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

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

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

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

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

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

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

Risk management

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

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

- **Embedded culture:** promote and embed a common risk management culture in the daily work of all RTL Group employees.
- **Consistent policy:** develop consistent risk policies on key matters, to be tailored and implemented at business unit level with consideration for local challenges and environment.
- **Harmonised response:** ensure harmonised risk management prevention, detection and mitigation measures across RTL Group and its business units against key risks, as well as a continuous related monitoring and improvement programme.

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

Risk matrix

Type of risk	Description and areas of impact	Mitigation activities
External and market risk		
Change in market environment	Digitisation has significantly transformed the TV market, offering various ways of reaching viewers. Higher competition for audience attention and programme acquisitions as well as accelerated audience fragmentation due to streaming services, new channels, and expansion of platform operators may adversely affect RTL Group's position. The advertising landscape for streaming services has evolved, driving growth and revenue in challenging conditions when platforms such as Disney and Netflix introduced ad-funded programming in exchange for cheaper subscriptions and with increased costs of content licensing. This could increase competition within the advertising markets, especially for RTL Group's hybrid streaming services. The production business also shows a consolidation trend as increasing demand for talent – such as authors, scriptwriters, showrunners, actors – leads large production businesses to merge or acquire smaller production companies.	RTL Group embraces new digital opportunities by ensuring its channels and stations are platform-neutral (that is, available on the widest possible choice) and by developing families of channels and streaming services, based on its leading brands. By forming alliances and partnerships, RTL Group aims to counteract the dominance of global tech platforms. Examples include RTL AdAlliance (combining RTL AdConnect, G+J iMS and the media division of Smartclip). RTL Group's European ad-tech business, Smartclip, fully integrated the French ad-tech company Realytics, complementing the group's ad-tech stack. In TV advertising, RTL Group expands its addressable TV offerings, which connect precise, data-driven targeting with premium content in a brand-safe environment, delivered via traditional linear TV. Thereby, addressable TV offers the opportunity to compensate for potential future declines of classic TV advertising revenues. RTL Group intends to secure or improve its share in the resulting total TV advertising market. Within its global content business, Fremantle, RTL Group established a buy-and-build strategy – next to organic growth – to expand its global content business and to gain market share.
Cyclical development of economy	The cyclical development of the economy is highly correlated with the development of the advertising markets and therefore impacts RTL Group's revenue. 2023 had seen a light recovery from the deteriorated macroeconomic conditions in 2022, regarding inflation and supply chain issues, and a sharp reduction of Covid-related risks. However, advertising markets remain difficult to predict following the lack of visibility of macro-economic trends.	Continuous monitoring of market conditions, scenario planning and strict cost control allow RTL Group to react to economic downturns. RTL Group aims to further diversify its revenue base by introducing new products and services that generate non-advertising revenue.
Legal	Local and European regulations are subject to change. Some changes could alter businesses and revenue streams (for example, a ban on certain types of advertisements on alcohol and high in fat and sugar foods), changes to data protection legislation as well as a limitation of advertising minutes.	RTL Group aims to anticipate any changes in legislation and to act accordingly by developing and exploiting new or alternative revenue sources.

Type of risk	Description and areas of impact	Mitigation activities
Risks in key business		
Strategic decisions	Strategic decisions are associated with risks. The resource allocation based on the strategic direction could become disadvantageous to RTL Group's revenue and ultimately lead to a potential loss of revenue. This particularly relates to portfolio changes if acquired assets do not perform in line with assumed business plans and an impairment of goodwill may be triggered.	Investment policies are followed, underpinned by realistic business planning. Approval procedures are followed to ensure relevant risk assessment and management sign-off. A regular review of strategic options is undertaken.
Audience share and advertising market share performance	A decrease in audience and/or advertising market share due to entrance of global operators (such as Netflix, Amazon Prime and Disney+) may have a negative impact on RTL Group's revenue and profitability.	New talents and formats are developed or acquired. Performance of existing shows is under constant review with the aim of improving audience share performance and hence future revenue. RTL Group's strategy is to extend and enhance the diversity and quality of its programmes – especially on its streaming services. Budget processes on subscriber revenue undergo ongoing maturation.
Customers	Bad debts or loss of customers may negatively affect RTL Group's profits. Advertisers may change behaviour by switching to alternative advertising platforms or to inhouse advertising planning.	Credit analysis of all new advertisers is systematically undertaken. Depending on the customer's creditworthiness, insurance may be used. This risk is also mitigated by broadening the advertiser base. To match the customer evolution, RTL Group is evolving by exploring alternative advertising market platforms, matching customer behaviour changes.
Suppliers	Strong competition may lead to increased costs and/or less profitable programmes. There may also be a strong reliance on key suppliers.	The Group aims to diversify its sources of supply wherever possible, partly by producing content in-house. RTL Group benchmarks purchasing terms and conditions to identify best practices with the aim of reducing costs by, for example, joint purchasing.
Inventories	There is a risk of over-accumulation of stock that could become obsolete. This may lead to write-offs or impairments.	RTL Group has strict commercial policies, very close follow-ups of existing inventories, and strict criteria for approval of investment proposals for rights.
Pricing/discounting	There is potential price erosion either at broadcaster level or at production level, or in the digital environment, where competition could impact margin levels.	RTL Group aims to satisfy customer needs by providing unique, tailored proposals through alliances and the company's unique network position as well as the evolution of the business model.
IT infrastructure	Potential vulnerabilities within RTL Group operation systems and infrastructure may compromise business activities.	RTL Group entities use approved processes to continually monitor IT infrastructure and to update operating systems, if necessary, in line with the Group's IT policies. Increase of the compliance rate has decreased the risk.
Financial risks		
Foreign exchange exposure	The operating margin and programme costs are affected by foreign exchange volatility, especially if there is a strong increase of the USD against the EUR (such as feature films, sports and distribution rights, and scripted programmes).	RTL Group has in place a strict policy regarding foreign exchange management, which is monitored and followed up by Group Treasury, using hedging instruments and applying hedge accounting principles to mitigate volatility on the income statement.
Interest rate risk	The risk of increased cost of funding due to increase of interest rates.	RTL Group has entered into 3 new term loans based on 3-, 4- and 5-year horizons, leaving room for medium-term reimbursement while partially securing fixed interest rates.

