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**RTL Group Interim Report
January to June 2023**

“We are investing into business transformation through the cycle.”

Statement from **Thomas Rabe**,
Chief Executive Officer of RTL Group:



“The market environment in the first half of 2023 was particularly challenging, with geopolitical and macroeconomic uncertainties in addition to the long-term structural shifts in video viewing.

The RTL Group team remains focused on bringing our strategy to life: strengthening our core business, growing our streaming and content businesses, and building alliances and partnerships. Based on our strong balance sheet, we are investing into business transformation through the cycle – in premium content, leading national streaming services and in advertising technology.

Technology plays a key role in our transformation, and we see great opportunities from Artificial Intelligence (AI), in particular to increase efficiency and generate content. Today, we already apply AI at scale in advertising planning and have started to support content creation with generative AI.

We are convinced that investing through the cycle will put us in a strong competitive position when the advertising markets recover. The half-year results came in broadly in line with our expectations. Although we are seeing first signs of market stabilisation in Germany in particular, we have adjusted our outlook for the full year 2023. RTL Group now expects an Adjusted EBITA of around €950 million after streaming start-up losses of around €200 million.”

H1/2023: RTL Group continues to invest in business transformation despite challenging market conditions and pressure on results – Number of paying streaming subscribers passes 6 million mark

- Group revenue down 5.1 per cent to €3.1 billion (H1/2022: €3.3 billion) due to challenging TV advertising markets, in particular in Germany; Group revenue down 4.3 per cent organically
- Adjusted EBITA down to €250 million (H1/2022: €501 million); Adjusted EBITA margin at 8.0 per cent (H1/2022: 15.3 per cent); Adjusted EBITDA at €376 million (H1/2022: €611 million)
- Group profit at €132 million (H1/2022: €304 million)
- Continued strong growth of RTL Group's streaming services RTL+ and Videoland: paying subscribers up 34.1 per cent to 6.0 million, streaming revenue up 16.9 per cent in H1/2023
- Continued high investments in content, streaming, tech & data in H1/2023 to strengthen leading market positions, boost growth businesses and drive transformation
- RTL Deutschland gains audience shares in key commercial target group and extends lead over ProSiebenSat1 to 5.8 percentage points; RTL and Vox now number one and two commercial channels in Germany
- Given continued high level of uncertainties, RTL Group now expects Adjusted EBITA of around €950 million for the full year 2023 (previous guidance: Adjusted EBITA of €1.0 billion to €1.05 billion), subject to stable to slightly growing TV advertising revenue in the second half of the year
- RTL Group confirms mid-term growth targets for streaming and Fremantle

H1/2023: Challenging TV advertising markets, continued dynamic streaming growth

- To strengthen its leading market positions, boost its growth businesses and drive transformation, RTL Group **maintained its investments in content, streaming, tech & data at a high level** in H1/2023:
 - In H1/2023, RTL Group spent €1.1 billion on content for its broadcasting and streaming activities, on the high level of the first half of 2022
 - Streaming start-up losses amounted to €87 million (H1/2022: €74 million), due to higher investments in RTL+ in Germany and Hungary
- **Group revenue** was down 5.1 per cent to €3,109 million (H1/2022: €3,276 million), mainly due to significantly lower TV advertising revenue. Group revenue was down 4.3 per cent organically¹.
- RTL Group's **TV advertising revenue** decreased 12.5 per cent to €1,187 million (H1/2022: €1,357 million), in particular in Germany. Compared to the first half of 2019 (pre-Covid), RTL Group's TV advertising was down 15.5 per cent. RTL Group expects its TV advertising revenue to grow slightly in the second half of 2023 compared to 2022, which was marked by significant negative effects from the football World Cup in Qatar. In Germany, RTL Group's TV advertising revenue was broadly stable year on year in June and July.
- **Streaming revenue**² from RTL+ and Videoland was up 16.9 per cent to €152 million (H1/2022: €130 million).
- **Distribution revenue**³ was stable at €219 million (H1/2022: €220 million).
- **Adjusted EBITA**⁴ declined to €250 million (H1/2022: €501 million) mainly due to significantly lower profit contributions from RTL Deutschland. The **Adjusted EBITA margin** was 8.0 per cent (H1/2022: 15.3 per cent). Adjusted EBITA before streaming start-up losses was down to €337 million (H1/2022: €575 million).
- **Adjusted EBITDA**⁵ was €376 million (H1/2022: €611 million).
- **Group profit** was €132 million (H1/2022: €304 million).
- **Net cash used in operating activities** was at €-24 million (H1/2022: net cash from operating activities €84 million), due to significant investments in RTL Group's streaming services and the more capital-intensive scripted business at Fremantle.
- On 30 June 2023, RTL Group had **net debt**⁶ of €-702 million (31 December 2022: net cash of €180 million). On 2 May 2023, RTL Group paid out the dividend for 2022 (€4.00 per share) amounting to €619 million.

¹ Adjusted for portfolio changes and at constant exchange rates. Further details can be found in **Key performance indicators** on page 13

² Streaming revenue includes SVOD, TVOD, in-stream and distribution revenue from RTL+ in Germany, RTL+ in Hungary (including RTL+/RTL+ Active/RTL+ Light) and Videoland/RTL XL in the Netherlands

³ Revenue generated across all distribution platforms (cable, satellite, internet TV) including subscription and re-transmission fees

⁴ See **Key performance indicators** on page 14

⁵ See **Key performance indicators** on page 15

⁶ Net cash/(debt) excludes current and non-current lease liabilities. Including these, net debt as of 30 June 2022 was €-1,076 million (31 December 2022: net debt of €-205 million). See **Key performance indicators** on page 16

Key financials

	H1/2023 € m	H1/2022 € m	Per cent change
Revenue	3,109	3,276	(5.1)
Adjusted EBITA	250	501	(50.1)
Adjusted EBITA margin (%)	8.0	15.3	
Adjusted EBITA	250	501	(50.1)
Significant special items	(78)	(23)	
Impairment and reversals of investments accounted for using the equity method	–	–	
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(23)	(18)	
Impairment and reversals on other financial assets at amortised cost	(1)	–	
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	16	111	
Fair value measurement of investments and re-measurement of earn-out arrangements	14	(84)	
EBIT	178	487	(63.4)
Financial result	11	(49)	
Income tax expense	(57)	(134)	
Group profit	132	304	(56.6)
Attributable to:			
– RTL Group shareholders	75	245	(69.4)
– Non-controlling interests	57	59	
Basic and diluted EPS (in €)	0.48	1.58	(69.4)

Strengthening RTL Group's core

- In the first half of 2023, **RTL Deutschland's combined audience share** in the main commercial target group of viewers aged 14 to 59 increased to 27.6 per cent (H1/2022: 27.3 per cent), **extending the lead over its main commercial competitor ProSiebenSat1** to 5.8 percentage points (H1/2022: lead of 4.9 percentage points). This was primarily driven by the main channel RTL, which scored an average audience share of 9.8 per cent in the target group (H1/2022: 9.5 per cent). With an average audience share of 6.2 per cent (H1/2022: 6.2 per cent), Vox has become the number two commercial channel in the target group, ahead of Sat1 (6.0 per cent) and ProSieben (5.6 per cent). With this, RTL Deutschland has achieved a major strategic target, operating the number one (RTL) and number two (Vox) commercial channels in Germany.
- In February 2023, **RTL Deutschland** announced a **reorganisation of its publishing business** to focus on its core brands such as *Stern*, *Geo*, *Capital*, *Brigitte*, *Gala*, *Schöner Wohnen*, *Eltern* and *Chefkoch*, which account for around 70 per cent of the unit's publishing revenue. Other brands are being sold or discontinued. RTL Deutschland plans to invest a total of €80 million in its publishing business by 2025, €30 million of which would be for the expansion of its paid offer Stern+. The reorganisation is progressing with the social plan signed at the end of March 2023 and portfolio adjustments well advanced. The first disposals have already been announced.

With the reorganisation, **costs** are being reduced in all areas of the publishing business – especially in corporate functions, IT, office space, publishing and editorial teams by a total of €70 million per annum.

Staff in publishing will be reduced by around 700 FTEs. In addition, staff will be reduced in the other RTL Deutschland businesses by around 300 FTEs by 2025, bringing the total reduction to 1,000 FTEs.

- In March 2023, RTL Deutschland announced the renewal of the exclusive broadcasting and streaming rights for the **Uefa Europa League** and **Uefa Europa Conference League**. For the seasons 2024/25 to 2026/27, the matches will be shown on its linear channels RTL and Nitro as well as its streaming service RTL+.
- On 27 April 2023, French media authority **Arcom** announced that Groupe M6 and Arcom signed an agreement defining the obligations and commitments of the company's flagship channel, M6, for the allocation of the Digital Terrestrial Television (DTT) channel 6. The authorisation for the next 10 years came into effect on 6 May 2023.
- In June 2023, **RTL Hungary** announced that it has acquired the broadcasting rights for the **Uefa Champions League**. Starting in the 2024/25 season, RTL Hungary will be the home of the Uefa Champions League matches for three years and broadcast live around 200 games per season – including the finals – on linear TV and on its streaming service RTL+. RTL Hungary has further retained the linear and digital rights to the Uefa Europa League and the Uefa European Conference League for three years for the seasons 2024/25 to 2026/27.

Boosting growth businesses – Streaming

- As of 30 June 2023, RTL Group served **6.041 million paying subscribers** with its streaming services RTL+ in Germany and Hungary and Videoland in the Netherlands – up 34.1 per cent year on year (30 June 2022: 4.506 million).
- Paying subscribers for **RTL+** increased 31.0 per cent year on year to 4.489 million (30 June 2022: 3.427 million). The strategic partnership with Deutsche Telekom to bundle RTL+ Premium within Magenta TV contributed significantly to the growth.
- Paying subscribers for **Videoland** grew 17.5 per cent year on year to 1.268 million (30 June 2022: 1.079 million), driven by its diverse content offering.
- The number of paying subscribers for **RTL+ in Hungary** (including RTL+ Active) was 0.285 million at the end of June 2023. RTL+ in Hungary was launched in November 2022.⁷
- In the first half of 2023, RTL Deutschland added more than 90,000 audiobooks to the RTL+ Musik app from the catalogues of cooperation partner Deezer and Bertelsmann's publishing business Verlagsgruppe Penguin Random House. RTL Deutschland raised the price for the core video RTL+ Premium package from €4.99 per month to €6.99 per month, while the RTL+ Max package (video, music, podcasts, audiobooks) is now available for €12.99 per month. The newly introduced package RTL+ Family (€18.99 per month) gives families the complete cross-media offering on up to four devices simultaneously. The price increases have been implemented in phases since March 2023 without significant subscriber churn, and will increase the average revenue per user (ARPU) going forward.
- RTL Deutschland is in the process of launching the **RTL+ multimedia app**, comprising video, music, podcasts, audiobooks and magazine content in one single app.

⁷ The previous services, RTL Most and RTL Most+, were integrated into RTL+ under the packages RTL+ Light and RTL+ Active. Therefore, RTL+ in Hungary has three models: a direct-to-consumer subscription model without advertising, a TV subscription model (for example via an IPTV subscription), and a registration-based advertising-funded model.

Boosting growth businesses – Fremantle

- Fremantle is RTL Group's global content business, spanning entertainment, drama and film, and documentaries.
 - Within its **entertainment** business, Fremantle shows continued to achieve outstanding success with audiences across the globe, producing the number one and two UK entertainment shows, *The Apprentice* and *Britain's Got Talent*. In the US, *Got Talent* and *American Idol* significantly outperformed prime-time averages of the respective TV networks. Further bolstering its portfolio, Fremantle acquired the global rights to the hit UK series *The Piano* from Love Productions in March 2023.
 - The first half of 2023 saw multiple **drama and film** launches for Fremantle and its production companies, including *The Good Mothers* on Disney+, which won the inaugural Series Award at the 2023 Berlinale.
- In February 2023, Fremantle secured a two-year partnership with Nine Hours, the new label from Edward Berger, the director of the Oscar-winning film *All Quiet on the Western Front*. The agreement will provide Fremantle with first-look access to Nine Hours' television projects and second-look access to new film projects.
- Fremantle has continued to grow its **documentary** business and signed an exclusive first-look agreement with Oscar-nominated filmmaker Amy Berg to develop a new slate of premium documentaries. The company has further secured the global rights to a new documentary about French icon Brigitte Bardot, as well as a series about fashion icon Coco Chanel from Gabriel Jagger's WhyNow Productions. Fremantle also revealed its new documentaries label, Udeniable, which will focus on producing world-class premium feature documentaries.

