

Strategy

The international media industry is in the middle of a fundamental transformation, with huge opportunities for those prepared to shape the future.

RTL Group transforms its business for higher reach and better monetisation to unlock these opportunities. Combining linear TV channels and non-linear services increases total reach and requires investments in content, marketing and state-of-the-art streaming services. Targeting, personalisation and recommendation improve

the monetisation of that reach and require investments in advertising technology and data.

RTL Group's Board of Directors and Executive Committee have defined a strategy that builds upon three priorities:

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

Core

Strengthening RTL Group's families of channels

Wherever attractive opportunities arise, the Group **aims to consolidate** across its existing European broadcasting footprint – including mergers and acquisitions. The strategic rationale is about scale, pooling resources and creativity to compete with global tech platforms in the respective national markets. Instead of consolidating in larger steps, as initially planned, RTL Group executes a series of smaller steps as an alternative path to scale. This includes, for example, strengthening the Group's national and international ad sales businesses, fostering distribution partnerships, investments in streaming technology and data, or smaller consolidation steps. In Belgium, Croatia and most recently in the Netherlands, RTL Group decided to sell its TV and streaming businesses to regional media companies so that they can act as consolidators in these markets.

Building and extending families of TV channels addresses increasing audience fragmentation and competition in a digital, multi-channel world, with the overall goal of maintaining or growing RTL Group's audience shares and net TV advertising market shares in the various countries. Over the past years, RTL Group's families of channels have been extended by **digital channels**, including Nitro, RTL Up, Vox Up, and 6ter.

To further strengthen its broadcasting business, **RTL Group aims to increase non-advertising revenue**. This includes growing revenue from platform operators – cable network operators, satellite companies and internet TV providers – for services such as high-definition TV channels, streaming platforms and digital pay channels (distribution revenue) as well as intensifying distribution and pay streaming partnerships.

Investing in premium content

Investing in premium content and exploring all ways to develop and own new hit formats are key to strengthening RTL Group's core business. In 2023, RTL Group spent around €4 billion on content, combining the programming spend of its broadcasters and the productions of its global content business, Fremantle. Investment in local, exclusive content – including the rights for live sports events – strengthens RTL Group's linear TV channels, streaming services and its news and magazine formats.

The following deals strengthen the Group's linear channels, helping to attract male audiences, and play an important part in gaining new paying subscribers for the Group's streaming services:

Germany

- **Uefa Europa League and Europa Conference League** for the seasons 2024/25 to 2026/27
- Sub-licence of the exclusive rights to 12 **Uefa Euro 2024 matches** from Deutsche Telekom
- Half of all football matches of the **German national team** in the Uefa Nations League until 2028
- **European Qualifiers** for both the Fifa World Cup 2026 and Uefa Euro 2028
- **National Football League (NFL)** matches including the Super Bowl until 2028
- Content partnership with **Sky Deutschland**: seven Formula 1 races broadcast live on RTL in Germany, alongside one game from the English Premier League per match week on RTL+, and three conference broadcasts of the 2nd Bundesliga on RTL. The partnership also includes selected highlights rights and Sky fiction productions. Sky Deutschland will receive rights to two Uefa Europa League or Uefa Europa Conference League games per match week
- Licensing agreement with **Paramount Global Content Distribution**: attractive programme package for RTL+ and RTL Deutschland's free-to-air TV channels, including German premieres and highlights from Paramount's library
- Strategic partnership with **Constantin Film**: cross-platform licensing of exclusive free-to-air TV content and exclusive streaming rights for all theatrical productions in Germany

France

- **Uefa Europa League and Europa Conference League** for the 2022/23 and 2023/24 seasons
- Free-to-air TV rights of the **Uefa Champions League finals** in 2025, 2026 and 2027
- Shared free-to-air TV rights of the **Uefa Euro 2024** with TF1, with Groupe M6 broadcasting a total of 13 matches including the final, one semi-final and two quarter-finals
- 18 matches of the 2023 **Rugby World Cup**

Others

- Hungary: **Uefa Champions League** starting in the 2024/25 season for three years
- Hungary: retained 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
- Luxembourg: **Uefa Champions League** until 2024 and **Uefa European Qualifiers until 2028**
- Luxembourg: **Formula 1** races until 2026

Managing the portfolio

RTL Group's management continuously reviews the Group's portfolio. In the past years, RTL Group sold several non-core assets in Europe, including the football club Girondins de Bordeaux and the website MonAlbumPhoto in France, the home entertainment and theatrical distribution company Universum Film in Germany, the Vancouver-based digital video network BroadbandTV (BBTV), the US ad-tech company SpotX, the US-based mobile entertainment company Ludia and the US software and data company for media measurement, VideoAmp.

These disposals are consistent with RTL Group's strategy to focus on growing its European digital businesses in the areas of streaming and advertising technology, alongside the Group's global content business, Fremantle.

Growth

Building national streaming champions

RTL Group is building national streaming champions in the European countries where it has leading families of TV channels. These streaming services capitalise on the Group's competitive advantage in local programming to complement global services such as Netflix, Amazon Prime and Disney+.

