

RTL Group SA
Société Anonyme

Audited annual accounts
for the year ended 31 December 2020
(with the report of the Réviseur d'Entreprises Agréé thereon)

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Directors' report

I. OVERVIEW

RTL Group SA (the "Company") is the direct and indirect parent company of several hundreds of consolidated affiliated undertakings (together referred to as "RTL Group" or "the Group"). It also indirectly holds investments in joint ventures and undertakings with which the Company is linked by virtue of participating interests.

The Group mainly operates television channels, streaming services and radio stations in Europe and, via Fremantle, produces television content, from talent and game shows to drama, daily soaps and telenovelas.

The Company exercises key corporate functions for the Group, including the definition of the Group's strategy, capital allocation, financing and management. In addition, the Company houses within the Corporate Center certain service functions for individual business units.

The development of RTL Group SA as a standalone company therefore is essentially determined by the business success of the Group taken as a whole because the Group's development eventually drives the amounts received from affiliated undertakings as dividends. Therefore, the description of key developments of the Group is important for the understanding of development of RTL Group SA's business on a standalone basis.

Key developments of the Group and in the business units

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

Group revenue decreased 9.5 per cent to €6,017 million (2019: €6,651 million), mainly due to declining TV advertising markets across Europe in Q2/2020 and lower content production revenue as a result of the Covid-19 outbreak. Group revenue was down 6.8 per cent organically¹.

Adjusted EBITA¹ was down to €853 million (2019: €1,156 million). The Adjusted EBITA margin was 14.2 per cent (2019: 17.4 per cent).

Profit for the year decreased by 27.7 per cent to €625 million (2019: €864 million), mainly due to the decrease in Adjusted EBITA. This was partly compensated by lower income tax expense and capital gains.

The main developments in 2020 for key business units were as follows:

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

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

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

¹ As defined in the director's report of the Group

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

- Revenue at RTL Group's content business, Fremantle, was down by 14.3 per cent to €1,537 million in 2020 (2019: €1,793 million), mainly due to fewer deliveries of shows and postponements of productions as a result of the worldwide impact of the coronavirus crisis. Accordingly, Fremantle's Adjusted EBITA was down to €87 million (2019: €142 million).
- In 2020, the Dutch net TV advertising market was estimated to be down by 10.0 per cent. RTL Nederland's revenue decreased by 4.0 per cent to €476 million (2019: €496 million), as higher platform and streaming revenue partly compensated for lower TV advertising revenue. Adjusted EBITA increased by 7.4 per cent to €58 million (2019: €54 million).

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

Key developments of the Company

The Company continued implementing the restructuring project initiated in 2019 which resulted in a significant reduction in headcount and the transfer of certain activities from Luxembourg to an affiliated undertaking in Cologne, Germany.

As part of measures taken to alleviate the impact of the Covid-19 pandemic on the Group, the Company decided not to request the payment of dividends from its direct and indirect affiliated undertakings.

In December 2020, the Company sold its own shares to an affiliated undertaking at a price of €34 per share.

Consistently with the past, the Company has continued to centralise financing and treasury functions of the Group through central foreign currency risk management and cash pooling arrangements with Group subsidiaries.

As in prior years, the Company did not have any branches during 2020.

The profit of the Company for the year 2020 amounted to €5 million (2019: €374 million). This material decrease can be explained by a drop of the financial result of €406 million and higher taxes of €1 million which more than offset the improved operating result which was up €38 million year-on-year.

The drop of the financial result was driven by favourable one-off effects in 2019 (gains of €359 million on the sale two investments) and lower dividend income which decreased by €58 million. These adverse effects were only partially offset by higher interest income, foreign exchange gains and the absence of value adjustments on financial assets (+€11 million).

The main elements explaining the improvement in the operating result of €38 are as follows:

- Staff costs decreased by €27 million because of a lower headcount. In addition, the 2019 staff costs included the impact of the restructuring provision.
- Other operating expenses decreased by €24 million. This improvement mostly resulted from an unfavourable one-off effect in 2019 (waiver of a cash pooling receivable granted to an affiliated undertaking).
- Other external expenses decreased by €12 million mostly due to lower consulting and other fees as well as travel costs mostly driven by the transfer of certain activities to an affiliated undertaking in Cologne.
- Operating income, however, decreased by €8 million primarily because of lower reversals of operating provisions and other favourable one-off effects in 2019.
- Also driven by one-off effects in 2019, the positive contribution from changes in value adjustments decreased by €18 million, thus further offsetting the favourable effects mentioned above.

II. SUMMARY INCOME STATEMENT

<i>In € million</i>	2020	2019 (*)
Operating income ⁽¹⁾	5	13
Operating expenses ⁽²⁾	(25)	(71)
Operating result	(20)	(58)
Financial income ⁽³⁾	85	476
Financial expenses ⁽⁴⁾	(59)	(44)
Financial result	26	432
Taxes	(1)	-
Profit for the financial year	5	374

(*) After reclassification to align with new chart of accounts, including a reclassification of value adjustments of €21 million from the financial result to the operating result

(1) Operating income mainly relates to the recharge of costs and services and reversals of operating provisions. In 2019, they also included an insurance claim refund

(2) Operating expenses mainly include staff costs of €9 million (2019: €36 million), general expenses of €8 million (2019: €15 million), consulting fees of €4 million (2019: €9 million) and non-deductible VAT of €4 million (2019: €1 million), net of the favourable impact of value adjustments of €2 million (2019: €20 million). In 2019, they also included losses on a receivable of €26 million

(3) Financial income includes foreign exchange gains of €57 million (2019: €39 million), interest income of €26 million (2019: €18 million) and dividends of €2 million (2019: €60 million). In 2019, it also included gains from gains from the sale of two investments of €359 million

(4) Financial expenses mainly include foreign exchange losses of €55 million (2019: €35 million), interest charges of €2 million (2019: €3 million) and losses on the disposal of own shares of €2 million (2019: € nil). In 2019, they also included value adjustments in respect of financial assets of €5 million

III. RESEARCH AND DEVELOPMENT

The Company did not carry out any conventional research and development.

The media sector has a similar imperative to create innovative media content and media-related products and services in a rapidly changing environment. This means that instead of conventional research and development activities, management views the company's own innovative power as particularly important for business development. The long-term success of the Group depends heavily on product innovations, investing in growth markets and integrating new technologies. Furthermore, innovative expertise is very important for strategy implementation.

The innovations at RTL Group focus on three core topics: continuously developing new, high-quality TV formats; using all digital distribution channels; and better monetisation of the Group's customer reach by addressing target groups, personalisation and recommendations. RTL Group established, for example, the Format Creation Group (FC Group) that meets the high demand for exclusive content by developing innovative format ideas and intellectual property fully owned and controlled by RTL Group. Salto, the joint subscription streaming service of Groupe TF1, France Télévisions and Groupe M6, was launched commercially in October 2020. Bedrock, a technology company belonging to RTL Group, provides Salto's technical platform with state-of-the-art content management and personalisation elements. The tech platform is also used by RTL streaming services in Belgium, Hungary and Croatia and is open to other European channels. Addressable TV advertising combines the broad reach of linear TV with targeted digital advertising. RTL Group is working on creating an open ad-tech platform that is based on the technology developed by its subsidiary Smartclip and is tailored to the needs of European channels and streaming services. RTL Group is currently in discussions with several European channels on creating ad-tech partnerships with Smartclip.

IV. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Company uses financial instruments in order to optimise cash flow, net income and net worth for and on behalf of its affiliated undertakings as described in Note 2.3 to the annual accounts and in the corresponding sections of the consolidated financial statements of the Group.

The consolidated financial statements of the Group also provide details of the Group's financial risk management objectives and policies, including its policy for hedging major types of forecasted transactions for which hedge accounting is used as well as its exposure to price risk, credit risk, liquidity risk and cash flow risk. These objectives and policies also apply to the Company.