Fostering alliances and partnerships

- In competing with the global tech platforms, RTL Group **is fostering alliances and partnerships in the European media industry** with a focus on national advertising sales consolidation, international advertising sales, as well as joint investments in advertising and streaming technology solutions via Smartclip and Bedrock.
 - RTL Group is actively exploring several opportunities for **advertising sales consolidation** in its key territories and content cooperation. For example, RTL Deutschland's advertising sales house, Ad Alliance, is currently in talks with the German TV channel RTL Zwei (in which RTL Group holds a minority shareholding) to take over advertising sales for RTL Zwei at the beginning of 2024, subject to a review by the German Federal Cartel Office.
- In June 2023, **RTL AdAlliance** and the US ad-tech company **The Trade Desk** announced that they are to extend their partnership. Under the agreement, international advertisers will gain **exclusive programmatic access to the addressable linear TV and connected TV/streaming inventory of RTL AdAlliance**. This new marketplace for video advertising is first being launched across Germany, Spain, France and Austria; with more European markets to follow soon. It will connect the self-service, cloud-based platform of The Trade Desk with the ad-tech capabilities of Smartclip, which are tailored for the needs of European broadcasters and streaming services. Smartclip is RTL Group's ad-tech business.

Outlook

- The geopolitical and macroeconomic environment remains volatile, and the impact on RTL Group's businesses remains hard to predict.
- Although RTL Group is seeing first signs of market stabilisation in Germany in particular, the Group has adjusted its outlook for the full year 2023:
 - RTL Group expects full-year **revenue** for 2023 of around €7.0 billion (previous guidance: €7.3 billion to €7.4 billion).
 - RTL Group expects its Adjusted EBITA for 2023 to be around €950 million (previous guidance: €1.0 billion to €1.05 billion), subject to stable to slightly growing TV advertising revenue in the second half of 2023. The Group expects streaming start-up losses of around €200 million (previous guidance: just below €200 million). Consequently, the Group expects Adjusted EBITA before streaming start-up losses to be around €1.15 billion (previous guidance: between €1.2 billion and €1.25 billion).
- RTL Group's **dividend policy** remains unchanged: RTL Group plans to pay out at least 80 per cent of the adjusted full-year net result.
- **RTL Group confirms the growth targets for its streaming services** RTL+ in Germany and Hungary and Videoland in the Netherlands: By 2026, the Group plans to increase its annual content spend to around €600 million for its streaming services. On this basis, RTL Group aims to grow the number of paying subscribers for RTL+ and Videoland to 10 million, to increase its streaming revenue to €1 billion and to reach profitability in 2026.
- **RTL Group confirms the growth target for its global content business Fremantle** to reach full-year revenue of €3 billion by 2025. To achieve this goal, RTL Group will invest in Fremantle – both organically and via acquisitions – in all territories across entertainment, drama and film, and factual shows and documentaries.

Outlook for the full year 2023

	2022	2023e old	2023e new
Revenue	€7,224m	€7.3bn to €7.4bn	~€7.0bn
Adjusted EBITA	€1,083m	€1.0bn to €1.05bn	~€950m
Streaming start-up losses	€233m	Just below €0.2bn	~€200m
Adjusted EBITA before streaming start-up losses	€1,316m	€1.2bn to €1.25bn	~€1.15bn

Strategic targets for RTL Group's streaming services⁸

	2022	2026e
Paying subscribers	5.5m	10m
Streaming revenue	€267m	€1bn
Content spend per annum	€304m	~€600m

Profitability is expected by 2026⁹.

⁸ RTL+ in Germany and Hungary and Videoland in the Netherlands

⁹ Total of Adjusted EBITA from RTL+, Videoland/RTL XL and Bedrock as consolidated on RTL Group level. The Adjusted EBITA of RTL+ in Germany and Hungary and Videoland/RTL XL in the Netherlands includes synergies with TV channels at business unit level. For the definition of Adjusted EBITA please see **Key performance indicators** on page 14

Corporate profile

RTL Group is a leading entertainment company across broadcast, streaming, content and digital, with interests in 56 television channels, seven streaming services and 36 radio stations.

The Group's families of TV channels are either number one or number two in six European countries, while RTL Group owns, or has interests in, radio stations in France, Germany, Spain and Luxembourg. RTL Deutschland is the Group's largest business unit and Germany's first cross-media champion, operating across TV, streaming, radio, and digital publishing. RTL Group's streaming services include RTL+ in Germany and Hungary, Videoland in the Netherlands and 6play in France.

Fremantle is one of the world's largest creators, producers and distributors of scripted and unscripted content, and is responsible for around 12,000 hours of programming per year, alongside an international network of teams operating in 27 countries. The streaming tech company, Bedrock, and the ad-tech company, Smartclip, are also owned by RTL Group.

As a market leader, RTL Group strives to foster alliances and partnerships within the European media industry – for example by building one-stop advertising sales houses in Germany and the Netherlands with Ad Alliance, and driving international advertising sales with RTL AdAlliance.

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

RTL Group itself was created in spring 2000, following the merger of Luxembourg-based CLT-UFA and the British content production company Pearson TV, owned by Pearson Plc. CLT-UFA was created in 1997 when the shareholders of UFA (Bertelsmann) and the historic Compagnie Luxembourgeoise de Télédiffusion – CLT (Audiofina) merged their TV, radio and production businesses.

Bertelsmann has been the majority shareholder of RTL Group since July 2001. RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt and Luxembourg Stock Exchanges. RTL Group is listed in the MDAX stock index.

RTL Group publishes its consolidated financial statements in accordance with IFRS as adopted by the European Union.

For more information see pages 43 to 47 of RTL Group's Annual Report 2022.

Strategy

RTL Group's strategy is built on three priorities:

1. Strengthening the Group's **core** businesses
2. Expanding the Group's **growth** businesses, in particular in the areas of streaming, content production and technology
3. Fostering **alliances and partnerships** in the European media industry

RTL Group does not consider its corporate strategy to have changed in a material way since the publication of the Annual Report 2022.

RTL Group's strategy is outlined in more detail on pages 50 to 54 of the Annual Report 2022.

Market and market trends

RTL Group does not consider the market environment and market trends to have changed in a material way since the publication of the Annual Report 2022 in April 2023.

Since then, many international and national streaming services have reacted to slowing growth in paying subscribers by focusing more strongly on profitability, including cost-saving measures and tighter control on content spend. For example, content commissioning has already shifted from expensive scripted series to less expensive unscripted content such as entertainment and reality shows. In addition, several subscription-based streaming services further strengthened their activities to grow advertising revenue in their revenue mix.

At the same time, major US studios and content rights holders have started again to license films and shows to competitors and international broadcasters and streaming services, partly reversing their strategy to withhold such content for exclusive use on their own direct-to-consumer streaming services. Global streaming services – which used to ask for worldwide exclusive rights from production companies – have also become more flexible in their content acquisition strategy. Both developments offer opportunities for RTL Group's broadcasters and streamers as well as for the Group's global content business, Fremantle.

In the US, actors represented by the Screen Actors Guild and American Federation of Television and Radio Artists (SAG-AFTRA) have, as with the writers represented by the Writers Guild of America (WGA), gone on strike. Issues at stake in both actions include compensation and AI protection. RTL Group monitors the situation closely, but currently does not see a material risk for the Group. With a presence in 27 territories around the world and global production expertise, the Group's global content business Fremantle is sufficiently diversified.

The developments in the field of AI have accelerated significantly. Tools and applications based on so-called generative AI are being adopted by consumers and institutions alike. For TV, streaming and content production, generative AI poses both risks and opportunities. While copyright considerations in this context pose uncharted territory, the applications have the potential to drive efficiency gains in areas such as advertising planning, video and advertising production and post-production (e.g. subtitling and dubbing).

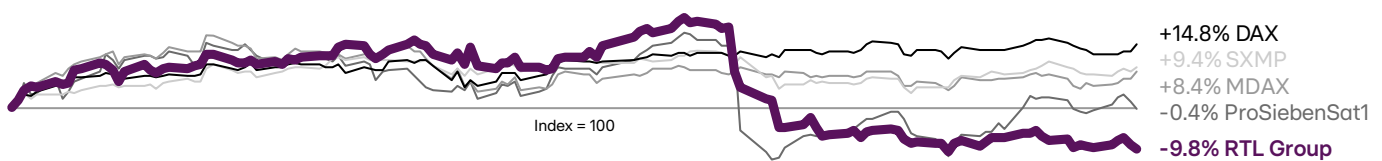
The market environment and market trends are outlined in more detail on pages 48 to 49 of RTL Group's Annual Report 2022.

Capital markets and share

RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and the Luxembourg Stock Exchange. RTL Group is listed in the MDAX stock index.

Share performance

2 January 2023 to 30 June 2023 in per cent



RTL Group share price development for January to June 2023 based on the Frankfurt Stock Exchange (Xetra) against MDAX/SDAX, Euro Stoxx 600 Media (SXMP) and ProSiebenSat1

In 2023, RTL Group's share price started at €40.62 and finished the first half of the year down 9.8 per cent, at €36.62. The share price highs and lows were €49.24 (19 April) and €36.34 (31 May).

Quarterly, the average share price evolved as follows:

Q1/2023: €44.77

Q2/2023: €40.57

The Group declared a dividend in April 2023 that was paid on 2 May 2023. The payment of €4.00 (gross) per share related to the 2022 full-year dividend. The total dividend paid amounted to €619 million. Based on the average share price in 2022 (€42.04), this represents a dividend yield of 9.5 per cent (2022: 10.3 per cent) and a dividend payout ratio of 94 per cent, in line with the Group's dividend policy.

For more information on the analysts' views on RTL Group and RTL Group's equity story, please visit **Investor Relations** on rtl.com.

RTL Group rating

In 2019, RTL Group decided to cancel its ratings from both S&P and Moody's. Until the date of the cancellation, these ratings were in line with RTL Group's parent company, Bertelsmann SE & Co KGaA.

RTL Group dividend policy

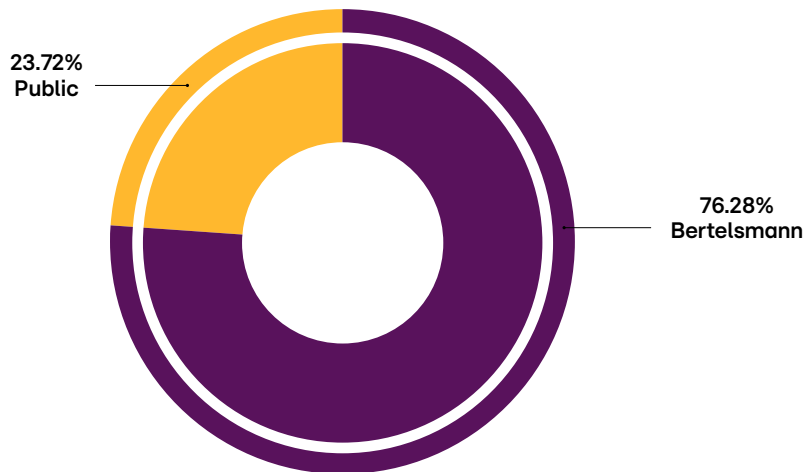
RTL Group's dividend policy offers a pay-out ratio of at least 80 per cent of the Group's adjusted net result.

The adjusted net result is the reported net result available to RTL Group shareholders, adjusted for any material non-cash impacts. RTL Group reports its adjusted net result at the time of its full-year results announcement.

RTL Group shareholding structure

The share capital of the company is set at €191,845,074, divided into 154,742,806 shares with no par value.

The shares are in the form of either registered or bearer shares, at the option of the owner.

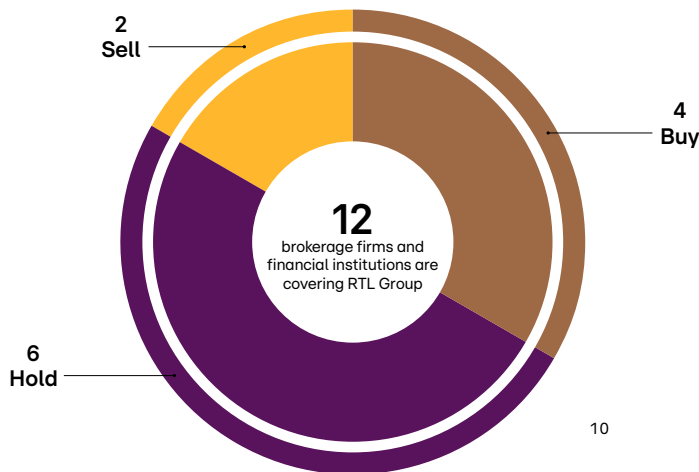


Bertelsmann has been the majority shareholder of RTL Group since July 2001. As at 30 June 2023, Bertelsmann held 76.28 per cent of RTL Group shares, and 23.72 per cent were free float.

There is no obligation for a shareholder to inform the company of any transfer of bearer shares, save for the obligations provided by the Luxembourg law of 15 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. Accordingly, the company shall not be liable for the accuracy or completeness of the information shown.

