131
Rentals and other lease expenses	25	36
Operating taxes	56	69
Audit and consulting fees	60	69
Repairs and maintenance	75	70
Marketing and promotion barter expenses	32	35
Distribution expenses	10	10
Commissions on sales	32	21
Administration and sundry expenses	131	151
	2,950	3,112

The line item "Rentals and other lease expenses" includes expenses from short-term leases of €14 million (2019: €22 million) and expenses for low-value assets for €nil million (2019: €1 million). Expenses from variable lease payments, which are not included in the lease liabilities are immaterial for RTL Group. The line item "Audit and consulting fees" includes fees related to KPMG (2019: PricewaterhouseCoopers).

⁹ Following a review of the Group's segment structure the segment RTL Belgium is presented within "Other segments" from 31 December 2020, onwards. The figures from the previous year have been adjusted accordingly.

Fees related to the Group's auditor, KPMG (in 2019 PricewaterhouseCoopers) and its affiliates regarding the continuing operations, are set out below:

	2020 €m	2019 €m
Audit services pursuant to legislation	2.6	3.4
Audit-related services	0.1	0.1
Non-audit services	0.4	0.7
	3.1	4.2

6.2.1. EMPLOYEE BENEFITS EXPENSES

	2020 €m	2019 €m
Wages and salaries	811	836
Termination benefits	54	59
Social security costs	164	166
Share options granted to employees	5	8
Pension costs	21	18
Other employee expenses	34	41
	1,089	1,128
Of which restructuring costs	(27)	(18)

The amounts set out above exclude personnel costs of €260 million (2019: €269 million), which are capitalised and that represent costs of employees directly allocated to the production of assets.

In addition to other short-term bonus schemes, RTL Group has implemented for its senior management a long-term incentive plan ("LTIP") which runs for the term 2020 to 2022. The liability related to the LTIP 2020 to 2022 amounted to €3 million at 31 December 2020, (LTIP 2017 to 2019: €51 million at 31 December 2019, which was fully paid in the second half year). Groupe M6 operates a specific long-term incentive plan based on free share plans (see note 7.16.7). Pension costs relate to defined contributions for €13 million (2019: €12 million) and defined benefit plans for €9 million (2019: €6 million).

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

	2020	2019
Employees of fully consolidated undertakings	10,598	10,747
	10,598	10,747

6.3. NET INTEREST INCOME/(EXPENSE)

	2020 €m	2019 €m
Interest income on loans and accounts receivable	4	4
Tax-related interest income	-	1
Interest income	4	5
Interest expense on financial liabilities	(21)	(24)
Interest expense on lease liabilities	(9)	(9)
Tax-related interest expense	(1)	-
Interest on defined benefit obligations	(2)	(3)
Interest expense on other employee benefit liabilities	-	(1)
Interest expense	(33)	(37)
Net interest expense	(29)	(32)

Interest expense on lease liabilities comprises interest paid of €9 million (2019: €9 million). Interest expense on financial liabilities includes an amount of €14 million (2019: €15 million) in respect of the loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support S.à.r.l. (see note 9.1). Interest on defined benefit obligations comprises interest income on plan assets of €2 million (2019: €3 million) and unwind of discount on defined benefit obligations of €-4 million (2019: €-6 million).

6.4. FINANCIAL RESULTS OTHER THAN INTEREST

	2020 €m	2019 €m
Gains resulting from swap points	6	16
Net gain/(loss) on other financial instruments at fair value through profit or loss	12	(2)
Other financial results	(17)	13
	1	27

The item "Net gain/(loss) on other financial instruments at fair value through profit or loss" mainly relates to the re-measurement effect of the Best of TV put option initially recognised at fair value through profit or loss (€12 million). The item "Other financial results" includes re-measurement effects of the put options on Wildside (Fremantle, €-9 million) and negative impact of the net wealth tax (€-3 net million). In 2019 RTL Group received €8 million on a fully impaired loan held by Alpha Media Group Ltd and reversed the impairment accordingly through profit and loss ("Other financial results"). Further a gain of €9 million recognised from the subsequent re-measurement of the put option related to CTZAR SAS (Groupe M6) had been recognised in 2019.

6.5. INCOME TAX EXPENSE

	2020 €m	2019 €m
Current tax expense	(242)	(276)
Deferred tax expense/income	(8)	(16)
	(250)	(292)

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

	2020 €m	%	2019 €m	%
Profit before tax	875		1,156	
Income tax rate applicable in Luxembourg		24.94		24.94
Tax calculated at domestic tax rate applicable to profits in Luxembourg	218		288	
Effects of tax rate in foreign jurisdictions	68		100	
Change in tax regulation and status	13		(6)	
Non-deductible expenses/losses	32		26	
Tax-exempt revenue/gains	(75)		(42)	
Commission received in relation to the Compensation Agreement	-		(37)	
Effect of measurement of deferred tax assets	(15)		(44)	
Effect of tax losses for which no deferred tax assets are recognised	9		9	
Other	-		(1)	
Tax expense before adjustments on prior years	250	28.57	293	25.35
Current tax adjustments on prior years	(8)		4	
Deferred tax adjustments on prior years	8		(5)	
Income tax expense	250	28.57	292	25.26

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

- Germany, where the official tax rate is 32.10 per cent, representing an impact of €34 million (2019: €60 million with a tax rate of 33.2 per cent);
- France, where several tax rates apply, depending on the size of the business. The rates of 32.02 and 31.0 per cent apply, representing an impact of €28 million (2019: the rates of 34.43 and 33.33 per cent applied, representing an impact of €33 million).

In 2020 and 2019, change in tax regulation mainly relates to Germany.

"Non-deductible expenses/losses" includes in 2019 and 2020 the impact of the impairment loss related to Atresmedia (see note 7.5.1).

"Tax-exempt revenue/gains" mainly relates in 2020 to capital gains for €58 million (2019: capital gains for €24 million and to the share of results of investments accounted for using the equity method for €11 million).

Current and deferred tax adjustments on prior years mainly relate to tax audits and recent tax returns.

6.6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €492 million (2019: €754 million) and a weighted average number of ordinary shares outstanding during the year of 153,586,913 (2019: 153,557,430), calculated as follows:

	2020	2019
Profit attributable to RTL Group shareholders (in € million)	492	754
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	154,742,806	154,742,806
Effect of treasury shares held	(1,155,893)	(1,168,701)
Effect of liquidity programme	–	(16,675)
Weighted average number of ordinary shares	153,586,913	153,557,430
Basic earnings per share (in €)	3.20	4.91
Diluted earnings per share (in €)	3.20	4.91

7 DETAILS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION**7.1 PROGRAMME AND OTHER RIGHTS, GOODWILL AND OTHER INTANGIBLE ASSETS¹⁰**

	(Co-) productions € m	Distribution and broadcasting rights € m	Advance payments and (co-) productions in progress € m	Total programme and other rights € m	Goodwill € m	Other intangible assets € m
Cost						
Balance at 1 January 2019	858	1,281	21	2,160	5,415	553
Effect of movements in foreign exchange	7	2	-	9	7	3
Additions	4	50	28	82	-	57
Disposals	(1)	(49)	-	(50)	-	(26)
Subsidiaries acquired	-	-	-	-	143	93
Subsidiaries disposed of	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	(43)	(4)
Transfers and other changes	14	(3)	(26)	(15)	-	2
Balance at 31 December 2019	882	1,281	23	2,186	5,522	678
Effect of movements in foreign exchange	(37)	(3)	-	(40)	(37)	(10)
Additions	1	36	28	65	-	64
Disposals	-	(30)	-	(30)	-	(7)
Subsidiaries acquired	-	2	-	2	14	2
Subsidiaries disposed of	(3)	-	-	(3)	(28)	(4)
Transfer to assets held for sale	-	-	-	-	(108)	(39)
Transfers and other changes	9	(123)	(28)	(142)	-	-
Balance at 31 December 2020	852	1,163	23	2,038	5,363	684
Amortisation and impairment losses						
Balance at 1 January 2019	(833)	(1,232)	(4)	(2,069)	(2,496)	(340)
Effects of movements in foreign exchange	(7)	(2)	-	(9)	-	(2)
Amortisation charge for the year	(24)	(67)	-	(91)	-	(40)
Impairment losses recognised for the year	(1)	-	-	(1)	-	(1)
Reversal of impairment losses	-	-	-	-	-	-
Disposals	-	49	-	49	-	24
Transfer to assets held for sale	-	-	-	-	-	2
Transfers and other changes	1	-	-	1	-	2
Balance at 31 December 2019	(864)	(1,252)	(4)	(2,120)	(2,496)	(355)
Effects of movements in foreign exchange	38	3	-	41	15	7
Amortisation charge for the year	(14)	(58)	-	(72)	-	(49)
Impairment losses recognised for the year	(1)	-	(1)	(2)	(11)	(1)
Disposals	-	30	-	30	-	6
Transfer to assets held for sale	-	-	-	-	-	22
Transfers and other changes	1	138	-	139	-	(1)
Balance at 31 December 2020	(840)	(1,139)	(5)	(1,984)	(2,492)	(371)
Carrying amount:						
At 31 December 2019	18	29	19	66	3,026	323
At 31 December 2020	12	24	18	54	2,871	313

"Other intangible assets" mainly includes brands for an amount of €164 million (2019: €126 million), primarily related to Groupe M6.

The M6 brand and Gulli-related brands are considered to have an indefinite useful life and were recognised for an amount of €120 million and €38 million, respectively. At 31 December 2020, an impairment test was performed and did not lead to any impairment.

¹⁰ The figures from the previous year have been adjusted (see note 1.30)

In determining that the M6 brand has an indefinite useful life, management have considered various factors such as the historical and expected longevity of the brand, the impact of possible changes in broadcasting technologies, the impact of possible evolutions of the regulatory environment in the French television industry, the current and expected audience share of the M6 channel, and M6 management's strategy to maintain and strengthen the trademark "M6". Based on the analysis of these factors, management have determined and confirmed at 31 December 2020, that there is no foreseeable limit to the period over which the brand M6 is expected to generate cash inflows for the Group. Gulli-related brands correspond to Gulli, Canal J and Tiji. Given their positioning, the market's awareness of the brands and their history, they are considered to have an indefinite useful life.

7.2. IMPAIRMENT TEST FOR GOODWILL

Goodwill is allocated to the Group's cash-generating units ("CGUs") on the basis of the business units and at the level at which independent cash flows are generated. Ludia – part of the business unit Fremantle – conducts specific and separate operations that generate independent cash flows and is not expected at this stage to benefit from sufficient synergies with the Group, therefore it qualifies as a separate cash-generating unit.

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

	31 December 2020 €m	31 December 2019 €m
Mediengruppe RTL Deutschland	971	951
Groupe M6	592	595
Fremantle	1,046	1,047
Ludia	29	31
RTL Nederland	159	159
RTL Belgium	32	32
Others		
– Yospace (2020)/SpotX (2019)	8	126
– Divimove	33	40
– BroadbandTV	–	27
– German radio	–	17
– Freecaster	1	1
Total goodwill on cash-generating units	2,871	3,026

As German radio activities are managed as a part of Mediengruppe RTL Deutschland and integrated into its business organisation, the former cash-generating unit "German radio" is now considered as a part of the cash-generating unit "Mediengruppe RTL Deutschland" at 31 December 2020, and the related goodwill was transferred.

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

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

- The value in use is determined on the basis of cash flows excluding estimated future cash inflows or outflows expected to arise from future restructurings and from improving or enhancing the CGU's performance unless the cash generating unit is committed at year end to the restructuring, and related provisions have been made. Furthermore, the discount rate is closely linked to Group parameters (mainly credit premium, gearing ratio and specific risk). Specific country risk and inflation differentials are also taken into account;
- Fair value less costs of disposal is the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. When available, market quoted prices are used.

The Group supports its fair values less costs of disposal on market-based valuations, if an active market exists, and on the basis of a discounted cash flow ("DCF") model to the extent that it would reflect the value that "any market participant" would be ready to pay in an arm's length transaction. Differently from the "value in use" approach, which reflects the perspective of the Group for a long term use of the CGU, a "fair value less costs of disposal" DCF model would include future cash flows expected to arise from restructuring plans and future investments, as all rational market participants would be expected to undertake these restructurings and investments in order to extract the best value from the acquisition.

Furthermore, the discount rate of each CGU is calculated based on a market approach and most of the parameters used are derived from market sources. The discount rates are based on a mixed interest rate represented by the weighted average cost of equity and cost of capital (WACC) after tax. The discount rates reflect the time value of money and the perception of risk associated with projected future cash flows, both from the equity shareholders' and the debt holders' point of view.

The discount rates have been determined, CGU by CGU, and embody, where appropriate, the following factors:

- country risk;
- inflation rate differential;
- specific firm premium;
- specific tax rate;
- credit spread due to the financial situation; and
- gearing ratio of the CGU.

The recoverable amount of all CGUs is based on their fair value less costs of disposal and is a Level 3 fair value measurement, with exception of Groupe M6 which is listed on Euronext Paris, Compartment A (Paris Stock Exchange). As at December 31, 2019, the recoverable amount of Groupe M6 was based on fair value less costs of disposal (level 1). As of December 31, 2020, the market price of Métropole Télévision shares on the Paris Stock Exchange was €13.26 (2019: €16.78). The recoverable amount of Groupe M6 at that date was based on value in use using a discounted cash flow method (level 3). The value in use determined significantly exceeded the carrying amount.

Cash flow projections are based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period for up to a total of five years are prepared for recent investments like Divimove using the estimated growth rates and other key drivers. For the cash-generating units' operating advertising revenue, the projections consider audience and advertising market shares, the EBITA margin, operating cash conversion rates based on past performance, and expectations regarding market development. Management also rely on wider macro-economic indicators from external sources to verify the veracity of their own budgeting assumptions. Finally, the market positions of the Group's channels are also reviewed in the context of the competitive landscape, including the impact of new technologies and consumption habits. For Fremantle, which operates a multi-territory/worldwide and diversified operation, the expected growth rate is determined according to a weighted average of growth expectations of its multiple regions, markets and product offerings. The number of video views and the development of original production and branded entertainment are key drivers for the digital video networks.

Cash flows beyond the three and five-year period are extrapolated using the estimated perpetual growth and EBITA margin rates and applying the discount rates stated below.

The perpetual growth and EBITA margins are based on the expected outcome of the strategy implemented by the Group in the different markets, on macro-economic and industry trends, and on in-house estimates.

Capital expenditure is historically low in the business models the Group develops and is assumed to be in line with depreciation and amortization. Management also consider that the moderate perpetual growth would not result in the increase of the net working capital.

	2020		2019	
	Perpetual growth rate % a year	Discount rate %	Perpetual growth rate % a year	Discount rate %
Cash-generating units				
Mediengruppe RTL Deutschland	0.5	6.5	0.5	5.6
Groupe M6 ¹¹	0.0	6.9	0.0	5.9
Fremantle	1.8	8.2	1.8	7.6
Ludia	2.0	5.8	2.0	8.1
RTL Nederland	0.0	6.0	0.0	5.4
RTL Belgium	0.0	7.3	0.0	6.3
Others				
- Yospace (2020)/SpotX (2019)	2.0	10.2	2.0	10.1
- Divimove	2.0	9.2	2.0	10.0
- BroadbandTV	-	-	2.0	10.6
- German radio	-	-	0.0	7.5
- Freecaster	-	-	0.5	5.7

FREMANTLE

In 2020 Fremantle was adversely impacted by the Covid-19 pandemic, but was able to rapidly adjust to the new environment and resume productions. Driven by the high overall market demand for content from a diversified set of potential clients (e.g. broadcasters, platforms and streaming services) and Fremantle's well-diversified territorial coverage (Fremantle's network of local production and distribution companies operates in over 30 territories around the world), the exposure of Fremantle towards potentially long lasting recessions of specific economies is limited. The pandemic has given rise to the "stay-at-home" economy, which, in part, has resulted in the streaming platforms continuing to increase their content spend in the race for streaming customers. The key drivers of growth in Fremantle over the coming years are expected to come from initiatives to develop new formats, from expanding its drama and factual entertainment pipeline and from further diversification of its global footprint. Fremantle's slate of productions is underpinned by successful entertainment and game show brands such as Idols, Got Talent and Family Feud and bolstered by a growing roster of drama productions including American Gods, My Brilliant Friend and Charité. Based on the budget assumptions and on a DCF model with a perpetual EBITA margin of 8 per cent, the headroom at the level of Fremantle amounts to €213 million (31 December 2019: €366 million).