Details of Group's internal control and risk management systems in relation to the financial reporting process, which also apply to the Company, can be found in the director's report of the Group.

V. OWN SHARES

The Company has an issued share capital of €191,845,074 (2019: €191,845,074) divided into 154,742,806 (2019: 154,742,806) fully paid-up shares with no nominal value.

On 3 April 2006, the Company acquired 173,300 own shares for a total acquisition cost of €12,198,587. These shares were acquired with the view to fulfil the Company's obligation in the event of the exercise of share options by the beneficiaries in the context of the Stock Option Plan issued in 2000.

The General Meeting held on 26 April 2019 renewed the authorisation granted to the Board of Directors to acquire a total number of shares of the company not exceeding 150,000 in addition to the shares already held (i.e. 1,168,701 own shares) as of the date of the General Meeting. This renewal of authorisation is valid for five years.

Following the shareholders' meeting resolution, and in order to foster the liquidity and regular trading of its shares that are listed on the stock market in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on, 28 April 2014, into a liquidity agreement (the "Liquidity Agreement").

On 13 May 2019, the Company decided to delist its shares from the Euronext Brussels Stock Exchange with the consequence that the liquidity programme was stopped. The Company keeps its two remaining listings on the Luxembourg and Frankfurt Stock Exchange.

On 15 December 2020, the Company sold the 173,300 own shares it held to CLT-UFA SA, an affiliated undertaking, at a price of €34 per share. On the same date, RTL Group Services Belgium SA, an indirect subsidiary, sold the 995,401 RTL Group SA shares it held to CLT-UFA SA at a price of €34 per share. In a second step, on 28 December 2020, CLT-UFA SA transferred these shares to third parties as partial payment for the acquisition of the minority shareholdings in the Belgian TV and radio operations.

As a result of the above, at 31 December 2020, the Company no longer held own shares neither directly nor indirectly through a subsidiary (2019: 1,168,701 shares representing 0.76% of subscribed capital). In accordance with regulatory requirements applicable in Luxembourg, the non-distributable reserve ("Reserve for own shares") which had been constituted from the "Profit or loss brought forward" account and which amounted to €7,621,734 at 31 December 2019 was reversed and the amount transferred to "Profit or loss brought forward".

At 31 December 2020, the Company's share price, as listed on the Frankfurt Stock Exchange, was €39.84 per share (2019: €43,98).

VI. SIGNIFICANT LITIGATIONS

The Company is party to legal proceedings in the normal course of its business, both as defendant and claimant. Most of these claims involve complex issues and the probability of loss and an estimation of damages are difficult to ascertain. A provision is recognised when the risk of a loss becomes likely and when it is possible to make a reasonable estimate of the expected financial effect of a proceeding. The publication of this information on a case-by-case basis, however, would seriously prejudice the Company's position in the ongoing legal proceedings or in any related settlement discussions. No significant litigations are currently ongoing.

In addition, the Group is also party to legal proceedings in the normal course of business, both as defendant and claimant. Details of the main legal proceedings to which the Group is a party are disclosed in the consolidated financial statements.

VII. CORPORATE GOVERNANCE

The RTL Group Board of Directors is committed to high standards of corporate governance. RTL Group has applied the principles of good governance for years, even before the Ten Principles of Corporate Governance were implemented by the Luxembourg Stock Exchange – principles that RTL Group is in line with and submitted to.

The comprehensive explanations on Corporate Governance can be also found in the Directors' Report of the Group and on the Company's website. It contains RTL Group's corporate governance charter, and regularly updated information, such as the latest version of the Company's governance documents (articles of incorporation, statutory accounts, minutes of shareholders' meetings), and information on the composition and mission of the RTL Group Board and its Committees. The "Investors" section also contains the financial calendar and other information that may be of interest to shareholders.

VIII. SUBSEQUENT EVENTS

There have been no subsequent events for the Company.

Subsequent events relating to the Group are disclosed in the consolidated financial statements.

VIII. PROFIT APPROPRIATION

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

IX. PRINCIPAL RISKS, UNCERTAINTIES AND OUTLOOK

Principal risks and uncertainties and outlook are disclosed in the consolidated financial statements and the related Directors' report.

X. LUXEMBOURG LAW ON TAKEOVER BIDS

The following disclosures are made in accordance with article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

a) Share capital structure

RTL Group SA has issued one class of shares which is admitted to trading on the Frankfurt Stock Exchange, and the Luxembourg Stock Exchange. No other securities have been issued. The issued share capital as at 31 December 2020 amounts to €191,845,074 represented by 154,742,806 shares with no par value, each fully paid-up.

b) Transfer restrictions

At the date of this report, all RTL Group SA shares are freely transferable but shall be subject to the provisions of the applicable German and Luxembourg insider dealing and market manipulation laws, which prevent anyone who has material non-public information about a company from dealing in its shares and from committing market manipulations. A detailed Dealing Code contains restrictions on dealings by directors and certain employees of RTL Group SA and its subsidiaries.

c) Major shareholding

The shareholding structure of RTL Group SA as at 31 December 2020 is as follows: Bertelsmann Capital Holding GmbH held 76.28 per cent, 23.72 per cent were publicly traded.

d) Special control rights

All the issued and outstanding shares of RTL Group SA have equal voting rights and with no special control rights attached.

e) Control system in employee share scheme

RTL Group SA's Board of Directors is not aware of any issue regarding section e) of article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

f) Voting rights

Each share issued and outstanding in RTL Group SA represents one vote. The Articles of Association do not provide for any voting restrictions. In accordance with the Articles of Association, a record date for the admission to a general meeting is set and certificates for the shareholdings and proxies shall be received by RTL Group SA the 14th day before the relevant date at 24 hours (Luxembourg time). Additional provisions may apply under Luxembourg law.

g) Shareholders' agreement with transfer restrictions

RTL Group SA's Board of Directors has no information about any agreements between shareholders which may result in restrictions on the transfer of securities or voting rights.

h) Appointment of Board members, amendments of the Articles of Association

The appointment and replacement of Board members and the amendments of the Articles of Association are governed by Luxembourg Law and the Articles of Association. The Articles of Association are published under the 'Investors' Corporate Governance Section on RTLGroup.com.

i) Powers of the Board of Directors

The Board of Directors is vested with the broadest powers to manage the business of RTL Group SA. It may take all acts of administration and of disposal in the interest of RTL Group SA. The Board of Directors has set up several committees whose members are Directors. The responsibilities and functionalities of the Board of Directors and its committees are described in the Articles of Association and the Corporate Governance Charter, published under the 'Investors' Corporate Governance Section on RTLGroup.com. The Company's General Meeting held on 26 April 2019 renewed the authorisation granted at the Company's General Meeting of 16 April 2014 to the Board of Directors to acquire a total number of shares of the Company not exceeding 150,000. This renewal of authorisation is valid for five years and the purchase price is fixed at a minimum of 90 per cent and a maximum of 110 per cent of the average closing price of the RTL Group SA share over the last five trading days preceding the acquisition.

j) Significant agreements or essential business contracts

The Board of Directors is not aware of any significant agreements to which RTL Group SA is party and which take effect, alter or terminate upon a change of control of RTL Group SA following a takeover bid.

k) Agreements with Directors and employees

The Executive Committee members are entitled to contractual severance payments in case of dismissal, to the exception of dismissal for serious reasons.

