NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

RTL Group SA (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2020, comprise the Company and its subsidiaries (together referred to as "RTL Group" or "the Group") and the Group's interest in associates and joint ventures. RTL Group SA is the parent company of an international media Group across broadcast, content and digital, holding, directly or indirectly, investments in 520 companies. 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 list of the principal Group undertakings at 31 December 2020, is set out in note 11.

The Company is listed on the Frankfurt and Luxembourg Stock Exchanges. Statutory accounts can be obtained at its registered office established at 43, boulevard Pierre Frieden, L-1543 Luxembourg.

The ultimate parent company of RTL Group SA preparing consolidated financial statements, Bertelsmann SE & Co. KGaA, includes in its consolidated financial statements those of RTL Group SA. 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 for Bertelsmann SE & Co. KGaA can be obtained at the company's registered office.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 11 March 2021.

1. 1. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

1. 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are presented in millions of Euro, which is the Company's functional and Group presentation currency, and have been prepared under the historical cost convention except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss ("FVTPL") are measured at fair value;
- Equity investments at fair value through OCI, equity instruments accounted at FVTPL and debt instruments measured at FVTPL are measured at fair value;
- Liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- The defined benefit assets and liabilities are measured in accordance with IAS 19.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the coming years are discussed in note 2.

IMPACT OF NEW FINANCIAL REPORTING STANDARDS

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

IMPACT OF ISSUED FINANCIAL REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE

RTL Group has not opted for early adoption of any additional standards, interpretations or amendments that have been issued by the IASB or the IFRS IC but are not yet mandatory.

EFFECTS OF THE COVID-19 PANDEMIC ON THE CONSOLIDATED FINANCIAL STATEMENTS

The effects of the Covid-19 pandemic on the financial information of RTL Group vary across broadcasting, content and digital activities. While especially advertising markets (notably in Germany, France, and the Netherlands) declined significantly with a negative impact on revenue and EBITA, cost measures helped to partially compensate the impact of revenue decline on EBITA. In addition to the implementation of further cash and receivables oversight procedures throughout the Group, the shareholders of both RTL Group and Groupe M6 agreed to suspend dividend payments in 2020 to help secure liquidity throughout the year. Together with the Bertelsmann credit facilities, RTL Group Management is convinced that the Group is adequately equipped with liquidity during the Covid-19 pandemic. Additionally, in March 2020, Groupe M6 drew down €180 million in bank credit lines as a precautionary measure since the beginning of the Covid-19 pandemic but paid back this amount in full in September.

Furthermore, RTL Group collected and evaluated data on the impairment of goodwill and individual assets, leases, programme rights, trade receivables, government grants, deferred tax assets, contacts that might be onerous and revenue, in addition to implementing measures to safeguard liquidity. No significant issues were noted except for the impairment of Atresmedia (see note 7. 5.1.). Economic uncertainties arising from the Covid-19 pandemic require discretionary decisions, estimates and assumptions. The assessment of the extent to which current and future customers will continue to be able to fulfil their contractual payment obligations depends on the current economic climate. RTL Group will be examining this criterion both before and at the time of performance obligations, as part of revenue recognition.

On 31 December 2020, goodwill was tested for possible impairment in accordance with IAS 36, following an impairment test performed on 30 June 2020 due to the Covid-19 pandemic having qualified as a triggering event. In addition to the description in the "Impairment" section, this year's impairment tests are subject to increased uncertainties and extended discretionary decisions regarding the forecast of cash flows resulting from the Covid-19 pandemic. In order to determine the recoverable amount, the cash flows determined are discounted using the cost of capital rate at the reporting date.

Due to the Covid-19 pandemic, RTL Group companies have, in some instances, received grants in various forms. If the conditions for a government grant are met, cash flows from grants are generally deferred and recognised in income over the term of the grant, while investment grants reduce the cost of the acquired asset. Due to the fact that newly created conditions are subject to interpretation ex post, the risk that the conditions for a granted subsidy may not be fulfilled cannot be ruled out, despite intensive checks in advance.

Overall, apart from the operational effects on revenues resulting from the Covid-19 pandemic and the impairment of the investment in Atresmedia, no other significant effects on RTL Group's net assets, financial position and results of operations are currently expected. Management is of the opinion that the additional estimates and discretionary decisions resulting from the Covid-19 pandemic adequately reflect the currently foreseeable microeconomic and macroeconomic situation.

1. 3. PRINCIPLES OF CONSOLIDATION

1. 3. 1. SUBSIDIARIES

Subsidiaries are those undertakings controlled by the Company. Control exists when the Company has power or ability ("de facto control"), directly or indirectly, over an entity; is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. Directly or indirectly held subsidiaries are consolidated from the date on which control is transferred to the Company, and are no longer consolidated from the date that control ceases.

The full consolidation method is used, whereby the assets, liabilities, income and expenses are fully incorporated. The proportion of the net assets and net income attributable to non-controlling interests is presented separately as non-controlling interests in the consolidated statement of financial position and in the consolidated income statement.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

ACCOUNTING FOR BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired, and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs related to the acquisition – other than those associated with the issue of debt or equity securities – that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Contingent consideration is classified as either equity or a financial liability. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent consideration related to business combinations subsequent to 1 January 2016 is re-measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognised in profit or loss. It is Level 3 fair value measurement based on the discounted cash flows ("DCF") and derived from market sources as described in notes 3. 3. and 7. 2..

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognised for the present value of the redemption amount within accounts payable with a corresponding charge directly to equity or through goodwill in case of a business combination with the transfer of the risks and rewards of the non-controlling interests to the Group. Subsequent measurement of liabilities from put options is recognised in profit or loss. The income/(expense) arising is recorded in "Financial results other than interest".

On an acquisition-by-acquisition basis the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

ACCOUNTING FOR TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying amount of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

LOSS OF CONTROL

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value subsequently becomes the initial carrying amount for the purposes of accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1. 3. 2. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The investments accounted for using the equity method comprise interests in associates and joint ventures. Associates are defined as those investments where the Group is able to exercise a significant influence. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of arrangements, rather than rights to their assets and obligations for their liabilities. Such investments are recorded in the consolidated statement of financial position using the equity method of accounting and are initially recognised at cost, which includes transaction costs. Under this method the Group's share of the post-acquisition profits or losses of investments accounted for using the equity method (impairment loss included) is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves.

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the investment accounted for using the equity method, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investment accounted for using the equity method.

Unrealised gains on transactions between the Group and its investments accounted for using the equity method are eliminated against the investment accounted for using the equity method to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies for investments accounted for using the equity method have been changed where necessary to ensure consistency with the policies adopted by the Group and restated in case of specific transactions on RTL Group level in relation with investments.

1. 4. FOREIGN CURRENCY TRANSLATION

1. 4. 1. FOREIGN CURRENCY TRANSLATIONS AND BALANCES

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are generally recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at foreign exchange rates ruling at the date the fair value was determined.

1. 4. 2. FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill, except for goodwill arising from acquisitions before 1 January 2004, and fair value adjustments arising on consolidation, are translated to Euro using the foreign exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rate for the year under review. The foreign currency translation differences resulting from this treatment and those resulting from the translation of the foreign operations' opening net asset values at year-end rates are recognised directly in a separate component of equity.

Exchange differences arising from the translation of the net investment in a foreign operation, or associated undertaking and financial instruments, which are designated and qualified as hedges of such investments, are recognised directly in a separate component of equity. On disposal or partial disposal of a foreign operation, such exchange differences or proportion of exchange differences are recognised in profit or loss as part of the gain or loss on sale.

1. 5. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

FAIR VALUE

Derivative financial instruments are initially recognised at fair value in the statement of financial position at the date a derivative contract is entered into and are subsequently re-measured at fair value. The fair value of foreign currency forward contracts is determined by using forward exchange market rates at the reporting date.

CASH FLOW HEDGING

For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents, both at the hedge inception and on an ongoing basis, its assessment of whether the hedging derivatives are effective in offsetting changes in fair values or cash flows of the hedged items.

The accounting treatment applied to cash flow hedges in respect of off-balance sheet assets and liabilities can be summarised as follows:

- For qualifying hedges, the effective component of fair value changes on the hedging instrument (mostly foreign currency forward contracts or cash balances in foreign currencies) is deferred in “Hedging reserve”;
- Amounts deferred in “Hedging reserve” are subsequently released to the income statement in the periods in which the hedged item impacts the income statement. Hedging forecast purchases of programme rights in foreign currency releases from equity when the programme right is recognised on-balance sheet in accordance with the Group’s policy;
- The ineffective component of the fair value changes on the hedging instrument is recorded directly in profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IFRS 9, any cumulative gain or loss included in the “Hedging reserve” is deferred until the committed or forecast transaction ultimately impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

1. 6. CURRENT/NON-CURRENT DISTINCTION

Current assets are assets expected to be realised or consumed in the normal course of the Group’s operating cycle (normally within one year). All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group’s operating cycle (normally within one year) or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

1. 7. INTANGIBLE ASSETS

1. 7. 1. NON-CURRENT PROGRAMME AND OTHER RIGHTS

Non-current programme and other rights are initially recognised at acquisition cost or production cost, which includes staff costs and an appropriate portion of relevant overheads, when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Non-current programme and other rights include (co-)productions, audio-visual and other rights acquired with the primary intention to broadcast, distribute or trade them as part of the Group's long-term operations. The economic benefits of the rights are highly correlated to their consumption patterns, which themselves are linked to the revenue. These non-current programme and other rights are therefore amortised based on expected revenue. The amortisation charge is based on the ratio of net revenue for the period over total estimated net revenue. The (co-)production shares and flat fees of distributors are amortised over the applicable product lifecycle based upon the ratio of the current period's revenue to the estimated remaining total revenue (ultimate revenue) for each (co-)production.

Estimates of total net revenue are periodically reviewed and additional impairment losses are recognised if appropriate.

1. 7. 2. GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date. Goodwill arising from applying this method is measured at initial recognition as detailed in note 1. 3. 1..

Goodwill on acquisitions of subsidiaries is recognised as an intangible asset. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of the cash-generating units represents the Group's investment in a geographical area of operation by business segment, except for the content business and Divimove, which are multi-territory/worldwide operations.

No goodwill is recognised on the acquisition of non-controlling interests.

1. 7. 3. OTHER INTANGIBLE ASSETS

Other intangible assets with a definite useful life, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses. They comprise licences (other than (co-)production, audiovisual and other rights), trademarks and similar rights as well as EDP software. They are amortised on a straight-line basis over their estimated useful life as follows:

- Licences: seven to 20 years;
- Software: maximum three years.

Brands, unless an indefinite useful life can be justified, and customer relationships acquired through business combinations are mainly amortised on a straight-line basis over their estimated useful life.

Other intangible assets with an indefinite useful life are tested annually for impairment and whenever there is an indication that the intangible asset may be impaired.

1. 8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:

- Land: nil;
- Buildings: ten to 25 years;
- Technical equipment: four to ten years;
- Other fixtures and fittings, tools and equipment: three to ten years.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit from operating activities.

Depreciation methods and useful lives, as well as residual values, are reassessed annually.

Expenditure incurred to replace a component of an item of property, plant and equipment that is separately accounted for, is capitalised with the carrying amount of the component that is to be replaced being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits that will be derived from the item of property, plant and equipment. All other expenditure is expensed as incurred.

1. 9. LEASES

The Group mainly leases premises for operating businesses. Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

RIGHT-OF-USE ASSETS

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, initial direct costs incurred, restoration costs, and lease payments made at or before the commencement date less any incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

LEASE LIABILITIES

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's maturity, currency and risk-specific incremental borrowing rate is used. The incremental borrowing rate represents the cost of obtaining external financing for a corresponding asset with a financing period corresponding to the term of the lease denominated in the currency in which lease payments are settled.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS FOR ALL CLASSES OF ASSETS

The Group applies the short-term lease recognition exemption to its leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the exemption of low-value leased assets. Lease payments on short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense over the lease term.

1. 10. LOANS AND OTHER FINANCIAL ASSETS

INITIAL RECOGNITION

Loans are recognised initially at fair value plus transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method, less any valuation allowance for credit risk. Any difference between nominal value, net of transaction costs, and redemption value is recognised using the effective interest method in profit or loss over the period of the loan.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded in either profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI"). At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, in the case of a financial asset not at fair value through profit or loss ("FVTPL"). Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The fair value of publicly traded investments is based on quoted market prices at the reporting date. The fair value of non-publicly traded investments is based on the estimated discounted value of future cash flows.

SUBSEQUENT MEASUREMENT

DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into three measurement categories:

- Amortised cost: assets that are held in order to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recorded directly in profit or loss and presented in "Other operating income" or "Other operating expense", together with foreign exchange gains and losses. Impairment losses, when applicable, are presented as "Depreciation, amortisation, impairment and valuation allowance" in the consolidated income statement;
- FVOCI: assets that are held in order to collect contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in the fair value are taken through OCI, except for the recognition of impairment losses (and reversal of impairment losses) and interest income, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Financial results other than interest". Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented in "Financial results other than interest" and disclosed separately in the notes to the consolidated income statement;
- FVTPL: instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in the consolidated income statement and presented net within "Financial results other than interest" in the period in which it arises, with the exception of the earn-out arrangement related liabilities – the re-measurement of which is reported in "Other operating income" or "Other operating expense".

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

EQUITY INSTRUMENTS

The Group subsequently measures all equity investments at fair value. Where the Group's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from "Equity investments at fair value through OCI – change in fair value, net of tax" in the revaluation reserve of the consolidated statement of changes in equity.

Changes in the fair value of financial assets at FVTPL are recognised within "Financial results other than interest" in the consolidated income statement.

1. 11. CURRENT PROGRAMME RIGHTS

Current programme rights are initially recognised at acquisition cost or Group production cost when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Current programme rights include programmes in progress, (co-)productions and rights acquired with the primary intention to broadcast or sell them in the normal course of the Group's operating cycle. Current programme rights include an appropriate portion of overheads and are stated at the lower of cost and net realisable value. The net realisable value assessment is based on the advertising revenue expected to be generated when broadcast, and on estimated net sales. Weak audience shares or changes from a prime-time to a late-night slot constitute indicators that a valuation allowance may be recorded. They are consumed based on either the expected number of transmissions or expected revenue in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are as follows:

- Free television thematic channels: programme rights are consumed on a straight-line basis over a maximum of six runs;
- Free television other channels:
  - Blockbusters (films with high cinema ticket sales), mini-series (primarily own productions with a large budget), other films, series, TV movies and (co-)productions are mainly consumed over a maximum of two transmissions as follows: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;
  - Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
  - Children's programmes and cartoons are consumed over a maximum of two transmissions as follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission;
- Pay television channels: programme rights are consumed on a straight-line basis over the licence period.

1. 12. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

Trade accounts receivable arise from the sale of goods and services related to the Group's operating activities. Trade accounts receivable are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components in which case they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less impairment loss.

Contract assets relate to the conditional right to consideration for complete satisfaction of the contractual obligations. Other accounts receivable include, in addition to deposits and amounts related to Profit and Loss Pooling ("PLP") and Compensation Agreements with RTL Group's controlling shareholder, VAT recoverable, and prepaid expenses.

Impairment losses on trade accounts receivable, other accounts receivable (PLP, VAT and prepaid expenses related ones excepted) and contract assets are recognised when:

- RTL Group assesses on a forward-looking basis the expected credit loss; or
- when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable or the contract asset is impaired. In that case, the trade receivable or the contract asset is removed from the expected credit loss and impaired on a stand-alone basis.

Additions to valuation allowance and subsequent recoveries of amounts previously written off are reported in the income statement within "Depreciation, amortisation, impairment and valuation allowance".

Accrued income is stated at the amounts expected to be received.

1. 13. CASH AND CASH EQUIVALENTS

Cash consists of cash in hand and at bank. Cash equivalents are assets that are readily convertible into cash, such as short-term highly liquid investments, commercial paper, bank deposits and marketable securities, all of which mature within three months from the date of purchase, and money market funds that qualify as cash and cash equivalents under IAS 7. Bank overdrafts are included within current liabilities.

1. 14. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, and fair value less costs of disposal where applicable, the estimated future cash flows are discounted to their present value using a discount rate after tax that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed when there is an indication that the conditions that caused the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. The carrying amount after the reversal of the impairment loss cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

1. 15. IMPAIRMENT OF FINANCIAL ASSETS

RTL Group applies the expected credit loss (ECL) model in accordance with IFRS 9 for debt instruments at amortised cost and for contract assets. Accordingly, the amount of expected credit losses recognised as a loss allowance depends on the extent to which the default risk has increased since initial recognition. According to the so-called general approach, a distinction is made between the following two measurement bases:

- 12-month ECL: At initial recognition and if the default risk has not increased significantly from the initial recognition of the debt instrument, a loss allowance is recognised for expected credit losses within the next 12 months.
- Lifetime ECL: If the default risk has increased significantly, a loss allowance for expected credit losses is recognised for the entire life of the debt instrument.

Appropriate quantitative and qualitative information and analyses based on the Group's past experience and reasonable assessments including forward-looking information such as customer-specific information and forecasts of future economic conditions are taken into consideration when determining the credit risk. When a financial asset is more than 30 days past due, its credit risk is assumed to have increased significantly. A default of a financial asset is assumed at the latest when the counterparty fails to make contractual payments within 90 days of when they fall due, unless reasonable and supportable information is available that justifies a different time of overdue payment. The Group assesses whether a financial asset is credit-impaired at the end of each reporting period. This is the case when one or more events that have a detrimental impact on the expected future cash flows of that financial asset have occurred. A financial asset is written off when it is no longer reasonably expected to be fully or partially recoverable.

For trade receivables and contract assets, RTL Group uses a simplified approach to measure expected credit losses. According to this, the loss allowance is measured using lifetime expected credit losses. For this purpose, impairment matrices based on historic bad debt losses, maturity bands and expected credit losses were prepared. The impairment matrices were created for business unit-specific groups of receivables, each with similar default patterns. In addition, separate risk assessments are performed. Contract assets have substantially the same risk characteristics as trade receivables for the same types of contracts, so that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

1. 16. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs of disposal if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

1. 17. ACCOUNTS PAYABLE

Trade accounts payable arise from the purchase of assets, goods and services relating to the Group's operating activities and include accrued expenses. Other accounts payable comprise, in addition to amounts related to the Profit and Loss Pooling Agreement ("PLP") with RTL Group's controlling shareholder, VAT payable, fair value of derivative liabilities, and accounts payable on capital expenditure. Trade and other accounts payable are measured at amortised cost using the effective interest method, except derivative liabilities which are measured at fair value.

1. 18. LOANS PAYABLE

Interest-bearing current and non-current liabilities are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing current and non-current liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

1. 19. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events. The amounts recognised represent management's best estimate of the expenditures that will be required to settle the obligation as of the reporting date. Provisions are measured by discounting the expected future cash flows to settle the obligation at a pre-tax risk-free rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or been announced publicly. Costs relating to the ongoing activities of the Group are not provided for.

Provisions for onerous contracts mainly relate to unavoidable costs for individual programme rights, the performance of which is assessed as clearly below that originally planned when the contract was agreed. Such situations mainly arise in case of executory obligations to purchase programmes that will not be aired due to lack of audience capacity or to mismatch with the current editorial policy. In addition, an expected or actual fall in audience can be evidenced by several indicators, such as the underperformance of a previous season, the withdrawal of the programme's main advertisers or a decline in the popularity or success of sports stars. Long-term sourcing agreements aim to secure the programme supply of broadcasters. They are mainly output deals, production agreements given the European quota obligations, and arrangements with sports organisations. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

1. 20. EMPLOYEE BENEFITS

1. 20. 1. PENSION BENEFITS

The Group operates or participates in both defined contribution and defined benefit plans, according to the national laws and regulations of the countries in which it operates. The assets of the plans are generally held in separate trustee-administered funds, and some of the plans are operated through pension funds that are legally independent from the Group. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. The Group recognises actuarial gains and losses in other comprehensive income. Past-service costs are recognised immediately through profit or loss.

Pension costs relating to defined contribution plans (including deferred compensation plans that are defined contribution plans in nature) are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 20. 2. OTHER BENEFITS

Many Group companies provide death in service benefits, and spouses' and children's benefits. The costs associated with these benefits are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 20. 3. SHARE-BASED TRANSACTIONS

Share options are granted to directors, senior executives and other employees of the Group. They may also be granted to suppliers for settlement of their professional services. Share options entitle holders to purchase shares at a price (the “strike price”) payable at the exercise date of the options. Options are initially measured at their fair value determined on the date of grant.

The grant date fair value of equity-settled share-based payment arrangements is recognised as an expense with a corresponding increase in equity over the vesting period of the options. The amount recognised as an expense is adjusted to reflect the number of options that are expected to ultimately vest, considering vesting service conditions and non-market performance conditions.

For cash settled share-based payment arrangements, the fair value of the amount payable to employees is recognised as an expense with a corresponding increase in liability until the employees exercise their options. The liability is re-measured to fair value at each reporting date up until the settlement date. Any changes in the liability are recognised in the income statement. The fair value of the options is measured using specific valuation models (Binomial and Black-Scholes-Merton models).

1. 21. SHARE CAPITAL

1. 21. 1. EQUITY TRANSACTION COSTS

Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are deducted, net of the related income taxes, against the gross proceeds recorded in equity.

1. 21. 2. TREASURY SHARES

Where the Company or its subsidiaries purchase the Company’s own equity, the consideration paid, including any attributable transaction costs net of income taxes, is shown in deduction of equity as “Treasury shares”.

1. 21. 3. DIVIDENDS

Dividends on ordinary shares are recorded in the consolidated financial statements in the period in which they are approved at the Shareholders’ meeting or authorised by the Board of Directors in case of interim dividends.

1. 22. REVENUE PRESENTATION AND RECOGNITION

Revenue relates to advertising, the production, distribution and licensing of films, programmes and other rights, the rendering of services and the sales of merchandise. Revenue is presented, net of sales deductions such as cash rebates, credit notes, discounts, refunds and VAT. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group’s activities.

ADVERTISING REVENUE

THE NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS

Advertising arrangements mostly include spots aired as part of a campaign on various media (TV, radio, internet), generally for a period of up to one year. RTL Group considers that spots aired constitutes a series of performance obligations for which the clients benefit from the visibility of their brands as the spot is broadcast. Therefore, RTL Group treats the series of spots as a single performance obligation.

Advertising revenue is recognised during the period over which the related advertisement is broadcast or appears before the public. Sales house and other agencies’ commissions are directly deducted from advertising revenue.

Both normal and free advertising spots of an advertising campaign are considered as separate performance obligations and recognised for their relative stand-alone selling price. Free advertising spots generate a contract asset if they are aired before normal advertising spots, and a contract liability in the reverse case.