Management has identified that a reasonably possible change in three key assumptions could cause the carrying amount to exceed the recoverable amount. In the event of changes of these assumptions individually, as described in the following table, the estimated recoverable amount would be equal to the carrying amount.

	31 December 2020 in percentage points	31 December 2019 in percentage points
EBITA margin	(1.2)	(1.3)
Discount rate	1.0	1.4
Perpetual growth rate	(1.8)	(1.5)

DIVIMOVE

Despite the growth in revenue and EBITA, the recoverable amount, based on Divimove's current business plan and RTL Group's expectations, falls short of the carrying amount leading to an €11 million impairment loss.

When taken individually, the following changes in the key assumptions would reduce the DCF based valuation of the CGU Divimove as follows:

	31 December 2020 €m	31 December 2019 €m
Variation in:		
EBITA margin by (1) per cent for each period	(14)	(12)
Discount rate by 1 per cent	(7)	(10)
Perpetual growth rate by (1) per cent	(5)	(8)

¹¹ Level 1 measurement applies in 2019

Management consider that, at 31 December 2020, apart from the above mentioned sensitivities, no reasonably possible change in the market shares, EBITA margin and operating cash conversion rates would reduce the headroom between the recoverable amounts and the carrying amounts of the cash-generating units to zero, when the recoverable amount is solely based on a DCF approach.

7.3. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost				
Balance at 1 January 2019	392	351	245	988
Effect of movements in foreign exchange	–	–	1	1
Additions	4	12	38	54
Disposals	(2)	(17)	(12)	(31)
Subsidiaries acquired	–	2	–	2
Transfers and other changes	1	3	(6)	(2)
Balance at 31 December 2019	395	351	266	1,012
Effect of movements in foreign exchange	(2)	(3)	(5)	(10)
Additions	4	12	35	51
Disposals	(5)	(8)	(11)	(24)
Subsidiaries acquired	–	–	–	–
Subsidiaries disposed of	–	–	(1)	(1)
Transfer to assets held for sale	(3)	–	(25)	(28)
Transfers and other changes	4	10	(14)	–
Balance at 31 December 2020	393	362	245	1,000
Depreciation and impairment losses				
Balance at 1 January 2019	(185)	(287)	(184)	(656)
Effect of movements in foreign exchange	–	–	(1)	(1)
Depreciation charge for the year	(19)	(22)	(26)	(67)
Disposals	1	16	10	27
Balance at 31 December 2019	(203)	(293)	(201)	(697)
Effect of movements in foreign exchange	1	2	4	7
Depreciation charge for the year	(19)	(22)	(23)	(64)
Disposals	5	7	10	22
Transfer to assets held for sale	1	–	22	23
Balance at 31 December 2020	(215)	(306)	(188)	(709)
Carrying amount:				
At 31 December 2019	192	58	65	315
At 31 December 2020	178	56	57	291

7.4. RIGHT-OF-USE ASSETS

Depreciation, additions and carrying amounts of right-of-use from leased property, plant and equipment are as follows:

	Land and equivalent real estate rights and buildings €m	Technical equipment and machinery €m	Other equipment, fixtures, furniture and office equipment €m	Total €m
Balance at 1 January 2020	370	1	9	380
Effect of movements in foreign exchange	(5)	–	–	(5)
Depreciation charge for the year	(58)	(1)	(5)	(64)
Additions	40	2	4	46
Other changes	(27)	(1)	–	(28)
Balance at 31 December 2020	320	1	8	329

	Land and equivalent real estate rights and buildings €m	Technical equipment and machinery €m	Other equipment, fixtures, furniture and office equipment €m	Total €m
Balance at 1 January 2019	367	3	7	377
Effect of movements in foreign exchange	3	–	–	3
Depreciation charge for the year	(53)	(1)	(4)	(58)
Additions	32	–	5	37
Other changes	21	(1)	1	21
Balance at 31 December 2019	370	1	9	380

7.5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	2020 €m	2019 €m
Associates	356	331
Joint ventures	28	21
Balance at 31 December	384	352

The amounts recognised in the income statement are as follows:

	2020 €m	2019 €m
Associates	28	47
Impairment of investments in associates	(62)	(50)
Joint ventures	4	17
	(30)	14

In the year 2020, dividends received from investments accounted for using the equity method amounted to €38 million (2019: €30 million). This amount is considered as adjustment in the position "Financial results including net interest expense and share of results of investments accounted for using the equity method" when calculating cash flows from operating activities.

7.5. 1. INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group at 31 December 2020, which, in the opinion of the management, are material to the Group:

Name of entity	Country of incorporation	Principal activity	% voting power held by the Group		Measurement method
			2020	2019	
Atresmedia	Spain	Broadcasting TV	18.7	18.7	Equity
Global Savings Group (GSG)	Germany	Shopping rewards	41.6	–	Equity
RTL 2 Fernsehen GmbH & Co. KG	Germany	Broadcasting TV	35.9	35.9	Equity

Atresmedia Corporación de Medios de Comunicación S.A. (and subsidiaries, "Atresmedia") is listed on the Madrid Stock Exchange. Based on the published share price at 31 December 2020, the market capitalisation of 100 per cent of Atresmedia amounts to €650 million, i.e. €2.88 per share (2019: €786 million, i.e. €3.48 per share). RTL 2 Fernsehen GmbH & Co. KG is a private company and there is no quoted market price available for its shares. Global Savings Group is also a private company providing shopping rewards activities and there is no quoted market price available for its share.

The summarised financial information for the material associates of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and its associates is as follows:

	Atresmedia	Global Savings Group (GSG)	RTL 2 Fernsehen GmbH & Co. KG
	2020 €m	2019 €m	2020 2019 €m
Non-current assets	556	583	14184
Current assets	762	699	7486
Current liabilities	(495)	(486)	(59)(86)
Non-current liabilities	(357)	(356)	(28)(3)
Net assets	466	440	12881
Revenue	866	1,039	77261
Profit before corporate tax	34	155	442
Income corporate tax expense	(10)	(35)	-
Profit for the year	24	120	442
Dividends received from associates	-	19	-18

The reconciliation of the summarised financial information presented to the carrying amount of its interest in associates is presented below:

	Atresmedia		Global Savings Group (GSG)	RTL 2 Fernsehen GmbH & Co. KG		Other immaterial associates		Total	
	2020 €m	2019 €m	2020 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Net assets at 1 January	440	421	–	90	93	105	69	635	583
Profit for the year	24	120	4	41	47	23	14	92	181
Other comprehensive income	3	–	–	–	–	–	–	3	–
Distribution	–	(101)	–	(50)	(50)	(47)	(46)	(97)	(197)
Change in ownership interest and other changes	(1)	–	124	–	–	10	68	133	68
Net assets at 31 December	466	440	128	81	90	91	105	766	635
Interest in associates	87	82	53	29	32	32	32	201	146
Goodwill	166	166	42	24	24	41	51	273	241
Impairment on investments in associates	(110)	(50)	–	–	–	(8)	(6)	(118)	(56)
Carrying amount	143	198	95	53	56	65	77	356	331

Other immaterial associates represent in aggregate 18 per cent of the total amount of investments in associates at 31 December 2020, (23 per cent at 31 December 2019) and none of them has a carrying amount exceeding €10 million at 31 December 2020, (€11 million at 31 December 2019).

IMPAIRMENT TESTING

Investments in associates are tested for impairment according to the same methodology applied for the impairment test of goodwill.

The perpetual growth and discount rates used are as follows:

	2020		2019	
	Perpetual growth rate % a year	Discount rate %	Perpetual growth rate % a year	Discount rate %
Main associates				
Atresmedia	0.0	9.0	0.0	9.3
Global Savings Group (GSG)	2.0	11.0	n/a	n/a
RTL 2 Fernsehen GmbH & Co. KG	0.5	7.2	0.5	5.6

As of 30 June 2020, the investment in Atresmedia was tested for impairment in accordance with IAS 36. The recoverable amount of Atresmedia on 30 June 2020, was based on the value in use determined using a discounted cash flow model, as management considered the share price of Atresmedia did not fully reflect its earning potential, which is expected to include new digital and platform revenue streams and further content and channel exploitation opportunities. The further reduction of the share price, and the reduction of TV advertising spend due to the Covid-19 pandemic, constituted triggering events for performing the impairment testing. The assumptions used in the valuation consider risks, resulting in a significant decrease in terminal EBITA margin compared to previous financial projections as used in the previous impairment test as at 31 December 2019. These include an ongoing challenging economic environment in Spain due to the Covid-19 pandemic combined with increased competition, differences in viewing preferences and continued dependence on linear television. This dependence continues to exist despite promising developments of Atresmedia in the content and streaming business. The valuation resulted in an impairment loss of €60 million as at 30 June 2020. The carrying amount after impairment was €143 million as at 30 June 2020. The impairment loss was measured on the basis of the following assumptions: a discount rate of 9.1 per cent (31 December 2019: 9.3 per cent), a long-term growth rate of 0.0 per cent (31 December 2019: 0.0 per cent) and different scenarios of sustainable EBITA margins.

As at 31 December 2020, the investment in Atresmedia – with a carrying amount of €143 million – was tested again for impairment in accordance with IAS 36. The test resulted in no additional impairment or reversal of impairment. As at 31 December 2020, the share price of Atresmedia was €2.88 (31 December 2019: €3.48) which results in a fair value less costs of disposal of €119 million for the 18.7 per cent held by RTL Group (31 December 2019: €139 million). Despite the recovery in share price in the second half of 2020, management believes that the earning potential is still not yet fully reflected in the underlying share price and therefore management determined the value in use.

The assumptions based on the value in use using a discounted cash flow model are shown in the above table.

When taken individually, the following changes in the key assumptions would reduce the DCF-based valuation of the CGU Atresmedia as follows:

	31 December 2020 €m	31 December 2019 €m
Variation in:		
EBITA margin by (1) per cent for each period	(15)	(16)
Discount rate by 1 per cent	(14)	(17)
Perpetual growth rate by (1) per cent	(13)	(15)

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 the CNMC.

The recoverable amount of RTL 2 Fernsehen GmbH & Co. KG has been determined on the basis of the fair value less costs of disposal at 31 December 2020. This is a Level 3 fair value measurement.

The recoverable amount of GSG has been determined on the basis of the fair value less costs of disposal at 31 December 2020. This is a Level 3 fair value measurement.

RTL 2 Fernsehen GmbH & Co. KG is a party in legal proceedings with a subsidiary of RTL Group (see note 7.14.1).

CONTINGENCIES

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

7.5.2. INVESTMENTS IN JOINT VENTURES

The material joint venture is as follows:

	Country of incorporation	Principal activity	% voting power held by the Group		Measurement method
			2020	2019	
RTL Disney Fernsehen GmbH & Co. KG	Germany	Broadcasting TV	50.0	50.0	Equity

RTL Disney Fernsehen GmbH & Co. KG is structured as a separate vehicle and the Group has a residual interest in the net assets. RTL Disney Fernsehen GmbH & Co. KG is a private company, therefore there is no quoted market price available for its shares.

RTL Disney Fernsehen GmbH & Co. KG is set up as a joint venture with the control shared by Disney and RTL Group. Neither of the shareholders has the ability to direct the relevant activities unilaterally.

The summarised financial information for the material joint ventures of the Group – on a 100 per cent basis and adjusted for differences in accounting policies between the Group and the joint ventures – is as follows:

RTL Disney Fernsehen GmbH & Co. KG	2020 €m	2019 €m
Non-current		
Assets	14	17
Current		
Cash and cash equivalents	58	59
Other current assets	17	17
Total current assets	75	76
Current liabilities	(46)	(64)
Non-current liabilities	(3)	(2)
Net assets	40	27
Revenue	132	146
Depreciation and amortisation	(4)	(11)
Profit before tax	31	38
Income corporate tax expense	(5)	(8)
Profit and total comprehensive income for the year	26	30
Group's share of profit and total comprehensive income for the year	13	15
Dividends received from joint venture	7	14

At 31 December 2020, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €56 million (31 December 2019: €57 million).

The reconciliation of the summarised financial information presented to the carrying amount of RTL Group's interest in joint ventures is presented below:

	RTL Disney Fernsehen GmbH & Co. KG		Other immaterial joint ventures		Total	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Net assets at 1 January	27	25	(3)	1	24	26
Profit/(loss) for the year	26	30	(30)	4	(4)	34
Distribution	(13)	(28)	(2)	(6)	(15)	(34)
Other changes	–	–	6	(2)	6	(2)
Net assets at 31 December	40	27	(29)	(3)	11	24
Interest in joint ventures	20	14	6	1	26	15
Goodwill	–	–	2	6	2	6
Carrying value	20	14	8	7	28	21

Other immaterial joint ventures represent in aggregate 28 per cent of the total amount of investments in joint ventures at 31 December 2020, (34 per cent at 31 December 2019) and none of them has a carrying amount exceeding €4 million at 31 December 2020, (€4 million at 31 December 2019).

IMPAIRMENT TESTING

Investments in joint ventures are tested for impairment according to the same methodology applied for the impairment test of goodwill. The recoverable amount of RTL Disney Fernsehen GmbH & Co. KG has been determined on the basis of the fair value less costs of disposal at 31 December 2020. This was in turn stated in a binding agreement with RTL Group's current joint venture partner, BVI Television Investments, Inc. – a subsidiary of The Walt Disney Company – to acquire the outstanding 50 per cent shareholding in Super RTL. This is a Level 3 fair value measurement.

No impairment loss on investments in joint ventures was recorded in 2020 and 2019.

CONTINGENCIES

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

7.6. LOANS AND OTHER FINANCIAL ASSETS

RTL Group holds 19.5 per cent of the share capital of Beyond International Limited, a company listed on the Australian Stock Exchange. This is a Level 1 fair value measurement. In 2020, RTL Group recorded a decrease in fair value of this equity investment at fair value through OCI for €2 million (2019: decrease for €1 million).

	2020 €m	2019 €m
Equity investments at fair value through OCI	35	33
Equity instruments accounted at FVTPL	3	3
Debt instruments measured at FVTPL	1	–
Convertible loans at FVTPL	15	–
Surplus of the defined benefit plans	–	1
Loans receivable to investments accounted for using the equity method	15	22
Loans and other financial assets	7	6
	76	65

No impairment loss related to loans was recognised in 2020 (2019: €nil million).

The movements in equity investments at fair value through OCI are as follows:

	2020 €m	2019 €m
Balance at 1 January	33	37
Net acquisitions and disposals	1	1
Change in fair value	2	(2)
Other changes	(1)	(3)
Balance at 31 December	35	33

7.1.7. DEFERRED TAX ASSETS AND LIABILITIES

	2020 €m	2019 ¹² €m
Deferred tax assets	333	332
Deferred tax liabilities	(48)	(43)
	285	289
	2020 €m	2019 ¹² €m
Balance at 1 January	289	316
Income tax income/(expense)	(8)	(16)
Income tax credited/(charged) to other comprehensive income	5	2
Change in consolidation scope	-	(16)
Transfer to assets classified as held for sale	1	-
Transfers and other changes	(2)	3
Balance at 31 December	285	289

The amount of the tax benefit arising from a previously unrecognised tax loss that is used to reduce current tax expense amounts to €7 million (2019: €1 million).

