

PARENT COMPANY INCOME STATEMENT (French GAAP)

(€m)	Note	2020	2019
Operating income		1,229.1	1,330.3
TF1 channel advertising revenue	2.12 & 4.1	998.4	1,117.0
Revenue from other services		47.2	42.3
Income from ancillary activities		15.3	11.7
	Revenue	1,060.9	1,171.0
Inventorised production		0.3	0.3
Capitalised production		7.8	3.2
Operating grants		0.0	0.0
Reversals of depreciation, amortisation, provisions and impairment		74.0	63.4
Cost transfers	4.2	78.9	83.9
Other income		7.2	8.5
Operating expenses		(1,132.5)	(1,281.0)
Purchases of raw materials and other supplies	4.3	(448.1)	(579.1)
Change in inventory	4.3	(11.7)	1.0
Other purchases and external charges	4.4	(212.0)	(252.2)
Taxes other than income taxes	4.5	(67.6)	(81.1)
Wages and salaries	4.6	(131.0)	(121.4)
Social security charges	4.6	(53.1)	(54.4)
Depreciation, amortisation, provisions and impairment			
- amortisation and depreciation of non-current assets		(75.0)	(62.3)
- impairment of non-current and current assets		(78.7)	(77.8)
- provisions for liabilities and charges		(11.6)	(6.6)
Other expenses	4.7	(43.7)	(47.1)
OPERATING PROFIT		96.6	49.3
Share of profits/(losses) of joint operations		0.0	0.0
Financial income		42.8	107.9
Financial expenses		(342.8)	(124.5)
NET FINANCIAL INCOME/(EXPENSE)	4.8	(300.0)	(16.6)
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		(203.4)	32.7
Exceptional income		14.7	403.5
Exceptional income from operating transactions		0.0	0.0
Exceptional income from capital transactions		1.4	391.4
Reversals of provisions		13.3	12.1
Exceptional expenses		(21.9)	(404.6)
Exceptional expenses on operating transactions		(2.1)	(4.4)
Exceptional expenses on capital transactions		(6.7)	(393.1)
Depreciation, amortisation, provisions and impairment		(13.1)	(7.1)
EXCEPTIONAL ITEMS	4.9	(7.2)	(1.1)
Employee profit-sharing		0.0	0.0
Income taxes	4.10 & 4.11	4.1	(13.3)
NET PROFIT/(LOSS)		(206.5)	18.3

PARENT COMPANY BALANCE SHEET (French GAAP)

ASSETS (€m)	<i>Note</i>	31/12/2020 Net	31/12/2019 Net
<i>Intangible assets</i>	2.2 & 3.1	56.9	42.2
Audiovisual rights		45.4	34.5
Other intangible assets		11.5	7.7
<i>Property, plant and equipment</i>	2.3 & 3.2	62.5	50.8
Technical facilities		17.3	9.3
Other property, plant and equipment		44.3	36.3
Property, plant and equipment under construction		0.9	5.2
<i>Non-current financial assets</i>	2.4 & 3.3	1,108.5	1,332.1
Investments in subsidiaries and affiliates		767.8	1,195.7
Other long-term investment securities		0.0	0.0
Loans receivable		105.0	120.0
Other non-current financial assets		235.7	16.4
NON-CURRENT ASSETS		1,227.9	1,425.1
Inventories and work in progress	2.5 & 3.4	85.2	97.6
Advance payments made on orders	2.6 & 3.5.1	110.9	102.9
Trade receivables	2.7 & 3.5.2	227.1	228.0
Other receivables	3.5.3	327.3	362.0
Short-term investments and cash	2.8 & 3.6	320.1	143.8
Prepaid expenses	3.7	7.5	6.5
CURRENT ASSETS		1,078.1	940.8
Unrealised foreign exchange losses		0.0	0.0
TOTAL ASSETS		2,306.0	2,365.9

LIABILITIES AND SHAREHOLDERS' EQUITY (€m)	Note	31/12/2020	31/12/2019
Share capital		42.0	42.0
Share premium		20.2	20.2
Legal reserve		4.3	4.3
Other reserves		771.3	771.3
Retained earnings		569.3	551.0
Net profit/(loss) for the year		(206.5)	18.3
Restricted provisions	2.10	15.0	13.1
SHAREHOLDERS' EQUITY	3.8	1,215.6	1,420.2
PROVISIONS FOR LIABILITIES AND CHARGES	2.11 & 3.9	112.4	61.5
Bank borrowings ⁽¹⁾		0.0	0.0
Other borrowings ⁽²⁾		486.0	376.5
Trade payables		197.4	218.3
Tax and employee-related liabilities		139.0	123.0
Amounts payable in respect of non-current assets		6.9	7.6
Other liabilities		145.7	156.2
Deferred income		3.0	2.6
LIABILITIES	3.10	978.0	884.2
Unrealised foreign exchange gains		0.0	0.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,306.0	2,365.9
<i>(1) of which bank overdrafts and bank accounts in credit</i>		0.0	0.0
<i>(2) of which intra-group current accounts</i>		486.0	376.5

Parent company cash flow statement (French GAAP)