11 March 2021

The Board of Directors



Thomas Rode



Ewa Hesse

Board of Directors

Non-Executive Directors

Martin Taylor¹, Chairman of the Board and Chairman of Nomination and Compensation Committee

Guillaume de Posch

Thomas Götz

Rolf Hellermann (as from 1 January 2021)

Immanuel Hermreck

Bernd Hirsch (until 31 December 2020)

Bernd Kundrun

Jean-Louis Schiltz¹

Rolf Schmidt-Holtz

James Singh¹, Vice-Chairman of the Board of Directors and Chairman of Audit Committee

Lauren Zalaznick¹

Bettina Wulf (as from 30 June 2020)

Executive Directors

Thomas Rabe

Elmar Heggen (Deputy Chief Executive Officer & Chief Operating Officer)

¹ Independent director



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To the Shareholders of
RTL Group S.A.
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of RTL Group S.A. (the "Company"), which comprise the balance sheet as at 31 December 2020, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the shares in affiliated undertakings and recoverability of loans to affiliated undertakings.

a) Why the matter was considered to be one of most significant in our audit of the annual accounts of the current period

Refer to Note 2.6, Note 3.3.1. and Note 3.3.2. to the annual accounts.

Investments in shares and loans to affiliated undertakings (financial fixed assets) amount to EUR 7,204 million or approximately 94% of the total assets of the Company at year-end.

The most significant investment is the holding of 99.7% in CLT-UFA S.A. (carrying amount of EUR 5,504 million) and the most significant loan being with RTL Group GmbH (carrying amount of EUR 1,697 million, including accrued interests), representing separately 71% and 22% and in total 93% of the total assets of the Company at year-end.

Management performed an annual impairment test to assess whether the recoverable amount of each of those financial assets is at least equal to their respective carrying value. The recoverable amount can be determined through different valuation techniques; the most regularly used by Management being the discounted cash flow (DCF) model.

This matter was of particular significance to our audit as Management's assessment of the recoverable amount required estimation and judgment, such as future expected cash flows generated by the financial assets, the discounting factor and other key assumptions of the DCF model.

b) How the matter was addressed during the audit

Our procedures over the impairment of financial fixed assets include, but are not limited to:

- Gaining an understanding of the Management's process and controls related to the identification of the impairment indicators and the impairment test of the investments and loans to affiliated undertakings (financial fixed assets).
- Assessing the Company's ability to reliably determine the recoverable amount of its financial fixed assets, notably the method for determining the future discounted cash flows.
- Assessing key assumptions used by the Management in the impairment tests by reference to the budgets approved by the Board of Directors, data external to RTL Group, our understanding as well as to the historical data and performance;
- Involving valuation specialists to test discount rates retained by Management.



Other matter relating to comparative information

The annual accounts of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those annual accounts on 12 March 2020.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the Directors' report and the Corporate Governance Statement but does not include the annual accounts and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.



As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.



Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” of the Company by the General Meeting of the Shareholders on 30 June 2020 and the year 2020 marks the first year of our uninterrupted engagement.

The Directors’ report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company’s website www.rtlgroup.com, is the responsibility of the Board of Directors. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 11 March 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

A handwritten signature in blue ink, consisting of a long horizontal stroke with a loop and a downward tick at the end.

Philippe Meyer

Balance sheet at 31 December 2020

ASSETS	Notes	2020 €	2019 €
C. Fixed assets		7,205,553,839	7,651,922,309
I. Intangible assets	3.1.	-	-
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were			
a) acquired for valuable consideration and need not be shown under C.I.3		-	-
II. Tangible assets	3.2.	-	-
2. Plant and machinery		-	-
3. Other fixtures and fittings, tools and equipment		-	-
III. Financial assets	3.3.	7,205,553,839	7,651,922,309
1. Shares in affiliated undertakings	3.3.1.	5,504,646,504	5,504,646,504
2. Loans to affiliated undertakings	3.3.2.	1,699,523,704	2,145,892,174
5. Investments held as fixed assets	3.3.3.	1,383,631	1,383,631
D. Current assets		496,304,521	1,090,182,940
II. Debtors	3.4.	487,490,085	1,012,316,600
1. Trade debtors			
a) becoming due and payable within one year		21,717	-
2. Amounts owed by affiliated undertakings			
a) becoming due and payable within one year	3.4.1./3.4.2.	447,419,781	936,299,377
4. Other debtors	3.4.3.		
a) becoming due and payable within one year		29,218,503	51,627,915
a) becoming due and payable after more than one year		10,830,084	24,389,308
III. Investments		-	7,621,734
2. Own shares	3.5.	-	7,621,734
IV. Cash at bank and in hand		8,814,436	70,244,606
E. Prepayments		1,005,873	4,978,712
TOTAL (ASSETS)		<u>7,702,864,233</u>	<u>8,747,083,961</u>

The notes in the annex form an integral part of the annual accounts.

Balance sheet at 31 December 2020

	Notes	2020 €	2019 €
CAPITAL, RESERVES AND LIABILITIES			
A. Capital and reserves	3.6.	5,623,182,810	5,618,555,019
I. Subscribed capital	3.6.1.	191,845,074	191,845,074
II. Share premium account		4,691,802,190	4,691,802,190
IV. Reserves			
1. Legal reserve	3.6.2.	19,184,507	19,184,507
2. Reserve for own shares		-	7,621,734
4. Other reserves, including the fair value reserve			
b) other non available reserves		7,071,800	7,071,800
V. Profit or loss brought forward		708,651,448	326,956,364
VI. Profit or loss for the financial year		4,627,791	374,073,350
B. Provisions	3.7.	19,930,395	30,513,271
1. Provision for pensions and similar obligations	3.7.1	15,443,468	14,318,250
3. Other provisions	3.7.2	4,486,927	16,195,021
C. Creditors	3.8.	2,059,751,028	3,098,015,671
2. Amounts owed to credit institutions			
a) becoming due and payable within one year		2,390	1,168
4. Trade creditors			
a) becoming due and payable within one year		1,842,881	2,053,618
6. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year	3.8.1	2,012,517,064	2,984,271,432
8. Other creditors			
a) Tax authorities	3.8.2.	1,795,128	291,762
b) Social security authorities		129,410	351,172
c) Other creditors	3.8.3		
i) becoming due and payable within one year		34,059,675	87,649,224
ii) becoming due and payable after more than one year		9,404,480	23,397,295
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		7,702,864,233	8,747,083,961

The notes in the annex form an integral part of the annual accounts.

Profit and loss account for the year ended 31 December 2020

	Notes	2020 €	2019 €
4. Other operating income	4.1.	5,400,601	12,620,746
5. Raw materials and consumables and other external expenses		(12,219,762)	(24,248,062)
a) Raw materials and consumables		(35,697)	(160,894)
b) Other external expenses	4.2.	(12,184,065)	(24,087,168)
6. Staff costs	4.3.	(9,045,213)	(36,206,351)
a) Wages and salaries		(6,981,182)	(32,837,031)
b) Social security costs		(563,118)	(1,695,245)
i) relating to pensions		(507,656)	(785,233)
ii) other social security costs		(55,462)	(910,012)
c) Other staff costs		(1,500,913)	(1,674,075)
7. Value adjustments		1,759,012	20,183,599
a) in respect of formation expenses and of tangible and intangible fixed assets	3.1./ 3.2.	-	(253,279)
b) in respect of current assets	4.4.	1,759,012	20,436,878
8. Other operating expenses	4.5.	(6,455,110)	(30,309,538)
9. Income from participating interests	4.6.	274,045	418,166,672
a) derived from affiliated undertakings		-	410,847,627
b) other income from participating interests		274,045	7,319,045
10. Income from other investments and loans forming part of the fixed assets		21,246,705	9,407,889
a) derived from affiliated undertakings	3.3.2.	19,431,608	8,192,850
b) other income not included under a)	3.3.3.	1,815,097	1,215,039
11. Other interest receivable and similar income		63,886,590	48,765,810
a) derived from affiliated undertakings	4.7.	58,635,042	32,113,070
b) other interest and similar income	4.8.	5,251,548	16,652,740
13. Value adjustments in respect of financial assets and of investments held as current assets	4.9.	-	(5,506,551)
14. Interest payable and similar expenses		(59,670,493)	(38,711,582)
a) concerning affiliated undertakings	4.10.	(34,564,030)	(33,332,471)
b) other interest and similar expenses	4.11.	(25,106,463)	(5,379,111)
16. Profit or loss after taxation		5,176,375	374,162,632
17. Other taxes not shown under items 1 to 16	4.12.	(548,584)	(89,282)
18. Profit or loss for the financial year		4,627,791	374,073,350

The notes in the annex form an integral part of the annual accounts.