In addition, barter arrangements, whereby particular advertising spots are broadcast in exchange for other media advertising, generate a contract asset or liability to the extent that the service rendered by the Group does not pertain to the same line of business as the service received from the counterpart. Revenue from barter transactions is recognised at the fair value of the goods or services received, adjusted for any cash involved in the transaction.

CONTENT REVENUE

THE NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS

Content revenue mostly consists of revenue generated from the production and licensing of intellectual property to customers.

Customer contracts typically have a wide variety of performance obligations, from production licence contracts to multi-year format licence agreements, as well as ancillary rights and services (e.g. merchandising rights, sponsorship rights and production consulting services) and distribution activities. IFRS 15 requires an assessment of the nature of promise at contract level, of the unit of account regarding licences and payment terms. The Group assesses whether licences are determined to be a right to access the content (revenue recognised over time) versus a right to use the content (revenue recognised at a point in time).

RTL Group has determined that for most of the licences granted, the involvement of the Group is limited to the transfer of the licence, where the performance obligation is satisfied at a point in time. Non-refundable minimum guarantees recoupable over royalties are received as part of some production or distribution arrangements. These are recognised in accordance with the classification of the type of licence granted.

In case of sales-based or usage-based royalties in exchange for a licence of intellectual property, the Group recognises revenue when the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied) and when the subsequent sale or usage has occurred.

Most of the licences granted are licences for which revenue, including minimum guarantees, should be recognised at a point in time. In parallel, advance payments received from a customer to fulfil non-cancellable arrangements generate a contract liability.

When the customer has a right to return the product within a given period, the entity is obliged to refund the purchase price. Under IFRS 15, a refund liability for the expected refunds to customers is recognised as adjustment to revenue in trade and other accounts payable.

A significant part of operations developed by the digital video networks consists of distributing videos licenced by talents/influencers which are advertising-financed. The related revenue, based on a variable basis, is reported in revenue from content.

TV platform distribution revenue is recognised when the Group’s TV channels are providing a signal to cable, IPTV or satellite platforms for a fee.

OTHER REVENUE

THE NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS

Revenue from services is recognised in the period in which the service has been rendered for the consideration that the Group expects to receive.

The sales of merchandise are recognised when the customer has obtained controls of the goods for the amount that the Group expects to receive.

For the sale of third-party goods and services and especially in the context of the Group’s digital businesses, the Group assesses whether it operates as a principal, and reports revenue on a gross basis, or as agent, and reports revenue on a net basis. The decision is primarily based on who the customer is and whether the agent obtains control of the specified goods or services before they are transferred to the customer. Other indicators include who is primarily responsible for fulfilment, inventory risk, and discretion in establishing the sales price.

In the directors’ report, “Digital” refers to the internet-related activities with the exception of online sales of merchandise (“e-commerce”). Digital revenue is spread over three different categories: digital advertising sales, revenue from distribution and licensing content, and consumer and professional services. In contrast to some competitors, RTL Group recognises only pure digital businesses as digital revenue and does not consider e-commerce, home shopping and platform revenue as digital revenue. Revenue from e-commerce and home shopping are included in "Revenue from selling goods and merchandise and providing services". "Content" mainly embraces the non-scripted and scripted production and related distribution operations.

1. 23. GOVERNMENT GRANTS

Grants from government and inter-governmental agencies are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants related to assets are initially presented as a deduction in arriving at the carrying amount of the asset. Grants that compensate the Group for expenses incurred are recognised in "Other operating income" on a systematic basis in the same period in which the expenses are recognised.

Forgivable loans are loans which government and inter-governmental agencies undertake to waive repayment of under certain prescribed conditions. Forgivable loans are recognised in "Other operating income" where there is reasonable assurance the loan will be waived.

1. 24. GAIN/(LOSS) FROM SALE OF SUBSIDIARIES, OTHER INVESTMENTS AND RE-MEASUREMENT TO FAIR VALUE OF PRE-EXISTING INTEREST IN ACQUIREE

Gains/(losses) on disposal or loss of control of subsidiaries owning only one non-financial asset or a group of similar assets are classified in "Other operating income"/"Other operating expenses" to reflect the substance of the transaction.

1. 25. INTEREST INCOME/(EXPENSE)

Interest income/(expense) is recognised on a time proportion basis using the effective interest method.

1. 26. INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted in the countries where the Group's entities operate and generate taxable income at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred taxes are recognised on any temporary difference between the carrying amount for consolidation purposes and the tax base of the Group's assets and liabilities, as well as for unused tax loss carry forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax credits and tax losses carried forward can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

1. 27. DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

1. 28. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares and the shares held under the liquidity programme, if any.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is currently no category of dilutive potential ordinary shares.

1. 29. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Executive Committee of RTL Group, which makes strategic decisions.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The operating results of all operating segments are regularly reviewed by the Group's Executive Committee, which makes decisions about resources to be allocated to the segment and assesses its performance, and for which discrete financial information is available.

The invested capital is disclosed for each reportable segment as reported to the Group's Executive Committee. Invested capital is calculated on the basis of the Group's operating assets, right-of-use assets included less non-interest bearing operating liabilities, lease liabilities excluded. Intercompany revenues are recognised using the same arm's-length conditions applied to transactions with third parties. No measure of segment assets and liabilities other than invested capital is reported to the Group's Executive Committee.

1. 30. PRIOR YEAR INFORMATION

As a result of the further development of the business model, the presentation of programme rights at Videoland – a company of RTL Nederland – has been reclassified from non-current to current assets. The figures for the previous year were adjusted for better comparability. As the measurement has not changed, there is no effect on profit on operating activities within the income statement and Adjusted EBITA in the segment reporting. Based on carrying amounts, non-current assets decreased by €26 million with a corresponding increase in current programme rights as of 31 December 2019. The respective comparative figures in the income statement on the position "Depreciation, amortisation, impairment and valuation allowance" were decreased by €22 million and on the position of "Consumption of current programme rights" were increased by €22 million accordingly. Further, the comparative figures of the net cash from operating activities for the year 2019 were decreased and net cash from investing activities were increased by €30 million.

In September 2019, Groupe M6 acquired 100 per cent of the share capital of Jeunesse TV SAS, Lagardère Thématiques SAS (renamed Jeunesse Thématiques SAS) and LTI Vostok LLC. The initial accounting for the acquisition had not yet been completed in the last financial year. In accordance with IFRS 3.49, goodwill from the acquisition of Youth Television Business was decreased from €193 million to €126 million. The decrease results mainly from the valuation of intangible assets acquired for €90 million in total (including €38 million for brands, almost all for the brand Gulli, and €52 million for customer relationships) and respective adjustments in the deferred tax liability for €23 million. Due to the finalisation of the purchase price allocation in 2020 the consolidated balance sheet figures from the previous year have been adjusted accordingly.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. 1. CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN 50 PER CENT

Even though the Group has less than 50 per cent of the voting rights of Groupe M6, management consider that the Group has de facto control of Groupe M6. The Group is the majority shareholder of Groupe M6 while the balance of other holdings remains highly dispersed and the other shareholders have not organised their interest in such a way that they intend to vote differently from the Group.

2. 2. SIGNIFICANT INFLUENCE WITH LESS THAN 20 PER CENT

Although the Group holds less than 20 per cent of the equity shares of Atresmedia, management consider that the Group exercises a significant influence in Atresmedia in view of the representation of RTL Group on the Board of Directors and other governing bodies of Atresmedia.

2. 3. PROGRAMME AND OTHER RIGHTS (ASSETS AND PROVISIONS FOR ONEROUS CONTRACTS)

The Group's accounting for non-current programme rights requires management judgement as it relates to estimates of total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management judgement will need to take into account factors such as the future programme grid, the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast, and the related valuation allowance.

Provisions for onerous contracts related to programme and other rights are also recognised when the Group has constructive obligations and it is probable that unavoidable costs exceed the economic benefits originally planned. These provisions have been determined by discounting the expected future cash inflows for which the amount and timing are dependent on future events.

2. 4. ESTIMATED IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group tests at least annually whether goodwill and intangible assets with indefinite useful life have suffered any impairment. The Group tests annually whether investments accounted for using the equity method have suffered any impairment, and if any impairment should be reversed.

The Group has used a combination of long-term trends, industry forecasts and in-house knowledge, with greater emphasis on recent experience, in forming the assumptions about the development of the various advertising markets in which the Group operates. This is an area highly exposed to the general economic conditions. The state of the advertising market is just one of the key operational drivers used by the Group to assess individual business models. Other key drivers (non-IFRS measures) include audience shares, advertising market shares, the EBITA and EBITDA margin and operating cash conversion rates. All of these different elements are variable, inter-related and difficult to isolate as the main driver of the various business models and respective valuations.

The Group performs sensitivity analysis of the recoverable amount of the cash-generating units, especially on those where the headroom between the recoverable amount and the carrying amount is low.

2. 5. LEASE ACCOUNTING ASSUMPTIONS

Extension and termination options are included in a number of real estate leases across the Group. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option. The Group considers all relevant factors that create an economic incentive for the Group to exercise the option. After the commencement date, the Group re-assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option or not. Most of the extension and termination options held are exercisable only by the Group and not by the respective lessor. Incremental borrowing rates determined by currency and maturity are updated on a yearly basis unless a triggering event occurs.

2. 6. CONTINGENT CONSIDERATION AND PUT OPTION LIABILITIES ON NON-CONTROLLING INTERESTS

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination, and subsequently re-measured at each reporting date. The determination of the fair value is based on discounted cash flow and takes into account the probability of meeting each performance target. Put option liabilities on non-controlling interests are valued based on the net present value of the expected cash outflow in case of exercise of the option by the counterparty.

2. 7. FAIR VALUE OF EQUITY INVESTMENTS AT FAIR VALUE THROUGH OCI

The Group has used discounted cash flow analysis for the equity investments at fair value through OCI that were not traded in active markets.

2. 8. PROVISIONS FOR LITIGATIONS

Most 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 more likely than not and when it is possible to make a reasonable estimate of the expected financial effect. RTL Group management review on a regular basis the expected settlement of the provisions.

2. 9. INCOME, DEFERRED AND OTHER TAXES

The Group is subject to income and other taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Uncertain tax positions and future tax benefits are based on assumptions and estimations that may arise from the interpretation of tax regulations. An asset or liability arising from an uncertain tax position is recognised in accordance with IAS 12 if a payment or reimbursement for the uncertain tax position is probable. The valuation of the uncertain tax positions is based on their most probable amount in accordance with IFRIC 23. Deferred tax assets are recognised in the amount in which they are likely to be utilised later. Various factors are used to assess the probability of the future usability of deferred tax assets. This includes past profit and loss, corporate planning and tax planning strategies, and loss periods.

2. 10. POST-EMPLOYMENT BENEFITS

The post-employment benefits lay on several assumptions such as:

- The discount rate determined by reference to market yields at the closing on high quality corporate bonds (such as corporate AA bonds) and depending on the duration of the plan;
- And estimate of future salary increases mainly taking into account inflation, seniority, promotion, and supply and demand in the employment market.

2. 11. DISPOSAL GROUPS

The determination of the fair value less costs of disposal requires management judgement as it relates to estimates of proceeds of the disposal, residual obligations and direct disposal costs.

2. 12. CONTINGENT LIABILITIES

Contingent liabilities are disclosed unless management consider that the likelihood of an outflow of economic benefits is remote.

3. FINANCIAL RISK MANAGEMENT

3. 1. FINANCIAL RISK FACTORS

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

Risk management is carried out by the Group Treasury department under the supervision of the Chief Financial Officer under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges risks in close cooperation with the Group's operating units. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors has issued written principles for overall risk management as well as written policies covering specific areas, such as market risk, credit risk, liquidity risk, use of derivatives and investment of excess liquidity.

The Group seeks to minimise the potential adverse effects of changing financial markets on its performance using derivative financial instruments such as foreign exchange forward contracts. Derivatives are not used for speculative purposes. Risks are hedged to the extent that they influence the Group's cash flows (i.e. translational risk linked to the conversion of net investments in foreign operations is not hedged).

3. 1. 1. MARKET RISK

FOREIGN EXCHANGE RISK

FOREIGN EXCHANGE EXPOSURE

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of USD and GBP. Foreign exchange risk arises from recognised assets and liabilities, future commercial transactions and net investments in foreign operations.

For the Group as a whole, cash flows, net income and net worth are optimised by reference to the Euro. However, foreign exchange risks faced by individual Group companies are managed or hedged against the functional currency of the relevant entity (as these entities generally generate their revenue in local currencies). The Group therefore manages a variety of currencies due to the numerous functional currencies of the companies constituting the Group.

In addition, market practices in the television business imply a significant forward exposure to USD as programme rights are usually denominated in USD and not paid up-front. For this reason, the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commitments for future cash flows) and highly probable forecast transactions (US-$5 million as at 31 December 2020, US-$17 million as at 31 December 2019).

MANAGEMENT OF THE FOREIGN EXCHANGE EXPOSURE

Management have set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge their entire foreign currency exchange risk exposure with Group Treasury in accordance with Group's Treasury policies. All foreign currency exchange exposures, including signed and forecast output deals and programme rights in foreign currency are centralised in an intranet-based database. To manage their foreign exchange risk arising from recognised assets and liabilities and future commercial transactions, entities in the Group use forward contracts transacted with Group Treasury. Group Treasury is then responsible for hedging, usually on a one-to-one basis, the exposure against the functional currency of the respective entity.

The Group's Treasury policy is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. The Group treasury policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 10 per cent and 80 per cent of longer term (between two and five years) cash flow forecasts. Approximately 77 per cent (2019: 65 per cent) of anticipated cash flows constitute firm commitments or highly probable forecast transactions for the purpose of hedge accounting.

In order to monitor the compliance of the management of the foreign exchange exposure (mainly USD) with the Group's policy, a monthly report is produced and analysed by RTL Group management. This report shows each subsidiary's exposure to currencies other than their functional currency, detailing the nature (e.g. trade accounts, royalties, intercompany accounts) of on-balance sheet items, and the underlying deals and maturities of off-balance sheet items, as well as the corresponding hedging ratios.

ACCOUNTING

RTL Group separates the spot component and the forward (or swap) point of the forward contracts. Only the spot component is considered as the hedging instrument. Forward (or swap) points are therefore accounted for directly in profit or loss accounts.

The foreign currency cash flow hedge accounting model defined under IFRS 9 is applied by those companies that account for the majority of the Group's foreign currency exposure, when:

- Hedged foreign currency exposures relate to programme rights transactions that have not yet been recognised on the statement of financial position (such as forecast or firm purchases of programme rights for which the license period has not yet begun); and
- Amounts are sufficiently material to justify the need for hedge accounting.

When cash flow hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instrument is recognised net of deferred tax in the cash flow hedging reserve as presented in the "Consolidated statement of changes in equity". It is added to the carrying amount of the hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument is recognised directly in profit or loss. For the year ended 31 December 2020, the swap points have been recognised in the income statement for €6 million (€16 million in 2019).

For recognised foreign currency monetary assets and liabilities there is a natural offset of gains and losses in the income statement between the revaluation of the underlying derivatives and the exposure. Therefore, hedge accounting as defined under IFRS 9 is not applied.

FOREIGN EXCHANGE DERIVATIVE CONTRACTS

The impact of forward foreign exchange contracts is detailed as follows:

	2020 €m	2019 €m
Net fair value of foreign exchange derivatives	**(3)**	20
Operating foreign exchange gains/(losses)	**2**	(16)
Gains resulting from swap points	**6**	16

	2020 €m	2019 €m
Less than 3 months	**(6)**	(4)
Less than 1 year	**(2)**	14
Less than 5 years	**5**	10
Net fair value of foreign exchange derivatives	**(3)**	20

The line item "Operating foreign exchange gains/(losses)" relates to derivatives used to offset the currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied.

The split by maturities of notional amounts of forward exchange contracts at 31 December 2020, is, for the main foreign currencies, as follows:

	2021 £m	2022 £m	2023 £m	2024 £m	>2024 £m	**Total £m**
Buy	181	27	54	56	–	**318**
Sell	(355)	(20)	(37)	(24)	–	**(436)**
Total	**(174)**	**7**	**17**	**32**	**–**	**(118)**

	2021 $m	2022 $m	2023 $m	2024 $m	>2024 $m	**Total $m**
Buy	679	108	98	40	–	**925**
Sell	(303)	(48)	(78)	(74)	–	**(503)**
Total	**376**	**60**	**20**	**(34)**	**–**	**422**

The split by maturities of notional amounts of forward exchange contracts at 31 December 2019 is, for the main foreign currencies, as follows:

	2020 £m	2021 £m	2022 £m	2023 £m	>2023 £m	**Total £m**
Buy	250	52	7	46	50	**405**
Sell	(442)	(44)	(5)	(22)	(23)	**(536)**
Total	**(192)**	**8**	**2**	**24**	**27**	**(131)**

	2020 $m	2021 $m	2022 $m	2023 $m	>2023 $m	**Total $m**
Buy	844	118	73	76	35	**1,146**
Sell	(362)	(69)	(21)	(62)	(68)	**(582)**
Total	**482**	**49**	**52**	**14**	**(33)**	**564**

SENSITIVITY ANALYSIS TO FOREIGN EXCHANGE RATES

Management estimate that:

- If the USD had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2019: no material impact), and an additional pre-tax €23 million gain (respectively loss) (2019: a gain of €35 million) recognised in total comprehensive income in equity;
- If the GBP had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2019: no material impact), and no material impact on the pre-tax expense (respectively income) recognised in total comprehensive income in equity (2019: no material impact);
- If other currencies had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on profit or loss and total comprehensive income in equity (2019: no material impact).

This sensitivity analysis does not include the impact of translation into € of foreign operations.

INTEREST RATE RISK

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long-term and to maximise the excess cash return.

The Group interest rate risk arises primarily from loans payable, financing agreements with Bertelsmann SE & Co. KGaA and Bertelsmann Business Support S.à.r.l. (see note 9. 1.) and from cash and cash equivalents.

Groupe M6 secured during the third quarter of 2017 external funding of €170 million, including a seven-year Euro Private Placement bond issue (seven-year Euro PP) of €50 million and three bilateral committed credit facilities for a total of €120 million (€40 million each) with a maturity of five years. The fixed interest rate on the Euro PP is 1.50 per cent (all-in). The fair value of the seven-year Euro PP – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €51 million (2019: €51 million).

During the third quarter of 2019, Groupe M6 entered into a seven-year-term Schuldschein loan of €75 million including a credit line of €65 million with a fixed rate of 1 per cent and a credit facility for €10 million with a floating rate of EURIBOR six months (floored at zero per cent) plus a margin of 1 per cent per year. The fair value of the seven-year Euro Schuldschein of €65 million – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €65 million (2019: €65 million). At the same time, in 2019, Groupe M6 increased the three bilateral committed facilities from €40 million to €60 million each, with a maturity in September 2022, July 2024 and September 2024. In March 2020, Groupe M6 used these three revolving bank credit facilities, amounting to €180 million, in order to protect Groupe M6 against liquidity risk. In September 2020, the full amount of bank credit facilities of €180 million was paid back.

In order to maximise the excess cash return on cash balances and to minimise the gross indebtedness of the Group, cross border cash pooling has been set up for most Group entities. The interest rate strategy defined by RTL Group depends on the net cash position of each company.

Group Treasury uses various indicators to monitor interest rate risk, such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio.

If the interest rates achieved had been plus or minus 100 basis points, and assuming the current amount of floating net cash available remained constant, the net interest income/(expense) at 31 December 2020, would have been changed as follows:

	31 December 2020		31 December 2019	
	Shift +1% €m	**Shift –1% €m**	Shift +1% €m	Shift –1% €m
Cash flow risks (income statement)	**4.5**	**(0.7)**	1.4	(1.6)

The following table indicates the interest-bearing financial liabilities at 31 December and the periods in which they re-price:

	Total amount[4] €m	Under 1 year €m	1 – 5 years €m	Over 5 years €m
Bank loans – fixed rate	(115)	–	(50)	(65)
Bank loans – floating rate	(69)	(49)	(10)	(10)
Term loan facility due to shareholder – fixed rate	(500)	–	(500)	–
Loans due to investments accounted for using the equity method – floating rate	(58)	(58)	–	–
Bank overdrafts	(1)	(1)	–	–
Loans payable – fixed rate	–	–	–	–
Loans payable – floating rate	(10)	(4)	(6)	–
At 31 December 2020	**(753)**	**(112)**	**(566)**	**(75)**

	Total amount[4] €m	Under 1 year €m	1 – 5 years €m	Over 5 years €m
Bank loans – fixed rate	(120)	(5)	–	(115)
Bank loans – floating rate	(83)	(73)	–	(10)
Term loan facility due to shareholder – fixed rate	(500)	–	(500)	–
Loans due to investments accounted for using the equity method – floating rate	(57)	(57)	–	–
Bank overdrafts	(1)	(1)	–	–
Loans payable – fixed rate	(1)	(1)	–	–
Loans payable – floating rate	(14)	(14)	–	–
At 31 December 2019	**(776)**	**(151)**	**(500)**	**(125)**

3. 1. 2. CREDIT RISK

RTL Group's exposure to credit risk primarily arises through sales made to customers (trade receivables), investments in money market funds classified in cash and cash equivalents, and deposits made with banks and the shareholder.

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances that are managed by individual subsidiaries.

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2020, combined television and radio advertising revenue contributed 48 per cent of the Group's revenue (2019: 48 per cent). Due to its business model, RTL Group's exposure to credit risk is directly linked to the final client. However, the risks are considered to be low due to the size of the individual companies or agency groups.

RTL Group sells, licenses and monetises content to state-owned and commercial television channels and internet platforms. In 2020, these activities contributed 30 per cent of the Group's revenue (2019: 32 per cent). Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content providers and broadcasters and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

RTL Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

4 Excluding accrued interests

According to the Group's banking policy, derivative instruments and cash transactions (including bank deposits and investments in money market funds) are operated only with high credit quality financial institutions so as to mitigate counterparty risk (only independently rated parties with a minimum rating of 'BBB+' are accepted for bank deposits for the smallest tranches). The Group's bank relationship policy sets forth stringent criteria for the selection of banking partners and money market funds (such as applicable supervisory authorities, investment policy, maximum volatility, track record, rating, cash and cash equivalents status under IAS 7). In order to mitigate settlement risk, the Group has policies that limit the amount of credit exposure to any one financial institution on any single day. Statistics (such as the percentage of the business allocated to each bank over the year, or a summary of the highest intraday exposures by bank and maturity date) are computed and used on a daily basis to ensure credit risk is mitigated in practice at any time.

The carrying amount of financial assets represents their maximum credit exposure.

For trade accounts receivable and contract assets, the expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customers' ability to settle the receivables.