CASH FLOW STATEMENT (€m)	2020	2019
1 – Operating activities		
• Net profit for the year	(206.5)	18.3
• Depreciation, amortisation, provisions and impairment ^{(1) (2)}	375.9	94.2
• Investment grants released to the income statement	0.0	0.0
• Net (gain)/loss on disposals of non-current assets	0.0	0.2
Operating cash flow before changes in working capital	169.3	112.7
• Acquisitions of television programmes ⁽²⁾	2.8	(4.2)
• Amortisation and impairment of television programmes ⁽²⁾	(0.6)	4.8
• Inventories	12.4	(5.6)
• Trade and other operating receivables	35.0	22.9
• Trade and other operating payables	(14.9)	4.4
• Advance payments received from third parties, net	(8.0)	36.8
Change in operating working capital needs	26.7	59.1
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	196.1	171.8
2 – Investing activities		
• Acquisitions of property, plant & equipment and intangible assets ^{(1) (2)}	(114.0)	(104.6)
• Disposals of property, plant & equipment and intangible assets ^{(1) (2)}	0.0	0.0
• Acquisitions of investments in subsidiaries and affiliates and own shares	(2.1)	(268.6)
• Disposals/reductions of investments in subsidiaries and affiliates	0.6	392.9
• Impact of mergers	(27.2)	0.3
• Net change in amounts payable in respect of non-current assets	(0.7)	(0.9)
• Net change in other non-current financial assets	14.2	(120.0)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	(129.2)	(100.8)
3 – Financing activities		
• Change in shareholders' equity	0.0	3.5
• Net change in debt	109.4	(43.2)
• Dividends paid	0.0	(83.8)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	109.4	(123.5)
TOTAL CHANGE IN CASH POSITION	176.3	(52.6)
Cash position at beginning of period	143.8	196.4
Change in cash position	176.3	(52.6)
Cash position at end of period	320.1	143.8

(1) Excludes television programmes recognised as non-current assets.

(2) Acquisitions, consumption, disposals and retirements of television programmes, which are accounted for as non-current assets in the parent company financial statements, are included in "Changes in operating working capital needs" in this cash flow statement in order to provide a fair representation of cash flows comparable with that presented in the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements for the year ended 31 December 2020 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

1 Significant events

- **Covid-19**

In early January 2020, the emergence of a new coronavirus (Covid-19) was announced by the Chinese healthcare authorities, and the WHO declared a global pandemic on 11 March 2020. The virus circulated actively in many countries, including France, and restrictive measures were imposed. While ensuring business continuity wherever possible, the TF1 group prioritised the health of its staff, and was careful to comply with those restrictive measures. The crisis caused by the spread of the Covid-19 virus had a serious impact on the some of the TF1 group's operations, especially during the first lockdown and firebreak.

In particular, the impact of the Covid-19 crisis on the company's operations and performances was reflected in a decrease in advertising revenue (despite an increase in audiences and average daily viewing times); close control over the cost of programmes, which reduced costs over the full year; and use of furlough schemes.

The year-on-year performance variances shown in the financial statements mainly reflect the effects of the Covid-19 crisis. Given the multiple impacts of the crisis, and the cost-saving measures introduced, it is not possible to quantify separately the impact of Covid-19 on year-on-year performance.

In terms of government support, the company received furlough payments of €0.4 million.

- **Write-down of investments in Unify**

A provision for impairment amounting to €208.2 million was taken against the investment in Unify in the 2020 financial statements.

- **Merger of Newen Studios into TF1 SA**

To streamline the legal structure of the TF1 group, Newen Studios (the parent company of the Newen division, and holder of the equity investment in Newen) was merged into TF1 SA effective 1 December 2020. Consequently, TF1 SA held 99.07% of the share capital of Newen as of 31 December 2020.

2 Accounting policies

The accounting policies described below have been applied in compliance with the principles of prudence, lawfulness and fairness in order to represent faithfully the company's assets, liabilities and financial position and the results of its operations, in accordance with the following fundamental concepts:

- going concern;
- consistency of method from one period to the next;
- accrual basis of accounting;

and in accordance with the general rules applicable to the preparation and presentation of annual individual company financial statements in France.

The basic method used for measuring items recorded in the books of account is the historical cost method.

2-1. Comparability of the financial statements

There were no changes in accounting policy during the year ended 31 December 2020.

2-2. Intangible assets

2-2-1. Audiovisual rights

Audiovisual rights comprise:

- drama co-production shares;
- television programmes intended for broadcast on the TF1 channel.

2-2-1-1 Drama co-production shares

This line item shows acquisitions of drama co-production shares made since the new regulations came into force in 2015, as an add-on to acquisitions of broadcasting rights for certain programmes. Such acquisitions enable TF1 SA to own certain tangible and intangible assets, in particular the exploitation rights for those programmes.

Payments for such co-production shares are definitively recognised as intangible assets when (i) technical acceptance has occurred and (ii) the rights period has opened for the broadcasting rights acquired in parallel with the co-production share. Payments made for co-production shares before those conditions are met are recognised in the balance sheet as intangible assets in progress. Intangible assets in progress also include advances paid for literary works ahead of co-production contracts.

Co-production shares are amortised over their expected useful lives. A provision for impairment is recognised if expected future revenues are lower than the net book value of the asset.

Tax depreciation is charged against co-production shares in accordance with the policies described in note 2-10, "Restricted provisions".

2-2-1-2 Television programmes

This line item shows residual drama co-production shares that pre-date the new regulations, and production shares in other programmes. Television programmes are recognised as intangible assets at the time of technical acceptance and opening

of rights, and are measured at the contractual acquisition price. Payments made for rights before those conditions are met are recognised in the balance sheet as intangible assets in progress with effect from the end of shooting.

The amortisation rules applied to capitalised programmes are the same as those for programme inventories (see Note 2-5, "Inventories").

A provision for impairment is recorded once it becomes probable that a programme including a production share will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. Tax depreciation is charged against television programmes not yet transmitted in accordance with the policies described in note 2-10, "Restricted provisions".