The deferred tax expense arising from a write-down of a deferred tax asset amounts to €1 million (2019: €-3 million).

Of "Income tax credited/(charged) to other comprehensive income" an amount of €6 million (2019: €-4 million) related to effective portion of changes in fair value of cash flow hedges, €nil million (2019: €2 million) related to recycling of cash flow hedge reserve, €nil million (2019: €4 million) related to defined benefit plan actuarial gains/(losses) and €-1 million (2019: €nil million) related to change in fair value of equity investments at fair value through OCI. The cumulative amount of deferred tax assets recognised in other comprehensive income amounts to €22 million (2019: €17 million).

Deferred tax assets are recognised to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has not recognised deferred tax assets in respect of the following items:

	2020 €m	2019 €m
Tax loss carry forwards		
No expiration date	4,211	4,266
Expiration within 5 years	88	17
Expiration after 5 years	1	126
Deductible temporary differences (no expiration date)	17	13

At 31 December 2020, there were temporary differences of €107 million (2019: €105 million) related to investments in subsidiaries. However, this liability was not recognised because the Group controls the dividend policy of its subsidiaries – i.e. the Group controls the timing of reversal of the related taxable temporary differences and these will not reverse in the foreseeable future.

¹² The figures from the previous year have been adjusted (see note 1.3.10)

The movement in deferred tax assets and liabilities during the year is as follows:

	Balance at 1 January 2020 €m	(Charged)/ credited to income statement €m	Charged to other comprehensive income €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2020 €m
Deferred tax assets						
Intangible assets	79	(9)	–	–	1	71
Programme rights	184	10	–	–	(1)	193
Property, plant and equipment	3	–	–	–	–	3
Right-of-use and lease liabilities	114	(5)	–	–	(2)	107
Provisions	80	(3)	–	–	3	80
Tax loss carry forwards	47	(27)	–	–	5	25
Others	38	20	(1)	–	5	62
Set off of tax	(213)	(2)	7	–	–	(208)
	332	(16)	6	–	11	333
Deferred tax liabilities						
Intangible assets	(87)	9	–	–	(1)	(79)
Programme rights	(3)	(3)	–	–	–	(6)
Property, plant and equipment	(13)	(1)	–	–	2	(12)
Right-of-use and lease liabilities	(100)	4	–	1	1	(94)
Provisions	(20)	(5)	–	–	(3)	(28)
Others	(33)	2	6	(1)	(11)	(37)
Set off of tax	213	2	(7)	–	–	208
	(43)	8	(1)	–	(12)	(48)
	Balance at 1 January 2019 ¹³ €m	(Charged)/ credited to income statement €m	Charged to other comprehensive income €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2019 ¹³ €m
Deferred tax assets						
Intangible assets	27	52	–	–	–	79
Programme rights	199	(15)	–	–	–	184
Property, plant and equipment	3	–	–	–	–	3
Right-of-use and lease liabilities	119	(4)	–	–	(1)	114
Provisions	93	(18)	4	1	–	80
Tax loss carry forwards	73	(32)	–	6	–	47
Others	37	3	–	1	(3)	38
Set off of tax	(206)	(5)	(2)	–	–	(213)
	345	(19)	2	8	(4)	332
Deferred tax liabilities						
Intangible assets	(60)	(2)	–	(24)	(1)	(87)
Programme rights	(6)	3	–	–	–	(3)
Property, plant and equipment	(13)	–	–	–	–	(13)
Right-of-use and lease liabilities	(105)	5	–	–	–	(100)
Provisions	(19)	(3)	–	–	2	(20)
Others	(32)	(5)	(2)	–	6	(33)
Set off of tax	206	5	2	–	–	213
	(29)	3	–	(24)	7	(43)

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria of offsetting. The term of the deferred taxes on temporary differences is mostly expected to be recovered or settled more than 12 months from the balance sheet date.

¹³ The figures from the previous year have been adjusted (see note 12.3).

7.8. CURRENT PROGRAMME RIGHTS

	Gross value €m	2020 Valuation allowance €m	Net value €m	Gross value €m	2019 ¹⁴ Valuation allowance €m	Net value €m
(Co-)productions	376	(335)	41	362	(334)	28
TV programmes	143	(3)	140	106	(2)	104
Other distribution and broadcasting rights	755	(267)	488	870	(288)	582
Sub-total programme rights	1,274	(605)	669	1,338	(624)	714
(Co-)productions and programmes in progress	435	(13)	422	387	(13)	374
Advance payments on (co-)productions, programmes and rights	120	–	120	164	–	164
Sub-total programme rights in progress	555	(13)	542	551	(13)	538
	1,829	(618)	1,211	1,889	(637)	1,252

Additions and reversals of valuation allowance have been recorded for €-76 million and €89 million respectively in 2020 (2019: €-93 million and €71 million, respectively).

7.9. ACCOUNTS RECEIVABLE AND OTHER FINANCIAL ASSETS

	Under 1 year €m	2020 Over 1 year €m	Total €m	Under 1 year €m	2019 Over 1 year €m	Total €m
Trade accounts receivable	1,159	33	1,192	1,412	45	1,457
Accounts receivable from investments accounted for using the equity method	39	–	39	28	–	28
Loan receivable to investments accounted for using the equity method	1	–	1	3	–	3
Prepaid expenses	120	–	120	99	–	99
Fair value of derivative assets	12	9	21	26	15	41
Other current financial assets	5	–	5	2	–	2
Current deposit with shareholder	563	–	563	27	–	27
Account receivable from shareholder in relation with PLP Agreement	216	–	216	500	–	500
Other accounts receivable	133	21	154	178	23	201
	2,248	63	2,311	2,275	83	2,358

Additions and reversals of valuation allowance have been recorded for €26 million and €16 million respectively in 2020 (2019: €-21 million and €27 million, respectively).

7.10. CASH AND CASH EQUIVALENTS

	2020 €m	2019 €m
Cash in hand and at bank	427	360
Fixed term deposits (under three months)	9	17
Cash and cash equivalents (excluding bank overdrafts)	436	377
	2020 €m	2019 €m
Cash and cash equivalents (excluding bank overdrafts)	436	377
Bank overdrafts	(1)	(1)
Cash and cash equivalents and bank overdrafts	435	376

¹⁴ The figures from the previous year have been adjusted (see note 1.30).

7.11. ASSETS CLASSIFIED AS HELD FOR SALE

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

	SpotX €m	Other €m	31 December 2020 €m	31 December 2019 €m
Assets				
Non-current assets				
Goodwill	108	–	108	43
Other intangible assets	17	–	17	2
Property, plant and equipment	5	–	5	–
Right-of-use assets	4	–	4	–
Investments accounted for using the equity method	–	2	2	2
Current assets				
Programme rights	–	–	–	9
Accounts receivable and other financial assets	221	–	221	26
Cash and cash equivalents	72	–	72	6
Impairment on assets held for sale	–	–	–	–
Assets held for sale	427	2	429	88
Equity and liabilities				
Non-current liabilities				
Loans	3	–	3	–
Accounts payable	1	–	1	–
Deferred tax liabilities	1	–	1	–
Current liabilities				
Provisions	–	–	–	1
Loans	2	–	2	–
Income tax payable	–	–	–	1
Accounts payable	227	–	227	28
Contract liabilities	–	–	–	13
Liabilities related to assets held for sale	234	–	234	43

As of 31 December 2020, the carrying amounts of the assets classified as held for sale and related liabilities are mainly attributable to SpotX. In the last quarter of 2020, the management of RTL Group conducted negotiations on the disposal of SpotX Inc. and its main subsidiaries ("SpotX"). Accordingly, SpotX was reclassified as a disposal group as of 31 December 2020. At 31 December 2020, €13 million of cumulative other comprehensive income related to assets classified as held for sale in accordance with IFRS 5. In February 2021 – during the preparation of the consolidated financial statements – RTL Group announced that it had signed an agreement for the sale of SpotX to Magnite. The purchase price consists of US-\$560 million in cash and 14.0 million shares of Magnite stock. The transaction is subject to receipt of regulatory approvals and is expected to close in the second quarter of 2021.

7.12. LOANS, BANK OVERDRAFTS AND LEASE LIABILITIES

	2020 € m	2019 € m
Current liabilities		
Bank overdrafts	1	1
Bank loans payable	49	78
Loans due to investments accounted for using the equity method	58	57
Term loan facility due to shareholder	11	11
Other current loans payable	5	10
	124	157
Lease liabilities	60	59
	2020 € m	2019 € m
Non-current liabilities		
Bank loans payable	135	125
Term loan facility due to shareholder	500	500
Other non-current loans payable	6	6
	641	631
Lease liabilities	324	373

As at 31 December 2020, potential future cash outflows of €231 million (undiscounted) have not been included in the lease liabilities as it is not reasonably certain that the leases will be extended (or not terminated) (2019: €227 million).

"Lease liabilities" (accrued interests excluded) evolved as follows:

	2019 € m	Cash flows € m	New leases € m	Other changes € m	2020 € m
Lease liabilities	432	(59)	46	(35)	384
	2018 € m	Cash flows € m	New leases € m	Other changes € m	2019 € m
Lease liabilities	428	(59)	38	25	432

The item "Other changes" includes effects of movements in foreign exchange of €-6 million (2019: €3 million), scope effects of €-6 million and lease modifications of €-24 million (2019: €22 million).

"Loans and bank overdrafts" (accrued interests excluded) evolved as follows:

	2019 €m	Proceeds from loans €m	Repayments of loan €m	Other changes €m	2020 €m
Bank overdrafts	1	–	–	–	1
Bank loans payable	203	245	(264)	–	184
Loans due to investments accounted for using the equity method	57	2	(1)	–	58
Term loan facility due to shareholder	500	–	–	–	500
Other loans payable	15	4	(6)	(3)	10
	776	251	(271)	(3)	753

	2018 €m	Proceeds from loans €m	Repayments of loan €m	Other changes €m	2019 €m
Bank overdrafts	–	1	(1)	1	1
Bank loans payable	99	105	(1)	–	203
Loans due to investments accounted for using the equity method	38	20	(1)	–	57
Term loan facility due to shareholder	732	–	(232)	–	500
Other loans payable	13	9	(5)	(2)	15
	882	135	(240)	(1)	776

In March 2020, Groupe M6 used these three revolving bank credit facilities, amounting to €180 million, to protect Groupe M6 against liquidity risk. In September 2020, the full amount of bank credit facilities of €180 million was paid back.

Wildside Srl benefited from new bank loans for €58 million and reimbursed an amount of €84 million during the 12 months ended 31 December 2020, (12 months ended 31 December 2019: €31 million and €2 million, respectively).

TERM AND DEBT REPAYMENT SCHEDULES (ACCRUED INTERESTS INCLUDED):

2020	Under 1 year €m	1–5 years €m	Over 5 years €m	Total carrying amount €m
Bank overdrafts	1	–	–	1
Bank loans payable	49	60	75	184
Loans due to investments accounted for using the equity method	58	–	–	58
Term loan facility due to shareholder	11	500	–	511
Other loans payable	5	6	–	11
	124	566	75	765
Lease liabilities	60	324	–	384

2019	Under 1 year €m	1–5 years €m	Over 5 years €m	Total carrying amount €m
Bank overdrafts	1	–	–	1
Bank loans payable	78	50	75	203
Loans due to investments accounted for using the equity method	57	–	–	57
Term loan facility due to shareholder	11	500	–	511
Other loans payable	10	6	–	16
	157	556	75	788
Lease liabilities	59	200	173	432

7.13. ACCOUNTS PAYABLE

	2020 €m	2019 €m
Current		
Trade accounts payable	1,349	1,534
Amounts due to associates	9	7
Employee benefits liability	159	241
Deferred income	7	2
Social security and other taxes payable	89	90
Fair value of derivative liabilities	20	16
Account payable to shareholder in relation with PLP Agreement	325	619
Other accounts payable	243	269
	2,201	2,778
Non-current		
Trade accounts payable	39	62
Employee benefits liability	297	295
Fair value of derivative liabilities	4	5
Other accounts payable	7	26
	347	388

At 31 December 2020, the profit participation liabilities of Mediengruppe RTL Deutschland amounted to €294 million (2019: €292 million).

7.14. PROVISIONS**7.14. 1. PROVISIONS OTHER THAN POST-EMPLOYMENT BENEFITS**

	Restructuring €m	Litigations €m	Onerous contracts €m	Other provisions €m	Total €m
Balance at 1 January 2020	17	69	65	8	159
Provisions charged/(credited) to the income statement:					
– Additions	28	9	70	5	112
– Reversals	(1)	(6)	(1)	(1)	(8)
Provisions used during the year	(11)	(8)	(50)	(1)	(70)
Subsidiaries disposed of	–	(1)	–	–	(1)
Other changes	–	–	–	2	2
Balance at 31 December 2020	33	63	84	13	194

The provisions mainly relate to the following:

RESTRUCTURING

Mediengruppe RTL Deutschland announced in December 2020 a transformation plan that would result in a reshaping of the organisation and a reduction in headcount. Discussions with the employee representatives around a voluntary leave programme (Freiwilligenprogramm) and the collective dismissal process – which specifies the financial terms of the restructuring plan and the number of staff affected – were underway as at 31 December 2020. The total estimated staff restructuring costs to be incurred amount to €27 million.

PROVISIONS FOR LITIGATIONS

Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities.

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

Several subsidiaries of RTL Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf, Germany, seeking disclosure of information to substantiate a possible claim for damages. The proceedings follow the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements (share deals) granted by 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. The judicial expert issued in September 2019 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.

ONEROUS CONTRACTS

"Onerous contracts" mainly comprise provisions made by:

- Mediengruppe RTL Deutschland for €68 million (2019: €46 million) mainly in relation to the supply of programmes, of which sport events (2020: €30 million; 2019: €15 million);
- Groupe M6 for €6 million (2019: €17 million) in relation to the supply of programmes;
- RTL Nederland for €10 million (2019: €1 million) in relation to the advertising sales contracts.

	2020 €m	2019 €m
Current	143	96
Non-current	51	63
	194	159

7.14.2. POST-EMPLOYMENT BENEFITS

	2020 €m	2019 €m
Balance at 1 January	195	171
Provisions charged/(credited) to the income statement:		
– Additions ¹⁴	25	30
– Reversals	(1)	(9)
Provisions used during the year ¹⁵	(20)	(21)
Actuarial (gains)/losses directly recognised in equity	(8)	23
Other	(3)	1
Balance at 31 December	188	195

"Post-employment benefits" comprise provision for defined benefit obligations for € 184 million (2019: € 191 million) and provision for other employee benefits for € 4 million (2019: € 4 million).

7.15. DEFINED BENEFIT OBLIGATIONS

RTL Group operates or participates in a number of defined benefit and defined contribution plans throughout Europe. FremantleMedia North America in the United States also operates a medical care plan which is also a defined benefit obligation and is included in the provisions on the balance sheet. These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group and associated risks are given below:

BELGIUM

Employees of RTL Belgium participate in a defined benefit plan insured by the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death. It concerns a closed plan in run-off. From 1 January 2004, a new defined contribution scheme was opened for all new employees. The assets of the insurance contract are not segregated but mutualised within the global assets of the Company ("Branche 21"). A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Furthermore, as the 'best estimate' assumption has been made that each participant will opt for the payment in the form of a lump sum, the pension plan will not be affected by the expected increase of the future life expectancy of retirees. Other risks mainly relate to minimum funding requirements when vested rights are not funding enough.