Analyst coverage

A detailed, up-to-date overview of the analysts' views on RTL Group can be found on rtl.com.



Key performance indicators (KPIs)

RTL Group analyses key performance indicators (KPIs) to manage its businesses, including revenue, organic growth/decline, Adjusted EBITA, Adjusted EBITA before streaming start-up losses, Adjusted EBITA margin, net debt, operating cash conversion rate and audience shares in the company's main target groups. RTL Group's KPIs are mostly determined on the basis of so-called alternative performance measures, which are not defined by IFRS. Management believes they are relevant for measuring the performance of the Group's operations, financial position

and cash flows, and for making decisions. These KPIs also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting. These should not be considered in isolation but as complementary information for evaluating the Group's business situation. RTL Group's KPIs may not be comparable to similarly titled measures reported by other groups due to differences in the way these measures are calculated.

Organic growth/decline

Organic growth is calculated by adjusting the reported revenue growth mainly for the impact of exchange rate effects, corporate acquisitions and disposals. It should be seen as a component of the reported revenue shown in the income statement. Its main objective is for the reader

to isolate the impacts of portfolio changes and exchange rates on the reported revenue. When determining the exchange rate effects, the functional currency that is valid in the respective country is used. Potential other effects may include changes in methods and reporting.

Adjusted EBITA

EBIT, Adjusted EBITA and EBITDA are indicators of operating profitability. With significant investments in the Group's streaming activities, RTL Group additionally uses Adjusted EBITA before streaming start-up losses. The KPI for the operating profitability of RTL Group and its business units is Adjusted EBITA. Analysts, investors and peers of RTL Group use EBITDA to assess the profitability. The use of EBITDA eliminates potential differences in performance caused by variations in capital structures, the cost and age of tangible and intangible assets (affecting relative depreciation expense and relative amortisation expense respectively). As a result, for these purposes the calculation of EBITDA and further for reconciliation purposes Adjusted EBITDA for RTL Group is also disclosed.

RTL Group comments primarily on Adjusted EBITA as the KPI for measuring profitability.

Adjusted EBITA represents a recurring operating result and excludes significant special items. RTL Group management has established an 'Adjusted EBITA' that neutralises the impacts of structural distortions for the sake of transparency. Based on the accelerated industry trends explained in the **Market** section (pages 48 to 49 of RTL Group's Annual Report 2022) and **Strategy** section (pages 50 to 54 of RTL Group's Annual Report 2022), RTL Group plans to increase its investments in business transformation including streaming, premium content, technology and data.

At the same time, management continually assess opportunities to reduce costs in the Group's traditional broadcasting activities – for example, reallocating resources from its traditional businesses to its growing digital businesses – and this may lead to restructuring expenses that are neutralised in the Adjusted EBITA.

Adjusted EBITA is determined as earnings before interest and taxes (EBIT) as disclosed in the income statement excluding the following elements:

- Impairment of goodwill of subsidiaries and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries
- Impairment and reversals of investments accounted for using the equity method
- Impairment and reversals on other financial assets at amortised cost presented in 'Other operating expenses' or 'Other operating income'
- Re-measurement of earn-out arrangements presented in 'Other operating income' or 'Other operating expenses'
- Fair value measurement of investments presented in 'Other operating income' or 'Other operating expenses'
- (Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree
- Significant special items

Significant special items exceeding the cumulative threshold of €5 million need to be approved by management, and primarily consist of restructuring expenses or reversal of restructuring provisions and other special factors or distortions. The adjustments for special items serve to determine a sustainable operating result that could be repeated under normal economic circumstances and is not affected by special factors or structural distortions. In the first half of 2023, 'Significant special items' amounted to €-78 million, reflecting mainly restructuring measures at RTL Deutschland (€-65 million) and Fremantle (€-5 million). In the first half of 2022, 'Significant special items' of €-23 million reflected integration costs for the Gruner + Jahr transaction in Germany as well as transaction costs for the consolidation initiatives.

	H1/2023 €m	H1/2022 €m
Earnings before interest and taxes (EBIT)	178	487
Impairment of goodwill of subsidiaries	–	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	23	18
Impairment and reversals of investments accounted for using the equity method	–	–
Impairment and reversals on other financial assets at amortised cost	1	–
Re-measurement of earn-out arrangements	7	–
Fair value measurement of investments	(21)	84
(Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	(16)	(111)
EBITA	172	478
Significant special items	78	23
Adjusted EBITA	250	501

Adjusted EBITA before streaming start-up losses

In accordance with RTL Group's strategy, the company continued to invest heavily in its streaming services, RTL+ in Germany and Hungary and Videoland in the Netherlands, all of which have seen a rapid increase in the number of paying subscribers (for further details please refer to **Building national streaming champions** on page 52 of RTL Group's Annual Report 2022). The Adjusted EBITA of RTL Group is impacted by effects relating to the growth of its streaming services. These are operational in nature, and are not included in 'Significant special items'. RTL Group believes the disclosure of 'streaming start-up losses' and 'Adjusted EBITA before streaming start-up

losses' provides important context for its business performance, hence it discloses information relating to both KPIs in addition to its leading alternative performance measure, 'Adjusted EBITA'. Streaming start-up losses are defined as a total of Adjusted EBITA from RTL+ in Germany and Hungary, Videoland/RTL XL, Salto and Bedrock as consolidated on RTL Group level. For the first half of 2023, the total of streaming start-up losses amounted to €87 million (H1/2022: €74 million). Adjusted EBITA before streaming start-up losses was €337 million (H1/2022: €575 million).

Adjusted EBITA margin

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

EBITDA/Adjusted EBITDA

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

- Amortisation and impairment of non-current programme and other rights, of other intangible assets, depreciation and impairment of property, plant and equipment (excluding the part concerning goodwill and fair value adjustments) and of right-of-use assets reported in 'Depreciation, amortisation and impairment'
- Impairment of goodwill of subsidiaries and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries
- Impairment and reversals of investments accounted for using the equity method

- Impairment and reversals on other financial assets at amortised cost presented in 'Other operating expenses' or 'Other operating income'
- Re-measurement of earn-out arrangements presented in 'Other operating income' or 'Other operating expenses'
- Fair value measurement of investments presented in 'Other operating income' or 'Other operating expenses'
- (Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

Adjusted EBITDA is determined as EBITDA excluding significant special items with the same definition as for Adjusted EBITA (please refer to the definition on page 14).

	H1/2023 €m	H1/2022 €m
Earnings before interest and taxes (EBIT)	178	487
Depreciation, amortisation and impairment	126	110
Impairment of goodwill of subsidiaries	–	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	23	18
Impairment and reversals of investments accounted for using the equity method	–	–
Impairment and reversals on other financial assets at amortised cost	1	–
Re-measurement of earn-out arrangements	7	–
Fair value measurement of investments	(21)	84
(Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	(16)	(111)
EBITDA	298	588
Significant special items	78	23
Adjusted EBITDA	376	611

Operating cash conversion rate

The operating cash conversion rate (OCC) reflects the level of operating profits converted into cash available for investors after incorporation of the minimum investments required to sustain the current profitability of the business and before reimbursement of funded debts (interest included) and payment of income taxes. The operating cash conversion rate of RTL Group's operations is subject to seasonality and investment cycles. RTL Group historically had – and expects in the future to have – a strong OCC due to a high focus on working capital and capital expenditure throughout the Group's operations. OCC should be above 90 per cent in the long-term average and/or it should normally exceed market benchmarks in a given year.

OCC means operating free cash flow divided by EBITA – operating free cash flow being net cash from/(used in) operating activities adjusted by the following elements:

- Income tax paid
- Transaction-related costs with regard to significant disposals of subsidiaries
- Cash outflows from the acquisitions of programme and other rights and other intangible assets and tangible assets
- Cash inflows from proceeds from the sale of intangible and tangible assets

	H1/2023 €m	H1/2022 €m
Net cash from / (used in) operating activities	(24)	84
Adjusted by:		
Income tax paid	77	170
Transaction-related costs	-	3
Acquisitions of:		
– Programme and other rights	(30)	(30)
– Other intangible and tangible assets	(57)	(61)
Proceeds from the sale of intangible and tangible assets	1	-
Operating free cash flow	(33)	166
EBITA	172	478
Operating cash conversion rate	(19)%	35%

Net cash/(debt)

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

- Cash and cash equivalents
- Current deposit with shareholder and its subsidiaries reported in 'Accounts receivable and other financial assets'

	30 June 2023 €m	31 December 2022 €m
Current loans and bank overdrafts	(444)	(547)
Non-current loans	(731)	(138)
	(1,175)	(685)
Deduction of:		
– Cash and cash equivalents	449	589
– Current deposits with shareholder and its subsidiaries	24	276
Net cash/(debt)	(702)	180

The net debt excludes current and non-current lease liabilities of €374 million (31 December 2022: €385 million).

Operating cost base

Operating cost base is calculated as the sum of 'Consumption of current programme rights', 'Depreciation, amortisation, and impairment' and 'Other operating expenses'.

	H1/2023 €m	H1/2022 €m
Consumption of current programme rights	1,318	1,307
Depreciation, amortisation and impairment	126	110
Other operating expenses	1,550	1,524
Operating cost base	2,994	2,941

Financial review

Revenue

RTL Group's estimates for the net TV advertising markets across its key markets show significant to strong declines in Germany, France and the Netherlands, while the Hungarian TV advertising market was up. A summary of RTL Group's

key markets is shown below, including estimates of net TV advertising market growth rates and the audience shares in the main target audience group.

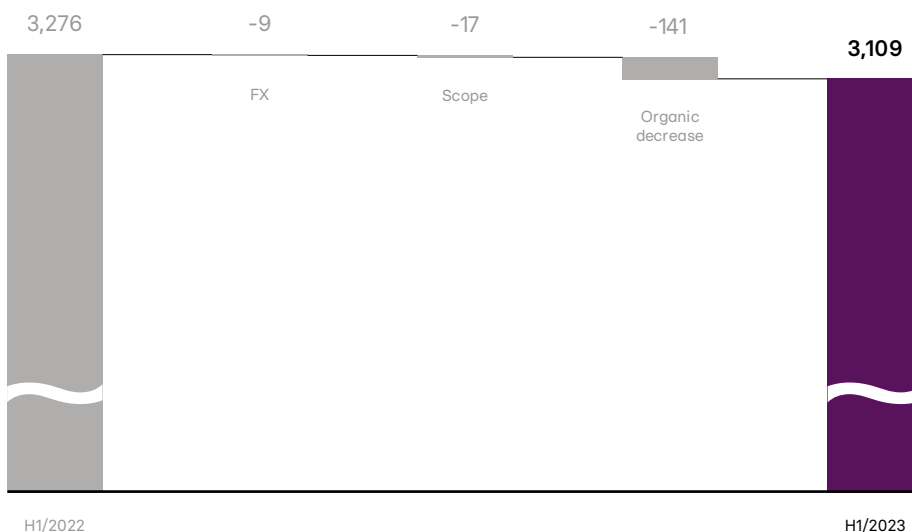
	H1/2023 Net TV advertising market growth rate (in per cent)	H1/2023 RTL Group audience share in main target group (in per cent)	H1/2022 RTL Group audience share in main target group (in per cent)
Germany	-13 to -14 ¹¹	27.6 ¹²	27.3 ¹²
France	-8.5 to -9.5 ¹³	22.1 ¹⁴	22.4 ¹⁴
The Netherlands	-6.8 ¹¹	34.3 ¹⁵	34.5 ¹⁵
Hungary	+7.5 ¹¹	27.9 ¹⁶	29.0 ¹⁶

Group revenue was down 5.1 per cent to €3,109 million (H1/2022: €3,276 million), mainly due to significantly lower TV advertising revenue. Group revenue was down 4.3 per cent organically¹⁷ compared to the first half of 2022.

Q2/2023 Group revenue was down 1.6 per cent to €1,687 million (Q2/2022: €1,714 million), also due to significantly lower TV advertising revenue which was largely compensated by higher revenue from Fremantle and RTL Group's streaming services.

RTL Group revenue bridge in the first half of 2023

(in €million)



11 Source: Industry and RTL Group estimates
 12 Source: GFK. Target group: 14 to 59, including pay-TV channels
 13 Source: Groupe M6 estimate
 14 Source: Médiamétrie. Target group: women under 50 responsible for purchases (free-to-air channels: M6, W9, 6ter and Gulli)
 15 Source: SKO. Target group: 25 to 54, 18h to 24h
 16 Source: AGB Hungary. Target group: 18 to 49, prime time; RTL Hungary has changed the publication of its audience figures as of 2022 and is now using 'Linear SHR' audience share data calculated without the category 'Other' of Nielsen
 17 Adjusted for portfolio changes and at constant exchange rates. Further details can be found in **Key performance indicators** on page 13

Streaming revenue – which includes SVOD, TVOD, in-stream and distribution revenue from RTL+ and Videoland/RTL XL – was up 16.9 per cent to €152 million (H1/2022: €130 million), thanks to the growth in paying subscribers.

