Annual Report 2019

Key figures

in CHF mn		2019	2018	Change
Income statement				
Revenues		1 079.5	1 010.6	6.8%
Operating income before depreciation and amortisation (EBITDA)		196.8	205.9	–4.4%
Margin		18.2%	20.4%	–10.5%
Operating income before effects of business combinations		155.2	179.5	–13.5%
Margin		14.4%	17.8%	–19.1%
Operating income (EBIT)		70.4	131.6	–46.5%
Margin		6.5%	13.0%	–49.9%
Net income		97.8	129.5	–24.5%
of which				
attributable to Tamedia shareholders		64.8	96.5	–32.9%
attributable to non-controlling interests		33.0	33.1	–0.2%
Revenue by business division with third parties				
Paid Media		512.9	533.8	–3.9%
Free Media and Commercialisation		293.7	236.1	24.4%
Marketplaces and Ventures		272.9	240.7	13.4%
Balance sheet				
Current assets		627.5	686.7	–8.6%
Non-current assets		2 328.0	2 261.7	2.9%
Balance sheet total		2 955.5	2 948.4	0.2%
Liabilities		779.8	846.8	–7.9%
Equity		2 175.7	2 101.7	3.5%
Financial key data				
Equity ratio		73.6	71.3	3.3%
Return on equity		4.5	6.2	–27.1%
Employee key data				
Headcount as of balance sheet date [1]		3 669	3 594	2.1%
Revenue per staff member [2]	in CHF 000	294.8	303.5	–2.9%
Key figures per share				
Net income per share	in CHF	6.11	9.12	–33.0%
Dividends per share	in CHF	3.50 [3]	4.50	–22.2%
Dividend yield [4]		3.7%	4.3%	–12.4%
Price/earnings ratio [4]	x	15.3	11.6	32.5%

1 Number of full-time equivalents
2 Based on the average number of employees
3 Proposed appropriation of profit by the Board of Directors
4 Based on year-end price

“Tamedia AG (Ltd) was renamed TX Group AG (Ltd) as of 1 January 2020. However, since this annual report refers to the financial year from 1 January to 31 December 2019, the name Tamedia or Tamedia AG is used in this report when reference is made to the Group or the parent company.”

Re-set the sails to advance better

Dr. Pietro Supino,
Chairman & Publisher

Dear Shareholders
The results achieved in the 2019 financial year fall short of our ambitions. The drop in net income was mainly due to lower revenues on the advertising market and higher investments, primarily in digital marketplaces. However, it was also down to the ongoing transformation in paid media. We will therefore be proposing a reduction in the dividend to CHF 3.50 per share. Nevertheless, total revenues were increased by means of acquisitions, and the excellent market position carved out by our companies was strengthened further.

The investments are designed to bolster the leading positions enjoyed by our marketplaces and provide protection against disruption risks. The challenge in the paid media segment consists in maintaining and enhancing the high-quality journalism for which we are renowned in order to retain as many print subscribers as possible and attract at least the same number of new digital subscribers. Unlike in the past, income from the user market is now more important than that from the advertising market. With prices for digital offerings being much lower than for their printed counterparts in both these markets, corresponding cost adjustments are unavoidable.

Naturally, the pressure on the advertising market is impacting directly on revenues amongst advertising agencies and on free media financed exclusively through advertising. However, advertising agencies now have the opportunity to develop a cross-media portfolio based on the best inventories in Switzerland and to consolidate their market. From their strong position, the free media are also contributing to this – and indeed benefiting from it as well. In addition, with nearly 50 per cent of their revenues coming from digital channels, they are an international role model for how to master the digital transformation and are ideally equipped to make further progress thanks to their exemplary entrepreneurial spirit.

Alongside our day-to-day business, our management team under Christoph Tonini and our employees reviewed our corporate structure in the past year and laid the groundwork for the launch of our new, decentralised group structure with effect from 1 January 2020. Everyone involved deserves our heartfelt thanks for their hard work and far-sighted planning.

This restructure was founded on the belief that our environment is and will remain extremely fast-paced. Although the transformation in the media industry has presented us with major challenges for some years now, it also offers new opportunities. Our company has been able to harness these and cultivate new areas of business. No less than 80 percent of our current revenues come from activities that we have added this millennium. However, this has also generated a great deal of complexity: it had become virtually impossible to explain what the “old” Tamedia stood for in just a few words.

At the same time, we firmly believe that our activities will have to develop in line with their different markets. Our value creation has to be based on proximity to these markets and cultivating our various areas of business, each with its own culture.

For this reason, we have created a decentralised organisational structure under the umbrella of the TX Group, comprising four self-contained companies: Goldbach, Tamedia, TX Markets and 20 Minuten. Although all are important, and all will stand to benefit from the group's size and strength, they will be developed along independent lines in the future. Each company is expected to write its own strong narrative that explains what it stands for and where it wants to go.

The Goldbach Group under Michi Frank is Switzerland's innovative advertising marketer for TV, print, online media, mobile, radio and, via Neo Advertising, out-of-home as well. As a neutral aggregator of advertising spaces, Goldbach forms the link between advertisers and media platforms. Besides being well placed on the attractive Swiss advertising market, Goldbach also occupies exciting positions in Germany and Austria, which are being actively strengthened.

Tamedia, with its new Co-directors Marco Boselli and Andreas Schaffner, comprises our media brands with their venerable traditions, from Tages-Anzeiger through to Tribune de Genève. Tamedia stands for their local roots, added-value content, independent journalism and professional standards. This journalism is to be developed further, and digitalisation is to be harnessed to generate added value for readers through strong formats and new offerings. Tamedia wants to facilitate political debate and help empower citizens to form their own opinions. Adopting its own organisational identity will also give Tamedia the chance to define itself even more clearly as Switzerland's leading editorial network.

Under the leadership of Christoph Brand (Olivier Rihs from May 2020 at the latest), TX Markets is the first choice for life decisions both big and small thanks to its broad marketplace offering. It matches up a wide range of properties, job vacancies, vehicles and items of all kinds with the people who are looking for them. TX Markets thus helps to improve quality of life for people in Switzerland and promote a resource-conscious approach to material assets. Know-how and innovative strength are driving growth both on the attractive Swiss market and further afield.

20 Minuten under Marcel Kohler stands for innovation and, with 20 minutes and 20 minuti, represents the largest public space in Switzerland. Its reliable information and good entertainment value mean that it reaches over 40 per cent of the population every day through its printed newspaper and digital channels. 20 Minuten thus makes a key contribution to Switzerland's social cement. Reliability, neutrality, comprehensibility, pace and tension are the qualities on

which success is built. With L'essentiel in Luxembourg and Heute in Austria, 20 Minuten also enjoys strong positions in attractive markets abroad, which are to be strengthened.

Whilst we at Tamedia have to assume that the downward trend will continue, we expect Goldbach and 20 Minuten to develop further at a high level. We are aiming for above-average organic and inorganic growth at TX Markets and the investments grouped under the Ventures umbrella, where we have already succeeded in generating significant value, such as building up search.ch and incorporating it into LocalSearch.

The TX Group is focusing on setting out the owners' strategy, supporting the development of the group companies and ensuring good corporate governance. The individual companies benefit from the economies of scale offered by the group: higher-quality services, such as in the key area of cybersecurity, or more favourable terms, such as when purchasing technology.

We also open up new areas of potential for the companies under the aegis of the group, specifically in the field of data and technology. The extensive coverage enjoyed by our strong brands as well as access to user data and technological expertise enable valuable insights into product development and the marketing of offerings.

The new name, "TX Group", is serendipitous. It stems from our technology exchange conference, which we have hosted since 2015 and which last year brought together 600 colleagues to discuss the issues of technology, product and marketing. TX Group stands for interdisciplinary collaboration in the group, innovation and a dynamic evolution from within.

Our idea is to create a network of media and platforms that offers information, guidance, entertainment and support for everyday life. Armed with this and good-quality journalism, we want to help people make their own decisions in a spirit of freedom, boost their sense of democratic community and improve their quality of life.

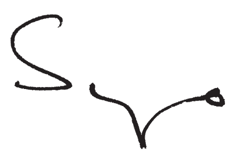
The new corporate structure of the group will not change our portfolio or the challenges facing us in the slightest. It is simply designed to create the ideal framework for the sustainable development of our various activities, which we measure against the objectives of profitability, growth and reputation.

We intend to achieve these objectives by being entrepreneurial, reliable and of sound moral standing. Both the group and its individual companies will have to prove how they contribute to the success of the whole. This is one of the reasons we are creating transparency and a decentralised structure. For everyone involved, the freedom to make decisions also brings with it an obligation to shoulder some of the responsibility. Especially in a challenging environment, however, being smart in how you make your connections is still important in finding the best solutions. This is something for which the group is ideally placed – and, in this spirit, we can continue to draw strength from our unity.

I would like to extend a special thanks to the members of the old Management Board and Board of Directors for all their hard work, dedication and team spirit. After six years as a member of the Board of Directors and as Chair of the Audit Committee, Marina de Planta will be coming to the end of her term in office at the Annual General Meeting on 3 April 2020. We will retain fond memories of her as an eagle-eyed observer, a precise mind who was not afraid to think outside the box, and a highly committed colleague. Through his strong leadership, skilful negotiations and sporting spirit, Christoph Tonini has truly shaped the destiny of this company, first as a member of the Management Board from 2003 and then as Chief Executive Officer since 2013. Once the new group structure has been fully implemented, he will hand over day-to-day management with effect from June 2020 and stand for election to the Board of Directors together with Pascale Bruderer, formerly President of the National Council and member of the Council of States. From 1 July 2020 onwards, the group's activities will be managed by a streamlined committee comprising the Chairman of the Board of Directors, Sandro Macciacchini (Head of Finances and Human Resources) and Samuel Hügli (Head of Technology & Ventures). Responsibility for managing the group's companies was transferred to their respective management teams and boards of directors at the start of the year.

Although the sails are now set in the right position following the well-prepared turning manoeuvre, the boat still needs to be streamlined, of course. And, because we in the media industry are afloat in turbulent waters, this remains a constant challenge. What counts is that we are heading in the right direction. Of that, we have no doubt.

We would like to thank you, dear shareholders, for the trust you place in us, which we greatly appreciate. We look forward to seeing you again at the Annual General Meeting.



Dr. Pietro Supino
Chairman & Publisher

Pietro Supino

Martin Kall

Pierre Lamunière

Sverre Munck

Marina de Planta

Konstantin Richter

Andreas Schulthess

Pietro Supino, Publisher
Chairman of the Board of Directors, Chairman of the Journalism Committee, Chairman of the Nomination and Compensation Committee, Chairman of the Business Development Committee and Chairman of the Advisory Board for Media Technology and Innovation

Dr. Pietro Supino (CH/I/1965) has been publisher and Chairman of Tamedia since May 2007. He was elected to the Board of Directors in 1991. He has also been Chairman of the Swiss Media Association since 2016. Pietro Supino completed his studies in law and economics with a doctorate from the University of St. Gallen. He also gained a Master's from the London School of Economics and Political Science and was admitted to the Zurich bar. He attended the Columbia School of Journalism in New York, which prepared him well for his future as a publisher. He has been a member of the Board of Visitors since 2012. Between 1989 and 1998 Pietro Supino gained experience as a lawyer and in business consultancy before founding a private bank with partners in Zurich. He is currently also Chairman of Tamedia Espace AG, of Tamedia Publications romandes SA, of Zürcher Regionalzeitungen AG, of Basler Zeitung AG and of the Supervisory Board of DJ Digitale Medien GmbH in Vienna. In addition he is also Vice Chairman of the Supervisory Board of Ultimate Media Beteiligungs- und Management GmbH in Vienna and member of the Board of Edita SA in Luxembourg and a member of the Foundation Boards/Boards of Directors of the Foundation for Constructivist, Concrete and Conceptual Art in Zurich, the Family Business Network Switzerland and the Camera di Commercio Italiana per la Svizzera. Pietro Supino is a member of the founding family, which is linked by a shareholders' agreement and together hold the majority of Tamedia's shares.

Martin Kall
Member of the Nomination and Compensation Committee and of the Business Development Committee

Martin Kall (CH/D/1961) has been a member of the Board of Directors since April 2013. He is Chairman of the Board of Directors of pension fund specialist Prevanto AG and Chairman of the Board of Directors of the St. Gallen-based media firm Kömedia AG. From April 2002 until December 2012 Martin Kall was CEO of Tamedia. Before working for Tamedia, Martin Kall was a member of the Ringier AG Group Management, where he headed both the European Publishing Division and the Swiss Magazines Division. From 1989 to 1996 he was with Bertelsmann Group, finishing as CEO of Bertelsmann Fachinformation GmbH in Munich. In 1989, he earned an MBA from Harvard Business School. He completed his studies in history and economics at the University of Freiburg im Breisgau and at the

London School of Economics and Political Sciences in 1987 with a master's degree in economics ("Diplom-Volkswirt").

Pierre Lamunière
Member of the Business Development Committee and of the Journalism Committee

Pierre Lamunière (CH/1950) has been a member of the Board of Directors since May 2009. After completing his studies in the US (MBA Wharton School, University of Pennsylvania) Pierre Lamunière joined Edipresse Group in 1977. From 1987, he headed the company as General Manager, and in 1998 he was named Chairman of the Board of Directors and Chief Executive Officer. From 1997 to 2002 Pierre Lamunière served on the Board of Directors of Swiss Post. He is Chairman of Lamunière Holding SA and its subsidiaries. Pierre Lamunière is also a member of the Management Board of the International Federation of the Periodical Press (FIPP) on which he served as Chairman from 2007 to 2009. From March 2008 to 2016, he was on the Board of Directors of Banque Cantonal Vaudoise (BCV).

Sverre Munck
Member of the Audit Committee

Sverre Munck (N/1953) has been a member of the Board of Directors since April 2018. An investor and professional board member, i. e. as Chairman of the Oslo Science Park, Sverre Munck was head of Group Strategy and Corporate Development and was Chairman of the International Editorial of Schibsted ASA until September 2013. He studied economics at Yale University and received his PhD from Stanford University in 1983. After completing his studies, Sverre Munck worked initially as an advisor to the Norwegian Ministry of Finance before working at McKinsey & Company Inc. from 1984 to 1987. He went on to be appointed CEO of Loki AS. In 1994, he joined Schibsted ASA as Chief Financial Officer and was subsequently appointed executive vice president of Multimedia in 1998.

Marina de Planta
Chair of the Audit Committee

After studying economics at Geneva University, Marina de Planta (CH/1965) worked for Ernst & Young for seventeen years, based in Geneva, Zurich and Hong Kong. She qualified as a tax expert with the Swiss Institute of Certified Accountants and Tax Consultants in 1992. Since 2010, Marina de Planta has been a partner and tax expert at the law practice Ducrest Heggli Avocats LLC in Geneva. Since 2003, Marina de Planta has been active on various boards of directors, for example in the fields of finance (Unigestion SA, Trufiswiss SA) and insurance (AXA Insurance Ltd. and AXA Life Ltd. in Winterthur). In addition, she teaches tax law at the Geneva School of Business Administration (HEG) and is a member of the Digital Competence Centre of the University of Applied Sciences Western Switzerland (HES-SO). She is also involved in non-profit organizations such as the Geneva committee of Human Rights Watch or the Act on Your Future foundation

Konstantin Richter
Member of the Journalism Committee and of the Audit Committee

Konstantin Richter (D/1971) has been a member of the Board of Directors since 2004. He began his professional career in 1997 as an assistant editor at the media trade magazine Columbia Journalism Review in New York. He was a reporter for the Wall Street Journal in Brussels from 1999 to 2001, and from 2004 to 2005 was the Co-Managing Director of the Rogner & Bernhard publishing company in Hamburg and Berlin. He is now based in Berlin, working as a freelance writer and journalist. He is the author of the novels "Bettermann" (2007), "Kafka war jung und brauchte das Geld" (2011) and "Die Kanzlerin – Eine Fiktion" (2017). He is a regular contributor to Die Zeit and Die Welt and is also a contributing writer for the US news portal Politico. He was awarded the German Reporter Prize in 2011 for an article in Die Zeit. Konstantin Richter has a BA in English Literature and Philosophy from Edinburgh University and a Master's degree from the Columbia University Graduate School of Journalism in New York. Konstantin Richter is a member of the founding family, which is linked by a shareholders' agreement and together hold the majority of Tamedia's shares.

Andreas Schulthess
Member of the Nomination and Compensation Committee and of the Audit Committee

Andreas Schulthess (CH/1970) has been a member of the Board of Directors since April 2019. He has already been on the Board of Directors from 2007 to 2013. He began his career in 1993, working as a student trainee in Tamedia's Human Resources Department. After completing his university studies, he became an IT business consultant in 2000, specialising in new technologies and e-business at Applied International Informatics and Cap Gemini (Switzerland) Ltd. After training as a coach and gaining relevant work experience in the field of management and personal development, he returned to operational human resources. He worked at Swiss Life Schweiz AG from 2005 to 2011, heading up Human Resources Management Switzerland. From 2011 to 2015, he devoted his attention to a family foundation and took care of various HR projects before joining Swiss Re Ltd in Zurich as Head HR Switzerland, a position he held until 2018. Andreas Schulthess graduated from the University of Zurich in 1999 with a Master's degree in economics. He also completed a postgraduate programme, obtaining an Executive Master of Human Resources Management from the Institute for Applied Psychology in Zurich. Andreas Schulthess is a member of the founding family, which is linked by a shareholders' agreement and together hold the majority of Tamedia's shares.

Emily Bell

Markus Gross

Mathias Müller von Blumencron

The Advisory Board for Media Technology and Innovation was created in autumn 2013. It has the mandate to provide advice and support to the Board of Directors and Management Board on matters relating to the further development of digital business and to the company's digital transformation. The mission of the Advisory Board, which is composed of seasoned experts in the fields of digital media, online business and digital technology, is to identify trends and new digital business fields at an early stage and to provide an external perspective on new investment opportunities and strategic partnerships.

Emily Bell

(GB/1965) has been a member of the Advisory Board for Media Technology and Innovation since February 2014. She is a professor and director of the Tow Center for Digital Journalism at the Columbia University Graduate School of Journalism in New York. Emily Bell is an internationally recognised expert and commentator on media issues. Until 2010, she was editor-in-chief of the Guardian website and director for digital content for Guardian News and Media Group. In this function she and her web team introduced new forms of communication such as live blogging, multimedia formats and social media. Since 2013, Emily Bell has been a member of the Board of Directors of Scott Trust, owner of Guardian Media Group.

Markus Gross

(CH/D/1963) has been a member of the Advisory Board for Media Technology and Innovation since October 2013. He is Vice President for Research and head of Disney Research|Studios. A native of Saarland, Markus Gross studied electronics and information technology at Saarland University, graduating with a PhD in computer graphics and image processing in 1989. He has worked at the Swiss Federal Institute of Technology Zurich since 1994 and founded its computer graphics laboratory. Since 2008, he has been director of DisneyResearch, one of the Walt Disney Company's international research facilities working in the fields of video technology, computational cinematography and human and face animation. Markus Gross received a technical achievement award from the Academy of Motion Picture Arts and Sciences in 2013.

Mathias Müller von Blumencron

(CH/D/1960) has been a member of the Advisory Board for Media Technology and Innovation since October 2013. He has been editor-in-chief of Tagesspiegel in Berlin since September 2018. From 2013 until end 2017 he has been responsible for all digital products of Frankfurter Allgemeine Zeitung in his capacity as editor-in-chief. Mathias Müller von Blumencron studied law and business administration at St. Gallen, Hamburg and Kiel. After completing his studies as a journalist at Henri-Nannen-Schule, he initially joined business magazine Das Capital as editor, before going on to work for Wirtschafts Woche. In 1992, Mathias Müller von Blumencron joined Der Spiegel magazine, first as editor for the Germany II section, then as correspondent in Washington and New York; from 2000, he built up Spiegel Online as editor-in-chief to the leading news site in Germany. From 2008 to 2013 he has been co-editor-in-chief of both the print and online editions.

Facing the future with flexibility and agility

Christoph Tonini,
Chief Executive Officer

The past year was a remarkable one in many different respects: existing advertising market trends favouring the GAFAs (Google, Amazon, Facebook and Apple) accelerated, new, international competitors gained a foothold on the Swiss market, and the evolution of the possibilities offered by technology increased the risk of disruption. Against this backdrop, we made major progress with the further development of our news platforms and digital marketplaces. These substantial investments in personnel and targeted investments in technology, coupled with the declining advertising market, saw Tamedia – renamed the TX Group with effect from 1 January 2020 – end the 2019 financial year with net income of CHF 97.8 million, well below the previous year's level.

Overall, we appear to have reached the next phase of digitalisation and transformation in the media industry, in which technology will play an even more significant role. A flexible and agile organisational structure is required in order to succeed in this environment of increasing complexity and rapid change. The Board of Directors and Management Board have thus worked together to develop a suitable corporate structure that will be fit for the future. The result is a new, decentralised organisational structure, which we introduced with effect from the start of 2020 under the TX Group umbrella. The group's growth and successful digital transformation are to be driven further forward with a streamlined Group Management and four largely autonomous business segments – TX Markets, Goldbach, 20 Minuten and Tamedia.

Expanding our digital journalism offerings remained a primary area of focus in the past year and contributed to a further increase in online subscriptions to our news platforms. At the end of 2019, we had around 90,000 active digital subscribers and sold over 160,000 day passes over the year. We will adapt our internal working processes in line with a "mobile first" approach and align our apps even more closely with user requirements so as to continuously improve our offerings.

To get to know our digital readers better, we also joined forces with CH Media, NZZ and Ringier to introduce a login feature, which will initially be optional, in German-speaking Switzerland in October 2019. We want to use this login to forge a stronger direct personal relationship with our customers, as is standard practice at nearly all the major US tech firms. Registration allows the media companies to know exactly who their visitors are, which is crucial if they are to offer personalised journalistic content and relevant, appropriate advertising. The login is expected to be rolled out to the media in French-speaking Switzerland owned by the initiative's founder members, and all media companies in the country (including SRG) have been invited to participate in it in the spirit of partnership. The aim is to introduce a mandatory login by the end of 2020.

Segment information

in CHF 000	2019	2018
Paid Media	512 886	533 778
Free Media and Commercialisation	293 733	236 121
Marketplaces and Ventures	272 929	240 734
Eliminations	–	–
Revenues	**1 079 548**	**1 010 633**
Paid Media	(507 628)	(529 510)
Free Media and Commercialisation	(226 982)	(181 138)
Marketplaces and Ventures	(202 872)	(148 092)
Eliminations	54 707	53 976
Operating expenses and share of net income/(loss) of associates / joint ventures	**(882 774)**	**(804 764)**
Paid Media	43 860	49 706
Free Media and Commercialisation	73 879	59 658
Marketplaces and Ventures	83 855	104 725
Eliminations	(4 820)	(8 219)
Operating income before depreciation and amortisation (EBITDA)	**196 773**	**205 869**
Paid Media	8.0%	8.6%
Free Media and Commercialisation	24.6%	24.8%
Marketplaces and Ventures	29.2%	41.4%
EBITDA margin	**18.2%**	**20.4%**

20 Minuten successfully defended its leading position in the reporting year as the daily medium with the widest coverage and celebrated its 20th anniversary with a number of exclusive concert series in typical commuter settings – on buses, trams or boats – featuring well-known Swiss artists. It also invested in further developing its product to ensure that Switzerland's most-used medium remains topical and in line with its readers in the future too. This investment was concentrated in particular on the two major trends in the media industry: integrating and expanding the use of sound and images on news platforms. Following the acquisition of the radio station Planet 105 broadcasting in German-speaking Switzerland, which focuses on young people and which has been run under the name 20 Minuten Radio since its integration in late November, users can now get their information and entertainment through the medium of sound. Unlike on conventional radio stations, listeners do not need to wait for the next news bulletin on the hour – news is simply broadcast as and when it happens. The radio's editorial team works together with the 20 Minuten newsdesk to make this happen. 20 Minuten also switched to "video first" during the reporting year – the evolution of its existing video strategy. To make this shift a success, investment was and continues to be made in the editorial team in order to supplement live reports on breaking news items and unexpected events with video content.

Goldbach was included in the consolidated figures for a full reporting period for the first time in 2019. It won the marketing account for the whole of CH Media's national TV portfolio, which now includes the broadcasters 3+, 4+, 5+, TV 24, TV 25 and S1. heute.at and Goldbach Austria also pooled their digital marketing expertise. Combining Goldbach's and Tamedia's online marketing activities is generating major synergy effects in network and single-site marketing. In the out-of-home advertising business, Neo Advertising won the contract to manage and market public display sites (advertising space on public land) as well as city maps on behalf of Bern city council. The management arrangement began in early 2020 and will run for at least eight years.

Our digital classifieds, marketplace and service portfolios made the largest contribution to net income once again. However, competition has grown fiercer now that Google has entered the jobs segment with "google for jobs" and Facebook now posts general classifieds and property rentals advertised by private individuals. The share of the e-commerce market held by Chinese players also increased significantly, prompting our platforms to make further targeted investments in enhancing and modernising their technology.

For example, the real estate platform Homegate expanded its team of developers and increased marketing spending. This meant that net income for the reporting year was somewhat lower than the previous year. The leading Swiss online marketplace Ricardo is also continuing to invest in modernising the technology behind its platform. It celebrated its 20th anniversary during the reporting year, marking the occasion with a revamped logo. Over these 20 years, a total of 78 million items have been sold via what an e-commerce study by Y&R Wunderman identified as the most popular online marketplace in Switzerland. Despite tougher competition, especially from platforms specialised in spidering (such as Indeed), social media channels, and "google for jobs" entering the Swiss market, the job platforms operated by JobCloud succeeded in keeping revenues and net income at the same high levels. Following its change of CEO, the Swiss market leader in the job vacancies segment also continued to hone its strategy in the reporting year.

As had already been announced in late 2018, we sold our 31 per cent stake in Swisscom Directories AG during the reporting year. Although this transaction improved the financial result, it also reduced net income for the associated companies in the Marketplaces and Ventures segment. In addition, the UK-based company See Ticket acquired the Starticket ticket portal from us with effect as of the end of the reporting year. This marked the next step in our strategy of focusing our investments on classifieds, marketplaces, fintechs and software as a service.

The challenges facing our media offerings and commercial digital platforms are not going to get any easier in the future either, and they vary considerably from one market to another. With effect from 1 January 2020, therefore, we introduced the new organisational structure referred to above, which comprises the four self-contained business segments of TX Markets, Goldbach, 20 Minuten and Tamedia. To underline this key step in our Group's evolution into a holding-company-style organisation, we decided to rename ourselves the TX Group, retaining the Tamedia name for the Paid Media business segment. Under the new organisational structure, the business segments will be given greater autonomy and responsibility as well as more flexibility and resources to align their business models to the requirements of their own individual markets. We want to create the best possible conditions for transparency and growth, including as part of potential partnerships. I will be assisting with the implementation of the new organisational structure until the end of June 2020 in my role as CEO, when I will hand over the reins of the group to our Chairman and Publisher, Pietro Supino.

I would like to take this opportunity to thank all the employees as well as the shareholders of the TX Group for the trust they have placed in me over the last 17 eventful years, and I look forward to retaining my involvement and association with the TX Group as a member of the Board of Directors, should I be fortunate enough to be elected at the Annual General Meeting in the spring.

Christoph Tonini
Chief Executive Officer

Christoph Tonini

Christoph Brand

Samuel Hügli

Michi Frank

Marcel Kohler

Sandro Macciacchini

Serge Reymond

Andreas Schaffner

Christoph Tonini
Chief Executive Officer

Christoph Tonini (CH/I/1969) has been Chief Executive Officer of Tamedia since January 2013. He joined Tamedia in April 2003 as Chief Financial Officer and member of the Management Board and in addition he took over in 2004 the responsibility of the Services Division. From 2008 to 2012 he was responsible among others for the Newspapers Switzerland, Media Switzerland and most recently the Digital & 20 Minuten Division. He was also Deputy CEO from 2007. Before joining Tamedia, Christoph Tonini held various positions for Ringier between 1998 and 2003. Ultimately, he held the position of Head of Ringier Hungary and Romania. Christoph Tonini completed an MBA at St. Gallen University from 2001 to 2003. Prior to that, he completed an apprenticeship in offset printing and studied at the Swiss Engineering School for Printing and Packaging (esig) in Lausanne from 1990 to 1993. Christoph Tonini is to become a member of the TX Group's Board of Directors in summer 2020 after handing over operational responsibility.

Christoph Brand
Classifieds & Marketplaces

Christoph Brand (CH/1969) has been a member of the Management Board since 1 October 2012 and is responsible for the Classifieds & Marketplaces Division. He has also been Deputy CEO since 2019. Formerly CEO of software company Adcubum, Christoph Brand was CEO of telecommunications firm Sunrise from 2006 to 2010, where he implemented a successful growth strategy. Prior to this, Brand was CEO of Bluewin and held key positions at Swisscom, latterly as Chief Strategy Officer and member of the Group Executive Board. In addition to his operational responsibilities, he also served on the boards of directors of Directories, Cinetrade, Swisscom Mobile and Micronas. Christoph Brand studied economics at the University of Berne from 1989 to 1995 and completed the Advanced Management Programme at INSEAD in 2000.

Samuel Hügli
Technology & Ventures

Samuel Hügli (CH/1970) has been a member of the Management Board since January 2017. He is responsible for the Technology & Ventures Division, which also includes responsibility for the businesses of Doodle, Zattoo, Olmero/Renovero and Starticket as well as various minority interests such as Lykke, Monito, Moneypark, Neon or Picstars. Between 2000 and 2011, Samuel Hügli held various positions at Ringier. As Head of Technology & Informatics and later as Group CIO, he was in charge of the media company's IT before he was appointed CFO of the Ringier Group in 2007. In 2012, Samuel Hügli became an independent management consultant for companies in Switzerland and in South Africa. He also served on several boards of directors. The trained typographer holds different management degrees from the ZFU, the St. Gallen Business School as well as the London Business School. Most recently, he attended a Strategic Business Management course at the University of Cape Town in South Africa.

Michi Frank
CEO Goldbach

Michi Frank (CH/1967), CEO of Goldbach Group, joined the Management Board of Tamedia in August 2018. He started his career in 1983 at Publicitas, Tages-Anzeiger and Cash (key-account customer service and sales manager print media). From 1994 to 2000 Michi Frank held the position of Managing Director of Belcom for Radio 24, Tele Züri resp. Tele 24. From 2001 to 2011 he served as CEO of the subsidiary Goldbach Media (Switzerland) and in 2012 he was named Delegate of the Board of Directors of Goldbach Media. In 2007 Michi Frank additionally assumed the role of Chief Sales Officer and Deputy CEO of Goldbach Group. He was appointed CEO of Goldbach Group in 2014.

Sandro Macciacchini
Finances & Human Resources

Sandro Macciacchini (CH/1966) has been a member of the Management Board since 1 January 2008 and is responsible for the Finances & Human Resources Division. He took over as head of Tamedia's Legal Department in 2003. He completed his law studies in 1995, qualifying as an attorney-at-law and beginning his career at a Berne-based law firm before working as a legal counsel for the Swiss Press Association until 1999. Sandro Macciacchini completed his dissertation on media law in April 2003. In 2006 he completed CAS training in financial and business accounting, and in 2009 he was awarded a Master of Advanced Studies Corporate Finance degree. In 2016 and 2017, he completed further studies in strategy, leadership and general management.

Andreas Schaffner
Publishing Services

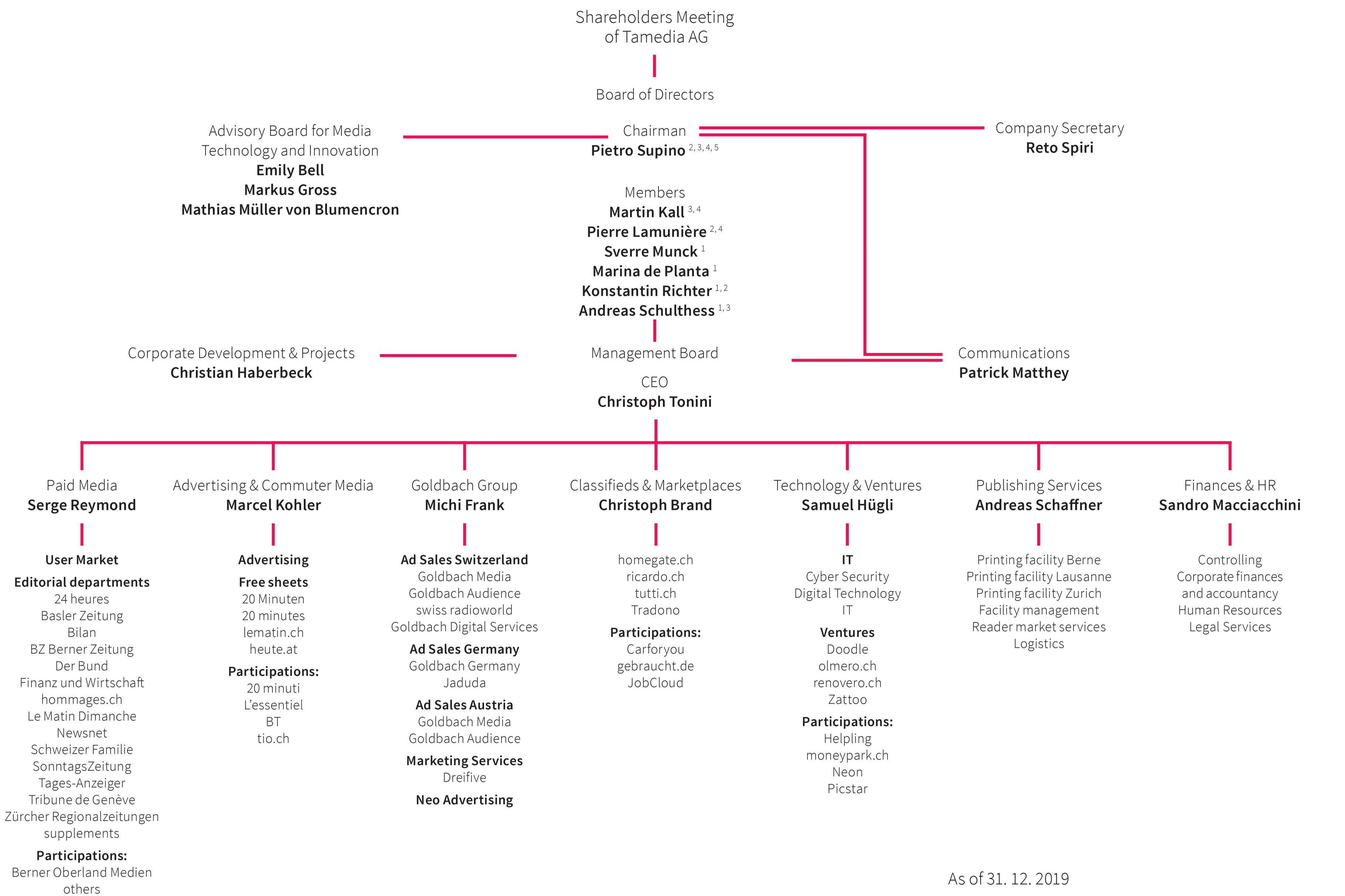
Andreas Schaffner (CH/F/1963) has been a member of the Management Board since 1 November 2009 and is responsible for the Publishing Services Division. In this position he is responsible for the three printing centres in Berne, Lausanne and Zurich, as well as the areas preliminary services, publishing logistics, reader-market services and facility management. After completing a bookbinder apprenticeship, Andreas Schaffner acquired professional and management experience in the graphic arts industry prior to studying engineering at the Ecole Suisse d'Ingénieur des Industries Graphiques in Lausanne. In 1995 he joined Ringier as a project manager, where he headed various services and printing areas before becoming CEO of Ringier Print Adligenswil in 2005. Andreas Schaffner, who successfully completed a part-time Executive MBA, was a member of the Ringier Switzerland Management Board from 2007 to 2009.

Marcel Kohler
Advertising & Commuter Media

Marcel Kohler (CH/1960) has been a member of the Management Board since January 2013 and is responsible for the Advertising & Commuter Media Division. He had previously been CEO of the 20 Minuten media network since 2006. He entered the media industry in 1982 when he joined Schaffhauser Bock. From 1985 Marcel Kohler worked in the publishing division of the Neue Zürcher Zeitung for over 20 years. He initially held the position of key account manager, before progressing to sales manager, head of advertising and deputy publishing director. He was also a member of the project team responsible for the launch of NZZ am Sonntag. He completed sales management training at the Swiss Marketing and Advertising Institute (SAWI) in Biel as well as further training in systems marketing at the University St. Gallen.

Serge Reymond
Paid Media

Serge Reymond (CH/1963) has been a member of the Management Board from 1 May 2011 until end of December 2019 and was responsible for the Paid Media Division. In addition he's an associate of Power Matrix Sàrl since end of 2015. Serge Reymond studied mathematics and economics at Lausanne University, gaining a first degree and an MBA. Prior to joining Tamedia, he worked for Galenica and the Swatch Group, among others, before taking on the management of the kiosk retail and distribution company Naville-Détail based in the French-speaking part of Switzerland in 1997. In 2007 Serge Reymond was appointed as the CEO of the entire Naville Group. Serge Reymond joined the Edipresse Group as deputy chief executive officer in 2009, taking on the role of CEO of Edipresse Suisse with effect from 1 June 2009.



As of 31. 12. 2019

[1] Members of the Audit Committee
[2] Members of the Journalism Committee
[3] Members of the Nominating and Compensation Committee
[4] Members of the Business Development Committee
[5] Chairman of the Advisory Board for Media Technology and Innovation

"Tamedia AG (Ltd) was renamed TX Group AG (Ltd) as of 1 January 2020. However, since this annual report refers to the financial year from 1 January to 31 December 2019, the name Tamedia or Tamedia AG is used in this report when reference is made to the Group or the parent company."

Operational reporting and market conditions	**17**
Market assessment	17
Paid Media	19
Free Media and Commercialisation	24
Marketplaces and Ventures	28
The business divisions at a glance (exhibit)	30

Financial overview	**31**
Accounting	31
Changes in the group of consolidated companies	32
Revenues	33
Operating income before depreciation and amortisation (EBITDA)	33
Net income (loss)	35
Balance sheet and equity	36
Consolidated normalised income statement	38
Multi-year comparison	39
Information for investors	40

Tamedia Group	**42**
Consolidated income statement	42
Consolidated balance sheet	44
Consolidated statement of cash flows	45
Statement of changes in equity	46
Notes to the consolidated financial statements	47
Consolidation principles	47
Measurement principles	50
Notes to the consolidated income statement, balance sheet, statement of cash flows and statement of changes in equity	57
Further disclosures in relation to the consolidated financial statements	93
Report of the statutory auditors	108

Tamedia AG	**113**
Income statement	113
Balance sheet	113
Notes to the annual financial statements	114
The Board of Directors' proposed appropriation of available earnings	122
Report of the statutory auditors	123

Compensation Report	**127**
Content and method of determining compensation and shareholding programmes	127
Total compensation paid to the Board of Directors, the Advisory Board and the Management Board	130
Compensation paid to the Board of Directors	131
Highest compensation paid to a member of the Management Board	132
Report of the statutory auditors	134

Corporate Governance	**135**
Group structure and shareholders	135
Capital structure	138
Board of Directors	139
Management Board	143
Shareholders' participation rights	144
Changes of control and defensive measures	145
Statutory auditors	145
Information policy	146

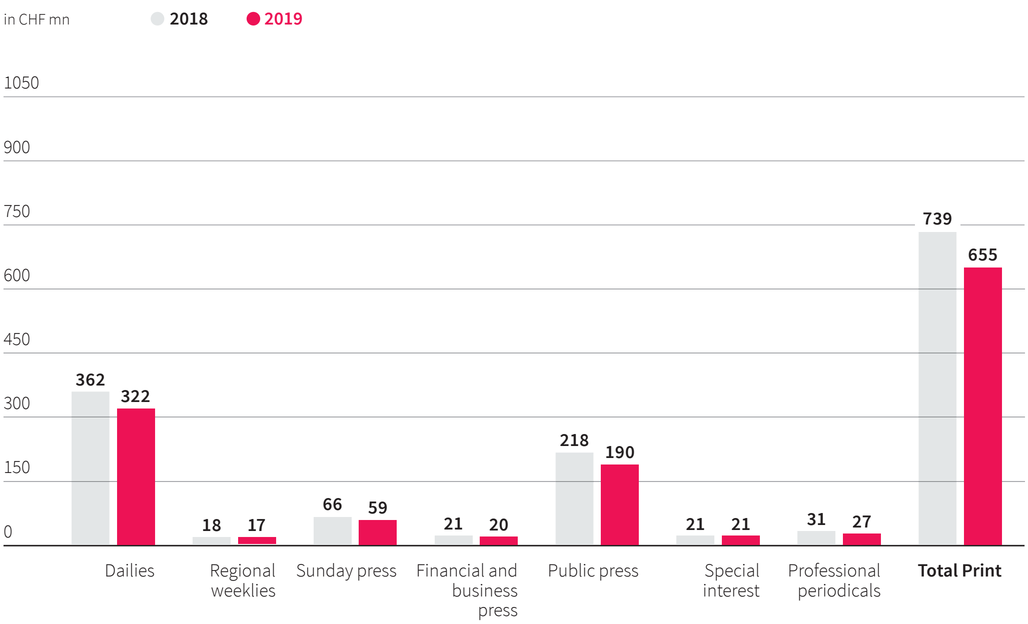
Market assessment

Global economy cooling – advertising market entering transformation

After the US/China trade disputes eased and the Brexit situation was largely cleared up in 2019, the global economy performed marginally better than the experts at the State Secretariat for Economic Affairs (SECO) had forecast. Exports of chemical and pharmaceutical products were a key contributor to this positive trend. By contrast, most service industries saw only muted growth or even slight falls in value creation according to SECO. Unemployment continued to fall in 2019 despite modest economic growth overall, with the seasonally adjusted average unemployment rate at 2.3 per cent for the 2019 reporting year – its lowest since April 2002.