1. GENERAL

RTL Group SA (the “Company” or “RTL Group”) was incorporated as a “Société Anonyme” on 30 December 1972 under the name of Compagnie Luxembourgeoise pour l’Audiovisuel et la Finance, abbreviated to “Audiofina”. The Articles of Association were published in the “Mémorial C des Sociétés et Associations” on 27 March 1973, under the number 52. They were modified on several occasions, the last time on 19 April 2017. The Company is formed for an unlimited period.

On 25 July 2000, the name of the Company was changed to RTL Group.

The registered office of the Company is established at 43, boulevard Pierre Frieden, L-1543 Luxembourg.

The Company’s financial year starts on 1 January and ends on 31 December of each year.

The purpose of the Company is the national and international development in the audiovisual, communication and information sectors and all related technologies. The Company can also take holdings through granting of loans, merging, subscription or other form of investment in any company, undertaking, association or other legal entity, existing or to be constituted, whatever its form or nationality, having a purpose which is similar or complementary to that of the Company. The Company can undertake any commercial, industrial or financial operation linked directly or indirectly to its purpose or of such a nature that it facilitates or favours its realisation. The Company may also undertake any action useful or necessary for the accomplishment of its purpose.

The Company is listed on the Frankfurt and Luxembourg Stock Exchanges.

The Company also prepares consolidated financial statements which are published according to the provisions of the law and may be obtained at its registered office and on its official website.

The consolidated financial statements of RTL Group are included in the consolidated accounts of Bertelsmann SE & Co. KGaA, the ultimate parent company of RTL Group which represents the smallest and largest entity of which the Company is a subsidiary. Bertelsmann SE & Co. KGaA is a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Strasse 270, D-33311 Gütersloh, Germany. Consolidated financial statements of Bertelsmann SE & Co. KGaA may be obtained at its registered office and on its official website.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements and following the going concern principle. Accounting policies and valuation rules are, besides the ones laid down by the Amended Law dated 19 December 2002, determined and applied by the Board of Directors.

The annual accounts have been prepared under the historical cost convention except for items relating to foreign exchange hedging activities as described in Note 2.3.

All monetary amounts in the notes are in Euro unless otherwise indicated.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore fairly present the financial position and results.

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial year(s). Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2. Foreign currency translation

The Company maintains its accounts in Euro and both the balance sheet and profit and loss account are expressed in this currency.

Transactions in foreign currencies are recorded at the rate of exchange ruling on the transaction date. With the exception of non-monetary fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Related realised and unrealised gains and losses are recognised in the profit and loss account.

2.3. Foreign exchange risk and derivatives

RTL Group companies operate internationally and are exposed to foreign exchange risk arising from various currency exposures, including most notably exposures to USD and GBP. For the Group as a whole, cash flow, net income and net worth are optimised by reference to Euro. Foreign exchange risks faced by individual Group companies, however, are managed or hedged against the functional currency of the relevant entity.

Group Treasury periodically collects from the Group companies forecasts of foreign currency exposures arising mainly from signed output deals and programme rights in order to monitor the Group's overall foreign currency exposure. Entities exposed to foreign currencies risk are responsible for hedging their exposures in accordance with the Treasury policies approved by the Board of Directors. Companies in the Group use forward contracts, transacted with Group Treasury, to hedge their exposure to foreign currency risk. Group Treasury is responsible for hedging positions in each currency by using external foreign currency derivative contracts.

The foreign currency management policy of the Group is to hedge 100 per cent of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than Euro. The off-balance exposures and firm commitments are partially hedged according to the provision of the foreign exchange policy.

Within this framework, RTL Group enters into foreign currency derivative contracts with banking institutions (external) and with Group subsidiaries (internal).

Unrealised losses and gains resulting from the revaluation of the foreign currency derivative contracts (internal and external) are recognised in the profit and loss account with a counterpart in the balance sheet in "Other creditors" or "Other debtors", respectively.

2.4. Intangible assets

Intangible assets are stated at cost, including expenses incidental thereto, less accumulated amortisation. They include software amortised on a straight-line basis over their estimated useful life of three years. Where the Company considers that an intangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5. Tangible assets

Tangible assets are stated at cost, including expenses incidental thereto, less accumulated depreciation. Depreciation is recognised on a straight-line basis over the estimated useful lives of the tangible assets:

- Plant and machinery: four to ten years;
- Other fixtures and fittings, tools and equipment: three to ten years.

Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.6. Financial assets

Shares in affiliated undertakings and investments held as fixed assets are recorded on the balance sheet at acquisition cost, including expenses incidental thereto. A value adjustment is made when there is a durable diminution in their value. These value adjustments are not continued if the reasons for which these value adjustments were made have ceased to apply.

Investments are classified as affiliated undertakings if the Group is able to exercise control over the company concerned.

Dividends from shares in affiliated undertakings are recognised in the profit and loss account when declared by decision of the General Meeting.

Loans to affiliated undertakings are recorded on the balance sheet at acquisition cost including expenses incidental thereto or nominal value. When the market value or the recoverable value is lower than the acquisition cost or nominal value, a value adjustment is recorded. These value adjustments are not continued if the reasons for which these value adjustments were made have ceased to apply.

2.7. Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments when their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.8. Own shares

Own shares are recorded at acquisition cost and are classified as current assets. A value adjustment through profit and loss is recorded when the market value is lower than the acquisition cost. In accordance with article 430.18 of the Law on Commercial Companies, a non-distributable reserve ("Reserve for own shares") is constituted for an equivalent amount from "Profit or loss brought forward".

2.9. Cash at bank and in hand

The Company reports in the balance sheet the net amount of the debit and credit positions of the bank accounts when these positions relate to the same nature of bank account with the same currency in the same bank and a netting agreement exists with the bank. If these conditions are not met, credit positions are recorded as bank overdrafts and included in "Amounts owed to credit institutions".

2.10. Cash pooling arrangements

In order to optimise cash management, RTL Group has implemented a cash pooling policy to centralise the Group's liquid funds:

- The local cash pooling includes the majority of the Luxembourg subsidiaries: B. & C.E. SA, Broadcasting Center Europe SA, Broadcasting Center Europe International SA, CLT-UFA SA, CLT-UFA Hungarian Activities, CLT-UFA Nederland Division, Data Center Europe Sarl, IP Luxembourg Sarl, Luxradio Sarl, Media Assurances SA, Media Properties Sarl, Media Real Estate SA, RTL AdConnect International SA, RTL Belux SA, RTL Belux SA & Cie SECS, RTL Group Germany SA, and RTL Group Germany Hungarian Cable Operations. This automated cash pooling is made with a local banking institution. The conditions of the cash pooling are determined on an arm's length basis and based on specific risks linked to each Group company. The basis rate is EONIA adjusted for a margin (from -0.25% to -0.40% on credit margin with a minimum of 0% in case of very low interest rates and +0.50% on debit margin);
- The European cash pooling comprises the following Group companies: Bedrock SAS, BLU A/S (Denmark), Divimove GmbH (Germany), FremantleMedia España SA (Spain), FremantleMedia Finland OY (Finland), FremantleMedia Italia SpA (Italy), FremantleMedia Norge AS (Norway), FremantleMedia Polska SP Z.O.O. (Poland), FremantleMedia Portugal SA (Portugal), FremantleMedia Sverige AB (Sweden), Immobilière Bayard d'Antin SA (France), Miso Film ApS (Denmark), Miso Film Norge ApS (Norway), Miso Film Sverige AB (Sweden), M-RTL ZRT (Hungary), Quarto Piano SRL, R-Time, RTL Belgium SA (Belgium), RTL Disney Fernsehen GmbH & Co. KG (Germany), RTL Group Beheer BV (the Netherlands), RTL Group GmbH (Germany), RTL Group Services Belgium SA (Belgium), RTL Hrvatska

d.o.o. (Croatia), RTL Nederland Holding BV (the Netherlands), RTL Services Kft (Hungary), SpotX France SAS (France), UScreens AB (Sweden), United Screens Filial Danmark (Denmark), The Apartment SRL (Italy) and Wildside SRL (Italy). The interest rate of the cash pooling is based on EONIA for Euro or equivalent base rate for non-Euro cash pooling, adjusted for a margin reflecting the specific risks attached to the Group's companies;

