Notes to the consolidated financial statements

1. General information and significant accounting policies

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

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

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

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

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

1.1. Statement of compliance

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

1.2. Basis of preparation of consolidated financial statements

The consolidated financial statements are presented in millions of Euro, which is the Company's functional and Group presentation currency, and have been prepared under the historical cost convention except for the following material items in the statement of financial position:
- Derivative financial instruments are measured at fair value
- Non-derivative financial instruments at fair value through profit or loss (FVTPL) are measured at fair value
- Equity instruments at fair value through OCI (FVOCI) are measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured at fair value
- The defined benefit assets and liabilities are measured in accordance with IAS 19.

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

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

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

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

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

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

1.3. Principles of consolidation

1.3.1. Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.3.2. Investments accounted for using the equity method

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

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

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

1.4. Foreign currency translation

1.4.1. Foreign currency translations and balances

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

1.4.2. Financial statements of foreign operations

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

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

1.5. Derivative financial instruments and hedging activities

Fair value

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

Cash flow hedges

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

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

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

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

1.6. Current/non-current distinction

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

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

1.7. Intangible assets

1.7.1. Non-current programme and other rights

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

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

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

1.7.2. Goodwill

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

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

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

1.7.3. Other intangible assets

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

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

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

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

1.8. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:
- Land: nil
- Buildings: ten to 25 years
- Technical equipment: four to ten years
- Other fixtures and fittings, tools and equipment: three to ten years.

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

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

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

1.9. Leases

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

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

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

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

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

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

1.10. Loans and other financial assets

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

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

1.11. Current programme rights

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

Current programme rights include programmes in progress, (co-)productions and rights acquired with the primary intention to broadcast or sell them in the normal course of the Group's operating cycle. Current programme rights include an appropriate portion of overheads and are stated at the lower of cost and net realisable value. The net realisable value assessment is based on the advertising revenue expected to be generated when broadcast, and on estimated net sales. Weak audience shares or changes from a prime-time to a late-night slot constitute indicators that a valuation allowance may be recorded. They are consumed based on either the expected number of transmissions or expected revenue in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are as follows:
- Free television thematic channels: programme rights are consumed on a straight-line basis over a maximum of six runs
- Free television other channels:
  - Blockbusters (films with high cinema ticket sales), mini-series (primarily own productions with a large budget), other films, series, TV movies and (co-)productions are consumed, run by run, over a maximum of four transmissions mainly following a degressive approach for amortisation depending on the agreed total number of transmissions
  - Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission
  - Children's programmes and cartoons are consumed over the license period on a linear basis as there is a very slow saturation and a very high number of repetitions for the target group kids (three to 13-year-olds)
- Pay television channels: programme rights are consumed on a straight-line basis over the licence period.

1.12. Accounts receivable and contract assets

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

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

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

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

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

1.13. Cash and cash equivalents

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

1.14. Impairment of non-financial assets

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

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

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

1.15. Impairment of financial assets

RTL Group applies the expected credit loss (ECL) model in accordance with IFRS 9 for debt instruments at amortised cost and for contract assets. Accordingly, the amount of expected credit losses recognised as a loss allowance depends on the extent to which the default risk has increased since initial recognition. According to the so-called general approach, a distinction is made between the following two measurement bases:
- 12-month ECL: At initial recognition, and if the default risk has not increased significantly from the initial recognition of the debt instrument, a loss allowance is recognised for expected credit losses within the next 12 months.
- Lifetime ECL: If the default risk has increased significantly, a loss allowance for expected credit losses is recognised for the entire life of the debt instrument.

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

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

1.16. Non-current assets held for sale

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

1.17. Accounts payable

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

1.18. Loans payable

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

1.19. Provisions

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

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

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

1.20. Employee benefits

1.20.1. Pension benefits

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

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

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

1.20.2. Other benefits

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

1.20.3. Share-based transactions

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

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

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

1.21. Share capital

1.21.1. Equity transaction costs

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

1.21.2. Treasury shares

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

1.21.3. Dividends

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

1.22. Revenue presentation and recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 15 stipulates some practical expedients of which the following are applied in RTL Group:
- Costs of obtaining contracts are not capitalised if the underlying asset is amortised in no more than 12 months
- The value of consideration is not adjusted for the effects of a material financing component if the financing component pertains to a period of no more than 12 months
- For contracts with an original duration of no more than 12 months and for contracts for which revenue can be recognised according to the amount invoiced for simplification purposes, no disclosure of the aggregated transaction price is provided.

1.23. Government grants

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

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

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

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

1.25. Interest income and expense

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

1.26. Income tax

Recognition and measurement of income tax

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

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

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

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

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

Global minimum tax

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

1.27. Discontinued operations

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

1.28. Earnings per share

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

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

1.29. Segment reporting

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

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

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

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

1.30. Prior year information

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

2. Accounting judgements and estimates

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

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

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

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

2.2. Significant influence with less than 20 per cent

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

2.3. Lease accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

2.8. Assets held for sale and discontinued operations

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

2.9. Provisions for litigations

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

2.10. Income tax, deferred tax and other taxes

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

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

2.11. Post-employment benefits

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

2.12. Recognition of revenue

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

2.13. Contingent liabilities

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

3. Segment reporting

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

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

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

The following reported segments meet the quantitative thresholds required by IFRS 8:
- **RTL Deutschland**: RTL Deutschland is the Group's largest business unit and Germany's first cross-media champion, operating across TV, streaming, radio, digital and publishing. RTL Deutschland owns 15 TV channels, 50 premium magazines, a broad podcast portfolio and numerous digital offerings, such as *chefkoch.de* and *wetter.de*. RTL Radio is one of Germany's largest privately owned radio groups, with holdings in 17 stations including Antenne Bayern and Radio Hamburg
- **Groupe M6**: this segment represents a multimedia group in France which focuses on three areas: television (13 channels including M6, the second largest commercial channel in the French market), radio (three stations including RTL, the leading radio station in France) and digital (AVOD platforms and several special interest portals)
- **Fremantle**: RTL Group's global content production business includes a significant distribution and licensing business (international) and operates in 27 countries
- **RTL Nederland**: this segment covers television broadcasting and a wide range of digital and diversification activities. The business unit includes five free-to-air television channels, an independent news organisation, the leading local streaming service Videoland, three digital pay-TV channels and the digital weather platform Buienradar.

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

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

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

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

3.1. Segment information

	RTL Deutschland		Groupe M6		Fremantle		RTL Nederland		Other segments[44]		Eliminations		Total Group	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Revenue from external customers	2,766	2,422	1,352	1,379	2,147	1,727	635	577	324	532	–	–	**7,224**	6,637
Inter-segment revenue	–	3	5	11	200	199	1	(2)	87	72	(293)	(283)	**–**	–
Total revenue	**2,766**	**2,425**	**1,357**	**1,390**	**2,347**	**1,926**	**636**	**575**	**411**	**604**	**(293)**	**(283)**	**7,224**	**6,637**
Depreciation, amortisation and impairment including on goodwill and on fair value adjustments on acquisitions of subsidiaries	(76)	(43)	(105)	(95)	(62)	(43)	(9)	(9)	(34)	(38)	–	–	**(286)**	(228)
Share of results of investments accounted for using the equity method	25	32	(34)	(26)	1	2	–	–	22	19	–	–	**14**	27
Impairment and reversals of investments accounted for using the equity method	(5)	–	–	2	–	–	–	–	–	–	–	–	**(5)**	2
Adjusted EBITA	459	541	304	329	162	141	161	107	(12)	33	9	1	**1,083**	1,152
Adjusted EBITA margin	16.6%	22.3%	22.4%	23.7%	6.9%	7.3%	25.3%	18.6%	(2.9)%	5.5%	n/a	n/a	**15.0%**	17.4%
Invested capital	1,464	963	1,419	1,370	1,980	1,610	167	165	390	623	5	(3)	**5,425**	4,728

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

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

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

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

3.2. Geographical information

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

	Germany		France		United States		The Netherlands		UK		Belgium		Other regions		Total	
	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m	**2022 €m**	2021 €m
Revenue from external customers	2,606	2,241	1,367	1,392	1,003	901	628	610	319	233	72	203	1,229	1,057	**7,224**	6,637
Non-current assets[45]	1,738	1,465	1,183	1,193	507	481	336	338	559	435	2	2	260	242	**4,585**	4,156
Assets held for sale	–	–	–	–	–	–	–	–	–	–	–	164	–	32	**–**	196
Capital expenditure	391	256	114	173	28	53	7	10	136	5	2	6	57	77	**735**	580

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

4. Group composition

4.1. Scope of consolidation

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

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

	Subsidiaries		Joint ventures[46]		Associates[46]		Total	
	2022	2021	2022	2021	2022	2021	**2022**	2021
RTL Deutschland	67	50	2	2	14	13	**83**	65
Groupe M6	47	49	5	4	4	3	**56**	56
Fremantle	174	104	2	1	1	1	**177**	106
RTL Nederland	8	6	2	2	2	2	**12**	10
Other segments	39	54	–	–	3	3	**42**	57
Total	335	263	11	9	24	22	**370**	294

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

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

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

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

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

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

4.2. Acquisitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.3. Disposals

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

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

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

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

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

4.4. Other information

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

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

5. Details on consolidated income statement

5.1. Revenue

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

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

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

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

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

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

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

5.2. Other operating income

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

5.3. Other operating expenses

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

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

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

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

Employee benefits expenses are set out in more detail below:

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

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

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

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

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

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

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

5.4. Interest income and interest expense

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

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

5.5. Other financial income and other financial expense

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

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

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

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

5.6. Income tax expense

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

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

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

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

Effect of tax rates in material foreign jurisdictions mainly results from the differentiated rates applicable in the following countries:
- Germany, where the official tax rate is 32.10 per cent, representing an impact of €–17 million (2021: €–37 million with a tax rate of 32.10 per cent)
- France, where several tax rates apply, depending on the size of the business. The rates of 25.83 and 25.00 per cent apply, representing an impact of €–2 million (2021: the rates of 28.41 and 27.50 per cent applied, representing an impact of €–13 million)
- United States, where the official tax rate is 21.90 per cent, representing an impact of €3 million (2021: €28 million with a tax rate of 21.00 per cent).

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

5.7. Earnings per share

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

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

6. Details on consolidated statement of financial position

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

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

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

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

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

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

6.2. Impairment test for goodwill

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

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

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

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

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

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

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

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

The discount rates have been determined, CGU by CGU, and embody, where appropriate, the following factors:
– country risk
– inflation rate differential
– specific firm premium
– specific tax rate
– credit spread
– gearing ratio.

The recoverable amount of all CGUs is based on their fair value less costs of disposal and is a Level 3 fair value measurement, with exception of Groupe M6 which is listed on Euronext Paris, Compartment A (Paris Stock Exchange). As at 31 December 2022, the market price of Métropole Télévision shares on the Paris Stock Exchange was €15.35 (2021: €17.16). The recoverable amount of Groupe M6 at that date was based on value in use using a discounted cash flow method (Level 3), as management considered the share price of Groupe M6 did not fully reflect its earning potential due to the expected growth in AVOD offers and diversification business of Groupe M6. The value in use determined significantly exceeded the carrying amount.

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

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

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

Capital expenditure is assumed to be in line with depreciation and amortisation. Management also considers that the moderate perpetual growth would not result in a significant increase of the net working capital.

	2022		2021	
	Perpetual growth rate % a year	Discount rate %	Perpetual growth rate % a year	Discount rate %
Cash-generating units				
RTL Deutschland	**0.5**	**7.4**	0.5	6.3
Groupe M6	**0.0**	**8.2**	0.0	6.8
Fremantle	**1.8**	**8.0**	1.8	8.2
RTL Nederland	**0.5**	**7.4**	0.0	6.1
We Are Era	**2.0**	**12.4**	2.0	10.0

We Are Era's shift to higher margin project business leads to a higher level of uncertainty in terms of forecast. For the CGU We Are Era, in the event of an increase in the discount rate by 2.4 percentage points, a decrease in the long-term growth rate by 3.8 percentage points or a decrease in the EBITA margin by 1.1 percentage points, the recoverable amount would fall below the carrying amount.

For other CGUs, management considers that, at 31 December 2022, no reasonably possible change in the market shares, EBITA margin and operating cash conversion rates would reduce the headroom between the recoverable amounts and the carrying amounts of the CGUs to zero, when the recoverable amount is solely based on a DCF approach.