RTL Group's **advertising revenue** was €1,537 million (H1/2022: €1,736 million), of which €1,187 million represented TV advertising revenue (H1/2022: €1,357 million), €165 million represented digital advertising revenue (H1/2022: €179 million) and €87 million represented radio advertising revenue (H1/2022: €93 million).

RTL Group's **digital revenue** was €462 million (H1/2022: €487 million), mainly reflecting lower digital revenue from Fremantle, partly compensated by RTL Deutschland and Groupe M6.

Adjusted EBITA

Adjusted EBITA declined 50.1 per cent to €250 million (H1/2022: €501 million) mainly due to significantly lower profit contributions from RTL Deutschland. The Adjusted EBITA margin was 8.0 per cent (H1/2022: 15.3 per cent). Adjusted EBITA before streaming start-up losses was down to €337 million (H1/2022: €575 million).

Digital revenue is spread over the different categories of revenue, which include digital advertising sales, revenue from production, 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 and distribution revenue as digital revenue. Revenue from e-commerce is included in 'revenue from selling goods and merchandise and providing services'.

RTL Group's **distribution revenue**¹⁸ was stable at €219 million (H1/2022: €220 million).

RTL Group's revenue is well diversified, with 38.2 per cent from TV advertising, 25.9 per cent from content¹⁹, 14.9 per cent from digital activities, 7.0 per cent from distribution revenue, 2.8 per cent from radio advertising and 11.2 per cent from other revenue.

For more detailed information and reconciliation of these measures see **Key performance indicators** on pages 14 to 15.

¹⁸ Revenue generated across all distribution platforms (cable, satellite, internet TV) including subscription and re-transmission fees

¹⁹ Excluding Fremantle's digital revenue

Financial development over time

	H1/2023 €m	H1/2022 €m	H1/2021 €m	H1/2020 €m	H1/2019 €m
Revenue	3,109	3,276	3,014	2,652	3,173
Adjusted EBITA	250	501	483	258	538

Investments accounted for using the equity method

The total share of results of these investments was €16 million (H1/2022: €1 million).

Fair value measurement of investments and re-measurements of earn-out arrangements

The total amount of €14 million (H1/2022: €-84 million) reflects mainly positive effects from measurement of Magnite shares and negative effects from several earn-out arrangements.

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

In the first half of 2023, RTL Group recorded a gain of €16 million (H1/2022: €111 million), mainly due to the dilution of RTL Group's investment in stake Global Savings Group (GSG), an at-equity investment held by Groupe M6.

Financial result

Financial result amounted to €11 million (H1/2022: expense of €-49 million). The comprehensive description of the financial result is disclosed in the Condensed interim consolidated financial statements 2023.

Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries

The Group has not recognised any impairment of goodwill.

Income tax expense

In the first half of 2023, the tax expense was €-57 million (H1/2022: €-134 million).

Profit attributable to RTL Group shareholders

Group profit attributable to RTL Group shareholders was €75 million (H1/2022: €245 million), mainly due to lower Adjusted EBITA and capital gains in the first half of 2022, driven by the disposals of RTL Belgium and RTL Croatia.

Earnings per share

Earnings per share, based upon 154,742,806 weighted average number of ordinary shares, both basic and diluted, was €0.48 (H1/2022: €1.58 per share based on 154,742,806 shares).

Main portfolio changes

There were no main portfolio changes during the reporting period.

Related-party transactions

See **Related-party transactions** on pages 47 to 48 of the Condensed interim consolidated financial statements 2023.

Subsequent events

See **Subsequent events** on page 50 of the Condensed interim consolidated financial statements 2023.

Review by segments

Half-year to June 2023 (H1/2023)

Revenue	H1/2023 €m	H1/2022 €m	Per cent change
RTL Deutschland	1,172	1,242	(5.6)
Groupe M6	622	664	(6.3)
Fremantle	1,007	983	2.4
RTL Nederland	288	303	(5.0)
Other segments	160	225	(28.9)
Eliminations	(140)	(141)	
Total revenue	3,109	3,276	(5.1)

Adjusted EBITA	H1/2023 €m	H1/2022 €m	Per cent change
RTL Deutschland	16	191	(91.6)
Groupe M6	138	149	(7.4)
Fremantle	36	60	(40.0)
RTL Nederland	69	86	(19.8)
Other segments	(9)	15	>(100.0)
Eliminations	-	-	-
Adjusted EBITA	250	501	(50.1)

Adjusted EBITA margin	H1/2023 per cent	H1/2022 per cent	Percentage point change
RTL Deutschland	1.4	15.4	(14.0)
Groupe M6	22.2	22.4	(0.2)
Fremantle	3.6	6.1	(2.5)
RTL Nederland	24.0	28.4	(4.4)
RTL Group	8.0	15.3	(7.3)

RTL Deutschland

Financial results

In the reporting period, the German net TV advertising market was estimated to be down between 13 per cent and 14 per cent compared to the first half of 2022, with RTL Deutschland performing slightly better than the market. Total revenue of RTL Deutschland was down 5.6 per cent to €1,172 million (H1/2022: €1,242 million), due to significantly lower TV and print advertising revenue. This was partly compensated by higher streaming revenue. Adjusted EBITA declined to €16 million (H1/2022: €191 million), mainly due to significantly lower TV advertising revenue and higher streaming start-up losses. In addition, the Adjusted EBITA for H1/2022 included a positive effect of €35 million from the reversal of provisions relating to the legal proceeding with RTL 2 Fernsehen GmbH & Co KG and its sales house El Cartel Media GmbH & Co KG.

Audience ratings

RTL Deutschland's combined average audience share in the target group of viewers aged 14 to 59 was up to 27.6 per cent in the first six months of 2023 (H1/2022: 27.3 per cent). The lead over its main commercial competitor, ProSiebenSat1, increased to 5.8 percentage points (H1/2022: 4.9 percentage points). For the first time, Vox has become the second-largest commercial channel in Germany, both in terms of key commercial target group (14 to 59) as well as total audience share. With this, RTL Deutschland has achieved a major strategic target, operating the number one (RTL) and number two (Vox) commercial channels in Germany. With its portfolio of eight free-to-air TV and four pay-TV channels, RTL Deutschland reached 27.2 million viewers every day in the first half of 2023 (H1/2022: 28.7 million viewers)²⁰.

The flagship channel RTL remained the market leader in Germany in the target group of viewers aged 14 to 59 with an average audience share of 9.8 per cent (H1/2022: 9.5 per cent) – this made RTL the only major TV channel in Germany with growing audience shares in the key target group in the first half of 2023. Successful formats included the matches of the Uefa Europa League and the German national football team, shows such as *Let's Dance*, *Ich bin ein Star – Holt mich hier raus!* (I'm a Celebrity, Get Me Out of Here!) and *Deutschland sucht den Superstar* (Idols). The 20th season of the talent show increased its audience share by 3.4 percentage points to 12.6 per cent (H1/2022: 9.2 per cent). The midday news magazine *Punkt 12* scored an average audience share of 11.3 per cent (H1/2022: 10.7 per cent), while the afternoon court shows – relaunched in autumn 2022 – attracted an average 9.7 per cent, significantly above the 15:00 to 17:00 afternoon timeslot in H1/2022 (6.2 per cent). As a result, RTL scored higher daytime audience shares in the reporting period. In access prime time, RTL's daily drama series *Gute Zeiten, schlechte Zeiten* (GZSZ) continued to attract a double-digit average audience share in the target group of viewers aged 14 to 59, scoring 14.0 per cent in the first half of 2023 (H1/2022: 13.7 per cent).

The streaming service RTL+ grew paying subscribers by 31.0 per cent year on year to 4.489 million (30 June 2022: 3.427 million). During this period, RTL+ also set two new all-time records in terms of streaming starts: January 2023 was the most successful month ever, March 2023 the second-best month. The number of originals launched on RTL+ was 27 (H1/2022: 29). The growth of RTL+ is a result of its diverse, high-quality programming. The inflow of new paying subscribers is mainly driven by three content genres: reality formats such as *Temptation Island* and *Prominent getrennt*, sport with exclusive live broadcasts of the Uefa Europa League, and the strongest format brands from the linear TV channels RTL and Vox, including *Ich bin ein Star – Holt mich hier raus!*, *Deutschland sucht den Superstar* and *GZSZ*. The most popular fiction formats included *Dünnentod – Ein Nordsee-Krimi* and *Leon – Glaub nicht alles, was du siehst*, a spin-off from *GZSZ*. Furthermore, *Pretty Little Liars: Original Sin* and the documentary series *Bushido – Reset* were very successful.

Vox reported a stable average audience share of 6.2 per cent in the target group of viewers aged 14 to 59 (H1/2022: 6.2 per cent), ahead of Sat1 (6.0 per cent) and ProSieben (5.6 per cent) – this made Vox the second-largest commercial channel in the key target group. Vox's successful development was again driven by its strongest format brands such as *Die Höhle der Löwen* (Dragons' Den), *Kitchen Impossible*, *First Dates Hotel* and *Mälzer und Henssler liefern ab!*

During the first six months of 2023, Nitro recorded an average audience share of 2.2 per cent (H1/2022: 2.1 per cent) in the target group of viewers aged 14 to 59. Sport events such as the 24-hour race at the Nürburgring, the draft for the National Football League (NFL) and the final for the Uefa Europa Conference League stood out with high audience shares. Moreover, the prime-time film lineup Nitro.Wood gained significant popularity among viewers.

RTL Up continued to grow its average audience share, scoring 2.2 per cent in the first half of 2023 in the target group of viewers aged 14 to 59 (H1/2022: 2.0 per cent). As a result, RTL Up and Nitro have become the two leading linear TV channels for targeted audiences. The well-performing court shows in daytime and US fiction formats contributed to the growth of RTL Up. Vox Up attracted 0.7 per cent of viewers aged 14 to 59 (H1/2022: 0.6 per cent).

The news channel NTV attracted 1.2 per cent of viewers aged 14 to 59 in the first half of 2023 – this was below the prior year's level (H1/2022: 1.5 per cent), which reflected an increased public interest in news about the start of the war in Ukraine.

²⁰ Source: TV: own calculations based on AGF/GFK figures and rights, AGF in cooperation with GFK, KFA (0/1 – method), usage filter viewer, finally evaluated

Super RTL (including Toggo Plus) significantly grew its average daytime audience share to 20.1 per cent in the target group of children aged 3 to 13 between 06:00 and 20:15 (H1/2022: 17.8 per cent), making it again the most popular children's channel in Germany.

During the first half of 2023, **RTL Zwei** attracted 3.7 per cent of viewers aged 14 to 59 (H1/2022: 3.8 per cent).

RTL Deutschland's **publishing business** was significantly impacted by the challenging market environment with declining print advertising revenue and paid circulation. As a consequence, RTL Deutschland started a comprehensive reorganisation of its publishing business to focus on its core brands, which account for around 70 per cent of the unit's publishing revenue. Other brands are being sold or discontinued. With the reorganisation, costs are being reduced in all areas of the publishing business – especially in corporate functions, IT, office space, publishing and editorial teams (see page 6 for more details).

Groupe M6

Financial results

The French net TV advertising market was estimated to be down between 8.5 per cent and 9.5 per cent compared to the first half of 2022. Groupe M6's total revenue was down 6.3 per cent to €622 million (H1/2022: €664 million), mainly due to lower TV advertising revenue and scope effects. Accordingly, Adjusted EBITA decreased 7.4 per cent to €138 million (H1/2022: €149 million).

Audience ratings

The audience share of the **Groupe M6** family of free-to-air channels in the commercial target of women under 50 responsible for purchases decreased slightly to 22.1 per cent (H1/2022: 22.4 per cent). The total audience share was 13.3 per cent (H1/2022: 13.9 per cent).

The main channel, **M6**, reached an audience share of 14.0 per cent among women under 50 responsible for purchases (H1/2022: 14.4 per cent). M6 remained the second most-watched channel in France in the target group, thanks to successful shows such as *Top Chef*, *L'amour est dans le pré* (Farmer Wants a Wife), *Mariés au premier regard* (Married at First Sight) and *Pékin Express*.

The advertising-financed streaming service, **6play**, registered 16.6 million active users in the first half of 2023 (H1/2022: 18 million active users).

W9 reached an average audience share of 3.4 per cent in the target group of women under 50 responsible for purchases (H1/2022: 3.5 per cent), while **6ter** recorded an average audience share of 2.8 per cent (H1/2022: 2.7 per cent). **Gulli** reached an average audience share of 1.9 per cent in the same target group (H1/2022: 1.8 per cent).