- The non-European cash pooling comprises the following Group companies: Abot Hameiri Communications Ltd (Israel), FremantleMedia Asia Pte Ltd (Singapore), FremantleMedia Australia PTY Ltd (Australia), FremantleMedia Canada Inc (Canada), FremantleMedia Canada NO.2 Inc (Canada), FremantleMedia Group Ltd (United Kingdom), Fremantle Productions North America Inc (United States of America), Ludia Inc (Canada), RTL Adconnect Inc (United States of America), RTL US Holdings Inc (United States of America), SpotX Japan GK (Japan), SpotX Limited (United Kingdom) and SpotX, Inc (United States of America). The interest rate of the cash pooling is based on LIBOR or equivalent base rate for non-GBP cash pooling, adjusted for a margin reflecting the specific risks attached to the Group companies.

Cash pooling arrangements are recorded on the balance sheet as "Amounts owed by affiliated undertakings becoming due and payable within one year" or "Amounts owed to affiliated undertakings becoming due and payable within one year" respectively.

2.11. Prepayments

The Company reports under this caption expenditure incurred during the financial year but relating to a subsequent financial year.

2.12. Provisions

Provisions are intended to cover losses or liabilities, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or date on which they will arise.

The Company participates in a defined benefit plan. This plan is financed internally via accruals which are determined by independent qualified actuaries using the aggregate cost method (percentage of payroll). The level of accruals exceeds the minimum financing requirement. In case of bankruptcy, the benefits are preserved through the PSVaG insolvency reinsurance.

2.13. Creditors

Creditors are recorded at their reimbursement value or, if applicable, their residual amount.

2.14. Deferred income

This liability item includes income received during the financial year but related to a subsequent financial year.

2.15. Presentation of comparative financial data

Following the entry into force of the Grand-Ducal Regulation dated 12 September 2019, a new standardised chart of accounts applicable for financial years starting on or after 1 January 2020 was introduced.

Certain figures for the year ended 31 December 2019 compiled under the old chart of accounts have been reclassified to ensure comparability with those for the year ended 31 December 2020 which were prepared under the new chart of accounts.

These reclassifications included value adjustments of €21 million which were reclassified from the financial result to the operating result.

Management believe that these reclassifications do not adversely affect the information provided.

3. BALANCE SHEET

3.1. Intangible assets

At 31 December 2020, "Intangible assets" mainly consisted of licences which are recorded and amortised according to the policies described in Note 2.4.

In 2020, "Intangible assets" consisted of:

Acquisition cost at 31.12.2019	9,813,994
Acquisition cost at 31.12.2020	9,813,994
<hr/>	
Accumulated value adjustments at 31.12.2019	(9,813,994)
Accumulated value adjustments at 31.12.2020	(9,813,994)
<hr/>	
Net book value at 31.12.2019	-
Net book value at 31.12.2020	-
<hr/>	

3.2. Tangible assets

In 2020, "Tangible assets" consisted of:

	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Acquisition cost at 31.12.2019	4,685	268,414	273,099
Acquisition cost at 31.12.2020	4,685	268,414	273,099
<hr/>			
Accumulated value adjustments at 31.12.2019	(4,685)	(268,414)	(273,099)
Accumulated value adjustments at 31.12.2020	(4,685)	(268,414)	(273,099)
<hr/>			
Net book value at 31.12.2019	-	-	-
Net book value at 31.12.2020	-	-	-
<hr/>			

3.3. Financial assets

Shares

In 2020, "Shares" evolved as follows:

	Shares in affiliated undertakings	Investments held as fixed assets
Acquisition cost at 31.12.2019	5,531,621,442	1,383,631
Decrease	(21,258,938)	-
Acquisition cost at 31.12.2020	5,510,362,504	1,383,631
Accumulated value adjustments at 31.12.2019	(26,974,938)	-
Reversal of value adjustments for the year	21,258,938	-
Accumulated value adjustments at 31.12.2020	(5,716,000)	-
Net book value at 31.12.2019	5,504,646,504	1,383,631
Net book value at 31.12.2020	5,504,646,504	1,383,631

The "Decrease" and "Reversal of value adjustments for the year" related to RTL Group Asia Pte Ltd (Note 3.3.1.).

3.3.1. Shares in affiliated undertakings

On 7 December 2020, RTL Group Asia Pte Ltd, a dormant and fully impaired affiliated undertaking domiciled in Singapore, was struck off.

Details of shares

Name of the company	Legal form	Country	Activity	Direct % held	Acquisition cost	Accumulated value adjustments	Net	Equity at 2019 year-end (last period closed)	⁽¹⁾ Result for 2019 (last period closed)
Shares in affiliated undertakings									
CLT-UFA	SA	Luxembourg	Holding/TV/Radio	99.7	5,504,066,504	-	5,504,066,504	4,016,790,307	789,895,756
Grundy International Operations	Ltd	Antigua and Barbuda	Holding	100	5,116,000	(5,116,000)	-	72,390 ⁽²⁾	- ⁽²⁾
Fremantle Productions Asia	Ltd	Hong Kong	Production	100	1,180,000	(600,000)	580,000	764,395 ⁽²⁾	734 ⁽²⁾
				5,510,362,504		(5,716,000)	5,504,646,504		

(1) Except unless otherwise stated, amounts on a 100% basis before dividend distribution, if any, and converted at 2019 closing rate, if required

(2) Amounts according to unaudited IFRS accounts for 2019 converted at 2019 closing rate

The Board of Directors considered the valuation of the shares and concluded that no valuation adjustment was required.

3.3.2. Loans to affiliated undertakings

In 2020, "Loans to affiliated undertakings" evolved as follows:

Gross amount at 31.12.2019	2,145,892,174
Accrued interest	19,431,608
Reimbursements	(364,900,272)
Transfers to "Amounts owed by affiliated undertakings"	(100,899,806)
Gross amount at 31.12.2020	1,699,523,704
<hr/>	
Accumulated value adjustments at 31.12.2019	-
Accumulated value adjustments at 31.12.2020	-
<hr/>	
Net book value at 31.12.2019	2,145,892,174
Net book value at 31.12.2020	1,699,523,704

At 31 December 2020, "Loans to affiliated undertakings" consisted of the following:

- Loan of €1,695,000,000 originally granted to RTL Group GmbH in two tranches of €1,100,000,000 on 25 September 2019 and €595,000,000 on 31 December 2019, bearing interest at rates of 0.85% and with maturity date of 25 September 2024. The interest accrued on the loan at 31 December 2020 amounted to €1,800,938 (2019: €1,142,778);
- Loan of HRK 20,441,667 (€2,713,183) granted to RTL Hrvatska d.o.o. on 15 April 2019, bearing interest at 1.63% and with maturity date of 17 October 2022. The interest accrued on the loan at 31 December 2020 amounted to HRK 72,193 (€9,583) (2019: €13,965).