As at 31 December 2020	Current €m	More than 30 days past due €m	More than 90 days past due €m	**Total €m**
Average expected loss rate	0.37%	2.70%	16.36%	**–**
Gross carrying amount	1,079	74	55	**1,208**
Loss allowance	4	2	9	**15**

As at 31 December 2019	Current €m	More than 30 days past due €m	More than 90 days past due €m	**Total €m**
Average expected loss rate	0.23%	1.00%	16.39%	**–**
Gross carrying amount	1,314	100	61	**1,475**
Loss allowance	3	1	10	**14**

At 31 December 2020, the gross carrying amount of credit impaired trade receivables and contract assets amounts to €51 million with €46 million loss allowance (2019: €51 million and €50 million, respectively).

The other accounts receivable are considered to be low default risk.

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann. Nevertheless, credit risk arising from transactions with the principal shareholder or its subsidiaries is significantly mitigated (see note 9. 1.). RTL Group considers that there is a low concentration of credit for other counterparties.

3. 1. 3. PRICE RISK

The Group is subject to price risk linked to equity securities, earn-out mechanisms, put options on non-controlling interests and derivatives on subsidiaries, and investment accounted for using the equity method. The primary goal of the Group's investment in equity securities categorised as FVOCI is to hold such investments for the long-term for strategic purposes. Some investments designated at FVTPL are actively monitored on a fair value basis.

3. 1. 4. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, management aim to maintain flexibility in funding by keeping committed credit lines available despite the total cash situation. Cash flow forecasting is performed in the operating entities of the Group. Group Treasury monitors rolling forecasts on the Group's liquidity requirements to ensure it has sufficient headroom to meet operational needs. Management monitor, on a monthly basis, the level of the "Liquidity Headroom" (total committed facilities minus current utilisation through bank loans and guarantees).

	Under 1 year €m	1–5 years €m	Over 5 years €m	2020 €m
Credit facilities – banks				
Committed facilities	–	230	75	**305**
Headroom	–	180	–	**180**

	Under 1 year €m	1–5 years €m	Over 5 years €m	2019 €m
Credit facilities – banks				
Committed facilities	–	180	125	**305**
Headroom	–	180	–	**180**

Surplus cash held by the operating entities over and above balances required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest-bearing current accounts, time deposits, money market funds or deposits with Bertelsmann SE & Co. KGaA (see note 9.1.) choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the closing date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Under 1 year €m	1–5 years €m	Over 5 years €m	Total €m
Non-derivative financial liabilities				
Loans and bank overdrafts	140	589	75	**804**
Lease liabilities	68	207	143	**418**
Accounts payable	1,792	48	–	**1,840**
At 31 December 2020	**2,000**	**844**	**218**	**3,062**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	850	119	–	**969**
– Inflow	(830)	(115)	–	**(945)**
At 31 December 2020	**20**	**4**	**–**	**24**

The line item "Accounts payable" excludes employee benefit liability, deferred income, social security and other taxes payable, and other non-financial liabilities.

	Under 1 year €m	1–5 years €m	Over 5 years €m	Total €m
Non-derivative financial liabilities				
Loans and bank overdrafts	174	593	76	**843**
Lease liabilities	68	224	186	**478**
Accounts payable	2,304	81	9	**2,394**
At 31 December 2019	**2,546**	**898**	**271**	**3,715**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	969	163	–	**1,132**
– Inflow	(953)	(158)	–	**(1,111)**
At 31 December 2019	**16**	**5**	**–**	**21**

The line item "Accounts payable" excludes employee benefit liability, deferred income, social security and other taxes payable, and other non-financial liabilities.

3. 2. CAPITAL MANAGEMENT

The Group monitors capital on the basis of its net debt to EBITDA ratio (non-IFRS measure).

The Group's ability and intention to pay dividends in the future will depend on its financial condition, results of operations, capital requirements, investment alternatives and other factors that management may deem relevant. Management expect that the principal source of funds for the payment of dividends will be the cash flow and dividends received from its current and future subsidiaries.

The Group intends to pay ordinary dividends in the future targeting a dividend ratio of at least 80 per cent of the adjusted net profit attributable to RTL Group shareholders.

The adjusted net result (non-IFRS measure) is the reported net result available to RTL Group shareholders, adjusted for significant one-off items (both positive and negative).

3. 3. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE HIERARCHY

3. 3. 1. FINANCIAL INSTRUMENTS BY CATEGORY

The fair value of each class of financial assets and liabilities are equivalent to their carrying amount.

	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	Derivatives €m	Loans and accounts receivable €m	**Total €m**
Assets					
Loans and other financial assets (surplus of the defined benefit plans excluded)	19	35	–	22	**76**
Accounts receivable and other financial assets	2	–	21	2,063	**2,086**
Cash and cash equivalents	–	–	–	436	**436**
At 31 December 2020	**21**	**35**	**21**	**2,521**	**2,598**

Of the derivatives, €7 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied and a further €14 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 3. 1. 1.). The item "Accounts receivable and other financial assets" excludes prepaid expenses, other tax receivables and other non-financial receivables.

	Liabilities at fair value through profit or loss €m	Derivatives €m	Other financial liabilities €m	**Total €m**
Liabilities				
Loans and bank overdrafts	–	–	765	**765**
Lease liabilities	–	–	384	**384**
Accounts payable	5	24	1,834	**1,863**
At 31 December 2020	**5**	**24**	**2,983**	**3,012**

The item "Liabilities at fair value through profit or loss" includes put options on non-controlling interests which have been designated at fair value through profit or loss and earn-out related to business combinations subsequent to 1 January 2016. Of the item "Derivatives", €10 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €14 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 3. 1. 1.). The item "Other financial liabilities" consists of financial liabilities measured at amortised cost. The item "Accounts payable" excludes employee benefits liability, deferred income, social security, other tax payables and other non-financial liabilities.

	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	Derivatives €m	Loans and accounts receivable €m	Total €m
Assets					
Loans and other financial assets (surplus of the defined benefit plans excluded)	3	33	–	28	**64**
Accounts receivable and other financial assets	2	–	41	2,065	**2,108**
Cash and cash equivalents	–	–	–	377	**377**
At 31 December 2019	**5**	**33**	**41**	**2,470**	**2,549**

Of the item "Derivatives", €25 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €16 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 3. 1.1.). The item "Accounts receivable and other financial assets" excludes prepaid expenses, other tax receivables and other non-financial receivables.

	Liabilities at fair value through profit or loss €m	Derivatives €m	Other financial liabilities €m	Total €m
Liabilities				
Loans and bank overdrafts	–	–	788	**788**
Lease liabilities	–	–	432	**432**
Accounts payable	14	21	2,378	**2,413**
At 31 December 2019	**14**	**21**	**3,598**	**3,633**

The item "Liabilities at fair value through profit or loss" includes put options on non-controlling interests which have been designated at fair value through profit or loss and earn-out related to business combinations subsequent to 1 January 2016. Of the item "Derivatives", €6 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied, and a further €15 million relates to derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 3. 1.1.). The item "Other financial liabilities" consists of financial liabilities measured at amortised cost. The item "Accounts payable" excludes employee benefits liability, deferred income, social security, other tax payables and other non-financial liabilities.

3. 3. 2. FAIR VALUE HIERARCHY

The following table presents the Group's financial assets and liabilities measured at fair value. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities);

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity investments at fair value through OCI	**35**	4	–	31
Equity instruments accounted at FVTPL	**3**	–	–	3
Debt instruments measured at FVTPL	**18**	–	3	15
Derivatives used for hedging	**21**	–	21	–
Other cash equivalents	**6**	–	6	–
At 31 December 2020	**83**	**4**	**30**	**49**
Liabilities				
Derivatives used for hedging	**24**	–	24	–
Contingent consideration	**5**	–	–	5
Liabilities in relation to put options on non-controlling interests	**–**	–	–	–
At 31 December 2020	**29**	**–**	**24**	**5**

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity investments at fair value through OCI	**33**	6	–	27
Equity instruments accounted at FVTPL	**3**	–	–	3
Debt instruments measured at FVTPL	**2**	–	2	–
Derivatives used for hedging	**41**	–	41	–
Other cash equivalents	**8**	–	8	–
At 31 December 2019	**87**	**6**	**51**	**30**
Liabilities				
Derivatives used for hedging	**21**	–	21	–
Contingent consideration	**2**	–	–	2
Liabilities in relation to put options on non-controlling interests	**12**	–	–	12
At 31 December 2019	**35**	**–**	**21**	**14**

There were no transfers between Levels 1, 2 and 3 during 2020 or 2019.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The quoted market price used for financial assets by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's finance department, which includes Group Treasury and Controlling teams, performs the recurring and non-recurring valuations of items to be valued at fair value for financial purposes, including Level 3 fair values. These teams report directly to the Chief Financial Officer, who reports to the Audit Committee at least once every quarter, in line with the Group's quarterly reporting dates. The main Level 3-related inputs used by RTL Group relate to the determination of the expected discounted cash flows as well as the discount rates used in the different valuations.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments (Level 2);
- The fair value of forward foreign exchange contracts classified under Level 2 is determined by using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- For instruments classified under Level 3, other techniques, such as discounted cash flow analysis, based for the main instruments on the significant unobservable inputs (e.g. forecast revenue growth rates and market multiples are used to determine fair value for the remaining financial instruments) or the Black-Scholes model. Volatility is primarily determined by reference to comparable, publicly traded peers.

The following table presents the change in Level 3 instruments:

	Assets			Liabilities
	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	**Total assets €m**	Liabilities at fair value through profit or loss €m
Balance at 1 January 2020	**3**	**27**	**30**	**14**
Acquisitions and additions	16	1	**17**	4
Gains and losses recognised in other comprehensive income	–	4	**4**	–
Gains and losses recognised in profit or loss	(1)	–	**(1)**	(12)
Other changes	–	(1)	**(1)**	(1)
Balance at 31 December 2020	**18**	**31**	**49**	**5**

	Assets			Liabilities
	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	**Total assets €m**	Liabilities at fair value through profit or loss €m
Balance at 1 January 2019	**4**	**31**	**35**	**12**
Acquisitions and additions	–	1	**1**	2
Gains and losses recognised in other comprehensive income	–	(1)	**(1)**	–
Gains and losses recognised in profit or loss	(2)	–	**(2)**	–
Other changes	1	(4)	**(3)**	–
Balance at 31 December 2019	**3**	**27**	**30**	**14**

3. 4. MASTER NETTING AGREEMENT

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not currently have any legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a bank loan default or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements. The column "net amount" shows the impact on the Group's statement of financial position if all set-off rights were exercised.

	At 31 December 2020			At 31 December 2019		
	Gross amounts in the statement of financial position €m	**Related financial instruments that are not offset €m**	**Net amount €m**	Gross amounts in the statement of financial position €m	Related financial instruments that are not offset €m	Net amount €m
Financial assets						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	**21**	**(21)**	**–**	41	(21)	20
	21	**(21)**	**–**	**41**	**(21)**	**20**
Financial liabilities						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	**(24)**	**21**	**(3)**	(21)	21	–
	(24)	**21**	**(3)**	**(21)**	**21**	**–**

4. SEGMENT REPORTING

The determination of the Group's operating segments is based on the operational and management-related entities for which information is reported to the Executive Committee.

The Group has 14 business units (of which Atresmedia accounted for using the equity method) at 31 December 2020, each one led by a CEO. The Group owns interests in 67 TV channels, 10 streaming services and 38 radio stations, of which 10 TV channels, three radio stations and a streaming service are held by Atresmedia as an associate (see note 7. 5. 1.).

Moreover Fremantle, Divimove and SpotX operate multi-territory/international networks in the content, digital video and advertising technology businesses.

The following reported segments meet the quantitative thresholds required by IFRS 8:

- **Mediengruppe RTL Deutschland**: this segment encompasses all of the Group's German TV broadcasting activities. These include the leading commercial free-to-air channel RTL Television, as well as Vox, Super RTL and Toggo Plus (through RTL Disney Fernsehen GmbH & Co. KG, a joint venture accounted for using the equity method), NTV, Nitro, Vox Up and RTL Plus, thematic pay channels RTL Crime, RTL Passion, RTL Living, GEO Television and Now!, and an equity participation in the free-to-air channel RTL Zwei. This segment also includes the streaming service TV Now, and content activities such as the production companies RTL Studios and infoNetwork. Further this segment includes activities of RTL Radio Deutschland and of RTL Group's ad-tech businesses in all European markets (except the UK), bundled under the brand Smartclip;
- **Groupe M6**: this segment represents a multimedia group in France which focuses on three areas: television (13 channels including M6, the second largest commercial channel in the French market), radio (three stations including RTL, the leading radio station in France) and digital (more than 30 online media services including mobile applications and IPTV services);
- **Fremantle**: RTL Group's global content production business includes a significant distribution and licensing business (international) and operates in more than 30 countries;
- **RTL Nederland**: this segment covers television broadcasting and a wide range of digital and diversification activities. Its television channels – RTL 4, RTL 5, RTL 7, RTL 8, RTL Z, RTL Lounge, RTL Crime and RTL Telekids – build the leading family of channels in the Netherlands. This segment also includes the catch-up TV service RTL XL and the pay streaming service Videoland.

Following a review of the Group's segment structure the segment **RTL Belgium** is now presented within "Other segments" from 31 December 2020, onwards. The figures from the previous year have been adjusted accordingly. In December 2020, RTL Group agreed with its co-shareholders in the Group's Belgian TV and radio operations to acquire their shares in RTL Belgium against a payment in cash and RTL Group treasury shares. The transaction was finalised on 28 December 2020 and took RTL Group's shareholding in RTL Belgium up to 100 per cent.

The revenue of "Other segments" amounts to €873 million (2019: €909 million); digital video network (Divimove and BroadbandTV before disposal), SpotX, RTL Hungary, and RTL Belgium are the major contributors for €281 million, €164 million, €105 million and €159 million respectively (2019: €319 million, €133 million, €114 million and €185 million respectively). The Group's Corporate Centre, which provides services and initiates projects, is also reported in "Other segments".

RTL Group's Executive Committee assesses the performance of the operating segments based on Adjusted EBITA. Interest income, interest expense, financial results other than interest and income tax are not allocated to segments, as these are centrally managed. Inter-segment pricing is determined on an arm's length basis.

The Executive Committee also reviews, on a regular basis, the amount of the invested capital of each business unit.

All management financial information reported to RTL Group's Executive Committee is fully compliant and consistent with the Group's accounting policies and primary statements.

4. 1. SEGMENT INFORMATION

	Mediengruppe RTL Deutschland		Groupe M6[5]		Fremantle		RTL Nederland		Other segments[5,6]		Eliminations		Total Group	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Revenue from external customers	**2,124**	2,258	**1,263**	1,445	**1,346**	1,591	**473**	497	**811**	860	**–**	–	**6,017**	6,651
Inter-segment revenue	**3**	4	**10**	11	**191**	202	**3**	(1)	**62**	49	**(269)**	(265)	**–**	–
Total revenue	**2,127**	**2,262**	**1,273**	**1,456**	**1,537**	**1,793**	**476**	**496**	**873**	**909**	**(269)**	**(265)**	**6,017**	**6,651**
Depreciation, amortisation and impairment[7]	**(38)**	(39)	**(100)**	(120)	**(43)**	(43)	**(10)**	(10)	**(61)**	(47)	**–**	–	**(252)**	(259)
Impairment and reversals of investments accounted for using the equity method	**–**	–	**(2)**	2	**–**	–	**–**	–	**(60)**	(52)	**–**	–	**(62)**	(50)
Share of results of investments accounted for using the equity method	**35**	42	**(5)**	2	**2**	2	**1**	–	**(1)**	18	**–**	–	**32**	64
Adjusted EBITA	**467**	**663**	**266**	**287**	**87**	**142**	**58**	**54**	**(25)**	**10**	**–**	**–**	**853**	**1,156**
Adjusted EBITA margin	**22.0%**	**29.3%**	**20.9%**	**19.7%**	**5.7%**	**7.9%**	**12.2%**	**10.9%**	**(2.9)%**	**1.1%**	**n/a**	**n/a**	**14.2%**	**17.4%**
Invested capital	**907**	**910**	**1,403**	**1,359**	**1,464**	**1,518**	**203**	**279**	**450**	**568**	**(2)**	**(4)**	**4,425**	**4,630**

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

	2020 €m	2019 €m
Adjusted EBITA	**853**	**1,156**
Impairment of goodwill of subsidiaries	**(11)**	–
Impairment and reversals of investments accounted for using the equity method	**(62)**	(50)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(14)**	(15)
Re-measurement of earn-out arrangements	**(1)**	1
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**172**	86
Significant special items	**(34)**	(17)
Earnings before interest and taxes ("EBIT")	**903**	**1,161**
Interest income	**4**	5
Interest expense	**(33)**	(37)
Financial results other than interest	**1**	27
Profit before tax	**875**	**1,156**
Income tax expense	**(250)**	(292)
Profit for the year	**625**	**864**

In 2020 "Special items" reflects the impact of a restructuring programme at Mediengruppe RTL Deutschland (€27.4 million) and onerous advertising sales contracts (€9.7 million) as well as reversal of a provision at the Corporate Centre in Luxembourg (€2.6 million; 2019: addition of €17 million).

5 In 2020, Groupe M6 has opened Bedrock's capital, enabling RTL Group to acquire a 50 per cent stake. At 31 December 2020, the technology company Bedrock, specialising in the design and development of streaming platforms, and previously included in "Groupe M6", is presented in "Other segments". The segment information for the previous period has not been restated due to the insignificant impact. Further, the amount of invested capital for 2019 was recalculated due to the final purchase price allocation of Gulli, which led to adjustment of prior year figures

6 Following a review of the Group's segment structure the segment RTL Belgium is presented within "Other segments" from 31 December 2020, onwards. The figures from the previous year have been adjusted accordingly. Other segments include the Adjusted EBITA loss of € -47 million generated by Group Corporate Centre (2019: € -39 million)

7 The figures from the previous year have been adjusted (see note 1. 30.)

4. 2. GEOGRAPHICAL INFORMATION

Geographical areas are based on where customers (revenue) and the Group's non-current assets are located. Goodwill has been allocated to a geographical area based on whether the Group's risks and returns are affected predominantly by the products and services it produces.

	Germany		France		USA		The Netherlands		UK		Belgium		Other regions		Total	
	2020 €m	2019 €m	**2020 €m**	2019 €m	**2020 €m**	2019 €m	**2020 €m**	2019 €m	**2020 €m**	2019 €m	**2020 €m**	2019 €m	**2020 €m**	2019 €m	**2020 €m**	2019 €m
Revenue from external customers	**1,958**	**2,140**	**1,242**	**1,439**	**1,037**	**1,119**	**497**	**527**	**197**	**254**	**187**	**217**	**899**	**955**	**6,017**	**6,651**
Non-current assets[8]	**1,254**	1,265	**1,073**	1,099	**439**	582	**339**	343	**435**	456	**75**	75	**243**	290	**3,858**	4,110
Assets held for sale	**–**	–	**–**	71	**427**	17	**–**	–	**2**	–	**–**	–	**–**	–	**429**	88
Capital expenditure[8]	**52**	**38**	**104**	**320**	**17**	**15**	**8**	**10**	**18**	**23**	**11**	**22**	**33**	**38**	**243**	**466**

The revenue generated in Luxembourg amounts to €70 million (2019: €72 million). The total of non-current assets other than investments accounted for using the equity method, financial instruments, deferred tax assets and post-employment benefit assets located in Luxembourg amounts to €74 million (2019: €86 million).

5. ACQUISITIONS AND DISPOSALS

5. 1. ACQUISITIONS

Acquisitions have been consolidated using the purchase method of accounting, with goodwill being recognised as an asset. The acquisitions have been included in the consolidated financial statements from the date that the control was obtained by the Group.

RTL Group made several acquisitions in 2020, none of which was material on a stand-alone basis. Payments net of acquired cash and cash equivalents amounted to €10 million; the consideration transferred in accordance with IFRS 3 for these acquisitions amounted to €23 million including contingent consideration of €2 million. The acquisitions resulted in goodwill totalling €14 million, which reflects synergy potential and is partly tax deductible. Transaction-related costs were insignificant in the financial year 2020 and have been recognised in profit or loss. The purchase price allocations consider all the facts and circumstances prevailing as of the respective dates of acquisition that were known prior to preparation of the consolidated financial statements. In accordance with IFRS 3, should further facts and circumstances become known within the 12-month measurement period, the purchase price allocation will be adjusted accordingly.

Since initial consolidation, all new acquisitions in accordance with IFRS 3 in 2020 have contributed an insignificant amount to revenue and to Group profit or loss. If consolidated as of 1 January 2020, these would have contributed an insignificant amount to revenue and to Group profit or loss.

In September 2019, Groupe M6 acquired 100 per cent of the share capital of Jeunesse TV SAS, Lagardère Thématiques SAS (renamed Jeunesse Thématiques SAS) and LTI Vostok LLC. The initial accounting for the acquisition had not yet been completed in the last financial year. In accordance with IFRS 3.49, goodwill from the acquisition of Youth Television Business was decreased from €193 million to €126 million. The decrease results mainly from the valuation of intangible assets acquired for €90 million in total (including €38 million for brands, almost all for the brand Gulli, and €52 million for customer relationships) and respective adjustments in the deferred tax liability for €23 million. The consolidated balance sheet figures from the previous year have been adjusted accordingly.

8 The figures from the previous year have been adjusted (see note 1. 30.)

5. 2. DISPOSALS

On 13 February 2020, Fremantle sold back all its shares in its North American production companies, 495 Productions Holdings LLC and affiliates ("495") to the minority shareholder of 495 for an immaterial amount.

In March 2020, Groupe M6 sold its interests held in its subsidiary iGraal, the French leader in cashback, to German Global Savings Group ("GSG"), a major global player in digital marketing. The deal, which took the form of a partial cash sale for €35 million and a share swap, valued iGraal at €126 million. As a result, Groupe M6 becomes the leading shareholder in GSG, with 42.72 per cent of the capital and recognises its results via the equity method (initial recognition of the investment in GSG at €91 million). Net of transaction-related costs, the transaction resulted in an overall gain of €78 million recognised in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree". For details on GSG as an associate see note 7. 5. 1..

Both disposal groups were presented at 31 December 2019 as assets classified as held for sale.

On 28 October 2020 RTL Group announced that it has completed the sale of its entire shareholding in Vancouver-based BroadbandTV to BBTV Holdings Inc. for €102 million (CAD159 million) paid in cash. At the same time, and as part of the same transaction, RTL Group obtained a convertible note of €15 million measured at fair value through profit or loss (Level 3 measurement). Net of transaction-related costs, the transactions resulted in an overall gain of €80 million recognised in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

During the year 2020 RTL Group sold other subsidiaries, none of which was material on a standalone basis. In total, the impact of these disposals on the Group's financial position and financial performance was also minor.