2-2-2. Other intangible assets

Other intangible assets are measured at acquisition cost (or production cost), net of accumulated amortisation and impairment.

Software and licences are amortised on a straight line basis over their estimated useful lives. Tax depreciation may be applied on the basis specified in note 2-10, "Restricted provisions".

2-3. Property, plant and equipment

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment.

Depreciation methods and periods are summarised below:

Technical facilities	Straight line	3 to 7 years
Other property, plant and equipment	Straight line	3 to 10 years

2-4. Non-current financial assets

Equity investments are measured at acquisition cost, comprising the purchase price and transaction costs. Annual impairment tests are performed on the basis of revenue and profit projections, primarily derived from business plans, using the discounted cash flow (DCF) method. If the value in use of an investment falls significantly below acquisition cost other than on a temporary basis, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the investee and a provision for liabilities and charges. Tax depreciation is charged against transaction costs relating to acquisitions of equity interests in accordance with the policies described in note 2-10, "Restricted provisions".

2-5. Inventories

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred. Programme inventory is measured at acquisition cost or total production cost (direct costs plus indirect costs attributable to the production, but excluding borrowing costs which are recognised as an expense).

Payments made before the conditions for recognition are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are regarded as having been consumed in full on transmission.

Where programmes are acquired for two or more transmissions, consumption is calculated as follows:

- Programmes not individually valued in contracts:

Type of programme	Dramas with a running time of at least 52 minutes	Films, TV movies, serials, cartoons (*)	Other programmes
- 1st transmission	80%	50%	100%
- 2nd transmission	20 %	50%	

(*) Based on an analysis conducted using recent historical data, patterns of consumption have changed, indicating a reduction in the future economic benefits of repeat broadcasts of series. As a result, TF1 has decided to adjust the pattern of consumption for series from 1 January 2021 onwards, increasing the value consumed on first transmission to 67% and reducing the value consumed on second transmission to 33%.

- Programmes individually valued in contracts: consumption reflects the contractual unit price.

"Other programmes" in the table above refers to children's programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recognised:

- once it becomes probable that a programme will not be transmitted (probability of transmission is assessed on the basis of the most recent programming schedules approved by management);
- where it is probable that a programme will be resold, and its carrying value in inventory exceeds the actual or estimated selling price.

As of 31 December 2020, to reflect the changes in patterns of consumption mentioned above, an additional provision has been taken against series whose second transmission only remains in inventory, in order to write down the carrying amount of that second transmission to its value in use from 1 January 2021 onwards.

Rights acquisition contracts not recognised in inventory at the end of the reporting period are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made in respect of the contract, which are recognised as an asset in the balance sheet in "Advance payments made on orders"; these contracts are discussed in the section on inventories.

2-6. Advance payments

This line includes (i) sums paid to acquire rights to broadcast programmes for which technical acceptance and/or opening of rights has yet to occur and (ii) sums paid for production shares in television programmes where shooting has not been

completed at the end of the reporting period. A provision for impairment may be taken against advance payments where necessary.

Payments made to purchase sports transmission rights are recognised in "Advance payments" until the sporting event takes place. If the rights are resold, a provision is recorded once the sale is probable, to cover any excess of the amount of advance payments over the actual or estimated selling price.

2-7. Trade receivables

Trade receivables are recognised at face value.

Doubtful or disputed accounts are written down via an impairment provision that reflects the age of the debt and the situation of the debtor.

2-8. Short-term investments and cash

TF1 SA provides centralised treasury management for the Group. Treasury current account debit balances are classified as cash in order to achieve consistency with the classification of treasury current account credit balances included in "Other borrowings".

Short-term investments are measured at acquisition cost. A provision for impairment is recorded if the recoverable amount falls below acquisition cost.

2-9. Foreign-currency transactions and unrealised foreign exchange gains/losses

Invoices received and issued in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition, and foreign-currency payables/receivables at the end of the financial year are translated using the exchange rate prevailing as of 31 December. Unrealised foreign exchange losses and gains are recorded on the relevant lines on the assets and liabilities sides of the balance sheet.

The company also recognizes unrealised gains and losses arising on currency hedges associated with payables and receivables carried in its own balance sheet or in the balance sheets of subsidiaries to which it has provided guarantees (see Note 5-2-1).

Any unrealised foreign exchange losses arising as a result are covered by a provision included in "Provisions for liabilities and charges".

2-10. Restricted provisions

This item comprises:

- tax depreciation on drama co-production shares and television programmes, calculated from the first day of the month following the end of shooting. This tax depreciation is reversed on the date when the asset is definitively recognised as an intangible asset (in the case of co-production shares), or when it is transmitted or written off as no longer transmittable (in the case of television programmes).

The tax depreciation described above is calculated in accordance with the rules defined by the French tax authorities on 3 July 1970. The monthly percentages used are:

- Month 1	20%
- Month 2	15%
- Months 3 to 9	5%
- Months 10 to 24	2%

- tax depreciation of software and licences acquired on or before 31 December 2016 or developed internally, in addition to the accounting depreciation recognised in the balance sheet;

- tax depreciation on transaction costs on acquisitions of equity interests, calculated over five years on a straight line basis.

2-11. Provisions for liabilities and charges

Provisions are recorded when there is a legal or constructive obligation to a third party arising from a past event; the obligation will certainly or probably result in an outflow of resources with no corresponding inflow of resources; and the amount of the outflow can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2-11-1. Retirement benefits

The company's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed by pension funds.

TF1 SA employees belong to general and supplementary French pension schemes. These are defined-contribution plans, under which the company's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. Those contributions are expensed in profit or loss for the period under "Staff costs".