According to Media Focus, total advertising expenditure rose by 2.4 per cent overall to CHF 7.3 billion in 2019, a new record for spending on the Swiss advertising market. As in the previous year, the leisure, catering and tourism sector (CHF +90 million) accounted for the highest advertising expenditure, spending over CHF 700 million for the first time ever. It was followed by the service sector (CHF +51 million), which increased advertising expenditure by 7.4 per cent year on year, and the finance sector (CHF +14 million), where advertising expenditure passed the CHF 600 million threshold for the first time. By contrast, the initiatives and campaigns (CHF –34 million), fashion and sport (CHF –20 million) and food (CHF –13 million) product groups spent much less on advertising than in the previous year.

Net advertising expenditure Print 2019



Source: Inseratestatistik WEMF AG für Werbemedienforschung

The statistics from Media Focus reveal that the media mix has changed in one respect in particular: there has been a further shift in advertising away from print publications and towards digital platforms, which pocketed as much as 40 per cent of all advertising expenditure. The Internet has thus gained an extra 4 per cent of the overall advertising pie year on year – exactly the same amount that print media have lost over the same period. Printed media now account for just over a fifth (21 per cent) of the advertising pie. Meanwhile, TV and cinema advertising (26 and 1 per cent respectively) managed to repeat their previous year's showing in gross terms. Out-of-home advertising increased its share to 10 per cent (previous year: 9 per cent), while radio advertising took home a 2 per cent (previous year: 3 per cent) slice of the advertising pie. It should be borne in mind that the statistics from Media Focus are gross figures and do not take account of any discounts granted by media companies.

By contrast, the advertising statistics from WEMF AG für Werbemedienforschung are based on the net print advertising revenues reported by the media companies, thus providing a more reliable picture of the advertising market trend for newspapers and magazines. Overall, the printed press lost over 11 per cent in revenues year on year in 2019, with advertising revenue falling across all categories as it had done in 2018. This hit the popular press and professional periodicals particularly hard, both of which shed over 13 per cent in advertising revenue. It was a similarly bleak story in the daily press I segment, for publications with a circulation of over 50,000: it suffered total losses of nearly 13 per cent, or 11 per cent for the Sunday press. Things were not quite so bad for the financial press, which lost 9 per cent, or the daily press II/III segment (circulation of less than 50,000), where the figure was 6 per cent. While the advertising statistics from WEMF indicate that print advertising for the jobs/recruitment sector contracted by –17 per cent, the Adecco Swiss Job Market Index suggests that recruitment held steady at its current level year on year. This means the trend for job vacancy advertisements to migrate from print to electronic media (in the form of job portals) is continuing.

Although SECO's group of experts is anticipating GDP growth of 1.7 per cent in 2020, this is expected to be driven mainly by major sporting events. As far as future developments are concerned, the various political risks – especially if the US/China trade conflict were to reignite and possibly spread to Europe and Switzerland – make it hard to forecast any further ahead. Our company is expecting revenue from print advertising to keep on falling this year. We are anticipating stability for TV and radio advertising, not least due to the major sporting events this year, and an increase in revenue for digital advertising (including out-of-home advertising).

Paid Media

Our daily and Sunday newspapers, which together with the newspaper printing plants make up the Paid Media business division, focused on their digital transformation in the reporting year. This saw them introduce new reporting formats – printed, online, audio and video – and new technological solutions, while the media portfolio was streamlined with the sale of the women's magazine Annabelle last autumn.

In line with the global trend in the media industry, our paid media trialled the increased use of various podcasts, amongst other things. These are audio files designed to inform and entertain listeners while they are out and about or simply at home on the sofa. At the same time, podcasts offer another platform for our journalists to share their specialist expertise. They include the talk show "Dritte Halbzeit" featuring our football experts from Basel, Bern and Zurich as well as the podcast "USA: Entscheidung 2020". Another successful example with a slightly different angle was the series of talks entitled "Wahrheit, Wein und Eisenring", all about taboos. Overall, download figures exceeded our expectations by some margin. Although we see podcasts as an attractive complement to our journalistic offering, good writing for our paid media remains our priority.

We also increased the number of video clips produced in house. Popular examples included the "Politbüro" format, which commented on all the goings-on surrounding the Swiss general election, and the video stories from the Digital news desk, which introduce the latest devices, gadgets and apps. These videos assess the usefulness, originality and innovative value of the various products and services. Another highly popular format is the "Sprachsprechstunde", which is devoted to cultivating the German language.

New technological solutions such as Google Assistant are also opening up new opportunities for interacting with our readership. Since the autumn, readers of Tages-Anzeiger, Basler Zeitung, BZ Berner Zeitung, Der Bund, 24 heures and Tribune de Genève have been able to ask Google Home to read the main information from their chosen medium out to them.

Despite a steady fall in advertising income, our company has decided to further develop these media by making targeted investments in journalism and technology. At the same time, we also see the switch amongst readers from printed newspapers to their online counterparts as an opportunity. To get to know our digital readers better, we joined forces with CH Media, NZZ and Ringier to introduce an initially optional login in German-speaking Switzerland. Using this login feature, this Swiss digital alliance hopes to forge a stronger direct personal relationship with the people who use the individual online journalism offerings, as is standard practice at nearly all the major US tech firms. Registration allows the media companies to know exactly who their visitors are, which is crucial if they are to offer personalised journalistic content and advertising. The media in French-speaking Switzerland are expected to follow suit over the course of the year. All media companies in Switzerland have also been invited to join the initiative, with the aim being to introduce a mandatory login at the end of 2020.

Our investment in new formats and technologies is not only being rewarded with greater interest from our readers – it is also being honoured with prizes. For instance, the Interactive team working on our daily newspapers won an illustrious industry award with their story "Ein Leben lang trächtig und am Ende eine Wurst – Von der Geburt bis zum Tod: das typische Leben einer Milchkuh in der Schweiz". Deutsche Presse-Agentur (dpa) presented the article, which boasted elaborate illustrations, with a dpa-Infografik Award in the main "News infographics" category. The FuW jetzt app also secured a "Best of Swiss Apps 2019" award in the "Design" category, with the jury highlighting the good legibility of the app's typography, which is embedded in a clear structure.

Schweizer Familie celebrated its 125th anniversary during the reporting year. In the run-up to the event, the magazine published a book on all 570 Schweizer Familie fire pits together with the publishers Werd & Weber as well as launching an accompanying website, schweizerfeuerstellen.ch. All of the fire pits are in prime locations across Switzerland, and some come with barbecue grills, firewood or even a shelter.

We sold the women's magazine Annabelle in the autumn in order to focus on publications that are primarily funded by subscription income.

Our three newspaper printing facilities, the Centre d'Impression Lausanne, Druckzentrum Bern and Druckzentrum Zürich, met their net income targets in the reporting year. Further cost-cutting measures are required at the centres, however, due in particular to falling printing prices. Thus logistics operations and the purchasing and recycling of printing paper are set to be optimised this year.

Revenues (operating revenues) from third parties generated by the Paid Media business division fell by 3.9 per cent to CHF 512.9 million in 2019 (previous year: CHF 533.8 million).

This decline in revenues was caused by the downturn in the print advertising market. As a result, the income before depreciation and amortisation (EBITDA) sank by 11.8 per cent to CHF 43.9 million (previous year: CHF 49.7 million). This impacted on the EBITDA margin, which now stands at 8.0 per cent (previous year: 8.6 per cent). Operating income before the effects of business combinations stands at CHF 16.2 million (previous year: CHF 29.5 million). The EBIT-adjusted margin reaches at 2.9 per cent.

Total Audience

Media combinations	Total Audience [1] 2019-2	Total Audience [1] 2018-2	Total Audience [1] 2017-2	Change 2019-2 / 2018-2
20 Minuten D-CH GES/20min.ch D-CH	3 335 000	3 119 000	3 032 000	6.9%
20 Minuten Friday/friday-magazine.ch	1 523 000	1 125 000	1 105 000	35.4%
20 Minutes Friday/friday-magazine.ch/fr [2]	395 000	(-)	(-)	(-)
20 Minuten National GES/ 20 Minuten Online & Tio.ch	4 372 000	4 183 000	4 098 000	4.5%
20 Minutes F-CH éd. totale/20min.ch W-CH	1 115 000	1 079 000	1 081 000	3.3%
20 Minuti I-CH/tio.ch	293 000	265 000	262 000	10.6%
24 Heures éd. totale/24heures.ch	595 000	560 000	597 000	6.3%
24 Heures, Tribune de Genève/ Newsnet W-CH [3]	1 127 000	1 019 000	1 105 000	10.6%
Basler Zeitung/baslerzeitung.ch	572 000	525 000	409 000	9.0%
BZ/Bund GES/Newsnet Bern	987 000	973 000	886 000	1.4%
BZ/Bund GES/bernerzeitung.ch)	759 000	783 000	740 000	–3.1%
BZ/Bund GES/derbund.ch	693 000	663 000	606 000	4.5%
Bilan/bilan.ch	183 000	175 000	172 000	4.6%
Femina/femina.ch	398 000	350 000	337 000	13.7%
Finanz und Wirtschaft/fuw.ch	223 000	208 000	204 000	7.2%
Le Matin Dimanche/lematin.ch	902 000	796 000	(-)	13.3%
Metropool, 24 Heures, Tribune de Genève/ Newsnet National [4]	3 265 000	3 241 000	3 141 000	0.7%
Metropool/Newsnet D-CH	2 201 000	2 231 000	2 229 000	–1.3%
Tages-Anzeiger/tagesanzeiger.ch	1 447 000	1 551 000	1 627 000	–6.7%
Tribune de Genève/tdg.ch	550 000	570 000	538 000	–3.5%

Source: WEMF AG, Total Audience 2019-2, 2018-2 and 2017-2, CH; Readers and Unique Users per month; figures rounded to full thousands

1 The Total Audience 2017-2 study methodically builds on the MACH Basic 2017-2 (survey: April 2016-April 2017) and NET-Metrix-Profile 2017-1 (survey: October 2016-December 2016) coverage studies. The Total Audience 2018-2 study methodically builds on the MACH Basic 2018-2 (survey: April 2016-April 2018) and NET-Metrix-Profile 2018-1 (survey: October 2017-December 2017) coverage studies. The Total Audience 2019-2 study methodically builds on the MACH Basic 2019-2 (survey: April 2017-April 2019) and NET-Metrix-Profile 2019-1 (survey: October 2018-December 2018) coverage studies.

2 Report from Total Audience 2019-2

3 from 2018-2 without Le Matin semaine (Print)

4 from 2018-2 without Le Matin semaine (Print) and Newsnet National incl. tio.ch (Online)

Readership

Title	MACH Basic [1] 2019-2	MACH Basic [1] 2018-2	MACH Basic [1] 2017-2	Change 2019-2 / 2018-2
20 Minuten D-CH GES	1 212 000	1 332 000	1 358 000	–9.0%
20 Minutes F-CH éd. totale	469 000	500 000	486 000	–6.2%
20 Minuti I-CH	88 000	92 000	88 000	–4.3%
24 Heures éd. totale	168 000	164 000	176 000	2.4%
Basler Zeitung	103 000	99 000	102 000	4.0%
Bilan	49 000	46 000	47 000	6.5%
BZ Berner Zeitung total issue (incl. Der Bund)	316 000	324 000	323 000	–2.5%
Das Magazin	525 000	531 000	538 000	–1.1%
Der Landbote	50 000	51 000	48 000	–2.0%
Femina	216 000	229 000	233 000	–5.7%
Finanz und Wirtschaft	81 000	87 000	91 000	–6.9%
GuideTV	(-)[2]	200 000	209 000	(-)
Le Matin Dimanche	333 000	384 000	395 000	–13.3%
L'essentiel (Luxembourg)	123 000[3]	124 000	130 000	–0.8%
Metropool	768 000	803 000	835 000	–4.4%
Metropool Weekend	965 000	1 010 000	1 052 000	–4.5%
Metropool and ZRZ GES N	924 000	973 000	1 000 000	–5.0%
Metropool and ZRZ GES N Weekend	1 144 000	1 199 000	1 233 000	–4.6%
Metropool and laRegione	854 000	891 000	(–)	–4.2%
Metropool and laRegione Weekend	1 076 000	1 121 000	(–)	–4.0%
Metropool and Top Deux	1 034 000	1 072 000	(–)	–3.5%
Metropool and Top Deux Weekend	1 309 000	1 364 000	(–)	–4.0%
Metropool TOTAL	1 275 000	1 329 000	(–)	–4.1%
Metropool TOTAL Weekend	1 598 000	1 664 000	(–)	–4.0%
Metroxpress / B.T. (Denmark)	255 000[4]	425 000	464 000	–40.0%
Schweizer Familie	510 000	577 000	594 000	–11.6%
SonntagsZeitung	518 000	549 000	581 000	–5.6%
Tages-Anzeiger	357 000	388 000	417 000	–8.0%
Télétop Matin	(-)[2]	234 000	258 000	(-)
Tribune de Genève	99 000	105 000	107 000	–5.7%
TV täglich	441 000	476 000	508 000	–7.4%
Zürcher Unterländer	40 000	40 000	43 000	0.0%
Zürichsee-Zeitung	51 000	71 000	63 000	–28.2%
ZRZ Zürcher Regionalzeitungen GES	193 000	217 000	212 000	–11.1%

Source: WEMF AG, MACH Basic 2019-2, 2018-2 and 2017-2, CH; figures rounded to full thousands
1 Concerns readership: Survey period MACH Basic 2019-2: April 2017 to April 2019
2 No report from GuideTV and Télétop Matin from MACH Basic 2019-2
3 Source: TNS ILRES, 2019.II, 2018.II and 2017.II https://www.tns-ilres.com/news/tns-ilres/
4 Source: 1st half of 2019, 2018 and 2017, Index Denmark/Gallup

Free Media and Commercialisation

The “Free Media and Commercialisation” business division, which comprises the 20 Minuten media network alongside the interests in BT in Denmark, L’essentiel in Luxembourg and Heute and heute.at in Austria as well as the marketing company Goldbach, had an eventful financial year.

The commercialisation business was restructured during the reporting year: after successfully bringing together the existing digital advertising teams under the Goldbach umbrella, we also brought the out-of-home provider Neo Advertising, in which we hold a majority stake, into its fold. As part of the restructure of the entire company, we also decided to pool all commercialisation activities under Goldbach with effect from the start of 2020. This means that Goldbach Publishing and 20 Minuten Advertising are now responsible for marketing our own publications alongside third-party products, particularly in the TV, radio and out-of-home advertising segments.

A number of key mandates were secured and extended in the reporting year, including the marketing account for the whole of CH Media’s national TV portfolio, which now includes the broadcasters 3+, 4+, 5+, TV 24, TV 25 and S1. In the out-of-home advertising business, Neo Advertising won the contract to manage and market public display sites (advertising space on public land) as well as city maps on behalf of Bern city council. The management arrangement began in early 2020 and will run for at least eight years.

As the successful marketing of our own publications and those of our clients is very important to us, we are keen to work together with advertisers on innovative solutions. These efforts were recognised by the advertising industry in the form of the Horizont Medien Award 2019: Goldbach was crowned best marketer for the eighth time in a row, while Tamedia Advertising (now Goldbach Publishing & 20 Minuten Advertising) won the prize for best media provider. The advertisers and agencies reserved particular praise for Tamedia’s services, consulting expertise and high level of digital nous.

The free publication 20 Minuten has enjoyed success on the Swiss market for an impressive 20 years now and celebrated this milestone with an exclusive concert series featuring well-known Swiss artists in Zurich, Berne, Basel, Lucerne and St. Gallen. Rather than performing at an actual event venue as might be expected, however, the musicians positioned themselves where commuters can be found out and about – on buses, trams or boats. The anniversary celebrations culminated with a big party in November featuring international music stars.

Of course, the reporting year was about more than just celebrations. A great deal of work and investment was also undertaken, particularly in further developing free media in an effort to remain readily in step with readers, focusing squarely on the “now”. We concentrated on the two major trends in the media industry: integrating sound and images into news platforms. This prompted us to acquire Planet 105, a broadcaster from German-speaking Switzerland with a focus on young people. It has been run under the name 20 Minuten Radio since its integration in late November. Unlike on conventional radio stations, listeners do not need to wait for the next news bulletin on the hour – news is simply broadcast as and when it happens. A close working relationship between the radio's editorial team and the 20 Minuten newsdesk ensures this level of immediacy. As well as being broadcast in the traditional way via VHF and DAB+, the station is also directly integrated into the 20 Minuten news app. 20 Minuten is addressing the second trend, that of video, by switching to "video first" – the evolution of its existing video strategy. Since the turn of the year, video content has been supplemented by even more live reports on breaking news items and unexpected events to inform users in real time and make them feel part of ongoing developments. This will be supported by investment in expanding the editorial team during the course of the year.

The app for the digital-only medium Le Matin was overhauled in the reporting year. To showcase the relaunch and firmly establish Le Matin as a digital-only portal for news, a new orange and white logo in a revamped font underlines the brand's contemporary image. Our investments in the news platform are being rewarded: for instance, Le Matin has seen daily user numbers climb by over 30 per cent year on year.

It is hoped that 20 Minuten Friday will also follow this successful example: whilst its online business has seen steady growth over the past few years, its printed version has suffered growing losses due to the constant decline in advertising revenue. The printed version of the magazine was discontinued for both language versions at the end of 2019 in order to be able to focus on expanding the digital side. 20 Minuten Friday has operated as a purely digital brand in German- and French-speaking Switzerland since 1 January 2020.

Revenues (operating revenues) from third parties generated by the Free Media and Commercialisation business division rose by 24.4 per cent in 2019 to CHF 293.7 million (previous year: CHF 236.1 million). The increased revenues were mainly due to the marketing company Goldbach being included in the figures for a full year for the first time. This pushed operating income before depreciation and amortisation (EBITDA) up by 23.8 per cent to CHF 73.9 million (previous year: CHF 59.7 million), the EBITDA margin remained practically unchanged at 24.6 per cent (previous year: 24.8 per cent). Operating income before the effects of business combinations amounted to CHF 67.9 million (previous year: CHF 57.8 million), equating to an EBIT-adjusted margin of 22.6 per cent.

Circulation

Title	Circulation [1] 2019	Circulation [1] 2018	Change 2019 / 2018
20 Minuten GES	424 592	436 344	–2.7%
20 Minuten Friday GES	150 034	158 287	–5.2%
20 minutes GES	169 453	172 154	–1.6%
20 minuti	32 192	32 158	0.1%
24 Heures GES	49 107	50 445	–2.7%
Basler Zeitung	40 422	43 688	–7.5%
BO Berner Oberländer	13 684	14 794	–7.5%
Bilan	10 915	12 848	–15.0%
Der Bund	35 944	37 800	–4.9%
BZ Berner Zeitung Ausgabe Stadt & Region Bern	35 881	38 358	–6.5%
BZ Berner Zeitung GES [2]	119 700	128 251	–6.7%
BZ Emmental	10 547	11 488	–8.2%
BZ Langenthaler Tagblatt	8 376	9 207	–9.0%
Das Magazin	256 054	293 456	–12.7%
Der Landbote	23 800	24 944	–4.6%
Femina	80 035	91 228	–12.3%
Finanz und Wirtschaft	21 797	22 701	–4.0%
GuideTV	115 060	115 361	–0.3%
Le Matin Dimanche	79 900	89 827	–11.1%
L'essentiel (Luxembourg) [3]	n.a.	96 892	
Schweizer Familie	129 717	140 736	–7.8%
SonntagsZeitung	146 126	152 566	–4.2%
Tages-Anzeiger	130 957	140 800	–7.0%
Tribune de Genève	31 282	33 566	–6.8%
TT Thuner Tagblatt	15 268	16 604	–8.0%
Zürcher Unterländer	14 452	15 793	–8.5%
Zürichsee-Zeitung	20 417	26 743	–23.7%

Source: WEMF AG, Circulation confirmation 2019 and 2018
1 Total circulation. Survey period begins on 1 April and ends on 31 March of the following year.
2 BZ Berner Zeitung total issue (incl. Der Bund)
3 https://www.cim.be/fr/presse/brand-reports

User figures

Websites	NET-Metrix-Profile [1] 2019-2	NET-Metrix-Profile [1] 2018-2	Change 2019-2 / 2018-2
20 Minuten Friday	1 044 000	929 000	12.4%
20 minutes Friday	249 000	275 000	–9.5%
20 Minuten Online & Tio.ch Kombi	3 618 000	3 512 000	3.0%
20min.ch D-CH	2 917 000	2 751 000	6.0%
20min.ch W-CH	937 000	906 000	3.4%
tio.ch	340 000	268 000	26.9%
baslerzeitung.ch	568 000	483 000	17.6%
Bilan	145 000	154 000	–5.8%
doodle.com	1 216 000	1 146 000	6.1%
femina.ch	201 000	173 000	16.2%
fuw.ch	172 000	151 000	13.9%
heute.at [2]	1 806 000	1 754 000	3.0%
lessentiel.lu [3]	106 700	94 800	12.6%
Der Landbote	89 000	103 000	–13.6%
Newsnet Bern	837 000	720 000	16.3%
bernerzeitung.ch	639 000	562 000	13.7%
derbund.ch	440 000	387 000	13.7%
Newsnet DCH	1 898 000	1 738 000	9.2%
Newsnet National	2 904 000	2 658 000	9.3%
Newsnet WCH	1 152 000	973 000	18.4%
24heures.ch	596 000	509 000	17.1%
LeMatin.ch	857 000	694 000	23.5%
tdg.ch	612 000	540 000	13.3%
schweizerfamilie.ch [4]	(-)	376 000	(-)
tagesanzeiger.ch	1 434 000	1 379 000	4.0%
Tamedia Network - Full Reach	4 524 000	4 371 000	3.5%
Tamedia Network - News & Editorial	4 226 000	(-)	(-)
Tamedia Publications romandes	1 199 000	1 024 000	17.1%
Tamedia Zürcher Regionalzeitungen	196 000	226 000	–13.3%
zsz.ch	75 000	95 000	–21.1%
zuonline.ch	50 000	54 000	–7.4%

Source: NET-Metrix AG, NET-Metrix-Profile 2019-2 and 2018-2, CH; Unique Users (persons) per month; figures rounded to full thousands
1 Survey period from 1 April to 30 June of the respective year of publication
2 Source: Österreichische Webanalyse (ÖWA) 2019-II and 2018-II http://www.oewa.at/plus/medienanalyse
3 Source: TNS ILRES, 2019.II and 2018.II https://www.tns-ilres.com/news/tns-ilres/
4 No record of schweizerfamilie.ch from NET-Metrix profile 2019-2

Marketplaces and Ventures

The Marketplaces and Ventures business division further increased its revenues in the reporting year. In particular, the first-time consolidation of Zattoo helped grow revenue levels, as did the job platforms run by JobCloud AG. Our digital platforms once again invested substantial sums in further developing their technology during the reporting year to counter the threat posed by disruption from international competitors. Although this eroded profitability slightly, the reporting year ended strongly in net income terms.

The property platform Homegate achieved its revenue targets in the reporting year. These were more modest than in the previous year because of investments in technology – particularly the expansion of the developer team – and in marketing for the platform. Further developing Switzerland's leading property platform is a necessary step because the competition has grown stronger in the past year, especially over free advertisements for private customers.

JobCloud worked together with Zurich University of Applied Sciences (ZHAW) to analyse the tone and language of hundreds of thousands of advertisements on jobs.ch and jobup.ch. They found significant variation between the sectors: whilst job adverts posted by chemical and pharmaceutical companies contained a great many expressions with positive connotations, some for posts in health and social care, public administration, associations, transport and logistics included negative terms. However, neutrally worded job adverts make up the majority. The job platforms operated by JobCloud reached more users than in the previous year overall. At the same time, the competition grew in the form of platforms specialising in spidering, social media channels, and Google Jobs' entry into the Swiss market. Nevertheless, JobCloud still managed to grow revenues and maintain net income at the same high level.

The leading Swiss online marketplace Ricardo celebrated its 20th anniversary in the reporting year, marking the occasion with a revamped logo. Over these 20 years, it has seen 78 million items sold for a total of CHF 8.5 billion. The Swiss online retail pioneer has a total of 3.7 million users, with 1,000 new ones joining every day. The leading group of new members in the reporting year were the 18- to 25-year-olds, which might have been down to the growing need for sustainable consumption (the "circular economy") amongst this age bracket. Ricardo was also crowned Switzerland's most popular online marketplace in an e-commerce study by Y&R Wunderman.

Following our announcement back in August 2018 that we planned to take a majority stake in the TV streaming platform Zattoo, the acquisition was approved by the Federal Competition Commission (COMCO) and the German Federal Cartel Office in April of the reporting year. Zattoo is the undisputed market leader for TV streaming in Switzerland. The end-customer business of Magine TV Germany was also acquired in order to strengthen what is a leading position in Germany too.

The second main pillar of Zattoo's activities is business-to-business "TV as a service" platform, where it boasts global operations and a leading position on the European market.

The fintech portfolio was expanded during the reporting year with the acquisition of an interest in Neon, which provides an easy and very quick banking solution in the form of a smartphone app. Following the registration process, users can access a bank account without any standing charge as well as a free credit card. Neon has seen new customers join in their droves over the past few months.

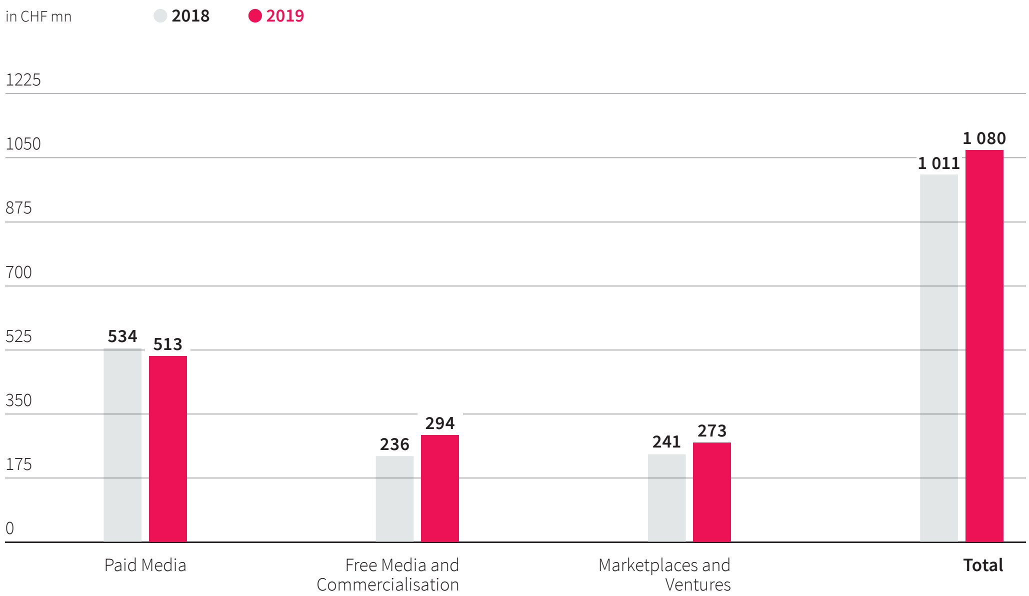
The scheduling platform Doodle further expanded its subscription business for key accounts during the reporting year, especially in the USA, as well as launching "Doodle 1:1" for one-to-one meetings. The new feature allows suggested dates and times to be displayed and then confirmed directly in an e-mail. The platform worked together with Google to introduce the new service, becoming one of the first development partners for Google's new "AMP (Accelerated Mobile Pages) for Email" feature.

The Marketplaces and Ventures business division saw the sale of the stake in Swisscom Directories AG during the reporting year. Although this improved the financial result, it also reduced net income for the associated companies in the segment. We also sold Starticket to See Ticket with effect from the end of the reporting year in order to focus our investments on classifieds, marketplaces, fintechs and software as a service.

Revenues (operating revenues) from third parties generated by the Marketplaces and Ventures business division rose by 13.4 per cent in 2019 to CHF 272.9 million (previous year: CHF 240.7 million). This increase came thanks to organic growth and the first-time consolidation of Zattoo. By contrast, operating income before depreciation and amortisation (EBITDA) fell by 19.9 per cent to CHF 83.9 million (previous year: CHF 104.7 million). The EBITDA margin came to 29.2 per cent (previous year: 41.4 per cent) due not least to investing in extra staff to further the development of digital platforms, higher operating expenses caused by the acquisition of Zattoo, and investments in Carforyou. This led to an operating income before the effects of business combinations of CHF 76.0 million (previous year: CHF 100.4 million), equating to an EBIT-adjusted margin of 26.5 per cent.

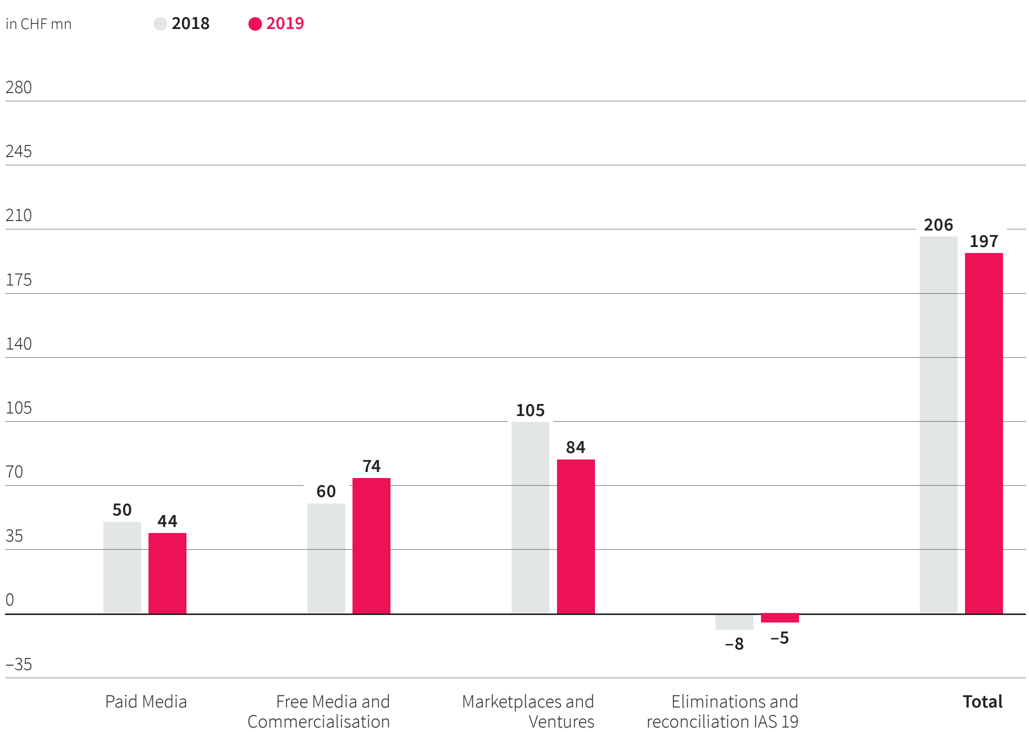
Revenues third parties by segment

Exhibit 1



EBITDA by segment

Exhibit 2



Financial overview

Alternative key performance figures

Tamedia uses the following alternative key performance figures:

- Operating income before depreciation and amortisation (EBITDA)
- Operating income before effects of business combinations
- Consolidated normalised income statement

Detailed information on how the alternative key performance figures are derived can be found at www.tx.group/key-performance-figures.

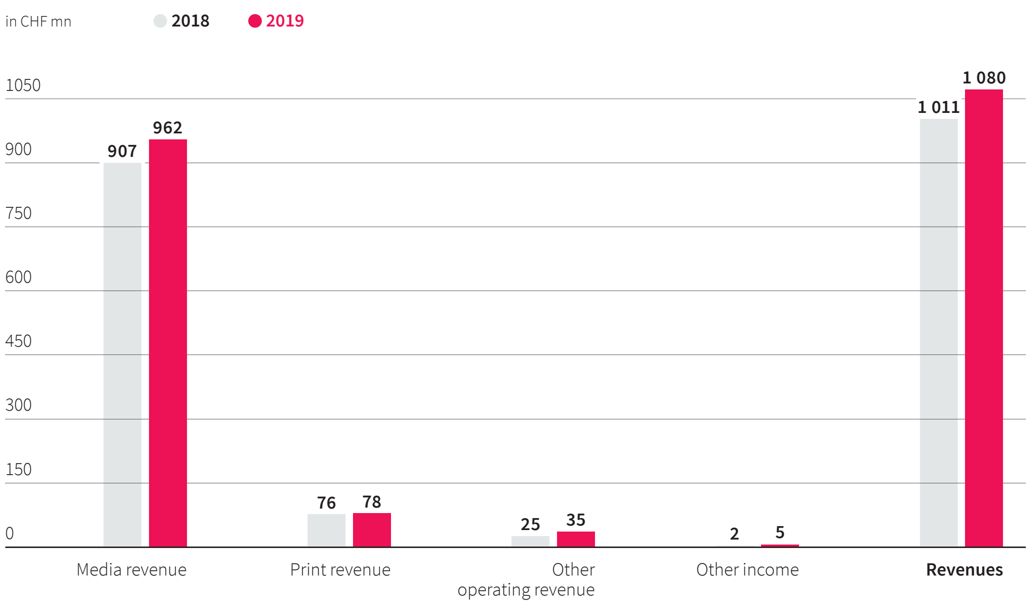
Accounting

Tamedia applied the following new and revised standards and interpretations for the first time in 2019 (no early adoption).

- IFRS 16, "Leases"
- IAS 19, "Plan Amendment, Curtailment or Settlement" (Amendments to IAS 19, "Employee Benefits")
- IFRS 9, "Prepayment Features with Negative Compensation" (Amendments to IFRS 9, "Financial Instruments")
- IAS 28, "Long-term Interests in Associates and Joint Ventures" (Amendments to IAS 28, "Investments in Associates and Joint Ventures")
- IFRIC 23, "Uncertainty over Income Tax Treatments"

Exhibit 3

Revenues



Apart from the introduction of the new IFRS 16 standard "Leases", the first-time application did not lead to any significant changes in the consolidation and measurement principles or in the assets or income situation.

Applying IFRS 16, "Leases", means that right-of-use assets have been capitalised under property, plant and equipment and leasing obligations have been reported under current and non-current financial liabilities since 1 January 2019. Through the introduction of the new standard, operating income before depreciation and amortisation (EBITDA) for 2019 is around CHF 12.1 million higher as the expenditure associated with operating leases was previously recorded under other operating expenses, while depreciation of right-of-use assets is shown under depreciation and amortisation. So the impact of IFRS 16 on operating income (EBIT), net income (loss) and net income (loss) per share is minimal. The previous year's figures have not been restated.

Changes to the group of consolidated companies

Acquisitions

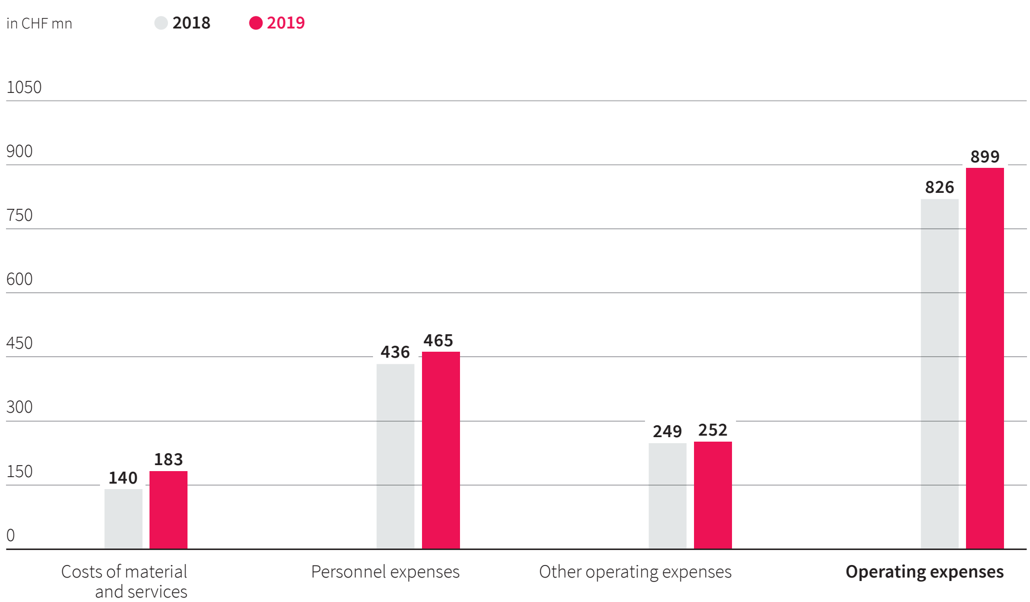
Tamedia has exercised its call option to raise its stake in Zattoo International AG and become the majority shareholder and, as of 1 April 2019, acquired a further 21.1 per cent of the shares in Zattoo International AG, which is based in Zurich. Together with the previous interest amounting to 28.9 per cent, Tamedia has a majority interest of 50 per cent plus one share.

Disposal of consolidated companies and activities

On 30 December 2019, Tamedia AG sold its 100 per cent interest in Starticket AG to See Tickets S.A., Paris.

Operating expenses

Exhibit 4



Revenues

Tamedia's revenues increased by 6.8 per cent, or CHF 68.9 million, to CHF 1,079.5 million due to the changes to the group of consolidated companies – particularly the acquisition of Zattoo Group in 2019 and the acquisitions of Basler Zeitung, Goldbach Group and Neo Advertising SA, whose revenues were recognised in the 2019 figures for a full year for the first time. This growth more than offset the continued fall in revenues from existing activities, which has been caused by structural issues. Further information on changes in revenues can be found in the segment reporting for each business division (see "Market assessment").

Operating income before depreciation and amortisation (EBITDA) and operating income (EBIT)

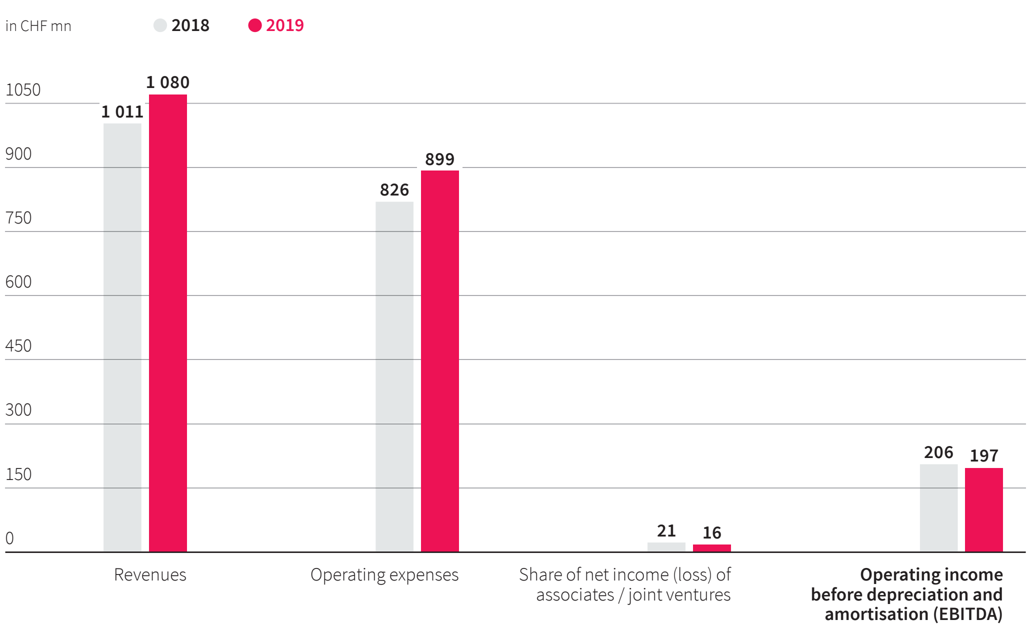
Operating income before depreciation and amortisation (EBITDA) fell by CHF 9.1 million or 4.4 per cent to CHF 196.8 million. The EBITDA margin decreased therefore from 20.4 per cent in the previous year to 18.2 per cent.