6.3. Property, plant and equipment

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost				
Balance at 1 January 2021	**393**	**362**	**245**	**1,000**
Effect of movements in foreign exchange	1	–	2	**3**
Additions	2	14	28	**44**
Disposals	(9)	(12)	(9)	**(30)**
Subsidiaries acquired	–	1	3	**4**
Subsidiaries disposed of	(2)	–	(1)	**(3)**
Transfer to assets held for sale	(2)	(55)	(26)	**(83)**
Transfers and other changes	3	3	(5)	**1**
Balance at 31 December 2021	**386**	**313**	**237**	**936**
Effect of movements in foreign exchange	–	(2)	(1)	**(3)**
Additions	12	13	30	**55**
Disposals	(3)	(12)	(24)	**(39)**
Subsidiaries acquired	7	3	6	**16**
Subsidiaries disposed of	–	–	(1)	**(1)**
Transfer to assets held for sale	(3)	(16)	(3)	**(22)**
Transfers and other changes	–	(1)	1	**–**
Balance at 31 December 2022	**399**	**298**	**245**	**942**
Depreciation and impairment losses				
Balance at 1 January 2021	**(215)**	**(306)**	**(188)**	**(709)**
Effect of movements in foreign exchange	(1)	–	(2)	**(3)**
Depreciation charge	(18)	(20)	(21)	**(59)**
Disposals	10	12	7	**29**
Transfer to assets held for sale	2	49	19	**70**
Balance at 31 December 2021	**(222)**	**(265)**	**(185)**	**(672)**
Effect of movements in foreign exchange	–	1	1	**2**
Depreciation charge	(16)	(18)	(24)	**(58)**
Disposals	3	16	21	**40**
Transfer to assets held for sale	2	14	2	**18**
Balance at 31 December 2022	**(233)**	**(252)**	**(185)**	**(670)**
Carrying amount:				
At 31 December 2021	**164**	**48**	**52**	**264**
At 31 December 2022	**166**	**46**	**60**	**272**

'Subsidiaries acquired' includes an amount of €3 million from the acquisition of Gruner + Jahr (see note 4.2).

6.4. Right-of-use assets

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

	Land and equivalent real estate rights and buildings €m	Technical equipment and machinery €m	Other equipment, fixtures, furniture and office equipment €m	Total €m
Balance at 1 January 2022	**277**	**1**	**5**	**283**
Effect of movements in foreign exchange	(1)	–	–	**(1)**
Depreciation charge	(72)	–	(4)	**(76)**
Additions	76	–	5	**81**
Other changes	55	–	–	**55**
Balance at 31 December 2022	**335**	**1**	**6**	**342**

	Land and equivalent real estate rights and buildings €m	Technical equipment and machinery €m	Other equipment, fixtures, furniture and office equipment €m	Total €m
Balance at 1 January 2021	**320**	**1**	**8**	**329**
Effect of movements in foreign exchange	2	–	–	**2**
Depreciation charge	(51)	(1)	(4)	**(56)**
Additions	12	–	4	**16**
Other changes	(6)	1	(3)	**(8)**
Balance at 31 December 2021	**277**	**1**	**5**	**283**

'Other changes' includes an amount of €46 million increases in right-of-use assets from the extension of existing lease contracts and an amount of €4 million from the acquisition of Gruner + Jahr (see note 4.2).

6.5. Investments accounted for using the equity method

As at 31 December 2022, investments in 11 joint ventures (31 December 2021: 9) and 24 associates (31 December 2021: 22) were accounted for in the consolidated financial statements.

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

	2022 €m	2021 €m
Associates	**370**	360
Joint ventures	**6**	6
Balance at 31 December	**376**	**366**

The amounts recognised in the income statement are as follows:

	2022 €m	2021 €m
Share of results of investments accounted for using the equity method		
Associates	**33**	50
Joint ventures	**(19)**	(23)
	14	**27**
Impairment and reversals of investments accounted for using the equity method		
Associates	**(5)**	2
Joint ventures	**–**	–
	(5)	**2**

In the year 2022, dividends received from investments accounted for using the equity method amounted to €53 million (2021: €45 million). This amount is considered as an adjustment in 'Financial results including net interest expense and share of results of investments accounted for using the equity method' when calculating cash flows from operating activities.

6.5.1. Investments in joint ventures

Individually material joint venture
As at 31 December 2022, RTL Group had no joint venture, which, in the opinion of management, is material to the Group.

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

	2022 €m	2021 €m
Non-current assets	**10**	22
Current assets	**66**	19
Non-current liabilities	**4**	42
Current liabilities	**85**	34
Earnings after taxes from continuing operations	**(19)**	(27)
Earnings after taxes from discontinued operations	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(19)**	(27)

On 29 March 2022, Groupe M6 subscribed to the capital increase of the joint venture Salto (the streaming platform held jointly by Groupe M6, TF1 and France Télévisions) for €41 million by offsetting its receivable held in its shareholder current account. Further, Groupe M6 provided Salto with a loan which, in substance, forms part of its investment in Salto. The proposed Groupe M6/Groupe TF1 merger having been abandoned, and in the absence of satisfactory offers for a sale of the platform, the three shareholders of Salto have unanimously decided to proceed with the voluntary liquidation of Salto. According to IAS 28.14A RTL Group applied IFRS 9 to the loan and recognised an impairment amount of €–28 million through profit or loss presented in 'Impairment and reversals on other financial assets at amortised cost' as part of 'Other operating expenses' (see note 5.3). The costs of the withdrawal for each of the partners were recognised by way of provisions as at 31 December 2022, over and above their share of Salto's net loss for the year. Thus, the excess of €15 million was recognised as a provision (see note 6.14.1).

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

6.5.2. Investments in associates

Individually material associates
Set out below are the associates of the Group at 31 December 2022, which, in the opinion of the management, are material to the Group:

Name of entity	Country of incorporation	Principal activity	Percentage ownership interest 2022	Percentage ownership interest 2021	Measurement method
Atresmedia	Spain	Broadcasting TV	**18.7**	18.7	At equity
Global Savings Group (GSG)	Germany	Shopping rewards	**41.5**	41.5	At equity
RTL 2 Fernsehen GmbH & Co KG	Germany	Broadcasting TV	**35.9**	35.9	At equity

Atresmedia Corporación de Medios de Comunicación S.A. (and subsidiaries, 'Atresmedia') is listed on the Madrid Stock Exchange. Based on the published share price at 31 December 2022, the market capitalisation of 100 per cent of Atresmedia amounts to €721 million, i.e. €3.19 per share (2021: €753 million, i.e. €3.34 per share). Global Savings Group (GSG) is a private company providing shopping rewards activities and there is no quoted market price available for its shares. RTL 2 Fernsehen GmbH & Co KG is a private company and there is no quoted market price available for its shares.

The following table shows summarised financial information for Atresmedia, Global Savings Group (GSG) and RTL 2 Fernsehen GmbH & Co KG. The information presented represents the amounts included in the financial statements of the material associates plus adjustments for using the equity method, and not RTL Group's share of these amounts.

	Atresmedia		Global Savings Group (GSG)		RTL 2 Fernsehen GmbH & Co KG	
	2022	2021	2022	2021	2022	2021
Non-current assets	686	549	189	180	63	51
Current assets	825	853	87	91	70	92
Current liabilities	(529)	(478)	(128)	(85)	(34)	(43)
Non-current liabilities	(295)	(381)	(56)	(59)	(47)	(38)
Net assets	**687**	**543**	**92**	**127**	**52**	**62**
Revenue	951	963	167	148	256	283
Earnings after taxes from continuing operations	112	118	(34)	(11)	38	52
Earnings after taxes from discontinued operations	–	–	–	–	–	–
Other comprehensive income	127	(2)	–	(1)	–	–
Total comprehensive income	239	116	(34)	(12)	38	52
Dividends received from associates	18	8	–	–	19	15

The reconciliation of the summarised financial information shown to the carrying amount of the interest in each material associate in the consolidated financial statements is shown in the following table:

	Atresmedia		Global Savings Group (GSG)		RTL 2 Fernsehen GmbH & Co KG	
	2022	2021	2022	2021	2022	2021
Net assets at 31 December	**687**	**543**	**92**	**127**	**52**	**62**
Proportionate equity	128	101	38	52	17	33
Goodwill	166	166	42	42	24	24
Impairment on investments accounted for using the equity method	(110)	(110)	–	–	–	–
Carrying amount	**184**	**157**	**80**	**94**	**41**	**57**

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

The perpetual growth and discount rates used are as follows:

	2022		2021	
	Perpetual growth rate % a year	Discount rate %	Perpetual growth rate % a year	Discount rate %
Atresmedia	0.0	10.0	0.0	8.1
RTL 2 Fernsehen GmbH & Co. KG	0.5	6.7	0.5	7.0

As at 31 December 2022, the investment in Atresmedia was tested for impairment in accordance with IAS 36. The recoverable amount of Atresmedia on 31 December 2022 was based on the value in use determined using a discounted cash flow model, as management considered the share price of Atresmedia did not fully reflect its earning potential, which includes the new diversification strategy through expansion of its investment portfolio, strengthen its digital streaming offers and building its leading position in locally relevant content production. The ongoing challenging economic environment in Spain combined with strong competition, changing viewing preferences and continued dependence on linear television continues to lead to high uncertainty in terms of forecasts. As at 31 December 2022 neither additional impairment loss nor reversal of impairment loss had to be recognised on the at equity investment in Atresmedia.

As at 31 December 2022, the share price of Atresmedia was €3.19 (31 December 2021: €3.34) which results in a fair value less costs of disposal of €132 million for the 18.7 per cent held by RTL Group (31 December 2021: €138 million).

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

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

	31 December 2022 (in percentage points)
EBITA margin	**(0.6)**
Discount rate	**0.7**
Perpetual growth rate	**(0.7)**

In November 2019, the Spanish Competition Authority (CNMC) arrived at a decision in disciplinary proceedings imposing a fine on Atresmedia and Mediaset and barring both operators from specified courses of conduct. The parties were ordered to take steps to align their commercial and contractual relations to the requirements of the decision. The fine imposed on Atresmedia amounts to €38.2 million. In 2020, Atresmedia challenged the decision by filing an application for judicial review with the Administrative Chamber of the Audiencia Nacional, Spain's national court. The application was found admissible. Consequently, Atresmedia will proceed with an appeal in the aforementioned court. The directors and legal advisors of Atresmedia believe that the application for judicial review against the CNMC's decision is likely to succeed. No provision has been recognised.

For Global Savings Group no triggering events for an impairment test have been identified.

The recoverable amount of RTL 2 Fernsehen GmbH & Co KG has been determined on the basis of the fair value less costs of disposal at 31 December 2022. This is a Level 3 fair value measurement.

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

	2022 €m	2021 €m
Non-current assets	**53**	43
Current assets	**72**	52
Non-current liabilities	**8**	3
Current liabilities	**50**	38
Earnings after taxes from continuing operations	**12**	14
Earnings after taxes from discontinued operations	**–**	–
Other comprehensive income	**1**	1
Total comprehensive income	**13**	15

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

6.6. Loans and non-current other assets

	2022 €m	2021 €m
Loans and other financial assets		
Equity instruments at FVOCI	29	37
Equity instruments at FVTPL	6	6
Debt instruments at FVTPL	3	–
Convertible loans at FVTPL	–	11
Derivative financial assets	14	8
Loans receivable to investments accounted for using the equity method	8	7
Other loans receivable	5	7
Trade accounts and other receivables	46	41
	111	117
Other non-financial assets		
Net defined benefit asset	2	–
	2	–
	113	117

Equity instruments at FVOCI comprise those instruments which are not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, mainly in radio activities.

In December 2022, RTL Group sold its entire shareholding in Beyond International Limited, a company listed on the Australian Stock Exchange (2021: 19.5 per cent share capital). Beyond International Limited was a Level 1 fair value measurement. In 2022, RTL Group recorded an increase in the fair value of this equity instrument at FVOCI of €1 million (2021: increase of €1 million).

The movements in equity instruments at FVOCI are as follows:

	2022 €m	2021 €m
Balance at 1 January	37	35
Net acquisitions and disposals	(3)	–
Change in fair value	(5)	1
Other changes	–	1
Balance at 31 December	29	37

6.7. Deferred tax assets and liabilities

	2022 €m	2021 €m
Deferred tax assets	318	322
Deferred tax liabilities	(75)	(77)
	243	245

	2022 €m	2021 €m
Balance at 1 January	245	285
Income tax income/(expense)	11	(6)
Income tax credited/(charged) to other comprehensive income	(29)	(7)
Change in consolidation scope	15	(27)
Transfer to assets held for sale	(1)	(1)
Transfers and other changes	2	1
Balance at 31 December	243	245

The amount of the tax benefit arising from a previously unrecognised tax loss that is used to reduce current tax expense amounts to €1 million (2021: €13 million).

The recognition of previously unrecognised tax loss carry forwards and deductible temporary differences resulted in a reduction in deferred tax expense of €74 million (2021: €9 million).

Of 'Income tax credited/(charged) to other comprehensive income' an amount of € –2 million (2021: € –5 million) relates to effective portion of changes in fair value of cash flow hedges, € nil million (2021: € nil million) relates to recycling of cash flow hedge reserve, € –29 million (2021: € –2 million) relates to defined benefit plan actuarial gains/(losses) and € 2 million (2021: € nil million) relates to change in fair value of equity instruments at FVOCI. The cumulative amount of deferred tax assets recognised in other comprehensive income amounts to € –3 million (2021: €14 million).