The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- vested benefit entitlements under collective agreements for each category of employee based on length of service;
- staff turnover rate, calculated using historical average data for employees leaving the company;
- salaries and wages, including a coefficient for employer's social security charges as currently payable;
- an annual salary inflation rate;
- life expectancy of employees, determined using statistical tables;
- a discount rate, applied to the obligation and reviewed annually.

The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual

market conditions and the expected market conditions used in the assumptions. These actuarial gains and losses are recognised in the income statement, as charges to or reversals of provisions for liabilities and charges.

2-11-2. Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the end of the reporting period. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2-12. Advertising revenue

Sales of advertising airtime are recognised as revenue on transmission of the advertisement or commercial. The revenue recognised is the amount invoiced by advertising sales agencies (primarily TF1 Publicité) to the advertiser for the airtime, less the agency commission.

TF1 makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. Such transactions are reported on a non-netted basis in "Revenue" and in "External charges".

2-13. Off balance sheet commitments:

Image transmission commitments represent fees payable to transmission service operators until the expiry date of their contracts.

Caution money and guarantees paid under commercial contracts are disclosed as off balance sheet commitments.

2-14. Financial instruments

TF1 uses financial instruments to hedge its exposure to fluctuations in interest rates and exchange rates. That exposure arises from transactions carried out by TF1 SA itself, and from foreign exchange guarantees provided to subsidiaries as part of the Group's centralised foreign exchange risk management policy.

Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are measured and recognised symmetrically with the recognition of gains and losses on the hedged item.

3 Notes to the balance sheet

3-1. Intangible assets

3-1-1. Audiovisual rights

Audiovisual rights break down as follows:

(€m)					
Gross value	01/01/2020	Increases	Decreases	Transfers	31/12/2020
Drama co-production shares	265.2	57.6	(1.6)	13.4	334.6
Drama co-production shares in progress	16.6	28.4		(13.4)	31.6
Television programmes	6.4	3.2	(7.6)		2.0
TOTAL	288.2	89.2	(9.2)	0.0	368.2
Amortisation	01/01/2020	Increases	Decreases		31/12/2020
Drama co-production shares	101.3	59.9			161.2
Television programmes	0.0	3.2	(3.2)		0.0
TOTAL	101.3	63.1	(3.2)	0.0	161.2
Impairment	01/01/2020	Increases	Decreases		31/12/2020
Drama co-production shares	152.4	65.6	(56.4)		161.6
Television programmes	0.0				0.0
TOTAL	152.4	65.6	(56.4)	0.0	161.6
Net value	34.5				45.4

Commitments relating to drama co-production shares and television programmes for future years break down as follows:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2020	Total 2019
Drama co-production shares	35.7	56.8	0.4	92.9	52.2
Television programmes	6.0	0.3	0.1	6.4	1.1

3.1.2. Other intangible assets

Movements in other intangible assets are shown below:

(€m)					
Gross value	01/01/2020	Increases	Decreases	Transfers	31/12/2020
Software	25.7	4.7	(0.3)	1.6	31.7
Other intangible assets	1.6				1.6
Intangible assets in progress	4.2	1.5		(1.6)	4.1
TOTAL	31.5	6.2	(0.3)	0.0	37.4
Amortisation	01/01/2020	Increases	Decreases	Transfers	31/12/2020
Software	22.2	2.1			24.3
Other intangible assets	1.6				1.6
TOTAL	23.8	2.1	0.0	0.0	25.9
Net value	7.7				11.5

3-2. Property, plant and equipment

The table below shows movements in property, plant and equipment during the year, and the associated depreciation:

(€m)					
Gross value	01/01/2020	Increases	Decreases	Transfers	31/12/2020
Technical facilities	78.0	5.0	(6.2)	6.6	83.4
Other property, plant and equipment	113.4	14.3	(2.5)	0.2	125.4
Property, plant and equipment in progress	5.2	2.5		(6.8)	0.9
TOTAL	196.6	21.8	(8.7)	0.0	209.7
Depreciation	01/01/2020	Increases	Decreases	Transfers	31/12/2020
Technical facilities	68.7	3.5	(6.1)		66.1
Other property, plant and equipment	77.0	6.3	(2.2)		81.1
TOTAL	145.7	9.8	(8.3)		147.2
Net value	50.8				62.5

3-3. Non-current financial assets

This item breaks down as follows:

(€m)	Equity investments	Other non-current financial assets	Loans receivable	Other	Total
GROSS VALUE AT 1 JANUARY 2020	1,272.1	16.2	120.0	0.2	1,408.5
Increases					
- TF1 Distribution - capital increase	2.0				2.0
- Newen - following merger of Newen Studios into TF1 SA	34.1	218.4 (*)			252.5
- Caution money				0.8	0.8
Decreases					
- Unify - loan			(15.0)		(15.0)
- Newen Studios	(225.8)				(225.8)
GROSS VALUE AT 31 DECEMBER 2020	1,082.5	234.7	105.0	1.0	1,423.2
Provisions for impairment					
1 January 2020	76.4	0.0	0.0	0.0	76.4
Charges	238.3				238.3
Reversals					0.0
31 December 2020	314.7	0.0	0.0	0.0	314.7
NET VALUE AT 31 DECEMBER 2020	767.8	234.7	105.0	1.0	1,108.5

(*) Negative merger premium allocated to the investment in Newen.