FRANCE

Groupe M6 operate retirement indemnity plans which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at the date of the retirement in accordance with the applicable collective agreement. The Métropole Télévision (following the merger with Ediradio) and ID retirement indemnity plan is partly funded by an insurance contract with AXA. Métropole Télévision (following the merger with Ediradio) also participates in a defined benefit plan that provides pension benefits to members on retirement. This plan is partly funded by an insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. By nature, the lifetime risk of the beneficiaries is no longer supported by Métropole Télévision at retirement. The risk is externalised to the insurer.

GERMANY

Employees of UFA GmbH (former UFA Berlin Group) (including UFA Fiction GmbH, UFA Shows & Factual GmbH, UFA GmbH, UFA Serial Drama GmbH), Radio Center Berlin, AVE Gesellschaft für Hörfunkbeteiligungen GmbH, UFA Film & Fernsehen, RTL Group Deutschland and RTL Group Central & Eastern Europe participate in an unfunded common group retirement plan and defined benefit in nature. In case of insolvency, there is a comprehensive protection system ("Pensionssicherungsverein") operated by the German Pension Protection Fund. The company UFA Serial Drama has a partly funded plan.

¹⁵ Of which defined contribution plan for € 13 million (2019: € 12 million)

Related obligations and plan assets are subject to demographic, legal and economic risks. The main risk relates to longevity risk for pension recipients.

Each employer that participates in this plan has separately identifiable liabilities.

RTL Television and IP Deutschland operate their own retirement arrangements. IP Deutschland sponsors individual plans for five former employees, providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for two former employees, providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

The plan of RTL Television is partly funded by a life insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Both companies are exposed to certain risks associated with defined benefits plans such as longevity, inflation and the increase of wages and salaries.

LUXEMBOURG

CLT-UFA, RTL Group and Broadcasting Center Europe ("BCE") sponsor a post-employment defined benefit plan in favour of their employees. The occupational pension plan provides benefits to the affiliates (members and their dependants) in case of retirement, death in service or disability. The pension benefits are financed through an internal book reserve, as one of the allowed funding vehicles described in the law of 8 June 1999 on occupational pension plans in Luxembourg. Therefore CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Nevertheless, in such case, the law requires the company to subscribe to insolvency insurance with the German Pension Protection Fund ("Pensionssicherungsverein"). The CLT-UFA, RTL Group and BCE occupational pension scheme is a defined benefit plan final pay with integration of the state pension. Consequently, the Company is exposed to certain risks associated with defined benefits plans – such as longevity, inflation, the effect of compensation increases – and of the State pension legislation.

Death and disability are insured with La Luxembourgeoise-Vie SA.

UNITED KINGDOM

FremantleMedia Group Limited is the principal employer of the Fremantle Group Pension Plan ("the Fremantle Plan" or "the Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides benefits through two sections, one providing defined benefits and the other providing defined contribution benefits with a defined benefit underpin. Plan assets are held for both sections of the Fremantle Plan – the assets in the defined benefit section are the qualifying insurance (buy in) policies; the assets in the defined contribution section comprise mainly equities, with the Plan holding corporate bonds in relation to the defined benefit underpin. The Plan is funded through a trust administered by a trustee company, the assets of which are held separately from the assets of the participating employers. FremantleMedia Group Limited is ultimately liable for any deficit in the Plan. Funding requirements are under section 3 of the Pensions Act 2004 (UK). This requires:

- Three-yearly formal actuarial valuations, with annual monitoring;
- Trustees to maintain a Statement of Funding Principles;
- Trustees and employers to agree the approach to each actuarial valuation;
- Funding deficits to be eliminated in accordance with a schedule of deficit funding contributions.

The Company has been managing and reducing the risks associated with the Fremantle Plan. The Company closed the Plan to all further benefit accrual with effect from 31 March 2013. From 19 March 2014, the Company decided to secure benefits by insuring the Plan's liabilities through a buy-in policy.

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

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

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

Due to a very small number of members (six members) transferring in Guaranteed Minimum Pension (GMP – a pension benefit in lieu of part of the state pension for persons who were contracted out), the Plan is subject to a landmark judgement reached in the high court on 26 October 2018, requiring all contracted-out pension schemes to equalise benefits for the effect of unequal GMPs accrued between 1990 and 1997. This will result in an increase to the Defined Benefit Obligation (DBO) of the Plan, however the amount of GMP held within the Plan is minimal and the impact of GMP equalisation has been estimated to be <0.1% of liabilities.

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

	2020 €m	2019 €m
Final salary plans	257	274
Career average plans	10	10
Flat salary plans/plans with fixed amounts	36	15
Other commitments given	51	54
Present value of defined benefit obligation	354	353
– thereof capital commitments	153	159

The other commitments given broadly contain the defined contribution section of the Fremantle plan. Under the Fremantle Plan Rules, in the defined benefit sections a member may opt to exchange up to around 25 per cent of their pension benefit for a cash lump sum.

The breakdown of the present value of the defined benefit liabilities by the plan members is as follows:

	2020 Head	2019 Head	2020 €m	2019 €m
Active members	2,993	3,162	139	152
Deferred members	1,539	1,481	142	130
Pensioners	306	293	73	71
Total	4,838	4,936	354	353
– thereof vested			306	303

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

	2020 €m	2019 €m
Present value of defined benefit obligation of unfunded plans	124	131
Present value of defined benefit obligation of funded plans	230	222
Total present value of defined benefit obligation	354	353
Fair value of plan assets	(170)	(163)
Net defined benefit liability	184	190
– thereof provisions for pensions	184	191
– thereof other assets	–	1

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

	2020 €m	2019 €m
Current service cost	9	9
Past service cost and impact from settlement	(1)	(4)
Net interest expense	2	3
Net pension expense	10	8

Changes in the present value of defined benefit obligations and plan assets in the reporting period were as follows:

	Defined benefit obligation (I)		Fair value of plan assets (II)		Net defined benefit balance (I)-(II)	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Balance at 1 January	353	306	163	140	190	166
Current service cost	9	9	-	-	9	9
Interest expense	4	6	-	-	4	6
Interest income	-	-	2	3	(2)	(3)
Past service cost	-	(4)	-	-	-	(4)
Income and expenses for defined benefit plans recognised in the consolidated income statement	13	11	2	3	11	8
Income/expense on plan assets excluding amounts included in net interest income and net interest expense						
Actuarial gains (-) and losses (+)						
- changes in financial assumptions	4	37	-	-	4	37
- changes in demographic assumptions	2	(1)	-	-	2	(1)
- experience adjustments	(2)	1	-	-	(2)	1
Remeasurements for defined benefit plans recognised in the consolidated statement of comprehensive income	4	37	12	14	(8)	23
Contributions to plan assets by employer	(5)	(6)	3	2	(8)	(8)
Contributions to plan assets by employees	(2)	(5)	(2)	(4)	-	(1)
Changes in foreign exchange rates	(9)	8	(9)	8	-	-
Other changes	-	2	1	-	(1)	2
Other reconciling items	(16)	(1)	(7)	6	(9)	(7)
Balance at 31 December	354	353	170	163	184	190
- thereof						
Germany	62	61	16	15	46	46
United Kingdom	118	111	116	113	2	(2)
Other European countries	174	181	38	35	136	146

Plan assets are comprised as follows:

	2020 €m	2019 €m
Qualifying insurance policies	119	110
Equity instruments	37	40
Other funds	9	9
Debt instruments	5	4
Fair value of plan assets	170	163

Significant actuarial assumptions used were as follows:

	2020 % a year			2019 % a year		
	Germany	Other European countries	UK	Germany	Other European countries	UK
Discount rate	1.10	0.90	1.40	1.20	0.70	2.10
Rate of salary increase	2.25	2.10–4.60	n/a	2.25	2.10–4.60	n/a
Rate of pension increase	1.00–1.50	1.00	3.25	1.00–1.50	1.00	3.20

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

	2020 years	2019 years
Germany	17.2	17.6
UK	23.0	23.0
Other European countries	12.4	12.6

At 31 December 2020, the sensitivity of the defined benefit liabilities to changes in the weighted significant assumptions is as follows:

	Increase €m	Decrease €m
Effect of 0.5 percentage point change in discount rate	(23)	27
Effect of 0.5 percentage point change in rate of salary increase	15	(14)
Effect of 0.5 percentage point change in rate of pension increase	10	(9)
Effect of change in average life expectancy by 1 year	7	(6)

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

At 31 December 2020, expected maturity analysis of undiscounted pension future cash flows are as follows:

	2021 €m	2022 €m	2023 €m	2024 €m	2025 €m	2026–2030 €m
Expected pension payments	11	13	12	18	18	84

7.16. EQUITY

7.16.1. SHARE CAPITAL

At 31 December 2020, the subscribed capital amounts to €192 million (2019: €192 million) and is represented by 154,742,806 (31 December 2019: 154,742,806) fully paid-up ordinary shares, without nominal value.

At 31 December 2020, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €39.74 (31 December 2019: €43.98).

7.16.2. TREASURY SHARES

The Company's Annual General Meeting ("AGM") held on 16 April 2014 authorised the Board of Directors to acquire a total number of shares of the Company not exceeding 150,000 in addition to the own shares already held (i.e. 1,168,701 own shares) as of the date of the AGM. This authorisation is valid for five years and the purchase price per share 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. The General Meeting held on 26 April 2019 renewed the authorisation granted to the Board of Directors to acquire a total number of shares of the company not exceeding 150,000 in addition to the shares already held (i.e. 1,168,701 own shares) as of the date of the General Meeting. This renewal of authorisation is valid for five years.

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

7.16.3. CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, reserves on investments accounted for using the equity method for foreign exchange translation differences and cash flow hedging, as well as loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

7.16.4. HEDGING RESERVE

The hedging reserve (equity attributable to non-controlling interests included) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Between 31 December 2019 and 31 December 2020, the hedging reserve decreased by €20 million before tax effect. This consists of:

- Decrease by €14 million due to foreign exchange contracts that existed at 2019 year end and which were still hedging off-balance sheet commitments at 31 December 2020;
- Decrease by €3 million due to foreign exchange contracts that existed at 2019 year end and which were mainly transferred from the hedging reserve to adjust the carrying amount of assets purchased of which nil of basis adjustment which was subsequently released to the income statement in 2020;
- Decrease by €3 million due to foreign exchange contracts entered into in 2020 hedging new off-balance sheet commitments.

Between 31 December 2018 and 31 December 2019, the hedging reserve increased by €6 million before tax effect. This consists of:

- Increase by €6 million due to foreign exchange contracts that existed at 2018 year end and which were still hedging off-balance sheet commitments at 31 December 2019;
- Decrease by €1 million due to foreign exchange contracts that existed at 2018 year end which were mainly transferred from the hedging reserve to adjust the carrying amount of assets purchased of which €6 million of basis adjustment which was subsequently released to the income statement in 2019;
- Increase by €1 million due to foreign exchange contracts entered into in 2019 hedging new off-balance sheet commitments.

7.16.5. REVALUATION RESERVE

The revaluation reserve includes:

- The cumulative change not of tax in the fair value of equity investments at fair value through OCI (see note 7.6) until the investment is derecognised for €12 million (2019: €11 million);
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gains of control of Groupe M6 and M-RTL (2020: €55 million; 2019: €55 million).

7.16.6. DIVIDENDS

The preservation of liquidity has become an essential precaution for safeguarding RTL Group's present operations and future prospects throughout the current economic uncertainty. Therefore, RTL Group's Board of Directors decided on 2 April 2020 to withdraw its earlier proposal of a €4.00 per share dividend in respect of the financial year 2019. Consequently, no dividend was proposed to the Annual General Meeting of Shareholders and no dividend was paid for the financial year 2019.

7.16.7. SHARE-BASED PAYMENT PLANS**GROUPE M6 SHARE-BASED PAYMENT PLANS**

Groupe M6 has established employee free shares plans open to directors and certain employees. The number of free shares granted to participants is approved by the Supervisory Board of Métropole Télévision SA in accordance with the authorisation given by the General Meeting of Shareholders.

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

Grant date	Maximum number of free shares granted ¹⁶ (in thousands)	Remaining options (in thousands)	Vesting conditions
Free shares plans			
07-2017	217.66	-	3 years of service + performance conditions
10-2017	8.92	-	3 years of service + performance conditions
07-2018	313.40	-	2 years of service + performance conditions
07-2018	247.10	232.54	3 years of service + performance conditions
07-2019	298.17	292.97	2 years of service + performance conditions
07-2019	246.50	87.45	3 years of service + performance conditions
Total	1,331.75	612.96	

The free shares plans are subject to performance conditions. A description by plan is given below:

- the plan at 30 July 2019 is subject to Groupe M6 achieving its target growth in net consolidated result in 2019;
- the second plans at 25 July 2018 and 30 July 2019 are subject to a cumulated performance requirement over three years.

612,964 free shares are still exercisable at the end of the year against 1,302,495 at the beginning of the year. No free shares were granted during the year 2020, with 516,280 being exercised and 173,251 being forfeited.

Free shares plans outstanding (in thousands) at the end of the year have the following terms:

	Expiry date	Number of shares 2020	Number of shares 2019
Free shares plans			
	2020	-	517
	2021	613	785
Total		613	1,302

The market price of Métropole Télévision shares on the Paris Stock Exchange was €13.26 at 31 December 2020, (€16.78 at 31 December 2019).

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

Grant date	Share price €	Risk-free interest rate % a year	Expected return % a year	Option life	Employee expense	
					2020	2019
					€m	€m
Free shares plans						
27/07/2017	20.59	(0.17)	4.31	2 years	0.5	3.2
02/10/2017	20.59	(0.17)	4.31	2 years	-	0.1
25/07/2018	16.92	(0.10)	5.66	2 years	2.1	3.4
30/07/2019	15.35	(0.30)	6.97	2 years	2.2	1.2
Total					4.8	7.9

¹⁶ The maximum number of free shares granted if the performance conditions are significantly exceeded. Such number could be reduced to nil if objectives are not met

7.16.8. NON-CONTROLLING INTERESTS

The Group owns a 48.4 per cent share of M6topolo Télévision SA which, together with its subsidiaries and its investments accounted for using the equity method, represent Groupe M6, listed on the Paris Stock Exchange. The total non-controlling interests is €647 million at 31 December 2020, (2019: €533 million), of which €634 million (2019: €496 million), is for Groupe M6. Non-controlling interests in other subsidiaries are individually immaterial.

The following tables summarise the information relating to Groupe M6, before any intra-group elimination.

Summarised financial information (as published by Groupe M6):

	Groupe M6	
	2020	2019
	€m	€m
Non-current assets	818	771
Current assets	1,044	906
Assets held for sale	-	49
Current liabilities	(583)	(670)
Non-current liabilities	(210)	(254)
Liabilities related to assets held for sale	-	(30)
Net assets	1,069	772
Revenue	1,274	1,456
Profit before tax	365	275
Income tax expense	(88)	(102)
Profit from continuing operations	277	173
Profit from discontinued operations	-	(1)
Profit for the year	277	172
Other comprehensive income	2	(4)
Total comprehensive income	279	168
Dividends paid to non-controlling interest	-	(65)
Net cash from/(used in) operating activities	246	277
Net cash from/(used in) investing activities	(40)	(323)
Net cash from/(used in) financing activities	(55)	(40)
Net cash from/(used in) discontinued operation	-	-
Net increase/(decrease) in cash and cash equivalents	151	(86)

TRANSACTIONS ON NON-CONTROLLING INTERESTS

In December 2020, RTL Group agreed with its co-shareholders in the Group's Belgian TV and radio operations to acquire the remaining interest 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. The total consideration agreed included both cash component and treasury shares of RTL Group S.A. for the remaining interest amounted to €91 million. The transaction was accounted for as an equity transaction in accordance with IFRS 10. The difference between the purchase price including immaterial transaction related costs and the carrying amount of the acquired non-controlling interest was recognised in RTL Group shareholders' equity. The transaction resulted in a reduction of the equity attributable to the RTL Group shareholders in the amount of €-19 million and the equity attributable to the non-controlling interests in the amount of €-32 million.