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

	2022 €m	2021 €m
Tax loss carry forwards		
No expiration date	**4,007**	4,182
Expiration within 5 years	**68**	80
Expiration after 5 years	**11**	9
Deductible temporary differences (no expiration date)	**11**	**20**

At 31 December 2022, there were temporary differences of €171 million (2021: €126 million) related to investments in subsidiaries. However, this liability was not recognised because the Group controls the dividend policy of its subsidiaries – i.e. the Group controls the timing of reversal of the related taxable temporary differences and these will not reverse in the foreseeable future.

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

	Balance at 1 January 2022 €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 2022 €m
Deferred tax assets						
Intangible assets	67	(12)	–	11	1	**67**
Programme rights	168	(29)	–	–	–	**139**
Property, plant and equipment	3	1	–	–	–	**4**
Right-of-use assets and lease liabilities	93	10	–	2	(1)	**104**
Provisions	95	(11)	(24)	27	–	**87**
Tax loss carry forwards	18	75	–	3	(1)	**95**
Others	92	(13)	(2)	6	1	**84**
Offset	(214)				(48)	**(262)**
	322	21	(26)	49	(48)	**318**
Deferred tax liabilities						
Intangible assets	(131)	(4)	–	(14)	–	**(149)**
Programme rights	(2)	2	–	(2)	–	**(2)**
Property, plant and equipment	(13)	–	–	(1)	–	**(14)**
Right-of-use assets and lease liabilities	(80)	(10)	–	(2)	1	**(91)**
Provisions	(24)	(4)	(3)	(9)	1	**(39)**
Others	(41)	6	–	(6)	(1)	**(42)**
Offset	214				48	**262**
	(77)	(10)	(3)	(34)	49	**(75)**

	Balance at 1 January 2021 €m	(Charged)/ credited to income statement €m	Charged to other comprehensive income €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2021 €m
Deferred tax assets						
Intangible assets	71	(4)	–	–	–	**67**
Programme rights	193	(34)	–	8	1	**168**
Property, plant and equipment	3	–	–	–	–	**3**
Right-of-use assets and lease liabilities	107	(12)	–	–	(2)	**93**
Provisions	80	17	(1)	1	(2)	**95**
Tax loss carry forwards	25	(8)	–	1	–	**18**
Others	62	29	(5)	4	2	**92**
Offset	(208)	–	–	–	(6)	**(214)**
	333	(12)	(6)	14	(7)	**322**
Deferred tax liabilities						
Intangible assets	(79)	(2)	–	(49)	(1)	**(131)**
Programme rights	(6)	–	–	4	–	**(2)**
Property, plant and equipment	(12)	(3)	–	1	1	**(13)**
Right-of-use assets and lease liabilities	(94)	11	–	1	2	**(80)**
Provisions	(28)	3	(1)	(1)	3	**(24)**
Others	(37)	(3)	–	3	(4)	**(41)**
Offset	208	–	–	–	6	**214**
	(48)	6	(1)	(41)	7	**(77)**

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

6.8. Current programme rights

	2022			2021		
	Gross value €m	Valuation allowance €m	Net value €m	Gross value €m	Valuation allowance €m	Net value €m
(Co-)productions	**433**	**(339)**	**94**	400	(338)	62
TV programmes	**162**	**–**	**162**	117	(2)	115
Other distribution and broadcasting rights	**702**	**(250)**	**452**	763	(270)	493
Sub-total programme rights	**1,297**	**(589)**	**708**	**1,280**	**(610)**	**670**
(Co-)productions and programmes in progress	**717**	**(15)**	**702**	458	(13)	445
Advance payments on (co-)productions, programmes and rights	**169**	**–**	**169**	183	–	183
Sub-total programme rights in progress	**886**	**(15)**	**871**	**641**	**(13)**	**628**
	2,183	**(604)**	**1,579**	1,921	(623)	1,298

Additions and reversals of valuation allowance have been recorded for €–48 million and €58 million respectively in 2022 (2021: €–70 million and €64 million, respectively).

6.9. Accounts receivable and other current assets

	2022 €m	2021 €m
Accounts receivable and other financial assets		
Trade accounts receivable	**1,301**	1,207
Contract assets	**10**	16
Accounts receivable from investments accounted for using the equity method	**18**	23
Loans receivable to investments accounted for using the equity method	**–**	3
Derivative financial assets	**38**	21
Equity instruments at FVTPL	**127**	274
Debt instruments at FVTPL	**–**	–
Other current financial assets	**6**	19
Current deposits with shareholder and its subsidiaries	**276**	794
Account receivable from shareholder in relation with PLP Agreement	**306**	648
Other accounts receivable	**108**	290
	2,190	3,295
Other non-financial assets		
Prepaid expenses	**93**	80
Sundry other non-financial assets	**220**	127
	313	207
	2,503	3,502

'Equity instruments at FVTPL' includes minority investments in Magnite amounting to €123 million (31 December 2021: €190 million) as well as a number of minority investments held by different entities. The fair value of the listed investment in Magnite is measured on the basis of its market value. The gains and losses resulting from changes in the fair value are recognised in 'Fair value measurement of investments' as presented in note 5.3.

At 31 December 2021, 'Equity instruments at FVTPL' also included a minority investment in VideoAmp amounting to €81 million. In January 2022, RTL Group sold its entire investment in VideoAmp for US-$104 million (€92 million) in cash. The transaction was carried out as a share buyback by VideoAmp. The cash inflow is recognised in the consolidated cash flow statement under 'Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets'.

Additions and reversals of valuation allowance have been recorded for €–26 million and €19 million respectively in 2022 (2021: €–21 million and €20 million respectively).

6.10. Cash and cash equivalents

	2022 €m	2021 €m
Cash in hand and at bank	**333**	417
Fixed term deposits (under three months) and money market funds	**256**	130
Cash and cash equivalents (excluding bank overdrafts)	**589**	547

	2022 €m	2021 €m
Cash and cash equivalents (excluding bank overdrafts)	**589**	547
Bank overdrafts	**(1)**	–
Cash and cash equivalents and bank overdrafts	**588**	547

As at 31 December 2022, 'Cash in hand and at bank' in the amount of €3 million was subject to restrictions on disposals (2021: €nil million).

6.11. Assets classified as held for sale

As at 31 December 2022, RTL Group had no assets classified as held for sale. As at 31 December 2021, the carrying amounts of the assets classified as held for sale and related liabilities were attributable to RTL Belgium – the disposal of which was completed in March 2022 (see note 4.3).

6.12. Loans, bank overdrafts and lease liabilities

2022	Under 1 year €m	Over 1 year €m	Total carrying amount €m
Bank overdrafts	1	–	**1**
Bank loans payable – fixed rate	22	133	**155**
Bank loans payable – floating rate	3	–	**3**
Loans due to investments accounted for using the equity method – floating rate	–	–	**–**
Term loan facility due to shareholder – fixed rate	511	–	**511**
Other loans payable – fixed rate	–	5	**5**
Other loans payable – floating rate	10	–	**10**
	547	138	**685**
Lease liabilities	85	300	**385**

2021	Under 1 year €m	Over 1 year €m	Total carrying amount €m
Bank overdrafts	–	–	**–**
Bank loans payable – fixed rate	16	130	**146**
Bank loans payable – floating rate	7	–	**7**
Loans due to investments accounted for using the equity method – floating rate	1	–	**1**
Term loan facility due to shareholder – fixed rate	11	500	**511**
Other loans payable – fixed rate	–	5	**5**
Other loans payable – floating rate	14	–	**14**
	49	635	**684**
Lease liabilities	59	273	**332**

As at 31 December 2021, bank overdrafts were immaterial. As at 31 December 2022, potential future cash outflows of €179 million (undiscounted) have not been included in the lease liabilities as it is not reasonably certain that the leases will be extended (or not terminated) (2021: €219 million).

6.13. Accounts payable and other liabilities

2022	Under 1 year €m	Over 1 year €m	Total carrying amount €m
Accounts payable and other financial liabilities			
Trade accounts payable	1,360	40	**1,400**
Amounts due to associates	8	–	**8**
Derivative financial liabilities	43	14	**57**
Account payable to shareholder in relation to PLP Agreement	322	–	**322**
Sundry financial liabilities	106	167	**273**
	1,839	221	**2,060**
Non-financial liabilities			
Employee benefits liability	249	287	**536**
VAT payables	132	–	**132**
Deferred income	3	–	**3**
Social security and other taxes payable	89	–	**89**
	473	287	**760**
	2,312	508	**2,820**

2021	Under 1 year €m	Over 1 year €m	Total carrying amount €m
Accounts payable and other financial liabilities			
Trade accounts payable	1,459	32	**1,491**
Amounts due to associates	8	–	**8**
Derivative financial liabilities	12	5	**17**
Account payable to shareholder in relation to PLP Agreement	732	–	**732**
Sundry financial liabilities	87	48	**135**
	2,298	85	**2,383**
Non-financial liabilities			
Employee benefits liability	228	287	**515**
VAT payables	132	–	**132**
Deferred income	8	–	**8**
Social security and other taxes payable	96	–	**96**
	464	287	**751**
	2,762	372	**3,134**

At 31 December 2022, the profit participation liabilities of RTL Deutschland amounted to €315 million (2021: €305 million).

6.14. Provisions

6.14.1. Provisions other than post-employment benefits

	Restructuring €m	Litigations €m	Onerous contracts €m	Other provisions €m	Total €m
Balance at 1 January 2022	**48**	**67**	**85**	**31**	**231**
Provisions charged/(credited) to the income statement:					
– Additions	5	7	41	5	**58**
– Reversals	–	(41)	(7)	(11)	**(59)**
Provisions used during the year	(38)	(4)	(47)	(14)	**(103)**
Other changes	9	–	–	21	**30**
Balance at 31 December 2022	**24**	**29**	**72**	**32**	**157**

'Other changes' includes an amount of €15 million from the acquisition of Gruner + Jahr (see note 4.2).

The provisions mainly relate to the following:

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

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

Several subsidiaries of RTL Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co KG and its sales house, El Cartel Media GmbH & Co KG, before the regional court in Düsseldorf, Germany, seeking disclosure of information to substantiate a possible claim for damages. The proceedings follow the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements (share deals) granted by Ad Alliance GmbH (formerly IP Deutschland GmbH) and SevenOne Media GmbH to media agencies. The German Federal Cartel Office argued that these discounts would foreclose small broadcasters from the advertising market. In 2014, the district court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL 2 Fernsehen GmbH & Co KG filed a motion claiming that the expert was not impartial, with the aim of getting the court to obtain a new expert opinion. Ad Alliance GmbH has rejected the motion of lack of impartiality as unfounded. Due to his unexpected death in February 2020, the court expert could not submit his response to the allegation of impartiality. The court has announced that it would take a decision on the issue of impartiality in the upcoming weeks. The court case will continue. Similar proceedings from other small broadcasters, initiated in different courts, were unsuccessful or have been withdrawn. Based on the independent legal advice obtained in 2022, management's assessment is that the basis for the claim has little merit, and it is not probable that an outflow will be required to settle the claim. As no further outflows of resources are expected, the provision of €35 million was reversed.

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

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

Onerous contracts
'Onerous contracts' mainly comprise provisions made by:
- RTL Deutschland for €68 million (2021: €82 million) mainly in relation to the supply of programmes, of which sport events €21 million (2021: €15 million)
- Groupe M6 for €1 million (2021: €2 million) in relation to the supply of programmes
- RTL Nederland for €3 million (2021: €nil million) in relation to the supply of programmes fully related to sport events.

'Other provisions' of €15 million relate to the provision for losses for the Group's undertaking in Salto (see note 6.5).

	2022 €m	2021 €m
Current	**109**	129
Non-current	**48**	102
	157	231

6.14.2. Post-employment benefits

	2022 €m	2021 €m
Balance at 1 January	**176**	**188**
Provisions charged/(credited) to the income statement:		
– Additions[47]	**36**	28
– Reversals	**(1)**	(1)
Provisions used during the year[47]	**(28)**	(13)
Actuarial (gains)/losses directly recognised in other comprehensive income	**(106)**	(18)
Change in consolidation scope	**96**	–
Other	**(1)**	(8)
Balance at 31 December	**172**	**176**

'Post-employment benefits' comprise provision for defined benefit obligations for €157 million (2021: €168 million) and provision for other employee benefits for €15 million (2021: €8 million). 'Change in consolidation scope' includes an amount of €96 million from the Gruner + Jahr acquisition (see note 4.2).

6.15. Defined benefit obligations

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

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

47 Of which defined contribution plan for €14 million (2021: €14 million)

Germany
Employees of UFA companies (including UFA Fiction GmbH, UFA Shows & Factual GmbH, UFA GmbH, UFA Serial Drama GmbH), Radio Center Berlin, AVE Gesellschaft für Hörfunkbeteiligungen GmbH, UFA Film & Fernsehen GmbH, RTL Group GmbH and RTL Group Central & Eastern Europe participate in an unfunded common group retirement plan. The company UFA Serial Drama has a partly funded plan. Related obligations and plan assets are subject to demographic, legal and economic risks. The main risk relates to longevity risk for pension recipients. Each employer that participates in this plan has separately identifiable liabilities.