The loans of €208,000,000 and €136,880,000 granted to UFA Film- und Fernseh GmbH on 1 August 2016 and 22 December 2016, with an original maturity date of 3 August 2026 and bearing interest at EURIBOR swap rate 10 years plus 0.85% including accrued interest were reimbursed in 2020.

The loan to Société Immobilière Bayard d'Antin SA granted on 17 December 2018, of €150,000,000 less partial reimbursement of €50,000,000 received on 15 September 2019, bearing interest at 0.85% and with maturity date of 15 June 2021 including accrued interest was transferred to "Amounts owed by affiliated undertakings" in line with the remaining maturity.

In 2020, total interest income amounted to €19,431,608 (2019: €8,192,850).

The Board of Directors considered the valuation of the loans and concluded that no valuation adjustment was required.

3.3.3. Investments held as fixed assets

At 31 December 2020, "Investments held as fixed assets" related to a 10 per cent stake held in Bertelsmann Business Support Sarl. A twenty-five year shareholders agreement has been concluded between Bertelsmann SE & Co KGaA and RTL Group SA. The shareholders agreement stipulates that 50 per cent of the aggregate amount of corporate and trade tax that, in the absence of existing tax losses carried forward of Bertelsmann Business Support Sarl, if any, would have otherwise been incurred by the Company, will be paid to RTL Group SA as a preferred dividend with a minimum amount of €1 million per year. The minimum dividend of €1 million became payable as from 2016 onwards. In 2020, total dividends of €1,815,097 (2019: €1,215,039), including the third minimum dividend of €1 million were recognised following the approval of the annual accounts 2019 of Bertelsmann Business Support Sarl.

Name of the company	Legal form	Country	Activity	Direct % held	Acquisition cost	Accumulated value adjustments	Net	Equity at 2019 year-end (last period closed)	⁽¹⁾ Result for 2019 ⁽¹⁾ (last period closed)
Investments held as fixed assets									
Bertelsman Business Support	Sarl	Luxembourg	Financing, provision of services	10	1,383,631	-	1,383,631	1,941,904,464	11,465,999
				1,383,631		-		1,383,631	

(1) Except unless otherwise stated, amounts on a 100% basis before dividend distribution, if any, and converted at 2019 closing rate, if required

3.4. Debtors

3.4.1. Amounts owed by affiliated undertakings - RTL Group companies

At 31 December 2020, amounts owed by RTL Group companies consisted of:

- Cash pooling with a number of Group companies in multiple currencies for €240,604,310 (2019: €763,211,864) less a value adjustment of €11,495,512 (2019: €16,188,440), bearing interest at an adjusted EONIA / LIBOR rate as described in Note 2.10. and without maturity date. Total interest income during the year 2020 amounted to €1,920,966 (2019: €2,514,645) (Note 4.7.);
- A renewed loan of €100,000,000 originally granted to Société Immobilière Bayard d'Antin SA on 2 December 2019, bearing interest at 0.85% and with maturity date of 15 June 2021. The interest accrued on the loan at 31 December 2020 amounted to €35,417 (2019: €6,667);
- A renewed loan of GBP 81,297,726 (€89,782,138) (2019: €116,332,403) granted to FremantleMedia Group Ltd on 17 November 2020, bearing interest at a rate of 1.05% and with maturity date of 17 November 2021. The interest accrued on the advance at 31 December 2020 amounted to GBP 104,879 (€115,824) (2019: €233,810);
- A renewed loan of USD 30,000,000 (€24,669,024) (2019: €44,959,986) granted to Fremantle Productions North America Inc on 2 December 2020, bearing interest at a rate of 1.23% and with maturity date of 2 December 2021. The interest accrued on the loan at 31 December 2020 amounted to USD 30,691 (€25,237) (2019: €108,911);
- A renewed loan of €8,700,000 (2019: €8,300,000 fully impaired) granted to FremantleMedia España SA on 31 March 2020, bearing interest at a rate of 2.46% and with maturity date of 1 July 2021. The interest accrued on the loan at 31 December 2020 amounted to €227,759 (2019: €222,839). The loan is fully impaired;
- Loan of HRK 7,433,333 (€986,612) (2019: €749,490) granted to RTL Hrvatska d.o.o. on 15 April 2019, bearing interest at 1.63% and with maturity date of 15 October 2021. The interest accrued on the loan at 31 December 2020 amounted to HRK 26,252 (€3,484) (2019: €2,793);
- Trade accounts receivable with a number of group companies for €2,465,488 (2019: €1,465,132) without interest and maturity date.

Total interest accrued on the amounts owed by affiliated undertakings at 31 December 2020 amounted to €407,721 (2019: €355,021), net of a value adjustment of € nil (2019: €222,839).

Refer to Note 4.7. for details on "Other interest receivable and similar income derived from affiliated undertakings".

3.4.2. Amounts owed by affiliated undertakings – shareholder

With the view to investing its cash surplus, in 2006, RTL Group SA entered into a Deposit Agreement with Bertelsmann SE & Co. KGaA (previously Bertelsmann AG), the main terms of which are:

- Interest rates are based on EONIA (both parties agreed to floor to zero) plus 10 basis points;
- Bertelsmann SE & Co. KGaA grants to RTL Group SA as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:

- All shares of its wholly owned French subsidiary Média Communication SAS;
- All shares of its wholly owned Spanish subsidiary Media Finance Holding SL (Arvato excluded);
- All shares of its wholly owned German subsidiary Gruner + Jahr GmbH (former Gruner + Jahr GmbH & Co. KG);
- All shares of its wholly owned English subsidiary Bertelsmann UK Ltd (Arvato excluded).

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

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

At 31 December 2020, the deposit of RTL Group GmbH with Bertelsmann SE & Co. KGaA amounted to €563 million (2019: €27 million). The interest income for the period is €0.3 million (2019: nil).

RTL Group (through Fremantle Production North America) has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 80 basis points / US Libor flat. At 31 December 2020, the balance of the cash pooling accounts receivable and payable amounts to € nil million (2019: € nil million). There was no interest income / expense for the year (2019: nil).

3.4.3. Other debtors

At 31 December 2020, "Other debtors" mainly related to the Group's foreign exchange derivative assets of €40,042,805 (2019: €75,197,694), thereof €21,799,350 contracted with affiliated undertakings (2019: €27,154,801). Out of the total amount, €10,830,084 (2019: 24,389,308) were due after more than one year, thereof €3,008,585 contracted with affiliated undertakings (2019: €6,656,078).

They also included VAT receivable of €5,733 (2019: €819,529).

3.5. Own shares

On 3 April 2006, the Company acquired 173,300 own shares for an amount of €12,198,587 from Group companies RTL Group Services Belgium SA and B. & C.E. SA. The acquisition cost per share (€70.39) was determined according to the average stock price over the last 6 months preceding the acquisition by RTL Group.

The General Meeting held on 26 April 2019 renewed the authorisation granted to the Board of Directors to acquire a total number of shares of the company not exceeding 150,000 in addition to the shares already held (i.e. 1,168,701 own shares) as of the date of the General Meeting. This renewal of authorisation is valid for five years.

Following the shareholders' meeting resolution, and in order to foster the liquidity and regular trading of its shares that are listed on the stock market in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on, 28 April 2014, into a liquidity agreement (the "Liquidity Agreement").

On 13 May 2019, the Company decided to delist its shares from the Euronext Brussels Stock Exchange with the consequence that the liquidity programme was stopped. The Company keeps its two remaining listings on the Luxembourg and Frankfurt Stock Exchange.