After considering the cash and cash equivalents disposed of, RTL Group recorded cash flows in the amount of €120 million (2019: €102 million) from all disposals. The disposals resulted in a capital gain of €159 million (2019: €63 million), which is recognised in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree". The following table shows their impact on RTL Group's assets and liabilities at the time of disposal:

	iGraal €m	BroadbandTV €m	Other €m	**Total €m**
Non-current assets				
Programme and other rights	–	3	–	**3**
Goodwill	41	25	4	**70**
Other intangible assets	2	3	1	**6**
Property, plant and equipment	–	–	1	**1**
Right-of-use assets	–	1	5	**6**
Loans and other financial assets	8	–	–	**8**
Current assets				
Programme rights	–	–	9	**9**
Other inventories	–	–	6	**6**
Accounts receivable and other financial assets	14	26	10	**50**
Other current assets	–	7	–	**7**
Cash and cash equivalents	9	14	8	**31**
Liabilities				
Lease liabilities	–	1	5	**6**
Loans	–	2	1	**3**
Provisions	1	–	3	**4**
Accounts payable	24	58	14	**96**
Income tax payable	1	–	–	**1**
Contract liabilities	–	–	11	**11**

6. DETAILS ON CONSOLIDATED INCOME STATEMENT

6. 1. REVENUE

Revenue is disaggregated below by nature and timing of recognition. The table also includes a reconciliation with reportable segments.

	Mediengruppe RTL Deutschland 2020 €m	Mediengruppe RTL Deutschland 2019 €m	Groupe M6 2020 €m	Groupe M6 2019 €m	Fremantle 2020 €m	Fremantle 2019 €m	RTL Nederland 2020 €m	RTL Nederland 2019 €m	Other segments[9] 2020 €m	Other segments[9] 2019 €m	Total Group 2020 €m	Total Group 2019 €m
Revenue from advertising	**1,710**	1,845	**969**	1,099	**14**	13	**290**	321	**347**	381	**3,330**	3,659
Revenue from exploitation of programmes, rights and other assets	**248**	245	**167**	153	**1,323**	1,557	**174**	154	**323**	364	**2,235**	2,473
Revenue from selling goods and merchandise and providing services	**166**	168	**127**	193	**9**	21	**9**	22	**141**	115	**452**	519
	2,124	**2,258**	**1,263**	**1,445**	**1,346**	**1,591**	**473**	**497**	**811**	**860**	**6,017**	**6,651**
Timing of revenue recognition												
At a point in time	**106**	139	**158**	223	**1,294**	1,542	**9**	16	**289**	327	**1,856**	2,247
Over time	**2,018**	2,119	**1,105**	1,222	**52**	49	**464**	481	**522**	533	**4,161**	4,404
	2,124	**2,258**	**1,263**	**1,445**	**1,346**	**1,591**	**473**	**497**	**811**	**860**	**6,017**	**6,651**

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in previous periods:

	2020 €m	2019 €m
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	**271**	265
Revenue recognised from performance obligations satisfied in previous periods	**2**	2

6. 2. OTHER OPERATING EXPENSES

	2020 €m	2019 €m
Employee benefits expenses	**1,089**	1,128
Intellectual property expenses	**563**	540
Expenses related to live programmes	**294**	406
Consumption of other inventories	**44**	54
Production subcontracting expenses	**340**	303
Transmission expenses including satellite capacity	**89**	89
Marketing and promotion expenses	**110**	131
Rentals and other lease expenses	**25**	36
Operating taxes	**56**	69
Audit and consulting fees	**60**	69
Repairs and maintenance	**75**	70
Marketing and promotion barter expenses	**32**	35
Distribution expenses	**10**	10
Commissions on sales	**32**	21
Administration and sundry expenses	**131**	151
	2,950	3,112

The line item "Rentals and other lease expenses" includes expenses from short-term leases of €14 million (2019: €22 million) and expenses for low-value assets for €nil million (2019: €1 million). Expenses from variable lease payments, which are not included in the lease liabilities are immaterial for RTL Group. The line item "Audit and consulting fees" includes fees related to KPMG (2019: PricewaterhouseCoopers).

9 Following a review of the Group's segment structure the segment RTL Belgium is presented within "Other segments" from 31 December 2020, onwards. The figures from the previous year have been adjusted accordingly

Fees related to the Group's auditor, KPMG (in 2019 PricewaterhouseCoopers) and its affiliates regarding the continuing operations, are set out below:

	2020 €m	2019 €m
Audit services pursuant to legislation	**2.6**	3.4
Audit-related services	**0.1**	0.1
Non-audit services	**0.4**	0.7
	3.1	4.2

6. 2. 1. EMPLOYEE BENEFITS EXPENSES

	2020 €m	2019 €m
Wages and salaries	**811**	836
Termination benefits	**54**	59
Social security costs	**164**	166
Share options granted to employees	**5**	8
Pension costs	**21**	18
Other employee expenses	**34**	41
	1,089	1,128
Of which restructuring costs	**(27)**	(18)

The amounts set out above exclude personnel costs of €260 million (2019: €269 million), which are capitalised and that represent costs of employees directly allocated to the production of assets.

In addition to other short-term bonus schemes, RTL Group has implemented for its senior management a long-term incentive plan ("LTIP") which runs for the term 2020 to 2022. The liability related to the LTIP 2020 to 2022 amounted to €3 million at 31 December 2020, (LTIP 2017 to 2019: €51 million at 31 December 2019, which was fully paid in the second half year). Groupe M6 operates a specific long-term incentive plan based on free share plans (see note 7. 16. 7.). Pension costs relate to defined contributions for €13 million (2019: €12 million) and defined benefit plans for €9 million (2019: €6 million).

The average number of employees for undertakings held by the Group is set out below:

	2020	2019
Employees of fully consolidated undertakings	**10,598**	10,747
	10,598	10,747

6. 3. NET INTEREST INCOME/(EXPENSE)

	2020 €m	2019 €m
Interest income on loans and accounts receivable	**4**	4
Tax-related interest income	**–**	1
Interest income	**4**	**5**
Interest expense on financial liabilities	**(21)**	(24)
Interest expense on lease liabilities	**(9)**	(9)
Tax-related interest expense	**(1)**	–
Interest on defined benefit obligations	**(2)**	(3)
Interest expense on other employee benefit liabilities	**–**	(1)
Interest expense	**(33)**	**(37)**
Net interest expense	**(29)**	**(32)**

Interest expense on lease liabilities comprises interest paid of €9 million (2019: €9 million). Interest expense on financial liabilities includes an amount of €14 million (2019: €15 million) in respect of the loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support S.à.r.l. (see note 9. 1.). Interest on defined benefit obligations comprises interest income on plan assets of €2 million (2019: €3 million) and unwind of discount on defined benefit obligations of €-4 million (2019: €-6 million).

6. 4. FINANCIAL RESULTS OTHER THAN INTEREST

	2020 €m	2019 €m
Gains resulting from swap points	**6**	16
Net gain/(loss) on other financial instruments at fair value through profit or loss	**12**	(2)
Other financial results	**(17)**	13
	1	**27**

The item "Net gain/(loss) on other financial instruments at fair value through profit or loss" mainly relates to the re-measurement effect of the Best of TV put option initially recognised at fair value through profit or loss (€12 million). The item "Other financial results" includes re-measurement effects of the put options on Wildside (Fremantle, €-9 million) and negative impact of the net wealth tax (€-3 net million). In 2019 RTL Group received €8 million on a fully impaired loan held by Alpha Media Group Ltd and reversed the impairment accordingly through profit and loss ("Other financial results"). Further a gain of €9 million recognised from the subsequent re-measurement of the put option related to CTZAR SAS (Groupe M6) had been recognised in 2019.

6. 5. INCOME TAX EXPENSE

	2020 €m	2019 €m
Current tax expense	**(242)**	(276)
Deferred tax expense/income	**(8)**	(16)
	(250)	**(292)**

The income tax on the Group profit before tax differs from the theoretical amount that would arise using the Luxembourg tax rate as follows:

	2020 €m	%	2019 €m	%
Profit before tax	**875**		1,156	
Income tax rate applicable in Luxembourg		**24.94**		24.94
Tax calculated at domestic tax rate applicable to profits in Luxembourg	**218**		288	
Effects of tax rate in foreign jurisdictions	**68**		100	
Change in tax regulation and status	**13**		(6)	
Non-deductible expenses/losses	**32**		26	
Tax-exempt revenue/gains	**(75)**		(42)	
Commission received in relation to the Compensation Agreement	**–**		(37)	
Effect of measurement of deferred tax assets	**(15)**		(44)	
Effect of tax losses for which no deferred tax assets are recognised	**9**		9	
Other	**–**		(1)	
Tax expense before adjustments on prior years	**250**	**28.57**	293	25.35
Current tax adjustments on prior years	**(8)**		4	
Deferred tax adjustments on prior years	**8**		(5)	
Income tax expense	**250**	**28.57**	**292**	**25.26**

Effect of tax rates in material foreign jurisdictions mainly results from the differentiated rates applicable in the following countries:

- Germany, where the official tax rate is 32.10 per cent, representing an impact of €34 million (2019: €60 million with a tax rate of 33.2 per cent);
- France, where several tax rates apply, depending on the size of the business. The rates of 32.02 and 31.0 per cent apply, representing an impact of €28 million (2019: the rates of 34.43 and 33.33 per cent applied, representing an impact of €33 million).

In 2020 and 2019, change in tax regulation mainly relates to Germany.

"Non-deductible expenses/losses" includes in 2019 and 2020 the impact of the impairment loss related to Atresmedia (see note 7. 5. 1.).

"Tax-exempt revenue/gains" mainly relates in 2020 to capital gains for €58 million (2019: capital gains for €24 million and to the share of results of investments accounted for using the equity method for €11 million).

Current and deferred tax adjustments on prior years mainly relate to tax audits and recent tax returns.

6. 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €492 million (2019: €754 million) and a weighted average number of ordinary shares outstanding during the year of 153,586,913 (2019: 153,557,430), calculated as follows:

	2020	2019
Profit attributable to RTL Group shareholders (in € million)	**492**	754
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	**154,742,806**	154,742,806
Effect of treasury shares held	**(1,155,893)**	(1,168,701)
Effect of liquidity programme	**–**	(16,675)
Weighted average number of ordinary shares	**153,586,913**	153,557,430

	2020	2019
Basic earnings per share (in €)	**3.20**	4.91
Diluted earnings per share (in €)	**3.20**	4.91

7. DETAILS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7. 1. PROGRAMME AND OTHER RIGHTS, GOODWILL AND OTHER INTANGIBLE ASSETS[10]

	(Co-) productions €m	Distribution and broadcasting rights €m	Advance payments and (co-) productions in progress €m	Total programme and other rights €m	Goodwill €m	Other intangible assets €m
Cost						
Balance at 1 January 2019	**858**	**1,281**	**21**	**2,160**	**5,415**	**553**
Effect of movements in foreign exchange	7	2	–	9	7	3
Additions	4	50	28	82	–	57
Disposals	(1)	(49)	–	(50)	–	(26)
Subsidiaries acquired	–	–	–	–	143	93
Subsidiaries disposed of	–	–	–	–	–	–
Transfer to assets held for sale	–	–	–	–	(43)	(4)
Transfers and other changes	14	(3)	(26)	(15)	–	2
Balance at 31 December 2019	**882**	**1,281**	**23**	**2,186**	**5,522**	**678**
Effect of movements in foreign exchange	(37)	(3)	–	(40)	(37)	(10)
Additions	1	36	28	65	–	64
Disposals	–	(30)	–	(30)	–	(7)
Subsidiaries acquired	–	2	–	2	14	2
Subsidiaries disposed of	(3)	–	–	(3)	(28)	(4)
Transfer to assets held for sale	–	–	–	–	(108)	(39)
Transfers and other changes	9	(123)	(28)	(142)	–	–
Balance at 31 December 2020	**852**	**1,163**	**23**	**2,038**	**5,363**	**684**
Amortisation and impairment losses						
Balance at 1 January 2019	**(833)**	**(1,232)**	**(4)**	**(2,069)**	**(2,496)**	**(340)**
Effects of movements in foreign exchange	(7)	(2)	–	(9)	–	(2)
Amortisation charge for the year	(24)	(67)	–	(91)	–	(40)
Impairment losses recognised for the year	(1)	–	–	(1)	–	(1)
Reversal of impairment losses	–	–	–	–	–	–
Disposals	–	49	–	49	–	24
Transfer to assets held for sale	–	–	–	–	–	2
Transfers and other changes	1	–	–	1	–	2
Balance at 31 December 2019	**(864)**	**(1,252)**	**(4)**	**(2,120)**	**(2,496)**	**(355)**
Effects of movements in foreign exchange	38	3	–	41	15	7
Amortisation charge for the year	(14)	(58)	–	(72)	–	(49)
Impairment losses recognised for the year	(1)	–	(1)	(2)	(11)	(1)
Disposals	–	30	–	30	–	6
Transfer to assets held for sale	–	–	–	–	–	22
Transfers and other changes	1	138	–	139	–	(1)
Balance at 31 December 2020	**(840)**	**(1,139)**	**(5)**	**(1,984)**	**(2,492)**	**(371)**
Carrying amount:						
At 31 December 2019	**18**	**29**	**19**	**66**	**3,026**	**323**
At 31 December 2020	**12**	**24**	**18**	**54**	**2,871**	**313**

"Other intangible assets" mainly includes brands for an amount of €164 million (2019: €126 million), primarily related to Groupe M6.

The M6 brand and Gulli-related brands are considered to have an indefinite useful life and were recognised for an amount of €120 million and €38 million, respectively. At 31 December 2020, an impairment test was performed and did not lead to any impairment.

10 The figures from the previous year have been adjusted (see note 1. 30.)

In determining that the M6 brand has an indefinite useful life, management have considered various factors such as the historical and expected longevity of the brand, the impact of possible changes in broadcasting technologies, the impact of possible evolutions of the regulatory environment in the French television industry, the current and expected audience share of the M6 channel, and M6 management's strategy to maintain and strengthen the trademark "M6". Based on the analysis of these factors, management have determined and confirmed at 31 December 2020, that there is no foreseeable limit to the period over which the brand M6 is expected to generate cash inflows for the Group. Gulli-related brands correspond to Gulli, Canal J and Tiji. Given their positioning, the market's awareness of the brands and their history, they are considered to have an indefinite useful life.

7. 2. IMPAIRMENT TEST FOR GOODWILL

Goodwill is allocated to the Group's cash-generating units ("CGUs") on the basis of the business units and at the level at which independent cash flows are generated. Ludia – part of the business unit Fremantle – conducts specific and separate operations that generate independent cash flows and is not expected at this stage to benefit from sufficient synergies with the Group, therefore it qualifies as a separate cash-generating unit.

All business units and cash-generating units mainly operate in one country, except Fremantle, Ludia and Divimove, which are multi-territory/worldwide operations. Goodwill is allocated by cash-generating unit as follows:

	31 December 2020 €m	31 December 2019 €m
Mediengruppe RTL Deutschland	**971**	951
Groupe M6	**592**	595
Fremantle	**1,046**	1,047
Ludia	**29**	31
RTL Nederland	**159**	159
RTL Belgium	**32**	32
Others		
– Yospace (2020)/SpotX (2019)	**8**	126
– Divimove	**33**	40
– BroadbandTV	**–**	27
– German radio	**–**	17
– Freecaster	**1**	1
Total goodwill on cash-generating units	**2,871**	**3,026**

As German radio activities are managed as a part of Mediengruppe RTL Deutschland and integrated into its business organisation, the former cash-generating unit "German radio" is now considered as a part of the cash-generating unit "Mediengruppe RTL Deutschland" at 31 December 2020, and the related goodwill was transferred.

Goodwill is tested for impairment annually, as of 31 December, or whenever changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of a CGU has been determined on the basis of the higher of its value in use and its fair value less costs of disposal:

- The value in use is determined on the basis of cash flows excluding estimated future cash inflows or outflows expected to arise from future restructurings and from improving or enhancing the CGU's performance unless the cash-generating unit is committed at year-end to the restructuring, and related provisions have been made. Furthermore, the discount rate is closely linked to Group parameters (mainly credit premium, gearing ratio and specific risk). Specific country risk and inflation differentials are also taken into account;
- Fair value less costs of disposal is the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. When available, market quoted prices are used.

The Group supports its fair values less costs of disposal on market-based valuations, if an active market exists, and on the basis of a discounted cash flow ("DCF") model to the extent that it would reflect the value that "any market participant" would be ready to pay in an arm's length transaction. Differently from the "value in use" approach, which reflects the perspective of the Group for a long-term use of the CGU, a "fair value less costs of disposal" DCF model would include future cash flows expected to arise from restructuring plans and future investments, as all rational market participants would be expected to undertake these restructurings and investments in order to extract the best value from the acquisition.

Furthermore, the discount rate of each CGU is calculated based on a market approach and most of the parameters used are derived from market sources. The discount rates are based on a mixed interest rate represented by the weighted average cost of equity and cost of capital (WACC) after tax. The discount rates reflect the time value of money and the perception of risk associated with projected future cash flows, both from the equity shareholders' and the debt holders' point of view.

The discount rates have been determined, CGU by CGU, and embody, where appropriate, the following factors:
- country risk;
- inflation rate differential;
- specific firm premium;
- specific tax rate;
- credit spread due to the financial situation; and
- gearing ratio of the CGU.

The recoverable amount of all CGUs is based on their fair value less costs of disposal and is a Level 3 fair value measurement, with exception of Groupe M6 which is listed on Euronext Paris, Compartment A (Paris Stock Exchange). As at December 31, 2019, the recoverable amount of Groupe M6 was based on fair value less costs of disposal (level 1). As of December 31, 2020, the market price of Métropole Télévision shares on the Paris Stock Exchange was €13.26 (2019: €16.78). The recoverable amount of Groupe M6 at that date was based on value in use using a discounted cash flow method (level 3). The value in use determined significantly exceeded the carrying amount.

Cash flow projections are based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period for up to a total of five years are prepared for recent investments like Divimove using the estimated growth rates and other key drivers. For the cash-generating units' operating advertising revenue, the projections consider audience and advertising market shares, the EBITA margin, operating cash conversion rates based on past performance, and expectations regarding market development. Management also rely on wider macro-economic indicators from external sources to verify the veracity of their own budgeting assumptions. Finally, the market positions of the Group's channels are also reviewed in the context of the competitive landscape, including the impact of new technologies and consumption habits. For Fremantle, which operates a multi-territory/worldwide and diversified operation, the expected growth rate is determined according to a weighted average of growth expectations of its multiple regions, markets and product offerings. The number of video views and the development of original production and branded entertainment are key drivers for the digital video networks.

Cash flows beyond the three and five-year period are extrapolated using the estimated perpetual growth and EBITA margin rates and applying the discount rates stated below.

The perpetual growth and EBITA margins are based on the expected outcome of the strategy implemented by the Group in the different markets, on macro-economic and industry trends, and on in-house estimates.

Capital expenditure is historically low in the business models the Group develops and is assumed to be in line with depreciation and amortisation. Management also consider that the moderate perpetual growth would not result in the increase of the net working capital.

	2020 Perpetual growth rate % a year	2020 Discount rate %	2019 Perpetual growth rate % a year	2019 Discount rate %
Cash-generating units				
Mediengruppe RTL Deutschland	**0.5**	**6.5**	0.5	5.6
Groupe M6[11]	**0.0**	**6.9**	0.0	5.9
Fremantle	**1.8**	**8.2**	1.8	7.6
Ludia	**2.0**	**5.8**	2.0	8.1
RTL Nederland	**0.0**	**6.0**	0.0	5.4
RTL Belgium	**0.0**	**7.3**	0.0	6.3
Others				
– Yospace (2020)/SpotX (2019)	**2.0**	**10.2**	2.0	10.1
– Divimove	**2.0**	**9.2**	2.0	10.0
– BroadbandTV	**–**	**–**	2.0	10.6
– German radio	**–**	**–**	0.0	7.5
– Freecaster	**–**	**–**	0.5	5.7

FREMANTLE

In 2020 Fremantle was adversely impacted by the Covid-19 pandemic, but was able to rapidly adjust to the new environment and resume productions. Driven by the high overall market demand for content from a diversified set of potential clients (e.g. broadcasters, platforms and streaming services) and Fremantle's well-diversified territorial coverage (Fremantle's network of local production and distribution companies operates in over 30 territories around the world), the exposure of Fremantle towards potentially long-lasting recessions of specific economies is limited. The pandemic has given rise to the "stay-at-home" economy, which, in part, has resulted in the streaming platforms continuing to increase their content spend in the race for streaming customers. The key drivers of growth in Fremantle over the coming years are expected to come from initiatives to develop new formats, from expanding its drama and factual entertainment pipeline and from further diversification of its global footprint. Fremantle's slate of productions is underpinned by successful entertainment and gameshow brands such as Idols, Got Talent and Family Feud and bolstered by a growing roster of drama productions including American Gods, My Brilliant Friend and Charité. Based on the budget assumptions and on a DCF model with a perpetual EBITA margin of 8 per cent, the headroom at the level of Fremantle amounts to €213 million (31 December 2019: €366 million).

Management has identified that a reasonably possible change in three key assumptions could cause the carrying amount to exceed the recoverable amount. In the event of changes of these assumptions individually, as described in the following table, the estimated recoverable amount would be equal to the carrying amount.

	31 December 2020 in percentage points	31 December 2019 in percentage points
EBITA margin	**(1.2)**	(1.3)
Discount rate	**1.0**	1.4
Perpetual growth rate	**(1.8)**	(1.5)

DIVIMOVE

Despite the growth in revenue and EBITA, the recoverable amount, based on Divimove's current business plan and RTL Group's expectations, falls short of the carrying amount leading to an €11 million impairment loss.

When taken individually, the following changes in the key assumptions would reduce the DCF based valuation of the CGU Divimove as follows:

	31 December 2020 €m	31 December 2019 €m
Variation in:		
EBITA margin by (1) per cent for each period	**(14)**	(12)
Discount rate by 1 per cent	**(7)**	(10)
Perpetual growth rate by (1) per cent	**(5)**	(8)

11 Level 1 measurement applies in 2019

Management consider that, at 31 December 2020, apart from the above mentioned sensitivities, no reasonably possible change in the market shares, EBITA margin and operating cash conversion rates would reduce the headroom between the recoverable amounts and the carrying amounts of the cash-generating units to zero, when the recoverable amount is solely based on a DCF approach.