Watchlist

On the RTL Group risk watch list composed of unquantifiable risks, management is very attentive to artificial intelligence deployment and evolution, its opportunities but also related risk.

The introduction of two new IT referenced applications, being SAP S/4HANA as ERP and Quantum as Treasury Management System, is to be carefully followed.

Finally, changes in the tax environment will also draw management attention to ensure all risks related to changes are integrated and properly addressed.

Risk management organisation

The risk management organisation is the combination of structures and relationships (see diagram on the following page), which enables a proper risk governance environment.

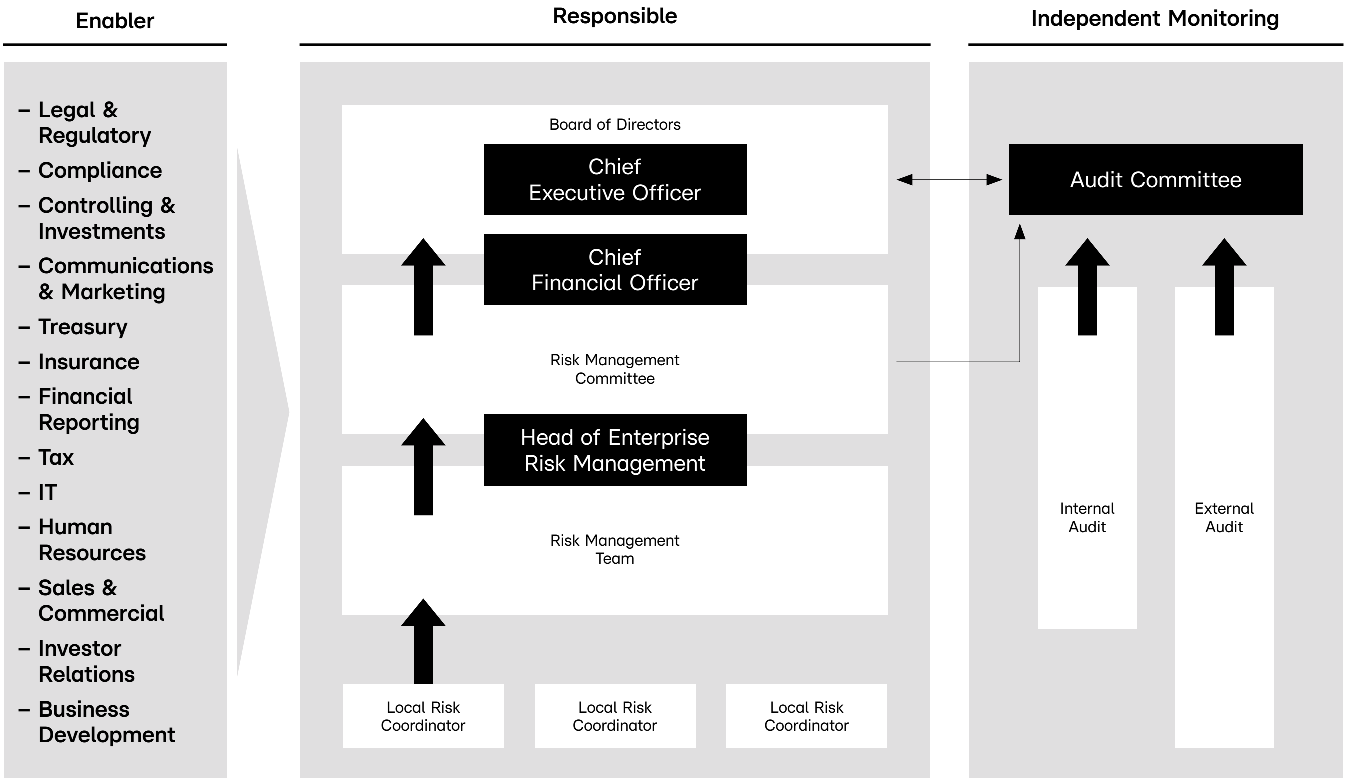
RTL Group's risk management governance model has a strong vertical component – from the Board of Directors and Executive Committee to the Audit and Risk Management Committees, to the executive responsible (CEO, CFO and Head of ERM), down to all levels of the dedicated risk management functions, including local entities.