	Change in RTL Group shareholders' equity €m
Carrying amount of interests acquired	32
Purchase price for non-controlling interests	91
Treasury share decrease	(40)
Decrease in RTL Group shareholders' equity	(19)
– thereof decrease in retained earnings	(16)
– thereof decrease in other comprehensive income	(3)

In 2020 there were other transactions with non-controlling interests which – neither stand-alone nor together – had significant impact on the Group's equity position.

7.16.9. DERIVATIVES ON EQUITY INSTRUMENTS

Derivative instruments relate to forward transactions by Groupe M6 on Métropole Télévision SA shares.

8. COMMITMENTS AND CONTINGENCIES

	2020 €m	2019 €m
Guarantees and endorsements given	30	21
Contracts for purchasing rights, (co-)productions and programmes	1,314	1,694
Satellite transponders	48	67
Leases signed but not yet commenced	–	19
Short-term and low-value leases	1	5
Purchase obligations in respect of transmission and distribution	125	79
Other long-term contracts and commitments	80	102

Of the contracts for purchasing rights, (co-)productions and programmes €nil million pertains to joint ventures (2019: €7 million).

The Group has investments in unlimited liability entities. In the event these entities make losses, the Group may have to participate to the entire amount of losses, even if these entities are not wholly owned.

Certain UK companies have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the Companies Act 2006. Further, some Dutch companies have elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code. In order to fulfil the conditions set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year 2020. A full list of the concerned companies are disclosed in note 11 accordingly.

In the course of their activities, several Group companies benefit from licence frequency agreements, which commit the Group in various ways depending upon the legal regulation in force in the countries concerned.

8.1. PURCHASE OBLIGATIONS IN RESPECT OF TRANSMISSION AND DISTRIBUTION

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the signals of the RTL Group TV channels and radio stations.

8.2. OTHER LONG-TERM CONTRACTS AND COMMITMENTS

Long-term contracts include contracts for services, agreements to purchase assets or goods, and commitments to acquire licences other than audio-visual rights and television programming that are enforceable and legally binding and that specify all significant terms.

9. RELATED PARTIES

IDENTITY OF RELATED PARTIES

At 31 December 2020, the principal shareholder of the RTL Group is Bertelsmann Capital Holding GmbH ("BCH") (76.28 per cent). The remainder of the Group's shares are publicly listed on the Frankfurt and Luxembourg Stock Exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors, and executive officers.

9.1. TRANSACTIONS WITH SHAREHOLDERS

SALES AND PURCHASES OF GOODS AND SERVICES

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €84 million (2019: €70 million) and €61 million (2019: €48 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €6 million (2019: €5 million) and €40 million (2019: €37 million), respectively.

DEPOSITS BERTELSMANN SE & CO. KGAA

In 2006, RTL Group SA entered into a Deposit Agreement with Bertelsmann SE & Co. KGaA, the main terms of which are the following at 31 December 2020:

- Interest rates are based on EONIA (floored to zero) plus 10 basis points;
- Bertelsmann SE & Co. KGaA grants to RTL Group as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:
 - All shares of its wholly owned French subsidiary Média Communication SAS;
 - All shares of its wholly owned Spanish subsidiary Media Finance Holding SL (Arvato excluded);
 - All shares of its wholly owned German subsidiary Gruner + Jahr GmbH (former Gruner + Jahr GmbH & Co. KG);
 - All shares of its wholly owned English subsidiary Bertelsmann UK Ltd (Arvato excluded).

The shares of Gruner + Jahr GmbH and shares of Bertelsmann UK Ltd have also been granted as pledge by Bertelsmann SE & Co. KGaA to CLT-UFA SA, a subsidiary of RTL Group, in connection with the accounts receivable related to PLP and Compensation Agreements as defined below.

On 22 December 2011, RTL Group GmbH (former RTL Group Deutschland GmbH), a Group company, and Bertelsmann SE & Co. KGaA entered into an agreement related to the deposit of surplus cash by RTL Group GmbH with the shareholder. To secure the deposit, Bertelsmann pledged to RTL Group GmbH its shares of Gruner + Jahr GmbH.

At 31 December 2020, the deposit of RTL Group GmbH with Bertelsmann SE & Co. KGaA amounted to €563 million (2019: €27 million). The interest income for the period is €nil million (2019: €nil million).

RTL Group (through Fremantle Production North America Inc) had additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 80 basis points/US Libor flat. At 31 December 2020, the balance of the cash pooling accounts receivable and payable amounts to €nil million (2019: €nil million). The interest income/expense for the year is €nil million (2019: €nil million).

LOANS FROM BERTELSMANN SE & CO. KGAA AND BERTELSMANN BUSINESS SUPPORT SÀRL

On 7 March 2013, RTL Group GmbH and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €500 million and a revolving and swing line facility in the amount of up to €1 billion. The revolving loan terminated in February 2018. RTL Group has re-negotiated an extension for another five-year period. The main terms of these facilities are:

- Term loan facility of €500 million until 7 March 2023 bearing a fixed interest rate of 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million was transferred from Bertelsmann SE & Co. KGaA to Bertelsmann Business Support S.à.r.l. controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2020, the term loan balance amounts to €500 million (2019: €500 million). The fair value of the 10-year-term facility – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €537 million (2019: €557 million);

- The interest rates for loans under the revolving and swingline facility are EURIBOR (floored at zero per cent) plus a margin of 0.40 per cent per annum, and EONIA (floored at zero per cent) plus a margin of 0.40 per cent per year, respectively. A commitment fee of 30 per cent of the applicable margin is payable on the undrawn amount of the total credit facility. At 31 December 2020, the total of revolving and swingline loan amounts to €nil million (2019: €nil million).

The interest expense for the period amounts to €14 million (2019: €15 million). The commitment fee charge for the period amounts to €1.2 million (2019: €0.9 million).

TAX

On 26 June 2008, the Board of Directors of RTL Group agreed to proceed with the tax pooling of its indirect subsidiary RTL Group GmbH ("RGG") into BCH, a direct subsidiary of Bertelsmann SE & Co. KGaA.

To that effect, RGG entered into a Profit and Loss Pooling Agreement ("PLP Agreement") with BCH for a six-year period starting 1 January 2008. Simultaneously, Bertelsmann SE & Co. KGaA entered into a Compensation Agreement with CLT-UFA, a direct subsidiary of RTL Group, providing for the payment to CLT-UFA of an amount compensating the above profit transfer and an additional commission ("Commission") amounting to 50 per cent of the tax saving based upon the taxable profit of RGG.

Through these agreements, as from 1 January 2008, Bertelsmann SE & Co. KGaA and the RGG sub-group of RTL Group are treated as a single entity for German income tax purposes.

As the PLP Agreement does not give any authority to BCH to instruct or control RGG, it affects neither RTL Group nor RGG's ability to manage their business, including their responsibility to optimise their tax structures as they deem fit. After six years, both PLP and Compensation Agreements are renewable on a yearly basis. RGG and CLT-UFA have the right to request the early termination of the PLP and Compensation Agreements under certain conditions.

On 15 May 2013, the Board of Directors of RTL Group agreed to the amendment of the Compensation Agreement in light of the consumption of the trade tax and corporate tax losses at the level of Bertelsmann SE and Co. KGaA and of the expected level of indebtedness of RTL Group in the future.

The PLP Agreement was slightly amended in 2014 on the basis of a recent change to German corporate tax law.

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the RGG sub-group based on the amounts payable to Bertelsmann SE & Co. KGaA and BCH as a result of the PLP and Compensation Agreements described above. Deferred income taxes continue to be recognised, based upon the enacted tax rate, in the consolidated financial statements based on the amounts expected to be settled by the Group in the future. The Commission, being economically and contractually closely related to the Compensation, is accounted for as a reduction of the tax due under the Agreements.

At 31 December 2020, the balance payable to BCH amounts to €325 million (2019: €619 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €216 million (2019: €500 million).

For the year ended 31 December 2020, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €109 million (2019: €157 million). The Commission amounts to €nil million (2019: €37 million).

As from 1 July 2019, RGG entered into the VAT tax group with Bertelsmann SE & Co. KGaA, Bertelsmann SE & Co. KGaA and RGG sub-group are treated as a single entity for German VAT purposes.

The UK Group relief of Fremantle Group to Bertelsmann Group resulted in a tax income of €6 million (2019: €6 million).

All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Arvato Finance A/S, a 100 per cent held subsidiary of Bertelsmann SE & Co. KGaA, was elected as the management company of the Bertelsmann Denmark Group.

All Spanish entities with direct or indirect shareholding of at least 75 per cent by an ultimate parent are subject to Spanish tax consolidation which is mandatory under Spanish tax law. Bertelsmann SE & Co. KGaA appointed Bertelsmann España, S.L. as Spanish representative of the consolidated tax group in Spain.

9.2. TRANSACTIONS WITH INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	2020 €m	2019 €m
Sales of goods and services to:		
Associates	41	39
Joint ventures	65	60
	106	99
Purchase of goods and services from:		
Associates	28	35
Joint ventures	20	20
	48	55

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

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

	2020 €m	2019 €m
Trade accounts receivable from:		
Associates	16	13
Joint ventures	23	13
	39	26
Trade accounts payable to:		
Associates	5	5
Joint ventures	4	2
	9	7

9.3. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In addition to their salaries, the Group also provides non-cash benefits to key management personnel and contributes to a post-employment defined benefit plan on its behalf.

The key management personnel compensation is as follows and includes benefits for the period for which the individuals held the Executive Committee position:

	2020 €m	2019 €m
Short-term benefits	5.0	4.1
Post-employment benefits	-	2.9
Long-term benefits	-	0.5
	5.0	7.5

Further details on the remuneration of key management personnel can be found in the remuneration report (pages 28 to 31).

9.4. DIRECTORS' FEES

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, with respect to their functions within RTL Group SA and other Group companies.

10. SUBSEQUENT EVENTS

In February 2021 RTL Group announced that it had signed an agreement for the sale of SpotX to Magnite. The purchase price consists of US-\$560 million in cash and 14.0 million shares of Magnite stock. The transaction is subject to receipt of regulatory approvals and is expected to close in the second quarter of 2021. Further details on SpotX classified as assets held for sale are presented in note 7.11 "Assets classified as held for sale".

In March 2021 Mediengruppe RTL Deutschland announced that it had signed an agreement for the acquisition of the remaining 50 per cent of the shares in Super RTL (RTL Disney Fernsehen GmbH & Co. KG) from The Walt Disney Company (Buena Vista International Television Investments, Inc.). The purchase price amounts to €105 million cash and debt free. The transaction is subject to receipt of regulatory approvals (Germany and Austria) and is expected to close in the first half of 2021.

11. GROUP UNDERTAKINGS

	Note	Group's ownership 2020 (**)	Consolidated method (i)	Note	Group's ownership 2019 (**)	Consolidated method (i)
LUXEMBOURG*						
RTL Group SA			M			M

	Note	Group's ownership 2020 (**)	Consolidated method (i)	Note	Group's ownership 2019 (**)	Consolidated method (i)
BROADCASTING TV						

ARGENTINA*

Smartclip Argentina SA	5	10.3	E	5	10.3	E
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AUSTRIA*

IP Österreich GmbH		49.8	F		49.8	F
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BELGIUM*

Best of TV Benelux SPRL	2	24.7	F	2	24.7	F
Home Shopping Service Belgique SA	12	-	NC	2	48.4	F
RTL Belgium SA		99.7	F		65.8	F
Unité 15 Belgique SA	2	48.4	F	2	48.4	F

BRAZIL*

Adconion Brasil SL	5	18.7	E	5	18.7	E
Smartclip Comunicacao Ltda	5	14.6	E	5	14.6	E

CHILE*

Smartclip Chile SPA	5	18.7	E	5	18.7	E
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COLOMBIA*

Smartclip Colombia SAS	5	18.7	E	5	18.7	E
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CROATIA*

RTL Hrvatska d.o.o.		99.7	F		99.7	F
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FRANCE*

Best of TV SAS	2	24.7	F	2	24.7	F
C. Productions SA	2	48.4	F	2	48.4	F
Canal Star Sàrl	2	48.4	F	2	48.4	F
Edi TVW9 SAS	2	48.4	F	2	48.4	F
Elephorm SAS	2	16.4	E	2	16.4	E
Epitheto Films SAS	2	48.4	F		-	
Extension TV - Série Club SAS	2	24.2	JV	2	24.2	JV
GM6 - Golden Network SAS	2	48.4	F	2	48.4	F
Home Shopping Service SA	12	-	NC	2	48.4	F
iGraal SAS	12	-	NC	2	48.4	F
Immobilier 460 SAS	2	48.4	F	2	48.4	F
Immobilier M6 SAS	2	48.4	F	2	48.4	F
Jeunesse Thématiques SAS	11	-	NC	2	48.4	F
Jeunesse TV SAS	2	48.4	F	2	48.4	F
Jolika SAS	2	48.4	F	2	48.4	F
Luxview SAS	2	48.4	F	2	48.4	F
M6 Bordeaux SAS	2	48.4	F	2	48.4	F
M6 Communication - M6 Music SAS	2	48.4	F	2	48.4	F
M6 Créations SAS	2	48.4	F	2	48.4	F
M6 Développement SASU	2	48.4	F	2	48.4	F
M6 Diffusion SA	2	48.4	F	2	48.4	F
M6 Digital Services SAS	2	48.4	F	2	48.4	F
M6 Editions SA	2	48.4	F	2	48.4	F
M6 Evénements SA	2	48.4	F	2	48.4	F
M6 Films SA	2	48.4	F	2	48.4	F
M6 Foot SAS	2	48.4	F	2	48.4	F
M6 Génération/6ter SAS	2	48.4	F	2	48.4	F
M6 Interactions SAS	2	48.4	F	2	48.4	F
M6 Invest 1 SAS	2	48.4	F		-	
M6 Invest 2 SAS	2	48.4	F		-	
M6 Publicité SAS	2	48.4	F	2	48.4	F
M6 Shop SAS	2	48.4	F	2	48.4	F
M6 Studio SAS	2	48.4	F	2	48.4	F
M6 Thématique SAS	2	48.4	F	2	48.4	F

BROADCASTING TV	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
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Métropole Télévision – M6 SA	2	48.4	-	2	48.4	F
Optilens SPRL	2	48.4	F	2	48.4	F
Panora Services SAS	2	24.2	JV	2	24.2	JV
Paris Première SAS	2	48.4	F	2	48.4	F
QuickSign SAS	2	11.6	E	2	11.6	E
SCI du 107	2	48.4	F	2	48.4	F
Sédi TV/Téva SAS	2	48.4	F	2	48.4	F
SNDA SAS	2	48.4	F	2	48.4	F
Société Nouvelle de Distribution SA	2	48.4	F	2	48.4	F
Stéphane Plaza France SAS	2	23.7	E	2	23.7	E
Studio 89 Productions SAS	2	48.4	F	2	48.4	F