7. 3. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost				
Balance at 1 January 2019	**392**	**351**	**245**	**988**
Effect of movements in foreign exchange	–	–	1	1
Additions	4	12	38	54
Disposals	(2)	(17)	(12)	(31)
Subsidiaries acquired	–	2	–	2
Transfers and other changes	1	3	(6)	(2)
Balance at 31 December 2019	**395**	**351**	**266**	**1,012**
Effect of movements in foreign exchange	(2)	(3)	(5)	(10)
Additions	4	12	35	51
Disposals	(5)	(8)	(11)	(24)
Subsidiaries acquired	–	–	–	–
Subsidiaries disposed of	–	–	(1)	(1)
Transfer to assets held for sale	(3)	–	(25)	(28)
Transfers and other changes	4	10	(14)	–
Balance at 31 December 2020	**393**	**362**	**245**	**1,000**
Depreciation and impairment losses				
Balance at 1 January 2019	**(185)**	**(287)**	**(184)**	**(656)**
Effect of movements in foreign exchange	–	–	(1)	(1)
Depreciation charge for the year	(19)	(22)	(26)	(67)
Disposals	1	16	10	27
Balance at 31 December 2019	**(203)**	**(293)**	**(201)**	**(697)**
Effect of movements in foreign exchange	1	2	4	7
Depreciation charge for the year	(19)	(22)	(23)	(64)
Disposals	5	7	10	22
Transfer to assets held for sale	1	–	22	23
Balance at 31 December 2020	**(215)**	**(306)**	**(188)**	**(709)**
Carrying amount:				
At 31 December 2019	**192**	**58**	**65**	**315**
At 31 December 2020	**178**	**56**	**57**	**291**

7. 4. RIGHT-OF-USE ASSETS

Depreciation, additions and carrying amounts of right-of-use from leased property, plant and equipment are as follows:

	Land and equivalent real estate rights and buildings €m	Technical equipment and machinery €m	Other equipment, fixtures, furniture and office equipment €m	**Total €m**
Balance at 1 January 2020	**370**	**1**	**9**	**380**
Effect of movements in foreign exchange	(5)	–	–	**(5)**
Depreciation charge for the year	(58)	(1)	(5)	**(64)**
Additions	40	2	4	**46**
Other changes	(27)	(1)	–	**(28)**
Balance at 31 December 2020	**320**	**1**	**8**	**329**

	Land and equivalent real estate rights and buildings €m	Technical equipment and machinery €m	Other equipment, fixtures, furniture and office equipment €m	**Total €m**
Balance at 1 January 2019	**367**	**3**	**7**	**377**
Effect of movements in foreign exchange	3	–	–	**3**
Depreciation charge for the year	(53)	(1)	(4)	**(58)**
Additions	32	–	5	**37**
Other changes	21	(1)	1	**21**
Balance at 31 December 2019	**370**	**1**	**9**	**380**

7. 5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the statement of financial position are as follows:

	2020 €m	2019 €m
Associates	**356**	331
Joint ventures	**28**	21
Balance at 31 December	**384**	**352**

The amounts recognised in the income statement are as follows:

	2020 €m	2019 €m
Associates	**28**	47
Impairment of investments in associates	**(62)**	(50)
Joint ventures	**4**	17
	(30)	**14**

In the year 2020, dividends received from investments accounted for using the equity method amounted to €38 million (2019: €30 million). This amount is considered as adjustment in the position “Financial results including net interest expense and share of results of investments accounted for using the equity method” when calculating cash flows from operating activities.

7. 5. 1. INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group at 31 December 2020, which, in the opinion of the management, are material to the Group:

Name of entity	Country of incorporation	Principal activity	% voting power held by the Group **2020**	2019	Measurement method
Atresmedia	Spain	Broadcasting TV	**18.7**	18.7	Equity
Global Savings Group (GSG)	Germany	Shopping rewards	**41.6**	–	Equity
RTL 2 Fernsehen GmbH & Co. KG	Germany	Broadcasting TV	**35.9**	35.9	Equity

Atresmedia Corporación de Medios de Comunicación S.A. (and subsidiaries, “Atresmedia”) is listed on the Madrid Stock Exchange. Based on the published share price at 31 December 2020, the market capitalisation of 100 per cent of Atresmedia amounts to €650 million, i.e. €2.88 per share (2019: €786 million, i.e. €3.48 per share). RTL 2 Fernsehen GmbH & Co. KG is a private company and there is no quoted market price available for its shares. Global Savings Group is also a private company providing shopping rewards activities and there is no quoted market price available for its share.

The summarised financial information for the material associates of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and its associates is as follows:

	Atresmedia 2020 €m	Atresmedia 2019 €m	Global Savings Group (GSG) 2020 €m	RTL 2 Fernsehen GmbH & Co. KG 2020 €m	RTL 2 Fernsehen GmbH & Co. KG 2019 €m
Non-current assets	**556**	583	**141**	**84**	94
Current assets	**762**	699	**74**	**86**	95
Current liabilities	**(495)**	(486)	**(59)**	**(86)**	(61)
Non-current liabilities	**(357)**	(356)	**(28)**	**(3)**	(38)
Net assets	**466**	**440**	**128**	**81**	**90**
Revenue	**866**	1,039	**77**	**261**	284
Profit before corporate tax	**34**	155	**4**	**42**	47
Income corporate tax expense	**(10)**	(35)	**–**	**–**	–
Profit for the year	**24**	**120**	**4**	**42**	**47**
Dividends received from associates	**–**	**19**	**–**	**18**	**18**

The reconciliation of the summarised financial information presented to the carrying amount of its interest in associates is presented below:

	Atresmedia 2020 €m	Atresmedia 2019 €m	Global Savings Group (GSG) 2020 €m	RTL 2 Fernsehen GmbH & Co. KG 2020 €m	RTL 2 Fernsehen GmbH & Co. KG 2019 €m	Other immaterial associates 2020 €m	Other immaterial associates 2019 €m	Total 2020 €m	Total 2019 €m
Net assets at 1 January	**440**	**421**	**–**	**90**	**93**	**105**	**69**	**635**	**583**
Profit for the year	**24**	120	**4**	**41**	47	**23**	14	**92**	181
Other comprehensive income	**3**	–	**–**	**–**	–	**–**	–	**3**	–
Distribution	**–**	(101)	**–**	**(50)**	(50)	**(47)**	(46)	**(97)**	(197)
Change in ownership interest and other changes	**(1)**	–	**124**	**–**	–	**10**	68	**133**	68
Net assets at 31 December	**466**	**440**	**128**	**81**	**90**	**91**	**105**	**766**	**635**
Interest in associates	**87**	82	**53**	**29**	32	**32**	32	**201**	146
Goodwill	**166**	166	**42**	**24**	24	**41**	51	**273**	241
Impairment on investments in associates	**(110)**	(50)	**–**	**–**	–	**(8)**	(6)	**(118)**	(56)
Carrying amount	**143**	**198**	**95**	**53**	**56**	**65**	**77**	**356**	**331**

Other immaterial associates represent in aggregate 18 per cent of the total amount of investments in associates at 31 December 2020, (23 per cent at 31 December 2019) and none of them has a carrying amount exceeding €10 million at 31 December 2020, (€11 million at 31 December 2019).

IMPAIRMENT TESTING

Investments in associates are tested for impairment according to the same methodology applied for the impairment test of goodwill.

The perpetual growth and discount rates used are as follows:

	2020 Perpetual growth rate % a year	2020 Discount rate %	2019 Perpetual growth rate % a year	2019 Discount rate %
Main associates				
Atresmedia	**0.0**	**9.0**	0.0	9.3
Global Savings Group (GSG)	**2.0**	**11.0**	n/a	n/a
RTL 2 Fernsehen GmbH & Co. KG	**0.5**	**7.2**	0.5	5.6

As of 30 June 2020, the investment in Atresmedia was tested for impairment in accordance with IAS 36. The recoverable amount of Atresmedia on 30 June 2020, was based on the value in use determined using a discounted cash flow model, as management considered the share price of Atresmedia did not fully reflect its earning potential, which is expected to include new digital and platform revenue streams and further content and channel exploitation opportunities. The further reduction of the share price, and the reduction of TV advertising spend due to the Covid-19 pandemic, constituted triggering events for performing the impairment testing. The assumptions used in the valuation consider risks, resulting in a significant decrease in terminal EBITA margin compared to previous financial projections as used in the previous impairment test as at 31 December 2019. These include an ongoing challenging economic environment in Spain due to the Covid-19 pandemic combined with increased competition, differences in viewing preferences and continued dependence on linear television. This dependence continues to exist despite promising developments of Atresmedia in the content and streaming business. The valuation resulted in an impairment loss of €60 million as at 30 June 2020. The carrying amount after impairment was €143 million as at 30 June 2020. The impairment loss was measured on the basis of the following assumptions: a discount rate of 9.1 per cent (31 December 2019: 9.3 per cent), a long-term growth rate of 0.0 per cent (31 December 2019: 0.0 per cent) and different scenarios of sustainable EBITA margins.

As at 31 December 2020, the investment in Atresmedia – with a carrying amount of €143 million – was tested again for impairment in accordance with IAS 36. The test resulted in no additional impairment or reversal of impairment. As at 31 December 2020, the share price of Atresmedia was €2.88 (31 December 2019: €3.48) which results in a fair value less costs of disposal of €119 million for the 18.7 per cent held by RTL Group (31 December 2019: €139 million). Despite the recovery in share price in the second half of 2020, management believes that the earning potential is still not yet fully reflected in the underlying share price and therefore management determined the value in use.

The assumptions based on the value in use using a discounted cash flow model are shown in the above table.

When taken individually, the following changes in the key assumptions would reduce the DCF-based valuation of the CGU Atresmedia as follows:

	31 December 2020 €m	31 December 2019 €m
Variation in:		
EBITA margin by (1) per cent for each period	**(15)**	(16)
Discount rate by 1 per cent	**(14)**	(17)
Perpetual growth rate by (1) per cent	**(13)**	(15)

In November 2019, the Spanish Competition Authority (CNMC) arrived at a decision in disciplinary proceedings imposing a fine on Atresmedia and Mediaset and barring both operators from specified courses of conduct. The parties were ordered to take steps to align their commercial and contractual relations to the requirements of the decision. The fine imposed on Atresmedia amounts to €38.2 million. Atresmedia later challenged the decision by filing an application for judicial review with the Administrative Chamber of the Audiencia Nacional, Spain's national court. Atresmedia remains convinced that the decision made by the CNMC is not sufficiently justified and expects a positive outcome. The prospects of success are based, inter alia, on the outdated definition of the advertising market used by the CNMC.

The recoverable amount of RTL 2 Fernsehen GmbH & Co. KG has been determined on the basis of the fair value less costs of disposal at 31 December 2020. This is a Level 3 fair value measurement.

The recoverable amount of GSG has been determined on the basis of the fair value less costs of disposal at 31 December 2020. This is a Level 3 fair value measurement.

RTL 2 Fernsehen GmbH & Co. KG is a party in legal proceedings with a subsidiary of RTL Group (see note 7. 14. 1.).

CONTINGENCIES

There are no contingent liabilities relating to the Group's interest in the associates.

7. 5. 2. INVESTMENTS IN JOINT VENTURES

The material joint venture is as follows:

	Country of incorporation	Principal activity	% voting power held by the Group 2020	2019	Measurement method
RTL Disney Fernsehen GmbH & Co. KG	Germany	Broadcasting TV	**50.0**	50.0	Equity

RTL Disney Fernsehen GmbH & Co. KG is structured as a separate vehicle and the Group has a residual interest in the net assets. RTL Disney Fernsehen GmbH & Co. KG is a private company, therefore there is no quoted market price available for its shares.

RTL Disney Fernsehen GmbH & Co. KG is set up as a joint venture with the control shared by Disney and RTL Group. Neither of the shareholders has the ability to direct the relevant activities unilaterally.

The summarised financial information for the material joint ventures of the Group – on a 100 per cent basis and adjusted for differences in accounting policies between the Group and the joint ventures – is as follows:

RTL Disney Fernsehen GmbH & Co. KG	2020 €m	2019 €m
Non-current		
Assets	**14**	17
Current		
Cash and cash equivalents	**58**	59
Other current assets	**17**	17
Total current assets	**75**	76
Current liabilities	**(46)**	(64)
Non-current liabilities	**(3)**	(2)
Net assets	**40**	**27**
Revenue	**132**	146
Depreciation and amortisation	**(4)**	(11)
Profit before tax	**31**	38
Income corporate tax expense	**(5)**	(8)
Profit and total comprehensive income for the year	**26**	**30**
Group's share of profit and total comprehensive income for the year	**13**	**15**
Dividends received from joint venture	**7**	**14**

At 31 December 2020, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €56 million (31 December 2019: €57 million).

The reconciliation of the summarised financial information presented to the carrying amount of RTL Group's interest in joint ventures is presented below:

	RTL Disney Fernsehen GmbH & Co. KG 2020 €m	2019 €m	Other immaterial joint ventures 2020 €m	2019 €m	Total 2020 €m	2019 €m
Net assets at 1 January	**27**	**25**	**(3)**	**1**	**24**	**26**
Profit/(loss) for the year	**26**	30	**(30)**	4	**(4)**	34
Distribution	**(13)**	(28)	**(2)**	(6)	**(15)**	(34)
Other changes	**–**	–	**6**	(2)	**6**	(2)
Net assets at 31 December	**40**	**27**	**(29)**	**(3)**	**11**	**24**
Interest in joint ventures	**20**	14	**6**	1	**26**	15
Goodwill	**–**	–	**2**	6	**2**	6
Carrying value	**20**	**14**	**8**	**7**	**28**	**21**

Other immaterial joint ventures represent in aggregate 28 per cent of the total amount of investments in joint ventures at 31 December 2020, (34 per cent at 31 December 2019) and none of them has a carrying amount exceeding €4 million at 31 December 2020, (€4 million at 31 December 2019).

IMPAIRMENT TESTING

Investments in joint ventures are tested for impairment according to the same methodology applied for the impairment test of goodwill. The recoverable amount of RTL Disney Fernsehen GmbH & Co. KG has been determined on the basis of the fair value less costs of disposal at 31 December 2020. This was in turn stated in a binding agreement with RTL Group's current joint venture partner, BVI Television Investments, Inc. – a subsidiary of The Walt Disney Company – to acquire the outstanding 50 per cent shareholding in Super RTL. This is a Level 3 fair value measurement.

No impairment loss on investments in joint ventures was recorded in 2020 and 2019.

CONTINGENCIES

There are no contingent liabilities relating to the Group's interest in the joint ventures.

7. 6. LOANS AND OTHER FINANCIAL ASSETS

RTL Group holds 19.5 per cent of the share capital of Beyond International Limited, a company listed on the Australian Stock Exchange. This is a Level 1 fair value measurement. In 2020, RTL Group recorded a decrease in fair value of this equity investment at fair value through OCI for €2 million (2019: decrease for €1 million).

	2020 €m	2019 €m
Equity investments at fair value through OCI	**35**	33
Equity instruments accounted at FVTPL	**3**	3
Debt instruments measured at FVTPL	**1**	–
Convertible loans at FVTPL	**15**	–
Surplus of the defined benefit plans	**–**	1
Loans receivable to investments accounted for using the equity method	**15**	22
Loans and other financial assets	**7**	6
	76	65

No impairment loss related to loans was recognised in 2020 (2019: €nil million).

The movements in equity investments at fair value through OCI are as follows:

	2020 €m	2019 €m
Balance at 1 January	**33**	**37**
Net acquisitions and disposals	**1**	1
Change in fair value	**2**	(2)
Other changes	**(1)**	(3)
Balance at 31 December	**35**	**33**

7. 7. DEFERRED TAX ASSETS AND LIABILITIES

	2020 €m	2019[12] €m
Deferred tax assets	**333**	332
Deferred tax liabilities	**(48)**	(43)
	285	289

	2020 €m	2019[12] €m
Balance at 1 January	**289**	**316**
Income tax income/(expense)	**(8)**	(16)
Income tax credited/(charged) to other comprehensive income	**5**	2
Change in consolidation scope	**–**	(16)
Transfer to assets classified as held for sale	**1**	–
Transfers and other changes	**(2)**	3
Balance at 31 December	**285**	**289**

The amount of the tax benefit arising from a previously unrecognised tax loss that is used to reduce current tax expense amounts to €7 million (2019: €1 million).

The deferred tax expense arising from a write-down of a deferred tax asset amounts to €1 million (2019: €-3 million).

Of "Income tax credited/(charged) to other comprehensive income" an amount of €6 million (2019: €-4 million) related to effective portion of changes in fair value of cash flow hedges, €nil million (2019: €2 million) related to recycling of cash flow hedge reserve, €nil million (2019: €4 million) related to defined benefit plan actuarial gains/(losses) and €-1 million (2019: €nil million) related to change in fair value of equity investments at fair value through OCI. The cumulative amount of deferred tax assets recognised in other comprehensive income amounts to €22 million (2019: €17 million).

Deferred tax assets are recognised to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has not recognised deferred tax assets in respect of the following items:

	2020 €m	2019 €m
Tax loss carry forwards		
No expiration date	4,211	4,266
Expiration within 5 years	88	17
Expiration after 5 years	1	126
Deductible temporary differences (no expiration date)	**17**	**13**

At 31 December 2020, there were temporary differences of €107 million (2019: €105 million) related to investments in subsidiaries. However, this liability was not recognised because the Group controls the dividend policy of its subsidiaries – i.e. the Group controls the timing of reversal of the related taxable temporary differences and these will not reverse in the foreseeable future.

12 The figures from the previous year have been adjusted (see note 1. 30.)

The movement in deferred tax assets and liabilities during the year is as follows:

	Balance at 1 January 2020 €m	(Charged)/ credited to income statement €m	Charged to other comprehensive income €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2020 €m
Deferred tax assets						
Intangible assets	**79**	(9)	–	–	1	**71**
Programme rights	**184**	10	–	–	(1)	**193**
Property, plant and equipment	**3**	–	–	–	–	**3**
Right-of-use and lease liabilities	**114**	(5)	–	–	(2)	**107**
Provisions	**80**	(3)	–	–	3	**80**
Tax loss carry forwards	**47**	(27)	–	–	5	**25**
Others	**38**	20	(1)	–	5	**62**
Set off of tax	**(213)**	(2)	7	–	–	**(208)**
	332	**(16)**	**6**	**–**	**11**	**333**
Deferred tax liabilities						
Intangible assets	**(87)**	9	–	–	(1)	**(79)**
Programme rights	**(3)**	(3)	–	–	–	**(6)**
Property, plant and equipment	**(13)**	(1)	–	–	2	**(12)**
Right-of-use and lease liabilities	**(100)**	4	–	1	1	**(94)**
Provisions	**(20)**	(5)	–	–	(3)	**(28)**
Others	**(33)**	2	6	(1)	(11)	**(37)**
Set off of tax	**213**	2	(7)	–	–	**208**
	(43)	**8**	**(1)**	**–**	**(12)**	**(48)**

	Balance at 1 January 2019[13] €m	(Charged)/ credited to income statement €m	Charged to other comprehensive income €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2019[13] €m
Deferred tax assets						
Intangible assets	**27**	52	–	–	–	**79**
Programme rights	**199**	(15)	–	–	–	**184**
Property, plant and equipment	**3**	–	–	–	–	**3**
Right-of-use and lease liabilities	**119**	(4)	–	–	(1)	**114**
Provisions	**93**	(18)	4	1	–	**80**
Tax loss carry forwards	**73**	(32)	–	6	–	**47**
Others	**37**	3	–	1	(3)	**38**
Set off of tax	**(206)**	(5)	(2)	–	–	**(213)**
	345	**(19)**	**2**	**8**	**(4)**	**332**
Deferred tax liabilities						
Intangible assets	**(60)**	(2)	–	(24)	(1)	**(87)**
Programme rights	**(6)**	3	–	–	–	**(3)**
Property, plant and equipment	**(13)**	–	–	–	–	**(13)**
Right-of-use and lease liabilities	**(105)**	5	–	–	–	**(100)**
Provisions	**(19)**	(3)	–	–	2	**(20)**
Others	**(32)**	(5)	(2)	–	6	**(33)**
Set off of tax	**206**	5	2	–	–	**213**
	(29)	**3**	**–**	**(24)**	**7**	**(43)**

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria of offsetting. The term of the deferred taxes on temporary differences is mostly expected to be recovered or settled more than 12 months from the balance sheet date.

13 The figures from the previous year have been adjusted (see note 1. 30.)

7. 8. CURRENT PROGRAMME RIGHTS

	2020 Gross value €m	2020 Valuation allowance €m	2020 Net value €m	2019[14] Gross value €m	2019[14] Valuation allowance €m	2019[14] Net value €m
(Co-)productions	376	(335)	41	362	(334)	28
TV programmes	143	(3)	140	106	(2)	104
Other distribution and broadcasting rights	755	(267)	488	870	(288)	582
Sub-total programme rights	**1,274**	**(605)**	**669**	**1,338**	**(624)**	**714**
(Co-)productions and programmes in progress	435	(13)	422	387	(13)	374
Advance payments on (co-)productions, programmes and rights	120	–	120	164	–	164
Sub-total programme rights in progress	**555**	**(13)**	**542**	**551**	**(13)**	**538**
	1,829	(618)	1,211	1,889	(637)	1,252

Additions and reversals of valuation allowance have been recorded for €-76 million and €89 million respectively in 2020 (2019: €-93 million and €71 million, respectively).

7. 9. ACCOUNTS RECEIVABLE AND OTHER FINANCIAL ASSETS

	2020 Under 1 year €m	2020 Over 1 year €m	2020 Total €m	2019 Under 1 year €m	2019 Over 1 year €m	2019 Total €m
Trade accounts receivable	1,159	33	1,192	1,412	45	1,457
Accounts receivable from investments accounted for using the equity method	39	–	39	28	–	28
Loan receivable to investments accounted for using the equity method	1	–	1	3	–	3
Prepaid expenses	120	–	120	99	–	99
Fair value of derivative assets	12	9	21	26	15	41
Other current financial assets	5	–	5	2	–	2
Current deposit with shareholder	563	–	563	27	–	27
Account receivable from shareholder in relation with PLP Agreement	216	–	216	500	–	500
Other accounts receivable	133	21	154	178	23	201
	2,248	63	2,311	2,275	83	2,358

Additions and reversals of valuation allowance have been recorded for €26 million and €16 million respectively in 2020 (2019: €-21 million and €27 million, respectively).