The costs of material and services increased by 30 per cent in 2019 to CHF 182.5 million. CHF 24.2 million of the CHF 39.5 million increase in service costs is attributable to the change to the group of consolidated companies. IT service costs rose, mainly due to the project costs for pushing forward digitisation in the publishing business, further developing the digital marketplaces and introducing the new ERP software.

At CHF 465.0 million, or 43 per cent of operating revenues, personnel expenses once again represented the largest expense item in the 2019 reporting year. They increased by CHF 28.7 million or 7 per cent. Changes to the group of consolidated companies generated additional personnel expenses of CHF 44.1 million.

Exhibit 5

Operating income before depreciation and amortisation (EBITDA)



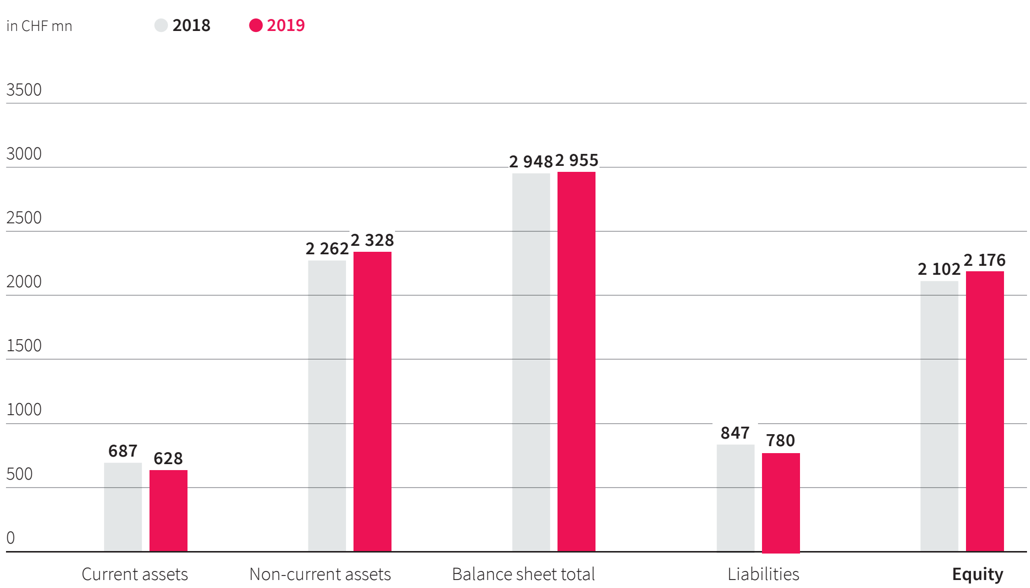
Other operating expenses grew by CHF 2.5 million or 1 per cent during the reporting year to CHF 251.7 million. Without any changes to the group of consolidated companies, other operating expenses would have fallen by some CHF 23.3 million. This decline is partly attributable to the specific valuation allowances recorded in the previous year for receivables due from Publicitas in the amount of CHF 6.0 million as well as to the introduction of IFRS 16, under which the majority of operating lease payments are no longer recorded under other operating expenses.

The share of net income of associates and joint ventures dropped by CHF 4.7 million to CHF 16.5 million in 2019, mainly due to the sale of Swisscom Directories AG. Operating income (EBIT) fell by 46 per cent or CHF 61.2 million to CHF 70.4 million, reducing the EBIT margin from 13.0 per cent in the previous year to 6.5 per cent.

Ongoing depreciation and amortisation rose by CHF 15.2 million to CHF 41.5 million year on year. Of this amount, CHF 12.1 million is due to the first-time reporting of the depreciation of the right-of-use assets capitalised in accordance with IFRS 16. The further increase is attributable to the changes to the group of consolidated companies. Depreciation and amortisation resulting from mergers climbed by CHF 14.5 million to CHF 60.1 million. This was primarily because Basler Zeitung AG, Goldbach Group and Neo Advertising SA, all acquired in 2018, were included in the figures for a full year for the first time and because the depreciation and amortisation contributed by the Zattoo Group was reported for the first time in 2019. Following the annual goodwill impairment test for each cash-generating unit, impairment on goodwill of CHF 24.7 million was recognised on 31 December 2019, as against CHF 2.3 million in the previous year.

Balance sheet

Exhibit 6



Net income (loss)

The reported net income for 2019 of CHF 97.8 million represents a decrease of 25 per cent or CHF 31.8 million below the previous year's level of CHF 129.5 million. The net income attributable to Tamedia's shareholders decreased from CHF 96.5 million to CHF 64.8 million, or by 32.9 per cent.

Financial income grew from CHF 6.1 million to CHF 24.4 million. On 18 December 2018, Swisscom AG exercised its call option in relation to the 31 per cent share held by Tamedia in Swisscom Directories AG and acquired this for CHF 239.8 million on 22 January 2019. Revenue of CHF 18.7 million was recorded from this sale. With effect from 30 December 2019, Tamedia also sold its 100 per cent interest in Starticket AG to See Tickets S.A., Paris, which generated revenue of CHF 7.2 million.

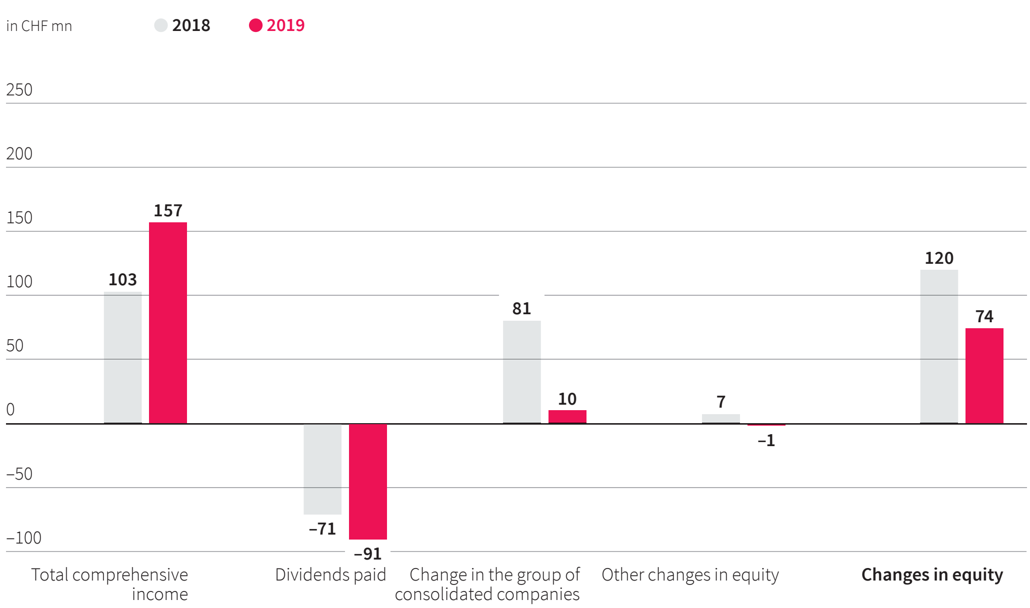
The expected average tax rate equals the weighted average of the rates of the consolidated companies. This was 21.8 per cent in 2019 (previous year: 21.2 per cent).

The effective tax rate changed from 6.0 per cent to –3.1 per cent. Unrecognised deferred tax assets on tax loss carryforwards result from the estimate that, based on their income situation, the relevant companies do not fulfil the prerequisites for the realisation of losses. Once again, there were tax effects on investments, which mainly resulted from book depreciation and amortisation on their carrying amounts (without any deferred tax consequences) and significantly reduced the tax expenses.

Amendments to cantonal tax laws and thus new income tax rates entered into force in various cantons on 1 January 2019 and 1 January 2020. Adoption of the revised tax law in the canton of Zurich will reduce its income tax rate to 7 per cent from 1 January 2021. This has already been factored into the calculation of deferred tax assets and liabilities. These adjustments reduced deferred tax liabilities by CHF 14.6 million in net terms, resulting in tax income of the same amount.

Exhibit 7

Changes in equity



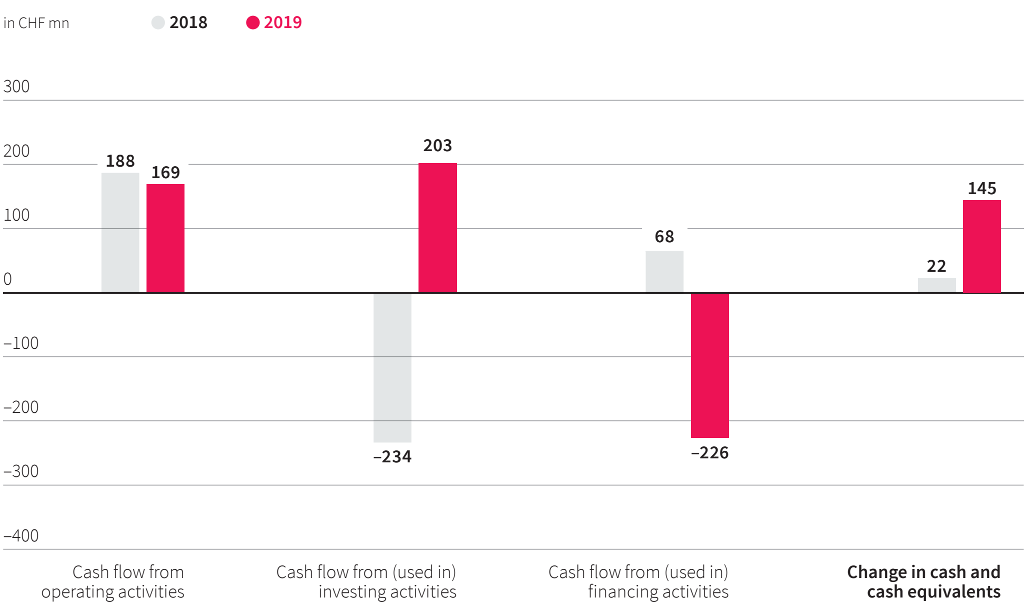
Balance sheet and equity

Total assets grew by CHF 7.0 million, from CHF 2,948.4 million to CHF 2,955.5 million, while equity increased by CHF 74.0 million to CHF 2,175.7 million. In addition to net income, more factors as the revaluation of employee benefits, that was recognised in the statement of comprehensive income, has contributed to the change. The net amount of CHF 63.8 million (after deferred taxes) for the revaluation of employee benefits, recognised directly as equity, resulted mainly from the performance of employee benefit assets (previous year: CHF –22.9 million). CHF 47.7 million (CHF 4.50 per share) was distributed to the Tamedia AG shareholders as a dividend. The company's equity ratio increased from 71.3 per cent to 73.6 per cent.

The current assets from continuing operations increased by CHF 161.9 million to CHF 627.5 million. Cash and cash equivalents grew by CHF 145.3 million to total CHF 291.2 million.

There were no assets held for sale as at 31 December 2019. The investment in the associated company Swisscom Directories AG amounting to CHF 221.1 million had been reported under assets held for sale in the previous year. Swisscom Directories AG was sold with effect from 22 January 2019. Non-current assets rose by CHF 66.3 million or 3 per cent to CHF 2,328.0 million. The year-on-year increase in property, plant and equipment was due to the acquisition of Zattoo Group and the first-time capitalisation of right-of-use assets in accordance with IFRS 16. Intangible assets fell by CHF 59.5 million to CHF 1,784.4 million, mainly due to the increased amortisation of such assets resulting from the acquisitions. Investments in property, plant and equipment and in intangible assets amounted to CHF 24.3 million and related mainly to investments in software project costs that can be capitalised and in assets under construction. On the other side, depreciation of property, plant and equipment and amortisation of intangible assets amounted to CHF 101.6 million, impairment on goodwill to CHF 24.7 million and disposals to CHF 1.9 million.

Cash flow **Exhibit 8**



The share of equity in associates and joint ventures fell by CHF 5.2 million in net terms to CHF 65.9 million, mainly due to the first-time consolidation of Zattoo Group. The value of the investment in Swisscom Directories AG had already been reclassified under assets held for sale with effect from 31 December 2018. The revaluation of employee benefit plans means that net plan assets of CHF 93.3 million are included in the balance sheet for 2019 (previous year: CHF 20.9 million). Employee benefit assets and liabilities totalled CHF 136.3 million and CHF 43.0 million respectively. Other non-current financial assets increased by CHF 10.9 million to CHF 26.8 million. During 2019, Jobcloud AG acquired a 16 per cent interest in Joveo Inc. for CHF 9.9 million, and Tamedia AG took a 10 per cent stake in neon Switzerland AG for CHF 1.4 million. Tamedia also upped its investment in Picstars AG to 12 per cent.

Current liabilities from continuing operations dropped by CHF 85.4 million to CHF 514.3 million. Current and non-current financial liabilities decreased by CHF 74.6 million to CHF 84.3 million. The CHF 120.0 million credit facility, which had been arranged in 2018 in connection with the acquisition of the Goldbach Group, was repaid in full in January 2019. This means there are no longer any non-current bank liabilities as of 31 December 2019. Goldbach Group AG has a bank liability with an amount of CHF 20.0 million and a term to early 2020. As of balance sheet date, there were current and non-current leasing obligations in the amount of CHF 11.2 million and CHF 33.0 million respectively. The increase in other current liabilities is partly due to higher advance payments of CHF 3.4. Deferred revenues and accrued liabilities rose by CHF 11.9 million from CHF 325.9 million to CHF 337.8 million, with some CHF 8.0 million of this growth resulting from changes to the group of consolidated companies. Current and non-current provisions amounted to CHF 14.8 million, down by CHF 0.6 million year on year. This drop came about because the personnel-related provisions that had been set aside in the previous year, particularly for the social plans for Le Matin and Tamedia Editorial Services staff in French-speaking Switzerland, were utilised.

Non-current liabilities increased by CHF 18.4 million to CHF 265.5 million. The growth in non-current financial liabilities is due to the first-time recognition of the leasing liabilities in the amount of CHF 33.0 million. By contrast, the CHF 20.0 million bank loan taken out by Goldbach Group was reclassified under current liabilities with effect from 31 December 2019. Employee benefit obligations increased by CHF 6.7 million to CHF 43.0 million due to the revaluation of benefit plans. Deferred tax liabilities dropped by CHF 6.1 million to CHF 160.3 million.

Consolidated normalised income statement

in CHF 000	Comment	2019 Income statement	2019 One-off effects	2019 Adjusted net income	2018 Income statement	2018 One-off effects	2018 Adjusted net income
Media revenue		962 070	–	962 070	907 159	–	907 159
Print revenue		77 516	–	77 516	75 971	–	75 971
Other operating revenue		35 007	–	35 007	25 182	–	25 182
Other income	1	4 955	(3 500)	1 455	2 321	–	2 321
Revenues		**1 079 548**	**(3 500)**	**1 076 048**	**1 010 633**	**–**	**1 010 633**
Costs of material and services		(182 545)	–	(182 545)	(140 374)	–	(140 374)
Personnel expenses	2	(465 028)	–	(465 028)	(436 365)	3 268	(433 097)
Other operating expenses	3	(251 668)	–	(251 668)	(249 150)	6 040	(243 110)
Share of net income (loss) of associates / joint ventures		16 466	–	16 466	21 125	–	21 125
Operating income before depreciation and amortisation (EBITDA)		**196 773**	**(3 500)**	**193 273**	**205 869**	**9 308**	**215 177**
Depreciation and amortisation		(41 545)	–	(41 545)	(26 328)	–	(26 328)
Operating income before effects of business combinations		**155 228**	**(3 500)**	**151 728**	**179 541**	**9 308**	**188 849**
Amortisation resulting from business combinations		(60 061)	–	(60 061)	(45 607)	–	(45 607)
Impairment	4	(24 730)	24 730	–	(2 293)	2 293	–
Operating income (EBIT)		**70 438**	**21 230**	**91 668**	**131 640**	**11 601**	**143 241**
Financial income	5	30 098	(25 895)	4 202	11 256	(5 479)	5 777
Financial expense		(5 672)	–	(5 672)	(5 113)	–	(5 113)
Income before taxes		**94 863**	**(4 665)**	**90 198**	**137 783**	**6 122**	**143 905**
Income taxes	6	2 895	(16 578)	(13 683)	(8 246)	(16 270)	(24 516)
Net income/(loss)		**97 758**	**(21 243)**	**76 515**	**129 537**	**(10 148)**	**119 389**

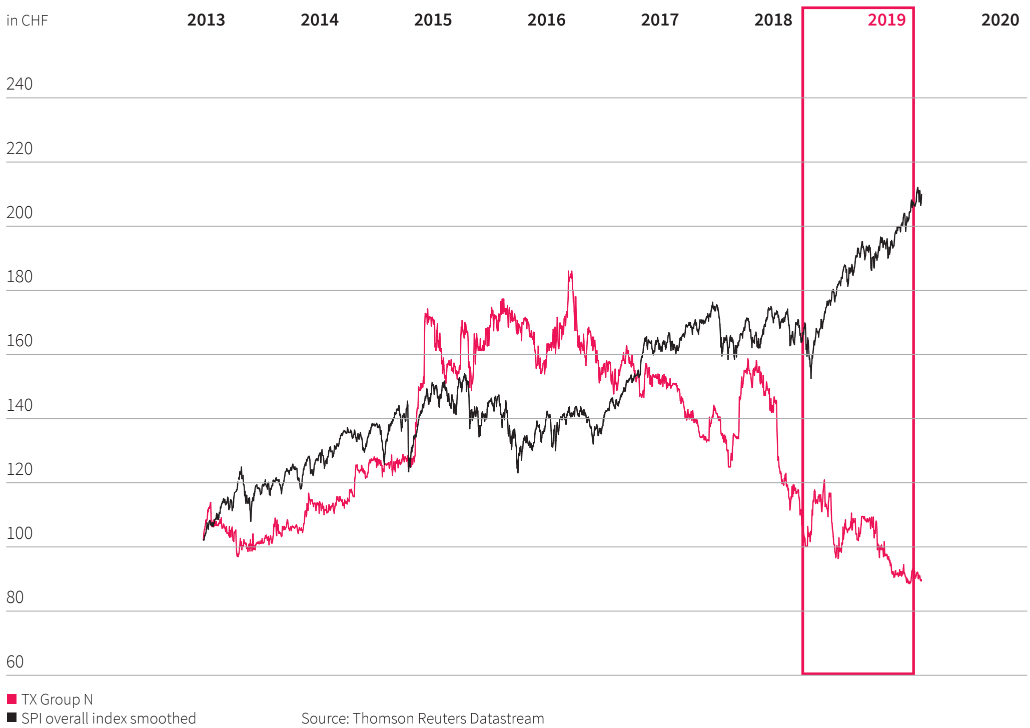
1 The 2019 adjustment relates to the gain from the sale of the Annabelle activity from Tamedia AG.
2 Personnel expenses were adjusted in 2018 for the cost of social plans for employees affected by the discontinuation of Le Matin.
3 The elimination in 2018 relates to the individual value adjustments on the receivables from Publicitas, which became insolvent.
4 The adjustment 2019 relates to the impairment of goodwill of the cash-generating unit Paid Media. In 2018, the goodwill of Tradono Switzerland was fully impaired due to the discontinuation of its operations in September 2018.
5 The 2019 adjustment relates to the capital gain from the sale of the 31 per cent stake in Swisscom Directories AG. The adjustment in 2018 relates to the disposal gains from the sale of the 65 per cent interest in Tagblatt der Stadt Zürich AG, the 100 percent interest in FZ Furttaler Zeitung AG and the 50 per cent interests in Société de Publications Nouvelles SA and LC Lausanne Cités SA.
6 In the financial year and in the comparative period, an adjustment is made for the tax effects on the special effects. 2019 also includes the effect of the adjustment of the tax rate in various Swiss cantons on deferred tax assets and liabilities. In 2018, the effect from the adjustment of the tax rate in the canton of Vaud on deferred tax assets and liabilities is also taken into account.

Multi-year comparison

		2019	2018	2017	2016	2015
Revenues	CHF mn	1 079.5	1 010.6	974.2	1 004.8	1 063.8
Growth		6.8%	3.7%	–3.0%	–5.5%	–4.5%
Operating income before depreciation and amortisation (EBITDA)	CHF mn	196.8	205.9	245.2	201.0	243.4
Growth		–4.4%	–16.0%	22.0%	–17.5%	1.2%
Margin [1]		18.2%	20.4%	25.2%	20.0%	22.9%
Operating income (EBIT)	CHF mn	70.4	131.6	180.7	113.5	130.6
Growth		–46.5%	–27.2%	59.3%	–13.1%	–23.3%
Margin [1]		6.5%	13.0%	18.6%	11.3%	12.3%
Net income	CHF mn	97.8	129.5	170.2	122.3	334.0
Growth		–24.5%	–23.9%	39.1%	–63.4%	109.4%
Margin [1]		9.1%	12.8%	17.5%	12.2%	31.4%
Headcount (average)	Number	3 662	3 330	3 204	3 282	3 338
Revenues per employee	CHF 000	294.8	303.5	304.0	306.2	318.7
Current assets	CHF mn	627.5	686.7	330.9	308.9	343.2
Non-current assets	CHF mn	2 328.0	2 261.7	2 182.5	2 112.2	2 165.6
Total assets	CHF mn	2 955.5	2 948.4	2 513.3	2 421.1	2 508.9
Liabilities	CHF mn	779.8	846.8	543.7	665.0	847.4
Equity	CHF mn	2 175.7	2 101.7	1 969.6	1 756.1	1 661.5
Cash flow from (used in) operating activities	CHF mn	169.2	187.7	223.3	178.6	195.3
Cash flow from (used in) investing activities	CHF mn	202.6	(233.6)	(14.6)	(11.1)	(250.1)
Cash flow after investing activities	CHF mn	371.8	(45.9)	208.6	167.5	(54.9)
Cash flow from (used in) financing activities	CHF mn	(225.9)	68.8	(149.0)	(202.9)	56.8
Change in cash and cash equivalents	CHF mn	145.3	22.5	60.2	(35.4)	1.2
Return on equity [2]		4.5%	6.2%	8.6%	7.0%	20.1%
Equity ratio [3]		73.6%	71.3%	78.4%	72.5%	66.2%
Internal financing ratio of net investment [4]		–83.5%	80.4%	1527.4%	1609.2%	78.1%
Quick ratio II [5]		120.7%	76.7%	92.3%	70.3%	76.9%
Debt factor [6]	x	0.9	2.1	1.0	2.3	2.7

1 As a percentage of revenue
2 Net income (loss) including non-controlling interests to shareholders' equity at year-end
3 Equity to total assets
4 Cash flow from (used in) operating activities to cash flow from (used in) investment activities
5 Current assets before assets held for sale excluding inventories to current liabilities
6 Net debt (liabilities less current assets before assets held for sale and excluding inventories) to cash flow from (used in) operating activities

Share price performance from 3 January 2013 to 4 February 2020



Share price

in CHF	2019	2018	2017	2016	2015
High	121.00	157.50	161.80	183.90	175.50
Low	89.80	101.00	132.00	150.00	124.50
Year-end	93.70	105.50	138.00	156.00	171.00

Market capitalisation

in CHF mn	2019	2018	2017	2016	2015
High	1 283	1 670	1 715	1 949	1 860
Low	952	1 071	1 399	1 590	1 320
Year-end	993	1 118	1 463	1 654	1 813

Financial calendar

Annual General Meeting	3 April 2020
Half-year report	25 August 2020

Key figures per share

in CHF		2019	2018	2017	2016	2015
Net income (loss) per share (undiluted)		6.11	9.12	13.87	9.89	30.32
Net income (loss) per share (diluted)		6.10	9.08	13.82	9.86	30.27
EBIT per share		6.65	12.44	17.06	10.71	12.32
EBITDA per share		18.57	19.45	23.15	18.97	22.97
Free cash flow per share		35.08	(4.33)	19.70	15.81	(5.18)
Shareholders' equity per share [1]		173.44	166.48	163.46	143.95	134.52
Dividends per share		3.50 [2]	4.50	4.50	4.50	4.50
Dividend pay-out rate [3]		37.9%	36.7%	28.0%	39.0%	14.3%
Dividend yield [4]		3.7%	4.3%	3.3%	2.9%	2.6%
Price/earnings ratio [4]	x	15.3	11.6	9.9	15.8	5.6
Price to EBIT ratio [4]	x	14.1	8.5	8.1	14.6	13.9
Price to EBITDA ratio [4]	x	5.0	5.4	6.0	8.2	7.4
Price to revenues ratio [4]	x	0.9	1.1	1.5	1.6	1.7
Price to free cash flow ratio [4]	x	2.7	(24.3)	7.0	9.9	(33.0)
Price to equity ratio [4]	x	0.5	0.6	0.8	1.1	1.3

1 Equity, attributable to Tamedia shareholders
2 Proposed appropriation of profit by the Board of Directors
3 Based on net income (loss)
4 Based on year-end price

Capital structure

The share capital of CHF 106 million is divided into 10,600,000 registered shares at nominal value of CHF 10 each. There is no authorised or conditional capital. The company holds treasury shares for profit participation plans as per Notes 32 and 42.

A binding shareholders' agreement is in place for 67.00 per cent of the shares. The signatories to the agreement currently own 69.10 per cent of the shares.

Appropriation of profit

Tamedia pursues a results-based distribution policy. As a rule, 35 to 45 per cent of profit is distributed in the form of dividends.

Investor Relations

TX Group AG
Sandro Macciacchini
Head of Finances, Personnel and Investor Relations
Werdstrasse 21
CH-8021 Zurich
Tel.: +41 (0) 44 248 41 92
E-mail: investor.relations@tx.group

Consolidated income statement

in CHF 000	Note	2019	2018 [1]
Media revenue	4	962 070	907 159
Print revenue	5	77 516	75 971
Other operating revenue	6	35 007	25 182
Other income	7	4 955	2 321
Revenues		**1 079 548**	**1 010 633**
Costs of material and services	8	(182 545)	(140 374)
Personnel expenses	9	(465 028)	(436 365)
Other operating expenses	10	(251 668)	(249 150)
Share of net income/(loss) of associates / joint ventures	11	16 466	21 125
Operating income before depreciation and amortisation (EBITDA)		**196 773**	**205 869**
Depreciation and amortisation	12	(41 545)	(26 328)
Operating income before effects of business combinations		**155 228**	**179 541**
Amortisation resulting from business combinations	12	(60 061)	(45 607)
Impairment	12	(24 730)	(2 293)
Operating income (EBIT)		**70 438**	**131 640**
Financial income	13	30 098	11 256
Financial expense	13	(5 672)	(5 113)
Income before taxes		**94 863**	**137 783**
Income taxes	14	2 895	(8 246)
Net income/(loss)		**97 758**	**129 537**
of which			
attributable to Tamedia shareholders		64 760	96 466
attributable to non-controlling interests	17	32 998	33 071

1 Due to a new definition of depreciation and amortisation from business combinations, there was a reclassification vis-à-vis the previous year from depreciation and amortisation proper to depreciation and amortisation from business combinations in the amount of CHF 3.2 million.

Earnings per share

in CHF	Note	2019	2018
Net income/(loss) per share (undiluted)	18	6.11	9.12
Net income/(loss) per share (diluted)	18	6.10	9.08

Consolidated statement of total comprehensive income

in CHF 000	Note	2019	2018
Net income		**97 758**	**129 537**
Value fluctuation of hedges / financial assets	38	(3 602)	(1 885)
Currency translation differences		(2 301)	(2 766)
Income tax effects		744	782
Other comprehensive income/(loss) – to be reclassified via the income statement in future periods		**(5 159)**	**(3 868)**
Actuarial gains/(losses) IAS 19	23	77 872	(29 008)
Share of net income/(loss) recognised directly in equity of associates / joint ventures	11	–	39
Income tax effects		(13 910)	6 092
Other comprehensive income/(loss) – not to be reclassified via the income statement in future periods		**63 962**	**(22 877)**
Other comprehensive income/(loss)		**58 803**	**(26 745)**
Total comprehensive income (loss)		**156 561**	**102 791**
of which			
attributable to Tamedia shareholders		125 473	69 792
attributable to non-controlling interests		31 088	32 999

Consolidated balance sheet

in CHF 000	Note	31.12.2019	31.12.2018
Cash and cash equivalents		291 194	145 923
Current financial assets		–	1 187
Trade accounts receivable	19	242 930	240 245
Current financial receivables		33 294	26 354
Current tax receivables		9 013	8 962
Other current receivables		16 058	14 380
Accrued income and prepaid expenses		28 317	22 681
Inventories	20	6 699	5 921
Current assets before assets held for sale		**627 505**	**465 653**
Assets held for sale	16	–	221 096
Current assets		**627 505**	**686 750**
Property, plant and equipment	21	306 741	271 264
Investments in associates / joint ventures	11	65 897	71 123
Employee benefit plan assets	23	136 310	57 135
Other non-current financial assets	22	26 789	15 877
Deferred tax assets	15	7 805	2 397
Intangible assets	24/25	1 784 414	1 843 894
Non-current assets		**2 327 955**	**2 261 690**
Total assets		**2 955 460**	**2 948 440**
Current financial liabilities	26	33 898	125 680
Trade accounts payable	27	81 137	92 564
Current tax liabilities		12 458	11 830
Other current liabilities	28	46 010	39 568
Accrued liabilities from contracts with customers	29	259 144	250 850
Other accrued liabilities	29	78 662	75 046
Current provisions	30	2 955	4 092
Current liabilities		**514 263**	**599 631**
Non-current financial liabilities	26	50 382	33 193
Employee benefit obligations	23	42 998	36 276
Deferred tax liabilities	15	160 335	166 397
Non-current provisions	30	11 799	11 288
Non-current liabilities		**265 514**	**247 155**
Total liabilities		**779 777**	**846 786**
Share capital	31	106 000	106 000
Treasury shares	32	(914)	(3 579)
Reserves		1 732 917	1 659 396
Equity, attributable to Tamedia shareholders		**1 838 003**	**1 761 817**
Equity, attributable to non-controlling interests		337 680	339 837
Equity		**2 175 683**	**2 101 654**
Total liabilities and shareholders' equity		**2 955 460**	**2 948 440**

Consolidated statement of cash flows

in CHF 000	Note	2019	2018
Direct method			
Receipts from products and services sold	4/5/6	1 049 188	950 269
Personnel expense	9	(472 525)	(419 163)
Expenditures for material and services received	8/10	(390 057)	(337 362)
Dividends from associates / joint ventures	11	11 837	30 719
Interest paid	13	(1 408)	(1 060)
Interest received	13	133	250
Other financial result	13	680	(2 186)
Income taxes paid	14	(28 697)	(33 722)
Cash flow from (used in) operating activities		**169 151**	**187 745**
Investment in property, plant and equipment	21	(14 381)	(16 610)
Sale of intangible assets	21	1 534	110
Sale of assets held for sale	16	239 828	–
Investments in consolidated companies	1	(6 397)	(192 624)
Sale in consolidated companies	1	7 904	3 371
Investments in interests in associates/joint ventures	11	(81)	(2 053)
Sale in interests in associates/joint ventures	11	4	5 849
Investment in other financial assets	22	(17 150)	(21 891)
Sale of other financial assets	22	853	115
Investments in intangible assets	24	(9 925)	(9 875)
Sale of intangible assets	24	413	–
Cash flow from (used in) investing activities		**202 601**	**(233 608)**
Dividends paid to Tamedia shareholders	31	(47 700)	(47 648)
Dividends paid to non-controlling interests		(43 607)	(22 857)
Proceeds of current financial liabilities	26	1 495	185 001
Repayment of current financial liabilities	26	(126 970)	(66 653)
Repayment of lease liabilities	35	(11 875)	–
Proceeds of non-current financial liabilities	26	5 106	16 397
Repayment of non-current financial liabilities	26	(1 407)	(291)
(Purchase)/sale of treasury shares	32	(914)	(3 584)
Acquisition of non-controlling interests		–	(1 594)
Sale of interests held by minority shareholders		–	10 000
Cash flow from (used in) financing activities		**(225 872)**	**68 771**
Impact of currency translation		**(608)**	**(423)**
Change in cash and cash equivalents		**145 272**	**22 485**
Cash and cash equivalents as of 1 January		145 923	123 438
Cash and cash equivalents as of 31 December		291 194	145 923
Change in cash and cash equivalents		**145 272**	**22 485**

Statement of changes in equity

in CHF 000	Share capital	Treasury shares	Currency translation differences	Reserves	**Equity, attributable to Tamedia shareholders**	Equity, attributable to non-controlling interests	**Equity**
As of 31 December 2017	**106 000**	**(1 635)**	**(2 671)**	**1 629 858**	**1 731 552**	**238 028**	**1 969 580**
Effect of change “Revenue from Contracts with Customers” IFRS 15[1]	–	–	–	11 588	**11 588**	–	**11 588**
Status 1 January 2018 after introduction ”Revenue from Contracts with Customers” IFRS 15	**106 000**	**(1 635)**	**(2 671)**	**1 641 447**	**1 743 141**	**238 028**	**1 981 168**
Net income/(loss)	–	–	–	96 466	**96 466**	33 071	**129 537**
Share of net income/(loss) recognised directly in equity of associates / joint ventures	–	–	–	39	**39**	–	**39**
Value fluctuation of hedges / financial assets	–	–	–	(1 885)	**(1 885)**	–	**(1 885)**
Actuarial gains/(losses) IAS 19	–	–	–	(29 082)	**(29 082)**	74	**(29 008)**
Currency translation differences	–	–	(2 636)	–	**(2 636)**	(130)	**(2 766)**
Income tax effects	–	–	387	6 503	**6 890**	(16)	**6 874**
Total comprehensive income	**–**	**–**	**(2 249)**	**72 041**	**69 792**	**32 999**	**102 791**
Dividends paid	–	–	–	(47 648)	**(47 648)**	(22 857)	**(70 505)**
Change in the group of consolidated companies	–	–	–	–	**–**	81 286	**81 286**
Acquisition of non-controlling interests	–	–	–	(2 436)	**(2 436)**	615	**(1 822)**
Sale of non-controlling interests	–	–	–	313	**313**	9 767	**10 081**
Share-based payments	–	–	–	599	**599**	–	**599**
(Purchase)/sale of treasury shares	–	(1 944)	–	–	**(1 944)**	–	**(1 944)**
As of 31 December 2018	**106 000**	**(3 579)**	**(4 920)**	**1 664 316**	**1 761 817**	**339 838**	**2 101 654**
Net income/(loss)	–	–	–	64 760	**64 760**	32 998	**97 758**
Share of net income/(loss) recognised directly in equity of associates / joint ventures	–	–	–	–	**–**	–	**–**
Value fluctuation of hedges / financial assets	–	–	–	(3 602)	**(3 602)**	–	**(3 602)**
Actuarial gains/(losses) IAS 19	–	–	–	80 213	**80 213**	(2 341)	**77 872**
Currency translation differences	–	–	(2 246)	–	**(2 246)**	(55)	**(2 301)**
Income tax effects	–	–	–	(13 653)	**(13 653)**	487	**(13 166)**
Total comprehensive income	**–**	**–**	**(2 246)**	**127 719**	**125 473**	**31 088**	**156 561**
Dividends paid	–	–	–	(47 700)	**(47 700)**	(43 607)	**(91 307)**
Change in the group of consolidated companies	–	–	–	–	**–**	10 227	**10 227**
Share-based payments	–	–	–	(4 252)	**(4 252)**	134	**(4 118)**
(Purchase)/sale of treasury shares	–	2 665	–	–	**2 665**	–	**2 665**
As of 31 December 2019	**106 000**	**(914)**	**(7 166)**	**1 740 083**	**1 838 003**	**337 680**	**2 175 683**

1 The associated company Swisscom Directories AG has adjusted the opening balance sheet as of 1 January 2018 in connection with the introduction of “Revenues from Contracts with Customers” IFRS 15, see note 11.

Notes to the consolidated financial statements

Consolidation and measurement principles

Consolidation principles

General
The consolidated financial statements of Tamedia AG, Werdstrasse 21, Zurich (Switzerland), and its subsidiaries are prepared in accordance with Swiss company law and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The consolidation is based on the individual financial statements of the consolidated companies as at 31 December, which are prepared according to uniform accounting principles. All standards issued by the IASB and all interpretations issued by the International Financial Reporting Interpretations Committee that were in force by the balance sheet date have been considered during the preparation of the consolidated financial statements.

The preparation of the consolidated financial statements requires that the Management Board and the Board of Directors make estimates and assumptions that impact the amounts of the assets and liabilities, contingent liabilities, as well as the expenditures and income disclosed in the consolidated financial statements for the reporting period. These estimates and assumptions not only take past experience into account, but also developments in the state of the economy, and are mentioned wherever relevant in the Notes. As they are subject to risks and uncertainties, the actual results may differ from these estimates.

In particular, the estimates and assumptions applied to the areas listed below had a material impact on the consolidated financial statements in the reporting year. The estimates made are set out in detail in the Notes provided.
– Capitalisation of loss carryforwards (Notes 14 and 15)
– Impairment testing of goodwill and intangible assets with an indefinite useful life (Note 25)
– Assessment of financial risks (Note 37)

The consolidated financial statements were approved by the Board of Directors on 24 February 2020. The Board of Directors proposes that the Annual General Meeting of 3 April 2020 approves the consolidated financial statements.

Changes in accounting policies in 2019
Tamedia applied the following new and revised standards and interpretations for the first time in 2019 (not earlier than required).
– IFRS 16, “Leases”
– IAS 19, “Plan Amendment, Curtailment or Settlement” (Amendments to IAS 19, “Employee Benefits”)
– IFRS 9, “Prepayment Features with Negative Compensation” (Amendments to IFRS 9, “Financial Instruments”)
– IAS 28, “Long-term Interests in Associates and Joint Ventures” (Amendments to IAS 28, “Investments in Associates and Joint Ventures”)
– IFRIC 23, “Uncertainty over Income Tax Treatments”

Apart from the introduction of the new IFRS 16 “Leases” standard, the first-time application did not lead to any material changes in the consolidation and measurement principles or in the assets or income situation.

IFRS 16, “Leases”

Tamedia is applying IFRS 16, “Leases”, from 1 January 2019 according to the modified retrospective method (simplified method), meaning that the adjustments to the new standard are reflected in the opening balance sheet as at 1 January 2019 and the previous year 2018 has not been retrospectively adjusted.

As at 1 January 2019, Tamedia has recorded right-of-use assets and lease liabilities in the amount of CHF 54.4 million in each case. Right-of-use assets are capitalised in the balance sheet under property, plant and equipment, while lease liabilities are shown as current and non-current financial liabilities. Besides the capitalisation of right-of-use assets and the recognition of lease liabilities in the same amount, the introduction of IFRS 16 did not result in any further changes in the opening balance sheet as at 1 January 2019.

Through the introduction of the new standard, operating income before depreciation and amortisation (EBITDA) for 2019 is around CHF 12.1 million higher, as the expenditure associated with operating leases was previously recorded under other operating expenses, while depreciation of right-of-use assets is shown under ongoing depreciation and amortisation. Therefore, the impact of IFRS 16 on operating income (EBIT), overall net income (loss) and net income (loss) per share is minimal. Lease payments (amortisation component) are now shown as repayment of lease liabilities under cash flow from (used in) financing activities in the consolidated statement of cash flows, whereas they used to be recorded under cash flow from (used in) operating activities in previous years.

The principles of accounting to be applied with IFRS 16, “Leases”, are set out in the section on measurement principles. The capitalised right-of-use assets, the lease liabilities on the liabilities side, the effect in terms of depreciation and amortisation in the income statement and on the financial result as well as the impact on the statement of cash flows are set out in the individual Notes to the consolidated financial statements. The information regarding IFRS 16 is also summarised in Note 35 regarding leases.

Impact of new accounting policies in 2020 and thereafter

The new and revised standards and interpretations that are to be applied to the consolidated financial statements for the first time in 2020 or later were not applied earlier than required. The introduction of the revised standards is not expected to have any material impact on the consolidated financial statements.

Group of consolidated companies

All companies over which Tamedia AG exercises control either directly or indirectly are included in the consolidated financial statements. Companies acquired during the reporting year are included in the consolidated financial statements as at the date on which control was assumed, and companies sold are excluded from the consolidated financial statements as at the date on which control was surrendered.

Consolidation method

The consolidated financial statements comprise the financial statements of the parent company and the companies it controls. The company gains control if it:

- can exercise power of disposal over the associated companies,
- is exposed to fluctuations in returns as a result of its investment, and
- is able to influence returns on the basis of its power of disposal.

The assets, liabilities, revenues and expenses of the companies included in the group of consolidated companies are accounted for in their entirety using the full consolidation method. The non-controlling interests in equity and net income (loss) are disclosed separately in the balance sheet and the income statement.

Joint ventures in which Tamedia AG directly or indirectly holds 50 per cent of the voting rights or over whose financial and operational decisions it exercises control based on agreements entered into with partners, thereby owning rights to the net assets of the joint venture, are accounted for using the equity method.

Investments in companies in which Tamedia AG directly or indirectly holds less than 50 per cent of the voting rights (associates) and over whose financial or operational decisions it does not exercise any control but over which it has significant influence are also accounted for using the equity method.

The recognition of joint ventures and associates in the consolidated financial statements is explained under investments in associates and joint ventures.