During the first six months of 2023, **Groupe M6's radio family** (RTL, RTL 2 and Fun Radio) recorded an average audience share of 18.0 per cent (H1/2022: 18.2 per cent). The French RTL radio family was the number one commercial radio group, 2.7 percentage points ahead of the next commercial radio group. The average audience share of the flagship station **RTL Radio** was 12.5 per cent (H1/2022: 12.7 per cent), 5.9 percentage points ahead of the next commercial competitor.

Fremantle

Financial results

Revenue at RTL Group's content business, **Fremantle**, increased by 2.4 per cent to €1,007 million in the first half of 2023 (H1/2022: €983 million), driven by scope effects. For the first time, Fremantle's first-half revenue exceeded the €1 billion threshold. The business unit's revenue decreased 1.8 per cent organically²¹, mainly due to timing effects. Accordingly, Fremantle's Adjusted EBITA declined to €36 million (H1/2022: €60 million).

Entertainment

Within its entertainment business, Fremantle saw the launch of its newest entertainment reality format *Stars on Mars*, which is the number three new entertainment show launch of US TV network Fox in 2023 to date.

The Apprentice is the UK's number one entertainment show of the year to date. The 17th series, which launched on BBC1 in January 2023, won an average total audience share of 30.9 per cent or 6.3 million viewers on average. The 16th season of *Britain's Got Talent* won an average total audience share of 34.6 per cent or 5.8 million viewers on average, making it ITV1's number one entertainment show of the year to date and the UK's number two entertainment show overall.

American Idol crowned a new winner in season 21, achieving an average audience share of 10.6 per cent, ranking as ABC's top series of the 2022/23 season to date. Airing its 20th season in Germany, *Deutschland sucht den Superstar* attained a 12.6 per cent share for the key commercial target group of viewers aged 14 to 59, outperforming RTL's prime-time average, and has already been renewed for a new season in 2024.

Farmer Wants a Wife launched in the US as Fox's highest-rated new entertainment show in over a year and has been renewed for a second season. New to Canada for 2023, the English-language version of *Farmer Wants a Wife* has significantly outperformed CTV's prime-time average share.

The third season of *The Masked Singer* in Sweden achieved an average total audience share of 53.0 per cent, ranking as TV4's highest-rated show of the year to date. In Belgium (Flanders), *The Masked Singer* is the number one show of the year to date, with an average total audience share of 52.6 per cent on VTM, the leading commercial TV channel in Flanders.

Drama and film

The first half of 2023 saw multiple drama launches around the world. *East Side* from Abot Hameiri in Israel launched on the country's public channel Kan 11, and *Sullivan's Crossing* premiered on Canada's leading commercial TV network, CTV, in March. *Sullivan's Crossing* is the highest-rated Canadian (English) drama launch in more than two years and has already been re-commissioned for a second season.

The comedy-drama series *Wellmania* from Fremantle Australia broke into the top 10 TV series on Netflix in 40 countries, peaking at number two in Australia and New Zealand. *The Gallows Pole* from Element Pictures is BBC2's number one drama of the year to date. From Wildside in Italy, *The Good Mothers* launched on Disney+ after winning the inaugural Series Award at the 2023 Berlinale. From Big Windows Productions in Germany, *Sam: A Saxon* also launched on Disney+ in 48 territories to huge acclaim.

Within the growing film business, *The Eight Mountains* and *L'immensita* from Wildside were screened at the 2023 Sundance Film Festival, and *The Immigrant's Adolfo* won the Crystal Bear for Best Film in the Generation 14plus category at the 2023 Berlinale.

Documentaries

In documentaries, US label Original Productions launched *Waco: American Apocalypse* on Netflix, which ranked in Netflix's top 10 TV series in 13 countries – including the US and the UK. Original Productions also signed a first-look deal with Hudlin Entertainment and had the world premiere of their documentary film *Rather* about the iconic US journalist Dan Rather at Tribeca Film Festival.

Fremantle Australia launched a new docuseries on Disney+ about the national women's football team, *Matildas: World at Our Feet*, while *On The Line: The Richard Williams Story* had its UK premiere at Sheffield Doc Fest.

Fremantle secured the global rights to a new documentary about French icon Brigitte Bardot, as well as a series about fashion icon Coco Chanel from Gabriel Jagger's WhyNow Productions. Fremantle also revealed its new documentaries label, Udeniable, which will focus on producing world-class premium feature documentaries.

²¹ Adjusted for portfolio changes and at constant exchange rates. Further details can be found in **Key performance indicators** on page 13

RTL Nederland

Financial results

The Dutch net TV advertising market was estimated to be down by 6.8 per cent in the first half of 2023. RTL Nederland's revenue decreased by 5.0 per cent to €288 million (H1/2022: €303 million) as lower TV advertising revenue was partly compensated by higher streaming revenue. This resulted in a lower Adjusted EBITA of €69 million (H1/2022: €86 million), with the streaming service Videoland being close to break even.

Audience ratings

Following a record year in 2022, RTL Nederland's combined prime-time audience share in the target group of viewers aged 25 to 54 remained at a high level in the first half of 2023, reaching 34.3 per cent (H1/2022: 34.5 per cent), significantly ahead of the public broadcasters (26.3 per cent) and Talpa TV (21.5 per cent).

RTL Nederland's flagship channel, **RTL 4**, registered an average prime-time audience share of 20.7 per cent in the target group of viewers aged 25 to 54 (H1/2022: 22.1 per cent), 9.7 percentage points ahead of the main commercial competitor SBS 6. The decrease was

mainly due to lower prime-time ratings during weekends. The average prime-time audience shares of RTL 5 (5.5 per cent) and RTL 8 (3.2 per cent) in the same target group increased by 0.8 and 0.7 percentage points respectively, almost compensating for the lower shares from the main channel.

Popular programmes on the market leader RTL 4 included *De Verraders* (The Traitors), *Make Up Your Mind*, *Kopen Zonder Kijken* (Buying Blind), *Married At First Sight* and the news and magazine formats *RTL Nieuws*, *RTL Boulevard* and *Editie NL*. Successful new launches were *Het Onbekende* (The Unknown), *Race Across the World* and *The Floor*.

RTL Nederland's streaming service, **Videoland**, recorded subscriber growth of 17.5 per cent and registered 1.268 million paying subscribers at the end of June 2023 (end of June 2022: 1.079 million). Videoland's growth was largely driven by *Echte Meisjes In De Jungle* (Reality Queens in the Jungle), the documentary *Kees Vliegt Uit* and the fifth season of the Videoland original series *Mocro Maffia*, which are all exclusively available on Videoland in the Netherlands.

Other segments

This segment mainly comprises the fully consolidated businesses RTL Hungary, RTL Group's Luxembourgish activities, RTL Group's digital video company, We Are Era, the streaming technology company Bedrock as well as RTL Belgium and RTL Croatia until the time of their disposals. It also includes the investment accounted for using the equity method, Atresmedia, in Spain.

Revenue split – Other segments	H1/2023 €m	H1/2022 €m	Per cent change
Total revenue of other segments	160	225	(28.9)
Thereof			
– RTL Belgium (until 31 March 2022)	–	40	–
– RTL Hungary	56	54	3.7
– RTL Croatia (until 1 June 2022)	–	19	–
– Other including elimination	104	112	(7.1)

In the first half of 2023, the Hungarian commercial net TV advertising market was estimated to be up by 7.5 per cent. RTL Hungary's revenue increased by 3.7 per cent to €56 million (H1/2022: €54 million), while the business unit's Adjusted EBITA decreased to €9 million (H1/2022: €15 million), mainly due to higher programme costs.

With a combined average prime-time audience share²² of 27.9 per cent among viewers aged 18 to 49 (H1/2022: 29.0 per cent), the Hungarian family of eight RTL channels was 3.5 percentage points behind its main commercial competitor, TV2 Group, with 14 channels. In the first half of 2022, RTL Hungary still had a lead of 1.2 percentage points over TV2 Group. This loss of market leadership was mainly due to the performance of the main channels: While the audience share of RTL Hungary's flagship channel, RTL, in the key target group decreased to 13.4 per cent (H1/2022: 14.3 per cent), the main commercial competitor, TV2, strongly increased its audience share to 15.3 per cent (H1/2022: 12.4 per cent), driven by formats such as *Wheel of Fortune* and *Your Face Sounds Familiar*. In June 2023, RTL overtook TV2 again in prime time – and it will also launch a new programme schedule in autumn with the start of the new TV season, focusing on offering fresh content in prime time throughout the week.

In November 2022, RTL Hungary launched RTL+, a subscription-based, advertising-free streaming service. RTL Hungary's previous advertising-funded streaming service, RTL Most, and the advertising and distribution-funded streaming service, RTL Most+, were integrated under the packages RTL+ Light and RTL+ Active.

RTL+ and RTL+ Active had 0.285 million paying subscribers at the end of June 2023, up 13.5 per cent compared to the end of 2022 (0.251 million paying subscribers). The most-watched programmes were the exclusive RTL-produced series *A Király* (The King), reality formats such as *ValóVilág powered by Big Brother* and the second season of the medical thriller series *Mellékhatás* (Side Effects).

In the first half of 2023, We Are Era further expanded its business in Germany and the Netherlands, adding top talent to its exclusive artist roster. We Are Era produced content for new clients such as Aldi Nord and the Vodafone Foundation. Against the backdrop of the challenging macroeconomic environment, We Are Era's revenue for the first six months decreased slightly compared to the first half of 2022.

Atresmedia: The Spanish net TV advertising market was estimated to be down year on year by 3.7 per cent. Atresmedia's total revenue was €473 million (H1/2022: €460 million), with first-half operating profit (EBITDA) of €89 million (H1/2022: €88 million). The company's profit for the period was €60 million (H1/2022: €57 million), and the profit share of RTL Group was €11 million (H1/2022: €11 million).

In the first half of 2023, Atresmedia's family of channels recorded an audience share of 25.8 per cent in the target group of viewers aged 25 to 59 (H1/2022: 27.3 per cent). Atresmedia's flagship channel, **Antena 3**, achieved an audience share of 13.1 per cent during prime time in the commercial target group (H1/2022: 14.9 per cent).

²² RTL Hungary changed the publication of its audience figures from 2022 and is now using 'Linear SHR' audience share data, which is calculated without the 'Other' category of Nielsen

Principal risks and uncertainties

To reflect current developments, RTL Group updated its December 2022 risk assessment in June 2023. The Group identified a risk of increased deterioration of macroeconomic conditions, reflected in lower economic sentiment and growth expectations, particularly in Germany. The updated assessment further identified an increased risk of advertising clients shifting budgets from linear TV to non-linear, digital advertising opportunities. This digital transformation, on the other hand, also unlocks new opportunities for RTL Group: in particular for

advertising opportunities on the Group's streaming services, for addressable TV advertising on linear TV and for growing subscription-based revenues (RTL Group's strategy is outlined in more detail on pages 50 to 54 of the Annual Report 2022).

RTL Group did not identify other significant changes to the risk environment. RTL Group continues to closely monitor the potential impacts of identified risks on its core businesses.

Non-financial information

The information of the Combined Non-Financial Statement (which complies with the current European Directive 2014/95/EU and provisions by the law of 23 July 2016 regarding the publication of non-financial and diversity information in Luxembourg) can be found in the Annual Report of RTL Group's majority shareholder, Bertelsmann SE & Co KGaA. RTL Group's own non-financial reporting relating to Corporate Responsibility is outlined in more detail on pages 77 to 82 of RTL Group's Annual Report 2022.

In December 2022, the Corporate Sustainability Reporting Directive (CSRD) was adopted by the European Parliament and entered into force on 5 January 2023. The new directive aims to expand existing requirements for non-financial reporting. Based on RTL Group's current assessment, the reporting requirements of the CSRD will also apply to RTL Group starting from the financial year 2024. This means RTL Group prepares for publishing its own non-financial statement/sustainability report, as part of the Group's Annual Report 2024.

Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS). The CSRD also makes it mandatory for companies to have an audit of the sustainability information that they report.

On 9 June 2023, the European Commission opened a four-week public feedback period on a first set of ESRS for companies. According to the draft ESRS,

"all standards and all disclosure requirements and data points within each standard will be subject to materiality assessment by the undertaking, with the exception of the disclosure requirements specified in the 'General disclosures' standard. This measure is expected to lead to a significant burden reduction for undertakings and helps to ensure that the standards are proportionate."

On 31 July 2023, the European Commission adopted the Delegated Regulation of the ESRS, incorporating the feedback of more than 600 responses and including a number of adjustments and clarification to the draft published in June. The ESRS Delegated Regulation adopted by the European Commission will be formally transmitted in the second half of August 2023 to the European Parliament and to the Council for scrutiny.