RTL Television, Super RTL, RTL Deutschland and Ad Alliance (former IP Deutschland GmbH) operate their own retirement arrangements. The pension obligations of Super RTL Fernsehen GmbH provide for a one-time lump-sum benefit and a widow's pension, which is subject to an annual increase of 1 per cent. Reinsurance policies have been taken out partially for the promised benefits. The reinsurance policies are classified as plan assets.

The pension obligations of RTL Deutschland GmbH are based on individual commitments of mostly deferred compensation. A monthly retirement pension is promised in an individually agreed amount, including entitlement for benefits in case of disability or death of the beneficiary. Current pension benefits are increased by 2 per cent annually. One reinsurance policy without benefit-determining character exists with AXA. Further there exists an individual commitment for a one-time lump-sum benefit, which is partially funded. The reinsurance policies are classified as plan assets. Ad Alliance GmbH (former IP Deutschland GmbH) sponsors individual plans for five former employees, providing defined pension benefits to each employee at retirement. RTL Television sponsors individual plans for two former employees, providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death. The plan of RTL Television is partly funded by a life insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Both companies are exposed to certain risks associated with defined benefits plans such as longevity, inflation and the increase of wages and salaries.

The Gruner + Jahr companies participate in a pension plan, which has been closed to new members for many years. The pension entitlement amounts to 50 per cent of the pensionable income, which is fixed at the age of 41. Pension payments are paid annually, adjusted by at least 2 per cent.

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

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

At the end of 2022 the Executive Committee of RTL Group decided to close this plan to new hires as at 1 January 2023. The plan will remain open for current employees and a new defined contribution plan will be implemented for employees joining from 2023 onwards.

United Kingdom
FremantleMedia Group Limited is the principal employer of the Fremantle Group Pension Plan ('the Fremantle Plan' or 'the Plan'), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides benefits through two sections, one providing defined benefits and the other providing defined contribution benefits with a defined benefit underpin. Plan assets are held for both sections of the Fremantle Plan – the assets in the defined benefit section are the qualifying insurance (buy-in) policies; the assets in the defined contribution section comprise mainly equities, with the Plan holding corporate bonds in relation to the defined benefit underpin. The Plan is funded through a trust administered by a trustee company, the assets of which are held separately from the assets of the participating employers. FremantleMedia Group Limited is ultimately liable for any deficit in the Plan. Funding requirements are under section 3 of the Pensions Act 2004 (UK), which requires:
– Three-yearly formal actuarial valuations, with annual monitoring
– Trustees to maintain a Statement of Funding Principles
– Trustees and employers to agree the approach to each actuarial valuation
– Funding deficits to be eliminated in accordance with a schedule of deficit funding contributions.

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

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

	2022 €m	2021 €m
Final salary plans	**128**	214
Career average plans	**6**	10
Flat salary plans/plans with fixed amounts	**73**	28
Other commitments given	**54**	64
Present value of defined benefit obligation	**261**	316
– thereof capital commitments	**65**	97

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

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

	2022 Head	2021 Head	2022 €m	2021 €m
Active members	**2,753**	2,540	**114**	108
Deferred members	**1,131**	1,103	**90**	135
Pensioners	**323**	309	**57**	73
Total	**4,207**	3,952	**261**	316
– thereof vested			**227**	272

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

	2022 €m	2021 €m
Present value of defined benefit obligation of unfunded plans	**155**	159
Present value of defined benefit obligation of funded plans	**106**	157
Total present value of defined benefit obligation	**261**	316
Fair value of plan assets	**(106)**	(148)
Net defined benefit liability	**155**	168
– thereof provisions for pensions	**157**	168
– thereof other assets	**2**	–

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

	2022 €m	2021 €m
Current service cost	**9**	9
Past service cost and impact from settlement	**1**	1
Net interest expense	**4**	1
Net pension expense	**14**	11

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

	Defined benefit obligation (I)		Fair value of plan assets (II)		Net defined benefit balance (I)-(II)	
	2022	2021	2022	2021	2022	2021
Balance at 1 January	**316**	**354**	**148**	**170**	**168**	**184**
Current service cost	**9**	9	**–**	–	**9**	9
Interest expense	**6**	4	**–**	–	**6**	4
Interest income	**–**	–	**2**	3	**(2)**	(3)
Past service cost	**1**	1	**–**	–	**1**	1
Income and expenses for defined benefit plans recognised in the consolidated income statement	**16**	**14**	**2**	**3**	**14**	**11**
Income/expense on plan assets excluding amounts included in net interest income and net interest expense	**–**	–	**(34)**	6	**34**	(6)
Actuarial gains (-) and losses (+)						
– changes in financial assumptions	**(141)**	(13)	**–**	–	**(141)**	(13)
– changes in demographic assumptions	**5**	(1)	**–**	–	**5**	(1)
– experience adjustments	**(7)**	2	**–**	–	**(7)**	2
Re-measurements for defined benefit plans recognised in the consolidated statement of comprehensive income	**(143)**	**(12)**	**(34)**	**6**	**(109)**	**(18)**
Contributions to plan assets by employer	**–**	–	**1**	2	**(1)**	(2)
Contributions to plan assets by employees	**–**	–	**–**	–	**–**	–
Pension payments	**(13)**	(12)	**(8)**	(6)	**(5)**	(6)
Changes in foreign exchange rates	**(5)**	9	**(5)**	9	**–**	–
Changes associated with assets held for sale	**–**	(54)	**–**	(39)	**–**	(15)
Change in consolidation scope	**89**	1	**1**	1	**88**	–
Other changes	**1**	16	**1**	2	**–**	14
Other reconciling items	**72**	**(40)**	**(10)**	**(31)**	**82**	**(9)**
Balance at 31 December	**261**	**316**	**106**	**148**	**155**	**168**
thereof						
Germany	**106**	74	**18**	17	**88**	57
United Kingdom	**84**	130	**86**	129	**(2)**	1
Other European countries	**70**	112	**2**	2	**68**	110

Plan assets are comprised as follows:

	2022 €m	2021 €m
Qualifying insurance policies	**52**	85
Equity instruments	**40**	46
Other funds	**9**	11
Debt instruments	**4**	5
Cash and cash equivalents	**1**	1
Fair value of plan assets	**106**	148

Significant actuarial assumptions used were as follows:

	2022 % a year			2021 % a year		
	Germany	Other European countries	UK	Germany	Other European countries	UK
Discount rate	**4.20**	**4.20**	**4.80**	1.40	1.16	1.80
Rate of salary increase	**2.25**	**3.25**	**n/a**	2.25	4.04	n/a
Rate of pension increase	**2.06**	**2.27**	**3.57**	1.49	1.00	3.70

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

	2022 years	2021 years
Germany	**15**	16
Other European countries	**11**	13
UK	**20**	23

At 31 December 2022, the sensitivity of the defined benefit liabilities to changes in the weighted significant assumptions is as follows:

	Increase €m	Decrease €m
Effect of 0.5 percentage point change in discount rate	(14)	16
Effect of 0.5 percentage point change in rate of salary increase	7	(5)
Effect of 0.5 percentage point change in rate of pension increase	9	(5)
Effect of change in average life expectancy by 1 year	5	(5)

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

At 31 December 2022, expected maturity analysis of undiscounted pension future cash flows is as follows:

	Expected pension payments €m
2023	10
2024	12
2025	14
2026	17
2027	22
2028–2032	88

6.16. Equity

6.16.1. Share capital

At 31 December 2022, the subscribed capital amounts to €192 million (2021: €192 million) and is represented by 154,742,806 (31 December 2021: 154,742,806) fully paid-up ordinary shares, without nominal value.

At 31 December 2022, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €39.44 (31 December 2021: €46.62).

6.16.2. Treasury shares

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

6.16.3. Currency translation reserve

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

6.16.4. Hedging reserve

The hedging reserve (equity attributable to non-controlling interests included) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Between 31 December 2021 and 31 December 2022, the hedging reserve increased by €8 million before tax effects. Between 31 December 2020 and 31 December 2021, the hedging reserve increased by €17 million before tax effects.

6.16.5. Revaluation reserve

The revaluation reserve includes:
- The cumulative change net of tax in the fair value of equity instruments at FVOCI (see note 6.6) for €32 million (2021: €13 million)
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gains of control of Groupe M6 and M-RTL (2022: €55 million; 2021: €55 million).

6.16.6. Dividends

Based on the resolution of the Annual General Meeting of Shareholders on 27 April 2022, the Annual General Meeting of Shareholders decided to distribute a final dividend of €5 per share. Accordingly, an amount of €774 million was paid out on 5 May 2022 (2021: €464 million).

6.16.7. Share-based payment plans

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

Plans allocated in October 2022:
- one plan involves 160 beneficiaries and covers 291,050 shares, subject to beneficiaries remaining employed by the Group at 31 March 2025 and the achievement of consolidated EBITA objectives in 2022
- another plan covers a group of 25 beneficiaries and relates to 224,700 shares subject to a continued employment requirement of at least two years. It is allotted annually on the basis of multi-year performance conditions.

The maximum number of free shares granted and remaining free shares are as follows, whereby all plans are settled by physical delivery of shares:

	Grant date	Maximum number of free shares granted[48]	Remaining free shares
Free shares plans			
	30/07/2019	246,500	–
	20/04/2021	407,200	393,600
	20/04/2021	93,000	93,000
	10/10/2022	291,050	291,050
	10/10/2022	224,700	224,700
Total		1,262,450	1,002,350

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

	Number of shares
Balance at 31/12/2021	733,700
Change based on performance	–
Granted	515,750
Delivered	(237,000)
Forfeited	(10,100)
Balance at 31/12/2022	1,002,350

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

	Expiry date	Number of shares 2022	Number of shares 2021
Free shares plans			
	2022	–	237,000
	2023	486,600	496,700
	2024	224,700	–
	2025	291,050	–
Total		1,002,350	733,700

The market price of Métropole Télévision shares on the Paris Stock Exchange was €15.35 at 31 December 2022 (31 December 2021: €17.16).

The fair value of performance shares granted is based on the value of the share at date of grant less the current value of future dividends estimated for the period of unavailability. For all performance share plans, the maturity corresponds to the vesting period (i.e. 2 years, 2 years and 6 months or 2 years and 8 months).

The features of plans, fair value of benefits granted and employee expenses are as follows:

					Employee expense	
Grant date	Share price €	Risk-free interest rate % a year	Expected return % a year	Fair value €	2022 €m	2021 €m
Free shares plans						
25/07/2018 (2 plans)	16.92	(0.10)%	5.66%	14.97	**–**	0.9
30/07/2019 (2 plans)	15.35	(0.30)%	6.97%	13.23	**0.8**	2.6
20/04/2021 (2 plans)	18.38	(0.64)%	n/a	14.34	**4.1**	2.3
10/10/2022 (2 plans)	10.34	2.07%	6.15%	8.38	**0.4**	–
Total					**5.3**	5.8

48 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

6.16.8. Non-controlling interests

RTL Group has ownership interest of 48.4 per cent (after considering treasury shares held by Groupe M6) in Métropole Télévision SA which, together with its subsidiaries and investments accounted for using the equity method, represents Groupe M6, which is listed on the Paris Stock Exchange. Deviating from the ownership interests, RTL Group holds 48.3 per cent of the voting rights. The total non-controlling interests amounts to €791 million at 31 December 2022 (2021: €766 million), of which €748 million (2021: €733 million), is for Groupe M6. Non-controlling interests in other subsidiaries are individually immaterial.

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

Summarised financial information (as published by Groupe M6):

	Groupe M6	
	2022 €m	2021 €m
Non-current assets	**888**	924
Current assets	**1,099**	1,162
Assets held for sale	**–**	–
Current liabilities	**(535)**	(657)
Non-current liabilities	**(214)**	(226)
Liabilities related to assets held for sale	**–**	–
Net assets	**1,238**	1,203
Revenue	**1,357**	1,390
Profit before tax	**241**	358
Income tax expense	**(75)**	(77)
Profit from continuing operations	**166**	281
Profit from discontinued operations	**–**	–
Group profit	**166**	281
Other comprehensive income	**11**	–
Total comprehensive income	**177**	281
Dividends paid to non-controlling interest	**(5)**	–
Net cash from/(used in) operating activities	**296**	456
Net cash from/(used in) investing activities	**(80)**	(67)
Net cash from/(used in) financing activities	**(190)**	(237)
Net increase/(decrease) in cash and cash equivalents	**26**	152

RTL Group's subsidiary, Métropole Télévision SA, declared and paid cash dividends during the financial year 2022. The amount received within the Group was eliminated on consolidation and the amount paid to non-controlling interests was €65 million (2021: €98 million).