Capital consolidation

The share of equity of consolidated companies is accounted for using the acquisition method. There is the option with regard to any business combination of measuring the non-controlling interests at fair value or according to the proportion of assets acquired. In the case of business combinations that are achieved in stages, the fair value of the previously held equity interest is remeasured to fair value at the acquisition date. Any gains or losses and any costs incurred in relation to the acquisition are directly recognised in the income statement.

Treatment of intercompany profits

Profits on intragroup sales not yet realised through sales to third parties as well as gains from the intragroup transfer of property, plant and equipment and investments in subsidiaries are eliminated from the consolidation.

Foreign currency translation

The consolidated financial statements of Tamedia are presented in CHF. Monetary items in foreign currency in the individual financial statements are translated at the exchange rate applicable on the balance sheet date. Foreign currency transactions executed during the financial year are recognised at the average monthly exchange rate. The resulting exchange rate differences are recognised directly in the income statement. Assets and liabilities of subsidiaries whose functional currency is not the CHF are converted in the consolidated financial statements using the price on the reporting date, while items in the income statement are converted using the average price.

Measurement principles

Cash and cash equivalents
Cash and cash equivalents include cash on hand, postal and bank account balances and time deposits with an original term of up to three months, which are measured at nominal value.

Current financial assets
Current financial assets include marketable securities, time, sight and demand deposits with an original maturity of more than three months but not more than twelve months, as well as current derivative financial instruments.

Publicly traded marketable securities are measured at quoted market prices as at the balance sheet date. Securities that are not publicly traded are measured at fair value. Time, sight and demand deposits are measured at nominal value. Any realised and unrealised price differences for these items and for marketable securities are recognised in the income statement, with the exception of unrealised price differences for derivative financial instruments designated as accounting hedges (see "Measurement policies for derivative financial instruments").

Receivables
Receivables are measured at their nominal value. Bad debt provisions are charged to the income statement for doubtful receivables whose collection is uncertain. With regard to the general valuation risk, Tamedia applies the simplified approach in accordance with IFRS 9 to measure anticipated loan losses, factoring in the need to make valuation allowances based on past experiences and anticipated losses from future default events for all trade accounts receivable.

Inventories
Inventories are measured at their purchase or production cost according to the weighted average method, but at most at their net realisable value minus the expected costs of completion and disposal.

Items with a low inventory turnover and those that are difficult to dispose of are impaired based on business criteria.

Property, plant and equipment
Property, plant and equipment are measured at the higher of amortised cost less depreciation considered necessary for business reasons, with the exception of land, which is recognised at cost.

The right-of-use assets to be capitalised in connection with leases come under property, plant and equipment. Improvements to leased properties are capitalised and depreciated in line with the term of the lease. Any options for extension of the leases are not taken into account. The costs of any maintenance and repairs that do not add value are charged directly to the income statement.

With the exception of additional impairment necessary for business reasons, depreciation is charged on a straight-line basis over uniform useful lives established within the Group.

The following depreciation periods apply:

Buildings used for operational purposes	40 years
Buildings not used for operational purposes	40 years
Installations and ancillary structures	3–25 years
Plant and machinery	3-25 years
Vehicles	4–10 years
Fixtures and fittings	5–10 years
IT equipment	3–5 years
Underlying lease assets	Term for underlying lease asset or – if shorter – useful life

Investments in associates and joint ventures

Investments in associates (i.e. companies in which Tamedia AG directly or indirectly holds between 20 per cent and 50 per cent of the voting rights without exerting control over any financial and operational decisions, or less than 20 per cent of the voting rights where a significant influence can be exercised in another way) and in joint ventures are recognised using the equity method. The Group's shares in losses that exceed the acquisition cost are only recognised if Tamedia has a legal or de facto obligation to share in further losses or to participate in any ongoing or initiated financial restructuring.

Non-current financial assets

Non-current financial assets include other investments, non-current loans, non-current derivative financial instruments and other non-current financial assets.

Other investments (less than 20 per cent of the voting rights) are stated at fair value. If these are equity instruments, unrealised gains – net after taxes – are taken to the statement of comprehensive income until realised. If they are not equity instruments, they are treated at fair value and all changes in the measurement of assets are taken to the consolidated income statement.

Non-current loans are measured at amortised cost.

Non-current derivative financial instruments (fair value through profit and loss) are measured at fair value. Both realised and unrealised price differences are recognised in the income statement, with the exception of those for derivative financial instruments designated as cash flow hedges (see "Measurement policies for derivative financial instruments").

Other non-current financial assets ("fair value through other comprehensive income") are also measured at fair value. Unrealised gains – net after taxes – are taken to the statement of comprehensive income until realised. Impairment losses are recognised in the income statement.

Intangible assets

Acquired intangible assets are recognised at cost and amortised using the straight-line method over their expected useful life. Intangible assets with an indefinite useful life are tested annually for impairment and an annual review is carried out to determine whether the useful life is still indefinite. The costs of intangible assets generated by the Group are charged to the income statement as they arise. Trademarks/URLs are classified as intangible assets with an indefinite useful life if they can be used and renewed at no material cost and for an indefinite time and such a possibility is envisaged.

The following depreciation periods apply:

Goodwill	no amortisation
Trademarks/URL	generally no amortisation
Customer bases/publishing rights	5–20 years
Capitalised software project costs	3–5 years

Goodwill and intangible assets

At the time of initial consolidation, the assets and liabilities of a company – or the net assets acquired – and the contingent liabilities are measured at fair value. Any positive difference between the consideration paid and the acquired net assets calculated according to these policies is recognised as goodwill in the year of acquisition. The goodwill thus calculated is not amortised but is instead tested for impairment every year. If there is any indication of a possible goodwill impairment, its value is re-assessed and, if necessary, written off as an impairment. Any negative difference between the consideration paid and the net assets is recognised immediately in the income statement following a review.

In the event of disposal of consolidated companies, the difference between the sales price and other shares held, as well as transferred net assets, which could also include some remaining goodwill, is reported in the consolidated income statement as income from the sale of investments.

The position that a company or a product has within the market at the time a purchase agreement is entered into is reflected in the purchase price that is paid for this acquisition. This position is by definition not a separate component and therefore cannot be measured. It forms an integral component of the goodwill acquired.

Impairment of non-current assets

Impairment tests are performed on property, plant and equipment, intangible assets with finite useful lives and financial assets if events or changes in circumstances indicate that the carrying amount may have been impaired. The determination of their impairment is based on estimates and assumptions made by the Management Board and Board of Directors. As a result, it is possible that the actual values realised may deviate from these estimates. If the carrying amount is higher than the recoverable amount, an impairment is made in the income statement to the value which appears to be recoverable based on the discounted, anticipated future income, or a higher net sales value.

Assets held for sale

Assets held for sale are individual assets and liabilities held for sale or those of disposal groups and – where applicable – discontinued business divisions. Assets are only reclassified under this item if the Board of Directors or Management Board has decided to proceed with the sale and has begun to actively seek buyers. Additionally, the asset or disposal group must be immediately sellable. As a general rule, the transaction should take place within one year. Non-current assets or disposal groups that are classified as held for sale are no longer depreciated or amortised. If the carrying amount is higher than the fair value less the costs of disposal, this will give rise to an unscheduled impairment loss. The gain or loss (after taxes) from any changes in the measurement of assets held for sale are reported separately under the Note "Assets held for sale".

Leases

All leases with their associated rights and obligations are generally recorded in the balance sheet. Right-of-use assets are capitalised in the balance sheet under property, plant and equipment, while lease liabilities are shown as current and non-current financial liabilities. Short-term leases with a term of less than one year and leases where the underlying asset is of low value do not have to be recognised. Payments for short-term leases (with a term of less than one year) and for low-value underlying assets (replacement value below CHF 5,000) are recorded as lease expenses under other operating expenses. Any assessment of the residual term of leases with extension options involves estimates and assumptions. These estimates are inherently uncertain and the actual results may differ from these estimates.

The initial capitalisation of right-of-use assets and lease liabilities associated with a lease is performed on the basis of the fair value of the future lease payments (discounted). An incremental borrowing rate of interest is used to calculate the fair value of lease liabilities. In order to determine this value, the risk-free interest rate for specific lease terms, the collateral, the credit spread and the country-specific risk premium, are taken into account with a uniform rate being applied to a portfolio of similar leases. Lease liabilities include firmly agreed lease payments. The first capitalisation of right-of-use assets is based on the fair value of lease liablities and includes any initial direct costs. Depreciation of right-of-use assets is linear and applies across the term of the lease or – if this is shorter – the useful life of the underlying asset. The lease payments reduce the lease liabilities and the interest added in relation to the lease liabilities is applied across the term of the lease and recognised in the income statement as a financial expense.

Until the first application of IFRS 16 as at 1 January 2019, the measurement principles envisaged that property, plant and equipment acquired under leases that transfer all the risks and rewards incidental to ownership to the consolidated companies were to be classified as finance leases. So at the commencement of the lease the lower of the acquisition cost or the net present value of the future, non-cancellable lease payments was recognised under non-current assets and the corresponding obligations were shown under current or non-current financial liabilities depending on their maturity date. All leases were, however, classified as operating leases as at 31 December 2018 and were recorded under operating expenses in the income statement.

Financial liabilities

Financial liabilities are initially recognised at the amount paid less transaction costs incurred, and then measured at amortised cost in subsequent periods. Any differences between the amount paid (less transaction costs) and the repayment value are calculated over the repayment period using the effective interest rate method and are recognised in the income statement.

The lease liabilities in connection with leases come under financial liabilities (see the section on leases).

Financial liabilities are classified as current except where the Group has an unlimited entitlement to defer payment of the liability to a date at least twelve months after the balance sheet date.

Borrowing costs that are incurred directly in conjunction with the purchase, construction or completion of an asset that requires a substantial period until being put to its intended use are capitalised as part of the costs of the asset in question. All other borrowing costs are charged to the income statement in the reporting period in which they are incurred.

Provisions

Provisions are only recognised if an obligation exists or appears probable based on a past event and when the amount of such obligation can be reliably estimated.

Possible obligations and those that cannot be reliably estimated are disclosed as contingent liabilities.

Employee benefits

Tamedia has both defined contribution and defined benefit pension plans. Employee benefit plans are largely in line with the regulations and conditions prevailing in Switzerland. The majority of employees are insured against old age, disability and death under the autonomous employee benefit plans of the Tamedia Group. All other employees are insured under collective insurance contracts with insurance companies. Contributions to the employee benefit plans are made by both the employer and the employees pursuant to legal requirements and in accordance with the respective plan policies.

The pension plans of the Danish, German and Austrian companies are defined contribution plans under which contributions are paid to public pension plans. There are no other payment obligations. The contributions are recognised immediately as personnel expenses.

Every year, an independent actuary calculates the defined benefit obligation in accordance with the criteria stipulated by the IFRS, using the projected unit credit method. The obligations correspond to the present value of the anticipated future cash flows. The plan assets and income are calculated annually. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

An economic benefit will result if the company can at some point in the future reduce its contributions. The amount that should become available to the company as a reduction of future contributions is defined as the present value of the difference between the service cost and the contributions laid down in the respective plan policies, and must be capitalised in compliance with the limitation imposed by IAS 19.64. The effects of the employer contribution reserves are also considered.

Of the pension cost, the current employee service cost and past service cost, plan settlements, etc. are reported as personnel expenses while the interest result is recognised in the financial result.

Any funding deficit of the defined benefit liability plans is recognised as an employee benefit liability. This is calculated by deducting the present value of the employee benefit obligation from the plan assets measured at fair value.

The calculations to determine the plan assets, employee benefit obligation and pension cost take into account long-term actuarial assumptions such as the discount rate, future salary increases, mortality rates and expected future pension increases, which can differ from the actual results and will have an impact on net assets, the financial position and earnings positions. As pension plans are long term in nature, these estimates should be seen to be subject to a significant element of uncertainty.

Contributions to defined contribution plans are recognised in the income statement.

Taxes
Current income taxes are recognised in the period to which they relate on the basis of the local operating income figures reported by the consolidated companies in the reporting year.

Deferred tax liabilities resulting from measurement differences between tax and consolidated values are calculated and recognised using the liability method. In the process, all temporary differences between the values included in the tax returns and those in the consolidated financial statements are taken into consideration. The tax rates used are the anticipated local tax rates. Depending on the underlying transaction, any change in deferred taxes is recognised in the income statement, total comprehensive income or directly in equity.

Deferred tax loss carryforwards and deferred taxes arising from temporary differences are only capitalised if it is likely that gains will be realised in future that would allow the loss carryforwards or the deductible differences to be offset for tax purposes.

Product development
All costs incurred for product development during the financial year are taken to the income statement whenever the restrictive capitalisation requirements for development costs as per IAS 38 are not fully met.

Revenues
The following measurement principles apply to the recognition of operating revenues in accordance with IFRS 15:

- Revenues are realised if Tamedia has satisfied its performance obligation and control of the asset has been transferred to the purchaser or the service has been rendered.
- As regards activities for which Tamedia does not have a power of disposal or sums are collected in the interest of third parties, the revenues at the time of the intermediary activity are only shown in the amount of the relevant commission or the share of the revenues to which the Group is entitled. In these cases, Tamedia commissioned a third party to render the service and acted as broker between supply and demand.
- Revenues are stated net of sales reductions and value-added tax, while losses on receivables are reported under other operating expenses. Variable considerations (for example refunded media revenue) are usually limited and are estimated based on the contractual agreement and on anticipated figures and internal forecasts. The non-cash exchange of the same services between companies in the same business segment (e.g. non-cash exchange of adverts between media companies) is defined as a “barter transaction” and recognised net, while revenues and expenditure from other barter transactions which pertain to different services are recognised gross and measured at fair value. Any consideration not yet received is accounted for on an accruals basis. Contracts with customers generally stipulate a payment terms of 30 days. As less than 12 months usually elapses between the service being provided and the customer paying, the simplified approach in accordance with IFRS 15 can be applied and no financing components need to be considered. There are no take-back and refund obligations or other similar obligations and guarantees.
- Revenues from contracts with multiple performance obligations (multi-component contracts) are allocated based on the individual sales prices for the respective performance obligation. If no individual sales prices are available, revenues are allocated using allocation formulae which reflect the best-possible estimate of the individual sales prices.
- Tamedia does not usually have any material assets from contracts with customers since its services have either already been invoiced or not yet rendered. In particular, no account is to be taken of contractual assets from work in progress which do not yet give rise to an unconditional right to receive the consideration due to unsettled performance obligations. Costs arising in connection with the initiation or performance of a contract with the customer are capitalised if the costs can be directly attributed to the conclusion of the contract and if the costs (direct costs above the contractual reimbursement or indirect costs above a contractually stipulated margin) can be generated again. Tamedia does not have any material capitalised costs in connection with the initiation or performance of a contract with customers. If the customer has already furnished the consideration before the goods or service is/are transferred, the contract is reported as deferred revenues and accrued liabilities from contracts with customers.

- Tamedia divides revenues in the income statement according to its core competencies with regard to the type of service and goods: media revenue, print revenue, other operating revenue and other income. Media revenue is also further subdivided according to the type of sales market (see Note 4). Segment reporting is structured based on the market-specific business segments reported internally.
- Revenues within the advertising market include revenue from the sale of advertising space (for example commercial advertisements and classified advertising) in newspapers and magazines and revenues from digital business models within the categories of displays, affiliate marketing and online classified. Revenues from the advertising market in the digital area are equivalent to the sale of advertising space in the publishing area. Revenues within the advertising market also include the sale of out-of-home advertising spaces if Tamedia bears the inventory risk for those spaces or is responsible for providing the service. In these cases, revenues from the sale of out-of-home advertising space are recognised gross, as are direct expenses for renting the space. Revenue from the advertising market generated through selling individual advertisements or online classifieds is realised at the specific time the advertisement appears, while revenues from preparing advertising spaces over a contractually defined period is recognised over that period.
- Revenues within the user market include revenues from the sale of newspapers and magazines to subscribers, retailers and wholesalers. Revenues from sales also include the sale of digital applications and formats. Revenues from the user market in the digital area are equivalent to those in the publishing area. Here, the service is provided over a period of time (the duration of the subscription). Revenues are therefore recognised over the course of the relevant subscription, which equates to the transfer of the service.
- Revenues from commercialisation and intermediation activity mainly comprise revenues from the commercialisation and intermediation of advertising in the TV, radio and display/video segments. Only the intermediation fees due to the Tamedia Group are recognised as revenues, as the service is provided by third parties and Tamedia acts merely as the intermediary between supply and demand. Revenues from commercialisation and intermediation activity also comprise the fee for intermediation out-of-home advertising (net revenues) if Tamedia does not bear the inventory risk for the out-of-home advertising spaces and is not responsible for providing the service. For all areas, the service is provided and the revenues recognised when the advertisement is broadcast/published. On the balance sheet date, media volumes not used by customers are calculated, valued and duly accrued.
- Print revenue includes proceeds from newspaper printing. Proceeds are realised when printed products are delivered and recognised as revenues at this time.
- Other operating revenue mainly includes revenues from transport, management fees and services, sale of out-of-home technology and digital solutions, marketing services (strategy, advice, design and implementation of advertising campaigns), revenue from buildings used for operational purposes and other revenue items which would not be material on their own. The various items incorporate various smaller sources of revenue. These include income from the staff restaurant, merchandising revenues, intermediary fees for mortgages, visualisation support for the marketing of property, sale of petrol, etc.
- Other income includes income from asset disposals, income from evaluations of previously non-consolidated investments and other income items which would not be material on their own.

Segment reporting

Segment reporting reflects the corporate structure and is in line with internal reporting. The “Paid Media” and “Free Media and Commercialisation” business divisions encompass both print and digital revenues.

The accounting policies described above also apply to segment reporting, whereas pension costs according to IAS 19 are shown separately, together with the eliminations.

The revenues, expenses and net income of the various segments include offsetting between the business divisions. Such offsetting is carried out on an arm’s length basis.

Derivative financial instruments

Forward contracts and options with financial institutions are not entered into on a speculative basis, but selectively and exclusively for the purpose of mitigating the specific foreign currency and interest rate risks associated with business transactions. Foreign currency derivatives are measured according to the settlement of the hedged items as fair value hedges or as cash flow hedges, either in conjunction with the underlying transactions or separately at fair value as at the balance sheet date.

Derivative financial instruments, such as interest rate swaps, foreign currency transactions and certain derivative financial instruments embedded in basic agreements are recognised in the balance sheet at fair value, either as current or non-current financial assets or liabilities. The changes in fair value are charged either to the income statement or to the statement of comprehensive income, depending on the purpose for which the respective derivative financial instruments are used.

In the case of fair value hedges, the change in fair value of the effective share (of the derivative financial instrument and the underlying transaction) is recognised immediately in the income statement. The changes in fair value of the effective share of derivative financial instruments classified as cash flow hedges and qualifying for treatment as such are taken to the statement of comprehensive income until the underlying transactions can be recognised in the income statement.

Changes in the fair value of derivative financial instruments that are not considered to be accounting hedges (as understood by the definition given above) or that do not qualify as such are recognised in the income statement as components of financial income or expenses. This also applies to fair value hedges and cash flow hedges as described above as soon as such financial instruments cease to qualify as accounting hedges.

Contractual obligations to purchase the Group's own equity instruments (such as put options on non-controlling interests) result in the recognition of a financial liability, which is recognised at the present value of the exercise amount in equity. The fair value of the financial liability is regularly reviewed and any deviation from first-time recognition is recognised in the financial result.

Transactions with related parties and companies

Transactions with associates, joint ventures and related parties are conducted on an arm's length basis. In addition to the information disclosed in Note 41 details relating to the compensation of the Board of Directors and Management Board are disclosed in the Compensation Report.

Notes to the consolidated income statement, statement of comprehensive income, balance sheet, statement of cash flows and statement of changes in equity

The figures in the consolidated financial statements have been rounded. As the calculations are made with a higher level of numerical accuracy, it is possible that small rounding differences may occur.

Note 1

Changes to the group of consolidated companies

In the 2019 financial year, the following material changes occurred in relation to the group of consolidated companies:

Acquisition of consolidated companies and activities 2019

Zattoo Group

Tamedia has exercised its call option to raise its stake and become the majority shareholder in Zattoo International AG and acquired a further 21.1 per cent of the shares in Zattoo International AG (which is based in Zurich) as at 1 April 2019. Together with the previous interest worth 28.9 per cent, Tamedia has a majority interest based on 50 per cent plus one share. As the acquisition took place in several steps, the interest already held at the time control was transferred was recognised at its fair value of CHF 9.1 million. The difference compared with the previous value of this interest is CHF 0.3 million, which is reported as a gain in other income. The Zattoo Group comprises Zattoo International AG and also the wholly owned subsidiaries Zattoo Europe AG, Zattoo Inc. and Zattoo Deutschland GmbH. Zattoo is the market leader for TV streaming in Switzerland and, in addition to its end-customer business, is also a B2B service provider for businesses offering cable TV and IPTV.

The purchase price for the 21.1 per cent interest in Zattoo International is CHF 8.4 million. The assets acquired amount to CHF 48.5 million and the liabilities to CHF 20.8 million. In addition to cash and cash equivalents of CHF 2.0 million, the assets comprise goodwill and non-amortisable intangible assets of CHF 11.7 million. Goodwill in the amount of CHF 7.3 million is mainly based on Zattoo's strong market position in Switzerland. It is assumed that the goodwill is not deductible for tax purposes. The assets also comprise receivables with a fair value of CHF 2.1 million (receivables totalling CHF 0.04 million were impaired). The Zattoo Group is reported in the Marketplaces and Ventures segment. No material costs were incurred in relation to the transaction.

The Zattoo Group's revenues recognised since the acquisition date total CHF 32.0 million and the net loss recognised since the acquisition date is CHF –3.1 million. Had the acquisition taken place with effect from 1 January 2019, the operating revenues reported for 2019 would have been CHF 7.8 million higher, while reported net income (loss) would have been CHF 3.1 million lower.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	8 365
Purchase price	**8 365**
Equity value of the previously held interests before revaluation gain	8 829
+/– Revaluation gain	292
Fair value of previously held interests	**9 121**
Purchase price/equivalent value of transaction after revaluation gain	**17 486**

in CHF 000	Values on initial consolidation
Cash and cash equivalents	1 968
Trade accounts receivable	2 109
Property, plant and equipment	2 784
Deferred tax assets	736
Intangible assets	36 857
Other assets	4 010
Total assets	**48 464**
Current financial liabilities	(2 180)
Trade accounts payable	(1 498)
Deferred revenues and accrued liabilities	(1 983)
Non-current financial liabilities	(2 489)
Employee benefit obligations	(760)
Deferred tax liabilities	(5 957)
Other liabilities	(5 884)
Total liabilities	**(20 751)**
Net assets	**27 713**
Remaining minority interests	(10 227)
Purchase price/equivalent value of transaction	**17 486**

Cash and cash equivalents acquired	1 968
Cash and cash equivalents paid	(8 365)
Decrease in cash	**(6 397)**

Revenues recognised since acquisition date	31 997
Net income recognised since acquisition date	(3 090)

Disposal of consolidated companies and activities 2019

Starticket AG

On 30 December 2019, Tamedia AG sold its 100 per cent interest in Starticket AG to See Tickets S.A., Paris. Following the deconsolidation, assets of CHF 26.9 million (of which CHF 11.4 million were cash and cash equivalents) and liabilities of CHF 13.0 million were transferred. The sales price amounted to CHF 21.1 million. Of that total, CHF 19.3 million was paid in cash. The remaining purchase price will be established and paid in cash once the Starticket AG financial statements for 2019 have been finally drawn up. The expected remaining purchase price is recognised as a current financial receivable and may still change, depending on the final financial statements of Starticket AG as at 31 December 2019. No material costs were incurred in relation to the transaction.

Additional changes to the group of consolidated companies

In June 2019, the company Schaer Holding AG was founded as a wholly owned subsidiary of Tamedia Espace AG. Schaer Holding AG holds all the shares in Schaer Thun AG and now also, from September 2019, has a 50 per cent interest in Berner Oberland Medien AG, which was previously an interest of Schaer Thun AG.

The Board of Directors at Doodle AG decided to close the wholly owned subsidiary Meekan Solutions Ltd on 7 August 2019. The day-to-day operations of Meekan Solutions continued until the end of 2019.

In November 2019, Tamedia AG acquired the activities of the radio station Planet 105 from Radio 1 AG. Since 27 November 2019, the station has been called 20 Minuten Radio.

In the 2018 reporting year, the following material acquisitions and disposals were made, which must also be disclosed in this Annual Report in accordance with the requirements of IAS 1 Presentation of Financial Statements:

Acquisitions of consolidated companies and activities 2018

The acquisitions of consolidated companies are detailed below.

Neo Advertising SA

As at 28 February 2018, Tamedia acquired a 52 per cent majority stake in Neo Advertising SA, which is headquartered in Geneva. Neo Advertising SA operates in the area of out-of-home advertising and runs digital and analogue out-of-home advertising spaces in German-speaking and French-speaking Switzerland.

The purchase price for Neo Advertising SA is CHF 9.8 million in cash. The assets acquired amount to CHF 32.3 million and the liabilities to CHF 18.3 million. In addition to cash and cash equivalents of CHF 2.0 million, the assets comprise goodwill equalling 16 per cent of the total assets or CHF 5.2 million in total. No goodwill was recorded for the non-controlling interests in Neo Advertising SA (partial goodwill method). The goodwill was created from the strong market position occupied in digital and analogue out-of-home advertising space, especially in French-speaking Switzerland, as well as combinations with existing advertising offers from Tamedia. It is assumed that the goodwill is not deductible for tax purposes. The assets also comprise receivables with a fair value of CHF 3.2 million (receivables totalling less than CHF 0.1 million were written down). Neo Advertising SA will be reported in the Free Media and Commercialisation segment. No material costs were incurred in relation to the transaction.

The revenues of Neo Advertising SA recognised since the acquisition date in 2018 total CHF 19.3 million and the net loss recognised in 2018 since the acquisition date is CHF –0.4 million. Had the acquisition taken place with effect from 1 January 2018, the revenues reported for 2018 would have been CHF 3.4 million higher, while reported net income (loss) 2018 would have been CHF 0.3 million lower.

Goldbach Group

Tamedia acquired 97.3 per cent of the listed shares in Goldbach Group AG, which has its registered office in Küsnacht, with effect from 24 August 2018. The Goldbach Group comprises, among other entities, the TV marketer Goldbach Media (Switzerland) AG, in which the RTL subsidiary IP Deutschland GmbH and the ProSiebenSat.1 subsidiary SevenOne Media (Schweiz) AG each hold 23 per cent of the shares, as well as the digital advertising marketer Goldbach Audience (Switzerland) AG, in which IP Deutschland and SevenOne Media each hold 24.95 per cent. Further significant investments in Switzerland include swiss radioworld AG, in which IP Deutschland and SevenOne Media each hold 23 per cent, and dreifive (Switzerland) AG, a 100 per cent subsidiary of Goldbach Group AG.

The Swiss Federal Competition Commission approved the transaction on 15 August 2018 without imposing any restrictions or conditions.

As part of a public offer, 6,098,790 shares in all had been tendered to Tamedia by the end of the tender period on 11 April 2018 and Tamedia has acquired these in cash for a price of CHF 35.50 per registered share as per the offer. As at 31 December 2018, Tamedia owned just over 98 per cent of the shares in Goldbach Group AG. An invalidation through public notification process was conducted for those shares which Tamedia did not yet own as at the end of 2018, with the remaining shareholders being compensated in cash. The purchase price for the shares acquired on 24 August 2018 is CHF 216.6 million in cash. For the shares that were not yet owned by Tamedia AG at the time of the acquisition, a current financial liability of CHF 5.9 million was recognised.

As at the end of 2018, Tamedia AG owned 98.1 per cent of the listed shares of Goldbach Group AG and its obligation to purchase the remaining Goldbach shares amounted to a further CHF 4.3 million. The remaining 1.9 per cent of the shares were acquired in cash for CHF 4.3 million in February 2019. Goldbach Group AG (GBNME) was delisted from the SIX Swiss Exchange as at 1 February 2019.

The assets acquired amount to CHF 444.4 million and the liabilities to CHF 144.9 million. In addition to cash and cash equivalents of CHF 82.1 million, the assets comprise goodwill equalling 23 per cent of the total assets or CHF 103.9 million in total. No goodwill was recorded for the non-controlling interests in Goldbach (partial goodwill method). The goodwill was created from the strong market position occupied by the Goldbach Group, especially in Switzerland, as well as combinations with existing advertising offers from Tamedia. It is assumed that the goodwill is not deductible for tax purposes. The assets also comprise receivables with a fair value of CHF 44.8 million (receivables totalling CHF 0.5 million were impaired). The Goldbach Group will be reported in the Free Media and Commercialisation segment. Costs of CHF 1.5 million were incurred in connection with the transaction.

The Goldbach Group's revenues recognised since the acquisition date in 2018 total CHF 43.8 million and the net income recognised in 2018 since the acquisition date is CHF 12.9 million. Had the acquisition taken place with effect from 1 January 2018, the revenues reported for 2018 would have been CHF 58.0 million higher. The reported net income 2018 would have been just CHF 1.0 million higher had the acquisition taken place with effect from 1 January 2018, due to the depreciation and amortisation resulting from mergers which must be taken into account due to the recognition of intangible assets with finite useful lives.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	216 592
Purchase price obligation	5 867
Purchase price	**222 459**

in CHF 000	Values on initial consolidation
Cash and cash equivalents	82 081
Trade accounts receivable	44 762
Property, plant and equipment	978
Deferred tax assets	2 478
Intangible assets	299 823
Other assets	14 321
Total assets	**444 443**
Trade accounts payable	(25 988)
Deferred revenues and accrued liabilities	(40 116)
Non-current financial liabilities	(20 484)
Employee benefit obligations	(9 302)
Deferred tax liabilities	(38 247)
Other liabilities	(10 786)
Total liabilities	**(144 923)**
Net assets	**299 520**
Remaining minority interests	(77 061)
Purchase price/equivalent value of transaction	**222 459**

Cash and cash equivalents bought	82 081
Cash and cash equivalents paid	(216 592)
Decrease in cash	**(134 511)**

Revenues recognised since acquisition date 2018	43 833
Net income recognised since acquisition date 2018	12 925

Basler Zeitung

Tamedia acquired 100 per cent of the shares in Basler Zeitung AG, which publishes the Basler Zeitung, from Zeitungshaus AG with effect from 19 October 2018. In return, at the same time Zeitungshaus AG acquired 65 per cent of the shares in Tagblatt der Stadt Zürich AG from Tamedia AG and 100 per cent of the shares in FZ Furttaler Zeitung AG, which publishes the free Furttaler and Rümlanger newspapers (see the section entitled “Disposal of consolidated companies and activities 2018”).

The purchase price for Basler Zeitung AG is CHF 51.4 million in cash. The assets acquired amount to CHF 75.4 million and the liabilities to CHF 24.0 million. In addition to cash and cash equivalents of CHF 2.6 million, the assets comprise goodwill equalling 33 per cent of the total assets or CHF 25.7 million in total. The goodwill was created from the strong market position in the Basel-Stadt region and the expected synergy effects, in particular arising from the integration of Basler Zeitung into the network of Tamedia’s daily newspapers and resulting from cost improvements in central areas.

It is assumed that the goodwill is not deductible for tax purposes. The assets also comprise receivables with a fair value of CHF 1.5 million (receivables totalling less than CHF 0.7 million were impaired). Basler Zeitung AG will be reported in the Paid Media segment. Costs of CHF 0.3 million were incurred in connection with the transaction.

The revenues of Basler Zeitung AG recognised since the acquisition date in 2018 total CHF 5.8 million and the net loss recognised 2018 since the acquisition date is CHF –0.2 million. Had the acquisition taken place with effect from 1 January 2018, the revenues reported for 2018 would have been CHF 28.0 million higher, while reported net income (loss) 2018 would have been CHF 1.6 million lower.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	51 391
Purchase price	**51 391**

in CHF 000	Values on initial consolidation
Cash and cash equivalents	2 584
Trade accounts receivable	1 523
Property, plant and equipment	455
Investments in associates/joint ventures	1 021
Other non-current financial assets	8 000
Intangible assets	59 190
Other assets	2 587
Total assets	**75 360**
Trade accounts payable	(1 654)
Deferred revenues and accrued liabilities	(10 597)
Non-current financial liabilities	–
Employee benefit obligations	(7 013)
Deferred tax liabilities	(4 380)
Other liabilities	(326)
Total liabilities	**(23 969)**
Net assets	**51 391**
Purchase price	**51 391**
Cash and cash equivalents bought	2 584
Cash and cash equivalents paid	(51 391)
Decrease in cash	**(48 807)**
Revenues recognised since acquisition date 2018	5 762
Net income recognised since acquisition date 2018	(222)

Disposal of consolidated companies and activities 2018

Tagblatt der Stadt Zürich AG and FZ Furttaler Zeitung AG

On 19 October 2018, Tamedia AG sold its 65 per cent interest in Tagblatt der Stadt Zürich AG to Zeitungshaus AG, Baar. Following the deconsolidation, assets of CHF 2.8 million (of which CHF 2.7 million were cash and cash equivalents) and liabilities of CHF 0.7 million were transferred. The sales price amounted to CHF 5.0 million. No material costs were incurred in relation to the transaction.

As at 26 June 2018, Zürcher Regionalzeitungen AG established FZ Furttaler Zeitung AG using non-monetary contributions from Furttaler Zeitung. On 19 October 2018, Tamedia AG sold its 100 per cent interest in FZ Furttaler Zeitung AG to Zeitungshaus AG, Baar. Following the deconsolidation, assets of CHF 0.1 million (of which CHF 0.1 million were cash and cash equivalents) and liabilities of CHF 0.1 million were transferred. The sales price amounted to CHF 1.1 million. No material costs were incurred in relation to the transaction.

Additional changes to the group of consolidated companies 2018

To simplify the corporate structure, Tradono Switzerland AG was merged with Tamedia Espace AG with retroactive effect to 1 January 2018. Tamedia and AXA are joining forces to provide combined new offers for the Swiss vehicle market. With this in mind, the autoricardo part of the business was transferred to the new subsidiary autoricardo AG, in which AXA had a 50 per cent stake as at 27 April 2018. The purchase price was CHF 10.0 million. In addition, AXA is providing its expertise in the areas of insurance, mobility and finance. Rights stipulated by contract will ensure Tamedia retains control.

Note 2 Segment information

in CHF 000	Paid Media	Free Media and Commercialisation	Marketplaces and Ventures	Eliminations and reconciliation IAS 19	**Total**
2019					
Revenue third parties	512 886	293 733	272 929	–	**1 079 548**
Revenue intersegment	38 601	7 128	13 797	(59 527)	**–**
Revenues	**551 487**	**300 862**	**286 726**	**(59 527)**	**1 079 548**
Operating expenses	(509 148)	(232 639)	(212 161)	54 707	**(899 241)**
Share of net income (loss) of associates / joint ventures	1 520	5 657	9 289	–	**16 466**
Operating income before depreciation and amortisation (EBITDA)	**43 860**	**73 879**	**83 855**	**(4 820)**	**196 773**
Margin [2]	8.0%	24.6%	29.2%	–	18.2%
Depreciation and amortisation	(27 664)	(6 028)	(7 853)	–	**(41 545)**
Operating income before effects of business combinations	**16 195**	**67 851**	**76 002**	**(4 820)**	**155 228**
Margin [2]	2.9%	22.6%	26.5%		14.4%
Amortisation resulting from business combinations [3]	(10 134)	(19 710)	(30 217)	–	**(60 061)**
Impairment	(24 730)	–	–	–	**(24 730)**
Operating income (EBIT)	**(18 668)**	**48 141**	**45 785**	**(4 820)**	**70 438**
Margin [2]	–3.4%	16.0%	16.0%	–	6.5%
Average number of employees [4]	**1 738**	**971**	**954**		**3 662**
2018 [1]					
Revenue third parties	533 778	236 121	240 734	–	**1 010 633**
Revenue intersegment	45 438	4 675	12 083	(62 195)	**–**
Revenues	**579 216**	**240 796**	**252 816**	**(62 195)**	**1 010 633**
Operating expenses	(530 579)	(183 072)	(166 214)	53 976	**(825 889)**
Share of net income (loss) of associates / joint ventures	1 069	1 934	18 123	–	**21 125**
Operating income before depreciation and amortisation (EBITDA)	**49 706**	**59 658**	**104 725**	**(8 219)**	**205 869**
Margin [2]	8.6%	24.8%	41.4%	–	20.4%
Depreciation and amortisation	(20 169)	(1 842)	(4 318)	–	**(26 329)**
Operating income before effects of business combinations	**29 537**	**57 816**	**100 406**	**(8 219)**	**179 540**
Margin [2]	5.1%	24.0%	39.7%		17.8%
Amortisation resulting from business combinations [3]	(8 883)	(8 915)	(27 810)	–	**(45 607)**
Impairment	–	–	(2 293)	–	**(2 293)**
Operating income (EBIT)	**20 654**	**48 901**	**70 304**	**(8 219)**	**131 640**
Margin [2]	3.6%	20.3%	27.8%	–	13.0%
Average number of employees [4]	**1 837**	**723**	**770**	**–**	**3 330**

1 The values from the previous period were adjusted due to the introduction of a new operating and steering concept, see explanations below.
2 The margin relates to revenue.
3 Depreciation and amortisation from business combinations include depreciation and amortisation from customer bases, publishing rights and capitalised software project costs acquired and capitalised in connection with business combinations.
4 The average headcount does not include employees in associates/joint ventures.

In connection with the introduction of a new steering concept, Tamedia introduced a commission model as at 1 January 2019 and made certain adjustments to intercompany offsetting arrangements and the allocation matrices for operating revenues and expenses which cannot be assigned directly. Intercompany services are now subject to offsetting and therefore shown as revenues. Services provided by Group Services are still allocated as costs, so represent an exception. In particular, commission is now applied to Tamedia's internal arrangements for offsetting advertising revenues, whereas a simple cost allocation was performed in the past (for the purposes of restatement based on the whole of 2018, the commission reflects the costs, with some discrepancies possible during the course of the year). This adjustment, based on gross recording of internal commission revenues and expenses, means the offsetting arrangements between segments will now involve higher amounts. Advertising marketers and products for which they are responsible are now collectively recorded in the Free Media and Commercialisation segment, which also increases the amounts involved in offsetting arrangements between segments in the event of internal revenues being passed on. The news platform lematin.ch is now also shown under this segment too.

Full-time equivalents at Group Services, which were previously allocated to the Paid Media segment, are now split between the segments based on revenues. In accordance with the new steering concept, depreciation and amortisation are allocated to individual segments in a way which better reflects responsibility (for causing depreciation and amortisation).

The segment information for the previous year was adjusted accordingly. Further information on the individual segments can be found in the operational reporting.

The Board of Directors has approved the application to form four independent business divisions, thereby largely decentralising the Group in 2020 to create a holding-type structure from the start of that year. The new structure will see some adjustments to segment reporting from 2020.

Segment reporting reflects the corporate structure and is in line with internal reporting. The "Paid Media" and "Free Media and Commercialisation" business divisions encompass both print and digital revenues. Information on assets, liabilities, interest, investments and income taxes is not disclosed as this is not reported internally by segment either.

In segment reporting, the total amount of media revenue, print revenue, other operating revenue and other income in the consolidated income statement corresponds to the total operating revenues (after eliminations and IAS 19 reconciliations).

Around half of media revenue pursuant to the consolidated income statement is generated in the Paid Media segment and around a quarter each in the Free Media and Commercialisation and the Marketplaces and Ventures segments. While revenues from the advertising market and revenues from the user market constitute the material items of media revenue in the Paid Media segment, media revenue in the Free Media and Commercialisation segment is made up of both revenues from the advertising market and revenues from commercialisation and intermediary activity. Media revenue in the Marketplaces and Ventures segment largely consists of revenues from the advertising market, particularly proceeds from online classifieds.

Print revenue pursuant to the consolidated income statement includes proceeds from newspaper printing and is almost exclusively reported in the Paid Media segment.

As regards other operating revenue, more than half of this is generated by the Paid Media segment, and this same segment also accounts for most other income in the reporting year.

No single customer accounted for more than 10 per cent of consolidated operating revenues.

All material operating revenues are earned in Switzerland and all material non-current asset items are located in Switzerland. The operating revenues achieved in foreign currencies by the following Group companies and their non-current assets in foreign currencies are not deemed to be material as regards the consolidated income statement and the consolidated balance sheet. Trendsales ApS, which is allocated to the Marketplaces and Ventures segment, and MetroXpress A/S, which is allocated to the Free Media and Commercialisation segment, are domiciled in Denmark and prepare their financial statements in Danish krone. Doodle Deutschland GmbH, ricardo Sàrl, DJ Digitale Medien GmbH, JoinVision E-Services GmbH and also the newly acquired (in the reporting year) Zattoo Deutschland GmbH company, which belongs to the Marketplaces and Ventures segment, prepare their financial statements in euro. The Goldbach Germany GmbH companies, as well as dreifive AG and Jaduda GmbH, which are part of the Free Media and Commercialisation segment, also prepare their financial statements in euro. Meekan Solutions Ltd., which is allocated to the Marketplaces and Ventures segment, is domiciled in Israel and prepares its financial statements in shekel, while Zattoo Inc., which is domiciled in Ann Arbor, USA, prepares its financial statements in US dollars (Marketplaces and Ventures).