On 15 December 2020, the Company sold the 173,300 own shares it held to CLT-UFA SA, an affiliated undertaking, at a price of €34 per share. On the same date, RTL Group Services Belgium SA, an indirect subsidiary, sold the 995,401 RTL Group SA shares it held to CLT-UFA SA at a price of €34 per share. In a second step, on 28 December 2020, CLT-UFA SA transferred these shares to third parties as partial payment for the acquisition of the minority shareholdings in the Belgian TV and radio operations.

As a result of the above, at 31 December 2020, the Company no longer held own shares neither directly nor indirectly through a subsidiary (2019: 1,168,701 shares representing 0.76% of subscribed capital). In accordance with regulatory requirements applicable in Luxembourg, the non-distributable reserve (“Reserve for own shares”) which had been constituted from the “Profit or loss brought forward” account and which amounted to €7,621,734 at 31 December 2019 was reversed and the amount transferred to “Profit or loss brought forward”.

In 2020, the Company recorded a loss on the disposal of own shares of €1,729,534 (2019: € nil) (Note 4.11.). In 2019, it had recorded a value adjustment on own shares of €441,875 (Note 4.9.).

3.6. Capital and reserves

The changes in capital and reserves during the year are summarised in the table below:

	Subscribed capital	Share premium account	Legal reserve	Reserve for own shares (Note 3.5.)	Other non available reserves	Profit or loss brought forward	Profit or loss for the financial year	Total
At 31.12.2019	191,845,074	4,691,802,190	19,184,507	7,621,734	7,071,800	326,956,364	374,073,350	5,618,555,019
Allocation of 2019 result	-	-	-	-	-	374,073,350	(374,073,350)	-
Profit or loss for the financial year	-	-	-	-	-	-	4,627,791	4,627,791
Other movements	-	-	-	(7,621,734)	-	7,621,734	-	-
At 31.12.2020	<u>191,845,074</u>	<u>4,691,802,190</u>	<u>19,184,507</u>	<u>-</u>	<u>7,071,800</u>	<u>708,651,448</u>	<u>4,627,791</u>	<u>5,623,182,810</u>

Changes in capital and reserves can be explained by:

- The profit for the financial year 2020;
- The allocation of the profit for the year ended 31 December 2019 by the Annual General Meeting of shareholders held on 30 June 2020, which decided the allocation of the profit for the financial year 2019 of €374,073,350 to “Profit or loss brought forward”;
- The transfer of the “Reserve for own shares” to “Profit or loss brought forward” further to the disposal of all own shares previously held.

3.6.1. Subscribed capital

At 31 December 2020, the subscribed capital amounted to €191,845,074 (2019: €191,845,074) and was represented by 154,742,806 shares (2019: 154,742,806), all fully paid-up and without designation of nominal value. All shares had equal rights and obligations.

The Company has appointed ING Luxembourg as depository for its bearer shares to comply with the law of 28 July 2014 regarding the immobilisation of bearer shares in Luxembourg.

3.6.2. Legal reserve

In accordance with Luxembourg company law, the Company is required to allocate a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the subscribed share capital. The legal reserve is not available for distribution to the shareholders.

3.7. Provisions

3.7.1. Provision for pensions and similar obligations

The provisions for pensions at 31 December 2020 represented commitments from the Company towards its own employees and amounted to €15,443,468 (2019: €14,318,250).

3.7.2. Other provisions

At 31 December 2020 and 2019, "Other provisions" mainly related to provisions linked to the restructuring of the Company's activities.

The provision for restructuring was set up in 2019 for the reorganisation of the Corporate Center in Luxembourg.

3.8. Creditors

3.8.1. Amounts owed to affiliated undertakings

At 31 December 2020, "Amounts owed to affiliated undertakings" consisted of:

- Cash pooling account payable with a number of Group companies in various currencies. At 31 December 2020, the corresponding liability amounted to €2,007,977,171 (2019: €2,981,959,781), of which €998,272,915 towards RTL Group GmbH (2019: € nil), €648,546,227 towards CLT-UFA SA (2019: €2,695,525,914), €85,844,907 towards RTL Belgium SA (2019: €76,846,531), €77,033,183 towards RTL Group Beheer BV (2019: €48,206,094) and €12,268,102 towards Fremantle Productions North America Inc (2019: €53,567,723). Total interest expense during the year 2020 amounted to €225,542 (2019: €600,930) (Note 4.10.);
- Trade creditors with a number of Group companies for €4,539,893 (2019: €2,311,651) without interest and maturity date.

No interest was accrued on the amounts owed to affiliated undertakings at 31 December 2020 (2019: nil).

3.8.2. Tax authorities

The Company is subject in Luxembourg to the general tax regulations applicable to all companies. The Company has received final assessments up to 2016 for corporate income tax and up to 2017 for net wealth tax.

From 1 January 2001, the Company is part of a tax unity including other Luxembourg Group companies. Unused tax losses existing at 31 December 2020, for the tax unity in Luxembourg, amounted to €4,089 million (2019: €4,109 million) out of which €4,083 million (2019: €4,102 million) can be carried forward indefinitely. The remaining €6 million (2019: €7 million) will expire in 2035. In the case where one or several Group companies would have taxable income, these companies would not record income tax charges (towards RTL Group), respectively RTL Group would not record income tax profits (towards the Group companies) as long as the tax unity would benefit from unused tax losses.

3.8.3. Other creditors

At 31 December 2020, "Other creditors" mainly related to the Group's foreign exchange derivative liabilities of €38,815,515 (2019: €90,412,543), thereof €20,835,163 contracted with affiliated undertakings (2019: €63,902,611). Out of the total amount, €9,404,480 (2019: €23,397,295) were due after more than one year, thereof €6,661,110 contracted with affiliated undertakings (2019: €17,376,967).

They also included accounts payable to employees, all due within one year.

4. PROFIT AND LOSS ACCOUNT

4.1. Other operating income

In 2020, "Other operating income" included recharges of services and other one-off effects and can be broken down as follows:

	2020	2019
Recharges to Group companies		
Administrative and management services	3,653,378	1,964,358
Other	211,136	263,961
	3,864,514	2,228,319
Other		
Release of accruals	1,430,257	6,391,364
Insurance claim refund	-	4,000,000
Miscellaneous	105,830	1,063
	1,536,087	10,392,427
Total	5,400,601	12,620,746

4.2. Other external expenses

In 2020, "Other external expenses" consisted of:

	2020	2019
General expenses	8,378,212	14,887,553
Consulting fees	3,805,853	9,199,615
Total	12,184,065	24,087,168

"General expenses" included fees related to the Company's auditor (KPMG in 2020, PricewaterhouseCoopers in 2019), regarding continuing operations as follows:

	2020	2019
Audit services pursuant to legislation	375,290	498,558
Non-audit services	55,650	248,016
Total	430,940	746,574

4.3. Staff costs

In 2020, the Company had an average of 49 employees (2019: 112) who were dedicated to corporate functions.

The significant decrease in headcount and staff costs was due to the restructuring of the Company's activities initiated in 2019.

4.4. Value adjustments in respect of current assets

In 2020, "Value adjustments in respect of current assets" related to reversals of value adjustments on cash pooling accounts receivable and short-term loans to affiliated undertakings. In 2019, they also included reversals of value adjustments on "Other debtors".

4.5. Other operating expenses

In 2020, "Other operating expenses" mainly related to non-deductible VAT of €3,574,213 (2019: €715,641), IT licence charges of €1,402,179 (2019: €1,830,188) and attendance fees for Board members of €1,365,370 (2019: €1,353,288). In 2019, they also included the waiver of the cash pooling with SpotX Ltd, an affiliated undertaking for an amount of €26,327,491.