This backbone is enabled by related control functions carried out by Group Risk Management and Internal Control, the Legal and Regulatory, Compliance, Business Development, Controlling and Investments, Communications and Investor Relations, Treasury, Insurance, Group Financial Reporting, Tax, IT, Human Resources, and Sales and Commercial departments. Independent monitoring is also carried out by Internal Audit and External Audit.

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

The Risk Management Committee meets twice a year and is composed of the following permanent members:

- RTL Group Chief Financial Officer
- RTL Group Senior Vice President Internal Audit
- RTL Group Senior Vice President Compliance
- RTL Group Senior Vice President Treasury and Enterprise Risk Management
- RTL Group Senior Vice President Controlling and Investments
- RTL Group General Counsel
- RTL Group Senior Vice President Group IT
- RTL Group Senior Vice President Financial Reporting
- Media Assurances' Chief Executive Officer
- Additional guests may be invited to participate in Risk Management Committee meetings as subject matter experts, based on the topics to be addressed.



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

RTL Group has developed a framework for reporting risks, in line with good corporate practice, which is based on several key principles:

- **1. Comprehensive scope of risk assessment:** risks are assessed within a framework of defined key risk categories. Regular risk assessments include a description of the risk, an indication of the potential financial impact, and steps taken to mitigate the risk. These steps are performed throughout RTL Group, consolidated by the Head of Enterprise Risk Management and ultimately summarised in a dedicated risk management report. Results are presented to the Audit Committee.
- **2. Regular and consistent reporting:** RTL Group's system of internal controls ensures that risks are addressed, reported and mitigated when they arise. All significant risks are comprehensively assessed

within the risk-reporting framework and reported to RTL Group management twice a year. This ensures that necessary actions are undertaken to manage, mitigate or offset risks within the Group. The risks are reported using a common reporting tool to ensure consistency in scope and approach.

- **3. Bottom-up approach:** RTL Group assesses risks where they arise in its operations. All business units assess themselves according to the three parts of the risk management report:
  - Risk Management System: risk assessment and quantification of residual risks if applicable
  - Internal Control System: self-assessment on internal controls in place
  - Information Security Management System: risk assessment and quantification of IT-related risks
- **4. Consolidated Group matrix:** Group Risk Management and the Internal Control team aggregate a comprehensive view of significant risks for the Group by consolidating local risk assessments.

  The Risk Management Committee evaluates and reviews this consolidated Group risk matrix and:
  - advises on the control and reporting process for any major risks, and recommends mitigation strategies to the Group CFO
  - monitors follow-up of risks and ensures mitigation measures have been taken
  - increases risk awareness within the Group
  - identifies potential optimisation opportunities in processes

  The following risks and their classifications were reported for 2023:

Risk classification

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

For the first time, in line with EU legislation, the ESG risks (environmental, social and corporate governance data) were presented by a working group. From 2024, these risks will be a fixed part of regular Group reporting.

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

Internal control framework
Internal controls are policies and procedures implemented by an organisation to ensure their financial reports are reliable, operations are efficient, and activities are compliant with applicable laws and regulations. The internal control system at RTL Group is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

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

Throughout RTL Group, the risks are assessed within a framework of defined key risk categories. To each risk, internal control / controls are assigned as a measure to make sure risk is monitored and mitigated.

All internal controls are assessed once a year by all Group entities, locally in one reporting tool, evaluated and aggregated by Group Risk Management and the Internal Control team and presented to the Risk Management Committee together with the risks.

The backbone for internal controls is a Minimum Control Policy that is reviewed at least once a year.

During 2023, as part of the SAP S/4HANA implementation project, the RTL Group focused on the continuous improvement of internal control processes by harmonising processes across the Group, strengthening tools, procedures and policies. Also, to ensure uniform risk reporting, all Group entities were migrated to one internal controls, and risks reporting tool. In 2024, the Group continues to raise awareness of risk management and internal controls, and to harmonise processes and policies as part of the SAP4Hana project.

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

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

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

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

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

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

Opportunity management

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

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

Opportunities
The Group has strategic, financial and regulatory opportunities. These could result from a better-than-expected performance of streaming services and advertising technology; from higher demand for content; from a better-than-expected macro-economic development, leading to higher advertising market growth; from higher market shares resulting from programme successes; and from changes in the laws regulating the Group's businesses, such as advertising. In addition, RTL Group's strategy to form cross-media champions could create significant value through the synergy potential of creating RTL AdAlliance to satisfy the demand of ad-buying opportunities. RTL Group continues to develop its business model, to rethink its operational processes and to set the path for more open and agile collaboration across countries, departments and functions. AI opens many opportunities as a driver to increase efficiency and personalised output to support creative processes.