RTL Group operates the services RTL+ in Germany and Hungary and 6play in France that have gradually introduced a **hybrid business model** consisting of various price packages. Lower-priced or free packages are predominantly or fully financed by advertising. Various premium price packages include, for example, parallel streams on various devices, the live signal of RTL TV channels in HD quality and premium content bundles. These content bundles offer programmes from the Group's linear TV channels in the respective countries, plus premium content either exclusively produced or licensed from third parties.

Following the envisaged disposal of the Dutch streaming service Videoland and the investments in M6+ in France, RTL Group has updated the targets for its streaming services RTL+ in Germany, RTL+ in Hungary and M6+ (previously 6play) in France: by 2026, the Group aims to reach around 9 million paying subscribers and around €750 million of streaming revenue. RTL Group plans to increase its content spend to around €500 million and to become profitable by 2026. At the end of December 2023, RTL Group registered **5.569 million paying subscribers** for its streaming services RTL+ in Germany and Hungary and 6play in France, up 30.5 per cent year on year (end of December 2022: 4.267 million).

In Germany, the Group rebranded its rapidly growing streaming service as RTL+ in November 2021 and launched the RTL+ multimedia app at the beginning of August 2023. RTL+ is the first German all-in-one streaming bundle that combines video, music, audiobooks, podcasts and magazine content in one subscription and one app, which is a unique selling proposition in the German-speaking market.

In France, Groupe M6's streaming service **6play** is the ad-funded streaming service, with 21.3 million active users. In October 2022, Groupe M6 launched 6play Max, a paid subscription video-on-demand version of 6play, developed by RTL Group's streaming technology company Bedrock. Within this subscription offer, users can watch content without advertising, in full HD and including download features. In March 2024, Groupe M6 presented its investment plan for its streaming service M6+ (previously 6play). The additional investments of €100 million in content, technology and marketing will build up over time. The service will be primarily financed by advertising (AVOD), complemented by a premium subscription tier (SVOD). It will feature exclusive local content

accessible from all screens alongside offering innovative experiences for the viewers and a higher value proposition for advertisers.

In Hungary, **RTL Hungary** launched its streaming service **RTL+** in November 2022. The new service offers exclusive local content, which is a unique feature in the Hungarian streaming landscape, and is also based on the technology of Bedrock.

Expanding RTL Group's global content business, Fremantle

RTL Group's content business, Fremantle, is one of the world's largest creators, producers and distributors of scripted and unscripted content. Fremantle runs an international network of teams across production and distribution in 27 countries. The company is responsible for more than 11,000 hours of programming per year, and distributes content worldwide.

Fremantle aims to achieve full-year revenue of €3 billion by 2025/2026. To reach this goal, RTL Group is investing in Fremantle across **entertainment, drama and film, and documentaries** – both organically and via acquisitions. After integrating its acquired labels/production companies into the Fremantle network and reducing overhead, Fremantle's Adjusted EBITA margin is expected to increase to 9 per cent by 2026.

Fremantle pursues three strategic goals:

- **Protect and grow the core:** Maintaining its position as a leading producer and distributor of quality programming by nurturing established brands such as *Idols*, *Got Talent* and *Farmer Wants a Wife*, while investing in creating new formats and brands and expanding the client base with global streaming platforms such as Netflix and Amazon Prime.
- **Grow drama, film and documentaries:** Fremantle has made a series of investments in talent and labels to grow its drama, film and documentary business, and be the best choice for talent. The company has strengthened its European footprint, expanded its scripted business and invested in several documentary production companies to become a leading producer of high-end documentaries.
- **Create a portfolio business** by exploiting new monetisation models such as branded entertainment, direct-to-consumer and FAST channels. Fremantle has launched 23 own FAST channels in 12 territories, such as *Family Feud Classic*, *Jamie Oliver*, *Baywatch* and *America's Got Talent*, which are currently available on different platforms. Fremantle has an ambitious plan to leverage its global footprint and grow the business internationally.

Fremantle continues to invest in high-end productions to **accelerate its growth in drama series, films and documentaries**. Acquisitions include, for example, Miso Film in Scandinavia, This is Nice Group in the Nordics, Wildside and Lux Vide in Italy, Asacha Media Group and Kwai in France, A Team Productions in Belgium, Abot Hameiri and Silvio Productions in Israel, Dancing Ledge Productions, 72 Films, Wildstar Films and Boldprint Studios in the UK, Passenger and Fabel in the US, Eureka in the US and Australia, Element Pictures in Ireland and Beach House Pictures in Asia.

Fremantle also bought minority stakes in a number of new production companies to secure first access to their creative talent and output. Working with world-class storytellers is key to Fremantle's scripted strategy.

As a result of this strategy, Fremantle generated 31 per cent of its total revenue in 2023 from drama and film productions.

To replicate this success in documentaries, Fremantle has established a new global documentaries division, acquired documentary production companies, and set up its own premium documentary label Undeniable, which focuses on producing world-class premium feature documentaries.