Transactions on non-controlling interests without changes of control

In June 2022, RTL Group exercised its right to acquire the remaining interest in Eureka, increasing its ownership from 51 per cent to 100 per cent. The consideration paid amounted to €55 million and related to the settlement of a put option liability on the remaining share capital, which was recognised in connection with the acquisition of the majority interest in Eureka in 2021. The transaction was accounted for as an equity transaction in accordance with IFRS 10. The transaction resulted in an increase of the equity attributable to RTL Group shareholders in the amount of €17 million and a decrease of the equity attributable to non-controlling interests in the amount of €–17 million.

	Change in RTL Group shareholders' equity €m
Carrying amount of interests acquired	17
Increase in RTL Group shareholders' equity	17
– thereof increase in retained earnings	17
– thereof increase in other comprehensive income	–

7. Financial risk management

7.1. Financial risk factors

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

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

The Group seeks to minimise the potential adverse effects of changing financial markets on its performance using standard market financial derivatives, primarily unlisted (OTC) instruments such as foreign exchange forward contracts. Transactions are entered into with selected banks in line with the Bank Relationship Policy. Derivatives are not used for speculative purposes. Risks are hedged to the extent that they influence the Group's cash flows (i.e. translational risk linked to the conversion of net investments in foreign operations is not hedged).

7.1.1. Market risk

Foreign exchange risk

Euro exchange rates for significant foreign currencies
The following significant exchange rates have been applied:

		Average rates		Closing rates	
Foreign currency unit per €1		2022	2021	31 December 2022	31 December 2021
British pound	GBP	**0.8527**	0.8598	**0.8869**	0.8413
US dollar	USD	**1.0534**	1.1828	**1.0666**	1.1370
Australian dollar	AUD	**1.5165**	1.5748	**1.5693**	1.5647

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

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

In addition, market practices in the television business imply a significant forward exposure to USD as programme rights are usually denominated in USD and not paid up-front. For this reason, the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commitments for future cash flows) and highly probable forecast transactions (US-$2 million as at 31 December 2022, US-$7 million as at 31 December 2021).

Management of foreign exchange exposure
RTL Group management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge their entire foreign currency exchange risk exposure with Group Treasury in accordance with the Group's Treasury policies. All foreign currency exchange exposures – including signed and forecast output deals and programme rights in foreign currency – are centralised in an intranet-based database. To manage their foreign exchange risk arising from recognised assets

and liabilities and future commercial transactions, entities in the Group use forward contracts transacted with Group Treasury. Group Treasury is then responsible for hedging, usually on a one-to-one basis, the exposure against the functional currency of the respective entity.

The Group's Treasury policy is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. The Group Treasury policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 10 per cent and 80 per cent of longer term (between two and five years) cash flow forecasts. Approximately 68 per cent (2021: 75 per cent) of anticipated cash flows constitute firm commitments or highly probable forecast transactions for the purpose of hedge accounting.

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

Accounting
At interception of the hedging relationships, RTL Group documents the risk management objective and strategy for undertaking the hedge. RTL Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and the hedging instrument are expected to offset each other.

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

The foreign currency cash flow hedge accounting model defined under IFRS 9 is applied by those companies that account for the majority of the Group's foreign currency exposure, when:
– Hedged foreign currency exposures relate to programme rights transactions that have not yet been recognised on the consolidated statement of financial position (such as forecast or firm purchases of programme rights for which the licence period has not yet begun)
– Amounts are sufficiently material to justify the need for hedge accounting.

When cash flow hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instrument is recognised net of deferred tax in the cash flow hedging reserve as presented in 'Consolidated statement of changes in equity'. It is released to the income statement in the periods in which the hedged item impacts the income statement. In case of hedging forecast purchases of programme rights in foreign currency the releases from cash flow hedging reserve are added to the carrying amount of the hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument is recognised directly in profit or loss. For the year ended 31 December 2022, the swap points have been recognised in the income statement for €1 million (2021: € –4 million).

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

Foreign exchange derivative contracts
The impact of forward foreign exchange contracts in the consolidated statement of financial position and in profit or loss is as follows:

	2022 €m	2021 €m
Net fair value of foreign exchange derivatives	**(5)**	12
Operating foreign exchange gains/(losses)	**–**	(3)
Non-operating foreign exchange gains/(losses)	**(19)**	(10)
Gains/(losses) resulting from swap points	**1**	(4)

	2022 €m	2021 €m
Less than 3 months	**(10)**	–
Less than 1 year	**5**	9
Less than 5 years	**–**	3
Net fair value of foreign exchange derivatives	**(5)**	12

The items 'Operating foreign exchange gains/(losses)' and 'Non-operating foreign exchange gains/(losses)' relate to derivatives used to offset the currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied.

The split by maturities of notional amounts of forward exchange contracts at 31 December 2022 is, for the main foreign currencies, as follows:

	2023 £m	2024 £m	2025 £m	2026 £m	≥ 2027 £m	Total £m
Buy	388	125	12	4	4	**533**
Sell	(533)	(90)	(6)	(1)	(2)	**(632)**
Total	**(145)**	**35**	**6**	**3**	**2**	**(99)**

	2023 $m	2024 $m	2025 $m	2026 $m	≥ 2027 $m	Total $m
Buy	767	151	14	7	2	**941**
Sell	(353)	(142)	(12)	(5)	(6)	**(518)**
Total	**414**	**9**	**2**	**2**	**(4)**	**423**

The split by maturities of notional amounts of forward exchange contracts at 31 December 2021 is, for the main foreign currencies, as follows:

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

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

Sensitivity analysis to foreign exchange rates

Management estimates that:

– If the USD had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group's profit or loss (2021: no material impact), and an additional pre-tax €22 million gain (respectively loss) (2021: €9 million gain (respectively loss)) recognised in total comprehensive income in equity

– If the GBP had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group's profit or loss (2021: no material impact), and no material impact on the pre-tax expense (respectively income) recognised in total comprehensive income in equity (2021: no material impact)

– If other currencies had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group's profit or loss (2021: no material impact) and no material impact on the pre-tax expense (respectively income) recognised in total comprehensive income in equity (2021: no material impact).

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

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

The Group interest rate risk arises primarily from loans payable, financing agreements with Bertelsmann SE & Co. KGaA and its subsidiaries (see note 10.1) and from cash and cash equivalents.

During the third quarter of 2017, Groupe M6 secured external funding of €170 million, including a seven-year Euro private placement bond issue (seven-year Euro private placement bond) of €50 million and two bilateral committed credit facilities for a total of €120 million with a maturity of five years. The fixed interest rate on the Euro private placement bond is 1.50 per cent (all-in). The fair value of the seven-year Euro private placement bond – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €51 million (2021: €51 million).

During the third quarter of 2019, Groupe M6 entered into a seven-year-term Schuldschein loan of €75 million including a credit line of €65 million with a fixed rate of 1 per cent and a credit facility for €10 million with a floating rate of EURIBOR six months (floored at zero per cent) plus a margin of 1 per cent per year. The fair value of the seven-year-term Schuldschein of €65 million – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €65 million (2021: €65 million).

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

Group Treasury uses various indicators to monitor interest rate risk, such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio.

If the interest rates achieved had plus or minus 100 basis points, and assuming the current amount of floating net cash available remained constant, the net interest income/(expense) at 31 December 2022, would have been changed as follows:

	31 December 2022		31 December 2021	
	Shift +1% €m	Shift (1)% €m	Shift +1% €m	Shift (1)% €m
Cash flow risks (income statement)	**3.0**	**(3.0)**	4.7	(0.3)

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

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

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2022, combined television and radio advertising revenue contributed 43 per cent of the Group's revenue (2021: 50 per cent). Due to its business model, RTL Group's exposure to credit risk is directly linked to the final client. However, the risks are considered to be low due to the size of the individual companies or agency groups.

RTL Group sells, licenses and monetises content to state-owned and commercial television channels and internet platforms. In 2022, these activities contributed 34 per cent of the Group's revenue (2021: 31 per cent). Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content providers and broadcasters, and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

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

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

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

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

As at 31 December 2022	Current €m	More than 30 days past due €m	More than 90 days past due €m	Total €m
Average expected loss rate	0.41 %	1.52 %	7.94 %	
Gross carrying amount	1,218	66	63	**1,347**
Loss allowance	5	1	5	**11**

As at 31 December 2021	Current €m	More than 30 days past due €m	More than 90 days past due €m	Total €m
Average expected loss rate	0.51 %	2.27 %	9.80 %	
Gross carrying amount	1,171	44	51	**1,266**
Loss allowance	6	1	5	**12**

At 31 December 2022, the gross carrying amount of credit impaired trade receivables and contract assets amounts to € 39 million with € 34 million loss allowance (2021: € 35 million and € 31 million, respectively).

The other accounts receivables are considered to be of low default risk.

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann. Nevertheless, credit risk arising from transactions with the principal shareholder or its subsidiaries is significantly mitigated (see note 10.1). RTL Group considers that there is a low concentration of credit risk for other counterparties.

7.1.3. Price risk

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

7.1.4. Liquidity risk

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

	Under 1 year €m	1 to 5 years €m	Over 5 years €m	2022 €m
Credit facilities – banks				
Committed facilities	–	247	–	**247**
Headroom	–	122	–	**122**

	Under 1 year €m	1 to 5 years €m	Over 5 years €m	2021 €m
Credit facilities – banks				
Committed facilities	–	230	75	**305**
Headroom	–	180	–	**180**

Surplus cash held by the operating entities over and above balances required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest-bearing current accounts, time deposits, money market funds or deposits with Bertelsmann SE & Co. KGaA (see note 10.1) choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

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

	Under 1 year €m	1 to 5 years €m	Over 5 years €m	Total €m
Non-derivative financial liabilities				
Loans and bank overdrafts	547	134	4	**685**
Lease liabilities	91	220	97	**408**
Accounts payable and other non-derivative financial liabilities	1,796	139	91	**2,026**
At 31 December 2022	**2,434**	**493**	**192**	**3,119**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	(1,027)	(181)	(2)	**(1,210)**
– Inflow	984	167	2	**1,153**
At 31 December 2022	**(43)**	**(14)**	**–**	**(57)**

	Under 1 year €m	1 to 5 years €m	Over 5 years €m	Total €m
Non-derivative financial liabilities				
Loans and bank overdrafts	49	556	79	**684**
Lease liabilities	65	192	102	**359**
Accounts payable and other non-derivative financial liabilities	2,286	81	–	**2,367**
At 31 December 2021	**2,400**	**829**	**181**	**3,410**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	(791)	(221)	–	**(1,012)**
– Inflow	779	215	–	**994**
At 31 December 2021	**(12)**	**(6)**	**–**	**(18)**

7.2. Capital management

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

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

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

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

7.3. Accounting classifications and fair value hierarchy

7.3.1. Financial instruments by category

The fair value of each class of financial assets and liabilities is equivalent to its carrying amount.

	Financial assets at FVTPL €m	Equity instruments at FVOCI €m	Derivatives at FVTPL €m	Financial assets at amortised cost €m	Total €m
Assets					
Loans and other financial assets	9	29	14	59	**111**
Accounts receivable and other financial assets	127	–	38	2,015	**2,180**
Cash and cash equivalents	170	–	–	419	**589**
At 31 December 2022	**306**	**29**	**52**	**2,493**	**2,880**

	Liabilities at FVTPL €m	Derivatives at FVTPL €m	Financial liabilities at amortised cost €m	Total €m
Liabilities				
Loans and bank overdrafts	–	–	685	**685**
Lease liabilities	–	–	385	**385**
Accounts payable and other financial liabilities	22	57	1,981	**2,060**
At 31 December 2022	**22**	**57**	**3,051**	**3,130**

	Financial assets at FVTPL €m	Equity instruments at FVOCI €m	Derivatives at FVTPL €m	Financial assets at amortised cost €m	Total €m
Assets					
Loans and other financial assets	17	37	8	55	**117**
Accounts receivable and other financial assets	274	–	21	2,984	**3,279**
Cash and cash equivalents	–	–	–	547	**547**
At 31 December 2021	**291**	**37**	**29**	**3,586**	**3,943**

	Liabilities at FVTPL €m	Derivatives at FVTPL €m	Financial liabilities at amortised cost €m	Total €m
Liabilities				
Loans and bank overdrafts	–	–	684	**684**
Lease liabilities	–	–	332	**332**
Accounts payable and other financial liabilities	4	17	2,362	**2,383**
At 31 December 2021	**4**	**17**	**3,378**	**3,399**

7.3.2. Fair value hierarchy

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities)
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). Listed financial instruments with contractual trading restrictions (lock-ups) are also measured on the basis of unobservable factors.