Further information on the individual segments can be found in the operational reporting section on pages 17 to 30.

Note 3

Foreign currency conversion

The following exchange rates were applied to convert foreign currencies:

in CHF	2019	2018
Exchange rate at year's end		
1 EUR	1.09	1.13
100 DKK	14.53	15.09
100 ILS	28.01	26.22
Average exchange rate		
1 EUR	1.11	1.15
100 DKK	14.90	15.47
100 ILS	27.81	27.21

Media revenue

Note 4

in CHF 000	2019	2018
Advertising market	528 474	544 586
User market	246 611	251 037
Commercialisation and intermediary activity	85 851	39 626
Other media activities	101 134	71 909
Total	**962 070**	**907 159**
of which barter transactions	26 872	27 689

At 89 per cent, media revenue made by far the largest contribution to revenues (previous year: 90 per cent). Compared with the previous year, it increased by CHF 54.9 million or 6 per cent to CHF 962.1 million. Disregarding any effects from changes to the group of consolidated companies, media revenue would have declined by CHF 52.7 million. Advertising market revenues fell by CHF 16.1 million from the previous year to CHF 528.5 million. This is despite the rise in revenues from out-of-home advertising on the back of the acquisition of Neo Advertising SA, which only happened in the 2018 reporting year. The trend seen in previous years continued, with revenues from both commercial advertisements and classified advertisements continuing to fall significantly, while revenues from online advertising increased. User market income was also down again, falling by CHF 4.4 million to CHF 246.6 million, despite the subscription income of Basler Zeitung being included in the 2019 figures for a full year for the first time. Revenues from commercialisation and intermediary activity mainly comprise the fees for intermediating advertising for the TV, radio and display/video business areas of the Goldbach Group. The respective revenue increased by CHF 46.2 million to CHF 85.9 million due to the Goldbach Group, which was included in the reporting year's figures for a full year for the first time. Revenues from other media activity rose by CHF 29.2 million or 41 per cent, largely due to the Zattoo Group being included since April 2019.

Print revenue

Note 5

in CHF 000	2019	2018
Newspaper printing	49 785	52 632
Other printing revenues	27 730	23 339
Total	**77 516**	**75 971**

Print revenue increased by around CHF 1.5 million and amounts to CHF 77.5 million for 2019, which equates to 7 per cent of revenues (previous year: 8 per cent). With the closure of the Ringier Print printing press in Adligenswil at the end of 2018, the Zurich printing press was able to take over print orders from various publications. By contrast, print revenue at the Bern and Bussigny printing centres is down due to falling orders and a general trend towards smaller runs.

Note 6

Other operating revenue

in CHF 000	2019	2018
Transport	12 324	10 092
Management fees and services to related parties and third parties	1 954	1 983
Gain on buildings used for operational purposes	3 047	3 210
Sale of out-of-home technology and digital solutions	1 589	1 085
Marketing services including sales and services marketing concepts	8 436	2 694
Various items	7 657	6 117
Total	**35 007**	**25 182**

Other operating revenue accounted for 3 per cent of total operating revenues (previous year 2 per cent). Overall, it increased by 39 per cent, to CHF 35.0 million. The representation in the table of the individual items of other operating revenue has been adjusted to reflect the adjustments of revenue-streams associated with changes to the group of consolidated companies. In particular, the other operating revenue of Neo Advertising SA and the Goldbach Group in the area of out-of-home advertising and marketing services are now disclosed separately. The previous year was adjusted accordingly.

Transport revenues were up again, increasing by CHF 2.2 million to CHF 12.3 million. This increase is largely attributable to the takeover of logistics orders for publications belonging to Ringier and Neue Luzerner Zeitung (following the closure of the Ringier printing press in Adligenswil) which were included in the 2019 figures for a full year for the first time. Management fees from third parties and gain from buildings used for operational purposes remained stable compared with the previous year. Sales of out-of-home technology and digital solutions are mainly made via Neo Advertising AG (acquired in 2018), whose revenues were included for a full year for the first time in the 2019 reporting year's figures. The increase in revenues from marketing services, including sales and services marketing concepts, can be attributed to the relevant revenues from the Goldbach Group only being included for 4 months (from September) in the previous year. The various items incorporate various smaller sources of revenue such as revenue from the staff restaurant, merchandise revenues, intermediary fees for mortgages, visualisation support for the marketing of property, sale of petrol, handling fees, dispatch costs and other items which would not be material on their own.

Note 7

Other income

in CHF 000	2019	2018
Gain on disposal of property, plant and equipment	4 047	1 489
Revaluation gain on previously non-consolidated investments	292	–
Various items	617	833
Total	**4 955**	**2 321**

Gain from asset disposals in 2019 is largely the result of the sale of Annabelle to Medienart AG in October 2019. Further gains on asset disposals were achieved from the sale of no longer needed software and hardware. In the previous year, a notable element of the gain of asset disposals was due to the sale of the activities of Zürichsee-Zeitung Obersee. The step-up acquisition of the Zattoo Group has resulted in a revaluation gain of CHF 0.3 million (see Note 1), whereas no equivalent revaluation was recorded in the previous year.

Costs of materials and services

Note 8

in CHF 000	2019	2018
Costs of material	55 676	52 842
Costs of services	125 017	85 537
Merchandise expenses	1 852	1 994
Total	**182 545**	**140 374**

Costs of materials and services accounted for 17 per cent of revenues during the reporting period (previous year: 14 per cent), increasing by 30 per cent to CHF 182.5 million. Due to the continued increase in the price of paper, expenditure on paper rose by CHF 3.5 million to CHF 42.8 million in 2019. Other costs of material are down CHF 0.7 million on the previous year. Some CHF 24.2 million of the CHF 39.5 million increase in service costs is attributable to the change to the group of consolidated companies. IT service costs rose, mainly due to the project costs for pushing forward digitalisation in the publishing business, further developing the digital marketplaces and introducing the new ERP software. In this context, the shift towards a cloud solution has seen an increase in the use of external services (cloud services). Merchandise expenses were only slightly down.

Personnel expenses

Note 9

in CHF 000	2019	2018
Salaries and wages	379 325	357 405
Social security	63 772	53 128
Employee benefit expense [1]	4 820	8 219
Other personnel expense	17 111	17 613
Total	**465 028**	**436 365**

1 The expense reported for IAS 19 includes the positions Current employer service costs, Effect of plan curtailments/settlements, Past service cost, Administration costs excl. Employer contributions (recognised under Social security) as set out in Note 23. The impact from interest payable and the anticipated returns on plan assets is recognised under Net financial result (loss).

At CHF 465.0 million, or 43 per cent of revenues, personnel expenses once again represented the largest expense item in the 2019 reporting year. They increased by CHF 28.7 million or 7 per cent. Changes to the group of consolidated companies generated additional personnel expenses of CHF 44.1 million. This means that if newly acquired companies are disregarded, personnel expenses actually decreased. The reasons behind this fall include effects associated with the application of IAS 19, “Employee Benefits”, and lower expenditure on social plans. Disregarding one-off effects and the change to the group of consolidated companies, current personnel expenses were down by around CHF –6.8 million compared with the previous year.

Number of employees

Number	2019	2018
As of 31 December	3 669	3 594
Average	3 662	3 330

The headcount (converted to full-time equivalents) had risen from 3,594 to 3,669 by year end, an increase of 2 per cent or 75 full-time employees. Average headcount for the year was 3,662, which represents an increase of 332 full-time equivalents or 10 per cent compared with the previous year. The increase is attributable to the change to the group of consolidated companies.

Note 10

Other operating expenses

in CHF 000	2019	2018
Distribution and sales expenses	95 770	93 286
Advertising and public relations	76 188	59 916
Rent, lease payments and licences	9 260	30 565
General operating expenses	68 401	55 687
Expenses from asset disposals	267	–
Impairment on financial assets	1 782	9 695
Total	**251 668**	**249 150**
of which barter transactions	26 872	27 689

Other operating expenses grew by CHF 2.5 million or 1 per cent during the reporting year to CHF 251.7 million. Without any changes to the group of consolidated companies, other operating expenses would have fallen by some CHF 23.3 million. This decline is partly attributable to the specific valuation allowances recorded in the previous year for receivables due from Publicitas in the amount of CHF 6.0 million as well as to the introduction of IFRS 16, under which the majority of operating lease payments are no longer recorded under other operating expenses. Rent, lease payments and licences include, on the one hand, exceptions from IFRS 16 relating to short-term leases with a term of less than a year and low-value underlying assets (see Note 35) and on the other hand lease payments and licences not covered under the IFRS 16 standard, particularly in the area of out-of-home advertising. There are contracts that trigger licence payments but do not constitute leases according to IFRS 16. General operating expenses include, among other things, expenditure for purchases and repairs, expenditure on consultancy, general administrative expenditure, expenses incurred by people travelling on behalf of and representing the Group and other operating expenditure. Some of the increase in general operating expenses can be attributed, in the amount of around CHF 8.0 million, to an increase in consultancy expenditure. Besides the impairment on the receivables due from Publicitas, the previous year saw a number of other more sizeable impairments on financial assets, which no longer apply in 2019. This means impairments on financial assets are down to CHF 1.8 million in 2019 (previous year: CHF 9.7 million).

Note 11

Associates/joint ventures

in CHF 000	2019	2018
Share of net income (loss) of associates / joint ventures	16 466	21 125
Equity share in associates / joint ventures	65 897	71 123

The share of net income of associates and joint ventures dropped by CHF 4.7 million to CHF 16.5 million in 2019, chiefly on account of the sale of Swisscom Directories AG.

Due to its sale in January 2019, no further share of net income is recorded in 2019 for Swisscom Directories AG. With the step-up acquisition of the Zattoo Group, its net income was only included for the first quarter of 2019. No other material changes in investments need to be considered for 2019.

The share of equity in associates and joint ventures fell by CHF 5.2 million in net terms to CHF 65.9 million, due chiefly to the first-time consolidation of the Zattoo Group. The value of the investment in Swisscom Directories AG had already been reclassified under assets held for sale with effect from 31 December 2018. As in the previous year, no impairments needed to be recorded in 2019.

Share of net assets and income in associates/joint ventures

Detailed financial information on the individual companies deemed to be material associated companies is provided below. The reported amounts refer to the 100 per cent stake in the companies and include the fair value adjustments at the time of acquisition as well as any deviations caused by differences in application of accounting policies. The income statements include in particular the depreciation and amortisation to be recognised by Tamedia on the intangible assets owned at the takeover date. The figures for associated companies and joint ventures may be based on provisional and unaudited figures, so the tables below may contain some adjustments to the final figures from the previous year.

in CHF 000	2019 [1]	2018 [1]
Name	Karriere.at GmbH	Karriere.at GmbH
Share of Group capital	24.5%	24.5%
Balance sheet		
Current assets	30 658	34 652
Non-current assets	35 003	29 149
Total assets	**65 662**	**63 801**
Current liabilities	17 895	18 921
Non-current liabilities	–	–
Total equity	47 767	44 880
of which attributable to Tamedia	16 384	15 394
Liabilities and shareholders' equity	**65 662**	**63 801**
Income Statement		
Revenues	52 762	49 156
Income before taxes	**35 733**	**33 594**
Income taxes	(8 300)	(7 934)
Net income	**27 433**	**25 660**
Other comprehensive income	–	–
Total comprehensive income	**27 433**	**25 660**
of which attributable to Tamedia	9 410	8 801
Dividends received (pro-rata)	8 217	6 574

1 Karriere.at GmbH is a 49 percent stake of Jobcloud AG in which Tamedia AG holds a 50 percent interest. Based on the current agreement, Tamedia expects Jobcloud AG to have a 34.3 percent stake profit claim against Karriere.at GmbH.

As at the end of 2019, the other associates and joint ventures are assessed as not material on an individual basis.

The shares of Tamedia in the net assets and income of associates and joint ventures are listed below.

in CHF 000	Karriere.at GmbH	Other associates	Joint ventures	**Total**
2019				
Current assets	10 516	18 453	9 177	38 146
Non-current assets	12 006	47 457	2 770	62 233
Assets	**22 522**	**65 910**	**11 947**	**100 379**
Current liabilities	6 138	11 711	7 560	25 409
Non-current liabilities	–	8 610	463	9 073
Equity	16 384	45 589	3 924	65 897
Liabilities	**22 522**	**65 910**	**11 947**	**100 379**
Accumulated unrecognised share of losses	–	–	–	–
Carrying value of the investments in associates / joint ventures	**16 384**	**45 589**	**3 924**	**65 897**
Share of net income (loss) of associates/joint ventures				
Revenues	18 097	54 391	15 422	87 910
Income before taxes	**12 256**	**7 649**	**994**	**20 899**
Income taxes	(2 847)	(1 334)	(252)	(4 433)
Share of net income (loss) of associates / joint ventures	**9 410**	**6 314**	**742**	**16 466**
Other comprehensive income	–	–	–	–
Total comprehensive income	**9 410**	**6 314**	**742**	**16 466**

in CHF 000	Swisscom Directories AG / [1] Karriere.at GmbH	Other associates	Joint ventures	**Total**
2018				
Current assets	11 886	14 699	6 770	33 355
Non-current assets	9 998	62 775	3 972	76 745
Assets	**21 884**	**77 474**	**10 742**	**110 100**
Current liabilities	6 490	16 093	5 938	28 521
Non-current liabilities	–	9 998	458	10 456
Equity	15 394	51 383	4 346	71 123
Liabilities	**21 884**	**77 474**	**10 742**	**110 100**
Accumulated unrecognised share of losses	–	–	–	–
Carrying value of the investments in associates / joint ventures	**15 394**	**51 383**	**4 346**	**71 123**
Share of net income (loss) of associates/joint ventures				
Revenues	82 768	58 867	20 890	162 525
Income before taxes	**25 896**	**418**	**1 672**	**27 986**
Income taxes	(5 732)	(639)	(490)	(6 861)
Share of net income (loss) of associates / joint ventures	**20 164**	**(221)**	**1 182**	**21 125**
Other comprehensive income	39	–	–	39
Total comprehensive income	**20 202**	**(221)**	**1 182**	**21 163**

1 Swisscom Directories AG was reclassified as assets held for sale as at 31 December 2018, which is why the figures are no longer included in the balance sheet.

Associates and joint ventures are accounted for using the equity method. A distinction is made between joint ventures and joint operations when assessing joint arrangement companies. These companies are deemed to be joint ventures because, in all cases and on the basis of contractual agreements, Tamedia exercises control over financial and operational decisions together with partners and holds rights to the company's net assets.

Except for Virtual Network SA (30 June), all of the associates and joint ventures have a balance sheet date of 31 December under commercial law. As none of the associates and joint ventures have shares that are publicly traded, there are no published share prices. As most of the associates and joint ventures do not apply IFRS, their available financial statements have been adjusted to reflect IFRS principles, requiring estimates to be made in some cases. Adjustments may be necessary in the coming years if new information becomes available.

Details on transactions with associates and joint ventures are disclosed in Note 41.

Depreciation and amortisation

Note 12

in CHF 000	2019	2018[1]
Depreciation and amortisation	41 545	26 328
Amortisation resulting from business combinations	60 061	45 607
Impairment	24 730	2 293
Total	**126 336**	**74 229**
of which depreciation of property, plant and equipment	22 394	21 071
of which depreciation of right-of-use assets from leases	12 061	–
of which amortisation of intangible assets	67 151	50 865
of which impairment on goodwill	24 730	2 293

1 Due to a new definition of depreciation and amortisation from business combinations, there was a reclassification in the previous year from depreciation and amortisation proper to depreciation and amortisation from business combinations in the amount of CHF 1.8 million.

Ongoing depreciation and amortisation rose by CHF 15.2 million to CHF 41.5 million year on year. Of this amount, CHF 12.1 million is recognised in accordance with IFRS 16 due to the first-time reporting of the depreciation of the capitalised right-of-use assets. Further information about depreciation of right-of-use assets can be found in Note 35 on leases. The continued increase is attributable to the change to the group of consolidated companies. Depreciation and amortisation relating to software project costs recorded in connection with acquisitions are now shown as depreciation and amortisation resulting from business combinations (previously under depreciation and amortisation; the previous year's figures were adjusted to account for the effect worth CHF 3.2 million).

Depreciation and amortisation resulting from business combinations include the depreciation and amortisation from customer bases, publishing rights and software project costs measured and capitalised in connection with mergers. They increased by CHF 14.5 million to CHF 60.1 million. The increase is primarily due to Basler Zeitung AG, the Goldbach Group and Neo Advertising SA, all acquired in 2018, being included in the figures for a full year for the first time – as well as depreciation and amortisation relating to the Zattoo Group being reported for the first time in 2019.

Following the annual goodwill impairment test for each cash-generating unit, impairment on goodwill of CHF 24.7 million was recognised on 31 December 2019, as against CHF 2.3 million in the previous year (see also Note 25).

Note 13

Financial results

in CHF 000	2019	2018
Interest income	133	250
Gains from sale of investments	25 895	5 416
Currency exchange gains	3 644	3 687
Financial income from IAS 19	383	535
Other financial income	43	1 369
Financial income	**30 098**	**11 256**
Interest expense	(625)	(1 060)
Interest expense from leases	(783)	–
Impairment of financial assets	–	(181)
Currency exchange losses	(3 953)	(3 424)
Financial expense from IAS 19	(211)	(153)
Loss from the sale of investments	(4)	–
Other financial expense	(97)	(295)
Financial expense	**(5 672)**	**(5 113)**
Total	**24 426**	**6 143**

Financial income grew from CHF 6.1 million to CHF 24.4 million. With the introduction of IFRS 16, “Leases”, net interest needs to include the interest effect of calculating the fair value of lease liabilities. Otherwise, there was a slight improvement in net interest due to lower interest-bearing financial liabilities compared with the previous period.

On 18 December 2018, Swisscom AG exercised its call option to purchase the 31 per cent share held by Tamedia in Swisscom Directories AG and acquired this for CHF 239.8 million on 22 January 2019. A gain of CHF 18.7 million was recorded from this sale. With effect from 30 December 2019, Tamedia also sold its 100 per cent interest in Starticket AG to See Tickets S.A., Paris, which generated a gain of CHF 7.2 million. In the previous year, a total profit of CHF 3.8 million was recorded on disposals with the sale of the 65 per cent interest in Tagblatt der Stadt Zürich AG and the 100 per cent interest in FZ Furttaler Zeitung AG. The disposal of the 50 per cent interest in Société de Publications Nouvelles SA and LC Lausanne Cités SA resulted in a gain of CHF 1.6 million. As was the case in the comparison period, there were no material losses in the reporting year from the disposal of investments.

Analogue to 2018, currency exchange gains and losses largely balanced out. Financial income under IAS 19 is CHF 0.2 million (the previous year’s financial income under IAS 19 was CHF 0.4 million). Other financial income for 2019 does not include any material items, while the previous year was mainly associated with a reduction in purchase prices obligation.

Income taxes

in CHF 000	2019	2018
Current income taxes	26 877	29 111
Deferred income taxes	(29 772)	(20 864)
Total	**(2 895)**	**8 246**

Analysis of tax expense

in CHF 000	2019	2018
Income before taxes	94 863	137 783
Average income tax rate	21.8%	21.2%
Expected tax expense (using weighted average tax rates)	**20 677**	**29 183**
Credits and income taxes incurred from previous periods	(1 859)	127
Use of previously unrecognised loss carryforwards	(3 766)	(49)
Unrecognised deferred tax assets on tax loss carryforwards	2 601	3 379
Expiry of capitalised tax loss carryforwards	713	1 832
Impact of Swiss participation exemption and other non-taxable items	(3 098)	(7 070)
Expenses not deductible from tax and income not credited to the income statement	(408)	(108)
Non-tax-deductible impairment on goodwill	4 750	504
Change in deferred taxes due to change in tax rates	(14 609)	(14 124)
Tax effects on investments	(7 873)	(5 747)
Other impacting items	(22)	319
Income taxes	**(2 895)**	**8 246**
Effective tax rate	–3.1%	6.0%

The expected average tax rate equals the weighted average of the rates of the consolidated companies. This was 21.8 per cent in 2019 (previous year: 21.2 per cent).

The effective tax rate changed from 6.0 per cent to –3.1 per cent. Unrecognised deferred tax assets on tax loss carryforwards result from the estimate that, based on their income situation, the relevant companies do not fulfil the prerequisites for the realisation of losses. Once again, there were tax effects on investments, which mainly resulted from book depreciation and amortisation on their carrying amounts (without any deferred tax consequences) and significantly reduced the tax expenses.

Amendments to cantonal tax laws and thus new income tax rates entered into force in various cantons on 1 January 2019 and 1 January 2020. Adoption of the revised tax law in the canton of Zurich will reduce its income tax rate to 7 per cent from 1 January 2021. This has already been factored into the calculation of deferred tax assets and liabilities. These adjustments reduced deferred tax liabilities by CHF 14.6 million in net terms, resulting in tax revenue of the same amount.

Note 15

Deferred tax assets and liabilities

in CHF 000	2019	2018
Property, plant and equipment	–	158
Financial assets	–	360
Employee benefit obligations	7 202	6 670
Intangible assets	42	44
Capitalised tax loss carryforward	17 587	16 396
Provisions	403	–
Other balance sheet items	365	296
Total deferred tax assets, gross	**25 599**	**23 925**
Trade accounts receivable	(1 355)	(1 634)
Property, plant and equipment	(17 660)	(18 383)
Financial assets	(411)	(161)
Employee benefit plan assets	(24 247)	(10 818)
Intangible assets	(131 094)	(153 435)
Provisions	(2 714)	(2 723)
Other balance sheet items	(648)	(771)
Total deferred tax liabilities, gross	**(178 129)**	**(187 925)**
Total deferred tax assets, net	**(152 530)**	**(164 000)**
of which deferred tax assets stated in the consolidated balance sheet	7 805	2 397
of which deferred tax liabilities stated in the consolidated balance sheet	(160 335)	(166 397)

Deferred tax assets and liabilities are offset within the consolidated companies if they have the right to do so and if they relate to taxes levied by the same tax authority. Such offsetting amounted to CHF 17.8 million in 2019 (previous year: CHF 21.5 million). The change in deferred taxes is shown in the following table:

in CHF 000	2019	2018
As of 1 January	**(164 000)**	**(150 048)**
Change in group of consolidated companies	(5 221)	(41 938)
Deferred tax income	29 772	20 864
Taxes on other comprehensive income	(13 166)	6 874
Currency translation differences	85	248
As of 31 December	**(152 530)**	**(164 000)**

Tax loss carryforwards

in CHF 000	2019	2018
Recognised tax loss carryforwards	**17 587**	**16 396**
Weighted average income tax rate	18.8%	19.9%
Corresponding to effective tax loss carryforwards	**(93 675)**	**(82 391)**
Past due 1 year	–	(7 190)
Past due 2 to 5 years	(41 817)	(42 269)
Past due after more than 5 years	(51 858)	(32 931)

Whether or not the capitalised tax loss carryforwards can be realised depends on the taxable profits generated in the future. Detailed analyses of anticipated future profits over a period of several years, which also take into account known changes to existing tax laws, form the basis for the assessment of the likelihood of their realisation. The companies affected fulfil the prerequisites for realisation based on their current and expected financial performance. As at 31 December 2019, (net) deferred tax assets of CHF 1.6 million (previous year: deferred tax assets of CHF 2.4 million) had been capitalised for Group subsidiaries which suffered losses in this or the previous year.

in CHF 000	2019	2018
Unrecognised tax loss carryforwards	**(117 596)**	**(137 186)**
Past due 1 year	–	(6 043)
Past due 2 to 5 years	(49 056)	(72 384)
Past due after more than 5 years	(68 540)	(58 758)

Assets held for sale

Note 16

There were no assets held for sale as at 31 December 2019. The investment in the associated company Swisscom Directories AG worth a total of CHF 221.1 million had been reported as an asset held for sale in the previous year. Swisscom Directories AG was sold with effect from 22 January 2019. There are also no material individual business segments being held for sale which need to be reported separately as discontinued operations (same as previous year).

Note 17

Non-controlling interests in net income

in CHF 000	2019	2018
Non-controlling interests in income	40 602	36 245
Non-controlling interests in loss	(7 605)	(3 174)
Total	**32 998**	**33 071**

Disclosures on the subsidiaries with non-controlling interests are provided in Note 33.

Note 18

Earnings per share

		2019	2018
Weighted average number of shares outstanding during the year			
Number of issued shares		10 600 000	10 600 000
Number of treasury shares (weighted average)		2 819	17 053
Number of outstanding shares (weighted average)		**10 597 181**	**10 582 947**
Undiluted			
Net income (loss) attributable to shareholders	in CHF 000	64 760	96 466
Weighted average of outstanding shares applicable for this calculation		10 597 181	10 582 947
Net income (loss) per share	in CHF	**6.11**	**9.12**
Diluted			
Net income (loss) attributable to shareholders	in CHF 000	64 760	96 466
Weighted average of outstanding shares applicable for this calculation		10 620 933	10 623 396
Net income (loss) per share	in CHF	**6.10**	**9.08**

The dilution takes into account the possible impact of share-based payments to the Management Board of Tamedia AG.

Trade accounts receivable

Note 19

in CHF 000	2019	2018
Trade accounts receivable from third parties	252 510	251 608
Trade accounts receivable from associates / joint ventures	3 190	1 889
Provisions for doubtful trade accounts receivable	(12 770)	(13 252)
Total	**242 930**	**240 245**

Trade accounts receivable increased by CHF 2.7 million to CHF 242.9 million. The increase is due to the changes to the group of consolidated companies. Provisions of CHF 12.8 million have been set aside for doubtful trade accounts receivable (previous year: CHF 13.3 million).

Trade accounts receivable are non-interest bearing and are typically due within a period of 30 days. Their due dates as at the balance sheet date are shown in the table below.

Due dates of trade accounts receivable from third parties and associates/joint ventures

in CHF 000	2019	2018
Not yet due	203 800	187 236
Past due up to 30 days	21 790	31 965
Past due 30 to 60 days	8 626	10 038
Past due 60 to 90 days	4 304	3 364
Past due 90 to 120 days	240	2 084
Past due over 120 days	16 940	18 810
As of 31 December	**255 700**	**253 497**

The change in provisions for doubtful trade accounts receivable is shown in the following table:

in CHF 000	2019	2018
As of 1 January	**(13 252)**	**(5 646)**
Change in group of consolidated companies	109	(1 252)
Increase	(1 764)	(10 238)
Reversals	755	543
Used during the financial year	1 311	3 316
Currency translation differences	71	24
As of 31 December	**(12 770)**	**(13 252)**

Inventories

Note 20

in CHF 000	2019	2018
Raw, auxiliary and operating materials	6 699	5 921
Total	**6 699**	**5 921**

Inventories have increased by CHF 0.8 million to CHF 6.7 million, which is due to the slight increase in paper resources compared with the previous year (in particular due to higher purchase prices) at the printing centres.

Note 21 Property, plant and equipment

in CHF 000	Land	Buildings, installations and ancillary facilities	Technical equipment and machinery	Furnishings, motor vehicles and works of art	Advance payments and assets under construction	Right-of-use assets from leases	**Total**
Historical cost							
As of 31 December 2017	**65 879**	**311 630**	**249 941**	**17 074**	**1 143**	**–**	**645 667**
Additions of consolidated companies	–	3 352	7 821	1 733	101	–	**13 007**
Additions	–	1 011	5 264	1 016	9 320	–	**16 610**
Disposals	–	(2 797)	(7 869)	(1 507)	–	–	**(12 174)**
Transfers	–	722	1 697	–	(2 419)	–	**–**
Currency effects	–	(2)	(9)	(2)	4	–	**(9)**
As of 31 December 2018	**65 879**	**313 916**	**256 845**	**18 313**	**8 149**	**–**	**663 102**
Effect of introduction IFRS 16 "Leases" [1]	–	–	–	–	–	54 427	**54 427**
As of 1 January 2019	**65 879**	**313 916**	**256 845**	**18 313**	**8 149**	**54 427**	**717 528**
Additions of consolidated companies	–	184	1 446	67	–	1 087	**2 784**
Disposals of consolidated companies	–	–	(199)	(17)	–	–	**(216)**
Additions	–	44	5 875	433	6 842	1 187	**14 381**
Disposals	–	(4 996)	(14 569)	(1 674)	–	(976)	**(22 216)**
Transfers	–	1 654	10 344	1 030	(13 028)	–	**–**
Currency effects	–	(7)	(25)	(13)	–	(6)	**(52)**
As of 31 December 2019	**65 879**	**310 794**	**259 717**	**18 139**	**1 963**	**55 719**	**712 210**
Cumulative amortisation, depreciation and impairment							
As of 31 December 2017	–	**164 141**	**198 210**	**12 842**	**–**	**–**	**375 194**
Additions of consolidated companies	–	2 667	3 733	1 241	–	–	**7 642**
Depreciation and amortisation	–	9 430	10 568	1 070	3	–	**21 071**
Disposals	–	(2 797)	(7 855)	(1 411)	–	–	**(12 064)**
Currency effects	–	–	(4)	2	(3)	–	**(5)**
As of 31 December 2018	**–**	**173 441**	**204 653**	**13 744**	**–**	**–**	**391 838**
Effect of introducing IFRS 16 "Leases"	–	–	–	–	–	–	**–**
As of 1 January 2019	**–**	**173 441**	**204 653**	**13 744**	**–**	**–**	**391 838**
Disposals of consolidated companies	–	–	(93)	(17)	–	–	**(109)**
Depreciation and amortisation	–	9 221	11 988	1 185	–	12 061	**34 455**
Disposals	–	(4 803)	(14 354)	(1 231)	–	(293)	**(20 681)**
Currency effects	–	(4)	(20)	(8)	–	–	**(32)**
As of 31 December 2019	**–**	**177 855**	**202 174**	**13 672**	**–**	**11 768**	**405 470**
Net carrying value of assets							
As of 31 December 2018	**65 879**	**140 475**	**52 192**	**4 569**	**8 149**	**–**	**271 264**
As of 31 December 2019	**65 879**	**132 939**	**57 543**	**4 466**	**1 963**	**43 950**	**306 741**

1 As of 1 January 2019, Tamedia has recognised right-of-use assets and lease liabilities. The capitalised right-of-use assets correspond to the fair value of the liabilities from leases as of 1 January 2019.

Property, plant and equipment rose by CHF 35.5 million compared with the previous year and stood at CHF 306.7 million as at the balance sheet date. The acquisition of the Zattoo Group resulted in an increase in property, plant and equipment of CHF 2.8 million. As at 1 January 2019, the right-of-use assets as per IFRS 16 were also capitalised for the first time in the amount of CHF 54.4 million. Further information about right-of-use assets from leases can be found in Note 35 on leases.

Investments declined from CHF 16.6 million to CHF 14.4 million. In the previous year, particularly at the three printing centres investments had been made in technical equipment and machinery due to the takeover of fairly large print orders. Depreciation and amortisation amount to CHF 34.5 million, CHF 13.4 million up on the previous year. This is mainly attributable to depreciation relating to the capitalised right-of-use assets associated with leases. Various net assets (individually not material) worth a total of CHF 1.5 million were sold in the reporting year. Details on the pledging of property, plant and equipment are given in Note 39.

Other non-current financial assets

Note 22

in CHF 000	2019	2018
Other investments	22 842	12 125
Non-current loans to third parties	457	512
Non-current loans to associates / joint ventures / related parties	–	101
Other non-current financial assets	3 489	3 139
Total	**26 789**	**15 877**

Other non-current financial assets increased by CHF 10.9 million to CHF 26.8 million. During 2019, Jobcloud AG acquired a 16 per cent interest in Joveo Inc. for CHF 9.9 million, and Tamedia AG purchased a 10 per cent stake in neon Switzerland AG for CHF 1.4 million. Tamedia also upped its investment in Picstars AG and now holds 11 per cent. By contrast, the reporting year saw the sale of the interest in Gebraucht.de GmbH, and a change had to made in the measurement of Book a Tiger Household Services GmbH, which was duly recorded in the statement of comprehensive income.

Non-current loan receivables and other non-current financial assets have only changed slightly compared with the previous year. The investment in the fintech start-up Lykke Corp is still regarded as a non-current financial asset. Tamedia measures Lykke Coins at fair value and records gains – net after taxes – in the statement of comprehensive income. Following the investment in 2018 to the value of CHF 2.0 million (the investment was made in Lykke Coins, which can be converted at any time into a fixed number of shares in Lykke Corp), a negative change in the measurement of the asset to the value of CHF 1.5 million was made in 2019. Rent deposits, which used to be recorded under other current receivables, are now shown under other financial assets. For reasons of materiality, the previous year's figures have not been restated.

Details on the fair values of financial assets are given in Note 38. Details on pledges of other financial assets can be found in Note 39.

Note 23

Employee benefits

Tamedia has a range of defined benefit plans in Switzerland. These plans are managed in accordance with the legal requirements and are managed by autonomous, legally independent pension funds. The Board of Trustees, as the highest management body of these pension funds, is composed of an equal number of employee and employer representatives.

The plan participants are insured against the economic consequences of old age, disability and death, with the benefits governed by the respective plan policies on the basis of the contributions paid. Depending on the individual plan, the employer pays contributions of at least 50 per cent up to a maximum of 60 per cent to the pension funds.

The pension funds can change their financing system (contributions and future benefits). In the event of a funding deficit, determined in accordance with the legal requirements of Switzerland, and if other measures are unsuccessful, the pension funds may charge the employer deficit reduction contributions.

All insurance risks are borne by the pension funds. These risks can be broken down into demographic and financial risks, and are regularly assessed by the Board of Trustees, which is also responsible for asset management.

The management of the plan assets aims at securing the insured parties' benefit entitlements over the long term using the contributions paid by the employees and employer as stipulated in the plan policies. Criteria such as security, the generation of a return on investments that is in line with the market, risk distribution, efficiency and guarantee of the necessary cash and cash equivalents are all taken into account.

Risk capacity, calculated in accordance with recognised rules, is taken into account when determining the investment strategy. The structure of the plan assets takes particular account of the employee benefit obligations, including the plan's actual financial position and expected changes to the number of insured members. The plan assets are thus distributed across different asset classes, markets and currencies, while ensuring that there is sufficient market liquidity. The target return on plan assets is determined within the context of risk capacity, and should play a key role in financing the benefits promised.

Actuarial assumptions

in per cent	2019	2018
Discount rate as of 1 January	0.80	0.60
Discount rate as of 31 December	0.30	0.80
Expected salary increases	1.00	1.00
Expected pension increases	–	–
Mortality table	BVG2015 GT	BVG2015 GT
Date of most recent actuarial calculation	31.10.2019	31.10.2018

Amounts recognised in the balance sheet

in CHF 000	2019	2018
Employee benefit obligations as of 31 December	(1 844 406)	(1 808 673)
Employee benefit plan assets as of 31 December	1 937 718	1 829 532
Overfunding/(liabilities) as of 31 December	**93 312**	**20 859**
Adjustment of asset limit	–	–
Net plan assets/(net plan liabilities) as of 31 December	**93 312**	**20 859**
of which net plan assets	136 310	57 135
of which employee benefit obligations	(42 998)	(36 276)

Amounts recognised in the income statement

in CHF 000	2019	2018
Current employer service cost	(31 661)	(31 946)
Past service cost	407	969
Effect of plan curtailments/settlements	1 713	–
Interest cost for employee benefit obligations	(14 164)	(11 028)
Interest income on plan assets	14 326	11 410
Administration costs (excl. asset management costs)	(901)	(924)
Company's net periodic pension cost	**(30 280)**	**(31 519)**
of which employee benefit expense and administration costs	(30 442)	(31 901)
of which net interest on net plan assets/(net plan liabilities)	162	382

In 2018 and 2019, the past service cost was mainly attributable to plan amendments (lowering of the technical interest rate). The plan amendments relate to various follow-on agreements with collective foundations.

Amounts recognised in the statement of comprehensive income

in CHF 000	2019	2018
Actuarial gains/(losses) on employee benefit obligations	(92 632)	52 214
Gain on plan assets, excluding interest	170 504	(81 222)
Total	**77 872**	**(29 008)**

Composition of actuarial gains / losses

in CHF 000	2019	2018
Actuarial gains/losses through changes in		
financial assumptions	(113 526)	39 014
demographic assumptions	–	873
adjustments due to experience	20 894	12 327
Total	**(92 632)**	**52 214**

Changes in employee benefit obligations

in CHF 000	2019	2018
Present value as of 1 January	(1 808 673)	(1 829 895)
Interest cost	(14 164)	(11 028)
Current employer service cost	(31 661)	(31 946)
Employee contributions	(22 000)	(20 988)
Benefits paid	112 899	91 902
Effect of plan curtailments/settlements	8 714	–
Past service cost	407	969
Change in group of consolidated companies	3 605	(58 972)
Administration costs (excl. asset management costs)	(901)	(929)
Actuarial gains/(losses)	(92 632)	52 214
Present value as of 31 December	**(1 844 406)**	**(1 808 673)**
of which plan liabilities for current employees	(782 432)	(775 863)
of which plan liabilities for retired employees	(1 061 974)	(1 032 810)

Changes in plan assets

in CHF 000	2019	2018
Fair value as of 1 January	1 829 532	1 904 930
Interest income on plan assets	14 326	11 410
Employer contributions	24 390	23 682
Employee contributions	22 000	20 988
Benefits paid	(112 899)	(91 902)
Effect of plan curtailments/settlements	(7 001)	–
Change in group of consolidated companies	(3 134)	41 646
Gain on plan assets, excluding interest	170 504	(81 222)
Fair value as of 31 December	**1 937 718**	**1 829 532**

Allocation of plan assets

in CHF 000	2019	2018
Listed market prices		
Cash and cash equivalents	7 025	5 669
Equity securities	613 766	512 656
Bonds	618 644	598 015
Real estate	325 239	298 304
Other	4 303	6
Total listed market prices	**1 568 977**	**1 414 650**
Non-listed market prices		
Equity securities	–	–
Bonds	–	–
Real estate	266 040	250 925
Other	102 701	163 957
Total non-listed market prices	**368 741**	**414 882**
Total assets at fair value	**1 937 718**	**1 829 532**
of which Tamedia AG shares	–	–
of which assets used by Group companies	–	–

Expected contributions for the coming year

in CHF 000	2019	2018
Employer contributions	23 992	23 763
Employee contributions	21 437	20 547

Maturity of employee benefit obligations

in years	2019	2018
Weighted average duration of employee benefit obligations in years	14.6	14.0

Sensitivity analysis

in CHF 000	2019	2018
Effects on employee benefit obligations as of 31 December in the event of		
Decrease of the discount rate by 0.25%	(69 439)	(65 084)
Increase of discount rate by 0.25%	64 945	60 979
Decrease in salary increases by 0.25%	4 678	4 159
Increase of salary increases by 0.25%	(4 700)	(4 200)
Decrease in life expectancy by 1 year	69 572	64 361
Increase of life expectancy by 1 year	(68 703)	(63 254)

Contributions to defined contribution plans

in CHF 000	2019	2018
Total	959	1 280

Liabilities to employee benefit funds

in CHF 000	2019	2018
Liabilities to Tamedia employee benefit funds	2 050	752
Liabilities to other employee benefit funds	–	–
Total	**2 050**	**752**

Note 24 Intangible assets

in CHF 000	Goodwill	Publishing rights, brand rights and other legal rights	Recognised software project costs	Other intangible assets, assets under construction	**Total**
Historical cost					
As of 31 December 2017	**942 298**	**787 493**	**77 246**	**1 372**	**1 808 410**
Additions of consolidated companies	134 753	240 870	1 847	599	**378 069**
Additions	27	2 257	6 601	989	**9 874**
Disposals	(1 125)	(5 493)	(10 290)	(10)	**(16 917)**
Transfers	(27)	–	1 906	(1 879)	**–**
Currency effects	(1 672)	(283)	(205)	–	**(2 160)**
As of 31 December 2018	**1 074 254**	**1 024 844**	**77 104**	**1 071**	**2 177 275**
Additions of consolidated companies	7 313	13 733	15 811	–	**36 857**
Disposals of consolidated companies	(7 303)	(10 863)	(9 047)	(83)	**(27 296)**
Additions	–	1 354	2 126	6 445	**9 925**
Disposals	–	(7)	(5 242)	(395)	**(5 644)**
Transfers	–	–	6 244	(6 244)	**–**
Currency effects	(1 299)	(496)	(335)	–	**(2 130)**
As of 31 December 2019	**1 072 965**	**1 028 565**	**86 663**	**794**	**2 188 988**
Cumulative amortisation, depreciation and impairment					
As of 31 December 2017	**46 804**	**187 998**	**61 869**	**26**	**296 697**
Depreciation and amortisation	–	42 390	8 476	–	**50 865**
Impairment	2 293	–	–	–	**2 293**
Disposals	–	(5 327)	(10 290)	(10)	**(15 626)**
Currency effects	(688)	(43)	(117)	–	**(848)**
As of 31 December 2018	**48 409**	**225 018**	**59 938**	**16**	**333 381**
Disposals of consolidated companies	–	(7 066)	(7 398)	–	**(14 464)**
Depreciation and amortisation	–	54 891	12 218	41	**67 151**
Impairment	24 730	–	–	–	**24 730**
Disposals	–	(2)	(5 213)	(16)	**(5 231)**
Currency effects	(641)	(95)	(256)	–	**(993)**
As of 31 December 2019	**72 497**	**272 747**	**59 289**	**41**	**404 574**
Net carrying value of assets					
As of 31 December 2018	**1 025 846**	**799 828**	**17 167**	**1 055**	**1 843 894**
As of 31 December 2019	**1 000 468**	**755 818**	**27 375**	**753**	**1 784 414**

Intangible assets decreased by CHF 59.5 million from CHF 1,843.9 million to CHF 1,784.4 million. Changes to the group of consolidated companies include the addition of intangible assets belonging to the Zattoo Group and the sale of intangible assets belonging to Starticket AG and amount to an increase of CHF 24.0 million. Further information on this is provided in Note 1 on changes to the group of consolidated companies. In particular, investments were again made in the form of software project costs that can be capitalised. Depreciation and amortisation amount to CHF 67.2 million. This represents an increase of around CHF 16.3 million, which is mainly attributable to depreciation and amortisation relating to intangible assets of companies newly acquired in 2018 and 2019. Impairment on goodwill amounting to CHF 24.7 million was recognised in the reporting year (previous year: CHF 2.3 million). Further information on this can be found in Note 25 below. Disposals with a net asset value of CHF 0.4 million were recorded.