GERMANY*

99pro Media GmbH		99.7	F	-		
Ad Alliance GmbH		99.7	F	99.7		F
CBC Cologne Broadcasting Center GmbH		99.7	F	99.7		F
Delta Advertising GmbH		48.8	JV	48.8		JV
El Cartel Media GmbH & Co. KG		35.8	E	35.8		E
Global Savings Group GmbH	2	20.1	E	-		
I2I Musikproduktions- und Musikverlagsgesellschaft mbH		99.7	F	99.7		F
Infonetwork GmbH		99.7	F	99.7		F
IP Deutschland GmbH		99.7	F	99.7		F
Mairdumont Nettelix GmbH & Co. KG		48.8	JV	48.8		JV
Mairdumont Nettelix Verwaltungs GmbH		48.8	JV	48.8		JV
Mediascore Gesellschaft für Medien- und Kommunikationsforschung mbH		99.7	F	99.7		F
Mediengruppe RTL Deutschland GmbH		99.7	F	99.7		F
n-tv Nachrichtenfernsehen GmbH		99.7	F	99.7		F
Nettelix GmbH	11	-	NC	99.7		F
RTL Disney Fernsehen Geschäftsführungs GmbH		49.8	JV	49.8		JV
RTL Disney Fernsehen GmbH & Co. KG		49.8	JV	49.8		JV
RTL Group Markenverwaltungs GmbH – International		99.7	F	99.7		F
RTL Group Markenverwaltungs GmbH (former RTL Group Deutschland Markenverwaltungs GmbH)		99.7	F	99.7		F
RTL Hessen GmbH		99.7	F	99.7		F
RTL Hessen Programmfenster GmbH		59.8	F	59.8		F
RTL Interactive GmbH		99.7	F	99.7		F
RTL International GmbH		99.7	F	99.7		F
RTL Journalistenschule für TV und Multimedia GmbH		89.7	F	89.7		F
RTL Nord GmbH		99.7	F	99.7		F
RTL Studios GmbH		99.7	F	99.7		F
RTL Television GmbH		99.7	F	99.7		F
RTL West GmbH		74.8	F	74.8		F
RTL2 Fernsehen Geschäftsführungs GmbH		35.8	E	35.8		E
RTL2 Fernsehen GmbH & Co. KG		35.8	E	35.8		E
Screenworks Köln GmbH		49.7	E	49.7		E
Vox Holding GmbH		99.7	F	99.7		F
Vox Television GmbH		99.4	F	99.4		F

HUNGARY*

Magyar RTL Televízió Zártkörűen Működő Részvénytársaság	4	99.7	F	4	99.7	F
R-tune Kft	4	99.7	F	4	99.7	F
RTL Services Kft	4	99.7	F	4	99.7	F

BROADCASTING TV

	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
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LUXEMBOURG*

BCE International SA		99.7	F	99.7		F
Broadcasting Center Europe SA		99.7	F	99.7		F
RTL Belux SA		99.7	F	65.8		F
RTL Belux SA & Cie SECS		99.7	F	65.8		F

MEXICO*

Smartclip México SAPI de CV	5	18.7	E	5	18.7	E
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THE NETHERLANDS*

AdAlliance BV (former Themakanalen BV)	16	99.7	F	74.8		F
RTL Nederland BV	16	99.7	F	99.7		F
RTL Nederland Holding BV	16	99.7	F	99.7		F
RTL Nederland Ventures BV	16	99.7	F	99.7		F

PERU*

Smartclip Peru SAC	5	18.7	E	5	18.7	E
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SPAIN*

68M Producciones y Contenidos Audiovisuales SLU	5	18.7	E	5	18.7	E
Antena 3 Multimedia SLU	5	18.7	E	5	18.7	E
Antena 3 Noticias SLU	5	18.7	E	5	18.7	E
Antena 3 Television Digital Terrestre de Canarias SAU	5	18.7	E	5	18.7	E
Atres Advertising SLU	5	18.7	E	5	18.7	E
Atres Hub Factory SL	5	9.3	E	5	9.3	E
Atresmedia Capital SLU	5	18.7	E	5	18.7	E
Atresmedia Cine SLU	5	18.7	E	5	18.7	E
Atresmedia Corporación de Medios de Comunicación SA	5	18.7	E	5	18.7	E
Atresmedia Música SLU	5	18.7	E	5	18.7	E
Atresmedia Studios SLU	5	18.7	E	5	18.7	E
Aunía Publicidad Interactiva SL	5	9.3	E	5	9.3	E
Buendía Estudios SL	5	9.3	E	-		
Buendía Producción SL	5	9.3	E	-		
Hola Television América SL	5	9.3	E	5	9.3	E
Hola TV Latam SL	5	9.3	E	5	9.3	E
Human to Human Communications SL	5	18.7	E	-		
I3 Television SL	5	18.7	E	5	18.7	E
Inversión y Distribución Global de Contenidos SLU	5	18.7	E	5	18.7	E
Música Aparte SAU	5	18.7	E	5	18.7	E
Smartclip Hispania SL	5	18.7	E	5	18.7	E
Smartclip Latam SL	5	17.7	E	5	17.7	E
Uniprex SAU	5	18.7	E	5	18.7	E
Uniprex Television Digital Terrestre de Andalucía SL	5	13.9	E	5	13.9	E
Uniprex Television SLU	5	18.7	E	5	18.7	E

SWITZERLAND*

Goldschmid Media (Switzerland) AG		22.9	E	22.9		E
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UNITED KINGDOM*

Bond IT TV Limited	12	-	NC	24.9		E
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USA*

Hola TV US LLC	5	9.3	E	5	9.3	E
SND Films LLC	2	48.4	F	2	48.4	F
SND USA Inc	2	48.4	F	2	48.4	F

Notes to the consolidated financial statements

CONTENT	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
ANTIGUA*						
Grundy International Operations Ltd		100.0	F		100.0	F
ARGENTINA*						
Fremantle Productions Argentina SA		100.0	F		100.0	F
AUSTRALIA*						
Easy Tiger Holdings Pty Ltd	14	74.8	F	14	74.8	F
Easy Tiger Productions Pty Ltd	14	74.8	F	14	74.8	F
Eureka Productions Pty Ltd		24.9	E		24.9	E
Forum 5 Pty Ltd	12	-	NC		99.7	F
FremantleMedia Australia Holdings Pty Ltd	9	99.7	F	9	99.7	F
FremantleMedia Australia Pty Ltd	9	99.7	F	9	99.7	F
Grundy Organization Pty Ltd	9	99.7	F	9	99.7	F
The Broken Shore Holdings Pty Ltd	12	-	NC	14	74.8	F
The Broken Shore Pty Ltd	12	-	NC	14	74.8	F
BELGIUM*						
FremantleMedia Belgium NV		99.7	F		99.7	F
BRAZIL*						
FremantleMedia Brazil Produção de Televisão Ltda		100.0	F		100.0	F
Style Haul Brasil agenciamento de mídia Ltda		99.7	F		99.7	F
CANADA*						
FremantleMedia Canada Inc		99.7	F		99.7	F
Ludia Inc		99.7	F		99.7	F
Umi Mobile Inc		99.7	F		31.3	E
CHINA*						
Fremantle (Shanghai) Culture Media Co. Ltd		99.7	F		99.7	F
CROATIA*						
FremantleMedia Hrvatska d.o.o.		99.7	F		99.7	F
DENMARK*						
Blu A/S		99.7	F		99.7	F
Miso Estate ApS		100.0	F		100.0	F
Miso Film ApS		100.0	F		100.0	F
Miso Holding ApS		100.0	F		100.0	F
FINLAND*						
FremantleMedia Finland Oy		99.7	F		99.7	F
United Screens Finland		99.7	F		99.7	F
FRANCE*						
1. 2. 3. Productions SAS		99.7	F		99.7	F
Divimove France SAS		99.7	F		99.7	F
Fontaram SAS	12	-	NC		51.0	F
FremantleMedia France SAS		99.7	F		99.7	F
Kwai SAS		80.0	F		51.0	F
TV Presse Productions SAS	12	-	NC		99.7	F
Wild Buzz Agency SAS	2	19.3	F	2	19.3	F

CONTENT	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
GERMANY*						
Divimove GmbH		99.7	F		99.7	F
FremantleMedia International Germany GmbH		99.7	F		99.7	F
Nachrichtenmanufaktur GmbH		25.0	E		25.0	E
RTL Group Licensing Asia GmbH		99.7	F		99.7	F
RTL Group Services GmbH		99.7	F		99.7	F
UFA Distribution GmbH		99.7	F		99.7	F
UFA Fiction GmbH I	3	99.7	F	3	99.7	F
UFA Fiction Productions GmbH	3	99.7	F	3	99.7	F
UFA GmbH	3	99.7	F	3	99.7	F
UFA Serial Drama GmbH	3	99.7	F	3	99.7	F
UFA Show & Factual GmbH	3	99.7	F	3	99.7	F
GREECE*						
Fremantle Productions SA		99.7	F		99.7	F
HONG KONG*						
Fremantle Productions Asia Ltd		100.0	F		100.0	F
HUNGARY*						
UFA Magyarország Kft		99.7	F		99.7	F
INDIA*						
Fremantle India TV Productions Pvt Ltd		100.0	F		100.0	F
INDONESIA*						
PT Dunia Visitama Produksi		100.0	F		100.0	F
ISRAEL*						
Abot Hamiri Communications Ltd		51.0	F		51.0	F
ITALY*						
Boats Srl		99.7	F		62.3	F
Divimove Italia Srl		99.7	F		99.7	F
FremantleMedia Italia Spa		99.7	F		99.7	F
Offside Srl		99.7	F		62.3	F
Quarto Piano Srl		99.7	F		99.7	F
Wildside Srl		99.7	F		62.3	F
LUXEMBOURG*						
Duchy Digital SA	12	-	NC		99.7	F
European News Exchange SA		76.4	F		76.4	F
MALAYSIA*						
AG1 Productions Sdn Bhd	1/	99.7	F	1/	99.7	F
MEXICO*						
FremantleMedia Mexico SA de CV		100.0	F		100.0	F
Self-Made Films. S. DE RL DE CV		24.9	E		12.7	E

CONTENT	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
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THE NETHERLANDS*

Benelux Film Investments BV		49.8	JV		49.8	JV
BrandDeli BV	11	-	NC		99.7	F
BrandDeli CV	11	-	NC		99.7	F
Divimove Nederland BV		99.7	F		99.7	F
Fiction Valley BV	8	100.0	F	8	100.0	F
Fremantle Productions BV		99.8	F		99.8	F
FremantleMedia Netherlands BV	8	100.0	F	8	100.0	F
FremantleMedia Overseas Holdings BV		100.0	F		100.0	F
Grundy Endermol Productions VOF		50.0	JV		50.0	JV
Grundy International Holdings (II) BV		100.0	F		100.0	F
No Pictures Please Productions BV	11	-	NC	8	100.0	F
RTL AdConnect BV		100.0	F		100.0	F
RTL DSP BV	11	-	NC		100.0	F
RTL Nederland Film Venture BV	11	-	NC	16	99.7	F

NORWAY*

FremantleMedia Norge AS		99.7	F		99.7	F
Miso Film Norge AS		100.0	F		100.0	F

POLAND*

FremantleMedia Polska Sp. z o.o.		99.7	F		99.7	F
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PORTUGAL*

FremantleMedia Portugal SA		99.7	F		99.7	F
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SINGAPORE*

FremantleMedia Asia Pte Ltd		99.7	F		99.7	F
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SPAIN*

Divimove España SLU		99.7	F		99.7	F
Fremantle de España SL	12	-	NC	6	99.3	F
FremantleMedia España SA		99.7	F		99.7	F

SWEDEN*

FremantleMedia Sverige AB		99.7	F		99.7	F
Miso Film Sverige AB		100.0	F		100.0	F
U Screens AB		99.7	F		99.7	F
U Screens Music AB		99.7	F		99.7	F

CONTENT

CONTENT	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
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UNITED KINGDOM*

Archie Productions Ltd	15	99.7	F	15	99.7	F
Dancing Ledge Productions Ltd		24.9	E		24.9	E
Dr Pluto Films Ltd		24.9	E		24.9	E
Dublin Murder Productions Ltd		74.8	F		74.8	F
Duck Soup Films Limited	12	-	NC		24.9	E
Fremantle (UK) Productions Ltd		99.7	F		99.7	F
FremantleMedia Group Ltd	15	99.7	F	15	99.7	F
FremantleMedia Ltd	15	99.7	F	15	99.7	F
FremantleMedia Overseas Ltd	15	99.7	F	15	99.7	F
FremantleMedia Services Ltd	12	-	NC		99.7	F
Full Fat Television Ltd		24.9	E		24.9	E
Label1 Television Ltd		24.9	E		24.9	E
Man Alive Entertainment Ltd		24.9	E		24.9	E
Naked Television Ltd		99.7	F		24.9	E
RTL Group Support Services Ltd	15	100.0	F	15	100.0	F
Squawka Ltd	12	-	NC		34.7	E
Style Haul UK Ltd	12	-	NC		99.7	F
Talkback Productions Ltd	10	99.7	F	10	99.7	F
Talkback Thames UK Ltd		99.7	F		99.7	F
Thames Television Holdings Ltd	12	-	NC		99.7	F
Thames Television Ltd		99.7	F		99.7	F
UFA Fiction Ltd	3	99.7	F	3	99.7	F
Wild Blue Media Ltd		24.9	E		24.9	E

USA*

495 Productions Holdings LLC	12	-	NC	7	74.8	F
Allied Communications Inc	11	-	NC		99.7	F
Amygdala Records Inc	13	99.7	F	13	99.7	F
Big Balls LLC	7	94.7	F	7	94.7	F
Cathedral Technologies LLC	12	-	NC	7	74.8	F
Eureka Productions LLC		24.9	E		24.9	E
FCB Productions Inc	13	99.7	F	13	99.7	F
Fremantle Licensing Inc	6	99.7	F	6	99.7	F
Fremantle Productions Inc	7	99.7	F	7	99.7	F
Fremantle Productions North America Inc	7	99.7	F	7	99.7	F
FremantleMedia Latin America Inc		99.7	F		99.7	F
FremantleMedia North America Inc	7	99.7	F	7	99.7	F
Good Games Live Inc	7	99.7	F	7	99.7	F
Haskell Studio Rentals Inc	7	99.7	F	7	99.7	F
Max Post Inc	13	99.7	F	13	99.7	F
Music Box Library Inc	7	99.7	F	7	99.7	F
Op Services Inc	13	99.7	F	13	99.7	F
Original Productions LLC	13	99.7	F	13	99.7	F
Pajama Pants Productions LLC	12	-	NC	7	74.8	F
Studio Production Services Inc	7	99.7	F	7	99.7	F
Style Haul Inc		99.7	F		99.7	F
TCF Productions Inc	13	99.7	F	13	99.7	F
The Immigrants LLC		24.9	E		24.9	E
The Pet Collective LLC		34.9	E		34.9	E
Tiny Riot Inc	7	99.7	F	7	99.7	F
Vice Food LLC	7	15.0	JV	7	29.9	JV

Notes to the consolidated financial statements

BROADCASTING RADIO	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
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BELGIUM*

Cobelfra SA		99.7	F		44.1	F
Inadi SA		99.7	F		44.1	F
IP Belgium SA		99.7	F		65.8	F
New Contact SA		99.7	F		49.8	JV
Radio H SA		99.7	F		44.1	F

FRANCE*

Bedrock SAS		74.2	F	2	48.4	F
FM Graffiti Sàrl	2	48.4	F	2	48.4	F
Gigasud Sàrl	2	48.4	F	2	48.4	F
ID (Information et Diffusion) Sàrl	2	48.4	F	2	48.4	F
Média Stratégie Sàrl	2	48.4	F	2	48.4	F
Radio Golie Sàrl	2	48.4	F	2	48.4	F
Radio Porte Sud Sàrl	2	48.4	F	2	48.4	F
RTL France Radio SAS	2	48.4	F	2	48.4	F
SERC Fun Radio SA	2	48.4	F	2	48.4	F
Société Communication A2B Sàrl	2	48.4	F	2	48.4	F
Sodera - RTL SA	2	48.4	F	2	48.4	F
SPRGB Sàrl	2	48.4	F	2	48.4	F

GERMANY*

Antenne Niedersachsen GmbH & Co. KG		57.4	F		57.4	F
AVE Gesellschaft für Hörfunkbeteiligungen GmbH		99.7	F		99.7	F
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG		99.7	F		99.7	F
BGS Broadcast Sachsen GmbH & Co. KG		47.4	E		47.4	E
Digital Media Hub GmbH		99.7	F		99.7	F
Funkhaus Halle GmbH & Co. KG		61.2	F		61.2	F
Hitradi RTI Sachsen GmbH		86.3	F		86.3	F
Madsack I Hörfunk GmbH	***	99.7	F	***	99.7	F
Mediengesellschaft Mittelstand Niedersachsen GmbH	***	23.0	E	***	23.0	E
Neue Spreeradio Hörfunkgesellschaft mbH		99.7	F		99.7	F
NiedersachsenRock 21 GmbH & Co. KG		21.3	E		21.3	E
Radio Hamburg GmbH & Co. KG		29.1	E		29.1	E
Radio NRW GmbH		22.5	E		22.5	E
RTL Radio Berlin GmbH		99.7	F		99.7	F
RTL Radio Center Berlin GmbH		99.7	F		99.7	F
RTL Radio Deutschland GmbH		99.7	F		99.7	F
RTL Radio Luxembourg GmbH		99.7	F		99.7	F
RTL Radiovermarktung GmbH		99.7	F		99.7	F
UFA Radio-Programmgesellschaft in Bayern mbH		99.7	F		99.7	F

LUXEMBOURG*

Luxradio Sàrl		99.7	F		99.7	F
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SWITZERLAND*

Swiss Radioworld AG		23.0	E		23.0	E
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(**) At 31 December 2020, the Group legally held 24.9% and 5.7% in Madsack I Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH respectively. The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32.