7. 10. CASH AND CASH EQUIVALENTS

	2020 €m	2019 €m
Cash in hand and at bank	427	360
Fixed term deposits (under three months)	9	17
Cash and cash equivalents (excluding bank overdrafts)	436	377

	2020 €m	2019 €m
Cash and cash equivalents (excluding bank overdrafts)	436	377
Bank overdrafts	(1)	(1)
Cash and cash equivalents and bank overdrafts	435	376

14 The figures from the previous year have been adjusted (see note 1. 30.)

7. 11. ASSETS CLASSIFIED AS HELD FOR SALE

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

	SpotX €m	Other €m	**31 December 2020 €m**	31 December 2019 €m
Assets				
Non-current assets				
Goodwill	108	–	**108**	43
Other intangible assets	17	–	**17**	2
Property, plant and equipment	5	–	**5**	–
Right-of-use assets	4	–	**4**	–
Investments accounted for using the equity method	–	2	**2**	2
Current assets				
Programme rights	–	–	**–**	9
Accounts receivable and other financial assets	221	–	**221**	26
Cash and cash equivalents	72	–	**72**	6
Impairment on assets held for sale	–	–	**–**	–
Assets held for sale	427	2	**429**	88
Equity and liabilities				
Non-current liabilities				
Loans	3	–	**3**	–
Accounts payable	1	–	**1**	–
Deferred tax liabilities	1	–	**1**	–
Current liabilities				
Provisions	–	–	**–**	1
Loans	2	–	**2**	–
Income tax payable	–	–	**–**	1
Accounts payable	227	–	**227**	28
Contract liabilities	–	–	**–**	13
Liabilities related to assets held for sale	234	–	**234**	43

As of 31 December 2020, the carrying amounts of the assets classified as held for sale and related liabilities are mainly attributable to SpotX. In the last quarter of 2020, the management of RTL Group conducted negotiations on the disposal of SpotX Inc. and its main subsidiaries ("SpotX"). Accordingly, SpotX was reclassified as a disposal group as of 31 December 2020. At 31 December 2020, €13 million of cumulative other comprehensive income related to assets classified as held for sale in accordance with IFRS 5. In February 2021 – during the preparation of the consolidated financial statements – RTL Group announced that it had signed an agreement for the sale of SpotX to Magnite. The purchase price consists of US-$560 million in cash and 14.0 million shares of Magnite stock. The transaction is subject to receipt of regulatory approvals and is expected to close in the second quarter of 2021.

7. 12. LOANS, BANK OVERDRAFTS AND LEASE LIABILITIES

	2020 €m	2019 €m
Current liabilities		
Bank overdrafts	**1**	1
Bank loans payable	**49**	78
Loans due to investments accounted for using the equity method	**58**	57
Term loan facility due to shareholder	**11**	11
Other current loans payable	**5**	10
	124	157
Lease liabilities	**60**	**59**

	2020 €m	2019 €m
Non-current liabilities		
Bank loans payable	**135**	**125**
Term loan facility due to shareholder	**500**	500
Other non-current loans payable	**6**	6
	641	631
Lease liabilities	**324**	**373**

As at 31 December 2020, potential future cash outflows of €231 million (undiscounted) have not been included in the lease liabilities as it is not reasonably certain that the leases will be extended (or not terminated) (2019: €227 million).

"Lease liabilities" (accrued interests excluded) evolved as follows:

	2019 €m	Cash flows €m	New leases €m	Other changes €m	**2020 €m**
Lease liabilities	432	(59)	46	(35)	**384**

	2018 €m	Cash flows €m	New leases €m	Other changes €m	**2019 €m**
Lease liabilities	428	(59)	38	25	**432**

The item "Other changes" includes effects of movements in foreign exchange of €-6 million (2019: €3 million), scope effects of €-6 million and lease modifications of €-24 million (2019: €22 million).

"Loans and bank overdrafts" (accrued interests excluded) evolved as follows:

	2019 €m	Proceeds from loans €m	Repayments of loan €m	Other changes €m	**2020 €m**
Bank overdrafts	1	–	–	–	**1**
Bank loans payable	203	245	(264)	–	**184**
Loans due to investments accounted for using the equity method	57	2	(1)	–	**58**
Term loan facility due to shareholder	500	–	–	–	**500**
Other loans payable	15	4	(6)	(3)	**10**
	776	251	(271)	(3)	**753**

	2018 €m	Proceeds from loans €m	Repayments of loan €m	Other changes €m	**2019 €m**
Bank overdrafts	–	1	(1)	1	**1**
Bank loans payable	99	105	(1)	–	**203**
Loans due to investments accounted for using the equity method	38	20	(1)	–	**57**
Term loan facility due to shareholder	732	–	(232)	–	**500**
Other loans payable	13	9	(5)	(2)	**15**
	882	135	(240)	(1)	**776**

In March 2020, Groupe M6 used these three revolving bank credit facilities, amounting to €180 million, to protect Groupe M6 against liquidity risk. In September 2020, the full amount of bank credit facilities of €180 million was paid back.

Wildside Srl benefited from new bank loans for €58 million and reimbursed an amount of €84 million during the 12 months ended 31 December 2020, (12 months ended 31 December 2019: €31 million and €2 million, respectively).

TERM AND DEBT REPAYMENT SCHEDULES (ACCRUED INTERESTS INCLUDED):

2020	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total carrying amount €m**
Bank overdrafts	1	–	–	**1**
Bank loans payable	49	60	75	**184**
Loans due to investments accounted for using the equity method	58	–	–	**58**
Term loan facility due to shareholder	11	500	–	**511**
Other loans payable	5	6	–	**11**
	124	566	75	**765**
Lease liabilities	**60**	**324**	**–**	**384**

2019	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total carrying amount €m**
Bank overdrafts	1	–	–	**1**
Bank loans payable	78	50	75	**203**
Loans due to investments accounted for using the equity method	57	–	–	**57**
Term loan facility due to shareholder	11	500	–	**511**
Other loans payable	10	6	–	**16**
	157	556	75	**788**
Lease liabilities	**59**	**200**	**173**	**432**

7. 13. ACCOUNTS PAYABLE

	2020 €m	2019 €m
Current		
Trade accounts payable	**1,349**	1,534
Amounts due to associates	**9**	7
Employee benefits liability	**159**	241
Deferred income	**7**	2
Social security and other taxes payable	**89**	90
Fair value of derivative liabilities	**20**	16
Account payable to shareholder in relation with PLP Agreement	**325**	619
Other accounts payable	**243**	269
	2,201	2,778
Non-current		
Trade accounts payable	**39**	62
Employee benefits liability	**297**	295
Fair value of derivative liabilities	**4**	5
Other accounts payable	**7**	26
	347	388

At 31 December 2020, the profit participation liabilities of Mediengruppe RTL Deutschland amounted to €294 million (2019: €292 million).

7. 14. PROVISIONS

7. 14. 1. PROVISIONS OTHER THAN POST-EMPLOYMENT BENEFITS

	Restructuring €m	Litigations €m	Onerous contracts €m	Other provisions €m	Total €m
Balance at 1 January 2020	**17**	**69**	**65**	**8**	**159**
Provisions charged/(credited) to the income statement:					
– Additions	28	9	70	5	**112**
– Reversals	(1)	(6)	(1)	(1)	**(8)**
Provisions used during the year	(11)	(8)	(50)	(1)	**(70)**
Subsidiaries disposed of	–	(1)	–	–	**(1)**
Other changes	–	–	–	2	**2**
Balance at 31 December 2020	**33**	**63**	**84**	**13**	**194**

The provisions mainly relate to the following:

RESTRUCTURING

Mediengruppe RTL Deutschland announced in December 2020 a transformation plan that would result in a reshaping of the organisation and a reduction in headcount. Discussions with the employee representatives around a voluntary leave programme (Freiwilligenprogramm) and the collective dismissal process – which specifies the financial terms of the restructuring plan and the number of staff affected – were underway as at 31 December 2020. The total estimated staff restructuring costs to be incurred amount to €27 million.

PROVISIONS FOR LITIGATIONS

Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities.

RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant. The main legal proceedings to which RTL Group is a party are disclosed below.

Several subsidiaries of RTL Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf, Germany, seeking disclosure of information to substantiate a possible claim for damages. The proceedings follow the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements (share deals) granted by IP Deutschland GmbH and SevenOne Media GmbH to media agencies. The German Federal Cartel Office argued that these discounts would foreclose small broadcasters from the advertising market. In 2014, the district court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL 2 Fernsehen GmbH & Co. KG filed a motion claiming that the expert was not impartial, with the aim of getting the court to obtain a new expert opinion. IP Deutschland has rejected the motion of lack of impartiality as unfounded. Due to his unexpected death in February 2020, the court expert could not submit his response to the allegation of impartiality. The court has yet to decide on the appointment of a new expert. The court case will continue. Similar proceedings from other small broadcasters, initiated in different courts, were unsuccessful or have been withdrawn.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as of September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a "halo effect". Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged halo effect. The judicial expert issued in September 2019 his final report which confirmed the halo effect but assessed that Fun Radio's results were over-corrected. As of September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition, but this procedure was suspended until the end of the judicial expertise. In the meantime, four of the six claimants withdrew their claim from the proceedings. On 29 January 2021, the court has determined dates for the submission of writs by the parties. A hearing is scheduled for 25 June 2021.

In November 2019, the Spanish Competition Authority (CNMC) arrived at a decision in disciplinary proceedings imposing a fine on Atresmedia and Mediaset and barring both operators from specified courses of conduct. The parties were ordered to take steps to align their commercial and contractual relations to the requirements of the decision. The fine imposed on Atresmedia amounts to €38.2 million. Atresmedia later challenged the decision by filing an application for judicial review with the Administrative Chamber of the Audiencia Nacional, Spain's national court. Atresmedia remains convinced that the decision made by the CNMC is not sufficiently justified and expects a positive outcome. The prospects of success are based, inter alia, on the outdated definition of the advertising market used by CNMC.

No further information is disclosed as it may harm the Group's position.

ONEROUS CONTRACTS

"Onerous contracts" mainly comprise provisions made by:

- Mediengruppe RTL Deutschland for €68 million (2019: €46 million) mainly in relation to the supply of programmes, of which sport events (2020: €30 million; 2019: €15 million);
- Groupe M6 for €6 million (2019: €17 million) in relation to the supply of programmes;
- RTL Netherland for €10 million (2019: €1 million) in relation to the advertising sales contracts.

	2020 €m	2019 €m
Current	**143**	96
Non-current	**51**	63
	194	159

7. 14. 2. POST-EMPLOYMENT BENEFITS

	2020 €m	2019 €m
Balance at 1 January	**195**	**171**
Provisions charged/(credited) to the income statement:		
– Additions[14]	**25**	30
– Reversals	**(1)**	(9)
Provisions used during the year[15]	**(20)**	(21)
Actuarial (gains)/losses directly recognised in equity	**(8)**	23
Other	**(3)**	1
Balance at 31 December	**188**	**195**

"Post-employment benefits" comprise provision for defined benefit obligations for € 184 million (2019: € 191 million) and provision for other employee benefits for € 4 million (2019: € 4 million).

7. 15. DEFINED BENEFIT OBLIGATIONS

RTL Group operates or participates in a number of defined benefit and defined contribution plans throughout Europe. FremantleMedia North America in the United States also operates a medical care plan which is also a defined benefit obligation and is included in the provisions on the balance sheet. These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group and associated risks are given below:

BELGIUM

Employees of RTL Belgium participate in a defined benefit plan insured by the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death. It concerns a closed plan in run-off. From 1 January 2004, a new defined contribution scheme was opened for all new employees. The assets of the insurance contract are not segregated but mutualised within the global assets of the Company ("Branche 21"). A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Furthermore, as the 'best estimate' assumption has been made that each participant will opt for the payment in the form of a lump sum, the pension plan will not be affected by the expected increase of the future life expectancy of retirees. Other risks mainly relate to minimum funding requirements when vested rights are not funding enough.

FRANCE

Groupe M6 operate retirement indemnity plans which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at the date of the retirement in accordance with the applicable collective agreement. The Métropole Télévision (following the merger with Ediradio) and ID retirement indemnity plan is partly funded by an insurance contract with AXA. Métropole Télévision (following the merger with Ediradio) also participates in a defined benefit plan that provides pension benefits to members on retirement. This plan is partly funded by an insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. By nature, the lifetime risk of the beneficiaries is no longer supported by Métropole Télévision at retirement. The risk is externalised to the insurer.

GERMANY

Employees of UFA GmbH (former UFA Berlin Group) (including UFA Fiction GmbH, UFA Shows & Factual GmbH, UFA GmbH, UFA Serial Drama GmbH), Radio Center Berlin, AVE Gesellschaft für Hörfunkbeteiligungen GmbH, UFA Film & Fernsehen, RTL Group Deutschland and RTL Group Central & Eastern Europe participate in an unfunded common group retirement plan and defined benefit in nature. In case of insolvency, there is a comprehensive protection system ("Pensionssicherungsverein") operated by the German Pension Protection Fund. The company UFA Serial Drama has a partly funded plan.

15 Of which defined contribution plan for € 13 million (2019: € 12 million)

Related obligations and plan assets are subject to demographic, legal and economic risks. The main risk relates to longevity risk for pension recipients.

Each employer that participates in this plan has separately identifiable liabilities.

RTL Television and IP Deutschland operate their own retirement arrangements. IP Deutschland sponsors individual plans for five former employees, providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for two former employees, providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

The plan of RTL Television is partly funded by a life insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Both companies are exposed to certain risks associated with defined benefits plans such as longevity, inflation and the increase of wages and salaries.

LUXEMBOURG

CLT-UFA, RTL Group and Broadcasting Center Europe ("BCE") sponsor a post-employment defined benefit plan in favour of their employees. The occupational pension plan provides benefits to the affiliates (members and their dependants) in case of retirement, death in service or disability. The pension benefits are financed through an internal book reserve, as one of the allowed funding vehicles described in the law of 8 June 1999 on occupational pension plans in Luxembourg. Therefore CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Nevertheless, in such case, the law requires the company to subscribe to insolvency insurance with the German Pension Protection Fund ("Pensionssicherungsverein"). The CLT-UFA, RTL Group and BCE occupational pension scheme is a defined benefit plan final pay with integration of the state pension. Consequently, the Company is exposed to certain risks associated with defined benefits plans – such as longevity, inflation, the effect of compensation increases – and of the State pension legislation.

Death and disability are insured with La Luxembourgeoise-Vie SA.

UNITED KINGDOM

FremantleMedia Group Limited is the principal employer of the Fremantle Group Pension Plan ("the Fremantle Plan" or "the Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides benefits through two sections, one providing defined benefits and the other providing defined contribution benefits with a defined benefit underpin. Plan assets are held for both sections of the Fremantle Plan – the assets in the defined benefit section are the qualifying insurance (buy-in) policies; the assets in the defined contribution section comprise mainly equities, with the Plan holding corporate bonds in relation to the defined benefit underpin. The Plan is funded through a trust administered by a trustee company, the assets of which are held separately from the assets of the participating employers. FremantleMedia Group Limited is ultimately liable for any deficit in the Plan. Funding requirements are under section 3 of the Pensions Act 2004 (UK). This requires:
- Three-yearly formal actuarial valuations, with annual monitoring;
- Trustees to maintain a Statement of Funding Principles;
- Trustees and employers to agree the approach to each actuarial valuation;
- Funding deficits to be eliminated in accordance with a schedule of deficit funding contributions.

The Company has been managing and reducing the risks associated with the Fremantle Plan. The Company closed the Plan to all further benefit accrual with effect from 31 March 2013. From 19 March 2014, the Company decided to secure benefits by insuring the Plan's liabilities through a buy-in policy.

The main risk related to the defined benefit section is that the insurance provider (Pension Insurance Corporation) defaults on the buy-in policy and the Trustees are unable to recover the full value. This event is extremely unlikely given the regulatory capital requirements for insurance companies and other protections in place (e.g. the Financial Services Compensation Scheme).

Future pension provision for members of the Fremantle Plan still employed by the Company is now through a Group Personal Pension plan with Scottish Widows, which commenced on 1 April 2013.

Legislation regarding introducing employers' pensions 'auto-enrolment' obligations, requires contributions to be made for employees/workers who were previously not members of Company schemes or who previously had no pension entitlement. This affected the Company from 1 September 2013 onwards. An employee must now choose to 'opt out' if they do not wish to contribute to the pension scheme.

Due to a very small number of members (six members) transferring in Guaranteed Minimum Pension (GMP – a pension benefit in lieu of part of the state pension for persons who were contracted out), the Plan is subject to a landmark judgement reached in the high court on 26 October 2018, requiring all contracted-out pension schemes to equalise benefits for the effect of unequal GMPs accrued between 1990 and 1997. This will result in an increase to the Defined Benefit Obligation (DBO) of the Plan, however the amount of GMP held within the Plan is minimal and the impact of GMP equalisation has been estimated to be <0.1% of liabilities.

Information about the nature of the present value of the defined benefit liabilities is detailed as follows:

	2020 €m	2019 €m
Final salary plans	**257**	274
Career average plans	**10**	10
Flat salary plans/plans with fixed amounts	**36**	15
Other commitments given	**51**	54
Present value of defined benefit obligation	**354**	353
– thereof capital commitments	**153**	159

The other commitments given broadly contain the defined contribution section of the Fremantle plan. Under the Fremantle Plan Rules, in the defined benefit sections a member may opt to exchange up to around 25 per cent of their pension benefit for a cash lump sum.

The breakdown of the present value of the defined benefit liabilities by the plan members is as follows:

	2020 Head	2019 Head	**2020 €m**	2019 €m
Active members	**2,993**	3,162	**139**	152
Deferred members	**1,539**	1,481	**142**	130
Pensioners	**306**	293	**73**	71
Total	**4,838**	**4,936**	**354**	**353**
– thereof vested			**306**	303

The amounts recognised in the statement of financial position are determined as follows:

	2020 €m	2019 €m
Present value of defined benefit obligation of unfunded plans	**124**	131
Present value of defined benefit obligation of funded plans	**230**	222
Total present value of defined benefit obligation	**354**	353
Fair value of plan assets	**(170)**	(163)
Net defined benefit liability	**184**	190
– thereof provisions for pensions	**184**	191
– thereof other assets	**–**	1

The amounts recognised in profit or loss are determined as follows:

	2020 €m	2019 €m
Current service cost	**9**	9
Past service cost and impact from settlement	**(1)**	(4)
Net interest expense	**2**	3
Net pension expense	**10**	8

Changes in the present value of defined benefit obligations and plan assets in the reporting period were as follows:

	Defined benefit obligation (I)		Fair value of plan assets (II)		Net defined benefit balance (I)–(II)	
	2020 €m	2019 €m	**2020 €m**	2019 €m	**2020 €m**	2019 €m
Balance at 1 January	353	306	163	140	190	166
Current service cost	9	9			9	9
Interest expense	4	6	–	–	4	6
Interest income	–	–	2	3	(2)	(3)
Past service cost	–	(4)	–	–	–	(4)
Income and expenses for defined benefit plans recognised in the consolidated income statement	13	11	2	3	11	8
Income/expense on plan assets excluding amounts included in net interest income and net interest expense						
Actuarial gains (-) and losses (+)						
– changes in financial assumptions	4	37	–	–	4	37
– changes in demographic assumptions	2	(1)	–	–	2	(1)
– experience adjustments	(2)	1	–	–	(2)	1
Remeasurements for defined benefit plans recognised in the consolidated statement of comprehensive income	4	37	12	14	(8)	23
Contributions to plan assets by employer	(5)	(6)	3	2	(8)	(8)
Contributions to plan assets by employees	(2)	(5)	(2)	(4)	–	(1)
Changes in foreign exchange rates	(9)	8	(9)	8	–	–
Other changes	–	2	1	–	(1)	2
Other reconciling items	(16)	(1)	(7)	6	(9)	(7)
Balance at 31 December	**354**	**353**	**170**	**163**	**184**	**190**
– thereof						
Germany	62	61	16	15	46	46
United Kingdom	118	111	116	113	2	(2)
Other European countries	174	181	38	35	136	146

Plan assets are comprised as follows:

	2020 €m	2019 €m
Qualifying insurance policies	**119**	110
Equity instruments	**37**	40
Other funds	**9**	9
Debt instruments	**5**	4
Fair value of plan assets	**170**	163

Significant actuarial assumptions used were as follows:

	2020 % a year Germany	2020 % a year Other European countries	2020 % a year UK	2019 % a year Germany	2019 % a year Other European countries	2019 % a year UK
Discount rate	**1.10**	**0.90**	**1.40**	1.20	0.70	2.10
Rate of salary increase	**2.25**	**2.10–4.60**	**n/a**	2.25	2.10–4.60	n/a
Rate of pension increase	**1.00–1.50**	**1.00**	**3.25**	1.00–1.50	1.00	3.20

The breakdown of the weighted-average duration by geographical areas is as follows:

	2020 years	2019 years
Germany	**17.2**	17.6
UK	**23.0**	23.0
Other European countries	**12.4**	12.6

At 31 December 2020, the sensitivity of the defined benefit liabilities to changes in the weighted significant assumptions is as follows:

	Increase €m	Decrease €m
Effect of 0.5 percentage point change in discount rate	(23)	27
Effect of 0.5 percentage point change in rate of salary increase	15	(14)
Effect of 0.5 percentage point change in rate of pension increase	10	(9)
Effect of change in average life expectancy by 1 year	7	(6)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

At 31 December 2020, expected maturity analysis of undiscounted pension future cash flows are as follows:

	2021 €m	2022 €m	2023 €m	2024 €m	2025 €m	2026–2030 €m
Expected pension payments	11	13	12	18	18	84

7. 16. EQUITY

7. 16. 1. SHARE CAPITAL

At 31 December 2020, the subscribed capital amounts to €192 million (2019: €192 million) and is represented by 154,742,806 (31 December 2019: 154,742,806) fully paid-up ordinary shares, without nominal value.

At 31 December 2020, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €39.74 (31 December 2019: €43.98).

7. 16. 2. TREASURY SHARES

The Company's Annual General Meeting ("AGM") held on 16 April 2014 authorised the Board of Directors to acquire a total number of shares of the Company not exceeding 150,000 in addition to the own shares already held (i.e. 1,168,701 own shares) as of the date of the AGM. This authorisation is valid for five years and the purchase price per share 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 share over the last five trading days preceding the acquisition. 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.

As of 31 December 2020, the Group no longer holds treasury shares. All treasury shares were used as a part of the consideration paid to acquire non-controlling interests in RTL Belgium.

7. 16. 3. CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, reserves on investments accounted for using the equity method for foreign exchange translation differences and cash flow hedging, as well as loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

7. 16. 4. HEDGING RESERVE

The hedging reserve (equity attributable to non-controlling interests included) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Between 31 December 2019 and 31 December 2020, the hedging reserve decreased by €20 million before tax effect. This consists of:

- Decrease by €14 million due to foreign exchange contracts that existed at 2019 year end and which were still hedging off-balance sheet commitments at 31 December 2020;
- Decrease by €3 million due to foreign exchange contracts that existed at 2019 year end which were mainly transferred from the hedging reserve to adjust the carrying amount of assets purchased of which nil of basis adjustment which was subsequently released to the income statement in 2020;
- Decrease by €3 million due to foreign exchange contracts entered into in 2020 hedging new off-balance sheet commitments.

Between 31 December 2018 and 31 December 2019, the hedging reserve increased by €6 million before tax effect. This consists of:

- Increase by €6 million due to foreign exchange contracts that existed at 2018 year end and which were still hedging off-balance sheet commitments at 31 December 2019;
- Decrease by €1 million due to foreign exchange contracts that existed at 2018 year end which were mainly transferred from the hedging reserve to adjust the carrying amount of assets purchased of which €6 million of basis adjustment which was subsequently released to the income statement in 2019;
- Increase by €1 million due to foreign exchange contracts entered into in 2019 hedging new off-balance sheet commitments.

