

## **Deutsche Welle Anstalt des öffentlichen Rechts, Bonn**

### **Notes to the annual financial statements for the financial year from 1 January 2022 to 31 December 2022**

#### **A. General disclosures**

Deutsche Welle (“DW”) is a broadcasting corporation under German federal law and is managed as a public-benefit public-law institution.

DW is based both in Bonn and Berlin. The Director General's office and its related administration as well as the registered office relevant for the place of jurisdiction are located in Bonn.

The annual financial statements of Deutsche Welle are compiled in accordance with the Deutsche Welle Act [Deutsche-Welle-Gesetz – DWG], as amended. To enhance the clarity of presentation the income statement has been adapted to the classification used in the financial plan.

Pursuant to section 55 DWG, the annual financial statements comprise the statement of net worth (balance sheet), income statement, financial statement (cash flow statement) and a statement of income and expenditure corresponding to the budgetary system of the German Federal Government as well as a business report to explain matters of particular significance.

To improve the quality of the information provided the annual financial statements have been supplemented with notes and the business report prepared in the form of a management report under the German Commercial Code [Handelsgesetzbuch – HGB].

The balance sheet, income statement and the notes to the financial statements and management report have been prepared in accordance with the provisions applicable to large corporations under German commercial law. The special characteristics of broadcasting corporations are particularly taken into account by adjusting the statutory classifications.

#### **B. Significant accounting policies**

Except for the first-time measurement of the provisions for pension liabilities arising from commitments covered by reinsurance in accordance with IDW Accounting Practice Statement IDW RH FAB 1.021, the accounting policies of the previous year were retained.

##### **Assets:**

Purchased intangible assets and tangible fixed assets are measured at acquisition or production cost, less scheduled depreciation.

Straight-line depreciation has been applied, based on useful lives specific to broadcasters (ARD principles). Low-value assets up to EUR 800.00 net are written off in full in the year of acquisition and shown as disposals in the following year in the table of fixed asset movements.

Shares in affiliated companies and long-term equity investments are recognized at acquisition cost or at their lower of cost or market value.

Other loans are recognized at nominal value.

The compensation claim against the German Federal Government was established for the portion of pension provisions, early retirement provisions and other obligations from benefits not covered by reinsurance policies. The compensation claim is indirectly recoverable based on the funding guarantee laid down by section 44 DWG.

Television program assets (contract productions and acquired licenses) are recognized at acquisition cost after depreciation has been offset (year of first broadcast: 90%; following year: 10%). Radio program assets are only recognized in a memo item due to their current character.

Inventories of raw materials, consumables and supplies are recognized at acquisition cost. Write-downs on inventory risks resulting from the duration of storage or reduced usability are accounted for by a 10% marketability discount.

Receivables and other assets are recognized at nominal value after deduction of necessary write-downs. Reinsurance policy claims reported as other assets are measured at the fair value of the actuarial reserve.

Cash-in-hand and bank balances are recognized at par values.

Expenses incurred before the balance sheet date are recognized as prepaid expenses to the extent that they relate to a certain period after that date.

#### Equity and liabilities:

Equity is recognized at par value.

Pension provisions are determined using actuarial methods based on biometrical probabilities (2018 G Reference Tables published by Heubeck-RichttafelIn-GmbH, Cologne) applying the projected unit credit method. In computing pension liabilities, the asset value of the reinsurance was carried for the first time in accordance with IDW Accounting Practice Statement IDW RH FAB 1.021 'Measurement of pension liabilities for old-age pension liabilities from commitments covered by reinsurance under German accounting law' to the extent that this accrued to pension commitments covered by reinsurance under the old pension agreement (VsTV) or the VTV pension scheme.

The interest is calculated as a ten-year average under section 253(2) sentence 1 of the German Commercial Code [Handelsgesetzbuch – HGB]. The interest rate applied as at the balance sheet date is 1.78% (p.y. 1.87%). Future expected increases in remuneration and pensions have been taken into account in computing the obligation. This currently assumes for pension commitments under the old pension agreement (VsTV, commitments until 03/1993) an increase of 2.8% from May 2023 and further annual adjustments of 2.0% from 2024 and thereafter (p.y. 2.0%) for remuneration, and 1.33% from May 2023 and 1.0% from 2024 and thereafter (p.y. 1.0%) for pensions. Pension commitments under the ARD-wide pension rules (VTV) take into account expected increases in remuneration of 2.8% from May 2023 and 2.0% from 2024 and thereafter and increases in pensions of 1.76% from May 2023 and 1.22% for 2024 and thereafter (p.y. 1.22%). An employee turnover rate of 0.0% to 3.8%, specific to company, sex and age, is factored into the computation. Pension commitments, the amount of which is determined exclusively by the fair value of a reinsurance claim, are measured as pension commitments covered by reinsurance congruent to the benefit under section 253 (1) sentence 3 HGB at the fair value of the reinsurance claim. This results in a measurement of pension liabilities for employees of Deutsche Welle and former employees of RIAS amounting to EUR 653.2 million (p.y. EUR 661.2 million).