Goodwill and intangible assets with an indefinite useful life

Note 25

in CHF 000	2019	2018
Business division		
Paid Media	178 628	203 358
Free Media and Commercialisation	258 051	258 293
Marketplaces and Ventures	563 789	564 195
Total	**1 000 468**	**1 025 846**

In addition to goodwill, intangible assets (trademarks/URLs) with indefinite useful lives are found in the following business divisions:

in CHF 000	2019	2018
Business division		
Paid Media	115 529	115 529
Free Media and Commercialisation	61 169	62 208
Marketplaces and Ventures	188 557	187 299
Total	**365 255**	**365 036**

Goodwill of CHF 290.1 million and intangible assets with indefinite useful lives of CHF 91.0 million are related to the largest cash-generating unit. These were tested for impairment on the basis of the value in use, growth rate calculation, discount rate and other assumptions in the Marketplaces and Ventures segment.

The goodwill and intangible assets with indefinite useful lives were tested for impairment for each cash-generating unit on 31 December 2019. The cash-generating units are determined at a level below the segments, provided they are largely independent of other assets. Their values in use were calculated using the discounted cash flow method.

The calculations on which the business plans are based refer to the values generated in the current year, the budget figures for 2020 and the medium-term expectations for each of the business divisions. The budget figures include the latest estimates relating to changes in operating revenues and costs. The estimates relating to the changes in operating revenues take into account external market data (WEMF, Media Focus, NET-Metrix) and are based on the current reader or user figures. Future changes in these numbers are forecast individually. Measures serving to improve net income are taken into account only if they have been officially approved and are already being implemented. The business plans take account of business risks with differing assessments. The business plans cover a period of four years for Paid Media and Free Media and five years for Marketplaces and Ventures. For the following years, the growth rate was set at –4.4 per cent for Paid Media and 0.0 per cent for Free Media and Commercialisation, while the rate for Marketplaces and Ventures was set at 1.0 per cent (previous year: –2.75 per cent for Paid Media, 0.0 and –2.5 per cent for Free Media and Commercialisation and 1.0 per cent for Marketplaces and Ventures).

For one cash-generating unit in the Marketplaces and Ventures segment, the realisable value (estimated sale proceeds less transaction costs) was calculated on the basis of a fair value determined not on the basis of observable market data but using comparable transactions.

The discount rates applied (WACC) are shown in the following table.

WACC before tax	2019	2018
Paid Media	7.6%	9.1–10.8%
Free Media and Commercialisation	7.2–9.6%	7.6–9.2%
Marketplaces and Ventures	8.6–12.1%	8–9.6%

The discount rates before tax applied to the significant cash-generating units amounted to 7.6 per cent (previous year: 9.7 per cent) for Paid Media, 7.2 per cent (previous year: 9.2 per cent) for Free Media, 6.2 per cent (previous year: 7.6 per cent) for Commercialisation and 9.5 per cent (previous year: 9.2 per cent) for Marketplaces and Ventures.

Based on the calculations performed, an impairment of CHF 24.7 million was recorded on goodwill for the Paid Media cash-generating unit. A realisable value of CHF 255.1 million was determined for this unit with a pre-tax WACC of 7.6 per cent. The need for impairment derives from the continuing decline in Paid Media business, with growth forecasts being reduced accordingly again from –2.75 per cent to –4.4 per cent.

Due to the closure of Tradono Switzerland in September 2018, its goodwill of CHF 2.3 of million was amortised in the previous year.

Impairment of goodwill and intangible assets with an indefinite useful life could result from changes in the fundamental data used for impairment testing, such as an ongoing deterioration in the gross margin or a change in cost structure.

The possible effects as at 31 December are presented on the basis of an assumed reduction in free cash flow and an increase in WACC.

in CHF 000 Effects on goodwill and intangible assets with unlimited use	2019	2018
of a reduction in cash flow by		
10%		
Paid Media	(50 244)	(31 269)
Free Media and Commercialisation	(2 188)	–
Marketplaces and Ventures	(7 138)	–
20%		
Paid Media	(75 757)	(59 497)
Free Media and Commercialisation	(3 506)	–
Marketplaces and Ventures	(28 342)	(17 318)
WACC increased by 2%		
Paid Media	(77 916)	(46 999)
Free Media and Commercialisation	(4 154)	(473)
Marketplaces and Ventures	(39 544)	(25 054)

A 10 or 20 per cent decline in free cash flow for the cash-generating unit Paid Media would give a recoverable amount of CHF 50.2 million or CHF 75.8 million below the carrying amount. A 2 per cent increase in WACC would give a recoverable amount of CHF 77.9 million below the carrying amount. A 10 or 20 per cent decline in free cash flow for the cash-generating unit Heute.at would give a recoverable amount of CHF 2.2 million or CHF 3.5 million below the carrying amount. A 2 per cent increase in WACC would give a recoverable amount of CHF 4.2 million below the carrying amount. A 10 or 20 per cent decline in free cash flow for the cash-generating unit Ricardo would give a recoverable amount of CHF 7.1 million or CHF 28.3 million below the carrying amount. A 2 per cent increase in WACC would give a recoverable amount of CHF 37.0 million below the carrying amount. A 2 per cent increase in WACC for the cash-generating unit Doodle would give a recoverable amount of CHF 2.5 million below the carrying amount. Considered individually, any impact on the other units is not significant.

Financial liabilities

in CHF 000	2019	2018
Current liabilities to banks	22 072	120 883
Current financial liabilities from leases	11 223	–
Other current financial liabilities to third parties	603	4 797
Current financial liabilities	**33 898**	**125 680**
Non-current liabilities to banks	–	20 000
Non-current liabilities from leases	33 036	–
Non-current loans to related companies	15 121	10 369
Other non-current financial liabilities to third parties	2 225	2 824
Non-current financial liabilities	**50 382**	**33 193**
Financial liabilities	**84 280**	**158 873**
Weighted average interest rate		
Due within 1 year	0.6%	0.5%
Due 1 to 5 years	1.3%	1.0%
Due beyond 5 years	n/a	n/a

Financial liabilities decreased by CHF 74.6 million to CHF 84.3 million. The CHF 120.0 million credit facility, which had been arranged in 2018 in connection with the acquisition of the Goldbach Group, was repaid in full in January 2019. This means there are no longer any non-current bank liabilities as at 31 December 2019. Goldbach Group AG has a bank liability with an amount of CHF 20.0 million with a term until early 2020. As at the end of 2019, this is shown under current bank liabilities. In the previous year, it was still being recognised under non-current bank liabilities. In addition to a short term credit liability amounting to CHF 1.5 million, current bank liabilities include the fair value of hedging transactions for the foreign currency risk (see Note 38).

As at the balance sheet date, there were current and non-current leasing obligations in the amount of CHF 11.2 million and CHF 33.0 million respectively. With the introduction of IFRS 16, “Leases”, in accordance with the simplified procedure (see note 35), no previous year figures are recognised. Other current financial liabilities in the amount of CHF 4.3 million for all Goldbach shares which were still not in the possession of Tamedia as at the end of 2018 were cleared in 2019 with the acquisition of the shares. Recorded under other current financial liabilities to third parties is the purchase price obligation from the acquisition of Meekan Solutions Ltd. amounting to CHF 0.3 million, which was paid in January 2020. No material change needed to be made to this purchase price obligation in the income statement 2019. Non-current loan liabilities involving related parties include loans to minority shareholders in CAR FOR YOU AG and Neo Advertising SA and the loan to Berner Oberland Medien AG. These loans increased by around CHF 4.8 million in the reporting year. Other non-current financial liabilities to third parties still comprise the contractually assumed obligation of CHF 1.7 million (previous year: CHF 2.0 million) in connection with the “ETH Media Technology Initiative” development partnership. The current portion of this, CHF 0.3 million, has been recognised under other current financial liabilities.

Cash flow associated with net financial liabilities

in CHF 000	Cash and cash equivalents	Current financial assets	Current financial receivables	Current financial liabilities	Non-current financial liabilities	Net financial liabilities
As of 1 January 2018	**123 438**	**2 119**	**12 125**	**(3 973)**	**(6 412)**	**127 296**
Addition/Disposal of cash and cash equivalents and current financial assets	77 708	–	13 879	–	–	**91 587**
Proceeds of financial liabilities	201 398	–	–	(185 001)	(16 397)	**–**
Repayment of financial liabilities	(66 944)	–	–	66 653	291	**–**
Investment in consolidated companies	(192 624)	–	–	(4 486)	(20 540)	**(217 650)**
Disposals of consolidated companies	3 371	–	–	–	–	**3 371**
Other non-cash changes	–	(931)	350	1 126	9 865	**10 410**
Currency effects	(423)	–	–	–	–	**(423)**
As of 31 December 2018	**145 923**	**1 187**	**26 354**	**(125 680)**	**(33 193)**	**14 590**
Effect of introducing IFRS 16 "Leases"	–	–	–	(10 167)	(44 259)	**(54 427)**
As of 1 January 2019	**145 923**	**1 187**	**26 354**	**(135 848)**	**(77 453)**	**(39 836)**
Addition/Disposal of cash and cash equivalents and current financial assets	278 025	–	6 940	–	–	**284 965**
Proceeds of financial liabilities	6 601	–	–	(1 495)	(5 106)	**–**
Repayment of financial liabilities	(128 377)	–	–	126 970	1 407	**–**
Repayments of leasing liabilities	(11 875)	–	–	11 875	–	**–**
Investment in consolidated companies	(6 397)	–	–	–	–	**(6 397)**
Disposals of consolidated companies	7 904	–	–	–	–	**7 904**
Other non-cash changes	–	(1 187)	–	(4 178)	(454)	**(5 819)**
Transfers	–	–	–	(31 223)	31 223	**–**
Currency effects	(608)	–	–	–	–	**(608)**
As of 31 December 2019	**291 194**	**–**	**33 294**	**(33 898)**	**(50 382)**	**240 208**

Trade accounts payable

Note 27

in CHF 000	2019	2018
Trade accounts payable to third parties	79 769	91 891
Trade accounts payable to associates / joint ventures	1 368	673
Total	**81 137**	**92 564**

The reduction in trade accounts payable is due to the changes to the group of consolidated companies. Trade accounts payable are non-interest bearing and are normally payable within a period of 30 days.

Other current liabilities

Note 28

in CHF 000	2019	2018
Liabilities to public authorities	15 976	13 219
Liabilities to insurance companies	6 751	5 854
Liabilities to employee benefit funds	2 050	752
Liabilities to employees	162	732
Advance payments from customers	10 731	7 343
Other current liabilities	10 339	11 668
Total	**46 010**	**39 568**

Other current liabilities amount to CHF 46.0 million and rose by CHF 6.4 million comparing with the previous year. The increase is partly due to higher advance payments of CHF 3.4 million. Other current liabilities are non-interest bearing and are normally payable within a period of 30 days.

Deferred revenues and accrued liabilities

Note 29

in CHF 000	2019	2018
Deferred subscription revenues	158 428	146 177
Deferred online revenues	68 652	61 391
Deferred revenues from commercialisation and intermediation activities	32 063	36 665
Deferred personnel expenses	31 634	43 645
Other accrued liabilities	47 028	38 017
Total	**337 805**	**325 896**
of which deferred revenues from contracts with customers	259 144	250 850
of which other accrued liabilities	78 662	75 046

Deferred revenues and accrued liabilities rose by CHF 11.9 million from CHF 325.9 million to CHF 337.8 million. Changes to the group of consolidated companies result in an increase of around CHF 8.0 million. There was an overall increase in deferred revenue, whereby deferrals for subscription revenues and deferrals for online revenues increased in the reporting year. The increase in deferrals for online revenues is largely attributable to Jobcloud AG, while the decline in deferrals for commercialisation and intermediary activities relates to the Goldbach Group.

The decline in accruals relating to personnel by CHF 12.0 million to CHF 31.6 million is mainly due to the lower accruals for employee performance bonuses and profit participation arrangements for the Management Board.

The revenues recognised in the reporting period, which were included in the balance of the contractual liabilities at the start of the period, amount to CHF 188.5 million (previous year CHF 192.8 million). There are no material revenues recognised in the reporting period from performance obligations which had been fulfilled either in full or in part during earlier periods (e.g. subsequent purchase price adjustments).

Note 30

Provisions

in CHF 000	Long service awards	Personnel provisions/ Restructuring	Restoration costs + inherited pollution	Litigation risk, other	**Total**
As of 1 January 2018	**9 745**	**1 425**	**600**	**992**	**12 762**
Additions of consolidated companies	1 244	7	–	741	**1 991**
Disposals of consolidated companies	(33)	–	–	–	**(33)**
Increase	404	3 913	–	619	**4 936**
Reversal	–	(457)	–	(54)	**(511)**
Used during the financial year	(940)	(2 607)	–	(202)	**(3 749)**
Currency effects	–	–	–	(14)	**(14)**
As of 31 December 2018	**10 419**	**2 280**	**600**	**2 082**	**15 381**
Due within 1 year	993	2 280	–	820	**4 092**
Due between 1 and 5 years	9 426	–	600	1 262	**11 288**
As of 1 January 2019	**10 419**	**2 280**	**600**	**2 082**	**15 381**
Additions of consolidated companies	–	–	–	–	**–**
Disposals of consolidated companies	(97)	–	–	–	**(97)**
Increase	986	1 948	68	1 059	**4 061**
Reversal	(4)	(410)	–	(689)	**(1 103)**
Used during the financial year	(259)	(2 650)	–	(533)	**(3 442)**
Currency effects	–	–	–	(45)	**(45)**
As of 31 December 2019	**11 045**	**1 168**	**668**	**1 873**	**14 754**
Due within 1 year	1 085	1 168	–	702	**2 955**
Due between 1 and 5 years	9 960	–	668	1 171	**11 799**

Current and non-current provisions amounted to CHF 14.8 million, down by CHF 0.6 million year on year. The decrease is due to the personnel-related provisions that had been recognised in the previous year, particularly for the social plans for Le Matin and Tamedia Editorial Services staff in French-speaking Switzerland, and were used in 2019. The increase of personnel-related provisions is the result of various social plans devised in 2019 (including additional provisions for social plans for the staff of Le Matin and Friday). The increase in the provisions for long-service awards is particularly attributable to the valuation at a lower discount rate. The outflow of non-current provisions is expected within the next five years.

The provision for long-service awards is determined on the basis of actuarial principles. The personnel provisions consist mainly of costs that are still expected in conjunction with agreed restructuring measures. Restoration costs and inherited pollution include the estimated costs of restoring rented properties to their original state once they have been vacated, and guarantees for the removal of inherited pollution from properties sold. The due dates for restoration costs of rented premises are governed by the terms of the relevant agreements. The provisions for litigation risks relate to current cases. Other provisions include several different items, which, if considered individually, are not material in nature.

The amount set aside for provisions and the point in time at which such will result in a cash outflow are based on best possible estimates and may deviate from actual circumstances in the future.

Note 31

Share capital

There are still 10,600,000 fully paid-up registered shares with a par value of CHF 10.00 each.

There is a shareholders' agreement for 67.0 per cent of the 10.6 million registered shares of Tamedia AG. The members to the shareholders' agreement currently own 69.10 per cent of the shares.

On 5 April 2019, the shareholders approved the proposal of the Board of Directors that a dividend of CHF 4.50 per share be distributed for the 2018 financial year. For the 2019 financial year, the Board of Directors will propose to the Annual General Meeting of 3 April 2020 that a dividend of CHF 3.50 per dividend-bearing share be distributed.

Disclosures on the major shareholders of Tamedia AG in accordance with the terms of the Swiss Code of Obligations Art. 663c are provided in Note 15.

Treasury shares

Note 32

		2019	2018
Number of treasury shares			
As of 1 January		25 609	10 929
Additions		9 266	25 637
Disposals		(25 609)	(10 957)
As of 31 December		**9 266**	**25 609**
Initial value of treasury shares	in CHF 000		
As of 1 January		3 579	1 635
Additions		914	3 584
Disposals		(3 579)	(1 640)
As of 31 December		**914**	**3 579**
Market value		**868**	**2 702**
Paid/received prices	in CHF		
Additions (weighted average)		98.62	139.80
min.		92.16	118.00
max.		98.62	157.29
Disposals (weighted average)		139.75	149.69
min.		139.75	149.69
max.		139.75	149.69

The year-end price of treasury shares was CHF 93.7, compared with CHF 105.5 at the end of the previous year. Share price changes over time can be seen in the chart on page 40.

As part of the profit participation programme for members of the Management Board (see also Note 42), 25,609 treasury shares with a total value of CHF 3.6 million were issued. In total, 9,266 additional treasury shares were purchased in the 2019 financial year.

Further disclosures in relation to the consolidated financial statements

Note 33

Subsidiaries with non-controlling interests

The Group companies of Tamedia and their respective shares of capital and voting rights are detailed in Note 40. The balance sheet date for all Group companies is 31 December. With regard to non-controlling interests, there are no significant statutory, contractual or regulatory restrictions affecting access to or use of the Group's assets or with regard to Tamedia's settlement of its obligations.

Detailed information on the Group companies with significant non-controlling interests is provided in the table below (figures prior to intercompany eliminations).

in CHF 000	2019	2018	2019	2018[1]
Name	JobCloud AG	JobCloud AG	Goldbach Media (Switzerland) AG	Goldbach Media (Switzerland) AG
Share of Group capital	50.0%	50.0%	54.0%	54.0%
Capital share attributable to non-controlling interests	50.0%	50.0%	46.0%	46.0%
Balance sheet				
Current assets	84 473	97 524	103 692	104 198
Non-current assets	478 436	477 562	244 080	251 397
Assets	**562 909**	**575 085**	**347 773**	**355 596**
Current liabilities	58 987	70 509	77 290	75 832
Non-current liabilities	37 210	40 480	35 766	35 216
Equity, attributable to Tamedia shareholders	238 356	237 048	126 747	132 056
Attributable to non-controlling interests	228 356	227 048	107 970	112 492
Liabilities	**562 909**	**575 085**	**347 773**	**355 596**
Income statement				
Revenues	113 310	111 582	64 412	30 408
Income before taxes	**64 436**	**67 727**	**22 779**	**15 143**
Income taxes	(6 971)	(12 373)	(1 314)	(2 907)
Net income	**57 466**	**55 354**	**21 465**	**12 235**
Other comprehensive income	(2 527)	100	(586)	(125)
Total comprehensive income	**54 938**	**55 454**	**20 879**	**12 110**
of which attributable to non-controlling interests	27 469	27 727	9 604	5 571
Dividends paid to non-controlling interests	26 000	20 875	14 097	–
Cash flows				
Cash flow from (used in) operating activities	58 527	71 428	37 547	10 733
Cash flow from (used in) investing activities	(12 754)	(31 669)	546	(457)
Cash flow from (used in) financing activities	(50 935)	(41 749)	(31 905)	–
Change in cash and cash equivalents	**(5 162)**	**(1 990)**	**6 189**	**10 276**

1 Income statement and cash flows taken into account for the period 01 September 2018 to 31 December 2018.

With regard to Jobcloud AG, Tamedia and Ringier have agreed on a control option that enables Tamedia to carry out its consolidation pursuant to IFRS.

Sureties, subordinated claims and guarantee obligations to the benefit of third parties/related parties

Note 34

in CHF 000	2019	2018
Subordinated claims in favour of related parties	2 176	530
Subordinated claims in favour of third parties	1 826	411
Guarantee liabilities in favour of third parties	–	7
Total	**4 002**	**947**

As at the balance sheet date, there are subordinated claims to the benefit of related parties and third parties totalling CHF 4.0 million (previous year CHF 0.9 million). There are no guarantee obligations to the benefit of third parties (previous year: CHF 0.01 million). There are no further sureties, subordinated claims or guarantee obligations.

Leases

Note 35

The principles of accounting to be applied with IFRS 16, "Leases", are set out in the section on measurement principles.

Currently, there are leases for both real estate and operating and office equipment (vehicles, IT and other items). The leases for operating and office equipment have a residual term of between one and four years and fixed conditions. The residual terms of the property rental agreements are between one and 11 years. Various rental agreements feature options to extend the rental period. Any assessment of the residual term of leases with extension options involves estimates and assumptions. These estimates are inherently uncertain and may not prove to be accurate.

All leases were classified as operating leases as at 31 December 2018 and were recorded under operating expenses in the income statement. There were no finance leases as at 31 December 2018. The obligations associated with operating leases amounted to CHF 50.7 million as at 31 December 2018 (Note 35 to the Annual Report of 31 December 2018). Due to lease liabilities being recorded at fair value and with short-term leases and leases for low-value underlying assets not being recognised, the lease liabilities recognised under IFRS 16 differs from the operating lease liabilities shown as at 31 December 2018 in accordance with IAS 17. Any other variations are attributable to different estimates relating to extension options or the terms of leases. The main difference as at 1 January 2019 concerns the rental agreement for Basler Zeitung AG, which is based on a shorter term as regards what was shown as at 31 December 2018.

in CHF 000	
Operating leases and rental commitments – as of 31.12.2018	**50 712**
Adjustments due to a different estimate of extension options	7 735
Discount effect	(2 675)
Low-value current leases	(1 325)
Other effects	(21)
Lease obligations as of 1.1.2019	**54 427**
of which short term	10 167
of which long term	44 259

As at 1 January 2019, Tamedia has recorded right-of-use assets and lease liabilities in the amount of CHF 54.4 million in each case. Also as at 1 January 2019, the capitalised right-of-use assets correspond to the fair value of lease liabilities. The incremental borrowing rate of interest used to calculate the fair value of lease liabilities as at 1 January 2019 is 1.56 per cent. A uniform rate is used for all leases as most leases relate to the same asset class (property) in a similar commercial environment (similar character of leases). With the first application of IFRS 16, no initial direct costs were capitalised as right-of-use assets in connection with the conclusion of leases. Leases recorded as operating leases up to 31 December 2018 and whose residual term as at 1 January 2019 was less than one year were not recognised and were recorded under other operating expenses. There are index-based contracts that are generally linked to the relevant national consumer price index. They were recorded for the first time on the basis of the current index as at 1 January 2019.

The capitalised right-of-use assets, the lease liabilities on the liabilities side, the effect in terms of depreciation and amortisation in the income statement and on the financial result as well as the impact on the statement of cash flows are set out in the individual Notes to the consolidated financial statements. By way of summary, IFRS 16, “Leases”, has the following impact on the consolidated financial statements:

in CHF 000	31.12.2019	01.01.2019
Balance sheet		
Right of use, leasing – real estate	53 713	52 780
Cumulative depreciation in right of use – real estate	(10 955)	–
Right of use, leasing – operating and office equipment	2 006	1 647
Cumulative depreciation in right of use – operating and office equipment	(813)	–
Assets	**43 950**	**54 427**
Lease obligations	44 259	54 427
Liabilities	**44 259**	**54 427**

in CHF 000	31.12.2019
Income statement	
Depreciation in right of use, leasing – real estate	(11 454)
Depreciation in right of use, leasing – operating and office equipement	(607)
Depreciation in right of use, leasing	**(12 061)**
Financial expense leasing	(783)
Financial income, net leasing	**(783)**

Short-term leases with terms of less than one year and low-value underlying assets do not have to be recognised and were recorded in the reporting year as lease expenses under other operating expenses in the amount of around CHF 2.4 million (short-term leases) and CHF 1.0 million (low-value underlying assets).

In the 2019 reporting year, Jobcloud AG concluded a long-term lease, which will lead to future material lease payments. The lease starts in the first half of 2020, which is why the right-of-use asset and lease liabilities had still not been recorded in the balance sheet as at the balance sheet date of 31 December 2019. The revenue from subleasing in relation to capitalised right-of-use assets is not material, and there are no sale and leaseback transactions.

Pending transactions

Note 36

Framework agreements are entered into with major suppliers of newsprint and magazine paper. There were no agreements relating to future delivery periods as at the balance sheet date. There are no other pending transactions as at the balance sheet date.

There are out-of-home advertising contracts with an obligation to provide services to generate a specific level of revenue in the amount of CHF 37.5 million (previous year: CHF 20.6 million). The management estimates that the agreed revenue targets will be achieved in the amount of CHF 36.9 million. A provision has been formed for loss-generating contracts.

Information on financial risk management

Note 37

The Board of Directors convenes regularly to discuss the assessment of risks (at one meeting in 2019). Its assessments were compared and aligned with those from the previous year and with the assessments prepared by the Management Board. The Board of Directors and Management Board apply different operational risk management processes that are documented regularly and systematically. The assessment of opportunities and risks is also incorporated into systematic portfolio management. The Board of Directors and Management Board consider the following risks to be significant: the impacts of structural changes in the media sector, changes in behaviour of media consumers and advertising customers, dependence on the general economic trend in Switzerland and changes in broader economic and legal conditions. These include in particular the licence-fee-financed free competition from SRG, further increases in the postal charges for the delivery of newspapers and magazines as well as restrictions under competition law or bans on collaborations with other companies in spite of the increasing competition provided by global players such as Google, Facebook and Amazon. New projects at home and abroad, technical faults affecting IT systems and the rise of cyber crime are also considered to present a risk. In contrast, risks associated with operational errors and weaknesses or natural hazards are assessed as being less critical.

Interest rate risk

Interest rate risk is managed centrally. Short-term interest rate risks are generally not hedged. As at the balance sheet date, there were no hedges of long-term interest rate risks.

The risk resulting from changes in market interest rates mainly relates to current and non-current financial liabilities.

The following table provides details of the items that are subject to interest rate risks and shows the impact of a possible change in interest rates on the Group's net income before taxes.

	2019		2018	
in CHF 000	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
Assets				
Cash and cash equivalents	291 194	–	145 923	–
Loans receivable	–	457	–	613
Liabilities				
Liabilities to banks and bank loans	–	22 072	–	140 883
Loans payable	4 318	10 803	2 888	7 481
Other interest-bearing financial liabilities	–	2 828	–	7 622
Impact on earnings before taxes at a change of +/– 0.1%	+/– 287		+/– 143	

Currency risk

Risks relating to exchange rate fluctuations may result in particular from the purchase of paper or investments. Currency risks are hedged centrally, by means of cash flow hedges, and thus minimised to the extent that such action is considered expedient.

At present, currency risks result mainly from purchases made in foreign currency and whose operating revenues are generated predominantly in CHF, as well as investments in other companies that are managed in a foreign currency. The equivalent value of purchases in foreign currency amounted to CHF 99.2 million in 2019 (previous year: CHF 83.9 million). The risks applied for the most part to transactions in euro and were hedged for paper purchases in 2020 in the amount of CHF 41.7 million (hedging in 2018 for paper purchases in 2019 amounted to CHF 46.5 million). The above purchases in foreign currency do not include those made by the Goldbach Group since the latter's purchases are not exposed to any material currency risk on account of operating revenues also being accrued in euro. There are no arrangements in place to hedge the foreign currency risk associated with investments. In the previous year, the equivalent value of these transactions amounted to CHF 29.6 million. Details of the hedges for 2019 using forward exchange transactions can be found in Note 38. Details of the system for recognising these cash flow hedges can be found in the measurement principles.

The effects on net income before taxes of a possible change in the exchange rates of 5 per cent on the items in the balance sheet in euro, Danish krone and Israeli shekel amounted to CHF –0.8 million as at the end of 2019 (previous year: CHF –1.3 million).

Credit default risk

Trade accounts receivable are constantly monitored using standardised processes that are also supported by external debt collection partners. Standard guidelines are used to make the necessary value adjustments (see also: Measurement guideline for accounts receivable). The threat of cluster risks is minimised by the large number and broad distribution of receivables from customers across all market segments. Quantitative information on credit risk resulting from operations can be found in Note 19 "Trade accounts receivable".

The credit risk to which cash and cash equivalents and other financial assets are exposed relates to counterparty defaults, in which case the maximum risk is the carrying amount. Cash and cash equivalents are mostly held at three big Swiss banks, of which the default credit risk is rated as low based on the current Standard & Poor's credit ratings.

Liquidity risk

The risk of not having access to sufficient liquidity to settle liabilities is covered by a liquidity plan, which is continuously updated. The liquidity plan takes both day-to-day operations and accounts receivable and liabilities into account.

In order to optimise the available financial resources, liquidity management and long-term financing are undertaken centrally. This means that capital can be procured cost-effectively and ensures that the liquidity available matches the payment obligations.

The due dates of financial liabilities are shown in the table below.

in CHF 000	Not yet due/ at call	Up to 3 months	4 to 12 months	Due between 1 and 5 years	Due beyond 5 years	**Total**
2019						
Financial liabilities	21 827	3 362	9 975	47 181	5 497	**87 843**
of which derivative financial instruments	–	143	429	–	–	**572**
of which lease liabilities	–	3 186	9 103	29 790	5 497	**47 577**
Trade accounts payable	81 137	–	–	–	–	**81 137**
Other liabilities	10 339	–	–	–	–	**10 339**
Total	**113 303**	**3 362**	**9 975**	**47 181**	**5 497**	**179 319**
2018						
Financial liabilities	119 788	5 341	838	33 290	0	**159 257**
of which derivative financial instruments	–	221	662	–	–	**882**
Trade accounts payable	92 564	–	–	–	–	**92 564**
Other liabilities	11 668	–	–	–	–	**11 668**
Total	**224 020**	**5 341**	**838**	**33 290**	**0**	**263 489**

Capital management

The capital defined in conjunction with capital management corresponds to reported equity.

Capital management ensures that the necessary capital for operational activities can be made available from funds earned by the Group itself and that financial liabilities can usually be settled from the Group's own funds within a period of three to five years. The dividends paid to shareholders are adjusted as a means of managing capital. The aim is to pay dividends to shareholders in the range of 35 to 45 per cent of net income and to report an equity ratio that is significantly higher than 50 per cent over the long term.

Note 38 Financial instruments

in CHF 000	category	2019 Carrying value	2019 Fair value	2018 Carrying value	2018 Fair value
Cash and cash equivalents	1	291 194	291 194	145 923	145 923
Current financial assets		–	–	1 187	1 187
of which forward exchange contracts	4	–	–	1 187	1 187
Trade accounts receivable	2	242 930	242 930	240 245	240 245
Current financial receivables	2	33 294	33 294	26 354	26 354
Other non-current financial assets		26 789	26 717	15 877	15 803
of which other investments – equity instruments	3	22 497	22 497	11 780	11 780
of which other investments – no equity instruments	4	345	345	345	345
of which loans receivable	2	457	385	613	539
of which other non-current financial assets – equity instruments	3	467	467	2 000	2 000
of which other non-current financial assets – no equity instruments	2	3 023	3 023	1 139	1 139
Current financial liabilities		22 675	22 675	125 680	125 680
of which forward exchange contracts	6	572	572	882	882
of which other current financial liabilities	5	22 103	22 103	124 798	124 798
Trade accounts payable	5	81 137	81 137	92 564	92 564
Other liabilities	5	10 339	10 339	11 668	11 668
Non-current financial liabilities		17 346	17 921	33 193	33 574
of which liabilities to banks and loans	5	15 121	15 696	30 420	30 801
of which purchase price obligations	6	30	30	268	268
of which obligations to purchase own equity instruments	6	454	454	482	482
of which other non-current financial liabilities	6	1 741	1 741	2 023	2 023
Categorisation of financial instruments as per IFRS 9					
Cash and cash equivalents – at amortised cost	1	291 194	291 194	145 923	145 923
Loans and receivables – at amortised cost	2	279 704	279 632	268 351	268 277
Financial assets – at fair value with value adjustments in other comprehensive income	3	22 964	22 964	13 780	13 780
Financial assets – at fair value with value adjustments in profit or loss	4	345	345	1 533	1 533
Financial liabilities – at amortised cost	5	(128 700)	(129 275)	(259 450)	(259 831)
Financial liabilities – at fair value with value adjustments in profit or loss	6	(2 797)	(2 797)	(3 655)	(3 655)

Tamedia uses the following measurement hierarchy for determining the fair value of financial instruments:

- Level 1
  Listed, unadjusted market price in active markets.
- Level 2
  Fair values calculated on the basis of observable market data. Either listed prices on non-active markets or non-listed prices are used.
  Such market values may also be derived from prices indirectly.
- Level 3
  Fair values that are not calculated on the basis of observable market data.

The forward currency contracts held in current and non-current financial assets and financial liabilities are the only financial instruments grouped in level 2 of the fair value hierarchy. They amount to CHF –0.6 million net as of December 31, and are therefore immaterial, which is why no further disclosure is made.

Level 3 of the fair value hierarchy includes equity instruments of other financial assets (Lykke Coins) and purchase price obligations of CHF 0.5 million and CHF –0.01 million respectively. Here, too, no more detailed disclosure is made due to immateriality. Also allocated to level 3 are the other investments recorded as other non-current financial assets. Investments are made in particular in investments in the start-up phase for which no observable market prices are available. Therefore, a suitable alternative valuation method is used to determine the fair value of the investment. This can be, among other things, the price paid by third parties in financing rounds, a determination using the present value method (DCF determination) or the market price determination using multiples. Input factors are, for example, contractual details of the financing rounds including the price paid by third parties or business plans containing the latest estimates of developments in operating income and expenses. For the two most significant other investments in Moneypark AG and Joveo Inc. in quantitative terms, which are recorded in the balance sheet as at 31 December 2019 with a value of around CHF 16.8 million, the valuation was based on the purchase price paid in the second half of 2019 (Joveo Inc.) and on the price paid by third parties in the capital increase of Moneypark AG, which also took place in the second half of 2019. The remaining other investments (including their sensitivity) are considered immaterial for the Tamedia Group. The valuation of the other investments is reviewed on a semi-annual basis. The changes in other investments in the year under review are shown in the table below.

in CHF 000	2019	2018
Other investments – as of 1.1.2019	12 125	10 787
Additions	11 960	1 500
Disposals	–	(162)
Valuation increase via other comprehensive income	500	–
Valuation reduction via other comprehensive income	(1 743)	–
Other investments – as of 31.12.2019	**22 842**	**12 125**

All other financial instruments measured at fair value are allocated to class 1 of the hierarchy levels for determining fair value. There are no transfers between the three levels.

Forward currency contracts

in CHF 000	2019	2018
Contract volume	40 290	75 997
Fair value, due	(572)	305
Due within 1 year	(572)	305
Due within 1 and 5 years	–	–
Due beyond 5 years	–	–
Cash flow hedge disclosures		
Cash flow hedges recognised directly in other comprehensive income	452	(241)
Used for hedging as planned	1 069	(1 940)
Recognised directly in the income statement	–	–

Forward euro contracts totalling CHF 41.7 million existed as at the balance sheet date to hedge the foreign currency risk arising from the framework agreements for the purchase of newsprint and magazine paper. There are no arrangements in place to hedge the foreign currency risk associated with investments (previous year: CHF 29.6 million). The hedging transactions are recognised in the income statement upon realisation, together with the underlying transactions.

Depending on their maturity dates, the fair values of these derivative financial instruments are reported under current or non-current financial receivables or liabilities as appropriate.

Note 39

Assets pledged or as collateral or subject to liens

in CHF 000	2019	2018
Mortgages securing financial liabilities	–	251 133
related to land and buildings with a net carrying value of	–	184 103
Assets securing subscription insurance	267	220
from securities with a value of	267	220
Assets pledged as collateral or subject to liens	**267**	**251 353**
from assets with a consolidated value of	**267**	**184 323**

Due to the repayment of the credit facility in the amount of CHF 120.0 million in January 2019 (see Note 26), there are no longer any mortgages relating to land or buildings as at 31 December 2019.