4.6. Income from participating interests

During 2020, "Income from participating interests" evolved as follows:

	2020	2019
Gain from sale of Clypd Inc.	274,045	7,319,045
Gain from sale of FremantleMedia Group Ltd	-	351,761,982
CLT-UFA S.A. dividend	-	59,085,645
Total	274,045	418,166,672

In 2020, the gain from the sale of Clypd Inc. related to a collection made from an amount previously held in escrow.

In 2019, the gain on the sale of FremantleMedia Group Ltd resulted from the disposal of this entity to RTL Group GmbH (Germany).

4.7. Other interest receivable and similar income derived from affiliated undertakings

In 2020, "Other interest receivable and similar income derived from affiliated undertakings" consisted of:

	2020	2019
Foreign exchange gains, net	51,641,460	25,687,925
Interest on loans and advances	5,072,616	3,910,500
Interest on cash pooling arrangements	1,920,966	2,514,645
Total	58,635,042	32,113,070

"Foreign exchange gains, net" consisted of the following:

	2020	2019
Realised net foreign exchange gains on foreign currency derivatives	4,360,390	5,614,300
Unrealised net foreign exchange gains on foreign currency derivatives	41,753,422	5,150,697
Realised net foreign exchange gains	5,527,381	5,888,046
Unrealised net foreign exchange gains	267	9,034,882
Total	51,641,460	25,687,925

4.8. Other interest and similar income

In 2020, “Other interest and similar” income mainly related to net foreign exchange gains which consisted of the following:

	2020	2019
Foreign exchange gains, net	5,251,548	13,996,548
Other interest	-	2,656,192
Total	5,251,548	16,652,740

“Foreign exchange gains, net” consisted of the following:

	2020	2019
Realised net foreign exchange gains on foreign currency derivatives	5,160,723	13,487,625
Unrealised net foreign exchange gains on foreign currency derivatives	-	1,701
Realised net foreign exchange gains	83,378	507,222
Unrealised net foreign exchange gains	7,447	-
Total	5,251,548	13,996,548

4.9. Value adjustments in respect of financial assets and of investments held as current assets

In 2020, “Value adjustments in respect of financial assets and of investments held as current assets” evolved as follows:

	2020	2019 (*)
Shares in affiliated undertakings	-	21,850,000
Own shares	-	441,875
Participating interests	-	(16,785,324)
Total	-	5,506,551

(*) After reclassification of reversals of value adjustments to “Value adjustments in respect of current assets” pursuant to the introduction of the new chart of accounts (Note 4.4.)

In 2019, the value adjustment on shares in affiliated undertakings related to RTL Group Asia Pte Ltd, Singapore, a dormant company in the process of being struck off.

The reversal of the value adjustment on participating interests recorded in 2019 related to Clypd Inc. and was made in anticipation of the sale of this investment.

4.10. Interest payable and similar expenses concerning affiliated undertakings

In 2020, "Interest payable and similar expenses concerning affiliated undertakings" consisted of:

	2020	2019
Foreign exchange losses, net	34,338,488	32,731,541
Interest on cash pooling arrangements	225,542	600,930
Total	34,564,030	33,332,471

"Foreign exchange losses, net" consisted of the following:

	2020	2019
Realised net foreign exchange losses on foreign currency derivatives	10,635,788	19,212,362
Unrealised net foreign exchange losses on foreign currency derivatives	4,041,425	12,806,764
Realised net foreign exchange losse	6,850,240	689,495
Unrealised net foreign exchange losses	12,811,035	22,920
Total	34,338,488	32,731,541

4.11. Other interest and similar expenses

In 2020, "Other interest payable and similar expenses" consisted of:

	2020	2019
Unrealised net foreign exchange losses on foreign currency derivatives	21,269,859	3,229,537
Financial expenses for guarantees	2,107,070	2,149,574
Loss on disposal of own shares	1,729,534	-
Total	25,106,463	5,379,111

4.12. Other taxes not shown under items 1 to 16

In 2020, "Other taxes not shown under items 1 to 16" related to net wealth tax of €524,515 (2019: €4,815) and foreign withholding tax of €24,069 (2019: €84,467).

5. RELATED PARTIES TRANSACTIONS

At 31 December 2020, the principal shareholder of the Company was Bertelsmann Capital Holding GmbH, a company incorporated under German law. Bertelsmann Capital Holding GmbH held 76.28% (2019: 75.4%) of the shares of the Company.

During the year 2020, all transactions entered into with related parties have been done at arm's length.

5.1. Transactions with shareholders

In 2020, "Transactions with shareholders" amounted to €1,054,603 (2019: €1,995,583).

Both in 2020 and 2019, they primarily related to recharges from the shareholder to the Company for corporate functions and IT licences sourced centrally.

5.2. Transactions with key management personnel

Transactions with key management personnel can be summarised as follows:

<i>In € million</i>	2020	2019
Short-term benefits	5.0	4.1
Post-employment benefits	0.0	2.9
Long-term benefits	0.0	0.5
Total	5.0	7.5

5.3. Directors' fees

In 2020, a total of €1,365,370 (2019: €1,353,288) was allocated in the form of attendance fees to the members of the Board of Directors of RTL Group.

6. OFF-BALANCE SHEET COMMITMENTS

6.1. Outstanding forward currency contracts

At 31 December 2020, in accordance with the foreign currency management policy described in Note 2.3. RTL Group has entered into foreign currency derivative contracts with banking institutions (external) and with Group companies (internal).

The net foreign currency exposure resulting from the open contracts at year-end can be detailed as follows:

Currency	With banking institutions	With Group companies
AUD	31,029,704	(31,021,838)
CAD	(77,094,545)	77,094,410
CHF	(26,142,812)	26,138,812
CZK	11,300	-
DKK	(303,990)	291,363
GBP	20,432,227	(21,164,439)
HUF	(10,524,093,745)	10,552,132,878
PLN	(602,735)	594,014
RON	(200,000)	200,000
SEK	(1,532,857)	1,497,860
SGD	992,449	(989,305)
USD	409,614,693	(410,516,099)
ZAR	(726,881)	705,893

In the table, the positive amounts correspond to a sale of the related currency (short position) and the negative amounts correspond to a purchase of the related currency (long position).

6.2. Guarantees and other similar commitments

The Company has given guarantees and other similar commitments to third parties and to Group companies as detailed below:

	2020	2019
Guarantees and other similar commitments to third parties	401,902,720	275,203,867
Licence agreements to third parties	-	123,164,444
Long-term commitments to third parties	-	40,000,000
Other commitments to Group companies	3,173,652	3,681,243

The Company has issued letters of support to nine affiliated undertakings domiciled in Croatia, France, Hong Kong, the Netherlands, Singapore and the United Kingdom, confirming that the Company is able and willing to continue to provide financial support.

7. SUBSEQUENT EVENTS

There have been no subsequent events for the Company.

Subsequent events relating to the Group are disclosed in the consolidated financial statements.

MANAGEMENT RESPONSIBILITY STATEMENT

We, Thomas Rabe, Chief Executive Officer, Elmar Heggen, Chief Operating Officer and Deputy Chief Executive Officer and Björn Bauer, Chief Financial Officer, confirm, to the best of our knowledge, that these 2020 annual accounts which have been prepared in accordance with the Luxembourg amended law dated 19 December 2002, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and that the Directors' report includes a fair review of the development and performance of the business and the position of RTL Group, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 11 March 2021

A blue ink signature of Thomas Rabe, consisting of a series of fluid, connected loops and lines.

Thomas Rabe
Chief Executive Officer

A blue ink signature of Elmar Heggen, featuring a prominent vertical stroke and several horizontal and diagonal strokes.

Elmar Heggen
Chief Operating Officer
Deputy Chief Executive Officer

A blue ink signature of Björn Bauer, showing a stylized 'B' followed by a series of horizontal and diagonal strokes.

Björn Bauer
Chief Financial Officer