To prepare for the implementation of the CSRD, RTL Group's Corporate Centre has established a working group under the leadership of its CFO, comprising experts from HR, Legal, Finance/Consolidation, Communications & Investor Relations and IT. These experts are in close contact with their counterparts in the Group's business units, with the Group's auditors and with Bertelsmann. RTL Group's CSRD working group is currently focusing on analysing the Delegated Regulation adopted by the European Commission and preparing the Group's materiality assessment as it will largely determine the scope and depth of the Group's future non-financial/sustainability reporting.

Outlook

- The geopolitical and macroeconomic environment remains volatile, and the impact on RTL Group's businesses remains hard to predict.
- Although RTL Group is seeing first signs of market stabilisation in Germany in particular, the Group has adjusted its outlook for the full year 2023:
 - RTL Group expects full-year **revenue** for 2023 of around €7.0 billion (previous guidance: €7.3 billion to €7.4 billion).
 - RTL Group expects its Adjusted EBITA for 2023 to be around €950 million (previous guidance: €1.0 billion to €1.05 billion), subject to stable to slightly growing TV advertising revenue in the second half of 2023. The Group expects streaming start-up losses of around €200 million (previous guidance: just below €200 million). Consequently, the Group expects Adjusted EBITA before streaming start-up losses to be around €1.15 billion (previous guidance: between €1.2 billion and €1.25 billion).
- RTL Group's **dividend policy** remains unchanged: RTL Group plans to pay out at least 80 per cent of the adjusted full-year net result.
- **RTL Group confirms the growth targets for its streaming services** RTL+ in Germany and Hungary and Videoland in the Netherlands: By 2026, the Group plans to increase its annual content spend to around €600 million for its streaming services. On this basis, RTL Group aims to grow the number of paying subscribers for RTL+ and Videoland to 10 million, to increase its streaming revenue to €1 billion and to reach profitability in 2026.
- **RTL Group confirms the growth target for its global content business Fremantle** to reach full-year revenue of €3 billion by 2025. To achieve this goal, RTL Group will invest in Fremantle – both organically and via acquisitions – in all territories across entertainment, drama and film, and factual shows and documentaries.

Outlook for the full year 2023

	2022	2023e old	2023e new
Revenue	€7,224m	€7.3bn to €7.4bn	~€7.0bn
Adjusted EBITA	€1,083m	€1.0bn to €1.05bn	~€950m
Streaming start-up losses	€233m	Just below €0.2bn	~€200m
Adjusted EBITA before streaming start-up losses	€1,316m	€1.2bn to €1.25bn	~€1.15bn

Strategic targets for RTL Group's streaming services²³

	2022	2026e
Paying subscribers	5.5m	10m
Streaming revenue	€267m	€1bn
Content spend per annum	€304m	~€600m

Profitability is expected by 2026²⁴.

²³ RTL+ in Germany and Hungary and Videoland in the Netherlands

²⁴ Total of Adjusted EBITA from RTL+, Videoland/RTL XL and Bedrock as consolidated on RTL Group level. The Adjusted EBITA of RTL+ and Videoland/RTL XL includes synergies with TV channels on business unit level. For the definition of Adjusted EBITA please see **Key performance indicators** on page 14

Management responsibility statement

We, Thomas Rabe, Chief Executive Officer, Elmar Heggen, Chief Operating Officer and Deputy Chief Executive Officer, and Björn Bauer, Chief Financial Officer, confirm, to the best of our knowledge, that the condensed consolidated interim financial information, which has been prepared in accordance with IAS 34 as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair review of the development and performance of the business and the position of RTL Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 7 August 2023

Thomas Rabe
Chief Executive Officer

Elmar Heggen
Chief Operating Officer
Deputy Chief Executive Officer

Björn Bauer
Chief Financial Officer

Condensed interim consolidated income statement

	H1/2023 €m	H1/2022 €m
Revenue	3,109	3,276
Other operating income	54	58
Consumption of current programme rights	(1,318)	(1,307)
Depreciation, amortisation and impairment	(126)	(110)
Other operating expenses	(1,550)	(1,524)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(23)	(18)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	16	111
Profit from operating activities	162	486
Share of results of investments accounted for using the equity method	16	1
Impairment and reversals of investments accounted for using the equity method	-	-
Earnings before interest and taxes (EBIT)	178	487
Interest income	11	3
Interest expense	(14)	(9)
Other financial income	31	2
Other financial expense	(17)	(45)
Financial result	11	(49)
Profit before tax	189	438
Income tax expense	(57)	(134)
Group profit	132	304
Attributable to:		
RTL Group shareholders	75	245
Non-controlling interests	57	59
Earnings per share (in €)		
- Basic	0.48	1.58
- Diluted	0.48	1.58

Condensed interim consolidated statement of comprehensive income

	H1/2023 €m	H1/2022 €m
Group profit	132	304
Other comprehensive income (OCI):		
Items that will not be reclassified to profit or loss:		
Re-measurement of post-employment benefit obligations	(5)	83
Income tax	1	(22)
	(4)	61
Equity instruments at FVOCI – change in fair value	-	(2)
Income tax	-	-
	-	(2)
Share of other comprehensive income of investments accounted for using the equity method	-	21
Income tax	-	-
	-	21
	(4)	80
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	(9)	53
Effective portion of changes in fair value of cash flow hedges	(8)	26
Income tax	2	(6)
	(6)	20
Recycling of cash flow hedge reserve	-	-
Income tax	-	-
	-	-
Share of other comprehensive income of investments accounted for using the equity method	-	2
Income tax	-	-
	-	2
	(15)	75
Other comprehensive income/(loss), net of income tax	(19)	155
Total comprehensive income	113	459
Attributable to:		
RTL Group shareholders	56	395
Non-controlling interests	57	64

Condensed interim consolidated statement of financial position

	30 June 2023 €m	31 December 2022 €m
Non-current assets		
Programme and other rights	67	73
Goodwill	3,317	3,331
Other intangible assets	576	592
Property, plant and equipment	268	272
Right-of-use assets	336	342
Investments accounted for using the equity method	372	376
Loans and other non-current assets	101	113
Deferred tax assets	311	316
	5,348	5,415
Current assets		
Programme rights	1,737	1,574
Other inventories	14	18
Income tax receivable	45	51
Accounts receivable and other current assets	1,906	2,503
Cash and cash equivalents	449	589
	4,151	4,735
Assets held for sale	42	–
Current liabilities		
Loans and bank overdrafts	444	547
Lease liabilities	90	85
Income tax payable	14	24
Accounts payable and other liabilities	1,856	2,312
Contract liabilities	584	596
Provisions	125	111
	3,113	3,675
Liabilities related to assets held for sale	25	–
Net current assets	1,055	1,060
Non-current liabilities		
Loans	731	138
Lease liabilities	284	300
Accounts payable and other liabilities	451	515
Contract liabilities	5	5
Provisions	224	218
Deferred tax liabilities	69	79
	1,764	1,255
Net assets	4,639	5,220
Equity attributable to RTL Group shareholders	3,858	4,422
Equity attributable to non-controlling interests	781	798
Equity	4,639	5,220

The figures from the previous half-year have been adjusted (see section **Acquisitions and disposals**).

Condensed interim consolidated statement of changes in equity

	Share capital €m	Currency translation reserve €m	Hedging reserve €m	Revaluation reserve €m	Reserves and retained earnings €m	Equity attributable to RTL Group shareholders €m	Equity attributable to non-controlling interests €m	Total equity €m
Balance at 1 January 2022	192	(149)	5	68	4,422	4,538	766	5,304
Total comprehensive income:								
Group profit	-	-	-	-	245	245	59	304
Other comprehensive income (OCI)	-	53	21	19	57	150	5	155
	-	53	21	19	302	395	64	459
Capital transactions with owners:								
Dividends	-	-	-	-	(774)	(774)	(74)	(848)
Equity-settled transactions, net of tax	-	-	-	-	2	2	2	4
Changes in treasury shares	-	-	-	-	-	-	-	-
Transactions on non-controlling interests without a change in control	-	-	-	-	(80)	(80)	(19)	(99)
Transactions on non-controlling interests with a change in control	-	-	-	-	-	-	16	16
Other changes	-	(1)	(9)	-	(4)	(14)	1	(13)
	-	(1)	(9)	-	(856)	(866)	(74)	(940)
Balance at 30 June 2022	192	(97)	17	87	3,868	4,067	756	4,823
Balance at 1 January 2023	192	(126)	11	87	4,258	4,422	798	5,220
Total comprehensive income:								
Group profit	-	-	-	-	75	75	57	132
Other comprehensive income (OCI)	-	(9)	(6)	-	(4)	(19)	-	(19)
	-	(9)	(6)	-	71	56	57	113
Capital transactions with owners:								
Dividends	-	-	-	-	(619)	(619)	(73)	(692)
Equity-settled transactions, net of tax	-	-	-	-	1	1	1	2
Changes in treasury shares	-	-	-	-	-	-	-	-
Transactions on non-controlling interests without a change in control	-	-	-	-	(2)	(2)	(3)	(5)
Transactions on non-controlling interests with a change in control	-	-	-	-	-	-	-	-
Other changes	-	-	(1)	-	1	-	1	1
	-	-	(1)	-	(619)	(620)	(74)	(694)
Balance at 30 June 2023	192	(135)	4	87	3,710	3,858	781	4,639

Condensed interim consolidated cash flow statement

	H1/2023 €m	H1/2022 €m
Cash flows from operating activities		
Profit before tax	189	438
Adjustments for:		
– Depreciation, amortisation and impairment	149	127
– Impairment and reversals on other financial assets at amortised cost	1	–
– Share-based payments expenses	2	3
– Re-measurement of earn-out arrangements	7	–
– Fair value measurement of investments	(21)	84
– (Gain)/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	(16)	(111)
– Financial results including net interest expense and share of results of investments accounted for using the equity method	(20)	114
Change of provisions	23	(99)
Working capital changes	(261)	(302)
Income tax paid	(77)	(170)
Net cash from/(used in) operating activities	(24)	84
Cash flows from investing activities		
Acquisitions of:		
– Programme and other rights	(30)	(30)
– Subsidiaries, net of cash acquired	(4)	(73)
– Companies under common control, net of cash acquired	–	163
– Other intangible and tangible assets	(57)	(61)
– Other investments and financial assets	(16)	(26)
Proceeds from the sale of intangible and tangible assets	1	–
Disposal of other subsidiaries, net of cash disposed of	4	194
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets	8	101
Interest received	16	7
Current deposits with shareholder and its subsidiaries	251	585
Net cash from/(used in) investing activities	173	860
Cash flows from financing activities		
Interest paid	(20)	(18)
Transactions on non-controlling interests	(6)	(59)
Proceeds from loans	787	8
Repayment of loans	(292)	(33)
Payment of lease liabilities	(44)	(38)
Dividends paid	(694)	(858)
Other changes from financing activities	(7)	(13)
Net cash from/(used in) financing activities	(276)	(1,011)
Net increase/(decrease) in cash and cash equivalents	(127)	(67)
Exchange rate effects and other changes in cash and cash equivalents	7	(1)
Cash and cash equivalents and bank overdrafts at the beginning of the period	588	570
Cash and cash equivalents and bank overdrafts at the end of the period	468	502
Less cash and cash equivalents included within assets held for sale	(21)	–
Cash and cash equivalents and bank overdrafts at the end of the period (without assets held for sale)	447	502

Notes to the condensed interim consolidated financial statements

Reporting entity and statement of compliance

RTL Group SA (the 'Company'), the parent company, is incorporated under Luxembourgish law. These condensed interim consolidated financial statements are presented in accordance with the requirements of IAS 34 'Interim Financial Reporting' as adopted by the European Union.

RTL Group's ('the Group') forecasts and projections – which take into account reasonably possible changes in trading performance – show that the Group will be able to operate within the level of its current credit facilities. Management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, RTL Group continues to adopt the going concern basis in preparing its condensed interim consolidated financial statements.

The condensed interim consolidated financial statements do not include all notes required for a complete set of financial statements prepared in accordance with IFRS Standards and should be read in conjunction with the consolidated financial statements as at 31 December 2022. However, they include selected explanatory notes to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the consolidated financial statements 2022.

The condensed interim consolidated financial statements were approved on 7 August 2023 by the Board of Directors of RTL Group.

Significant accounting policies and changes

The accounting policies applied to the condensed interim consolidated financial statements as at 30 June 2023 are the same as those of the previous financial year, except for the adoption of new standards, and amendments to existing standards and interpretations that can be found in the consolidated financial statements as at 31 December 2022.

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

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.

RTL Group applies the exception offered by the amendment to IAS 12 – Income Taxes, relating to the international tax reform Pillar Two, regarding the non-recognition of deferred tax assets and liabilities related to Pillar Two income taxes. For further details see section **Tax**.