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

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity instruments at FVOCI	**29**	–	–	29
Equity instruments at FVTPL	**133**	123	–	10
Debt instruments at FVTPL	**3**	–	–	3
Primary and derivative financial assets held for trading	**39**	–	39	–
Derivatives with hedge relation	**13**	–	13	–
Other cash equivalents	**170**	–	170	–
At 31 December 2022	**387**	**123**	**222**	**42**
Liabilities				
Primary and derivative financial liabilities held for trading	**48**	–	48	–
Derivatives with hedge relation	**9**	–	9	–
Contingent consideration	**22**	–	–	22
Liabilities in relation to put options on non-controlling interests	**–**	–	–	–
At 31 December 2022	**79**	**–**	**57**	**22**

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity instruments at FVOCI	**37**	5	–	32
Equity instruments at FVTPL	**280**	190	–	90
Debt instruments at FVTPL	**11**	–	–	11
Primary and derivative financial assets held for trading	**19**	–	19	–
Derivatives with hedge relation	**10**	–	10	–
Other cash equivalents	**–**	–	–	–
At 31 December 2021	**357**	**195**	**29**	**133**
Liabilities				
Primary and derivative financial liabilities held for trading	**14**	–	14	–
Derivatives with hedge relation	**3**	–	3	–
Contingent consideration	**4**	–	–	4
Liabilities in relation to put options on non-controlling interests	**–**	–	–	–
At 31 December 2021	**21**	**–**	**17**	**4**

The amount disclosed in 'Equity instruments at FVTPL' mainly (€123 million; 2021: €190 million) relates to the Magnite shares RTL Group received as part of the non-cash consideration from the sale of SpotX in 2021. The effect from re-measurement of these shares amounted to €–67 million and is disclosed in 'Fair value measurement of investments'.

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Listed financial instruments with contractual trading restrictions (lock-ups) are also measured on the basis of unobservable factors and included in Level 3.

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

Specific valuation techniques used to value financial instruments include:
- For measuring the fair value of unlisted derivatives, RTL Group uses various financial methods reflecting the prevailing market conditions and risks at the respective balance sheet dates. Irrespective of the type of financial instrument, future cash flows are discounted at the end of the reporting period based on the respective market interest rates and yield curves at the end of the reporting period. The fair value of forward exchange transactions is calculated using middle spot prices at the end of the reporting period and taking into account forward markdowns and markups for the remaining term of the transactions. (Level 2)
- For instruments classified under Level 3, other techniques, such as discounted cash flow analysis or option pricing models are used. These are based for the main instruments on significant unobservable inputs (for example forecast revenue growth rates and market multiples) to determine fair value for the remaining financial instruments. Volatility is primarily determined by reference to comparable, publicly traded peers.

Transfers between levels of the fair value hierarchy are recognised at the date of the event or change in circumstances that caused the transfer.

The following table presents the change in Level 3 instruments:

	Assets			Liabilities
	Financial assets at FVTPL €m	Equity instruments at FVOCI €m	Total assets €m	Liabilities at FVTPL €m
Balance at 1 January 2022	**101**	**32**	**133**	**4**
Acquisitions and additions	4	4	**8**	22
Gains and losses recognised in other comprehensive income	–	(6)	**(6)**	–
Gains and losses recognised in profit or loss	–	–	**–**	(1)
Settlements	(92)	(1)	**(93)**	(3)
Transfers out of Level 3	–	–	**–**	–
Other changes	–	–	**–**	–
Balance at 31 December 2022	**13**	**29**	**42**	**22**

The amount disclosed in 'Acquisitions and additions' in the liabilities column relates to liabilities resulting from contingent consideration arrangements on acquisitions conducted by Fremantle. The respective expected cash inflows are estimated based on the relevant terms of the sale and purchase agreements and RTL Group's knowledge of the business of acquired entities, and how the current economic environment is likely to impact it. In the financial year 2022, the amount disclosed in 'Settlements' relates to the sale of the investment in VideoAmp – a US software and data company for media measurement – in January 2022. There were no transfers in or out of Level 3 during 2022.

	Assets			Liabilities
	Financial assets at FVTPL €m	Equity instruments at FVOCI €m	Total assets €m	Liabilities at FVTPL €m
Balance at 1 January 2021	**18**	**31**	**49**	**5**
Acquisitions and additions	404	–	**404**	1
Gains and losses recognised in other comprehensive income	(3)	1	**(2)**	–
Gains and losses recognised in profit or loss	11	–	**11**	–
Settlements	(13)	–	**(13)**	(2)
Transfers out of Level 3	(316)	–	**(316)**	–
Other changes	–	–	**–**	–
Balance at 31 December 2021	**101**	**32**	**133**	**4**

In 2021, the amount disclosed in 'Acquisitions and additions' mainly related to the Magnite shares RTL Group received as part of the non-cash consideration from the sale of SpotX (€381 million). Due to the contractual lockup the Magnite shares were assigned to Level 3. After the expiry of the lock-up period, the listed Magnite shares were assigned to Level 1. The effect from re-measurement of these shares until the transfer out of Level 3 amounted to €–61 million and was disclosed in 'Gains and losses recognised in profit or loss'. A further effect of €66 million recognised in profit or loss related to the valuation of investment in VideoAmp. The effect in 'Settlements' related to the partial repayment of the convertible note obtained from BBTV Holdings Inc. There were no additional transfers in or out of Level 3 during 2021.

7.4. Master netting agreement

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

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

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

	At 31 December 2022			At 31 December 2021		
	Gross amounts in the statement of financial position €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	52	(43)	9	29	(16)	13
	52	**(43)**	**9**	**29**	**(16)**	**13**
Financial liabilities						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	(57)	43	(14)	(17)	16	(1)
	(57)	**43**	**(14)**	**(17)**	**16**	**(1)**

8. Commitments and contingencies

	2022 €m	2021 €m
Guarantees and endorsements given	27	49
Contracts for purchasing rights, (co-)productions and programmes	1,704	1,378
Satellite transponders	20	28
Leases signed but not yet commenced	–	23
Purchase obligations in respect of transmission and distribution	153	166
Other long-term contracts and commitments	236	145

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

Some Dutch companies have elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code. In order to fulfil the conditions set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year 2022. A full list of the concerned companies is provided in note 12.

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

8.1. Purchase obligations in respect of transmission and distribution

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

8.2. Other long-term contracts and commitments

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

9. Cash flow statement

The consolidated cash flow statement has been prepared in accordance with IAS 7 and is used to evaluate the Group's ability to generate cash and cash equivalents. Cash flows are divided into those relating to operating activities, investing activities and financing activities. Cash flows from operating activities are presented using the indirect method, whereby profit before tax is adjusted for the effects of a non-cash nature, any deferrals or accruals of past or future operating receipts or payments, and items of income or expenses associated with investing cash flows. In addition, cash flows arising from income taxes are classified as cash flows from operating activities as well as other cash flows that are neither investing nor financing.

The change in provisions for pensions and similar obligations represents the balance of personnel costs for pensions and similar obligations and company payments for these obligations (see note 6.15). Contributions to pension plans totalling €–1 million (2021: €–2 million) were also included in this item. 'Financial results including net interest expense and share of results of investments accounted for using the equity method' of the cash flow from operating activities includes the adjustments of results from investments accounted for using the equity method, taking into account dividends received from these investments, and adjustments in connection with non-cash income and expenses.

The consolidated cash flow statement includes the effects of changes in foreign currencies and changes in the scope of consolidation. Items in the consolidated cash flow statement thus cannot be reconciled with changes in items reported in the statement of financial position. Investing activities include payments for investments in non-current assets and purchase price payments for acquisitions as well as proceeds from the disposal of non-current assets and investments. Further explanations concerning acquisitions made during the financial year are presented in note 4.2. Disposals made during the financial year are also presented separately in note 4.3. Financial debt of €–46 million (2021: €–12 million) was assumed during the reporting period, of which €3 million was repaid at the closing date. Its repayment is presented in 'Acquisitions of: Subsidiaries, net of cash acquired'. In 2022, no financial debt was disposed of. In the previous year, losing control of subsidiaries or other businesses resulted in the disposal of financial debt of an immaterial amount. 'Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets' mainly relates to disposal of the entire investment in VideoAmp for US-$104 million (€92 million) in cash in January 2022. The transaction was carried out as a share buyback by VideoAmp.

'Cash flow from financing activities' includes changes in equity, financial debt, lease liabilities and dividend distributions affecting cash, as well as interest paid (including interest paid due to leases). Total cash outflows from leases amounted to €–86 million (2021: €–69 million).

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

			Non-cash changes				
	1 January 2022 €m	Cash changes €m	Acquisitions through business combinations €m	Disposals through business combinations €m	Exchange rate effects €m	Other changes €m	31 December 2022 €m
Bank overdrafts	–	1	–	–	–	–	1
Bank loans payable	153	(32)	36	–	–	–	157
Loans due to investments accounted for using the equity method	1	–	–	–	–	–	1
Term loan facility due to shareholder	500	–	–	–	–	–	500
Other loans payable	17	(12)	7	–	–	1	13
Lease liabilities	332	(81)	13	(1)	–	122	385
Liabilities arising from financing activities	1,003	(124)	56	(1)	–	123	1,057

			Non-cash changes				
	1 January 2021 €m	Cash changes €m	Acquisitions through business combinations €m	Disposals through business combinations €m	Exchange rate effects €m	Other changes €m	31 December 2021 €m
Bank overdrafts	1	–	–	–	–	(1)	–
Bank loans payable	184	(31)	–	–	–	–	153
Loans due to investments accounted for using the equity method	58	(29)	–	–	–	(28)	1
Term loan facility due to shareholder	500	–	–	–	–	–	500
Other loans payable	10	3	–	–	–	4	17
Lease liabilities	384	(63)	13	(4)	3	(1)	332
Liabilities arising from financing activities	1,137	(120)	13	(4)	3	(26)	1,003

As at 31 December 2022, the other non-cash changes in lease liabilities mainly related to lease contracts newly concluded and extended lease contracts in the financial year 2022.

As at 31 December 2021, the other non-cash changes in loans due to investments accounted for using the equity method related to the conversion of the loan partly paid in 2021 into a cash pooling arrangement after Super RTL became a subsidiary of RTL Group.

10. Related parties

Identity of related parties
At 31 December 2022, the principal shareholder of RTL Group is Bertelsmann Capital Holding GmbH (BCH) (76.28 per cent). The remainder of the Group's shares are publicly listed on the Frankfurt and Luxembourg Stock Exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

10.1. Transactions with shareholders and subsidiaries

Sales and purchases of goods and services
During the year the Group made sales of goods and services to and purchases of goods and services from Bertelsmann Group amounting to €34 million (2021: €112 million) and €62 million (2021: €67 million) respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €14 million (2021: €13 million) and €18 million (2021: €37 million) respectively.

Dividend income
In 2022 RTL Group received a dividend of €1 million (2021: €nil) by Bertelsmann Business Support Sàrl related to a 10 per cent stake in the entity. A 25-year shareholders' agreement has been concluded between Bertelsmann SE & Co. KGaA and RTL Group SA. The shareholders agreement stipulates that 50 per cent of the aggregate amount of corporate and trade tax that, in the absence of existing tax losses carried forward of Bertelsmann Business Support Sàrl, if any, would have otherwise been incurred by the Company, will be paid to RTL Group SA as a preferred dividend with a minimum amount of €1 million per year. The minimum dividend of €1 million became payable as from 2016 onwards and has been recognised at contract inception for the entire contract duration. Only excessive amounts are recognised in profit or loss. The dividend accounts receivable amounts to €14 million as at 31 December 2022 (2021: €15 million).

Lease agreement
As at 1 January 2022, RTL Group has entered into a sub-lease agreement with RM Hamburg Holding GmbH, a subsidiary of Bertelsmann SE & Co. KGaA, for premises in Hamburg, Germany. The lease contract expires on 31 January 2025. The lease payments in the financial year 2022 amount to €12 million. The payables from this lease agreement as at 31 December 2022 amount to €26 million. The lease payments of RTL Group correspond to the payments of Bertelsmann from the head lease.

Deposits Bertelsmann SE & Co. KGaA
In 2006, RTL Group SA entered into a Deposit Agreement with Bertelsmann SE & Co. KGaA, the main terms of which are the following at 31 December 2022:
- Interest rates are based on ESTR (floored to zero) plus 10 basis points
- Bertelsmann SE & Co. KGaA grants to RTL Group as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:
  - All shares of its wholly owned French subsidiary, Média Communication SAS
  - All shares of its wholly owned Spanish subsidiary, Media Finance Holding SL (Arvato excluded)
  - All shares of its wholly owned German subsidiary, RM Hamburg Holding GmbH
  - All shares of its wholly owned English subsidiary, Bertelsmann UK Ltd (Arvato excluded).

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

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

On 26 March 2021, an amendment to the pledge agreement was signed between RTL Group SA, RTL Group GmbH, CLT-UFA SA, Bertelsmann SE & Co. KGaA, Reinhard Mohn GmbH and Bertelsmann Business Support Sàrl that precises the valuation methodology of the pledged shares and grants to RTL Group an additional pledge on all current repayment claims of Bertelsmann Business Support Sàrl against RTL Group GmbH under the Term Loan Facility of €500 million.