7. 16. 5. REVALUATION RESERVE

The revaluation reserve includes:

- The cumulative change net of tax in the fair value of equity investments at fair value through OCI (see note 7. 6.) until the investment is derecognised for €12 million (2019: €11 million);
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gains of control of Groupe M6 and M-RTL (2020: €55 million; 2019: €55 million).

7. 16. 6. DIVIDENDS

The preservation of liquidity has become an essential precaution for safeguarding RTL Group's present operations and future prospects throughout the current economic uncertainty. Therefore, RTL Group's Board of Directors decided on 2 April 2020 to withdraw its earlier proposal of a €4.00 per share dividend in respect of the financial year 2019. Consequently, no dividend was proposed to the Annual General Meeting of Shareholders and no dividend was paid for the financial year 2019.

7. 16. 7. SHARE-BASED PAYMENT PLANS

GROUPE M6 SHARE-BASED PAYMENT PLANS

Groupe M6 has established employee free shares plans open to directors and certain employees. The number of free shares granted to participants is approved by the Supervisory Board of Métropole Télévision SA in accordance with the authorisation given by the General Meeting of Shareholders.

The terms and conditions of the grants are as follows, whereby all plans are settled by physical delivery of shares:

	Grant date	Maximum number of free shares granted[16] (in thousands)	Remaining options (in thousands)	Vesting conditions
Free shares plans				
	07–2017	217.66	–	3 years of service + performance conditions
	10–2017	8.92	–	3 years of service + performance conditions
	07–2018	313.40	–	2 years of service + performance conditions
	07–2018	247.10	232.54	3 years of service + performance conditions
	07–2019	298.17	292.97	2 years of service + performance conditions
	07–2019	246.50	87.45	3 years of service + performance conditions
Total		**1,331.75**	**612.96**	

The free shares plans are subject to performance conditions. A description by plan is given below:
- the plan at 30 July 2019 is subject to Groupe M6 achieving its target growth in net consolidated result in 2019;
- the second plans at 25 July 2018 and 30 July 2019 are subject to a cumulated performance requirement over three years.

612,964 free shares are still exercisable at the end of the year against 1,302,495 at the beginning of the year. No free shares were granted during the year 2020, with 516,280 being exercised and 173,251 being forfeited.

Free shares plans outstanding (in thousands) at the end of the year have the following terms:

	Expiry date	Number of shares 2020	Number of shares 2019
Free shares plans			
	2020	**–**	517
	2021	**613**	785
Total		**613**	**1,302**

The market price of Métropole Télévision shares on the Paris Stock Exchange was €13.26 at 31 December 2020, (€16.78 at 31 December 2019).

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted less the discounted future expected dividends that employees cannot receive during the vesting period.

Grant date	Share price €	Risk-free interest rate % a year	Expected return % a year	Option life	Employee expense 2020 €m	Employee expense 2019 €m
Free shares plans						
27/07/2017	20.59	(0.17)	4.31	2 years	**0.5**	3.2
02/10/2017	20.59	(0.17)	4.31	2 years	**–**	0.1
25/07/2018	16.92	(0.10)	5.66	2 years	**2.1**	3.4
30/07/2019	15.35	(0.30)	6.97	2 years	**2.2**	1.2
Total					**4.8**	**7.9**

16 The maximum number of free shares granted if the performance conditions are significantly exceeded. Such number could be reduced to nil if objectives are not met

7. 16. 8. NON-CONTROLLING INTERESTS

The Group owns a 48.4 per cent share of Métropole Télévision SA which, together with its subsidiaries and its investments accounted for using the equity method, represent Groupe M6, listed on the Paris Stock Exchange. The total non-controlling interests is €647 million at 31 December 2020, (2019: €533 million), of which €634 million (2019: €496 million), is for Groupe M6. Non-controlling interests in other subsidiaries are individually immaterial.

The following tables summarise the information relating to Groupe M6, before any intra-group elimination.

Summarised financial information (as published by Groupe M6):

	Groupe M6	
	2020 €m	2019 €m
Non-current assets	**818**	771
Current assets	**1,044**	906
Assets held for sale	**–**	49
Current liabilities	**(583)**	(670)
Non-current liabilities	**(210)**	(254)
Liabilities related to assets held for sale	**–**	(30)
Net assets	**1,069**	**772**
Revenue	**1,274**	1,456
Profit before tax	**365**	275
Income tax expense	**(88)**	(102)
Profit from continuing operations	**277**	173
Profit from discontinued operations	**–**	(1)
Profit for the year	**277**	**172**
Other comprehensive income	**2**	(4)
Total comprehensive income	**279**	**168**
Dividends paid to non-controlling interest	**–**	**(65)**
Net cash from/(used in) operating activities	**246**	277
Net cash from/(used in) investing activities	**(40)**	(323)
Net cash from/(used in) financing activities	**(55)**	(40)
Net cash from/(used) of discontinued operation	**–**	–
Net increase/(decrease) in cash and cash equivalents	**151**	**(86)**

TRANSACTIONS ON NON-CONTROLLING INTERESTS

In December 2020, RTL Group agreed with its co-shareholders in the Group's Belgian TV and radio operations to acquire the remaining interest in RTL Belgium against a payment in cash and RTL Group treasury shares. The transaction was finalised on 28 December 2020 and took RTL Group's shareholding in RTL Belgium to 100 per cent. The total consideration agreed included both cash component and treasury shares of RTL Group S.A. for the remaining interest amounted to €91 million. The transaction was accounted for as an equity transaction in accordance with IFRS 10. The difference between the purchase price including immaterial transaction-related costs and the carrying amount of the acquired non-controlling interest was recognised in RTL Group shareholders' equity. The transaction resulted in a reduction of the equity attributable to the RTL Group shareholders in the amount of €-19 million and the equity attributable to the non-controlling interests in the amount of €-32 million.

	Change in RTL Group shareholders' equity €m
Carrying amount of interests acquired	32
Purchase price for non-controlling interests	91
Treasury share decrease	(40)
Decrease in RTL Group shareholders' equity	**(19)**
– thereof decrease in retained earnings	(16)
– thereof decrease in other comprehensive income	(3)

In 2020 there were other transactions with non-controlling interests which – neither stand-alone nor together – had significant impact on the Group's equity position.

7. 16. 9. DERIVATIVES ON EQUITY INSTRUMENTS

Derivative instruments relate to forward transactions by Groupe M6 on Métropole Télévision SA shares.

8. COMMITMENTS AND CONTINGENCIES

	2020 €m	2019 €m
Guarantees and endorsements given	**30**	21
Contracts for purchasing rights, (co-)productions and programmes	**1,314**	1,694
Satellite transponders	**48**	67
Leases signed but not yet commenced	**–**	19
Short-term and low-value leases	**1**	5
Purchase obligations in respect of transmission and distribution	**125**	79
Other long-term contracts and commitments	**80**	102

Of the contracts for purchasing rights, (co-)productions and programmes €nil million pertains to joint ventures (2019: €7 million).

The Group has investments in unlimited liability entities. In the event these entities make losses, the Group may have to participate to the entire amount of losses, even if these entities are not wholly owned.

Certain UK companies have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the Companies Act 2006. Further, some Dutch companies have elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code. In order to fulfil the conditions set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year 2020. A full list of the concerned companies are disclosed in note 11. accordingly.

In the course of their activities, several Group companies benefit from licence frequency agreements, which commit the Group in various ways depending upon the legal regulation in force in the countries concerned.

8. 1. PURCHASE OBLIGATIONS IN RESPECT OF TRANSMISSION AND DISTRIBUTION

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the signals of the RTL Group TV channels and radio stations.

8. 2. OTHER LONG-TERM CONTRACTS AND COMMITMENTS

Long-term contracts include contracts for services, agreements to purchase assets or goods, and commitments to acquire licences other than audio-visual rights and television programming that are enforceable and legally binding and that specify all significant terms.

9. RELATED PARTIES

IDENTITY OF RELATED PARTIES

At 31 December 2020, the principal shareholder of the RTL Group is Bertelsmann Capital Holding GmbH ("BCH") (76.28 per cent). The remainder of the Group's shares are publicly listed on the Frankfurt and Luxembourg Stock Exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

9. 1. TRANSACTIONS WITH SHAREHOLDERS

SALES AND PURCHASES OF GOODS AND SERVICES

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €84 million (2019: €70 million) and €61 million (2019: €48 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €6 million (2019: €5 million) and €40 million (2019: €37 million), respectively.

DEPOSITS BERTELSMANN SE & CO. KGAA

In 2006, RTL Group SA entered into a Deposit Agreement with Bertelsmann SE & Co. KGaA, the main terms of which are the following at 31 December 2020:

- Interest rates are based on EONIA (floored to zero) plus 10 basis points;
- Bertelsmann SE & Co. KGaA grants to RTL Group 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, in connection with the accounts receivable related to PLP and Compensation Agreements as defined below.

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 €nil million (2019: €nil million).

RTL Group (through Fremantle Production North America Inc) had 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). The interest income/expense for the year is €nil million (2019: €nil million).

LOANS FROM BERTELSMANN SE & CO. KGAA AND BERTELSMANN BUSINESS SUPPORT SÀRL

On 7 March 2013, RTL Group GmbH and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €500 million and a revolving and swing line facility in the amount of up to €1 billion. The revolving loan terminated in February 2018. RTL Group has re-negotiated an extension for another five-year period. The main terms of these facilities are:

- Term loan facility of €500 million until 7 March 2023 bearing a fixed interest rate of 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million was transferred from Bertelsmann SE & Co. KGaA to Bertelsmann Business Support S.à.r.l. controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2020, the term loan balance amounts to €500 million (2019: €500 million). The fair value of the 10-year-term facility – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €537 million (2019: €557 million);

- The interest rates for loans under the revolving and swingline facility are EURIBOR (floored at zero per cent) plus a margin of 0.40 per cent per annum, and EONIA (floored at zero per cent) plus a margin of 0.40 per cent per year, respectively. A commitment fee of 30 per cent of the applicable margin is payable on the undrawn amount of the total credit facility. At 31 December 2020, the total of revolving and swingline loan amounts to €nil million (2019: €nil million).

The interest expense for the period amounts to €14 million (2019: €15 million). The commitment fee charge for the period amounts to €1.2 million (2019: €0.9 million).

TAX

On 26 June 2008, the Board of Directors of RTL Group agreed to proceed with the tax pooling of its indirect subsidiary RTL Group GmbH ("RGG") into BCH, a direct subsidiary of Bertelsmann SE & Co. KGaA.

To that effect, RGG entered into a Profit and Loss Pooling Agreement ("PLP Agreement") with BCH for a six-year period starting 1 January 2008. Simultaneously, Bertelsmann SE & Co. KGaA entered into a Compensation Agreement with CLT-UFA, a direct subsidiary of RTL Group, providing for the payment to CLT-UFA of an amount compensating the above profit transfer and an additional commission ("Commission") amounting to 50 per cent of the tax saving based upon the taxable profit of RGG.

Through these agreements, as from 1 January 2008, Bertelsmann SE & Co. KGaA and the RGG sub-group of RTL Group are treated as a single entity for German income tax purposes.

As the PLP Agreement does not give any authority to BCH to instruct or control RGG, it affects neither RTL Group nor RGG's ability to manage their business, including their responsibility to optimise their tax structures as they deem fit. After six years, both PLP and Compensation Agreements are renewable on a yearly basis. RGG and CLT-UFA have the right to request the early termination of the PLP and Compensation Agreements under certain conditions.

On 15 May 2013, the Board of Directors of RTL Group agreed to the amendment of the Compensation Agreement in light of the consumption of the trade tax and corporate tax losses at the level of Bertelsmann SE and Co. KGaA and of the expected level of indebtedness of RTL Group in the future.

The PLP Agreement was slightly amended in 2014 on the basis of a recent change to German corporate tax law.

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the RGG sub-group based on the amounts payable to Bertelsmann SE & Co. KGaA and BCH as a result of the PLP and Compensation Agreements described above. Deferred income taxes continue to be recognised, based upon the enacted tax rate, in the consolidated financial statements based on the amounts expected to be settled by the Group in the future. The Commission, being economically and contractually closely related to the Compensation, is accounted for as a reduction of the tax due under the Agreements.

At 31 December 2020, the balance payable to BCH amounts to €325 million (2019: €619 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €216 million (2019: €500 million).

For the year ended 31 December 2020, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €109 million (2019: €157 million). The Commission amounts to €nil million (2019: €37 million).

As from 1 July 2019, RGG entered into the VAT tax group with Bertelsmann SE & Co. KGaA, Bertelsmann SE & Co. KGaA and RGG sub-group are treated as a single entity for German VAT purposes.

The UK Group relief of Fremantle Group to Bertelsmann Group resulted in a tax income of €6 million (2019: €6 million).

All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Arvato Finance A/S, a 100 per cent held subsidiary of Bertelsmann SE & Co. KGaA, was elected as the management company of the Bertelsmann Denmark Group.

All Spanish entities with direct or indirect shareholding of at least 75 per cent by an ultimate parent are subject to Spanish tax consolidation which is mandatory under Spanish tax law. Bertelsmann SE & Co. KGaA appointed Bertelsmann España, S.L. as Spanish representative of the consolidated tax group in Spain.

9. 2. TRANSACTIONS WITH INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The following transactions were carried out with investments accounted for using the equity method:

	2020 €m	2019 €m
Sales of goods and services to:		
Associates	**41**	39
Joint ventures	**65**	60
	106	99
Purchase of goods and services from:		
Associates	**28**	35
Joint ventures	**20**	20
	48	55

Sales and purchases to and from investments accounted for using the equity method were carried out on commercial terms and conditions, and at market prices.

Year-end balances arising from sales and purchases of goods and services are as follows:

	2020 €m	2019 €m
Trade accounts receivable from:		
Associates	**16**	13
Joint ventures	**23**	13
	39	26
Trade accounts payable to:		
Associates	**5**	5
Joint ventures	**4**	2
	9	7

9. 3. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In addition to their salaries, the Group also provides non-cash benefits to key management personnel and contributes to a post-employment defined benefit plan on its behalf.

The key management personnel compensation is as follows and includes benefits for the period for which the individuals held the Executive Committee position:

	2020 €m	2019 €m
Short-term benefits	**5.0**	4.1
Post-employment benefits	**–**	2.9
Long-term benefits	**–**	0.5
	5.0	7.5

Further details on the remuneration of key management personnel can be found in the remuneration report (pages 28 to 31).

9. 4. DIRECTORS' FEES

In 2020, a total of €1.4 million (2019: €1.4 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group SA and the committees that emanate from it, with respect to their functions within RTL Group SA and other Group companies.

10. SUBSEQUENT EVENTS

In February 2021 RTL Group announced that it had signed an agreement for the sale of SpotX to Magnite. The purchase price consists of US-$560 million in cash and 14.0 million shares of Magnite stock. The transaction is subject to receipt of regulatory approvals and is expected to close in the second quarter of 2021. Further details on SpotX classified as assets held for sale are presented in note 7.11 "Assets classified as held for sale".

In March 2021 Mediengruppe RTL Deutschland announced that it had signed an agreement for the acquisition of the remaining 50 per cent of the shares in Super RTL (RTL Disney Fernsehen GmbH & Co. KG) from The Walt Disney Company (Buena Vista International Television Investments, Inc.). The purchase price amounts to €105 million cash and debt free. The transaction is subject to receipt of regulatory approvals (Germany and Austria) and is expected to close in the first half of 2021.

11. GROUP UNDERTAKINGS

	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
LUXEMBOURG*						
RTL Group SA			M			M

BROADCASTING TV	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
ARGENTINA*						
Smartclip Argentina SA	5	**10.3**	E	5	10.3	E
AUSTRIA*						
IP Österreich GmbH		**49.8**	F		49.8	F
BELGIUM*						
Best of TV Benelux SPRL	2	**24.7**	F	2	24.7	F
Home Shopping Service Belgique SA	12	**–**	NC	2	48.4	F
RTL Belgium SA		**99.7**	F		65.8	F
Unité 15 Belgique SA	2	**48.4**	F	2	48.4	F
BRAZIL*						
Adconion Brasil SL	5	**18.7**	E	5	18.7	E
Smartclip Comunicacao Ltda	5	**14.6**	E	5	14.6	E
CHILE*						
Smartclip Chile SPA	5	**18.7**	E	5	18.7	E
COLOMBIA*						
Smartclip Colombia SAS	5	**18.7**	E	5	18.7	E
CROATIA*						
RTL Hrvatska d.o.o.		**99.7**	F		99.7	F
FRANCE*						
Best of TV SAS	2	**24.7**	F	2	24.7	F
C. Productions SA	2	**48.4**	F	2	48.4	F
Canal Star Sàrl	2	**48.4**	F	2	48.4	F
Edi TV/W9 SAS	2	**48.4**	F	2	48.4	F
Elephorm SAS	2	**16.4**	E	2	16.4	E
Epithete Films SAS	2	**48.4**	F		–	
Extension TV – Série Club SAS	2	**24.2**	JV	2	24.2	JV
GM6 – Golden Network SAS	2	**48.4**	F	2	48.4	F
Home Shopping Service SA	12	**–**	NC	2	48.4	F
iGraal SAS	12	**–**	NC	2	48.4	F
Immobilière 46D SAS	2	**48.4**	F	2	48.4	F
Immobilière M6 SAS	2	**48.4**	F	2	48.4	F
Jeunesse Thématiques SAS	11	**–**	NC	2	48.4	F
Jeunesse TV SAS	2	**48.4**	F	2	48.4	F
Joïkka SAS	2	**48.4**	F	2	48.4	F
Luxview SAS	2	**48.4**	F	2	48.4	F
M6 Bordeaux SAS	2	**48.4**	F	2	48.4	F
M6 Communication – M6 Music SAS	2	**48.4**	F	2	48.4	F
M6 Créations SAS	2	**48.4**	F	2	48.4	F
M6 Développement SASU	2	**48.4**	F	2	48.4	F
M6 Diffusion SA	2	**48.4**	F	2	48.4	F
M6 Digital Services SAS	2	**48.4**	F	2	48.4	F
M6 Editions SA	2	**48.4**	F	2	48.4	F
M6 Evénements SA	2	**48.4**	F	2	48.4	F
M6 Films SA	2	**48.4**	F	2	48.4	F
M6 Foot SAS	2	**48.4**	F	2	48.4	F
M6 Génération/6Ter SAS	2	**48.4**	F	2	48.4	F
M6 Interactions SAS	2	**48.4**	F	2	48.4	F
M6 Invest 1 SAS	2	**48.4**	F		–	
M6 Invest 2 SAS	2	**48.4**	F		–	
M6 Publicité SAS	2	**48.4**	F	2	48.4	F
M6 Shop SAS	2	**48.4**	F	2	48.4	F
M6 Studio SAS	2	**48.4**	F	2	48.4	F
M6 Thématique SAS	2	**48.4**	F	2	48.4	F

BROADCASTING TV	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
Métropole Télévision – M6 SA	2	**48.4**	F	2	48.4	F
Optilens SPRL	2	**48.4**	F	2	48.4	F
Panora Services SAS	2	**24.2**	JV	2	24.2	JV
Paris Première SAS	2	**48.4**	F	2	48.4	F
QuickSign SAS	2	**11.6**	E	2	11.6	E
SCI du 107	2	**48.4**	F	2	48.4	F
Sédi TV/Téva SAS	2	**48.4**	F	2	48.4	F
SNDA SAS	2	**48.4**	F	2	48.4	F
Société Nouvelle de Distribution SA	2	**48.4**	F	2	48.4	F
Stéphane Plaza France SAS	2	**23.7**	E	2	23.7	E
Studio 89 Productions SAS	2	**48.4**	F	2	48.4	F
GERMANY*						
99pro Media GmbH		**99.7**	F		–	
Ad Alliance GmbH		**99.7**	F		99.7	F
CBC Cologne Broadcasting Center GmbH		**99.7**	F		99.7	F
Delta Advertising GmbH		**48.8**	JV		48.8	JV
El Cartel Media GmbH & Co. KG		**35.8**	E		35.8	E
Global Savings Group GmbH	2	**20.1**	E		–	
I2I Musikproduktions- und Musikverlagsgesellschaft mbH		**99.7**	F		99.7	F
Infonetwork GmbH		**99.7**	F		99.7	F
IP Deutschland GmbH		**99.7**	F		99.7	F
Mairdumont Netletix GmbH & Co. KG		**48.8**	JV		48.8	JV
Mairdumont Netletix Verwaltungs GmbH		**48.8**	JV		48.8	JV
Mediascore Gesellschaft für Medien- und Kommunikationsforschung mbH		**99.7**	F		99.7	F
Mediengruppe RTL Deutschland GmbH		**99.7**	F		99.7	F
n-tv Nachrichtenfernsehen GmbH		**99.7**	F		99.7	F
Netletix GmbH	11	**–**	NC		99.7	F
RTL Disney Fernsehen Geschaftsführungs GmbH		**49.8**	JV		49.8	JV
RTL Disney Fernsehen GmbH & Co. KG		**49.8**	JV		49.8	JV
RTL Group Markenverwaltungs GmbH – International		**99.7**	F		99.7	F
RTL Group Markenverwaltungs GmbH (former RTL Group Deutschland Markenverwaltungs GmbH)		**99.7**	F		99.7	F
RTL Hessen GmbH		**99.7**	F		99.7	F
RTL Hessen Programmfenster GmbH		**59.8**	F		59.8	F
RTL Interactive GmbH		**99.7**	F		99.7	F
RTL International GmbH		**99.7**	F		99.7	F
RTL Journalistenschule für TV und Multimedia GmbH		**89.7**	F		89.7	F
RTL Nord GmbH		**99.7**	F		99.7	F
RTL Studios GmbH		**99.7**	F		99.7	F
RTL Television GmbH		**99.7**	F		99.7	F
RTL West GmbH		**74.8**	F		74.8	F
RTL2 Fernsehen Geschaftsführungs GmbH		**35.8**	E		35.8	E
RTL2 Fernsehen GmbH & Co. KG		**35.8**	E		35.8	E
Screenworks Köln GmbH		**49.7**	E		49.7	E
Vox Holding GmbH		**99.7**	F		99.7	F
Vox Television GmbH		**99.4**	F		99.4	F
HUNGARY*						
Magyar RTL Televízió Zártkörûen Müködõ Részvénytársaság	4	**99.7**	F	4	99.7	F
R-Time Kft	4	**99.7**	F	4	99.7	F
RTL Services Kft	4	**99.7**	F	4	99.7	F