The €238.3 million of impairment losses recognised during the year relate to equity interests in 100%-owned subsidiaries (see note 2-4), primarily the €208.2 million impairment loss taken against the investment in Unify (see note 1, "Significant events"). The difference of €133 million as compared with the impairment loss recognised in the consolidated financial statements (€75 million as of 31 December 2020) is due to the specific accounting treatments required for certain equity transactions under IFRS; see note 7-4 ("Non-current assets and liabilities") to the TF1 consolidated financial statements. The remaining €30.1 million of impairment losses relate to TF1 Studio.

3-4. Inventories and work in progress

This item mainly comprises broadcasting rights yet to be consumed, and breaks down as follows:

(€m)	Acquired rights	In-house production	Total 2020	Total 2019
INVENTORY AT 1 JANUARY	109.7	2.5	112.2	110.8
- PURCHASES DURING THE YEAR	448.1	104.4	552.5	728.2
- Consumption on transmission	(436.5)	(107.6)	(544.1)	(656.2)
- Expired, retired and resold rights	(23.4)	3.6	(19.8)	(70.7)
- TOTAL CONSUMPTION	(459.9)	(104.0)	(563.9)	(726.9)
INVENTORY AT 31 DECEMBER	97.9	2.9	100.8	112.2
CHANGE IN INVENTORY	(11.8)	0.4	(11.4)	1.4
PROVISIONS FOR IMPAIRMENT				
1 January	14.6	0.0	14.6	18.8
Charges (*)	13.0		13.0	5.7
Reversals	(12.0)		(12.0)	(9.9)
31 December	15.6	0.0	15.6	14.6

(*) Includes €2.5m of additional provisions booked to reflect changes in the pattern of consumption of series.

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2020	Total 2019
Programmes and broadcasting rights ⁽¹⁾	779.2	469.2	0.0	1,248.4	1,435.8
Sports transmission rights ⁽²⁾	60.9	76.7		137.6	167.5
TOTAL	840.1	545.9	0.0	1,386.0	1,603.3

(1) Includes contracts entered into by GIE TF1 Acquisitions de Droits on behalf of TF1 SA and shown in that entity's assets or off balance sheet commitments.

(2) Includes contracts entered into by TF1 DS (the company that acquires rights to sporting events broadcast on TF1), and shown in that entity's assets or off balance sheet commitments.

The portion of those contracts expressed in foreign currencies is €27.1 million (all in U.S. dollars).

3-5. Advance payments and receivables

3-5-1. Advance payments made on orders

This mainly comprises advance payments for programme broadcasting rights and sports transmission rights, amounting to €106.5 million.

3-5-2. Trade receivables

TF1 Publicité acts as agent for TF1 SA, selling advertising airtime in return for commission indexed to actual revenues. Receivables owed by TF1 Publicité to TF1 SA amounted to €187.9 million as of 31 December 2020, compared with €192.7 million as of 31 December 2019.

3-5-3. Other receivables

This item mainly comprises taxes recoverable (VAT and income taxes), and balances on current accounts with subsidiaries.

3-5-4. Provisions for impairment of advance payments and receivables

(€m)	01/01/2020	Charges	Reversals	31/12/2020
Advance payments	0.0			0.0
Trade receivables	0.1			0.1
Other receivables	0.0			0.0
TOTAL	0.1	0.0	0.0	0.1

3-5-5. Receivables by due date

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets	15.0	60.0	31.0	106.0
Current assets (1)	582.5	7.5		590.0
Total	597.5	67.5	31.0	696.0

(1) Includes trade and other receivables, net of impairment

3-6. Short-term investments and cash

This item breaks down as follows:

Gross value (€m)	2020	2019
Short-term investments	0.0	0.0
Bank deposits (instant access)	8.6	9.6
Treasury current accounts with debit balances (1)	311.3	134.0
Advertising airtime sales	0.2	0.2
Cash	320.1	143.8
TOTAL	320.1	143.8
Provisions for impairment of current accounts and short-term investments		
1 January	0.0	0.0
Charges	0.0	0.0
Reversals	0.0	0.0
31 December	0.0	0.0
NET VALUE	320.1	143.8

(1) These current accounts include:

- cash placed with Bouygues Relais (€113.0 million as of 31 December 2020, versus €54.0 million as of 31 December 2019);
- current accounts with Group companies (€108.3 million as of 31 December 2020, versus €80.0 million as of 31 December 2019);
- a current account bridging loan to TF1 subsidiary Newen (€90 million as of 31 December 2020).

3-7. Prepaid expenses

Prepaid expenses amounted to €7.5 million as of 31 December 2020, compared with €6.5 million as of 31 December 2019.

3-8. Shareholders' equity

The share capital is divided into 210,392,991 ordinary shares with a par value of €0.20, all fully paid.

<i>(€ million)</i>	01/01/2020	Appropriation of profit (2020 AGM)	Increases	Decreases	31/12/2020
Share capital	42.0				42.0
Share premium	20.2				20.2
Legal reserve	4.3				4.3
Retained earnings	551.0	18.3			569.3
Other reserves	771.3				771.3
Net profit for the year	18.3	(18.3)	(206.5)		(206.5)
Sub-total	1,407.1	0.0	(206.5)	0.0	1,200.6
Restricted provisions	13.1		13.0	(11.1)	15.0
TOTAL	1,420.2	0.0	(193.5)	(11.1)	1,215.6
Number of shares	210,242,074		155,500	(4,583)	210,392,991

Restricted provisions comprise the following items:

<i>(€ million)</i>	01/01/2020	Charges	Reversals	31/12/2020
Audiovisual rights	9.7	7.5	(8.5)	8.7
Transaction costs on acquisitions of equity interests	1.2	0.3	(1.4)	0.1
Software and licences	2.2	5.2	(1.2)	6.2
TOTAL	13.1	13.0	(11.1)	15.0