Note 40

Investments in other companies

The companies of the Tamedia Group included the following on 31 December 2019:

Name	Domicile	Currency	Share capital (in 000)	Business division	Consolidation method	Share of [3] Group capital 2019	Share of [3] Group capital 2018
Tamedia AG	Zurich	CHF	106 000	B/P	V	–	–
20 Minuten Advertising AG	Küsnacht	CHF	100	P	V	100.0%	–
20 minuti Ticino SA	Lugano	CHF	300	P	E	50.0%	50.0%
Adextra AG	Zurich	CHF	100	M	V	100.0%	100.0%
AdAgent AG [2]	Lucerne	CHF	100	P	E	40.0%	40.0%
Book a Tiger Household Services GmbH	Berlin	EUR	139	M	A	3.6%	3.6%
CAR FOR YOU AG (formerly autoricardo AG)	Zurich	CHF	100	M	V	50.0%	50.0%
GOWAGO AG	Zurich	CHF	181	M	E	25.7%	36.7%
DJ Digitale Medien GmbH	Vienna	EUR	71	P	V	51.0%	51.0%
Doodle AG	Zurich	CHF	100	M	V	100.0%	100.0%
Doodle Deutschland GmbH	Berlin	EUR	250	M	V	100.0%	100.0%
Meekan Solutions Ltd. [2]	Kibutz Shefaim	ILS	150	M	V	100.0%	100.0%
DZZ Druckzentrum Zürich AG	Zurich	CHF	100	B	V	100.0%	100.0%
Edita SA	Luxembourg	EUR	50	P	E	50.0%	50.0%
Gebraucht.de GmbH	Berlin	EUR	–	M	A	–	3.5%
Global Impact Finance SA	Lausanne	CHF	168	M	A	13.1%	13.1%
Goldbach Group AG	Küsnacht	CHF	100	P	V	100.0%	100.0% [4]
AdManufaktur AG	Küsnacht	CHF	100	P	V	100.0%	–
Digital Ad Services AG (formerly Goldbach Digital Services AG)	Küsnacht	CHF	100	P	V	100.0%	100.0%
dreifive AG	Konstanz	EUR	75	P	V	100.0%	100.0%
Goldbach Search GmbH	Konstanz	EUR	25	P	V	100.0%	100.0%
dreifive (Switzerland) AG	Küsnacht	CHF	100	P	V	100.0%	100.0%
Goldbach Audience (Switzerland) AG	Küsnacht	CHF	1 091	P	V	50.1%	50.1%
Goldbach Austria GmbH	Vienna	EUR	35	P	V	100.0%	100.0%
dreifive GmbH	Vienna	EUR	50	P	V	100.0%	100.0%
Goldbach Audience Austria GmbH	Vienna	EUR	35	P	V	100.0%	100.0%
Goldbach Media Austria GmbH	Vienna	EUR	137	P	V	100.0%	100.0%

1 Sole proprietorship
2 Liquidated or in liquidation
3 Unless indicated, the share of Group votes corresponds to the share of Group capital
4 Incl. 1.9 per cent shares of non-controlling interests (cancellation procedure)
5 The share of voting rights is 50 per cent
6 No longer operational

Business division
B Paid Media
P = Free Media and Commercialisation
M = Marketplaces and Ventures

Consolidation and measurement methods
V = Full consolidation
E = Accounted for using the equity method
A = Valued at market value

Name	Domicile	Currency	Share capital (in 000)	Business division	Consolidation method	Share of [3] Group capital 2019	Share of [3] Group capital 2018
Goldbach Germany GmbH	Munich	EUR	25	P	V	97.0%	97.0%
Goldbach DooH (Germany) GmbH	Munich	EUR	25	P	V	97.0%	97.0%
Goldbach SmartTV GmbH	Munich	EUR	25	P	V	97.0%	97.0%
Goldbach TV (Germany) GmbH	Munich	EUR	25	P	V	97.0%	97.0%
Goldbach Video GmbH	Munich	EUR	25	P	V	97.0%	97.0%
Goldbach Management AG	Küsnacht	CHF	100	P	V	100.0%	100.0%
Goldbach Media (Switzerland) AG	Küsnacht	CHF	416	P	V	54.0%[5]	54.0%[5]
AGFS (Arbeitsgemeinschaft Fernsehwerbung Schweiz) AG	Berne	CHF	115	P	E	23.2%	23.2%
Goldbach Ost GmbH[6]	Munich	EUR	25	P	V	100.0%	100.0%
ARBOmedia GmbH[6]	Munich	EUR	3 916	P	V	100.0%	100.0%
ARBOmedia Deutschland GmbH[6]	Munich	EUR	1 023	P	V	100.0%	100.0%
EMI European Media Investment AG[6]	Munich	EUR	1 000	P	V	100.0%	100.0%
IAB Switzerland Services AG	Zurich	CHF	100	P	E	25.0%	25.0%
Jaduda GmbH	Berlin	EUR	29	P	V	100.0%	100.0%
swiss radioworld AG	Zurich	CHF	416	P	V	54.0%	54.0%
Goldbach Publishing AG	Küsnacht	CHF	100	B	V	100.0%	–
Helpling Switzerland AG	Zurich	CHF	111	M	E	50.0%	50.0%
Homegate AG	Zurich	CHF	1 000	M	V	90.0%	90.0%
ImmoStreet.ch SA	Lausanne	CHF	700	M	V	90.0%	90.0%
JobCloud AG	Zurich	CHF	100	M	V	50.0%	50.0%
Jobsuchmaschine AG	Zurich	CHF	100	M	V	50.0%	50.0%
JoinVision E-Services GmbH	Vienna	EUR	50	M	V	50.0%	50.0%
Joveo Inc.	Dover	USD	400	M	A	8.2%	–
Karriere.at GmbH	Linz	EUR	40	M	E	24.5%	24.5%
firstbird GmbH	Vienna	EUR	49	M	A	6.2%	6.2%
Keystone-sda-ats AG	Berne	CHF	2 857	B	E	24.4%	24.4%
MetroXpress A/S	Copenhagen	DKK	662	P	V	100.0%	100.0%
BTMX General Partner ApS	Copenhagen	DKK	50	P	E	30.0%	30.0%
BTMX P/S	Copenhagen	DKK	1 000	P	E	30.0%	30.0%
MoneyPark AG	Freienbach	CHF	452	M	A	4.6%	4.6%
Neo Advertising SA	Geneva	CHF	300	P	V	52.3%	52.3%
Neon Switzerland AG	Zurich	CHF	206	M	A	10.0%	–
Newsnet[1]	Zurich	CHF	–	B	V	100.0%	100.0%
Olmero AG	Opfikon	CHF	208	M	V	97.7%	97.7%
Picstars AG	Zurich	CHF	217	M	A	11.4%	6.1%

1 Sole proprietorship
2 Liquidated or in liquidation
3 Unless indicated, the share of Group votes corresponds to the share of Group capital
4 Incl. 1.9 per cent shares of non-controlling interests (cancellation procedure)
5 The share of voting rights is 50% per cent
6 No longer operational

Business division
B = Paid Media
P = Free Media and Commercialisation
M = Marketplaces and Ventures

Consolidation and measurement methods
V = Full consolidation
E = Accounted for using the equity method
A = Valued at market value

Name	Domicile	Currency	Share capital (in 000)	Business division	Consolidation method	Share of [3] Group capital 2019	Share of [3] Group capital 2018
Ricardo AG	Zug	CHF	200	M	V	100.0%	100.0%
ricardo-shops GmbH [2]	Weil am Rhein	EUR	–	M	V	–	100.0%
ricardo France Sàrl	Valbonne	EUR	15	M	V	100.0%	100.0%
SMD Schweizer Mediendatenbank AG	Zurich	CHF	108	B	E	33.3%	33.3%
Swissdox AG	Zurich	CHF	100	B	E	33.3%	33.3%
Starticket AG	Zurich	CHF	–	M	V	–	100.0%
Swisscom Directories AG	Zurich	CHF	–	M	E	–	31.0%
AdUnit AG	Zurich	CHF	–	M	E	–	31.0%
Tamedia Abo Services AG	Zurich	CHF	100	B	V	100.0%	–
Tamedia Basler Zeitung AG formerly Basler Zeitung AG)	Basle	CHF	100	B	V	100.0%	100.0%
Neue Fricktaler Zeitung AG	Rheinfelden	CHF	200	B	E	21.0%	21.0%
Presse TV AG	Zurich	CHF	500	P	E	20.0%	20.0%
Metrobasel GmbH	Basle	CHF	–	B	E	–	20.0%
Tamedia Espace AG	Berne	CHF	4 900	B	V	100.0%	100.0%
DZB Druckzentrum Bern AG	Berne	CHF	9 900	B	V	100.0%	100.0%
Schaer Holding AG	Thun	CHF	100	B	V	100.0%	–
Berner Oberland Medien AG	Thun	CHF	500	B	E	50.0%	50.0%
Schaer Thun AG	Thun	CHF	100	B	V	100.0%	100.0%
Thuner Amtsanzeiger [1]	Thun	CHF	–	B	E	48.0%	48.0%
Tamedia Finanz und Wirtschaft AG (formerly Verlag Finanz und Wirtschaft AG)	Zurich	CHF	1 000	B	V	100.0%	100.0%
Tamedia Publications romandes SA	Lausanne	CHF	7 500	B	V	100.0%	100.0%
Actua Immobilier SA	Carouge	CHF	330	B	E	39.0%	39.0%
CIL Centre d'Impression Lausanne SA	Lausanne	CHF	10 000	B	V	100.0%	100.0%
Tamedia Publikationen Deutschschweiz AG	Zurich	CHF	100	B	V	100.0%	–
Tamedia ZRZ AG (formerly Zürcher Regionalzeitungen AG)	Winterthur	CHF	475	B	V	100.0%	100.0%
LZ Linth Zeitung AG	Rapperswil-Jona	CHF	100	B	E	49.0%	49.0%
TicinOnline SA	Breganzona	CHF	1 100	P	E	25.8%	25.8%
Trendsales ApS	Copenhagen	DKK	310	M	V	55.6%	55.6%
TVtäglich [1]	Zurich	CHF	–	B	E	50.0%	50.0%
TX Services d.o.o.	Belgrade	RSD	2 000	B/P/M	V	100.0%	–
Ultimate Media B&M GmbH	Vienna	EUR	35	P	E	25.5%	25.5%
AHVV Verlags GmbH	Vienna	EUR	36	P	E	25.5%	25.5%
Zattoo International AG	Zurich	CHF	992	M	E	50.0%	28.9%
Zattoo Europa AG	Zurich	CHF	300	M	E	50.0%	28.9%
Zattoo Inc.	Ann Arbor	USD	2	M	E	50.0%	28.9%
Zattoo Deutschland GmbH	Berlin	EUR	25	M	E	50.0%	28.9%
Zürcher Oberland Medien AG	Wetzikon	CHF	1 800	B	E	37.6%	37.6%
Virtual Network SA	Nyon	CHF	100	M	E	25.2%	20.0%

1 Sole proprietorship
2 Liquidated or in liquidation
3 Unless indicated, the share of Group votes corresponds to the share of Group capital
4 Incl. 1.9 per cent shares of non-controlling interests (cancellation procedure)
5 The share of voting rights ist 50% per cent
6 No longer operational

Business division
B = Paid Media
P = Free Media and Commercialisation
M = Marketplaces and Ventures

Consolidation and measurement methods
V = Full consolidation
E = Accounted for using the equity method
A = Valued at market value

Disclosures detailing material changes to the consolidated investments are provided in Note 1, and to investments in associates and joint ventures in Note 11.

Transactions with related parties and companies

Note 41

Transactions between Tamedia and its associates and joint ventures were mostly restricted to the areas of printing and media revenues.

in CHF 000	Associates [1]		Joint ventures [1]		Pension funds		Board of Directors and Management Board	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues	4 692	8 047	8 351	12 435	–	–	271	525
Operating expenses	(8 226)	(8 706)	(63)	(17)	(24 390)	(23 682)	(3 174)	(3 030)
Net financial income (loss)	–	3	–	1	–	–	–	–
Trade accounts receivable	650	1 047	423	841	–	–	1	35
Other current receivables	175	–	–	90	–	–	–	–
Loans receivable	–	–	–	–	–	–	–	–
Trade accounts payable	18	280	2	386	–	–	4	32
Other current payables	10	316	–	2	–	23	–	–
Current financial liabilities	–	–	–	–	–	–	–	–
Non-current financial liabilities	–	–	2 500	2 000	–	–	–	–

1 Associates and joint ventures are accounted for in the annual financial statements using the equity method.

In addition to the transactions disclosed in Note 42 and in the Compensation Report in relation to the Board of Directors and Management Board, Tamedia posted revenues totalling CHF 0.3 million for office rent and for printing services through Betriebsgesellschaft Schweizer Bauer, over which Martin Kall exerts a significant influence. Compensation to the Board of Directors and Management Board and transactions with companies controlled by members of the Tamedia Board of Directors explained in Note 42 and in the Compensation Report are recognised under transactions with the Board of Directors and Management Board.

There are no guarantees in place in relation to loans receivable and trade accounts receivable/payable from/to related parties and companies.

Compensation of the Board of Directors, the Advisory Board and the Management Board

Note 42

The compensation shown reflects the expenditures recognised in the income statement during the reporting year (irrespective of the dates on which these were paid). Included among the active members of the Board of Directors and Management Board are those individuals who completed their period of tenure during the year. No compensation was paid to former members or related parties of the Board of Directors, the Advisory Board and the Management Board.

Total compensation paid to the Board of Directors, the Advisory Board and the Management Board

in CHF 000	Directors [1]	Advisory Board Digital	Management Board	**Total**
2019				
Number of members per balance sheet date	7.0	3.0	8.0	**18.0**
Annual average of members	7.0[2]	3.0	8.0	**18.0**
Fees/salaries	2 060	60	4 304	**6 425**
Performance bonus and share of profits paid in cash	–	–	2 418	**2 418**
Share of profits paid in shares 2019[4]	–	–	173[5]	**173**
Share of profits paid in shares 2018[4]	–	–	351	**351**
Share of profits paid in shares 2017[4]	–	–	420	**420**
Share of profits paid in shares 2016[4]	–	–	274	**274**
Pension and social security contributions	231	–	1 331	**1 562**
Expense reimbursements	108	–	176	**284**
Non-monetary payments	–	–	–	**–**
Other compensation	–	–	–	**–**
Total	**2 399**	**60**	**9 448**	**11 907**
2018				
Number of members per balance sheet date	7.0	3.0	8.0	**18.0**
Annual average of members	7.0[3]	3.3	7.3	**17.7**
Fees/salaries	2 046	67	3 956	**6 069**
Performance bonus and share of profits paid in cash	–	–	2 477	**2 477**
Share of profits paid in shares 2018[4]	–	–	270[5]	**270**
Share of profits paid in shares 2017[4]	–	–	383	**383**
Share of profits paid in shares 2016[4]	–	–	274	**274**
Share of profits paid in shares 2015[4]	–	–	1 099	**1 099**
Pension and social security contributions	227	–	1 212	**1 440**
Expense reimbursements	108	–	141	**249**
Non-monetary payments	–	–	3	**3**
Other compensation	–	–	–	**–**
Total	**2 382**	**67**	**9 815**	**12 264**

1 The Board of Directors currently comprises the full-time Chairman/publisher and non-executive members.
2 For the determination of the annual average number of members, entries and exits are the relevant criteria:
Andreas Schulthess since 5 April 2019
Martin Coninx until 5 April 2019
3 For the calculation of the annual average number of entries and departures of members: Sverre Munck since 20 April 2018, Iwan Rickenbacher until 20 April 2018
4 See information on profit participation programme for executives
5 Note 42 of the consolidated financial statements reports the share-based payments based on the amounts recognised in the income statement in the reporting year. In contrast, share-based payments are disclosed in the compensation report at the time of their allocation.

Additional fees and compensation

In the reporting year, Tamedia paid compensation for rent for office premises totalling CHF 3.0 million to Groupe Edipresse, over which Pierre Lamunière exerts a significant influence (previous year CHF 3.0 million).

Profit participation programme for members of the Management Board

The current profit participation programme is valid for 2019. Members of the Management Board are entitled to participate as of their second year of service. A payment is made when the profit margin (net income in relation to operating revenues) reported by the Tamedia Group is or exceeds 8.0 per cent. A profit participation, which will be determined at the time, will be paid out of any amount exceeding the profit margin of 8.0 per cent, with 50 per cent being paid in cash and the remaining 50 per cent in shares.

The cash amount is paid out after the publication of the consolidated financial statements of Tamedia. The shares are allocated in the accounting year in which entitlement is acquired. The number of shares to be allocated is determined based on the average share price over the last 30 days before 31 December of the respective financial year. The shares are only transferred if the beneficiary has not given notice of termination of employment prior to 31 December of the third year after the accounting year in which entitlement to the share allocation was acquired. Recognition in the income statement is made on a pro rata basis over four years. This pro rata recognition over four years could result in pro rata disclosures even during reporting periods in which no new entitlement to profit participation is acquired.

For the shares allotted in the 2016, 2017 and 2018 financial years, personnel expenses of CHF 0.3 million, CHF 0.4 million and CHF 0.2 million respectively were recognised in the current year.

For the financial year 2019, the Management Board will be granted a profit participation of CHF 0.5 million, with CHF 0.2 million being for the shares allocated.

As part of the profit participation programme of the Management Board, 25,609 treasury shares were issued in 2019 for the 2015 financial year to the members of the Management Board. Measured in terms of market value on the allocation date, the total value of these shares is CHF 4.4 million.

Share-based component of the Management Board's profit participation

number	2019	2018
As of 1 January	54 555	55 080
Exercised	(25 609)	(10 957)
Allocated	4 014	10 432
As of 31 December	**32 960**	**54 555**
of which exercisable	7 101	25 609

in CHF/ number of shares	Allocation date	Blocked until	Fair value as of grant date	Fair value as of 31 December	Outstanding entitlements 2019	Outstanding entitlements 2018
	31.12.2015	31.12.2018	171.0	93.7	–	25 609
	31.12.2016	31.12.2019	156.0	93.7	7 101	7 101
	31.12.2017	31.12.2020	138.0	93.7	11 413	11 413
	31.12.2018	31.12.2021	105.5	93.7	10 432	10 432
	31.12.2019	31.12.2022	93.7	93.7	4 014	–

Employee profit participation programme

Note 43

The profit participation programme applicable for the 2019 financial year provides for the distribution of a profit participation if Tamedia achieves a profit margin (net income in relation to operating revenues) of at least 4 per cent. Where net income exceeds 4 per cent of operating revenues, 4.88 per cent of the amount exceeding this margin will be paid out to Tamedia employees. With a profit margin of 9.1 per cent, the necessary margin was exceeded in the past reporting year. Tamedia therefore expects to pay out a total of CHF 2.9 million (previous year CHF 5.5 million) as profit participation to its employees. The expenses for the employee profit participation programme are recognised as personnel expense in the 2019 financial statements (see Note 9).

Note 44

Important events after the balance sheet date

Homegate AG

On 13 January 2020, Tamedia AG exercised its call option and duly acquired the remaining 10 per cent of shares in Homegate AG at a purchase price of CHF 20.8 million from Zürcher Kantonalbank as at 31 January 2020. Tamedia AG now therefore holds 100 per cent of the shares in Homegate AG.

Intangible assets – brand rights

During the process of devising the operational plans for implementing the new corporate structure, it became clear that the media offerings on the reader and user market and also on the advertising market are still under considerable pressure – and this pressure has further intensified in the recent past. Particularly in relation to Paid Media, this negative trend calls for continued focus on collaboration across publications and the need to increase efficiency. Against this background, Tamedia is expecting a certain decline in relevance for the individual brand rights associated with the various activities within Paid Media. This means that the useful life of the Paid Media brand rights can no longer be classified as indefinite. The expected useful life was defined for each brand in the light of the expected decline in revenues. For the brand rights concerned, based on an amount of CHF 115.5 million, the useful life thus determined is between 8 and 20 years. Depreciation and amortisation in the amount of CHF 11.1 million are expected for the 2020 financial year.

Report of the statutory auditor

to the General Meeting of Tamedia AG

Zürich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Tamedia AG (TX Group AG since January 1, 2020) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements pages 42 to 107 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 4'500'000

We conducted full scope audit work at eleven reporting units in Switzerland. At one of these companies, the audit was performed by another audit firm. Our audit scope addressed 92% of total assets and 88% of the Group's revenue.

As key audit matter the following area of focus has been identified:

- Carrying value of goodwill and intangible assets with an indefinite useful life

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 4'500'000
How we determined it	5% of income before tax
Rationale for the materiality benchmark applied	We chose income before taxes as the benchmark because, in our view, it is the benchmark against which capital-market-oriented companies are most commonly measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 300'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises three business divisions – Paid Media, Free Media and Commercialisation, and Marketplaces and Ventures – and it is primarily active in Switzerland, although it owns small foreign subsidiaries. The Group audit team performed the audit work at ten of the eleven Group companies subject to a full scope audit.

The full scope audit of one company was performed by another audit firm. As the Group auditor, we were adequately involved in the audit of the other audit firm in order to assess whether sufficient appropriate audit evidence was obtained from the audit procedures on the financial information of this company to provide a basis for our opinion. Our involvement comprised communicating the risks identified at Group level as well as determining the materiality thresholds, conducting discussions and inspecting the reporting during the interim audit and the year-end audit of this company.

Key audit matters

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

Carrying value of goodwill and intangible assets with an indefinite useful life

Key audit matter	How our audit addressed the key audit matter
Intangible assets comprise Goodwill (TCHF 1,000,468) and intangible assets with an indefinite useful life (TCHF 365,255) relating to the Paid Media, Free Media and Commercialisation and the Marketplaces and Ventures division. The Group recognized impairments of goodwill in its Paid Media division of CHF 24.7 million during the year.	We performed the following specific audit procedures: • We assessed, with the support of internal specialists, the composition of the cash-generating units on the basis of the criteria set out by IAS 36. • We assessed, with the support of an internal valuation expert, the appropriateness of the valuation model and

The Paid Media division represents one cash-generating unit. The goodwill of the Free Media and Commercialisation division consists of four cash-generating units. In the Marketplaces and Ventures division, on the other hand, each of the nine legal entities belonging to it represents a cash-generating unit.

To test the goodwill and intangible assets with an indefinite useful live of a cash-generating unit for impairment, its carrying value is compared with the recoverable amount, calculated as the net present value of the future cash flows (discounted cash flows or DCF) of the cash-generating unit in question. This requires assumptions to be made regarding the growth of revenue and cost, the change in net working capital and the discount rate applied to the forecast cash flows. In the Marketplaces and Ventures division fair value less cost of disposal is used in some cases to determine the recoverable amount.

The outlook for the cash generating units is evaluated using a standard forecasting model in a multi-stage process. This process considers external research, non-recurring events, past results and general cyclical forecasts. For the divisions Paid Media and Free Media and Commercialisation the cash flow projections are based on four-year business plans and for Marketplaces and Ventures a five-year business plan is used.

Management has a defined process in place to make its forecasts for the divisions. The Board of Directors monitors this process and assesses whether the assumptions used are in line with the budget that it has approved.

The principal considerations for our determination that performing procedures relating to the carrying value of the goodwill and intangible assets with an indefinite useful live is a key audit matter are there was significant judgment by management when developing the amount and timing of projected future cash flows (specifically the long-term sales forecasts and the discount rate). This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate these assumptions.

Please refer to the note 25 - pages 86-87 (Notes to the consolidated financial statements)

checked it for logical consistency and mathematical correctness.

- We compared the 2019 business results with the forecasts made in 2018 for the cash-generating units to which goodwill is allocated. This allowed us to assess the accuracy of the forecasts made by Management.
- We compared the assumptions concerning the long-term growth of the cash generating units with economic and industry-specific forecasts.
- We checked for plausibility the applied discount rates against the cost of capital of the Group and comparable media companies, taking into account the country-specific particularities for the foreign cash-generating units.
- We compared the carrying value of the goodwill and intangible assets with an indefinite useful life of all the cash-generating units with analogous publishing and digital companies using an alternative company valuation calculation based on industry-specific EBIT and Revenue multipliers.
- We tested the sensitivity analyses (stress tests) of the discount rate (WACC) and future free cash flows forecasts. These analyses enabled us to assess any additional impairment of goodwill.

As a result of our procedures, we did not propose any adjustments to the amount of impairment recognized in 2019. For goodwill and intangible assets with an indefinite useful live where management determined that no impairment was required, we found that the assessments made by management were based upon reasonable assumptions, consistently applied.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Tamedia AG and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi	Christian Jäger
Audit expert Auditor in charge	Audit expert

Zürich, 24 February 2020

Income statement

in CHF 000	Note	2019	2018
Media revenue		322 680	373 603
Print revenue		783	3 182
Other operating revenue	5	116 108	104 388
Revenues		**439 571**	**481 174**
Costs of material and services		(96 567)	(79 604)
Personnel expenses		(189 142)	(201 739)
Other operating expenses	5	(128 643)	(131 269)
Operating income before depreciation and amortisation (EBITDA)		**25 219**	**68 562**
Depreciation and amortisation		(7 856)	(7 984)
Operating income (EBIT)		**17 362**	**60 577**
Financial income	5	254 141	78 354
Financial expense	5	(165 924)	(69 840)
Financial income, net	5	**88 217**	**8 514**
Income before taxes		**105 580**	**69 091**
Direct taxes	5	(2 298)	(4 335)
Net income		**103 282**	**64 756**

Balance sheet

in CHF 000	Note	31.12.2019	31.12.2018
Cash and cash equivalents		66 372	9 821
Trade accounts receivable	3	74 359	78 560
Other current receivables	3	42 182	8 629
Inventories		37	86
Accrued income and prepaid expenses		6 531	19 897
Current assets		**189 481**	**116 993**
Financial assets	3/4/11	46 702	53 362
Investments	7	1 083 244	1 541 528
Property, plant and equipment	4/12	157 238	108 337
Intangible assets		6 783	5 604
Non-current assets		**1 293 968**	**1 708 831**
Total assets		**1 483 449**	**1 825 824**
Trade accounts payable	3	17 538	16 025
Current interest-bearing liabilities	3/4	30 648	175 482
Other current liabilities	3	21 094	22 784
Deferred revenues and accrued liabilities	4	104 641	116 247
Current provisions		1 393	2 327
Current liabilities		**175 313**	**332 863**
Non-current interest-bearing liabilities	3/4	161 563	404 345
Non-current provisions		4 402	4 045
Non-current liabilities		**165 965**	**408 390**
Total liabilities		**341 279**	**741 253**
Share capital		106 000	106 000
Statutory capital reserves			
Reserves from capital contributions		100	100
Other capital reserves		26 961	26 961
Statutory capital reserves		27 060	27 060
Statutory retained earnings		53 000	53 000
Voluntary retained earnings	4	853 742	837 333
Net income		103 282	64 756
Treasury shares	8	(914)	(3 579)
Shareholders' Equity		**1 142 170**	**1 084 571**
Liabilities and shareholders' equity		**1 483 449**	**1 825 824**

Notes to the annual financial statements

Tamedia AG, Zurich is the parent company of the Tamedia Group. The direct and indirect investments held by Tamedia AG are shown in Note 40 to the consolidated financial statements.

The following overview reports the most significant products and services managed directly by the parent company by division:

Paid Media
- Das Magazin
- Newsnet
- Schweizer Familie
- SonntagsZeitung
- Tages-Anzeiger

Advertising & Free Media
- 20 Minuten
- 20 minutes
- Tamedia Advertising

Publishing Services
- Customer Contact Centre
- Publishing logistics

Disclosures on the principles applied in the annual financial statements

Note 1

These annual financial statements of Tamedia AG, Zurich were prepared in compliance with the provisions of the Swiss Accounting and Financial Reporting Act (Title 32 of the Swiss Code of Obligations).

The following significant principles were applied in the annual financial statements:

Trade accounts receivable
Trade accounts receivable are recognised at their nominal value. Provision is made for the credit risk using any specific valuation allowances and the general valuation allowances permitted under tax law.

Inventories
Inventories are measured at cost less a valuation allowance of up to 1/3 of the inventory value as permitted under tax law. Valuation allowances are made when the current cost is lower than the historic cost.

Financial assets
Non-current assets are measured individually at cost less valuation allowances. Borrowings are measured individually at their nominal value less valuation allowances.

Investments in other companies
Investments are measured individually at cost less valuation allowances.

Property, plant and equipment and intangible assets
Property, plant and equipment and intangible assets are capitalised at cost and are depreciated/amortised indirectly. The straight-line method is used for depreciation and amortisation. Any immediate depreciation/amortisation within the limits permitted under tax law is carried out at the discretion of the company. The minimum capitalisation limit is CHF 5,000. Small acquisitions and investments that do not reach this amount are recognised directly as an expense.

Revenue recognition

Revenue from goods is recognised when the risks and rewards of ownership of the goods sold have been transferred to the buyer. Revenue from services is recognised at the time the service is rendered and is accrued at the end of the year, provided that this revenue is invoiced in another period.

Barter transactions

Services rendered in barter transactions are recognised in Operating revenues. Services received in barter transactions are recognised under Other operating expenses.

Forward exchange transactions

Forward exchange transactions are entered into to hedge the currency risk of the purchase of newsprint and magazine paper and of investments in a foreign currency. Negative market values of forward exchange transactions are recognised as current or non-current liabilities. Changes in measurement are disclosed in financial income.

Note 2

Number of staff

The average annual number of staff is over 250 full-time employees for the period from 1 January to 31 December 2019 and for the equivalent period of the previous year.

Note 3

Receivables and liabilities from/to direct or indirect investors/investments

in CHF 000	2019 Shareholders	Investments	Third party	Total
Total assets				
Trade accounts receivable	–	6 494	67 865	**74 359**
Other current receivables	–	34 356	7 826	**42 182**
Financial assets	–	39 342	7 360	**46 702**
Liabilities and shareholders' equity				
Trade accounts payable	–	8 073	9 465	**17 538**
Current interest-bearing liabilities	–	30 648	–	**30 648**
Other current payables	–	6 023	15 070	**21 094**
Non-current interest-bearing liabilities	–	159 823	1 741	**161 563**

in CHF 000	2018 Shareholders	Investments	Third party	Total
Total assets				
Trade accounts receivable	–	7 571	70 989	**78 560**
Other current receivables	–	6 459	2 170	**8 629**
Financial assets	–	45 036	8 326	**53 362**
Liabilities and shareholders' equity				
Trade accounts payable	–	4 320	11 705	**16 025**
Current interest-bearing liabilities	–	55 184	120 298	**175 482**
Other current payables	–	9 225	13 559	**22 784**
Non-current interest-bearing liabilities	–	402 322	2 023	**404 345**

Financial assets

in CHF 000	2019	2018
Loans to subsidiaries	39 342	45 036
Loans to third parties	150	150
Total loans	**39 492**	**45 186**
Shares in other investments	6 476	5 957
Other non-current financial assets (Lykke Coins)	467	2 000
Blocked account subscription insurance	267	220
Total other financial assets	**7 210**	**8 176**
Total financial assets	**46 702**	**53 362**

Property, plant and equipment

in CHF 000	2019	2018
Fixtures and fittings	1 972	1 939
IT equipment	1 640	1 050
Plant and machinery	20 138	941
Other movable property, plant and equipment	1 504	371
Total movable property, plant and equipment	**25 254**	**4 302**
Buildings	58 518	48 557
Land	56 116	39 171
Installations and building fixtures	17 199	16 292
Tenant fittings	151	15
Total real estate	**131 984**	**104 035**
Total property, plant and equipment	**157 238**	**108 337**

Current interest-bearing liabilities

in CHF 000	2019	2018
Current account liabilities	30 648	55 184
Bank loan	–	120 000
Other current interest-bearing liabilities	–	298
Total current interest-bearing liabilities	**30 648**	**175 482**

Deferred revenues and accrued liabilities

in CHF 000	2019	2018
Subscriptions	71 243	67 724
Personnel	15 711	25 136
Direct taxes	2 352	2 170
Other accrued liabilities	15 334	21 216
Total deferred revenues and accrued liabilities	**104 641**	**116 247**

Non-current interest-bearing liabilities

in CHF 000	2019	2018
Loans	159 823	402 322
Other non-current interest-bearing liabilities	1 741	2 023
Total non-current interest-bearing liabilities	**161 563**	**404 345**

Voluntary retained earnings

in CHF 000	2019	2018
Balance as of 1 January	**837 333**	**828 842**
Withdrawal/Allocation from appropriation of net income	17 056	8 609
Price loss realised on treasury shares	(647)	(117)
Balance as of 31 December	**853 742**	**837 333**

Since 2017, realised price losses from the use of treasury shares have been recognised under Voluntary retained earnings without affecting net income.

Note 5

Notes and disclosures on income statement items

Other operating revenue and other income

in CHF 000	2019	2018
Management fees	74 810	69 916
Transport revenues	27 959	24 642
Revenue from real-estate	5 532	7 732
Change in provisions for doubtful accounts	611	568
Other operating revenue	7 197	1 530
Total other operating revenues	**116 108**	**104 388**

Other operating expenses

in CHF 000	2019	2018
Distribution and sales expenses	(64 453)	(63 462)
Advertising and PR expenses	(21 199)	(16 223)
Rent, lease payments and licences	(7 135)	(16 206)
Management fees	(5 760)	(7 456)
Other expenses	(30 096)	(27 921)
Total other expenses	**(128 643)**	**(131 269)**

Financial results

in CHF 000	2019	2018
Interest income	2 399	1 764
Revenue from investments	46 859	63 433
Gain from sale of investments	203 477	12 398
Other financial income	1 408	758
Total financial income	**254 141**	**78 354**
Interest expense	(4 159)	(5 318)
Impairment on financial assets	(1 537)	(3 881)
Impairment on investments	(150 462)	(57 200)
Loss from the sale of investments	(6 319)	(240)
Other financial expenses	(3 447)	(3 201)
Total financial expenses	**(165 924)**	**(69 840)**
Total financial profit	**88 217**	**8 514**

Direct taxes

in CHF 000	2019	2018
Income (loss) from direct taxes	(2 298)	(4 335)

Net reversal of hidden reserves

Note 6

in CHF 000	2019	2018
Material net reversal of hidden reserves	–	1 574

Direct and indirect investments

Note 7

The direct and indirect investments of Tamedia AG are disclosed in note 40 of the consolidated financial statements.

As at 31 December 2019, the investments were tested for impairment. Their value in use was calculated using the discounted cash flow method and resulted in an impairment loss of CHF 27.3 million (previous year CHF 54.3 million). In addition, in the year under review, substance dividends amounting to CHF 228.0 million were distributed to Tamedia AG by subsidiaries and CHF 117.0 million substance withdrawals were recognised in the subsidiaries.

Note 8

Treasury shares

	2019		2018	
	number	in CHF 000	number	in CHF 000
Balance as of 1 January	25 609	3 579	10 929	1 635
Acquisition of treasury shares	9 266	914	25 637	3 584
Sale of treasury shares	(25 609)	(3 579)	(10 957)	(1 640)
Balance as of 31 December	**9 266**	**914**	**25 609**	**3 579**

Treasury shares were sold in connection with the profit participation programme for the Management Board (see Note 42 to the consolidated financial statements).

Note 9

Remaining amount of liabilities from leases equivalent to purchase agreements and other lease liabilities, provided that they do not expire and cannot be terminated within twelve months of the balance sheet date

in CHF 000	2019	2018
Liabilities from leases equivalent to purchase agreements	50	2 647
Liabilities from fixed rental contracts	12 340	13 557

Note 10

Liabilities to employee benefit funds

in CHF 000	2019	2018
Liabilities to employee benefit funds	261	108

Note 11

Total amount of subordinated claims on borrowings

in CHF 000	2019	2018
Subordinated claims in favour of investments	16 581	15 962
Subordinated claims in favour of thirds	1 091	762

Note 12

Total amount of assets used as collateral for the company’s own liabilities and assets subject to retention of title

in CHF 000	2019	2018
Buildings		48 557
Land		39 171
Securities	267	220
Total	**267**	**87 947**

Contingent liabilities

Note 13

Tamedia AG, Zurich has formed a VAT group with other Swiss group companies since 1 January 2017. The companies in this group are all jointly and severally liable for the VAT debts of the other members of the group.

Shares and options for corporate bodies and staff

Note 14

	2019		2018	
	number	in CHF 000	number	in CHF 000
Shares allocated during financial year to members of the Management Board	4 014	376	10 432	1 090

The shares allotted are recognised at market value as of the respective balance sheet date.

Shareholdings of the Board of Directors, the Advisory Board and the Management Board

Note 15

The disclosure of compensation in accordance with the Ordinance Against Excessive Compensation in Listed Stock Corporations can be found in the compensation report. Information on the shareholdings of the Board of Directors, the Advisory Board and the Management Board is also disclosed below in accordance with the terms of the Swiss Code of Obligations Art. 663c.

Board of Directors

	2019		2018	
No. of shares	Shares owned	Total shares [1] owned including those held by related parties	Shares owned	Total shares [1] owned including those held by related parties
Pietro Supino	33 338	1 439 160	33 338	1 439 160
Martin Coninx	–	–	100	1 264 667[2]
Marina de Planta	–	–	–	–
Martin Kall	–	–	–	–
Pierre Lamunière	2 000	3 804	2 000	3 804
Sverre Munck	–	–	–	–
Konstantin Richter	16 229	726 295	16 229	726 295
Andreas Schulthess	200	1 256 633[3]	–	–

1 Including rights of usufruct and benefits
2 The stock includes the 393,234 registered shares with rights of usufruct owned by Hans-Heinrich Coninx
3 The stock includes the 586,022 registered shares with rights of usufruct owned by Annette Coninx Kull

Advisory Board

	2019		2018	
No. of shares	Shares owned	Total shares owned including those held by related parties	Shares owned	Total shares owned including those held by related parties
Emily Bell	–	–	–	–
Markus Gross	–	–	–	–
Mathias Müller von Blumencron	–	–	–	–

Management Board

No. of shares	2019 Shares owned	2019 Total shares owned including those held by related parties	2018 Shares owned	2018 Total shares owned including those held by related parties
Christoph Tonini	23 444	23 444	11 963	11 963
Christoph Brand	4 848	4 848	2 013	2 013
Michi Frank	–	–	–	–
Samuel Hügli	700	700	700	700
Marcel Kohler	2 935	2 935	100	100
Sandro Macciacchini	5 687	5 687	2 899	2 899
Serge Reymond	–	–	–	–
Andreas Schaffner	6 722	6 722	3 887	3 887

Note 16

Shareholdings of major shareholders

Name	2019 [1]	2018 [1]	2017 [1]
Dr. Severin Coninx, Berne	13.20%	13.20%	13.20%
Rena Maya Coninx Supino, Zurich	12.95%	12.95%	12.95%
Dr. Hans Heinrich Coninx, Küsnacht	11.93%[2]	11.93%[2]	11.93%[2]
Annette Coninx Kull, Wettswil a.A.	11.85%[3]	11.85%[3]	11.85%[3]
Ellermann Lawena Stiftung, FL-Vaduz	6.87%	6.87%	6.87%
Ellermann Pyrit GmbH, Stuttgart, Germany	4.31%	4.31%	6.47%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%	5.86%
Other members of the shareholders' agreement	2.14%[4]	2.14%	2.14%
Total members of the shareholders' agreement	**69.10%**	**69.11%**	**71.26%**
Tweedy Browne Company LLC	**4.73%**	**4.51%**	**4.51%**
Regula Hauser-Coninx, Weggis	**4.63%**	**4.63%**	**4.63%**
Montalto Holding AG, Zug	1.83%	1.83%	1.83%
Epicea Holding AG, Zug	1.42%	1.42%	1.42%
Other members of the shareholders' group	0.69%	0.69%	0.69%
Total members of the shareholders' group Reinhardt-Scherz	**3.94%**	**3.94%**	**3.94%**

1 The disclosures as of 31 December relate to the total of 10.6 million registered shares issued.
2 Of which rights to usufruct in relation to 393,234 registered shares in the name of Martin Coninx (Männedorf), rights of usufruct in relation to 393,233 registered shares in the name of Claudia Isabella Coninx-Kaczynski (Zollikon) and rights to usufruct in relation to 393,233 registered shares in the name of Christoph Coninx (Oetwil an der Limmat).
3 Of which rights of usufruct in relation to 586,021 registered shares owned by Fabia Schulthess (Zurich) and rights of usufruct in relation to 586,022 registered shares owned by Andreas Schulthess (Wettswil).
4 The other members of the shareholders' agreement comprise the following persons:
Pietro Calcagni
Dr. Anna Coninx Mona
Caspar Coninx
Christoph Coninx
Claudia Isabella Coninx-Kaczynski
Franziska Nicolasina Coninx
Martin Coninx
Salome Coninx
Luca Kaczynski
Antonia Kaestner
Dr. Franziska Kaestner-Richter
Antje Landshoff-Ellermann
Saskia Landshoff
Konstantin Richter
Sabine Richter-Ellermann
Fabia Schulthess
Andreas Schulthess
Prof. Dr. Anna P. Supino Calcagni
Dr. Pietro Supino

Note 17

Important events after the balance sheet date

See Note 44 to the consolidated financial statements.

The Board of Directors' proposed appropriation of available earnings

For the 2019 financial year, the Board of Directors will recommend to the Annual General Meeting of 3 April 2020 that a dividend of CHF 3.50 per share be distributed. In the previous year, the Annual General Meeting decided in favour of the proposal of the Board of Directors, resolving to distribute a dividend of CHF 4.50 per share.

in CHF 000	2019	2018
At the disposal of the General Meeting		
Balance brought forward	–	–
Net income	103 282	64 756
Retained earnings	**103 282**	**64 756**
Motion of the Board of Directors		
Retained earnings	**103 282**	**64 756**
Dividend payment	(37 100)	(47 700)
Allocation to voluntary retained earnings	(66 182)	(17 056)
Balance to be carried forward	**–**	**–**

Zurich, 24 February 2020

On behalf of the Board of Directors

Chairman
Pietro Supino

Head of Finances & Human Resources
Sandro Macciacchini

Report of the statutory auditor

to the General Meeting of Tamedia AG

Zürich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tamedia AG (TX Group AG since January 1, 2020), which comprise the balance sheet as at 31 December 2019, income statement, cash flow statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements pages 113 to 122 as at 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 5'250'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

- Carrying amount of investments in and loans to subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 5'250'000
How we determined it	5% of income before tax
Rationale for the materiality benchmark applied	We chose income before taxes as the benchmark because, in our view, it is the benchmark against which capital-market-oriented companies are most commonly measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 300'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

Carrying amount of investments in and loans to subsidiaries

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2019, Tamedia AG has investments in subsidiaries in the amount of TCHF 1,083,244 and loans to subsidiaries of TCHF 39,342. An impairment of investments in subsidiaries of CHF 27.3 million was recognized in 2019. Investments are stated individually at cost less impairment. Loans to subsidiaries are stated at their nominal value less impairment. To test investments in and loans to subsidiaries for impairment, the carrying values are compared with the recoverable amount. The recoverable amount is calculated as the value-in-use from the present value of the future cash flows. Calculating the value-in-use requires assumptions to be made to determine the cash flows, especially regarding future growth of revenue and cost and the change in net working capital. Other assumptions relate to the determination of the discount rate that is applied to the forecast cash flows.	We performed the following specific audit procedures: • We assessed, with the support of an internal valuation expert, the appropriateness of the valuation model and checked it for logical consistency and mathematical correctness. • We compared the business results in 2019 with the forecasts made in 2018. This allowed us to assess with hindsight the accuracy of the estimates made by Management. • We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classifieds and inserts with economic and industry-specific forecasts. • We compared the discount rates with the costs of capital of the Group and of analogous media firms. As a result of our procedures, we did not propose any adjustments to the amount of impairment recognized in 2019.

Management has a defined process in place to make its forecasts for the separate business divisions. The Board of Directors monitors this process and assesses whether the assumptions used are in line with the medium-term budget that it has approved. The principal considerations for our determination that performing procedures relating to the carrying value of the Carrying amount of investments in and loans to subsidiaries is a key audit matter are there was significant judgment by management when developing the amount and timing of projected future cash flows (specifically the long-term sales forecasts and the discount rate). This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate these assumptions, Please refer to the note 7 - pages 118 (Notes to the annual financial statements of Tamedia AG).	For investments in and loans to subsidiaries where management determined that no impairment was required, we found that the assessments made by management were based upon reasonable assumptions, consistently applied.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi	Christian Jäger
Audit expert Auditor in charge	Audit expert

Zürich, 24 February 2020

Compensation Report

Content and method of determining compensation and shareholding programmes

The compensation and shareholdings awarded to the Board of Directors, the Advisory Board for Media Technology and Innovation and the Management Board are determined by the Board of Directors and submitted to the General Meeting of Shareholders for approval. The Nomination and Compensation Committee assists the Board of Directors in defining the compensation system. Compensation paid to members of the Management Board is determined within the framework of the compensation system defined by the Board of Directors and based on recommendations to the Board of Directors by the Chief Executive Officer. Any significant amendments to existing compensation models are made with the help of external consultants. This was the case when the previous bonus model was replaced with the profit participation programme for managers (see the section on the performance bonus for the Management Board). The consultant involved had no other mandates in the reporting period. The compensation principles are based on Articles 26 to 29 of the Articles of Incorporation[1] of Tamedia AG.