Compared to the original measurement method, carrying the asset value of the reinsurance for the first time in accordance with IDW RH FAB 1.021 results in the amount of provisions for pension liabilities, to the extent that they accrue to pension commitments covered by reinsurance under the old pension agreement (VsTV) or the VTV pension scheme, being EUR 14.6 million lower. This one-off effect on results is presented under personnel expenses as post-employment expenses, thereby reducing expenses.

The difference caused by discounting the provision for pensions at the average market interest rate for the last ten years instead of at the average market interest rate for the last seven years (s.253(6) sentence 1 HGB) amounts to EUR 21.6 million (p.y. EUR 49.8 million). The average market interest rate for the last seven years is 1.44% (p.y. 1.35%).

Tax provisions and other provisions take account of all discernible risks and contingent liabilities and are measured at the amount required to settle them according to prudent business judgement.

Early retirement provisions, provisions for benefits and for anniversary bonuses payable in the future are computed using actuarial methods based on the 2018 G Reference Tables published by Heubeck-Richttafel-GmbH, Cologne, applying the projected unit credit method or, for benefits, applying the present value method. Here, an interest rate of 1.44% (p.y. 1.35%) was taken as the basis for long-service and benefit obligations and a rate of 0.43% (p.y. 0.24%) for early retirement provisions. In determining the obligations, expected future remuneration or benefit increases of 2.0% (p.y. 2.0%) were taken into account. The measurement of the benefit and other long-service obligations takes into account an employee turnover rate of 1.0% up to the age of 55. The provision for benefits was calculated based on the average of benefits granted to pensioners within the last five years.

Liabilities were recognized at the amounts required to settle them.

Income accrued before the balance sheet date was recognized as deferred income to the extent that it relates to a certain period after that date.

#### Foreign currency translation

Receivables and liabilities in foreign currency with a term of up to one year are translated using the average spot rate on the balance sheet date. Where the term is more than one year, translation is based on the exchange rate at the date when they came about. In the case of changes to exchange rates up to the balance sheet date, measurement is based on the exchange rate on the balance sheet date, observing the lower-of-cost-or-market principle on the assets side and the higher-of-cost-or-market principle on the equity and liabilities side.

**C. Notes to the balance sheet****1. Fixed assets**

The movement of assets is shown in the appendix to the notes.

In the financial year 2022, an asset inventory was conducted. The inventory included recording both tangible fixed assets (broadcasting technological installations, operating and office equipment) and a review of other components of fixed assets (particularly software, tenant's fixtures). The inventory has been included in the annual financial statements 2022.

**2. List of shareholdings**

Deutsche Welle directly holds at least one fifth of the shares in the following entities:

Name of participation, place of registration	Share in %	Equity 31/12/2022 in EUR 000	Net profit/ loss for 2022 in EUR 000
Pro-Funk Gesellschaft für Rundfunkförderung im In- und Ausland mbH, Bonn	100.00	1,507	0 1)
DW-Media Services GmbH, Bonn	100.00	129	1
Internationale Beethovenfeste Bonn gGmbH, Bonn	33.33	1,257	49 2)
Deutsche Welle Pakistan (Private) Limited, Islamabad, Pakistan	100.00	6	0 3)
Bonn Institute gGmbH	25.00	22	-3 4)

1) Profit after compensation by DW under section 3b of business lease agreement.

2) Preliminary annual financial statements 31/12/2022

3) Equity 31/12/2022: PKR 1,000,000; investment book value DW 7,391.36 EUR (capital and incidental acquisition costs PKR 1,134,750)

4) Figures from previous annual statements 31/12/2021 (refounded 2021, articles of association of 17/11/2021)

**3. Receivables and other assets**

Receivables and other assets have the following terms:

	Total	Of which due		
		within 1 year	1 to 5 years	after > 5 years
	EUR	EUR	EUR	EUR
- Trade receivables	1,848,595.65	1,848,595.65	0.00	0.00
- Receivables from other long-term investors and investees	113,000.00	113,000.00	0.00	0.00
- Other assets	211,973,913.16	48,561,029.29	0.00	163,412,883.87
	213,935,508.81	50,522,624.94	0.00	163.412.883,87

Other assets include reinsurance claims amounting to EUR 163.2 million (p.y. EUR 147.7 million) which were measured at their fair values under section 253 (1) sentence 4 HGB.