3-9. Provisions for liabilities and charges

Provisions are established using the methods described in note 2-11. Movements during the year were as follows:

<i>(€ million)</i>	01/01/2020	Charges	Reversals (used)	Reversals (unused)	31/12/2020
Provisions for litigation and claims	4.6	6.9	(2.7)	(0.4)	8.4
Provisions for related entities	27.0	74.0	(26.9)		74.1
Provisions for retirement benefit obligations	29.9	4.5	(4.7)		29.7
Other provisions for liabilities and charges	0.0	0.2			0.2
TOTAL	61.5	85.6	(34.3)	(0.4)	112.4

Provisions for litigation and claims cover risks relating to tax and legal exposures, and employment tribunal claims.

Provisions for related entities consist of TF1 SA's share of the losses of subsidiaries, including those established in the form of partnerships, plus provisions for risks relating to subsidiaries.

The €29.7 million provision for retirement benefit obligations represents the present value of the obligation (€35.0 million) minus the fair value of plan assets (€5.3 million). The main assumptions used in calculating the present value of the obligations are:

- discount rate: 0.6019%
- salary inflation rate: 2.00%
- age on retirement: 62 years.

No material contingent liabilities (claims liable to result in an outflow of resources) were identified as of the balance sheet date.

3-10. Liabilities

3-10-1. Bank borrowings

TF1 SA had confirmed credit facilities of €870 million with various banks as of 31 December 2020, none of which was drawn down at that date; of that amount, €155 million was due to expire within less than one year and €715 million after more than one year.

3-10-2. Other borrowings

This item comprises surplus cash invested on behalf of subsidiaries under cash pooling agreements, totalling €486.0 million as of 31 December 2020 and €376.5 million as of 31 December 2019.

3-10-3. Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €112.3 million (€129.1 million as of 31 December 2019).

3-10-4. Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Other borrowings	486.0			486.0
Trade payables	197.4			197.4
Tax and employee-related liabilities	139.0			139.0
Amounts payable in respect of non-current assets	6.9			6.9
Other liabilities	145.0	0.7		145.7
TOTAL	974.3	0.7	0.0	975

3-10-5. Accrued income and expenses

(€m)			
Accrued income included in:		Accrued expenses included in:	
Trade receivables	5.8	Trade payables	72.8
Other receivables	26.3	Tax and employee-related liabilities	78.2
		Amounts payable in respect of non-current assets	3.7
		Other liabilities	112.3

3-11. Deferred income

Deferred income (€3.0 million) relates to the subsidiary TF1 Publicité, and represents commitments to provide advertising slots to customers free of charge. The corresponding amount as of 31 December 2019 was €2.6 million.

4 Notes to the income statement

4-1. Revenue

Advertising revenue of €998.4 million was recognised in 2020 (including €20.9 million with non-French customers), compared with €1,117.0 million in 2019 (including €19.3 million with non-French customers).

4-2. Cost transfers

This item (€78.9 million in 2020, versus €83.9 million in 2019) mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

4-3. Purchases of raw materials and other supplies and changes in inventory

These items relate to broadcasting rights consumed during the period, amounting to €459.9 million (2019: €578.1 million). See Note 3-4.

4-4. Other purchases and external charges

This item includes costs of €18.0 million relating to sports transmission rights in 2020, compared with €59.1 million in 2019. Sports transmission rights were sharply down year-on-year due to the lack of major sporting events in 2020.

It also includes transmission costs of €9.0 million (including occasional provision of circuits), of which €0.9 million were recharged to other entities within the TF1 group. The net amount was therefore €8 million in 2020, compared with €7.8 million in 2019.

4-5. Taxes other than income taxes

The main item included on this line is the contribution to the French cinematographic industry support fund (€50,9 million in 2020, compared with €62.0 million in 2019).

4-6. Wages, salaries and social security charges

For 2020, this item includes an accrued expense of €10.5 million for the voluntary profit-sharing scheme.

4-7. Other expenses

This item includes payments to copyright-holders and holders of related rights, amounting to €43.1 million in 2020 (versus €46.7 million in 2019).

4-8. Net financial income/expense

The components of net financial income/expense are as follows:

(€ million)	2020	2019
Dividends and transfers of profits/losses from partnerships	9.6	47.7
Net interest paid or received	2.5	1.9
Provision for impairment of equity investments (1)	(238.3)	(41.2)
Provisions for risks relating to shares of partnership losses	(74.0)	(26.9)
Foreign exchange losses and provisions for unrealised foreign exchange losses	0.2	1.9
Net	(300.0)	(16.6)

(1) See Note 3.3

Interest received from related companies in 2020 was €2.4 million, compared with €1.9 million in 2019.

4-9. Exceptional items

Exceptional items break down as follows:

(€ million)	2020	2019
Retirement/expiration of rights and gains/losses on disposals of intangible assets	(5.6)	(1.5)
Retirement and gains/losses on disposals of property, plant and equipment	(0.3)	0.0
Net change in provisions (including tax depreciation) (1)	0.3	5.0
Gains/(losses) on disposals of non-current financial assets	0.6	(0.1)
Other commitments (2)	(2.2)	(4.5)
Net	(7.2)	(1.1)

(1) The net change in provisions during 2020 comprises a net reversal of provisions for claims and litigation of €2.2 million, and a net charge to tax depreciation of €1.9 million. The net change in provisions during 2019 comprised a net reversal of provisions for claims and litigation of €2.3 million, and a net reversal of tax depreciation of €2.7 million.