[1] www.tx.group/articles-of-incorporation

Members of the Board of Directors

Fees for the members of the Board of Directors and the members of the Board committees are fixed. The aim in not having a variable salary component is to ensure that the members of the Board of Directors can act without their own interests in mind when making decisions concerning the compensation system and profit participation system of the Management Board.

Chairmanship of the Board of Directors

Chairmanship of the Board of Directors includes performing the executive task of publisher. As well as presiding over the Board of Directors of Tamedia AG, the Chairman usually also presides over the Boards of those subsidiaries that produce publications. It is designed as a full-time role so as to avoid any conflict of interest with other mandates. The Chairman only undertakes external mandates in the interests of the company, with any fees going to the company. Accordingly, the Chairman is the only member of the Board to have a contract of employment and to be insured against old age, death and disability in accordance with the prevailing social insurance legislation. The notice period is one year. The Chairman's employment contract does not provide for a performance bonus or participation in the company's profits or share ownership programme.

Advisory Board for Media Technology and Innovation

Compensation paid to members of the Advisory Board for Media Technology and Innovation consists of a fixed annual fee. Expenses are reimbursed according to the actual costs incurred.

Members of the Management Board

Compensation paid to the members of the Management Board is made up of a fixed amount and a variable component comprising a performance bonus and profit participation.

The performance bonus amounts to 22.5 per cent of the fixed component for members of the Management Board (except for the CEO of the Goldbach Group), 33.75 per cent for the deputy CEO and 45 per cent for the CEO. Payment is made if the net income of the Tamedia Group achieves or exceeds 4 per cent of revenues (hurdle). Achievement is measured in relation to an expected value defined for the portion of net income in excess of the hurdle. The Board of Directors defines this expected value each year at the request of the CEO and in consultation with the Compensation Committee. The performance bonus is 100 per cent achieved if the portion of net income in excess of the hurdle matches the expected value. No upper limit applies (in terms of the amount paid out). In the 2019 financial year, 97.39 per cent of the expected value was achieved.

The members of the Management Board are also paid a supplementary profit participation, which is dependent on the net income of the Tamedia Group (see section on "Profit participation programme for members of the Management Board").

For the performance bonus paid to the CEO of the Goldbach Group, the continuation of the previous remuneration system until the end of 2020 was agreed in the context of the acquisition of Goldbach. The performance is based on the Goldbach Group's compensation model and is structured so as to amount to 83 per cent of his fixed component if targets are met. He will only have an entitlement if he exceeds 80 per cent of the target. If 80 per cent or less of the target is achieved, there will be no entitlement in respect of the relevant target. The performance bonus is capped at 140 per cent in accordance with the Goldbach Group's compensation regulations. For measurement purposes, half (i.e. 41.5 per cent) of the performance bonus is based on net income in excess of the hurdle for the Tamedia Group and the other half is based on net income in excess of the hurdle for the Goldbach Group. These targets and their weightings are set by the Board of Directors of Tamedia AG on behalf of the Compensation Committee.

The CEO of the Goldbach Group also participates in a long-term incentive plan (LTIP) for selected members of Goldbach Group management. The amount due under the LTIP comprises the following two components in 2019:

- 6.4 per cent of the Goldbach Group's net profit attributable to shareholders of Goldbach Group AG
- 25 per cent of the increase in adjusted net profit from 2018 to 2019

The Board of Directors of the Goldbach Group takes the sum calculated in this way and uses an allocation matrix to allocate amounts due in the accounting year in which the entitlement was acquired. Amounts due are paid out in cash. 70 per cent of the amounts due to Swiss employees and 60 per cent of those due to foreign employees is blocked for three years (from the date of allocation). The remaining 30 and 40 per cent respectively is not subject to any such qualifying period. Blocked amounts due are only paid out if the beneficiary has not given notice of termination of employment prior to 31 December of the third year after the accounting year in which entitlement to the amount was acquired. Amounts due are calculated in accordance with the following principles in particular:

- Only the net profit attributable to shareholders of Goldbach Group AG is relevant.
- The difference over three years determines the amounts due. No allocations will be made if net income has decreased.
- Only an entitlement to a share of the LTIP can secure an annual allocation.
- The proportion of the bonus due to members of management plus the variable salary components may not exceed the upper limit for the performance bonus.

Of the LTIP entitlements payable to the CEO of the Goldbach Group for the 2019 financial year, a pro-rata amount of CHF 0.4 million is recognised (reflecting the time since the acquisition of the Goldbach Group by Tamedia) in the Compensation Report. 70 per cent of this is blocked for three years.

Members of the Management Board are insured against old age, death and disability in accordance with the prevailing social insurance legislation. The notice periods are one year.

Expenses and non-monetary payments

Members of the Board of Directors and the Management Board receive an expenses allowance each month, which covers all expenses below CHF 50. Beyond that, the currently valid rules on expenses for all employees apply. Tamedia does not provide company cars to the members of the Management Board, with one exception: the CEO of the Goldbach Group is provided with a company car, with the associated vehicle costs and expenses also being covered. Additional non-monetary benefits voluntarily provided by the company, such as free newspaper or magazine subscriptions or long-service awards, are subject to the same rules as for all employees.

Loans to officers and directors of the company

As of the balance sheet date, there were no outstanding loans to active and former members of the Board of Directors and Management Board.

Compensation of the Board of Directors, the Advisory Board and the Management Board

The compensation shown reflects the expenditures recognised in the income statement during the reporting year (irrespective of the dates on which these were paid). Included among the active members of the Board of Directors and Management Board are those individuals who completed their period of tenure during the year. No compensation was paid to former members or related parties of the Board of Directors, the Advisory Board and the Management Board.

Total compensation paid to the Board of Directors, the Advisory Board and the Management Board

in CHF 000	Directors [1]	Advisory Board Digital	Management Board	**Total**
2019				
Number of members per balance sheet date	7.0	3.0	8.0	**18.0**
Annual average of members	7.0[2]	3.0	8.0	**18.0**
Fees/salaries	2 060	60	4 304	**6 425**
Performance bonus and share of profits paid in cash	–	–	2 428	**2 428**
Share of profits paid in shares 2019[4]	–	–	365[5]	**365**
Pension and social security contributions	231	–	1 280	**1 511**
Expense reimbursements	108	–	176	**284**
Non-monetary payments	–	–	–	**–**
Other compensation	–	–	–	**–**
Total	**2 399**	**60**	**8 553**	**11 012**
2018				
Number of members per balance sheet date	7.0	3.0	8.0	**18.0**
Annual average of members	7.0	3.3[3]	7.3	**17.7**
Fees/salaries	2 046	67	3 956	**6 069**
Performance bonus and share of profits paid in cash	–	–	2 477	**2 477**
Share of profits paid in shares 2018[4]	–	–	1 078[5]	**1 078**
Pension and social security contributions	227	–	1 154	**1 382**
Expense reimbursements	108	–	141	**249**
Non-monetary payments	–	–	3	**3**
Other compensation	–	–	–	**–**
Total	**2 382**	**67**	**8 809**	**11 257**

1 The Board of Directors currently comprises the full-time Chairman/publisher and non-executive members.
2 For the calculation of the annual average number of entries and departures of members: Andreas Schulthess since 5 April 2019, Martin Coninx until 5 April 2019
3 For the calculation of the annual average number of entries and departures of members: Sverre Munck until 20 April 2018
4 See information on profit participation programme for executives
5 Share-based payments are disclosed in the compensation report at the time of their allocation. In contrast, Note 42 to the consolidated financial statements reports the accrued amount recognised in the income statement in the reporting year.

Compensation paid to the Board of Directors[1]

in CHF 000	Fees/ salaries	Performance bonus and profit participation	Pension and social security contributions	Expense reimbursements	Other compensation	**Total**
2019						
Pietro Supino	1 460	–	202	36	–	**1 698**
Martin Coninx	25	–	2	3	–	**30**
Marina de Planta	100	–	7	12	–	**119**
Martin Kall	100	–	–	12	–	**112**
Pierre Lamunière	100	–	5	12	–	**117**
Sverre Munck	100	–	1	12	–	**113**
Konstantin Richter	100	–	7	12	–	**119**
Andreas Schulthess	75	–	6	9	–	**90**
Total	**2 060**	**–**	**231**	**108**	**–**	**2 399**
2018						
Pietro Supino	1 446	–	199	36	–	**1 681**
Martin Coninx	100	–	7	12	–	**119**
Marina de Planta	100	–	7	12	–	**119**
Martin Kall	100	–	–	12	–	**112**
Pierre Lamunière	100	–	5	12	–	**117**
Sverre Munck	70	–	–	8	–	**78**
Konstantin Richter	100	–	7	12	–	**119**
Iwan Rickenbacher	31	–	2	4	–	**36**
Total	**2 046**	**–**	**227**	**108**	**–**	**2 382**

1 The functions of the members of the Board of Directors are disclosed in the corporate governance chapter.

Additional fees and compensation

In the reporting year, Tamedia paid compensation for rent for office premises totalling CHF 3.0 million to Groupe Edipresse, over which Pierre Lamunière exerts a significant influence (previous year CHF 3.0 million).

Shares owned by members of the Board of Directors

No. of shares	2019 Shares owned	2019 Total shares [1] owned including those held by related parties	2018 Shares owned	2018 Total shares [1] owned including those held by related parties
Pietro Supino	33 338	1 439 160	33 338	1 439 160
Martin Coninx	–	–	100	1 264 667[2]
Marina de Planta	–	–	–	–
Martin Kall	–	–	–	–
Pierre Lamunière	2 000	3 804	2 000	3 804
Sverre Munck	–	–	–	–
Konstantin Richter	16 229	726 295	16 229	726 295
Andreas Schulthess	200	1 256 633[3]	–	–

1 Including rights of usufruct and benefits
2 The stock includes the 393,234 registered shares with rights of usufruct owned by Hans-Heinrich Coninx
3 The stock includes the 586,022 registered shares with rights of usufruct owned by Annette Coninx Kull

Compensation paid to the Advisory Board for Media Technology and Innovation

in CHF 000	Fees/salaries [1]	Performance bonus and profit participation	Pension and social security contributions	Expense reimbursements	Other compensation	Total
2019						
Emily Bell	20	–	–	–	–	**20**
Markus Gross	20	–	–	–	–	**20**
Mathias Müller von Blumencron	20	–	–	–	–	**20**
Total	**60**	**–**	**–**	**–**	**–**	**60**
2018						
Emily Bell	20	–	–	–	–	**20**
Markus Gross	20	–	–	–	–	**20**
Mathias Müller von Blumencron	20	–	–	–	–	**20**
Sverre Munck	7	–	–	–	–	**7**
Total	**67**	**–**	**–**	**–**	**–**	**67**

1 The compensation paid to Pietro Supino is reported under compensation paid to the Board of Directors.

Shares owned by members of the Advisory Board for Media Technology and Innovation

No. of shares	2019		2018	
	Shares owned	Total shares owned including those held by related parties	Shares owned	Total shares owned including those held by related parties
Emily Bell	–	–	–	–
Markus Gross	–	–	–	–
Mathias Müller von Blumencron	–	–	–	–

Highest compensation paid to a member of the Management Board

in CHF 000	2019 [1]	2018 [1]
Type of compensation		
Fees/salaries	1 031	1 031
Performance bonus and share of profits paid in cash	672	955
Share of profits paid in shares	177	450
Pension and social security contributions	237	268
Expense reimbursements	23	23
Total	**2 140**	**2 727**

1 Compensation paid to Christoph Tonini (Chief Executive Officer)

Profit participation programme for members of the Management Board

The current profit participation programme is valid for 2019. Members of the Management Board are entitled to participate as of their second year of service. A payment is made when the profit margin (net income in relation to operating revenues) reported by the Tamedia Group is or exceeds 8.0 per cent. A profit participation, which will be determined at the time, will be paid out of any amount exceeding the profit margin of 8.0 per cent, with 50 per cent being paid in cash and the remaining 50 per cent in shares.

The cash amount is paid out after the publication of the consolidated financial statements of Tamedia. The shares are allocated in the accounting year in which entitlement is acquired. The number of shares to be allocated is determined based on the average share price over the last 30 days before 31 December of the respective financial year. The shares are only transferred if the beneficiary has not given notice of termination of employment prior to 31 December of the third year after the accounting year in which entitlement to the share allocation was acquired.

A profit participation of CHF 0.72 million was paid to the Management Board in the 2019 financial year, of which CHF 0.36 million was for the allocated shares.

As part of the profit participation programme of the Management Board, 25,609 treasury shares were issued in 2019 for the 2015 financial year to the members of the Management Board. Measured in terms of market value on the allocation date, the total value of these shares is CHF 4.4 million.

Share-based component of the Management Board's profit participation

number	2019	2018
As of 1 January	54 555	55 080
Exercised	(25 609)	(10 957)
Allocated	4 014	10 432
As of 31 December	**32 960**	**54 555**
of which exercisable	7 101	25 609

in CHF/ number of shares	Allocation date	Blocked until	Fair value as of grant date	Fair value as of 31 December	Outstanding entitlements 2019	Outstanding entitlements 2018
	31.12.2015	31.12.2018	171.0	93.7	–	25 609
	31.12.2016	31.12.2019	156.0	93.7	7 101	7 101
	31.12.2017	31.12.2020	138.0	93.7	11 413	11 413
	31.12.2018	31.12.2021	105.5	93.7	10 432	10 432
	31.12.2019	31.12.2022	93.7	93.7	4 014	–

Shares owned by members of the Management Board

	2019		2018	
No. of shares	Shares owned	Total shares owned including those held by related parties	Shares owned	Total shares owned including those held by related parties
Christoph Tonini	23 444	23 444	11 963	11 963
Christoph Brand	4 848	4 848	2 013	2 013
Michi Frank	–	–	–	–
Samuel Hügli	700	700	700	700
Marcel Kohler	2 935	2 935	100	100
Sandro Macciacchini	5 687	5 687	2 899	2 899
Serge Reymond	–	–	–	–
Andreas Schaffner	6 722	6 722	3 887	3 887

Report of the statutory auditor

to the General Meeting of Tamedia AG

Zürich

We have audited the remuneration report of Tamedia AG (TX Group AG since January 1, 2020) for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 130 to 133 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Tamedia AG for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Patrick Balkanyi	Christian Jäger
Audit expert Auditor in charge	Audit expert

Zürich, 24 February 2020

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Corporate Governance

Group structure and shareholders

Group structure
The Group's operational structure is shown on page 15 of the Annual Report.

The scope of consolidation includes the following listed company:

Name	TX Group Ltd (formerly Tamedia AG), Zurich
Location of registration	SIX Swiss Exchange, Switzerland
	listed since 2 October 2000
Market capitalisation	see section "Capital structure"
Treasury shares (as of 31 December 2019)	9,266
Securities symbol	TXGN
ISIN	CH 0011178255
Symbol:	
– Bloomberg	TXGN.SW
– Reuters	TXGN.S

Group companies not listed on a stock exchange are shown in Note 40 of the consolidated financial statements (pages 101 to 103).

Significant shareholders
Significant shareholders and significant groups of shareholders and their holdings in Tamedia, to the extent known to Tamedia, are shown in the following table. The notices published during the reporting year can be found on the publication platform of the Disclosure Office.[1]

[1] https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Principal shareholders

Name	2019 [1]	2018 [1]	2017 [1]
Dr. Severin Coninx, Berne	13.20%	13.20%	13.20%
Rena Maya Coninx Supino, Zurich	12.95%	12.95%	12.95%
Dr. Hans Heinrich Coninx, Küsnacht	11.93%[2]	11.93%[2]	11.93%[2]
Annette Coninx Kull, Wettswil a.A.	11.85%[3]	11.85%[3]	11.85%[3]
Ellermann Lawena Stiftung, FL-Vaduz	6.87%	6.87%	6.87%
Ellermann Pyrit GmbH, Stuttgart, Germany	4.31%	4.31%	6.47%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%	5.86%
Other members of the shareholders' agreement	2.14%[4]	2.14%	2.14%
Total members of the shareholders' agreement	**69.10%**	**69.11%**	**71.26%**
Tweedy Browne Company LLC	**4.73%**	**4.51%**	**4.51%**
Regula Hauser-Coninx, Weggis	**4.63%**	**4.63%**	**4.63%**
Montalto Holding AG, Zug	1.83%	1.83%	1.83%
Epicea Holding AG, Zug	1.42%	1.42%	1.42%
Other members of the shareholders' group	0.69%	0.69%	0.69%
Total members of the shareholders' group Reinhardt-Scherz	**3.94%**	**3.94%**	**3.94%**

1 The disclosures as of 31 December relate to the total of 10.6 million registered shares issued.
2 Of which rights to usufruct in relation to 393,234 registered shares in the name of Martin Coninx (Männedorf), rights of usufruct in relation to 393,233 registered shares in the name of Claudia Isabella Coninx-Kaczynski (Zollikon) and rights to usufruct in relation to 393,233 registered shares in the name of Christoph Coninx (Oetwil an der Limmat).
3 Of which rights of usufruct in relation to 586,021 registered shares owned by Fabia Schulthess (Zurich) and rights of usufruct in relation to 586,022 registered shares owned by Andreas Schulthess (Wettswil).
4 The other members of the shareholders' agreement comprise the following persons:
Pietro Calcagni
Dr. Anna Coninx Mona
Caspar Coninx
Christoph Coninx
Claudia Isabella Coninx-Kaczynski
Franziska Nicolasina Coninx
Martin Coninx
Salome Coninx
Luca Kaczynski
Antonia Kaestner
Dr. Franziska Kaestner-Richter
Antje Landshoff-Ellermann
Saskia Landshoff
Konstantin Richter
Sabine Richter-Ellermann
Fabia Schulthess
Andreas Schulthess
Prof. Dr. Anna P. Supino Calcagni
Dr. Pietro Supino

Principal shareholders are disclosed based on Art. 120 et seqq. of the Swiss Financial Market Infrastructure Act (FMIA) and the corresponding ordinances.

In conjunction herewith, the following central features of the shareholders' agreement of the founding family are also made available to the public:

- All shareholders who are members of the founding family (pool shareholders), with the exception of Regula Hauser-Coninx, are bound by the shareholders' agreement (pool agreement). The pool agreement entered into effect as of the date of registration for a period of eight years, and was extended in 2008 until 2017. During the course of 2015 the founding family of Tamedia renewed its shareholders' agreement, which was due to expire in 2017, early and for an indefinite period.
- Among other things, the pool agreement serves the purpose of coordinating the exercise of the voting rights of pool members with regard to their representation on the Board of Directors.
- It also governs how pool shareholders exercise their voting rights in conjunction with other topics requiring the approval of shareholders, such as determining dividends.
- Pool shareholders are notified in advance of any other issues to be brought before the shareholders at the Annual General Meeting. If two thirds of the voting rights represented by the pool shareholders are cast for any such issue at a meeting of pool shareholders, the pool shareholders must unanimously vote in favour of this issue at the General Meeting. Otherwise, pool members are at liberty to exercise their voting rights as they choose.
- The agreement does not relate to matters which lie within the responsibility of the Board of Directors or the Management Board of Tamedia or that of its subsidiaries.
- The agreement includes a right of first refusal for all parties to the shareholders' agreement in the event that a pool shareholder wishes to transfer his/her shares to an independent third party (either with or without compensation). Should this be the case, said shareholder must first offer his/her shares to the pool members. The other pool shareholders have the right to purchase such shares at the current market price less a 20 per cent discount.
- Pool shareholders represent a group of shareholders who act in compliance with the requirements of Art. 121 FMIA. Any future exchange of shares amongst the current pool shareholders will not result in an obligation to announce and make public any such change. If, however, the entire pool should sell shares and as such the percentage of pooled shares should fall below the legal thresholds (e.g. below 66⅔ per cent or below 50 per cent), the pool shall be required to inform the Swiss Stock Exchange and Tamedia. An obligation to notify shall also exist if a new member is added to the pool or one pool member no longer holds any shares.

The shareholders united under the shareholders' agreement, consisting of members of the founding family, held 69.10 per cent of the Tamedia registered shares on the balance sheet date, of which 67.00 per cent were subject to the provisions stipulated in the shareholders' agreement.

The Reinhardt-Scherz group of shareholders consists of Erwin Reinhardt, Muri, and Franziska Reinhardt-Scherz, Muri, and the entities under their control, Montalto Holding, Zug, and Epicea Holding AG, Zug.

The persons united in this group of shareholders jointly hold an investment of 417,342 registered shares of Tamedia AG or 3.94 per cent of the share capital.

Cross-shareholdings

During the current financial year, there were no cross-shareholdings based on either share capital holdings or on voting rights.

Capital structure

Capital structure and change in capital structure

Capital structure

in CHF mn	2019	2018	2017
Ordinary share capital	106.00	106.00	106.00
Ordinary increase in capital	–	–	–
Conditional share capital	–	–	–
Conditional increase in capital	–	–	–
Participation certificates	–	–	–
Dividend-right certificates	–	–	–
Convertible bonds	–	–	–

Additional information concerning changes in equity can be found in the statement of changes in equity on page 46 of the consolidated financial statements.

Registered shares

number		2019	2018	2017
Nominal value	in CHF	10	10	10
Voting rights per share		1	1	1
Number of issued shares		10 600 000	10 600 000	10 600 000
Number of shares entitled to dividends		10 590 734	10 574 391	10 589 071
Total number of voting rights		10 590 734	10 574 391	10 589 071
Number of outstanding shares (weighted average)		10 597 181	10 582 947	10 593 034
Number of treasury shares (as of balance sheet due date)		9 266	25 609	10 929

There are no differences in dividend rights or other priority rights with the exception of those described in the section “Limitations on transferability and nominee registrations” below.

Details with regard to market capitalisation can be found in the information for investors on page 40.

Limitations on transferability and nominee registrations

Upon request, purchasers of registered shares shall be registered as shareholders with voting rights if they specifically declare that they have purchased such shares in their own name and for their own account.

The Board of Directors may deny registration of the purchaser as a shareholder or beneficiary with voting rights to the extent that the shares held by the shareholder would exceed 5 per cent of the total number of shares recorded in the commercial register. Legal entities and partnerships which are bound or affiliated in terms of capital and voting rights by a common management or in any other form, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand, shall be considered to be one entity.

Shareholders who were registered in the share register as of 14 September 2000 or purchasers who are family members of such shareholders shall be exempt from this restriction on registration.

During the reporting year, no exceptions to the said regulations were granted.

The Board of Directors may register nominees in the share register with voting rights of up to a maximum of 3 per cent of the share capital registered in the commercial register. Nominees are persons who, when applying for registration, do not specifically declare that they hold the shares for their own account. The Board of Directors may register nominees with more than 3 per cent of the registered share capital, granting them voting rights, insofar as the nominee in question has provided the company with the names, addresses and number of shares held by such persons for whom he/she holds 0.5 per cent or more of the registered share capital entered in the commercial register. The Board of Directors may enter into agreements with such nominees, which govern, among other items, the representation of the shareholders and their voting rights.

The Board of Directors may cancel the entries of shareholders or nominees in the share register retroactively to the date of entry should it be apparent after a hearing that such entries were made based on false information. The persons affected must be informed of said cancellation immediately.

Convertible bonds and options

Currently, there are no convertible bonds and options.

Board of Directors

Members of the Board of Directors

Information on the members of the Board of Directors and their other functions and business interests is provided in the Annual Report on pages 6 to 7.
Article 31 of the Articles of Incorporation[1] regulates the number of other functions permitted.

Election and term of office

The Board of Directors comprises at least five members who are individually elected by the Annual General Meeting for a term of office of one financial year. Their term of office expires on the date of the Annual General Meeting for the last financial year of their tenure. If elections to replace directors are held during the designated term, the newly elected directors shall serve the remaining tenure of their predecessors. The Annual General Meeting also elects the Chairman of the Board of Directors. Otherwise, the Board of Directors constitutes itself.

Internal organisation

The composition of the Board of Directors and the affiliation of its individual members to the committees are shown in the table below.

Name	Function	Member since	Term of office [1]	Business development committee [2]	Audit committee	Compensation Committee [2]	Journalism committee [2]
Pietro Supino	Chairman	1991	2020	C		C	C
Martin Kall	Member	2013	2020	M		M	
Pierre Lamunière	Member	2009	2020	M			M
Sverre Munck	Member	2018	2020		M		
Marina de Planta	Member	2014	2020		C		
Konstantin Richter	Member	2004	2020		M		M
Andreas Schulthess	Member	2019	2020		M	M	

C: Committee chairman
M: Member

1 The period of office of all members of the Board of Directors ends at the next Annual General Meeting on 3 April 2020.
2 Christoph Tonini will also be invited to attend meetings in his role as CEO.

[1] www.tx.group/articles-of-incorporation

Authorities

The Board of Directors is responsible for defining the Group strategy. It reviews the Company's fundamental plans and objectives and identifies external risks and opportunities. The risks are explained in Note 37 of the consolidated financial statements (pages 96 to 98). The authorities and responsibilities of the Board of Directors and its committees, as well as the schedule of approval authorities with respect to the Management Board, are laid down in the Internal Governance Rules, which can be viewed online at www.tx.group[1]. These include, in particular, the supervisory and control functions for the Board of Directors with the direct support of external parties, as well as the ongoing and comprehensive provision of information for all members of the Board.

The Board of Directors is also responsible for overseeing and monitoring the Management Board. The Management Board informs the Board of Directors during its regular meetings and upon special request with regard to the business developments and the Group's planned activities. Also in attendance at these meetings are the Chief Executive Officer as well as other members of the Management Board and other executive members of staff for business matters of relevance to them.

The full Board of Directors is informed by means of monthly written reports with regard to the consolidated monthly financial statements, business developments within the individual divisions and any further relevant business issues. Each quarter, all members of the Board of Directors are provided with written information on the development of the market share and every six months a report is sent with explanations to the semi-annual and annual financial statements. In addition, the Board of Directors also receives the minutes of meetings held by the Management Board as well as of those held by the four committees of the Board of Directors. The Management Board also informs the Chairman of the Board of Directors on a regular basis with regard to any incidents of particular significance.

Passing resolutions

The Board of Directors constitutes a quorum when the majority of its members are present. It makes decisions based on a majority vote of the members present. In the event of a tied vote, the Chairman has the casting vote. There are no statutory quorums for resolutions. Resolutions may also be passed by circular vote.

Meetings

The Board of Directors meets as often as business requires or if a meeting is requested by a member, but at least six times a year. In the reporting year, the Board of Directors, its committees and the Advisory Board for Media Technology and Innovation held the following meetings.

	Number of meetings	Duration (hours)
Directors	7[1]	7:00
Nomination and Compensation Committee	2[2]	2:45
Business Development Committee	–	0:00
Journalism Committee	4[3]	4:45
Audit Committee	4[4]	2:25
Advisory Board for Media Technology and Innovation	2[5]	7:00

1 The meetings took place in January, February, April, June, August, October and December. One of them was a four-day retreat (incl. 1 day study tour). In addition, a telephone conference was held.
2 The meetings took place in January and October.
3 The meetings took place in February, May, September and December.
4 The meetings took place in January, February, August and November.
5 The meetings took place in January and June.

[1] www.tx.group/articles-of-incorporation

Committees

In addition to the committees described below, the Board of Directors may form other committees for specific functions. Members are appointed to committees in conjunction with the constitution of the Board of Directors and according to the same procedure. Generally, these committees do not make any binding decisions, but instead report to the Board of Directors as a whole, submit proposals for decisions and guidelines when appropriate and provide the Management Board with the necessary support for the implementation of such.

The following permanent committees currently exist:
- Nomination and Compensation Committee
- Business Development Committee
- Journalism Committee
- Audit Committee

The committees must be made up mostly of members of the Board of Directors and make their agendas and meeting minutes available to the entire Board of Directors. The Chairman of each committee informs the Board of Directors as a whole orally as to the results of such meetings.

Nomination and Compensation Committee

The Nomination and Compensation Committee addresses human resources matters in general and is responsible in particular for preparing nominations of members of the highest management level for whom the Board of Directors has direct responsibility. It also deals with the qualification and compensation of members of this management group and with the general compensation system including profit participation. Not included herein are the editors-in-chief and the programme directors, for whom the Journalism Committee is responsible.

The committee comprises three to four members. If the number of members of the Nomination and Compensation Committee falls below the minimum threshold of three, the Chairman shall nominate the missing member(s) from amongst the members of the Board of Directors, who will serve until the end of the next Annual General Meeting. The Chairman of the Management Board is invited to attend meetings. The Chairman of the Board of Directors chairs the committee. The Nomination and Compensation Committee does not sit at set intervals but meets as required to prepare business for the Board of Directors. The meetings held in the reporting year are listed in the overview in the Meetings section.

Business Development Committee

The Business Development Committee attends to the preparation and support of projects and agreements that fall within the remit of the Board of Directors and are related to the Swiss media market and new business ideas. The committee comprises three to four members. The Chairman of the Management Board is invited to attend meetings. The Chairman of the Board of Directors chairs the committee. The Business Development Committee meets as required rather than at set intervals. The meetings held in the reporting year are listed in the overview in the Meetings section. The Business Development Committee was abolished when the new corporate structure was introduced on 1 January 2020.

Journalism Committee

The Journalism Committee deals with publication issues and nominates the editors-in-chief. It also deals with the performance evaluation and compensation of members of this management group. The Journalism Committee is responsible in particular for the regular journalistic discussions with the editors-in-chief and also concerns itself with promoting next-generation talent and publication projects.

The committee comprises three to four members. The Chairman of the Management Board is invited to attend meetings. The Chairman of the Board of Directors chairs the committee. Meetings are generally held quarterly. The meetings held in the reporting year are listed in the overview in the Meetings section.

Audit Committee

The Audit Committee oversees the financial reporting, compliance with accounting and reporting standards and with the rules for listing on the SIX Swiss Exchange, risk management and financial corporate communication as well as any extraordinary accounting matters. Risk management includes sharing information on specific risks such as market risks, financial risks and personnel risks from the members of staff responsible. An overarching risk management report is prepared annually for the attention of the Management Board, the Audit Committee and the Board of Directors. This central risk management report serves to monitor all current risks and review the processes in place for addressing risks.

The Audit Committee also represents the Board of Directors as liaison with the external statutory auditors and monitors and assesses their performance and impartiality on an ongoing basis. For this purpose, the Audit Committee examines and discusses the proposed audit schedule and the audit results with the statutory auditors (reports required by law prepared by the statutory auditors and reports pertaining to any significant findings from the interim and final audits). Moreover, the committee is informed orally by the statutory auditors, the Chief Financial Officer and other management members from the finance division regarding the progress of the audit work.

The Audit Committee reviews and evaluates the independence, qualifications, performance and effectiveness of the statutory auditors once a year. It also discusses the statutory auditors' independence from management and the company with them and monitors the rotation system for the lead auditor. In addition, the Audit Committee examines the compatibility of non-audit services with the statutory auditors' independence. The fees for the audit of the consolidated financial statements and the individual financial statements are approved in advance by the Audit Committee. Every year, the Audit Committee submits a proposal for appointing the statutory auditors to the Board of Directors, which then puts it before the Annual General Meeting.

The Audit Committee comprises at least three members. The Chairman of the Board of Directors may not be a member of this committee. Meetings are held regularly, at least four times a year, and generally the Chief Financial Officer is in attendance (as representative of the Management Board) as well as the statutory auditors. For specific matters, the Audit Committee calls in outside experts when needed. Its meetings are aligned with the preparation and approval of the semi-annual and annual financial statements. The meetings held in the reporting year are listed in the overview in the Meetings section. These were attended by the Chief Financial Officer and the representative of the external statutory auditors.

Advisory Board for Media Technology and Innovation

Information on the members of the Advisory Board and their other functions and business interests is provided in the Annual Report on page 8. Article 31 of the Articles of Incorporation[1] regulates the number of other functions permitted.

The Advisory Board for Media Technology and Innovation provides advice and support to the Tamedia Board of Directors and Management Board on matters relating to digital business and the company's digital transformation. The mission of the Advisory Board, which is composed of seasoned experts in the fields of digital media, online business and digital technology, is to identify trends and new digital business fields at an early stage and to provide an external perspective on new investment opportunities and strategic partnerships.

The composition of the Advisory Board is shown below:

Name	Function	Member since
Pietro Supino	Chairman	2013
Emily Bell	Member	2014
Markus Gross	Member	2013
Mathias Müller von Blumencron	Member	2013

The Advisory Board for Media Technology and Innovation generally convenes three times a year, once in the form of a retreat and twice together with the Business Development Committee. The meetings held in the reporting year are listed in the overview in the Meetings section. The Advisory Board for Media Technology and Innovation was abolished when the new corporate structure was introduced on 1 January 2020.

Management Board

Members of the Management Board

Information on the members of the Management Board and their other functions and business interests is provided in the Annual Report on pages 13 to 14. Article 31 of the Articles of Incorporation[1] regulates the number of other functions permitted.

Management contracts

During the year under review there were no management contracts between Tamedia and companies or private individuals stipulating the transfer of management responsibilities by Tamedia.

Compensation, shareholdings and loans

Information on compensation, shareholdings and loans granted to the Board of Directors, the Advisory Board for Media Technology and Innovation and the Management Board can be found in the Compensation report on pages 127 to 133.

[1] www.tx.group/articles-of-incorporation

Shareholders' participation rights

Restrictions on voting rights and representation

A shareholder may directly or indirectly exercise or cause to have exercised voting rights associated with his/her own shares or shares he/she represents up to a maximum of 5 per cent of the total number of shares registered in the commercial register. To this end, legal entities and partnerships which are bound or affiliated in terms of capital and voting rights by a common management or in any other way, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand, shall be considered to be one entity.

Institutional investor proxies within the meaning of Art. 689c of the Swiss Code of Obligations (custodian proxies, company officers and independent proxies) are exempt from this restriction on voting rights as long as the provisions of the Articles of Incorporation referred to in the previous paragraph have been adhered to by the owner(s).

Shareholders registered with more than 5 per cent of the voting rights in the share register are exempt from the aforementioned restriction of voting power.

Statutory quorums

According to the Articles of Incorporation of Tamedia AG, the Annual General Meeting makes resolutions and conducts elections based on an absolute majority of the represented voting rights. For the following resolutions, a minimum two-thirds majority of the represented voting rights and an absolute majority of the represented share capital are required: changes in the company's purpose; introduction of voting shares; restrictions on transferability of registered shares; approved or conditional capital increases; capital increases from shareholders' equity, in return for non-monetary contributions or for the purpose of acquisition of assets or granting special advantages; restriction or cancellation of subscription rights; transfer of the company's registered office and dissolution of the company without liquidation.

Convening the General Meeting

The General Meeting is held annually within six months of the end of the company's financial year. Extraordinary general meetings are convened as needed. Likewise, in addition to the statutory auditors, one or more shareholders, who combined represent at least 10 per cent of the company's share capital, may demand in writing that a general meeting be called indicating the subject matter to be discussed and proposals to be made.

The General Meeting is called by the Board of Directors no later than 20 days prior to the scheduled date of the meeting. The shareholders are notified via Tamedia's normal publications (see further information in section "Information policy" on page 146).

Agenda

Shareholders who together represent shares with a nominal value of CHF 1,000,000 may request that a matter for discussion be included on the agenda. The application for an item to be added to the agenda must be submitted in writing at least 60 days prior to the General Meeting with an indication of the subject to be discussed.

Registration in the share register

All shareholders registered with voting rights in the share register are entitled to take part and have voting power at the General Meeting. For organisational reasons, no further registrations will be made after 20 days before the General Meeting. Shareholders who sell their shares prior to the General Meeting no longer have any voting rights.

[1] www.tx.group/articles-of-incorporation

Changes of control and defensive measures

In accordance with the Swiss Stock Exchange Act, whoever, whether directly, indirectly or acting in concert with third parties, acquires equity securities of a listed Swiss company, which, when added to the equity securities already owned, exceed a threshold of 33.3 per cent of the overall voting rights of a target company, whether or not said voting rights may be exercised, must make a bid to the remaining shareholders to acquire all of the company's equity securities listed on the stock market. Before publicly offering its equity securities, the company may lay down in its Articles of Incorporation that a purchaser is not required to make a public sales offer of this kind (opting-out). Tamedia AG's Articles of Incorporation do not provide for any such opting-out. Similarly, there are no clauses governing changes of control.

Statutory auditors

Duration of the mandate and term of office of the lead auditor
The statutory auditors are appointed by the General Meeting for a period of one year.

PricewaterhouseCoopers AG has served as auditors for the consolidated financial statements since the financial year 2016. The separate financial statement of Tamedia AG has been audited by PricewaterhouseCoopers AG since 2016. Patrick Balkanyi assumed the role of lead auditor for the first time for the financial year 2016.

Audit fee
The fees for the audit of the consolidated financial statements and the separate financial statements total CHF 0.8 million (previous year: CHF 0.7 million), of which CHF 0.7 million relate to expenditures for the audit conducted by PricewaterhouseCoopers AG.

Additional fees
The total amount of fees paid to PricewaterhouseCoopers AG and/or its affiliated persons for additional financial services and IT advisory services amounted to CHF 0.1 million. Fees amounting to CHF 0.1 million had been incurred in the previous year for additional financial services and IT advisory services.

Supervisory and control instruments vis-à-vis the auditors
The nature of the supervisory and control instruments used by the Board of Directors to assess the external statutory auditors and their participation in Audit Committee meetings is described in the section "Board of Directors – Audit Committee". The system of rotation governing the tenure of the lead auditor is seven years at the most, in compliance with the impartiality guidelines set down by EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary. A regular rotation of the statutory auditors is not foreseen.

Important events after the balance sheet date

Since 1 January 2020, the company has been operating under the name TX Group (formerly Tamedia). With the new name, a new holding-like company structure was also introduced, consisting of four largely independent companies, each with its own management. All classifieds and marketplaces are integrated in TX Markets, headed by Christoph Brand; the management will be transferred to Olivier Rihs by 1 May 2020 at the latest. The advertising marketing is handled at Goldbach under the responsibility of Michi Frank. 20 Minuten combines the commuter media in Switzerland and abroad and is directed by Marcel Kohler. Under the name Tamedia, the paid media will be led into the future; the company is jointly managed by Marco Boselli (journalism) and Andreas Schaffner (publishing services). The CEOs of the newly introduced four largely independent companies are no longer part of the Management Board at group level. Since 1 January 2020 the Management Board of TX Group consists of Christoph Tonini (CEO), Samuel Hügli (Technology & Ventures) and Sandro Macciacchini (Finances & Human Resources). Effective 1 July 2020, after Christoph Tonini's retirement as CEO, the Group will be directly headed by Publisher and Chairman Pietro Supino.

Information policy

Information policy and ad-hoc publicity requirements

Tamedia follows an open and timely information policy that treats all target groups in the capital market equally. Detailed annual and semi-annual reports are published. The consolidated financial statements are prepared in accordance with IFRS standards (International Financial Reporting Standards) (see "Consolidation and measurement principles", pages 47 to 56).

An agenda including the date of the General Meeting and the date of publication of the half-year report can be found on page 40.

Tamedia AG's Articles of Incorporation can be viewed online at www.tx.group.[1]

As a listed company, Tamedia is also obliged to inform the public of any price-sensitive information (ad-hoc publicity, Art. 53 Listing Rules). In addition to information on the financial developments, Tamedia also provides information regularly on current changes and developments.

For more detailed information on the company, visit the website at www.tx.group. The official publication used for public announcements made by the company and announcements required by law is the Swiss Official Gazette of Commerce.

Contact person for specific questions about TX Group (formerly Tamedia):

TX Group AG
Sandro Macciacchini
Head of Finances & Human Resources
Werdstrasse 21
CH-8021 Zurich
Tel.: +41 (0) 44 248 41 92
E-mail: investor.relations@tx.group

[1] www.tx.group/articles-of-incorporation

TX Group AG
Werdstrasse 21
Postfach
8021 Zurich
Phone: +41 (0) 44 248 41 11
www.tx.group
communication@tx.group

Investor Relations
TX Group AG
Sandro Macciacchini
Head of Finances & Human Resources Division
Werdstrasse 21
CH-8021 Zurich
Phone +41 (0) 44 248 41 90
E-mail investor.relations@tx.group
LEI (Legal Entity Identifier) TX Group AG: 506700302V28Y6O14985

Imprint

Corporate Communications TX Group (Project management)
General Secretariat (Coordination with the Board)
MADE Identity AG (Concept and Design)
Stevan Bukvic, Custom Images (Photography)
MDD Management Digital Data AG, Lenzburg (Production)
Apostroph Luzern AG (Translation)
Tamedia (Proofreading)
DZB Druckzentrum Bern AG (Printing)

Electronic versions available to download at:
www.tx.group, Investor Relations, Financial Reports

Please order your copy of the Annual Report from:
TX Group AG, Corporate Communications, Werdstrasse 21, CH-8021 Zurich,
Phone +41 (0) 44 248 41 90, communication@tx.group