#### 4. Other provisions

Other provisions mainly include other benefit obligations (EUR 77.9 million; p.y. EUR 78.3 million), settlement obligations towards shared facilities of public broadcasters (EUR 8.6 million, p.y. EUR 8.8 million), as well as claims to annual leave not taken by own staff (EUR 5.7 million, p.y. EUR 5.4 million).

#### 5. Liabilities

As in the previous year, all liabilities are due within one year. Of the total amount of liabilities, EUR 7.5 million (p.y. EUR 6.9 million) result from taxes. Liabilities relating to social security and similar obligations amount to EUR 1.5 million (p.y. EUR 1.7 million).

### **D. Notes to the income statement**

#### 1. Sales

In the financial year 2022, sales amount to EUR 10.2 million (p.y. EUR 7.3 million). Significant items are income from advertising, amounting to EUR 6.1 million (p.y. EUR 3.9 million), income from commercial licensing, amounting to EUR 1.3 million (p.y. EUR 0.8 million), and income from subscription fees, amounting to EUR 1.1 million (p.y. EUR 1.2 million).

#### 2. Other operating income and expenses

In the previous year, the change in the amount of the compensation claim against the German Federal Government was presented under other operating income. In 2022 the change in the amount is presented under other operating expenses due to the reduction in the compensation claim against the German Federal Government.

#### 3. Post-employment expenses

Post-employment expenses reduced year on year by EUR 46.9 million to EUR 32.1 million due to lower expenses arising from transfer to provisions for future pension liabilities.

This reduction resulted on the one hand from the change as at 31 December 2022 to the actuarial interest rate that determines the computation of pension liabilities compared with the previous balance sheet date of only 0.09 percentage points to 1.78%, as opposed to a change in the previous year of -0.43 percentage points. Furthermore, in the financial year 2022, the effect on net income of EUR 14.6 million from the first-time measurement of pension commitments covered by reinsurance under IDW Accounting Practice Statement IDW RH FAB 1.021, reducing expenses, was recognized under post-employment expenses.

#### 4. Prior-year income and expenses

Income not attributable to the financial year mainly resulted from the reversal of provisions amounting to EUR 0.8 million (p.y. EUR 0.1 million).

#### 5. Compounding and discounting of provisions

Interest and similar expenses amounting to EUR 12.8 million (p.y. EUR 14.9 million) relate to expenses from the compounding of provisions.

#### 6. Interest to or from affiliated companies

Other interest and similar expenses amounting to EUR 20k (previous year: EUR 16k) relate to affiliated companies.

### **E. Other disclosures**

#### 1. Contingent liabilities and other financial obligations

##### Letter of comfort and warranty:

Together with the other *Länder* broadcasting corporations and ZDF, Deutsche Welle issued a letter of comfort and warranty in favor of Baden-Badener Pensionskasse VVaG (bbp). Deutsche Welle thereby undertakes to equip bbp with finances so that it can completely meet the regulatory requirements for solvency and the liquidity requirement for the funds needed to provide the insurance benefits.

The warranty only applies if the real solvency ratio threatens to fall below a threshold of 100%. The amount of the commitment relates to the relative amount of the financing necessary that equates to the portion of the provision for cover of those at Deutsche Welle entitled to a pension to the entire provision for cover. The warranty is valid until 30 June 2025. According to current estimates, it is not expected that the comfort letter will be used due to the reinforcement of the equity of bbp, the drop in the actuarial interest rate in the financial year 2021 as well as the current favorable development of the capital markets and change in direction of interest rates.

##### Blanket commitment for war and crisis zones:

Deutsche Welle has issued a blanket commitment to its employees for deployments to war or crisis zones to provide them with security in the case of accidents or illnesses that could arise from these deployments.

The commitment applies to all employees of Deutsche Welle who find themselves in particularly dangerous regions or particularly risky situations abroad as part of their professional deployment for Deutsche Welle. This commitment only applies to the extent that a Deutsche Welle insurance policy or employers' liability association policy or a policy taken out by the employee themselves does not apply. The scope of benefits is limited to EUR 750k per employee. Deutsche Welle guarantees the benefits as a provision, revocable at any time.

Twenty-two Deutsche Welle employees are currently deployed in the war zone in Ukraine (as of May 2023). There are currently no indications that any benefits will be claimed from this blanket commitment.

Other financial obligations:

The total amount of other financial obligations (accumulated 2023 to 2027) amounts as at the balance sheet date to EUR 70.7 million (p.y. EUR 71.3 million). The obligations accounted for here, which are significant for assessing financial position, relate to the lease of satellites (EUR 9.3 million) and obligations under other rental contracts (EUR 61.4 million).

2. Fees for auditors' services

The annual financial statements include expenses for audit services amounting to EUR 36k and for other assurance services amounting to EUR 42k.