OTHERS

	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
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AUSTRALIA*

SpotX Australia Pty Ltd		99.7	F		99.7	F
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AUSTRIA*

RTL Austria GmbH (former RTL Group Austria GmbH)		99.7	F		99.7	F
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BELGIUM*

Audiopresse SA		99.7	F		-	-
Freecaster BVBA		99.7	F		99.7	F
RTL Group Services Belgium SA		100.0	F		100.0	F

CANADA*

BroadbandTV Corporation	12	-	NC		54.9	F
FremantleMedia Canada No 2 Inc		99.7	F		99.7	F
RTL Canada Ltd	12	-	NC		99.7	F
Vemba Corporation		10.6	E		10.6	E

CROATIA*

RTL Music Publishing Ltd	11	-	NC		99.7	F
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FRANCE*

BCE France SAS		99.7	F		99.7	F
Cuzar SAS	2	24.7	F	2	24.7	F
Freecaster France		99.7	F		99.7	F
M6 Distribution Digital SAS	2	48.4	F	2	48.4	F
M6 Hosting SAS	2	48.4	F	2	48.4	F
RTL AdConnect SA		99.7	F		99.7	F
Salto Gestion SAS	2	16.1	JV	2	16.1	JV
Salto SNC	2	16.1	JV	2	16.1	JV
Sociaddict SAS	2	24.7	F	2	24.7	F
Société Immobilière Bayard d'Antin SA		99.7	F		99.7	F
SpotX France SAS (former SpotXchange France SAS)		99.7	F		99.7	F

GERMANY*

Checkout Charlie GmbH (former Sparwelt GmbH)		99.7	F		99.7	F
d-force GmbH		49.8	JV		49.8	JV
RTL AdConnect GmbH		99.7	F		99.7	F
RTL Group Central & Eastern Europe GmbH		99.7	F		99.7	F
RTL Group Financial Services GmbH		99.7	F		99.7	F
RTL Group GmbH		99.7	F		99.7	F
RTL Group Vermögensverwaltung GmbH		100.0	F		100.0	F
Skyline Medien GmbH		49.7	JV		49.7	JV
Smartclip Deutschland GmbH		99.7	F		99.8	F
Smartclip Europe GmbH		100.0	F		100.0	F
SQL Service GmbH		49.8	E		49.8	E
UFA Film und Fernseh GmbH		99.7	F		99.7	F

INDIA*

YoBoHo New Media Private Ltd	12	-	NC		54.9	F
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ITALY*

Smartclip SRL (former SpotX Italia SRL)		100.0	F		100.0	F
The Apartment SRL		99.7	F		99.7	F

OTHERS	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
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JAPAN*

SpotX Japan GK		99.7	F		99.7	F
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LUXEMBOURG*

Audiopresse Lux SA		99.7	F		-	
B. & C. E. SA		99.7	F		99.7	F
CLT-UFA SA		99.7	F		99.7	F
Data Center Europe Sàrl		99.7	F		99.7	F
Hellovos SA		48.8	E		48.8	E
IP Luxembourg Sàrl		99.7	F		99.7	F
Media Properties Sàrl		99.7	F		99.7	F
Media Real Estate SA		99.7	F		99.7	F
RTL AdConnect International SA		99.7	F		99.7	F
RTL Group Germany SA		99.7	F		99.7	F

MEXICO*

FremantleMedia Services S de RL de CV		100.0	F		-	
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THE NETHERLANDS*

Adfactor BV	11	-	NC		59.8	F
E-Health & Safety Skills BV		48.8	E		48.8	E
eHealth88 BV	12	-	NC		35.0	JV
Flinders BV	12	-	NC		19.9	E
Format Creation Group BV		100.0	F		100.0	F
HelloSparkle BV		24.9	E		24.9	E
Horsira Holding BV	12	-	NC		24.9	E
Ipcase BV		48.8	E		48.8	E
Livis BV		48.8	F		48.8	F
NLZiet Coöperatief UA		33.2	JV		33.2	JV
RTL Group Beheer BV	16	100.0	F	16	100.0	F
Smartclip Benelux BV (former SpotXchange Benelux BV)		99.8	F		99.8	F
Videoland BV (former The Entertainment Group, BV)	16	99.7	F	16	99.7	F

RUSSIA*

LTI Vostok Sàrl	2	48.4	F	2	48.4	F
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SINGAPORE*

RTL Group Asia Pte Ltd	12	-	NC		100.0	F
SpotX Singapore Pte Ltd		99.7	F		99.7	F

SWEDEN*

Shoc Media Agency AB	11	-	NC		100.0	F
Smartclip Nordics AB		100.0	F		100.0	F
SpotX Nordics AB	11	-	NC		100.0	F

OTHERS

OTHERS	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (*)	Consolidated method (1)
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SWITZERLAND*

Goldbach Audience (Switzerland) AG		24.9	E		24.9	E
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UNITED KINGDOM*

CLT-UFA UK Radio Ltd		99.7	F		99.7	F
Euston Films Productions Limited		99.7	F		99.7	F
RTL AdConnect UK Ltd		99.7	F		-	
SpotX Limited		99.7	F		99.7	F
Yospace Enterprises Limited		99.7	F		99.7	F
Yospace Technologies Limited		99.7	F		99.7	F

USA*

BroadbandTV (USA) Inc	12	-	NC		54.9	F
Inception VR Inc		22.9	E		16.1	E
RTL US Holding Inc	7	99.7	F	7	99.7	F
SpotX Inc		99.7	F		99.7	F
VideoAmp Inc		14.6	E		15.0	E
Yo360 to New Media Inc	12	-	NC		54.9	F

- | | |
|--|--|
| 1 M: parent company | 12 Company sold or liquidated |
| F: full consolidation | 13 Original Productions |
| JV: joint venture (equity accounting) | 14 Easy Tiger Group |
| E: associates | 15 Company has elected to make use of the audit exemption in accordance with section 479A of the UK Companies Act 2006 |
| NC: not consolidated | 16 Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code |
| 2 Groupe M6 ("de facto" control) | 17 Set up as a Special Purpose Vehicle (SPV) for Asia's Got Talent of which FremantleMedia Asia Pte Ltd is the main producer. Shares are held by a local nominee shareholder for local law purpose |
| 3 UFA Berlin Group | |
| 4 RTL Hungary | |
| 5 Atresmedia | |
| 6 Fremantle Licensing Group | |
| 7 FremantleMedia North America Group | |
| 8 FremantleMedia Productions Netherlands Group | |
| 9 FremantleMedia Australia (Holdings) Group | |
| 10 Talkback Productions Group | |
| 11 Company absorbed by a company of the Group | |

* Country of incorporation

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

AUDIT REPORT



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TO THE SHAREHOLDERS OF RTL GROUP S.A. REPORT OF THE REVISEUR D'ENTREPRISES AGREE

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of RTL Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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IMPAIRMENT OF GOODWILL**A) WHY THE MATTER WAS CONSIDERED TO BE ONE OF MOST SIGNIFICANT IN OUR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CURRENT PERIOD**

Refer to Note 1.7.2, Note 2.4, and Note 7.2 to the consolidated financial statements.

Goodwill represents EUR 2,871 million or approximately 32% of the Group total assets as at 31 December 2020.

Management performs an annual impairment test of the Cash Generating Units (CGUs) to which the goodwill is allocated to assess whether the recoverable amount is at least equal to its carrying value. The recoverable amount can be determined through different valuation techniques; the mostly used by Management being the fair value less cost of disposal's Discounted Cash Flow (DCF) models.

This matter and the related disclosures were of particular significance to our audit as Management's determination of cash flow forecasts, discount rates and growth rates used in the calculation of the recoverable amount by using DCF models involves significant judgement and estimates.

B) HOW THE MATTER WAS ADDRESSED DURING THE AUDIT

Our procedures over the impairment of goodwill include, but are not limited to:

- Gaining an understanding of the process of preparation of the goodwill impairment test by performing a walkthrough of the process and testing design and implementation of the key controls;
- Assessing the appropriateness of the identification of the cash generating units and allocation of goodwill and cash flows to those CGUs done by the Management;
- Assessing the valuation models retained by Management;
- Assessing key assumptions used by the Management in the impairment tests by reference to the budgets approved by the Board of Directors, data external to the Group, our understanding as well as to the historical data and performance;
- Involving our own valuation specialists to test discount rates retained by Management;
- Assessing the sensitivity analysis of the recoverable amount to the discount rate, profitability measure and terminal growth rate for the most sensitive CGUs;
- Considering the adequacy and appropriateness of the disclosures provided on goodwill impairment pursuant to the relevant accounting and financial reporting standards.

VALUATION OF INVESTMENT IN ASSOCIATES – ATRESMEDIA**A) WHY THE MATTER WAS CONSIDERED TO BE ONE OF MOST SIGNIFICANT IN OUR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CURRENT PERIOD**

Refer to Note 1.3.2, Note 2.4, and Note 7.5 to the consolidated financial statements.

The investment in associate – Atresmedia, listed on the Madrid stock exchange, has a carrying value of EUR 143 million as at 31 December 2020. The implied value of Atresmedia share (defined as being the carrying value of Atresmedia in the consolidated financial statements divided by the number of shares held in Atresmedia) exceeds the quoted market price available as at 31 December 2020. An impairment loss of EUR 60 million has been recorded during the financial year.

Management performed an impairment test of its investment in Atresmedia to assess whether its recoverable amount is at least equal to its carrying value. The recoverable amount was determined on the basis of the value in use derived from a Discounted Cash Flow (DCF) model.

This matter and the related disclosures were of particular significance to our audit as Management's determination of cash flow forecasts, discount rates and growth rates used in the calculation of the recoverable amount involves significant judgement and estimates.

B) HOW THE MATTER WAS ADDRESSED DURING THE AUDIT

Our procedures over the valuation of investment in the associate Atresmedia include, but are not limited to:

- Gaining an understanding of the process of preparation of the impairment test by performing a walkthrough of the process and testing design and implementation of the key controls;
- Assessing the valuation models retained by Management;
- Assessing key assumptions used by the Management in the impairment tests by reference to the budgets, data external to the Group, our understanding as well as to the historical data and performance;
- Involving our own valuation specialists to test discount rates retained by Management;
- Assessing the sensitivity analysis of the recoverable amount to the discount rate, profitability measure and terminal growth rate;
- Considering the adequacy and appropriateness of the disclosures provided on Atresmedia impairment test pursuant to the relevant accounting and financial reporting standards.

IMPAIRMENT OF PROGRAMME RIGHTS AND PROVISIONS FOR ONEROUS CONTRACTS

A) WHY THE MATTER WAS CONSIDERED TO BE ONE OF MOST SIGNIFICANT IN OUR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CURRENT PERIOD

Refer to Notes 1.7.1, 1.11, 2.3, 7.1, 7.8, and 7.14 to the consolidated financial statements.

Non-current programme and other rights and current programme rights amounting to EUR 54 million and EUR 1,211 million as of 31 December 2020 respectively, include (co-) productions, audio-visual and other rights acquired with the primary intention to broadcast, distribute or trade as part of the Group's operations.

These programme rights are tested for impairment by Management if there are indicators that these assets may be impaired.

Such impairment test for programme rights requires a high level of judgement, in particular in relation with estimates of revenue, the future programme grid, the realised and expected audience of the programme, the discount rate used and the current programme rights that are not likely to be broadcast.

Valuation of programme rights also encompasses rights that the Group has committed to purchase in periods subsequent to 31 December 2020. Provisions for onerous contracts are recognised when management expects, at the closing date, a lower than initially budgeted return on these rights. As of 31 December 2020, provisions for onerous contracts amount to EUR 84 million and are mainly related to the supply of programmes rights.

These matters were significant to our audit since the determination of the level of impairment or provision requires significant judgment and estimates.

B) HOW THE MATTER WAS ADDRESSED DURING THE AUDIT

Our procedures over impairment of programme rights and provision for onerous contracts include but are not limited to:

- Gaining an understanding of the process to estimate the cash flows generated by the use of programme rights and the need for programme rights' impairment or provision for onerous contracts;
- Analysing, when relevant, the estimation of cash flows generated by the use of programme rights (including rights that the Group has committed to purchase in subsequent periods) based on the future programme grid and expected audience;
- Assessing the reliability of Management's estimates by comparing last year broadcasting forecasts with the current year programme grid;
- Testing Management's calculation of impairments and provisions when the estimated future revenues are not expected to exceed the carrying value of programme rights or purchase commitment;
- Assessing the appropriateness of the Group's disclosures regarding impairment of programme rights and provisions for onerous contracts.

REVENUE RECOGNITION

A) WHY THE MATTER WAS CONSIDERED TO BE ONE OF MOST SIGNIFICANT IN OUR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CURRENT PERIOD

Refer to accounting policy Note 1.22 and Note 6.1 of the consolidated financial statements.

Revenue of the Group amounts to EUR 6,017 million for the year ended 31 December 2020 compared to EUR 6,651 million in previous year. Revenue relates to advertising, the production, distribution and licensing of films, programmes and other rights, the rendering of services and the sales of merchandise.

Revenue is recognised in accordance with the various revenue recognition principles that apply to the specific revenue streams. There is an elevated risk linked to timing of revenue recognition around year end for revenue recognised over time. The continuously evolving online media revenue stream also results in new and in more complex revenue recognition due to the trend towards new product offerings.

B) HOW THE MATTER WAS ADDRESSED DURING THE AUDIT

Our procedures over the revenue recognition include, but are not limited to:

- Gaining an understanding of the various revenue processes by performing a walkthrough of the process and testing design and implementation of the key controls;
- Testing of the relevant internal controls used to ensure the completeness, existence, accuracy and timing of revenue recognised;
- Involvement of our own Information Risk Management specialists to evaluate the key IT general controls of relevant IT systems;
- Assessing whether appropriate revenue recognition policies are applied by the Group by comparing them with relevant accounting standards;
- Performing analytical reviews on revenues recognised to identify any material new revenue streams;
- Performing test of details over revenue recognition, including but not limited to cash proofing, addition and release of deferred income, cut-off procedures;
- Testing of supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items;
- Considering the appropriateness of the disclosures provided on revenue recognition pursuant to the relevant accounting and financial reporting standards.

OTHER MATTER RELATING TO COMPARATIVE INFORMATION

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 12 March 2020.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Directors' report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

RESPONSIBILITIES OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have been appointed as "réviseur d'entreprises agréé" of the Group by the General Meeting of the Shareholders on 30 June 2020 and the year 2020 marks the first year of our uninterrupted engagement.