(2) Miscellaneous expenses mainly comprise a tax reassessment of €2.2 million (€3.3 million in 2019). This was cancelled out by a reversal of a provision of the same amount (€2.2 million in 2020, see above, and €3.3 million in 2019).

4-10. Income taxes

This item breaks down as follows:

(€ million)	2020	2019
Income tax expense incurred by the tax group (net of tax credits)	(15.6)	(44.7)
Income tax credit receivable from companies entitled to tax credits	19.3	31.2
Income tax credit/(expense) from prior periods	0.5	(1.2)
Net change in provision for income taxes	0.0	1.4
Income taxes	4.1	(13.3)
Profit before tax and profit-sharing	(210.6)	31.6
Effective tax rate	(1.95%)	42.09%

Exceptional items generated a tax gain of €3.2 million.

TF1 made a group tax election on 1 January 1989. Under the group tax election agreement, the tax liability borne by each company included in the election is the same as it would have borne had there been no group tax election. The group tax election included 66 companies as of 31 December 2020.

The tax group had no tax losses available for carry-forward as of 31 December 2020.

The difference between the standard French tax rate and the effective tax rate, in both 2020 and 2019, is due to (i) deductions of income and add-backs of expenses not taxed at the full rate (mainly dividends and long-term capital gains) and (ii) adjustments related to the tax group (tax savings arising from the losses of tax group member companies, and eliminations/reinstatements of intragroup transactions).

The total amount of tax losses of subsidiaries that generated savings for the tax group in 2020 and may generate a tax liability in the future is €47.3 million.

4-11. Deferred tax position

The table below shows future tax effects that have not yet been recognised by TF1 SA but will be recognised when the underlying transactions are recognised in the income statement, calculated using the tax rate applicable in 2021 (28.41%).

(€ million)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	4.2	-
Provisions for risks		1.1
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, unrealised foreign exchange gains and losses	-	3.0

5 Other information

5-1. Off balance sheet commitments:

The tables below show off balance sheet commitments by type and maturity:

(€m)

Commitments given	Less than 1 year	1 to 5 years	More than 5 years	Total 2020	Total 2019
Operating leases	26.3	93.9	28.0	148.2	171.7
Image transmission contracts	5.3	19.2	1.4	25.9	7.2
Guarantees (1)	8.3	11.2	0.1	19.6	16.6
Commitments relating to equity interests (2)				0.0	0.0
Other commitments (3)				0.0	0.1
TOTAL	39.9	124.3	29.5	193.7	195.6

(€m)

Commitments received	Less than 1 year	1 to 5 years	More than 5 years	Total 2020	Total 2019
Operating leases	26.3	93.9	28.0	148.2	171.7
Image transmission contracts	5.3	19.2	1.4	25.9	7.2
Commitments relating to equity interests (2)				0.0	0.0
Other commitments (3)				0.0	0.3
TOTAL	31.6	113.1	29.4	174.1	179.2

(1) This item relates to guarantees provided by TF1 SA against default by its subsidiaries.

(2) This item comprises firm or optional commitments to deliver or receive securities.

(3) Other commitments given and received mainly comprise the fair value of currency instruments (see Note 5-2-1).

Other reciprocal commitments relating to the operating cycle are reported in the notes relating to the relevant balance sheet item (in particular, commitments to secure future programming schedules) and to the financing of those items (see note 3-10-1).

TF1 SA had not contracted any complex commitments as of 31 December 2020.

5-2. Use of hedging instruments

5-2-1. Hedging of foreign exchange risk

TF1 is exposed to fluctuations in exchange rates as a result of:

- making and receiving commercial payments in foreign currencies;
- providing subsidiaries with a guaranteed annual exchange rate per currency, applied to annual projections of their foreign-currency cash needs or surpluses.

At the end of each reporting period, TF1 recognises:

- the foreign exchange loss or gain arising from the application of the foreign exchange guarantees described above;
- unrealised foreign exchange gains and losses arising on payables and receivables carried in its own balance sheet or in the balance sheets of subsidiaries to which it has provided guarantees.

Periodically, TF1 updates its consolidated net exposure and reassesses its foreign exchange risk. The strategy applied is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period depending on market opportunities.

TF1 buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations.

As of 31 December 2020, the equivalent value of such hedging instruments contracted with banks was €19.2 million:

- €8.1 million of forward purchases (all in U.S. dollars, valued at the closing exchange rate);
- €11.1 million of forward sales (all in Swiss francs, valued at the closing exchange rate).

5-3. Employees

The average headcount of TF1 SA is as follows:

	2020	2019
Clerical and administrative	96	80.3
Supervisory	193	207
Managerial	851	854
Journalists	237	237
Interns	26	24
Intermittent employees	64	86
TOTAL	1,467	1,489

5-4. Executive remuneration

Total remuneration paid during 2020 to key executives of the TF1 Group (i.e. the ten members of the TF1 Management Committee mentioned in the Annual Report) was €8.0 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to those key executives was €2.5 million.

The Bouygues group offers the members of its Executive Committee, who include Gilles Pélisson, a supplementary pension capped at 0.92% of the reference salary for each year's membership of the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2020 to the investment fund of the insurance company which manages the scheme was €0.3 million.

No material loans or guarantees have been extended to key executives or members of the Board of Directors.

5-5. Stock options and performance share plans

Disclosures about stock options and performance shares awarded to employees are provided in the "Report on stock options and performance shares" in the TF1 Registration Document.