3. Executive bodies of the corporation

In the calendar year 2022, the executive bodies of Deutsche Welle were composed of the following members:

Members of the Administrative Board

- Peter Clever (Chairman), former Member of the Confederation of German Employers' Associations (BDA) (in agreement with the Association of German Chambers of Industry and Commerce [DIHK])
- Ulrich Silberbach (Deputy Chairman), Chairman of the German Civil Service Federation [dbb Beamtenbund und Tarifunion]
- Volker Kauder, Chairman of the Board of Trustees of the Chancellor Helmut Kohl Foundation [Bundeskanzler-Helmut-Kohl-Stiftung], former member of the German Bundestag
- Herzs Krymalowski, member of the Central Council of Jews in Germany [Zentralrat der Juden in Deutschland]
- Prof. Dr phil. habil. Claudia Mast, University of Stuttgart-Hohenheim, communications science, German Rectors' Conference [Hochschulrektorenkonferenz]
- Steffen Saebisch, Permanent Secretary at the Federal Ministry of Finance (since February 2022)
- Dr Mark Speich, Permanent Secretary for Federal, European and International Affairs of the Land of North Rhine-Westphalia, Plenipotentiary of the Land to the German Federal Parliament

Members of the Broadcasting Council

- Prelate Dr Karl Jüsten (Chairman), Commissioner of the German Catholic Bishops' Conference, Catholic Office in Berlin
- Dagmar Freitag (Deputy Chairman), former Member of the German Bundestag
- Norbert Barthle, former Member of the German Bundestag (until January 2022)
- Thorsten Burmester, Chairman of the German Olympic Sports Confederation (DOSB) (from February 2022)
- Tanja Gönner, GIZ, Spokewomen of the Board (until October 2022)
- Ulrike Hiller, former state counsel [Staatsrätin a.D.]
- Prof. Christian Höppner, President of the German Cultural Council (from July 2022)
- Dr Susanne Keuchel, Director of the Academy of Cultural Education of the Federal Government and North Rhine-Westphalia, President of the German Cultural Council (until June 2022)
- Katja Keul, Member of the German Bundestag, Minister of State at the Federal Foreign Office (from February 2022)
- Dr Bärbel Kofler, Member of the German Bundestag, Parliamentary Permanent Secretary at the Federal Ministry for Economic Cooperation and Development (from February 2022)

- Frank Kopania, Head of the Foreign Work department at the Church Office of the Protestant Church in Germany [EKD]
- Prof. Dr Dieter Lenzen, President of the University of Hamburg
- Elisabeth Motschmann, former Member of the German Bundestag (Chairwoman of the Distribution Committee)
- Prof. Dr Klaus Reichert, Honorary President of Deutsche Akademie für Sprache und Dichtung [German Academy of Language and Poetry]
- Claudia Roth, Member of the German Bundestag, Minister of State for Culture and the Media (from February 2022)
- Thorsten Schäfer-Gümbel, Spokesman of the Board of the German Agency for International Cooperation (GIZ) GmbH (from November 2022)
- Sibylle Spoo, former division director at ver.di trade union (from April 2022)
- Vera Szackamer, Central Council of Jews in Germany (Chairwoman of the DW Akademie Committee)
- Frank Thewes, Head of Communication, Association of German Chambers of Industry and Commerce (from April 2022 Chairman of the Program Committee)
- Dr Petra Tzschope, Vice-president of the German Olympic Sports Confederation (DOSB) (until January 2022)
- Dr Wolfgang Uellenberg-van Dawen, former Head of Politics and Planning at ver.di trade union (Chairman of the Program Committee) (until March 2022)
- Markus Ulbig, former minister of state
- Dr Günter Winands, former permanent secretary, Director-General at the Federal Government Commissioner for Culture and the Media (until January 2022)

Executive body members received expense allowances totaling EUR 151k in 2022.

#### Director General

Peter Limbourg was appointed Director General (Intendant) of Deutsche Welle.

The disclosure of remuneration is omitted under section 286(4) HGB.

The pension liability recognized for former Directors General amounts to EUR 4,367k. Pension payments for this pension group amounted to EUR 448k in the reporting year.



4. Number of employees

The number of employees as an annual average (head count, with management and part-time employees as well as trainees and volunteers):

	2022	2021
Directorate General	82	79
Business Administration	194	183
Distribution, Marketing and Technology	570	545
Programming	734	724
DW-Akademie	172	163
Average Number of Employees	1.752	1.694
<i>of which Director General and Managing Directors</i>	5	5
Volunteers + Trainees	74	73
Total:	1,826	1,767

F. Events after the balance sheet date

After the end of the financial year ended 31 December 2022, no other events of particular significance took place that would have an effect on the annual financial statements 2022 and would require reporting here.

Bonn, 31 May 2023

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 Deutsche Welle Anstalt des öffentlichen Rechts  
 Peter Limbourg  
 Director General