Accounting estimates and judgements

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the material judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at 31 December 2022.

In preparing these condensed interim consolidated financial statements, management made judgements to determine whether the sale of non-current assets or disposal groups is considered highly probable or not in order to meet the criteria for classification as held-for-sale. In particular, judgements relate to key assumptions about whether the outstanding shareholders' approvals or pending regulatory approvals are substantive and thus prevent the sale from being highly probable. Further, put option liabilities are sensitive to forecasted performance targets as they are based on a multiple of earnings and judgement is required where there may be adjustments to forecasted results or to the probability of meeting each performance target.

The information on significant discretionary decisions, estimates and assumptions in the notes to the Annual Report 2022 still applies. RTL Group management is of the opinion that the additional estimates and discretionary decisions required by the current geopolitical uncertainties take appropriate account of the currently foreseeable macroeconomic environment.

Segment reporting

	RTL Deutschland		Groupe M6		Fremantle		RTL Nederland		Other segments ¹		Eliminations		Total Group	
	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m
Revenue from external customers	1,163	1,243	621	660	910	887	289	303	126	183	-	-	3,109	3,276
Inter-segment revenue	9	(1)	1	4	97	96	(1)	-	34	42	(140)	(141)	-	-
Total revenue	1,172	1,242	622	664	1,007	983	288	303	160	225	(140)	(141)	3,109	3,276
Depreciation, amortisation and impairment including on goodwill and on fair value adjustments on acquisitions of subsidiaries	(43)	(34)	(50)	(48)	(33)	(25)	(4)	(4)	(17)	(17)	(2)	-	(149)	(128)
Share of results of investments accounted for using the equity method	2	7	3	(18)	-	-	-	1	11	11	-	-	16	1
Impairment and reversals of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	54	221	182	190	57	79	73	90	9	31	1	-	376	611
Adjusted EBITA	16	191	138	149	36	60	69	86	(9)	15	-	-	250	501
Adjusted EBITA margin	1.4%	15.4%	22.2%	22.4%	3.6%	6.1%	24.0%	28.4%	-5.6%	6.7%	n/a	n/a	8.0%	15.3%

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

	H1/2023 €m	H1/2022 €m
Adjusted EBITDA	376	611
Depreciation, amortisation and impairment	(126)	(110)
Adjusted EBITA	250	501
Impairment of goodwill of subsidiaries	-	-
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(23)	(18)
Impairment and reversals of investments accounted for using the equity method	-	-
Impairment and reversals on other financial assets at amortised cost	(1)	-
Re-measurement of earn-out arrangements	(7)	-
Fair value measurement of investments	21	(84)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	16	111
Significant special items	(78)	(23)
Earnings before interest and taxes (EBIT)	178	487
Financial result	11	(49)
Profit before tax	189	438
Income tax expense	(57)	(134)
Group profit	132	304

In the first half of 2023, 'Significant special items' amount to €-78 million, reflecting the mainly restructuring measures at RTL Deutschland (€-65 million) and Fremantle (€-5 million). In the first half of 2022, 'Significant special items' reflected integration costs for the Gruner + Jahr transaction in Germany as well as transaction costs for the consolidation initiatives.

¹ Other segments include the Adjusted EBITA loss of €-13 million generated by Group Corporate Centre (H1/2022: €-10 million)

Scope of consolidation

The condensed interim consolidated financial statements as at 30 June 2023 include RTL Group SA and all material subsidiaries over which RTL Group SA is able to exercise control in accordance with IFRS 10. Joint ventures and associates are accounted for using the equity method in accordance with IAS 28. As at 30 June 2023, the scope of consolidation excluding RTL Group SA consists of 371 companies (31 December 2022: 370) with five additions and four disposals in the first half of 2023. This includes 336 consolidated companies (31 December 2022: 335). In addition, investments in 11 joint ventures (31 December 2022: 11) and 24 associates (31 December 2022: 24) are accounted for using the equity method in the condensed interim consolidated financial statements. A total of 58 companies were excluded from the scope of consolidation (31 December 2022: 61). These consist of entities without significant business operations and which are of negligible importance for the financial position and financial performance of RTL Group.

Acquisitions and disposals

RTL Group made several acquisitions in the first half of 2023, none of which were material on a stand-alone basis. In total, the impact of these acquisitions on the Group's financial position and financial performance was also minor.

In November 2022, Fremantle acquired 55 per cent of 72 Films, an independent TV production company focusing on documentaries and factual entertainment. At the acquisition date, the estimated consideration transferred amounted to €51 million, of which €44 million was paid in cash. Earn-out consideration was estimated at €7 million. Also in November 2022, Fremantle acquired 51 per cent of Wildstar Films, a production company focused on natural history documentaries. At the acquisition date, the estimated consideration transferred amounted to €19 million, of which €13 million was paid in cash. The earn-out consideration was estimated at €5 million and the deferred payment at €1 million. For the year-end reporting 2022 the purchase price allocations for both acquisitions were prepared on a provisional basis in accordance with IFRS 3. During the measurement period the final purchase price allocations were completed in the first half of 2023. During the measurement period, the Group finalised the valuation of the intangible assets recognised on acquisition and liabilities assumed on acquisition 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 allocations in comparison with published financial statements for the year-end 2022.

	72 Films		Wildstar Film	
	Published in 2022 €m	Restated in 2023 €m	Published in 2022 €m	Restated in 2023 €m
Non-current assets				
Other intangible assets	–	16	–	5
Property, plant and equipment	1	1	3	3
Right-of-use assets	–	–	2	2
Other non-current assets	2	–	–	–
Current assets				
Programme rights	12	7	–	–
Trade and other accounts receivable	4	4	7	7
Other current assets	1	1	3	3
Cash and cash equivalents	7	7	17	17
Liabilities				
Lease liabilities	–	–	(2)	(2)
Other liabilities	(25)	(23)	(21)	(22)
Net assets acquired	2	13	9	13
Goodwill	50	50	14	18
Non-controlling interests	(1)	(6)	(4)	(6)
Consideration transferred according to IFRS 3	51	57	19	25

RTL Group made several disposals in the first half of 2023, none of which were material on a stand-alone 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 first half of 2023 and from disposals in previous years, RTL Group generated cash flows totalling €4 million after considering the cash and cash equivalents disposed of. The disposals led to a gain from deconsolidation of €3 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.

	Total €m
Non-current assets	
Goodwill	3
Current assets	
Accounts receivable and other current assets	2
Cash and cash equivalents	4
Liabilities	
Loans	(1)
Accounts payable and other liabilities	(3)
Contract liabilities	(1)

Assets held for sale and liabilities related to assets held for sale

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

	Total €m
Assets	
Non-current assets	
Goodwill	8
Other intangible assets	5
Right-of-use assets	1
Deferred tax assets	1
Current assets	
Other inventories	3
Income tax receivable	1
Accounts receivable and other current assets	2
Cash and cash equivalents	21
Impairment on assets held for sale	-
Assets held for sale	42
Liabilities	
Non-current liabilities	
Lease liabilities	1
Accounts payable and other liabilities	9
Provisions	2
Current liabilities	
Accounts payable and other liabilities	6
Contract liabilities	7
Liabilities related to assets held for sale	25

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 would be sold or discontinued. As at 30 June 2023, the carrying amounts of the assets classified as held for sale and related liabilities are completely attributable to RTL Deutschland and relate mainly to its publishing businesses Deutsche Medien-Manufaktur and the football magazine *11Freunde*.

The carrying amounts of five other individual magazine brands *PM*, *Business Punk*, *Art*, *Beef!* and *Salon* are considered as non-material.

For disposal groups, which were measured at fair value less costs to sell, no impairment losses were recognised, which were attributable to planned or completed disposals. The fair values are based on Level 3 of the hierarchy of non-recurring fair values. Valuations for Level 3 are based on information from contract negotiations.

Revenue

The Group's operations and main revenue streams are those described in RTL Group's Annual Report 2022. 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	
	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m	H1/2023 €m	H1/2022 €m
Nature of revenue recognition												
Revenue from advertising	799	906	505	529	10	8	170	191	53	102	1,537	1,736
Revenue from exploitation of programmes, rights and other assets	177	164	81	84	894	871	104	101	43	48	1,299	1,268
Revenue from selling goods and merchandise and providing services	187	173	35	47	6	8	15	11	30	33	273	272
	1,163	1,243	621	660	910	887	289	303	126	183	3,109	3,276
Timing of revenue recognition												
At a point in time	131	164	31	47	877	844	–	1	39	32	1,078	1,088
Over time	1,032	1,079	590	613	33	43	289	302	87	151	2,031	2,188
	1,163	1,243	621	660	910	887	289	303	126	183	3,109	3,276

Financial result

	H1/2023 €m	H1/2022 €m
Interest income on loans and accounts receivable	11	3
Tax-related interest income	–	–
Interest income	11	3
Interest expense on financial liabilities	(14)	(9)
Interest expense	(14)	(9)
Gains resulting from swap points	4	–
Net gains on put/call options	20	–
Sundry financial income	7	2
Other financial income	31	2
Losses resulting from swap points	–	(1)
Interest expense on lease liabilities	(4)	(3)
Interest on defined benefit obligations	(3)	(2)
Net loss on put/call options	–	(6)
Sundry financial expenses	(10)	(33)
Other financial expense	(17)	(45)

The amount of €20 million disclosed in 'Net gains on put/call options' reflects the re-measurement of the put option liabilities with regards to the latest acquisitions of Fremantle. RTL Group closely monitors the forecast performance of each acquisition and, where there has been a change in expectations, the value of put option liabilities are adjusted. These values are sensitive to forecast profits as they are based on a multiple of earnings.

Tax

The tax expense for the first half of 2023 was calculated in accordance with IAS 34 using the average annual tax rate expected for the whole of 2023, which is calculated at 29 per cent according to RTL Group management's current estimation. In addition, special tax effects were recognised in current and deferred taxes, resulting in a slightly higher tax rate in the income statement (30 per cent).

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 commentary 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 well as the publications in connection with Pillar Two by e.g. the OECD or the IASB.

Since the newly enacted tax legislation in United Kingdom, Japan and South-Korea is effective only from 1 January 2024 onwards, there is no tax impact in the period ended 30 June 2023. If the top-up tax had applied in 2023, the Group would not expect related taxes in these jurisdictions based on the available insights so far.

Earnings per share

The determination of basic earnings per share is based on the profit attributable to RTL Group shareholders of €75 million (H1/2022: €245 million) and a weighted average number of ordinary shares outstanding during the period of 154,742,806 (30 June 2022: 154,742,806) calculated as follows:

	H1/2023	H1/2022
Profit attributable to RTL Group shareholders (in € million)	75	245
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 €)	0.48	1.58
Diluted earnings per share (in €)	0.48	1.58

Equity

Based on the resolution of the Annual General Meeting of Shareholders on 26 April 2023, the Annual General Meeting of Shareholders decided to distribute a final dividend of €4.00 per share (H1/2022: €5.00 per share). Accordingly, an amount of €619 million was paid out on 2 May 2023 (H1/2022: €774 million).

RTL Group's subsidiary, Métropole Télévision SA, declared and paid cash dividends during the first half-year 2023. The amount received within the Group was eliminated on consolidation and the amount paid to non-controlling interests was €65 million (H1/2022: €65 million).

Financial risk management

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.

The Group's financing policy is to manage its liquidity and funding risk by 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. RTL Group uses debt instruments with a range of maturities and has access to appropriate short-term borrowing facilities and undrawn committed facilities available at all times. During the first half-year 2023, RTL Group conducted the following financing activities:

Early in 2023, RTL Group entered into new €500 million long-term loans, of which €200 million matures in March 2026 and €300 million matures in March 2028. Further, in February 2023, the Group entered into a new Revolving Credit Facility for a total amount of €600 million and increased it up to €900 million. In May 2023, RTL Group also entered into a new term loan of €100 million with maturity in May 2027. The main terms of the term loans and the Revolving Credit Facility are described in the section **Related-party transactions**. The respective cash inflows and outflows on these financing measures were presented in the lines 'Proceeds from' and 'Repayment of loans'. The proceeds of the loans are composed of the proceeds of the four-year term loan of €100 million and the utilisation of the Revolving Credit Facility in the form of the swingline and short-term loans. To dynamically manage its cash position, RTL Group adapts its swingline and short-term loan by drawing and repaying the loans according to the cash position.

To reflect current developments, RTL Group updated its December 2022 risk assessment in June 2023. The Group identified a risk of increased deterioration of macroeconomic conditions, reflected in lower economic sentiment and growth expectations, particularly in Germany. The updated assessment further identified an increased risk of advertising clients shifting budgets from linear TV to non-linear, digital advertising opportunities. This digital transformation, on the other hand, also unlocks new opportunities for RTL Group: in particular for advertising opportunities on the Group's streaming services, for addressable TV advertising on linear TV and for growing subscription-based revenues (RTL Group's strategy is outlined in more detail on pages 50 to 54 of the Annual Report 2022).

These condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the consolidated financial statements, and should, therefore, be read in conjunction with the Group's consolidated financial statements as at 31 December 2022.

Accounting classifications and fair value hierarchy

Financial instruments by category

Except for the long-term loan arrangement with Bertelsmann Business Support Sàrl, an indirect subsidiary of Bertelsmann SE & Co KGaA, and the external funding of Groupe M6, the fair value of each class of financial assets and liabilities is equivalent to its carrying amount.

The fair value of the long-term loans obtained in 2023 are calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread. The fair value of the three-year-term loan amounts to €198 million, and the fair value of the five-year-term loan amounts to €294 million. The fair value of the four-year-term loan amounts to €99 million.

The fair value of Groupe M6 debt instruments is calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread. The fair value of the seven-year Euro private placement bond amounts to €49 million (31 December 2022: €51 million). The fair value of the seven-year Euro Schuldschein loan of €65 million amounts to €59 million (31 December 2022: €65 million).

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	172	155	–	17
Debt instruments at FVTPL	4	–	2	2
Primary and derivative financial assets held for trading	21	–	21	–
Derivatives with hedge relation	8	–	8	–
Other cash equivalents	146	–	146	–
Balance at 30 June 2023	380	155	177	48
Liabilities				
Primary and derivative financial liabilities held for trading	23	–	23	–
Derivatives with hedge relation	4	–	4	–
Contingent consideration	38	–	–	38
Balance at 30 June 2023	65	–	27	38

The amount disclosed in 'Equity instruments at FVTPL' mainly (€155 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 €33 million and is disclosed in 'Fair value measurement of investments'.

There were no transfers between Levels 1, 2 and 3 during the first half of 2023.

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		Total assets €m	Liabilities
	Financial assets at FVTPL €m	Equity instruments at FVOCI €m		Liabilities at FVTPL €m
Balance at 1 January 2023	13	29	42	22
Acquisitions and additions	19	–	19	9
Gains and losses recognised in other comprehensive income	–	–	–	–
Gains and losses recognised in profit or loss	(12)	–	(12)	7
Settlements	(1)	–	(1)	–
Balance at 30 June 2023	19	29	48	38

Related-party transactions

Transactions with shareholder and its subsidiaries

Sales and purchases of goods and services

During the first half-year, the Group made sales of goods and services and purchases of goods and services to Bertelsmann Group amounting to €13 million (H1/2022: €16 million) and €32 million (H1/2022: €29 million) respectively. At 30 June 2023, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €4 million (31 December 2022: €14 million) and €14 million (31 December 2022: €18 million) respectively. At 30 June 2023, RTL Group had prepaid expenses to Bertelsmann Group amounting to €2 million (31 December 2022: €3 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 first half-year 2023 amount to €6 million (H1/2022: €6 million). The payables from this lease agreement as at 30 June 2023 amount to €21 million (31 December 2022: €26 million). The lease payments of RTL Group correspond to the payments of Bertelsmann from the head lease.

Dividend income

During the first half-year, RTL Group received dividends of €5 million (H1/2022: €2 million) by Bertelsmann Business Support Sàrl related to a 10 per cent stake in the entity, thereof a minimum dividend amounted to €1 million (H1/2022: €1 million). The minimum dividend of €1 million became payable as from 2016 onwards and has been recognised at contract inception for the entire contract duration. The dividend accounts receivable amounts to €13 million as at 30 June 2023 (31 December 2022: €14 million). The excessive amount was recognised in profit or loss.

Deposits Bertelsmann SE & Co. KGaA

At 30 June 2023, the deposit of RTL Group GmbH with Bertelsmann SE & Co. KGaA amounted to €24 million (31 December 2022: €197 million). The interest income for the first half-year was €1 million (H1/2022: €nil million).

Promissory note Bertelsmann, Inc

At 30 June 2023, the outstanding amount of the promissory note signed with Bertelsmann, Inc was EUR-equivalent €nil million (31 December 2022: €79 million). The interest income/expense for the first half-year 2023 was €nil million (H1/2022: €nil million).

Loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl

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 swingline facility in the amount of up to €600 million. This agreement was amended in May 2023 with the parties to the contract being replaced by RTL Group SA and Bertelsmann Business Support Sàrl. With all conditions remaining unchanged, the facility was increased to be up to €900 million. The main terms of this facility are:

- 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, respectively, or €300 million under the amended agreement,
- 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 repay the loans early 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.

In May 2023, RTL Group SA and Bertelsmann Business Support Sàrl entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €100 million until May 2027 bearing a fixed interest rate of 3.805 per cent per annum.

At 30 June 2023, the term loan balance amounts to €600 million (31 December 2022: €500 million).

At 30 June 2023, the total of revolving and swingline loan amounts to €400 million (31 December 2022: €nil million).

The total interest expense for the first half of 2023 amounts to €11 million (H1/2022: €7 million). The commitment fee charge for the period amounts to €1 million (H1/2022: €1 million) and upfront fee €2 million (H1/2022: €nil million).

Tax

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the tax pooling of its indirect subsidiary RTL Group GmbH (RGG) with Bertelsmann Capital Holding GmbH (BCH) (a direct subsidiary of Bertelsmann SE & Co KGaA) based on the amounts payable to Bertelsmann SE & Co KGaA and BCH as a result of the Profit and Loss Pooling Agreement (PLP Agreement) and Compensation Agreements described in the consolidated financial statements 2022. Deferred income taxes related to temporary differences and on the tax loss of RTL Group GmbH as transferred to BCH are recognised in the condensed interim consolidated financial statements based upon the enacted tax rate and on the amounts expected to be settled by the Group in the future. The Commission, providing for the payment to CLT-UFA SA – a direct subsidiary of RTL Group – of an amount compensating the above profit transfer and being economically and contractually closely related to the compensation, is accounted for as a reduction of the tax due under the agreements.

For the interim periods, the Commission is determined on management's reasonable estimate on both expected annual taxable results of the tax group RGG and the tax group Bertelsmann SE & Co KGaA. This estimate is reviewed on a quarterly basis to take into account actual year-to-date results and material known developments affecting the two entities for the remaining part of the year.

At 30 June 2023, the balance payable to BCH amounts to €87 million (31 December 2022: €322 million) and the balance receivable from Bertelsmann SE & Co KGaA amounts to €87 million (31 December 2022: €306 million).

For the first half-year 2023, the German income tax in relation to the tax pooling with Bertelsmann SE & Co KGaA amounts to €nil million (H1/2022: €2 million) and the Commission amounts to €nil million (H1/2022: €nil million).

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €7 million for the first half of 2023 (H1/2022: €3 million).

Transactions with investments accounted for using the equity method

During the first half-year, the Group made sales of goods and services and purchases of goods and services to associates amounting to €19 million (H1/2022: €18 million) and €9 million (H1/2022: €12 million) respectively. At 30 June 2023, the Group had trade accounts receivable and payable due from/to associates amounting to €23 million (31 December 2022: €10 million) and €3 million (31 December 2022: €7 million) respectively. Furthermore, the Group had other accounts payable due from associates amounting to €1 million (31 December 2022: €1 million) and deferred income from leases with an amount of €1 million (31 December 2022: €nil million). At 30 June 2023, the Group had loans receivable and loans payable due from/to associates amounting to €4 million (31 December 2022: €4 million) and €1 million (31 December 2022: €1 million) respectively.

During the first half-year, the Group made sales of goods and services and purchases of goods and services to joint ventures amounting to €8 million (H1/2022: €14 million) and €5 million (H1/2022: €6 million) respectively. At 30 June 2023, the Group had trade accounts receivable from joint ventures amounting to €7 million (31 December 2022: €7 million) and dividend accounts receivable amounting to €1 million (31 December 2022: €1 million). Furthermore, the Group has granted loans during the period to joint ventures with an amount of €7 million. At 30 June 2023, the Group had loans receivable to joint ventures amounting to €10 million (31 December 2022: €4 million). The interest income for the first half 2023 was €1 million (H1/2022: €nil million).

Other information

Seasonality and current uncertainties

Generally, RTL Group's broadcasting, radio and print businesses are subject to seasonal fluctuations. In a year with a regular revenue development, the Group's revenue is generally lower in the summer months of July and August due to lower spending of advertisers, with September being the most important month in the third quarter. The Group's content business, Fremantle, usually generates a higher proportion of both revenue and Adjusted EBITA in the second half of the year due, in part, to the seasonality of programme sales but also to the revenue generated by the distribution, licensing and merchandising business.

In 2023, the seasonality of RTL's businesses may potentially deviate from historical comparisons given uncertain global economic circumstances having an impact on advertisers' behaviour and affecting the expected business performance in the second half of the year. Therefore, balance sheet effects are evaluated for the particularly relevant areas of goodwill and individual assets, leasing, programming rights, inventories, trade receivables, government grants, deferred tax assets, impending losses and revenue.

Based on the current development of RTL's businesses, no requirement for impairment of goodwill was seen, despite the aforementioned uncertainties in the market environment. 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 partially based on management judgements, estimates and assumptions, which are believed to reflect external uncertainties appropriately.

Impairment

The Group performs its annual impairment test in December and when circumstances indicate that the carrying value may be impaired. The key assumptions used to determine the recoverable amount for the different cash-generating units were disclosed in the consolidated financial statements for the year ended 31 December 2022.

As at 30 June 2023, RTL Group reviewed parameters that may indicate a decrease in the recoverable amount of cash-generating units during the first half of 2023. In particular, the Group analysed the performance of cash-generating units in comparison with business plans, forecasts and market data and financial parameters (discount rate and perpetual growth rate) used at year-end 2022. While analysing adherence to budget on an individual cash-generating unit level, monitoring the development of individual discount rates (WACC) and considering headroom in latest impairment testing, the Group did not identify any triggering events as at 30 June 2023 for its main goodwill-bearing cash-generating units – despite the ongoing economic uncertainty. For the cash-generating unit We Are Era, the Discounted Cash Flow (DCF) model has been updated.

The DCF model for We Are Era was based on a revised discount rate of 11.5 per cent (31 December 2022: 12.4 per cent) and a perpetual growth rate of 2.0 per cent (31 December 2022: 2.0 per cent) resulting in a headroom of €6 million.

As at 30 June 2023, neither additional impairment loss nor reversal of impairment loss had to be recognised on the at-equity investment in Atresmedia. The recoverable amount of Atresmedia as at 30 June 2023 was based on the value in use determined using a discounted cash flow model. The DCF model for Atresmedia was based on a revised discount rate of 9.1 per cent (31 December 2022: 10.0 per cent) and a perpetual growth rate of 0.0 per cent (31 December 2022: 0.0 per cent).

Portfolio changes

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 impact on profit or loss amounted to €13 million in 2023 and was 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.

Restructuring

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. Negotiations with the employee representatives about a voluntary leave programme (Freiwilligenprogramm) and the collective dismissal process – which specifies the financial terms of the restructuring plan and the number of staff affected – were finalised during the first half-year 2023. The total estimated staff restructuring costs to be incurred amount to €53 million as at 30 June 2023.

Subsequent events

Groupe M6 and Prisma Media (owned by Vivendi) have signed an exclusive negotiation agreement for the sale of Groupe M6's thematic online media and services businesses, comprising eight main brands: *Cuisine AZ*, *Passeport Santé*, *Fourchette & Bikini*, *Déco*, *Turbo*, *M6 météo*, *Croq'Kilos* and *Croq'Body*. Faced with major international digital players and social networks, consolidation is necessary. Against this backdrop, Groupe M6 is enabling its digital division to grow stronger by joining Prisma Media, which is rapidly expanding internationally. The proposed transaction is expected to close after the summer and would make a positive contribution to RTL Group profit. Completion of the transaction remains subject to the usual conditions precedent.

On 1 August 2023, RTL Deutschland closed the sale of its brand *PM* and the transfer of *PM* editorial team as part of the reorganisation of its publishing business. Further, on 2 August 2023, RTL Deutschland announced the completion of the sale of *Deutsche Medien-Manufaktur* as part of the reorganisation of its publishing business. The preliminary impact on profit or loss is under estimation and is currently expected to 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.

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REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of RTL Group S.A. and its subsidiaries (the "Group"), which comprise the condensed interim consolidated statement of financial position as at 30 June 2023, and the related condensed interim consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the condensed interim consolidated financial statements

The Board of Directors is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises".

This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the condensed interim consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of condensed interim consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'Entreprises Agréé" performs procedures, primarily consisting of making inquiries of management and others within the Group, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 7 August 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Jean Manuel Séris



Credits

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