5-6. Remuneration of corporate officers for serving as directors

The amount paid during 2020 to corporate officers for serving as directors was €0.3 million.

5-7. Auditors' fees

The amount of fees paid by TF1 SA to its auditors for the financial year was €0.5 million.

5-8. Consolidation

TF1 SA is consolidated in the financial statements of the Bouygues group, using the full consolidation method.

5-9. List of subsidiaries, affiliates and other equity investments

Company/Group	Currency	Share capital	Equity other than share capital and profit/loss	Share of capital held	Gross book value of investment (1)	Net book value of investment (1)	Outstanding loans and advances	Guarantees provided (2)	Revenues for most recent financial year	Profit/(loss) for most recent financial year	Dividends received during the year
<i>In thousands of euros (or other currency as specified)</i>				<i>In thousands of euros</i>							
I. Subsidiaries (at least 50% of the capital held by TF1 SA)											
- TF1 PUBLICITE		2,400	40,133	100.00%	3,038	3,038	-	-	1,474,683	16,614	-
- TF1 FILMS PRODUCTION		2,550	29,203	100.00%	1,768	1,768	-	-	45,242	3,902	-
- TF1 ENTERTAINMENT		3,000	10,127	100.00%	3,049	3,049	-	-	18,224	2,241	-
- E-TF1		1,000	31,630	100.00%	1,000	1,000	-	-	128,508	24,860	-
- TF1 VIDEO		3,000	1,431	100.00%	23,100	1,611	-	-	20,006	1,647	-
- TF1 EXPANSION		269	182,232	100.00%	291,292	291,292	-	-	0	65,313	-
- TF1 STUDIO		15,000	6,143	100.00%	138,431	70,969	-	-	40,780	(166)	-
- LA CHAINE INFO		4,500	1,382	100.00%	2,059	59	8,757	-	32,295	(24,098)	-
- OUEST INFO		40	(1,263)	100.00%	2,617	17	1,274	-	0	(53)	-
- TF1 PRODUCTION		10,080	8,008	100.00%	39,052	39,052	-	-	63,280	1,764	-
- TF1 MANAGEMENT		40	(19)	100.00%	80	80	-	-	0	(5)	-
- PREFAS 20		40	(27)	100.00%	40	40	-	-	0	(4)	-
- UNIFY		312,697	(109,457)	100.00%	312,697	104,496	-	-	1,574	(121,882)	-
- PREFAS 25		40	(15)	100.00%	40	40	-	-	0	(4)	-
- PREFAS 26		40	(3)	100.00%	40	40	-	-	0	3	-
- PREFAS 27		40	(3)	100.00%	40	40	-	-	0	3	-
- PREFAS 28		40	(3)	100.00%	40	40	-	-	0	3	-
- PREFAS 29		40	(3)	100.00%	40	40	-	-	0	3	-
- TF1 DISTRIBUTION		2,040	824	100.00%	2,040	2,040	-	-	118,895	69	-
- TF1 DS		100	0	100.00%	100	100	-	-	19,944	(3)	-
- NEWEN		30,830	55,180	99.07%	34,125	34,125	90,000	-	10,180	(4227)	-
- SPV		1,003	(567)	100.00%	1,003	1,003	-	-	298	(10,773)	-
- MONTE CARLO PARTICIPATION		33,700	156,941	100.00%	213,827	213,827	46,000	-	186	39,476	-
- GIE ACQUISITION DE DROITS		0	0	91.00%	0	0	199,464	-	259,327	(50,913)	-

Company/Group	Currency	Share capital	Equity other than share capital and profit/loss	Share of capital held	Gross book value of investment (1)	Net book value of investment (1)	Outstanding loans and advances	Guarantees provided (2)	Revenues for most recent financial year	Profit/(loss) for most recent financial year	Dividends received during the year
<i>In thousands of euros</i>				<i>In thousands of euros</i>							
<i>(or other currency as specified)</i>											
II Affiliates (10% to 50% of the capital held by TF1 SA)											
- MEDIAMETRIE (*)		14,880	25,309	10.80%	44	44	-	-	95,542	2,480	-
- A1 INTERNATIONAL		N/D (**)	N/D (**)	50.00%	12,809	0	-	-	N/D (**)	N/D (**)	-
- SMR6		75	15	20.00%	15	15	5	-	78	2	-
Company/Group	Currency	Share capital	Equity other than share capital and profit/loss	Share of capital held	Gross book value of investment (1)	Net book value of investment (1)	Outstanding loans and advances	Guarantees provided (2)	Revenues for most recent financial year	Profit/(loss) for most recent financial year	Dividends received during the year
<i>In thousands of euros</i>				<i>In thousands of euros</i>							
<i>(or other currency as specified)</i>											
III Other equity investments (less than 10% of the capital held by TF1 SA)											
- MEDIAMETRIE EXPANSION (*)		843	(449)	2.42%	91	0	-	-	0	(32)	-
- EXTENSION TV		50	2,125	0.004%	2	2	-	-	11,078	1,676	-
- APHELIE		2	49,841	0.05%	0	0	-	-	19,775	16,136	-
- SOFIOUEST		5,640	72,785	0.0057%	19	19	-	-	1,345	17,017	-
TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS					1,082,498	767,846	345,500	0	-	-	0

(1) Includes transaction costs (if any).

(2) "Guarantees provided" represent guarantees given by TF1 SA to cover possible default by a subsidiary and disclosed in off balance sheet commitments.

(*) "Share capital", "Equity other than share capital and profit/loss", revenues, and profit/loss all relate to the 2019 financial year. (**) N/D: not disclosed.

6 Events after the reporting period

None.