At 31 December 2022, the deposit of RTL Group GmbH with Bertelsmann SE & Co. KGaA amounted to €197 million (2021: €458 million). The interest income for the period is €1 million (2021: €nil million).

On 30 April 2021, Bertelsmann, Inc. signed a promissory note for a total amount of US-$705 million. On 1 September, an amended version was signed including a remuneration of five basis points on the outstanding amount.

At 31 December 2022, the outstanding amount was EUR-equivalent €79 million (2021: €336 million). The interest income/expense for the year was €nil million (2021: €nil million).

Loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support S.à.r.l.
On 7 March 2013, RTL Group GmbH and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €500 million and a revolving and swing line facility in the amount of up to €1 billion. The revolving loan terminated in February 2018. RTL Group has re-negotiated an extension for another five-year period. The main terms of these facilities are:
- Term loan facility of €500 million until 7 March 2023 bearing a fixed interest rate of 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million was transferred from Bertelsmann SE & Co. KGaA to Bertelsmann Business Support Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2022, the term loan balance amounts to €500 million (2021: €500 million). The fair value of the 10-year-term facility – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €513 million (2021: €538 million). This loan was set-off at the beginning of March 2023 by two new term loan facilities in the amount of €200 million and €300 million respectively (see note 11).
- The interest rates for loans under the revolving and swingline facility are EURIBOR (floored at zero per cent) plus a margin of 0.40 per cent per annum, and ESTR (floored at zero per cent) plus a margin of 0.40 per cent per year, respectively. A commitment fee of 30 per cent of the applicable margin is payable on the undrawn amount of the total credit facility. At 31 December 2022, the total of revolving and swingline loan amounts to €nil million (2021: €nil million). The Revolving Credit Facility was renewed at its anniversary with the new market conditions (see note 11).

The interest expense for the period amounts to €14 million (2021: €14 million). The commitment fee charge for the period amounts to €1.2 million (2021: €1.2 million).

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

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

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

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

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

The PLP Agreement was slightly amended in 2014 on the basis of a recent change to German corporate tax law and in 2022 following the acquisition of Gruner + Jahr Deutschland GmbH, Deutsche Medien Manufaktur GmbH & Co KG and 11 Freunde Verlag GmbH & Co KG.

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

At 31 December 2022, the balance payable to BCH amounts to €322 million (2021: €731 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €306 million (2021: €648 million).

For the year ended 31 December 2022, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €32 million (2021: €130 million). The Commission amounts to €16 million (2021: €46 million).

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

The UK Group relief of Fremantle Group to Bertelsmann Group resulted in a tax income of €6 million (2021: €4 million).

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

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

Transactions under common control

In January 2022, RTL Deutschland acquired 100 per cent of the share capital of **Gruner + Jahr Deutschland GmbH**. The acquisition was preceded by the decision of RTL Group in August 2021 to acquire Gruner + Jahr's German publishing assets and brands from Bertelsmann to create a German cross-media champion across TV, streaming, print, radio and digital. As part of the Gruner + Jahr acquisition, 50 per cent of the capital of Deutsche Medien Manufaktur (DMM) was transferred downstream to RTL Deutschland in April 2022. For further details see note 4.2.

10.2. Transactions with investments accounted for using the equity method

The following transactions occurred with investments accounted for using the equity method:

	2022 €m	2021 €m
Sales of goods and services to:		
Associates	**33**	50
Joint ventures	**31**	49
	64	99
Purchase of goods and services from:		
Associates	**26**	34
Joint ventures	**10**	13
	36	47

	2022 €m	2021 €m
Trade accounts receivable from:		
Associates	**10**	11
Joint ventures	**8**	13
	18	24
Trade accounts payable to:		
Associates	**8**	8
Joint ventures	**–**	–
	8	8
Off-balance sheet commitments against:		
Associates	**9**	10
Joint ventures	**–**	–
	9	10
Off-balance sheet commitments from:		
Associates	**–**	–
Joint ventures	**4**	14
	4	14

In addition to the capital contributions in Salto during the reporting period (see note 6.5.1), RTL Group made further capital contributions to joint ventures amounting to € 2 million and to its investments in associates amounting to € 4 million.

10.3. Transactions with key management personnel

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

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

	2022 €m	2021 €m
Short-term benefits	**6.3**	6.9
Post-employment benefits	**–**	–
Long-term benefits	**1.5**	1.7
	7.8	8.6

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

10.4. Directors' fees

In 2022, a total of €1.3 million (2021: €1.4 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group SA and the committees that emanate from it, with respect to their functions within RTL Group SA and other Group companies.

11. Subsequent events

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

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

In February 2023, RTL Group GmbH and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a revolving and swing line facility in the amount of up to €600 million. The main terms of this facility are:
- The interest rates for loans under the revolving and swingline facility are EURIBOR (floored at zero per cent) plus a margin of 0.40 per cent per annum, and ESTR (floored at zero per cent) plus a margin of 0.40 per cent per year, respectively. Additional utilisation fees of 0.075/0.15/0.30 per cent per year are computed for the utilisation of each subsequent tranche of € 200 million, with an upfront fee of 0.25 per cent and a commitment fee of 14 basis points calculated and payable on the undrawn amount of the total credit facility.

In March 2023, RTL Group GmbH and Bertelsmann Business Support Sàrl entered into a shareholder loan agreement pursuant to which Bertelsmann makes available two term loan facilities in the amount of € 500 million The main terms of these facilities are:
- Term loan facility of € 200 million until 9 March 2026 bearing a fixed interest rate of 3.60 per cent per annum
- Term loan facility of € 300 million until 7 March 2028 bearing a fixed interest rate of 3.57 per cent per annum
- RTL Group GmbH has the right to early repay the loans subject to break costs.

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

12. Group undertakings

The following table presents the RTL Group undertakings as at 31 December 2022 sorted by country. RTL Group SA is the parent company and incorporated in Luxembourg.

	Group's ownership[49] (in per cent)	Consolidation method[50]
Antigua and Barbuda		
Grundy International Operations Ltd	100.0	FC
Argentina		
Fremantle Productions Argentina S.A.	99.7	FC
Australia		
Eureka Productions Pty Ltd	99.7	FC
FremantleMedia Australia Holdings Pty Ltd	99.7	FC
FremantleMedia Australia Pty Ltd	99.7	FC
Grundy Organization Pty Ltd	99.7	FC
Helium Five Pty Ltd	99.7	FC
Helium Four Pty Ltd	99.7	FC
Helium One Pty Ltd	99.7	FC
Helium Seven Pty Ltd	99.7	FC
Helium Six Pty Ltd	99.7	FC
Helium Three Pty Ltd	99.7	FC
Helium Two Pty Ltd	99.7	FC
Huzzah Productions Pty Ltd	99.7	FC
Regal Chandos Pty Ltd	99.7	FC
Royal Atchison Pty Ltd	99.7	FC
Austria		
Eat the World GmbH	99.7	FC
G+J Holding GmbH	99.7	FC
IP Österreich GmbH	49.9	FC
RTL Austria GmbH	99.7	FC
Belgium		
Freecaster BVBA	99.7	FC
FremantleMedia Belgium NV	99.7	FC
Brazil		
FremantleMedia Brazil Producao de Televisao Ltda.	99.7	FC
Canada		
FremantleMedia Canada No 2 Inc.	99.7	FC
China		
Fremantle (Shanghai) Culture Media Co. Ltd.	99.7	FC
Fremantle Productions Asia Ltd.	100.0	FC
Denmark		
Blu A/S	99.7	FC
Miso Film ApS	99.7	FC
Miso Holdings ApS	99.7	FC
Strong Production A/S	99.7	FC
Finland		
FremantleMedia Finland Oy	99.7	FC
Grillifilms Oy	79.8	FC
Moskito Television Oy	99.7	FC
Nice Entertainment Group Oy	99.7	FC

	Group's ownership[49] (in per cent)	Consolidation method[50]
France		
123 Productions SAS	99.7	FC
Academee SAS	24.2	EM (JV)
BCE France SAS	99.7	FC
Bedrock SAS	74.0	FC
C. Productions SA	48.4	FC
Canal Star SARL	48.4	FC
CTZAR SAS	24.7	FC
CTZAR STUDIO SAS	24.7	FC
EDI TV SAS	48.4	FC
Extension TV SAS	24.2	EM (JV)
FM Graffiti SARL	48.4	FC
Freecaster France SAS	99.7	FC
FremantleMedia France SAS	99.7	FC
GM6 SAS	48.4	FC
Immobiliere 46D SAS	48.4	FC
Immobiliere M6 SAS	48.4	FC
Jeunesse TV SAS	48.4	FC
Kwai SAS	99.7	FC
M6 Communication SAS	48.4	FC
M6 Creations SAS	48.4	FC
M6 Developpement SAS	48.4	FC
M6 Diffusion SA	48.4	FC
M6 Digital Services SAS	48.4	FC
M6 Distribution Digital SAS	48.4	FC
M6 Editions SA	48.4	FC
M6 Evenements SA	48.4	FC
M6 Films SA	48.4	FC
M6 Foot SAS	48.4	FC
M6 Generation SAS	48.4	FC
M6 Interactions SAS	48.4	FC
M6 Invest 2 SAS	48.4	FC
M6 Plateforme SA	48.4	FC
M6 Publicite SAS	48.4	FC
M6 Shop SAS	48.4	FC
M6 Studio SAS	48.4	FC
M6 Thematique SAS	48.4	FC
Malesherbes SAS	48.4	FC
Media Strategie SARL	48.4	FC
Metropole Television SA	48.4	FC
Miliboo SA	10.4	EM (A)
Panora Services SAS	24.2	EM (JV)
Paris Premiere SAS	48.4	FC
Quicksign SAS	11.6	EM (A)
Radio Golfe SARL	48.4	FC
Radio Porte Sud SARL	48.4	FC
Realytics SAS	99.7	FC
RTL AdConnect SA	99.7	FC
RTL France Holding SAS	99.7	FC
RTL France Radio SAS	48.4	FC
Salto Gestion SAS	16.1	EM (JV)
Salto SNC	16.1	EM (JV)
SCI du 107	48.4	FC

49 The Group's ownership is based on the total number of shares as at 31 December 2022

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

		Group's ownership[51] (in per cent)	Consolidation method[52]
SEDI TV SAS		48.4	FC
SNDA SAS		48.4	FC
Societe Communication A2B SARL		48.2	FC
Societe de Developpement de Radio Diffusion SA		48.4	FC
Societe d'Exploitation Radio Chic SA		48.4	FC
Societe Nouvelle de Distribution SA		48.4	FC
Societe Privee de Radiodiffusion Gibus Bourgogne SARL		48.4	FC
Stephane Plaza France SAS		24.7	FC
Studio 89 Productions SAS		48.4	FC
We Are Era SAS		99.7	FC
Wild Buzz Agency SAS		23.7	EM (A)