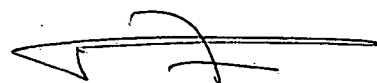
The Directors' report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the Directors' report. The information required by Article 68ter paragraph.(1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Luxembourg, 11 March 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé



Philippe Meyer

GLOSSARY

ADDRESSABLE TV

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

ADVERTISING MARKET SHARE

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

ADVERTISING SALES HOUSE

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

ADVERTISING TECHNOLOGY (ALSO: AD-TECH)

Technological tools to sell advertising in the digital environment, for example using automated processes, such as programmatic advertising, or exchanges and market places.

AGGREGATOR

A business that collects and organises content from multiple sources.

AUDIENCE FRAGMENTATION

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

AUDIENCE SHARE

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

BRAND-BUILDING PLATFORM

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

BROADCASTING LICENCE

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

BUSINESS-TO-BUSINESS MARKET

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

CABLE DISTRIBUTION

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

CABLE OPERATOR

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

COMMERCIAL BROADCASTER (FREE-TO-AIR)

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

COMMERCIAL TARGET GROUP

A standard established by industry players, defining the largest common denominator within the total population, relevant for advertisers' demand and pricing. Commercial target groups can be defined by age, gender and other demographic factors.

COMPOUND ANNUAL GROWTH RATE (CAGR)

A measure of growth over multiple time periods. CAGR can be thought of as the growth rate that gets you from the value at one point in time to the value at another point in time, assuming that the investment has been compounding over the time period.

CONNECTED TV (CTV)

A web-connected television device.

CONTENT PRODUCTION

The creation of original content for television broadcast, either by the in-house production department of the broadcaster or an external production company. The production of television formats by a third party production company takes place either on a commissioning basis (ordered by the broadcaster, who owns all rights on a buy-out basis) or as a licensing model (the producer owns the rights and grants limited licence to the broadcaster).

CONTENT RIGHTS

Certain intellectual property rights, given to an originator of content to protect original works of authorship, or to an assignee, to distribute, sell, broadcast or otherwise exploit an audio-visual work.

CONTENT VERTICAL

A business or brand that aggregates content around a specific demographic or interest group.

CROSS-MEDIA OFFERS

Advertising products that cover more than one medium at the same time: for example, TV, print and online.

DEFICIT FUNDING MODEL

A funding model for content production, in which the broadcaster commissions a production company to produce a show, and pays a licence fee that does not fully cover the costs of production. The producer funds the deficit in costs in return for retaining certain content rights.

DEMAND SIDE PLATFORM (DSP)

A computer-based platform that advertisers or media agencies use to automate media buying across multiple sources with unified targeting, data, optimisation and reporting.

DIGITAL VIDEO AD

An ad that is displayed online, through a web browser or browser-equivalent based internet activity that involves streaming video.

DISTRIBUTION PLATFORM

A system for disseminating media content such as audio and video, using infrastructure based on technologies such as cable, satellite, terrestrial broadcast, IPTV and the open internet.

DOCU DRAMA / DOCU SOAP / DOCU SERIES

A genre of radio and television programming that presents dramatised re-enactments of actual events in the style of a documentary.

DTT

Digital terrestrial television (DTT) is a distribution system that broadcasts digital TV signals 'over-the-air' from a ground-based transmitter to a receiving antenna attached to a digital receiver.

E-COMMERCE

The buying and selling of products or services over electronic systems such as the internet and other computer networks.

FLAT RATE SUBSCRIPTION

A payment model for premium services that can be accessed during a specified period of time, in exchange for a recurring fixed fee, regardless of the quantity and/or length of usage in that same time period. (See also SVOD)

FORMAT

The overall concept, premise and branding of a copyrighted television programme. A format can be licensed by TV channels, so they can produce a version of the show tailored to their nationality and audience.

GAME SHOW

A radio or television programming genre in which contestants, television personalities and/or celebrities, play games that involve answering questions or solving specific tasks usually for money and/or prizes.

HBBTV

Hybrid broadcast broadband television (HbbTV) is an industry technology standard for combining broadcast TV services with services delivered via the internet on connected TVs and set-top boxes. The HbbTV standard has been the driver for addressable TV (ATV) advertising across Europe. The standard allows broadcasters a controlled solution for ATV in traditional broadcast platforms. From a technical point of view, this means broadcasters have complete control over the entire value chain – from content distribution to monetisation.

HDTV

High-definition television (HDTV) is both a type of television that provides better resolution than standard definition television, and a digital TV broadcasting format that enables the broadcast of pictures with more detail and quality than standard definition.

IMPRESSION

The number of times a user is shown a video or ad – in other words, the number of chances they have to see the ad. The user doesn't need to interact with the video or ad for it to count as an impression. Impressions are commonly accepted as a billing standard for video ads running across all types of content. Ad campaigns are usually measured in terms of number of impressions.

IN-PAGE ADVERTISING

In-page advertising is a sub-segment of online display advertising, in which online advertisements are displayed in the form of banners and other graphical units, directly within a web page.

IN-STREAM ADVERTISING

In-stream advertising is a sub-segment of online display advertising, in which audio-visual advertisements are shown within an online video stream, either before (pre-roll), during (mid-roll) or after (post-roll) the video content itself.

IPTV

Internet protocol television (IPTV) is the term used for television and/or video signals that are delivered to subscribers or viewers using internet protocol, the technology used to access the internet.

LINEAR TV

The provision or viewing of television programmes in a fixed time sequence according to a given schedule.

LONG-FORM VIDEO CONTENT

A descriptive term for a type of video content that has a beginning, middle and end, and which typically lasts longer than 10 minutes in total. If the content is ad supported, it typically contains breaks (mid-roll).

NON-LINEAR CONTENT

Content that is provided and/or viewed on demand, outside of a linear broadcast schedule.

ONLINE ADVERTISING

A form of advertising that uses the internet to deliver marketing messages to an audience of online users.

ONLINE DISPLAY ADVERTISING

A form of online advertising in which an advertiser's message is shown on a web page in a variety of formats – both in-page (such as banner ads) and in-stream (such as pre-roll videos) – which use various techniques to enhance the visual appeal of the advertising, as opposed to online classified and search advertising.

ORIGINAL CONTENT

Content that is produced specifically for a certain distribution platform (such as TV) and shown for the first time on that platform.

OTT

Over-the-top (OTT) is a term for the delivery of content or services over the open internet rather than via a managed network.

OVERLAYING

The superimposition of content (such as text, graphics, video) on a TV programme or advertisement shown on a TV screen.

PAY-TV

A commercial service that broadcasts or provides television programmes to viewers in exchange for a monthly charge or per-programme fee.

PHASING EFFECT

Financial effects (positive or negative) on revenue or profit over a period longer than the reporting period, resulting from the time difference between the allocation of costs and return of investment.

PLAYLIST START

The number of times a playlist – including video content and ads – is started.

PRIME TIME

That part of a broadcaster's programming schedule that attracts the most viewers and is therefore the most relevant in terms of advertising. The start and end time of prime time is typically determined by the medium (such as radio or television) and defined by the industry in each market, and can therefore vary from one country to another.

PROGRAMME FORMAT

See "format".

PUBLIC BROADCASTER

A publicly owned company, active in television and/or radio broadcast, whose primary mission is often public service related. Public broadcasters may receive funding from diverse sources including licence fees, individual contributions, public financing and advertising.

REAL TIME BIDDING (RTB)

The means by which ad inventory is bought and sold on a per-impression basis, via programmatic instantaneous auction, similar to financial markets.

SALES HOUSE

See "advertising sales house".

SECOND SCREEN

An electronic device such as a tablet or smartphone that is used simultaneously with television consumption. Second screen applications may allow audiences to access additional content and services related to the broadcast programme, or to interact with the content consumed through the primary screen.

SHORT-FORM VIDEO

A descriptive term for a type of video content that lacks a content arc, and which typically lasts less than 10 minutes in total.

STREAMING

Consumption of audio or video content directly from the internet to a TV, computer or mobile device.

SUPPLY SIDE PLATFORM (SSP)

An advertising technology platform that represents inventory (for example through publishers), and its availability. An SSP allows many of the world's larger web publishers to automate and optimise the selling of their online media space.

SSDAI

Server-side dynamic ad insertion is a technology, which allows the replacement of existing commercials from a broadcast stream with more targeted, personalised advertising.

SYCOS

RTL Group's synergy committees (Sycos) are comprised of executives and experts from each segment and from the Corporate Centre, and meet regularly to discuss topics such as programming, news, radio, advertising sales and new media. While each segment makes its own management decisions, it is free to draw on the understanding and expertise of other RTL Group companies to replicate successes and share ideas.

TERRESTRIAL BROADCASTING

A system to disseminate audio-visual content in the form of radio waves over the air from a ground-based transmitter to a receiving antenna.

TIME-SHIFTED VIEWING

The viewing of programming recorded to a storage medium (such as personal video recorder), at a time more convenient to the viewer than the scheduled linear broadcast.

TV HOUSEHOLD

A household equipped with at least one TV set.

UNIQUE USER

A metric that seeks to count as individuals, visitors who visit a website more than once in a given period of time.

VERTICAL NETWORK

A business that aggregates multiple content publishers into themed content verticals for which it may offer centralised advertising sales services.

VIDEO VIEW

The number of times a video has been viewed. Technology vendors may use the metric 'creative view' to help track which technical version of an ad was played in a particular environment, but that metric is used for technological analysis and not for measuring user engagement. Often confused with impression.

VOD/VIDEO-ON-DEMAND

A service that enables viewers to watch video content when they choose to, outside of any linear schedule.

- **AVOD – ADVERTISING-FUNDED VOD**

A typical example includes services from TV channels that allow free access to video content seven days after the broadcast, funded by advertising.

- **SVOD – SUBSCRIPTION-FUNDED VOD**

A VOD service that is financed by subscription fees.

- **TVOD – TRANSACTION-FUNDED VOD**

A VOD service that is financed on single transactions per view or content item.

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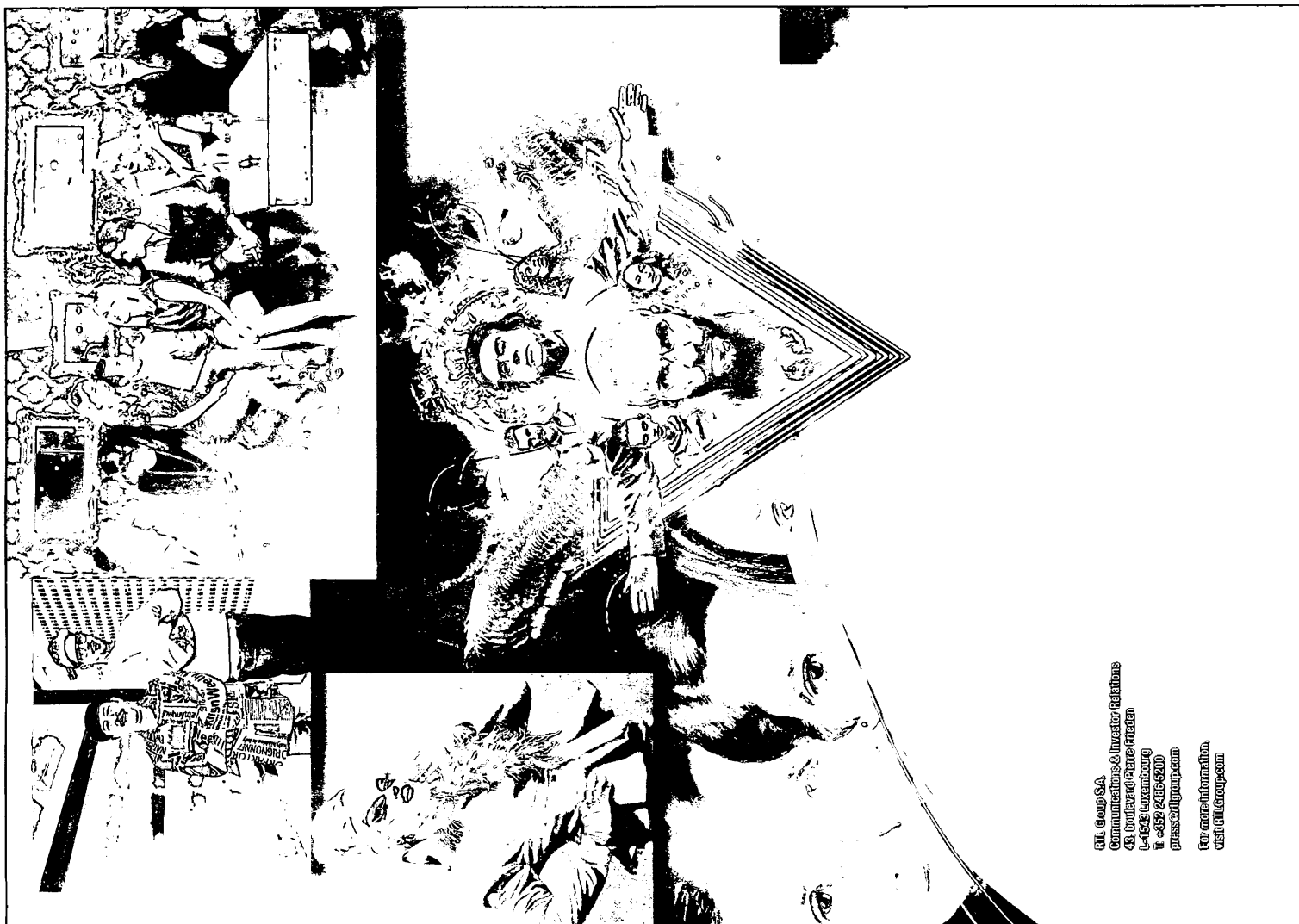
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FIVE-YEAR SUMMARY

	Year to December 2020 €m	Year to December 2019 €m	Year to December 2018 €m	Year to December 2017 €m	Year to December 2016 €m
Revenue	6,017	6,651	6,505	6,373	6,237
– of which net advertising sales	3,330	3,659	3,655	3,657	3,594
Other operating income	37	48	74	148	111
Consumption of current programme rights	(2,070)	(2,266)	(2,103)	(2,036)	(2,070)
Depreciation, amortisation, impairment and valuation allowance	(248)	(245)	(211)	(223)	(215)
Other operating expenses	(2,950)	(3,112)	(3,150)	(3,083)	(2,924)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(25)	(15)	(120)	(17)	(15)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	172	86	25	21	6
Profit from operating activities	933	1,147	1,020	1,183	1,130
Share of results of investments accounted for using the equity method	32	64	58	69	67
Impairment and reversals of investments accounted for using the equity method	(62)	(50)	(2)	(6)	–
Earnings before interest and taxes ("EBIT")	903	1,161	1,076	1,246	1,197
Interest income	4	5	9	4	6
Interest expense	(33)	(37)	(29)	(26)	(27)
Financial results other than interest	1	27	7	(2)	3
Profit before tax	875	1,156	1,063	1,222	1,179
Income tax expense	(250)	(292)	(278)	(385)	(363)
Profit for the year	625	864	785	837	816
Attributable to:					
RTL Group shareholders	492	754	668	739	720
Non-controlling interests	133	110	117	98	96
Profit for the year	625	864	785	837	816
Adjusted EBITA (€million)	853	1,156	1,171	1,248	1,205
Basic earnings per share (in €)	3.20	4.91	4.35	4.81	4.69
Final dividend per share (in €)	–	–	3.00	3.00	3.00
Interim dividend per share (in €)	–	–	1.00	1.00	1.00
Dividends paid (€million)	–	461	614	614	614
Average number of full-time equivalent employees	10,598	10,747	10,809	11,011	10,699
Net assets (€million)	4,353	3,825	3,553	3,432	3,552
Net (debt)/cash (€million)	236	(384)	(470)	(545)	(576)



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