BROADCASTING TV	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
LUXEMBOURG*						
BCE International SA		**99.7**	F		99.7	F
Broadcasting Center Europe SA		**99.7**	F		99.7	F
RTL Belux SA		**99.7**	F		65.8	F
RTL Belux SA & Cie SECS		**99.7**	F		65.8	F
MEXICO*						
Smartclip México SAPI de CV	5	**18.7**	E	5	18.7	E
THE NETHERLANDS*						
AdAlliance BV (former Themakanalen BV)	16	**99.7**	F		74.8	F
RTL Nederland BV	16	**99.7**	F	16	99.7	F
RTL Nederland Holding BV	16	**99.7**	F	16	99.7	F
RTL Nederland Ventures BV	16	**99.7**	F	16	99.7	F
PERU*						
Smartclip Peru SAC	5	**18.7**	E	5	18.7	E
SPAIN*						
6&M Producciones y Contenidos Audiovisuales SLU	5	**18.7**	E	5	18.7	E
Antena 3 Multimedia SLU	5	**18.7**	E	5	18.7	E
Antena 3 Noticias SLU	5	**18.7**	E	5	18.7	E
Antena 3 Television Digital Terrestre de Canarias SAU	5	**18.7**	E	5	18.7	E
Atres Advertising SLU	5	**18.7**	E	5	18.7	E
Atres Hub Factory SL	5	**9.3**	E	5	9.3	E
Atresmedia Capital SLU	5	**18.7**	E	5	18.7	E
Atresmedia Cine SLU	5	**18.7**	E	5	18.7	E
Atresmedia Corporación de Medios de Comunicación SA	5	**18.7**	E	5	18.7	E
Atresmedia Musica SLU	5	**18.7**	E	5	18.7	E
Atresmedia Studios SLU	5	**18.7**	E	5	18.7	E
Aunia Publicidad Interactiva SL	5	**9.3**	E	5	9.3	E
Buendia Estudios SL	5	**9.3**	E		–	
Buendia Produccion SL	5	**9.3**	E		–	
Hola Television América SL	5	**9.3**	E	5	9.3	E
Hola TV Latam SL	5	**9.3**	E	5	9.3	E
Human to Human Communications SL	5	**18.7**	E		–	
I3 Television SL	5	**18.7**	E	5	18.7	E
Inversion y Distribucion Global de Contenidos SLU	5	**18.7**	E	5	18.7	E
Musica Aparte SAU	5	**18.7**	E	5	18.7	E
Smartclip Hispania SL	5	**18.7**	E	5	18.7	E
Smartclip Latam SL	5	**17.7**	E	5	17.7	E
Uniprex SAU	5	**18.7**	E	5	18.7	E
Uniprex Television Digital Terrestre de Andalucia SL	5	**13.9**	E	5	13.9	E
Uniprex Television SLU	5	**18.7**	E	5	18.7	E
SWITZERLAND*						
Goldbach Media (Switzerland) AG		**22.9**	E		22.9	E
UNITED KINGDOM*						
Bend IT TV Limited	12	**–**	NC		24.9	E
USA*						
Hola TV US LLC	5	**9.3**	E	5	9.3	E
SND Films LLC	2	**48.4**	F	2	48.4	F
SND USA Inc	2	**48.4**	F	2	48.4	F

CONTENT	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
ANTIGUA*						
Grundy International Operations Ltd		**100.0**	F		100.0	F
ARGENTINA*						
Fremantle Productions Argentina SA		**100.0**	F		100.0	F
AUSTRALIA*						
Easy Tiger Holdings Pty Ltd	14	**74.8**	F	14	74.8	F
Easy Tiger Productions Pty Ltd	14	**74.8**	F	14	74.8	F
Eureka Productions Pty Ltd		**24.9**	E		24.9	E
Forum 5 Pty Ltd	12	**–**	NC		99.7	F
FremantleMedia Australia Holdings Pty Ltd	9	**99.7**	F	9	99.7	F
FremantleMedia Australia Pty Ltd	9	**99.7**	F	9	99.7	F
Grundy Organization Pty Ltd	9	**99.7**	F	9	99.7	F
The Broken Shore Holdings Pty Ltd	12	**–**	NC	14	74.8	F
The Broken Shore Pty Ltd	12	**–**	NC	14	74.8	F
BELGIUM*						
FremantleMedia Belgium NV		**99.7**	F		99.7	F
BRAZIL*						
FremantleMedia Brazil Produçâo de Televisâo Ltda		**100.0**	F		100.0	F
Style Haul Brasil agenciamento de midia Ltda		**99.7**	F		99.7	F
CANADA*						
FremantleMedia Canada Inc		**99.7**	F		99.7	F
Ludia Inc		**99.7**	F		99.7	F
Umi Mobile Inc		**99.7**	F		31.3	E
CHINA*						
Fremantle (Shanghai) Culture Media Co. Ltd		**99.7**	F		99.7	F
CROATIA*						
FremantleMedia Hrvatska d.o.o.		**99.7**	F		99.7	F
DENMARK*						
Blu A/S		**99.7**	F		99.7	F
Miso Estate ApS		**100.0**	F		100.0	F
Miso Film ApS		**100.0**	F		100.0	F
Miso Holding ApS		**100.0**	F		100.0	F
FINLAND*						
FremantleMedia Finland Oy		**99.7**	F		99.7	F
United Screens Finland		**99.7**	F		99.7	F
FRANCE*						
1. 2. 3. Productions SAS		**99.7**	F		99.7	F
Divimove France SAS		**99.7**	F		99.7	F
Fontaram SAS	12	**–**	NC		51.0	F
FremantleMedia France SAS		**99.7**	F		99.7	F
Kwaï SAS		**80.0**	F		51.0	F
TV Presse Productions SAS	12	**–**	NC		99.7	F
Wild Buzz Agency SAS	2	**19.3**	E	2	19.3	E

CONTENT	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
GERMANY*						
Divimove GmbH		**99.7**	F		99.7	F
FremantleMedia International Germany GmbH		**99.7**	F		99.7	F
Nachrichtenmanufaktur GmbH		**25.0**	E		25.0	E
RTL Group Licensing Asia GmbH		**99.7**	F		99.7	F
RTL Group Services GmbH		**99.7**	F		99.7	F
UFA Distribution GmbH		**99.7**	F		99.7	F
UFA Fiction GmbH	3	**99.7**	F	3	99.7	F
UFA Fiction Productions GmbH	3	**99.7**	F	3	99.7	F
UFA GmbH	3	**99.7**	F	3	99.7	F
UFA Serial Drama GmbH	3	**99.7**	F	3	99.7	F
UFA Show & Factual GmbH	3	**99.7**	F	3	99.7	F
GREECE*						
Fremantle Productions SA		**99.7**	F		99.7	F
HONG KONG*						
Fremantle Productions Asia Ltd		**100.0**	F		100.0	F
HUNGARY*						
UFA Magyarorszag Kft		**99.7**	F		99.7	F
INDIA*						
Fremantle India TV Productions Pvt Ltd		**100.0**	F		100.0	F
INDONESIA*						
PT Dunia Visitama Produksi		**100.0**	F		100.0	F
ISRAEL*						
Abot Hameiri Communications Ltd		**51.0**	F		51.0	F
ITALY*						
Boats Srl		**99.7**	F		62.3	F
Divimove Italia Srl		**99.7**	F		99.7	F
FremantleMedia Italia Spa		**99.7**	F		99.7	F
Offside Srl		**99.7**	F		62.3	F
Quarto Piano Srl		**99.7**	F		99.7	F
Wildside Srl		**99.7**	F		62.3	F
LUXEMBOURG*						
Duchy Digital SA	12	**–**	NC		99.7	F
European News Exchange SA		**76.4**	F		76.4	F
MALAYSIA*						
AGT Productions Sdn Bhd	17	**99.7**	F	17	99.7	F
MEXICO*						
FremantleMedia Mexico SA de CV		**100.0**	F		100.0	F
Self-Made Films, S. DE RL DE CV		**24.9**	E		12.7	E

CONTENT	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
THE NETHERLANDS*						
Benelux Film Investments BV		**49.8**	JV		49.8	JV
BrandDeli BV	11	**–**	NC		99.7	F
BrandDeli CV	11	**–**	NC		99.7	F
Divimove Nederland BV		**99.7**	F		99.7	F
Fiction Valley BV	8	**100.0**	F	8	100.0	F
Fremantle Productions BV		**99.8**	F		99.8	F
FremantleMedia Netherlands BV	8	**100.0**	F	8	100.0	F
FremantleMedia Overseas Holdings BV		**100.0**	F		100.0	F
Grundy Endemol Productions VOF		**50.0**	JV		50.0	JV
Grundy International Holdings (I) BV		**100.0**	F		100.0	F
No Pictures Please Productions BV	11	**–**	NC	8	100.0	F
RTL AdConnect BV		**100.0**	F		100.0	F
RTL DSP BV	11	**–**	NC		100.0	F
RTL Nederland Film Venture BV	11	**–**	NC	16	99.7	F
NORWAY*						
FremantleMedia Norge AS		**99.7**	F		99.7	F
Miso Film Norge AS		**100.0**	F		100.0	F
POLAND*						
FremantleMedia Polska Sp.Zo.o.		**99.7**	F		99.7	F
PORTUGAL*						
FremantleMedia Portugal SA		**99.7**	F		99.7	F
SINGAPORE*						
FremantleMedia Asia Pte Ltd		**99.7**	F		99.7	F
SPAIN*						
Divimove España SLU		**99.7**	F		99.7	F
Fremantle de España SL	12		NC	6	99.3	F
FremantleMedia España SA		**99.7**	F		99.7	F
SWEDEN*						
FremantleMedia Sverige AB		**99.7**	F		99.7	F
Miso Film Sverige AB		**100.0**	F		100.0	F
U Screens AB		**99.7**	F		99.7	F
U Screens Music AB		**99.7**	F		99.7	F

CONTENT	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
UNITED KINGDOM*						
Arbie Productions Ltd	15	**99.7**	F	15	99.7	F
Dancing Ledge Productions Ltd		**24.9**	E		24.9	E
Dr Pluto Films Ltd		**24.9**	E		24.9	E
Dublin Murder Productions Ltd		**74.8**	F		74.8	F
Duck Soup Films Limited	12	**–**	NC		24.9	E
Fremantle (UK) Productions Ltd		**99.7**	F		99.7	F
FremantleMedia Group Ltd	15	**99.7**	F	15	99.7	F
FremantleMedia Ltd	15	**99.7**	F	15	99.7	F
FremantleMedia Overseas Ltd	15	**99.7**	F	15	99.7	F
FremantleMedia Services Ltd	12	**–**	NC		99.7	F
Full Fat Television Ltd		**24.9**	E		24.9	E
Label1 Television Ltd		**24.9**	E		24.9	E
Man Alive Entertainment Ltd		**24.9**	E		24.9	E
Naked Television Ltd		**99.7**	F		24.9	E
RTL Group Support Services Ltd	15	**100.0**	F	15	100.0	F
Squawka Ltd	12	**–**	NC		34.7	E
Style Haul UK Ltd	12	**–**	NC		99.7	F
Talkback Productions Ltd	10	**99.7**	F	10	99.7	F
TalkbackThames UK Ltd		**99.7**	F		99.7	F
Thames Television Holdings Ltd	12	**–**	NC		99.7	F
Thames Television Ltd		**99.7**	F		99.7	F
UFA Fiction Ltd	3	**99.7**	F	3	99.7	F
Wild Blue Media Ltd		**24.9**	E		24.9	E
USA*						
495 Productions Holdings LLC	12	**–**	NC	7	74.8	F
Allied Communications Inc	11	**–**	NC		99.7	F
Amygdala Records Inc	13	**99.7**	F	13	99.7	F
Big Balls LLC	7	**94.7**	F	7	94.7	F
Cathedral Technologies LLC	12	**–**	NC	7	74.8	F
Eureka Productions LLC		**24.9**	E		24.9	E
FCB Productions Inc	13	**99.7**	F	13	99.7	F
Fremantle Licensing Inc	6	**99.7**	F	6	99.7	F
Fremantle Productions Inc	7	**99.7**	F	7	99.7	F
Fremantle Productions North America Inc	7	**99.7**	F	7	99.7	F
FremantleMedia Latin America Inc		**99.7**	F		99.7	F
FremantleMedia North America Inc	7	**99.7**	F	7	99.7	F
Good Games Live Inc	7	**99.7**	F	7	99.7	F
Haskell Studio Rentals Inc	7	**99.7**	F	7	99.7	F
Max Post Inc	13	**99.7**	F	13	99.7	F
Music Box Library Inc	7	**99.7**	F	7	99.7	F
Op Services Inc	13	**99.7**	F	13	99.7	F
Original Productions LLC	13	**99.7**	F	13	99.7	F
Pajama Pants Productions LLC	12	**–**	NC	7	74.8	F
Studio Production Services Inc	7	**99.7**	F	7	99.7	F
Style Haul Inc		**99.7**	F		99.7	F
TCF Productions Inc	13	**99.7**	F	13	99.7	F
The Immigrants LLC		**24.9**	E		24.9	E
The Pet Collective LLC		**34.9**	E		34.9	E
Tiny Riot Inc	7	**99.7**	F	7	99.7	F
Vice Food LLC	7	**15.0**	JV	7	29.9	JV

BROADCASTING RADIO	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
BELGIUM*						
Cobelfra SA		**99.7**	F		44.1	F
Inadi SA		**99.7**	F		44.1	F
IP Belgium SA		**99.7**	F		65.8	F
New Contact SA		**99.7**	F		49.8	JV
Radio H SA		**99.7**	F		44.1	F
FRANCE*						
Bedrock SAS		**74.2**	F	2	48.4	F
FM Graffiti Sàrl	2	**48.4**	F	2	48.4	F
Gigasud Sàrl	2	**48.4**	F	2	48.4	F
ID (Information et Diffusion) Sàrl	2	**48.4**	F	2	48.4	F
Média Stratégie Sàrl	2	**48.4**	F	2	48.4	F
Radio Golfe Sàrl	2	**48.4**	F	2	48.4	F
Radio Porte Sud Sàrl	2	**48.4**	F	2	48.4	F
RTL France Radio SAS	2	**48.4**	F	2	48.4	F
SERC Fun Radio SA	2	**48.4**	F	2	48.4	F
Société Communication A2B Sàrl	2	**48.4**	F	2	48.4	F
Sodera – RTL SA	2	**48.4**	F	2	48.4	F
SPRGB Sàrl	2	**48.4**	F	2	48.4	F
GERMANY*						
Antenne Niedersachsen GmbH & Co. KG		**57.4**	F		57.4	F
AVE Gesellschaft für Hörfunkbeteiligungen GmbH		**99.7**	F		99.7	F
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG		**99.7**	F		99.7	F
BCS Broadcast Sachsen GmbH & Co. KG		**47.4**	E		47.4	E
Digital Media Hub GmbH		**99.7**	F		99.7	F
Funkhaus Halle GmbH & Co. KG		**61.2**	F		61.2	F
Hitradio RTL Sachsen GmbH		**86.3**	F		86.3	F
Madsack Hörfunk GmbH	***	**99.7**	F	***	99.7	F
Mediengesellschaft Mittelstand Niedersachsen GmbH	***	**23.0**	E	***	23.0	E
Neue Spreeradio Hörfunkgesellschaft mbH		**99.7**	F		99.7	F
NiedersachsenRock 21 GmbH & Co. KG		**21.3**	E		21.3	E
Radio Hamburg GmbH & Co. KG		**29.1**	E		29.1	E
Radio NRW GmbH		**22.5**	E		22.5	E
RTL Radio Berlin GmbH		**99.7**	F		99.7	F
RTL Radio Center Berlin GmbH		**99.7**	F		99.7	F
RTL Radio Deutschland GmbH		**99.7**	F		99.7	F
RTL Radio Luxembourg GmbH		**99.7**	F		99.7	F
RTL Radiovermarktung GmbH		**99.7**	F		99.7	F
UFA Radio-Programmgesellschaft in Bayern mbH		**99.7**	F		99.7	F
LUXEMBOURG*						
Luxradio Sàrl		**99.7**	F		99.7	F
SWITZERLAND*						
Swiss Radioworld AG		**23.0**	E		23.0	E

(***) At 31 December 2020, the Group legally held 24.9% and 5.7% in Madsack Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH respectively. The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32

OTHERS	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
AUSTRALIA*						
SpotX Australia Pty Ltd		**99.7**	F		99.7	F
AUSTRIA*						
RTL Austria GmbH (former RTL Group Austria GmbH)		**99.7**	F		99.7	F
BELGIUM*						
Audiopresse SA		**99.7**	F		–	
Freecaster BVBA		**99.7**	F		99.7	F
RTL Group Services Belgium SA		**100.0**	F		100.0	F
CANADA*						
BroadbandTV Corporation	12	**–**	NC		54.9	F
FremantleMedia Canada No 2 Inc		**99.7**	F		99.7	F
RTL Canada Ltd	12	**–**	NC		99.7	F
Vemba Corporation		**10.6**	E		10.6	E
CROATIA*						
RTL Music Publishing Ltd	11	**–**	NC		99.7	F
FRANCE*						
BCE France SAS		**99.7**	F		99.7	F
Ctzar SAS	2	**24.7**	F	2	24.7	F
Freecaster France		**99.7**	F		99.7	F
M6 Distribution Digital SAS	2	**48.4**	F	2	48.4	F
M6 Hosting SAS	2	**48.4**	F	2	48.4	F
RTL AdConnect SA		**99.7**	F		99.7	F
Salto Gestion SAS	2	**16.1**	JV	2	16.1	JV
Salto SNC	2	**16.1**	JV	2	16.1	JV
Sociaddict SAS	2	**24.7**	F	2	24.7	F
Société Immobilière Bayard d'Antin SA		**99.7**	F		99.7	F
SpotX France SAS (former SpotXchange France SAS)		**99.7**	F		99.7	F
GERMANY*						
Checkout Charlie GmbH (former Sparwelt GmbH)		**99.7**	F		99.7	F
d-force GmbH		**49.8**	JV		49.8	JV
RTL AdConnect GmbH		**99.7**	F		99.7	F
RTL Group Central & Eastern Europe GmbH		**99.7**	F		99.7	F
RTL Group Financial Services GmbH		**99.7**	F		99.7	F
RTL Group GmbH		**99.7**	F		99.7	F
RTL Group Vermögensverwaltung GmbH		**100.0**	F		100.0	F
Skyline Medien GmbH		**49.7**	JV		49.7	JV
Smartclip Deutschland GmbH		**99.7**	F		99.8	F
Smartclip Europe GmbH		**100.0**	F		100.0	F
SQL Service GmbH		**49.8**	E		49.8	E
UFA Film und Fernseh GmbH		**99.7**	F		99.7	F
INDIA*						
YoBoHo New Media Private Ltd	12	**–**	NC		54.9	F
ITALY*						
Smartclip SRL (former SpotX Italia SRL)		**100.0**	F		100.0	F
The Apartment SRL		**99.7**	F		99.7	F

OTHERS	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
JAPAN*						
SpotX Japan GK		**99.7**	F		99.7	F
LUXEMBOURG*						
Audiopresse Lux SA		**99.7**	F		–	
B. & C. E. SA		**99.7**	F		99.7	F
CLT-UFA SA		**99.7**	F		99.7	F
Data Center Europe Sàrl		**99.7**	F		99.7	F
Heliovos SA		**48.8**	E		48.8	E
IP Luxembourg Sàrl		**99.7**	F		99.7	F
Media Properties Sàrl		**99.7**	F		99.7	F
Media Real Estate SA		**99.7**	F		99.7	F
RTL AdConnect International SA		**99.7**	F		99.7	F
RTL Group Germany SA		**99.7**	F		99.7	F
MEXICO*						
FremantleMedia Services S de RL de CV		**100.0**	F		–	
THE NETHERLANDS*						
Adfactor BV	11	**–**	NC		59.8	F
E-Health & Safety Skills BV		**48.8**	E		48.8	E
eHealth88 BV	12	**–**	NC		35.0	JV
Flinders BV	12	**–**	NC		19.9	E
Format Creation Group BV		**100.0**	F		100.0	F
HelloSparkle BV		**24.9**	E		24.9	E
Horstra Holding BV	12	**–**	NC		24.9	E
Incase BV		**48.8**	E		48.8	E
Livis BV		**48.8**	E		48.8	E
NLziet Coöperatief UA		**33.2**	JV		33.2	JV
RTL Group Beheer BV	16	**100.0**	F	16	100.0	F
Smartclip Benelux BV (former SpotXchange Benelux BV)		**99.8**	F		99.8	F
Videoland BV (former The Entertainment Group BV)	16	**99.7**	F	16	99.7	F
RUSSIA*						
LTI Vostok Sàrl	2	**48.4**	F	2	48.4	F
SINGAPORE*						
RTL Group Asia Pte Ltd	12	**–**	NC		100.0	F
SpotX Singapore Pte Ltd		**99.7**	F		99.7	F
SWEDEN*						
Shoc Media Agency AB	11	**–**	NC		100.0	F
Smartclip Nordics AB		**100.0**	F		100.0	F
SpotX Nordics AB	11	**–**	NC		100.0	F

OTHERS	Note	Group's ownership 2020 (**)	Consolidated method (1)	Note	Group's ownership 2019 (**)	Consolidated method (1)
SWITZERLAND*						
Goldbach Audience (Switzerland) AG		**24.9**	E		24.9	E
UNITED KINGDOM*						
CLT-UFA UK Radio Ltd		**99.7**	F		99.7	F
Euston Films Productions Limited		**99.7**	F		99.7	F
RTL AdConnect UK Ltd		**99.7**	F		–	
SpotX Limited		**99.7**	F		99.7	F
Yospace Enterprises Limited		**99.7**	F		99.7	F
Yospace Technologies Limited		**99.7**	F		99.7	F
USA*						
BroadbandTV (USA) Inc	12	**–**	NC		54.9	F
Inception VR Inc		**22.9**	E		16.1	E
RTL US Holding Inc	7	**99.7**	F	7	99.7	F
SpotX Inc		**99.7**	F		99.7	F
VideoAmp Inc		**14.6**	E		15.0	E
YoBoHo New Media Inc	12	**–**	NC		54.9	F

1 M: parent company
F: full consolidation
JV: joint venture (equity accounting)
E: associates
NC: not consolidated
2 Groupe M6 ("de facto" control)
3 UFA Berlin Group
4 RTL Hungary
5 Atresmedia
6 Fremantle Licensing Group
7 FremantleMedia North America Group
8 FremantleMedia Productions Netherlands Group
9 FremantleMedia Australia (Holdings) Group
10 Talkback Productions Group
11 Company absorbed by a company of the Group
12 Company sold or liquidated
13 Original Productions
14 Easy Tiger Group
15 Company has elected to make use of the audit exemption in accordance with section 479A of the UK Companies Act 2006
16 Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code
17 Set up as a Special Purpose Vehicle (SPV) for *Asia's Got Talent* of which FremantleMedia Asia Pte Ltd is the main producer. Shares are held by a local nominee shareholder for local law purpose

* Country of incorporation
** The Group's ownership is based on the total number of shares after deduction of treasury shares held by the company as at 31 December