Germany

		Group's ownership[51] (in per cent)	Consolidation method[52]
11 Freunde Verlag GmbH & Co KG		50.9	FC
99pro Media GmbH		99.7	FC
Ad Alliance GmbH		99.7	FC
Antenne Niedersachsen GmbH & Co. KG		55.8	FC
AVE Gesellschaft für Hörfunkbeteiligungen mbH		99.7	FC
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG		99.7	FC
BCS Broadcast Sachsen GmbH & Co. KG		47.5	EM (A)
Blueberry Food Studios GmbH		99.7	FC
Checkout Charlie GmbH		99.7	FC
Chefkoch GmbH		99.7	FC
CLT-UFA Germany GmbH		99.7	FC
Deutsche Medien-Manufaktur GmbH & Co. KG		49.9	FC
d-force GmbH		49.9	EM (JV)
Digital Media Hub GmbH		99.7	FC
DMV DER MEDIENVERTRIEB GmbH & Co. KG		48.9	EM (A)
DPV Deutscher Pressevertrieb GmbH		99.7	FC
Eat the World GmbH		99.7	FC
FremantleMedia International Germany GmbH		99.7	FC
Funkhaus Halle GmbH & Co. KG		61.2	FC
G+J Electronic Media Sales GmbH		99.7	FC
G+J LIVING Digital GmbH		99.7	FC
G+J Medien GmbH		99.7	FC
Global Savings Group GmbH		20.1	EM (A)
Gruner + Jahr Deutschland GmbH		99.7	FC
Henri-Nannen-Schule Gruner + Jahr/ DIE ZEIT GmbH		94.7	FC
HITRADIO RTL Sachsen GmbH		86.3	FC
Like to KNOW GmbH		99.7	FC
Madsack Hörfunk GmbH	53	99.7	FC
Mediengesellschaft Mittelstand Niedersachsen GmbH	53	23.1	EM (A)
MSP Medien-Service und Promotion GmbH		99.7	FC
nachrichtenmanufaktur GmbH		99.7	FC
Neue Spreeradio Hörfunkgesellschaft mbH		99.7	FC
ntv Nachrichtenfernsehen GmbH		99.7	FC
PVB Presse Vertrieb GmbH & Co. KG		58.3	EM (A)
Radio Hamburg GmbH & Co. KG		29.1	EM (A)
Radio NRW GmbH		21.4	EM (A)
Radio21 GmbH & Co. KG		21.0	EM (A)
RTL 2 Fernsehen Geschäftsführungs GmbH		35.8	EM (A)
RTL 2 Fernsehen GmbH & Co. KG		35.4	EM (A)
RTL AdConnect GmbH		99.7	FC
RTL Advertising GmbH		99.7	FC
RTL Audio Center Berlin GmbH		99.7	FC
RTL Audio Vermarktung GmbH		99.7	FC
RTL Deutschland GmbH		99.7	FC
RTL Group Financial Services GmbH		99.7	FC
RTL Group GmbH		99.7	FC
RTL Group Markenverwaltungs GmbH		99.7	FC
RTL Group Services GmbH		99.7	FC
RTL Group Vermögensverwaltung GmbH		99.7	FC
RTL Hessen GmbH		99.7	FC
RTL Hessen Programmfenster GmbH		59.8	FC
RTL interactive GmbH		99.7	FC
RTL International GmbH		99.7	FC
RTL Journalistenschule GmbH		89.8	FC
RTL MUSIC PUBLISHING GmbH		99.7	FC
RTL NEWS GmbH		99.7	FC
RTL Nord GmbH		99.7	FC
RTL Radio Berlin GmbH		99.7	FC
RTL Radio Deutschland GmbH		99.7	FC
RTL Radio Luxemburg GmbH		99.7	FC
RTL STUDIOS GmbH		99.7	FC
RTL Technology GmbH		99.7	FC
RTL Television GmbH		99.7	FC
RTL WEST GmbH		74.8	FC
Screenworks Köln GmbH		49.8	EM (A)
Sellwell GmbH & Co. KG		99.7	FC
Skyline Medien GmbH		49.7	EM (JV)
smartclip Deutschland GmbH		99.7	FC
smartclip Europe GmbH		99.7	FC
SQL Service GmbH		49.9	EM (A)
SUPER RTL Fernsehen GmbH		99.7	FC
UFA Distribution GmbH		99.7	FC
UFA Documentary GmbH		99.7	FC
UFA Fiction GmbH		99.7	FC
UFA Fiction Productions GmbH		99.7	FC
UFA Film und Fernseh GmbH		99.7	FC
UFA GmbH		99.7	FC
Ufa Radio-Programmgesellschaft in Bayern mbH		99.7	FC
UFA Serial Drama GmbH		99.7	FC
UFA Show & Factual GmbH		99.7	FC
VOX Holding GmbH		99.7	FC
VOX Television GmbH		99.4	FC
VSG Schwerin - Verlagsservicegesellschaft mbH		99.7	FC
We Are Era GmbH		99.7	FC

Greece

Fremantle Productions SA	99.7	FC

Hungary

Magyar RTL Televizio Zrt.	99.7	FC
R-Time Kft.	99.7	FC
RTL Services Kft.	99.7	FC
UFA Magyarorszag Kft.	99.7	FC
UFA Projekt 2022 Kft.	99.7	FC

51 The Group's ownership is based on the total number of shares as at 31 December 2022

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

53 At 31 December 2022, the Group's share legally held in Madsack Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH is 24.8 % and 5.7 % respectively. The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32

		Group's ownership[54] (in per cent)	Consolidation method[55]
India			
Fremantle India Television Productions Pvt Ltd		99.7	FC
Indonesia			
PT Dunia Visitama Produksi IDN/PMA		99.7	FC
Ireland			
Element Pictures (CWF) Limited		50.9	FC
Element Pictures Limited		50.9	FC
Element Pictures Television Limited		50.9	FC
Sorrento TV Sales Limited		50.9	FC
Isle of Man			
Element Pictures GHC		50.9	FC
Israel			
Abot Hameiri Communication Ltd.		99.7	FC
Italy			
Boats S.r.l.		99.7	FC
Film Factory S.r.l.		69.8	FC
FremantleMedia Italia S.p.A.		99.7	FC
FremantleMedia Italy Group S.r.l.		99.7	FC
Lux Vide F.I.A.T. S.p.A.		69.8	FC
Offside S.r.l.		99.7	FC
RTL AdConnect S.r.l.		99.7	FC
Smartclip S.r.l.		99.7	FC
The Apartment S.r.l.		99.7	FC
we are era S.r.l.		99.7	FC
Wildside S.r.l.		99.7	FC
Luxembourg			
Broadcasting Center Europe International S.A.		99.7	FC
Broadcasting Center Europe S.A.		99.7	FC
CLT-UFA S.A.		99.7	FC
Data Center Europe S.a r.L.		99.7	FC
European News Exchange S.A.		64.5	FC
Heliovos S.A.		48.9	EM (A)
IP Luxembourg S.a r.l.		99.7	FC
Luxradio S.a r.L.		99.7	FC
Media Properties S.a r.l.		99.7	FC
Media Real Estate S.A.		99.7	FC
RTL AdConnect International S.A.		99.7	FC
RTL Group Holding S.a. r.l.		99.7	FC
RTL Media Support S.A.		99.7	FC
RTL Nederland Media Services S.A.		99.7	FC
RTL Nederland Media Services S.A. & Cie S.C.S.		99.7	FC
Mexico			
FremantleMedia Mexico, S.A. de C.V.		99.7	FC
The Netherlands			
Ad Alliance B.V.	56	99.7	FC
Benelux Film Investments B.V.		49.9	EM (JV)
E-Health & Safety skills B.V.		48.9	EM (A)
Fiction Valley B.V.		99.7	FC
Format Creation Group B.V.	56	99.7	FC
Fremantle Productions B.V.		99.7	FC
FremantleMedia Netherlands B.V.		99.7	FC
FremantleMedia Overseas Holdings B.V.		99.7	FC
Grundy International Holdings (I) B.V.		99.7	FC
Grundy/Endemol Productions VOF		49.9	EM (JV)
HelloSparkle B.V.		24.9	EM (A)
NLZiet Coöperatief U.A.		33.2	EM (JV)
RTL AdConnect B.V.		99.7	FC
RTL Group Beheer B.V.	56	99.7	FC
RTL Nederland B.V.	56	99.7	FC
RTL Nederland Holding B.V.	56	99.7	FC
RTL Nederland Ventures B.V.	56	99.7	FC
RTL Nieuws B.V.	56	99.7	FC
smartclip Benelux B.V.		99.7	FC
Videoland B.V.	56	99.7	FC
we are era B.V.		99.7	FC
Norway			
FremantleMedia Norge AS		99.7	FC
Miso Film Norge AS		99.7	FC
Monster AS		99.7	FC
One Big Happy Family AS		99.7	FC
Playroom Events AS		99.7	FC
Strix Televisjon AS		99.7	FC
This is Nice Studios Norway AS		99.7	FC
Poland			
FremantleMedia Polska Sp. z o.o.		99.7	FC
Portugal			
FremantleMedia Portugal SA		99.7	FC
Russia			
OOO LTI Vostok		48.4	FC
Singapore			
FremantleMedia Asia Pte. Ltd.		99.7	FC
Spain			
Atresmedia Corporacion de Medios de Comunicacion, S.A.		18.7	EM (A)
FremantleMedia Espana, S.A.		99.7	FC
we are era, S.L.U.		99.7	FC
Sweden			
Baluba AB		99.7	FC
FremantleMedia Sverige AB		99.7	FC
Miso Film Sverige AB		99.7	FC
smartclip Nordics AB		99.7	FC
Strix Television AB		99.7	FC
This is Nice Studios Holding AB		99.7	FC
This is Nice Studios Sweden AB		99.7	FC
we are era AB		99.7	FC
Switzerland			
Goldbach Audience (Switzerland) AG		24.9	EM (A)
Goldbach Media (Switzerland) AG		22.9	EM (A)
Swiss Radioworld AG		22.9	EM (A)

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

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

56 Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code

United Kingdom

	Group's ownership[57] (in per cent)	Consolidation method[58]
72 Films Limited	54.8	FC
America Films Limited	50.9	FC
Arbie Productions Ltd	99.7	FC
Baxter Film Productions Limited	50.9	FC
Blue Star Films Limited	60.8	FC
CLT-UFA UK Radio	99.7	FC
Cockerel Films Limited	54.8	FC
Conversations Productions Limited	50.9	FC
Dancing Ledge Productions Limited	60.8	FC
DDE Films Limited	54.8	FC
DLP (Big Mood) Ltd	60.8	FC
DLP (Crossfire) Ltd	60.8	FC
DLP (Domino Day) Ltd	60.8	FC
DLP (Platform 7) Limited	60.8	FC
DLP (The Responder) Ltd	60.8	FC
DLP (Wedding Season) Ltd	60.8	FC
Dublin Murders Productions Limited	87.5	FC
Element Pictures (GP) Limited	50.9	FC
Element Pictures GVS Limited	50.9	FC
Element Pictures PT Limited	50.9	FC
Element Pictures RMF Limited	50.9	FC
Element Pictures UK Holdings Limited	50.9	FC
Element Pictures UK Holdings Two Limited	50.9	FC
Element Pictures UK Limited	50.9	FC
Eternal Daughter Productions Limited	50.9	FC
Euston Films Productions Limited	99.7	FC
Fremantle Nordic Holdings Limited	99.7	FC
Fremantle Periodic (Holdings) Limited	99.7	FC
FremantleMedia Group Limited	99.7	FC
FremantleMedia Limited	99.7	FC
FremantleMedia Overseas Limited	99.7	FC
House Element Wonder Limited	25.4	EM (JV)
Label1 Television Limited	50.9	FC
LBJ Films Limited	54.8	FC
LD Film Productions Limited	50.9	FC
Marlborough Film Productions Limited	50.9	FC
Matriarch Films Limited	50.9	FC
Naked Television Limited	99.7	FC
OBG Film Productions Limited	50.9	FC
Orangutan Films Limited	50.9	FC
Raven Facilities Limited	54.8	FC
RTL AdConnect UK Ltd	99.7	FC
RTL Group Support Services Limited	99.7	FC
Sentient Productions Limited	50.9	FC
Slade Films Limited	54.8	FC
Syracuse Films Limited	54.8	FC
Talkback Productions Limited	99.7	FC
TalkbackThames UK Limited	99.7	FC
Thames Television Limited	99.7	FC
Tigerstripe Films Limited	50.9	FC
True Life Films Limited	50.9	FC
UFA Fiction Limited	99.7	FC
Underdogs Films Limited	50.9	FC
Wildshot Games Limited	50.9	FC
Wildspark Films Limited	50.9	FC
WildStar Films Limited	50.9	FC
Yospace Enterprises Limited	99.7	FC
Yospace Technologies Limited	99.7	FC

United States

	Group's ownership[57] (in per cent)	Consolidation method[58]
3 Doors Productions, Inc.	99.7	FC
American Idol Productions, Inc.	99.7	FC
Amygdala Records, Inc.	99.7	FC
Big Break Productions, Inc.	99.7	FC
Blue Orbit Productions, Inc.	99.7	FC
Crown Broadway Productions LLC	99.7	FC
Crown Cloverfield Productions LLC	99.7	FC
Crown Noah Productions LLC	99.7	FC
Crown Venice Productions LLC	99.7	FC
Crown Wilshire Productions LLC	99.7	FC
Eureka Productions LLC	99.7	FC
Fabel Entertainment LLC	24.9	EM (A)
FCB Productions, Inc.	99.7	FC
Fellow Travelers Productions, Inc.	99.7	FC
Fremantle Productions North America, Inc.	99.7	FC
Fremantle Productions, Inc.	99.7	FC
FremantleMedia Latin America, Inc.	99.7	FC
FremantleMedia North America, Inc.	99.7	FC
Good Games Live, Inc.	99.7	FC
Haskell Studio Rentals, Inc.	99.7	FC
Inception XR, Inc.	22.4	EM (A)
Kickoff Productions, Inc.	99.7	FC
L&S USA LLC	69.8	FC
Let's Play, Inc.	94.7	FC
Little Pond Television, Inc.	99.7	FC
Mad Sweeney Productions, Inc.	99.7	FC
Marathon Productions, Inc.	99.7	FC
Max Post, Inc.	99.7	FC
Music Box Library, Inc.	99.7	FC
OP Services, Inc.	99.7	FC
Original Productions, Inc.	99.7	FC
P & P Productions, Inc.	99.7	FC
Prime Media Rentals LLC	99.7	FC
RTL US Holding, Inc.	99.7	FC
SND Films LLC	48.4	FC
Studio Production Services, Inc.	99.7	FC
TCF Productions, Inc.	99.7	FC
Terrapin Productions, Inc.	99.7	FC
The Price Is Right Productions, Inc.	99.7	FC
Tick Tock Productions, Inc.	99.7	FC
Tiny Riot, Inc.	99.7	FC
Triple Threat Productions, Inc.	99.7	FC
Wanderlust Productions, Inc.	99.7	FC
YoSpace, Inc.	99.7	FC

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

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