Investing in technology and data

Combining the strengths of RTL Group's core business – high reach, brand safety and emotional storytelling – with data and targeting offers significant growth potential for the Group's largest revenue stream: advertising. Addressable TV will grow the available inventory, attract new advertisers and can be sold with a premium compared to traditional linear TV advertising.

RTL Group's largest unit, RTL Deutschland, is responsible for the Group's ad-tech business, Smartclip. Based on the Smartclip technology, RTL aims to create an open ad-tech platform tailored to the needs of European broadcasters and streaming services. Accordingly, RTL Deutschland will invest further in evolving and growing the Smartclip platform. This includes acquisitions such as French ad-tech company Realytics, which complemented the existing ad-tech stack. Realytics systematically analyses the impact of TV advertising on advertiser websites and ensures data availability for digital ad decision-making.

With its European ad-tech businesses, RTL Group made significant progress in building an open European ad-tech platform and in tapping into the high-growth market of addressable TV (ATV) advertising. In 2021, it was predicted that in Germany alone, the market for ATV advertising was expected to grow to more than €500 million by 2025. Based on this prediction, RTL Deutschland was expected to generate approximately €200 million in ATV advertising revenue by 2025. However, the macroeconomic environment in the past three years, the slower technical distribution of connected smart TV devices and set top boxes, and the acceptance of ATV advertising by clients delayed market growth. RTL Group expects that RTL Deutschland will generate approximately €200 million in ATV advertising revenue by 2027, two years later than previously planned.

Bedrock, a French technology company co-founded by RTL Group and Groupe M6, builds the tech platform for Groupe M6's streaming service 6play, Videoland in the Netherlands and RTL+ in Hungary. This common platform allows RTL Group to bundle streaming technology investments.

Alliances and partnerships

In competing with the global tech platforms, new alliances and partnerships between European media companies become increasingly important.

In autumn 2019, RTL Group's management started to promote new partnership opportunities – all based on the philosophy of bundling European broadcasters' resources to establish open and neutral platforms. RTL Group offers these partnership opportunities in areas such as advertising sales, advertising technology, streaming technology, content creation and data.

As part of the envisaged sale of RTL Nederland, **RTL Group** and **DPG Media** will enter into a strategic partnership, spanning from technology to advertising sales and content. At the time of closing the transaction, the service agreements for RTL Nederland in the areas of streaming technology (via Bedrock), broadcasting operations (via RTL Group's technical services provider BCE) and international advertising sales (via RTL AdAlliance) will be renewed for at least three years. RTL Nederland will also continue to use the solutions provided by RTL Group's ad-tech business, Smartclip.

In November 2020, **RTL Deutschland** and **Deutsche Telekom** announced a **strategic partnership** to integrate the streaming subscription RTL+ Premium within Deutsche Telekom's TV offer, Magenta TV. Since then, price plans for both Magenta TV Smart and Magenta TV Smart Flex have included RTL+ Premium with no additional fee for customers. In addition, RTL Deutschland sub-licensed the exclusive rights to 12 Uefa Euro 2024 matches from Deutsche Telekom.

In December 2023, **Sky Deutschland** and RTL Deutschland announced a strategic two-year content partnership to offer German viewers access to even more live sport. The innovative partnership, which is unique in the German TV market so far, has the goal of delivering greater value to both Sky and RTL viewers by exchanging content. This includes sub-licensing seven Formula 1 races, one game from the English Premier League per match week on RTL+, alongside three conference broadcasts of the 2nd Bundesliga for RTL Deutschland and Uefa Europa League or Uefa Europa Conference League matches for Sky Deutschland. The partnership additionally includes selected highlights rights, Sky fiction blockbusters and close collaboration in production and on-screen editorial between the two broadcasters.

Driving international advertising sales

One key development for RTL Group's largest revenue stream – advertising – has been the increased demand from advertisers and agencies for global ad-buying opportunities. Consequently, RTL Group is expanding **international advertising sales** to cater to the demand from international advertisers and agencies for easy access to the Group's large portfolio of TV and streaming services, digital video company and advertising technology in a brand-safe environment.

In 2022, RTL Group combined RTL AdConnect, G+J iMS and the media division of Smartclip to create an international advertising sales champion: **RTL AdAlliance**. RTL AdAlliance provides international advertisers with simplified access to a unique portfolio of media brands across TV, digital video, radio/audio, online, mobile and print.

Building one-stop sales houses for cross-media campaigns

On the national level, the German Ad Alliance launched in 2016, offering high reach to advertisers and agencies. The German Ad Alliance is a one-stop shop for the development of cross-media solutions and innovative advertising products. Its portfolio spans television, radio/audio, print, and digital. Ad Alliance is the only sales house in Germany that offers complex, all-media campaigns from a single source. In 2019, the sales house Media Impact (Axel Springer) became a partner of the German Ad Alliance, and from January 2024, Ad Alliance has taken over the advertising sales of the digital portfolio of Bauer Advance. The partnership includes all digital brands of the Bauer Media Group and is a further step towards RTL Group's envisaged ad sales consolidation. Together, the platforms of Ad Alliance reach 99 per cent of the German population. Ad Alliance remains open to additional partnerships.