Blu A/S

Skolegade 19C, 2. sal

2500 Valby

CVR No. 28296819

Annual Report 2018

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 31 May 2019

Morten Gerner
Chairman

Contents

Management's Statement

Today, Management has considered and adopted the Annual Report of Blu A/S for the financial year 1 January 2018 - 31 December 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January 2018 - 31 December 2018.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Valby, 31 May 2019

Executive Board

Anne Brostrøm Storgaard
Man. Director

Supervisory Board

Andrew Bott
Chairman

Jacqueline Frances Moreton

Daniela Nicoleta Matei

Anne Brostrøm Storgaard

Independent Auditor's Report

To the shareholders of Blu A/S

Opinion
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January 2018 - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Blu A/S for the financial year 1 January 2018 - 31 December 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements"). The financial statements are prepared in accordance with the Danish Financial Statements Act.

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under “Auditors' responsibility for the audit of the financial statements”. As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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.

Statement on Management's Review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

In connection with our audit of the financial statements, our responsibility is to read Management's review and, in doing so, consider whether Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's review mprovides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identi´fy any material misstatement in Management's review.

Management's responsibility for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management 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, Management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

The auditor's responsibility 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 auditors' 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 ISAs and additional requirements applicable in Denmark will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, then could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 Company's internal control.

* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.

* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.

* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

Hellerup, 31-05-2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33771231

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Company details

Company	Blu A/S Skolegade 19C, 2. sal 2500 Valby
Telephone	4532648200
Telefax	4532648201
email	mail@blu.dk
Website	www.blu.dk
CVR No.	28296819
Financial year	1 January 2018 - 31 December 2018
Supervisory Board	Andrew Bott, Chairman Jacqueline Frances Moreton Daniela Nicoleta Matei Anne Brostrøm Storgaard
Executive Board	Anne Brostrøm Storgaard, Man. Director
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231
Bank	Danske Bank

Management's Review

The Company's principal activities
The objective of the Company is to develop and own concepts for production of television programmes and other related activities.

Insecurity regarding recognition or measurement
There is no material insecurity regarding recognition or measurement.

Exceptional circumstances
No exceptional circumstances have affected recognition or measurement.

Development in activities and financial matters
The Company's Income Statement of the financial year 1 January 2018 - 31 December 2018 shows a result of TDKK 15.212 and the Balance Sheet at 31 December 2018 a balance sheet total of TDKK 64.129 and an equity of TDKK 46.011. The result for 2018 is in line with expectations.

Expectations for the future
It is expected that revenue and earnings will be satisfactory and in line with prior years.

Risks
The Company is not assessed to be exposed to any particular risks.

Environmental issues
The activities of the Company does not have material impact on the external environment. The Company make an effort to use scanning instead of printing to avoid unnessesary vaste of paper ressources.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

	2018	2017	2016	2015	2014
Gross profit	60.121	48.365	43.777	38.443	31.411
Operating profit/loss	19.798	10.129	6.588	2.749	1.004
Net financial income and expenses	-116	-52	36	-199	-10
Profit/loss for the year	15.212	7.879	5.162	1.923	732
Total assets	64.129	53.446	55.422	50.265	58.857
Total equity	46.011	30.799	22.920	17.758	29.443
Avg. number of full-time employees	63	63	54	52	50
Return on capital employed (%)	33,68	18,69	11,45	5,50	1,70
Solvency ratio (%)	71,75	57,63	41,95	35,32	50,00
Return on equity (ROE) (%)	39,61	29,33	25,38	8,15	2,52
Investment in non-current assets	0	180	853	371	0

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions of key ratios, see Accounting and Valuation Principles

Accounting Policies

Reporting Class
The Annual Report of Blu A/S for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Changes in accounting policies
During the financial year, the company reclassified personnel costs in the income statement from the "gross profit" item to "staff expenses". The comparison figures are corrected. The change do not affect the profit, equity or the financial position of the Company. However, some key figures and gross profit were affected by TDKK 27,334 (2017: TDKK 27,645).

Apart from the above mentioned, the accounting policies are consistent with those of the previous year.

Reporting currency
The Annual Report is presented in thousands of Danish kroner.

Translation policies
Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

Consolidated Financial Statements
With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of RTL Group SA., the Company has not prepared consolidated financial statements.

Cash Flow Statement
With reference to section 86 (4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of RTL Group SA., the Company has not prepared a cash flow statement.

General Information

Basis of recognition and measurement
The financial statement have been prepared under the historical cost princip.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

Accounting Policies

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Gross profit/loss
The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Revenue
Revenue is recognised in the income statement when the sale is considered effected and the delivery has been made before year-end and when the sales price has been determined and payment has been received or may with reasonably certainty be expected to be received. Revenue is recognised exclusive og VAT and net of sales discounts.

Contract work in progress is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Other external expenses
Other external costs include indirect production costs and expenses for premises, sales and distribution as well as for administration, operating leasing costs etc.

Staff expenses
Staff expenses comprise wages, salaries and other pay-related costs, such as pensions and social security costs, other than production wages.

Amortisation and impairment of tangible and intangible assets
Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life
Goodwill	5 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 years

Financial income and expenses
Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, realised and unrealised capital gains and losses regarding transactions in foreign currencies etc.

Tax on net profit for the year
Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Accounting Policies

Balance Sheet

Intangible assets
Acquired goodwill is measured at cost on initial recognition and subsequently at cost less accumulated amortisation and impairment losses.

Patents and licences are measured to the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Tangible assets
Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for direct and indirect payroll costs and costs for materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of tangible assets are recognised as cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

An impairment test of tangible assets is performed in the event of indication of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively.

The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Equity investments in group enterprises and associates
Equity investments in group enterprises and associates are measured at cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

Receivables
Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Constract work in progress
Constract work in progress are measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion at the balance sheet date and the estimated total income from the individual work in progress. The stage of completion is determined on the basis of costs incurred in relation to expected total costs.

Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

The value of the individual contracts in progress less payments received on account is classified as receivables if the amounts are positive and as payables if the amounts are negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Accounting Policies

Accrued income, assets
Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Equity
Proposed dividend for the year is recognised as a separate item in equity.

Deferred tax
Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities
Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Financial liabilities
Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the Income Statement over the life of the financial instrument.

Other liabilities, comprising deposits, trade payables and other accounts payable, are measured at amortised cost, which usually corresponds to the nominal value.

Accruals and deferred income, equity and liabilities
Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Contingent assets and liabilities
Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Explanation of financial ratios

Return on equity (%) $= \dfrac{\text{Profit/loss for the year}}{\text{Avg. equity}}$

Return on capital employed (%) $= \dfrac{\text{(Operating profit + Financial income) X 100}}{\text{Avg. assets}}$

Equity interest (equity ratio) (%) $= \dfrac{\text{Total equity X 100}}{\text{Total liabilities}}$

Income Statement

	Note	2018 TDKK	2017 TDKK
Gross profit		**60.121**	**48.365**
Staff expenses	1	-39.869	-37.753
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-454	-483
Profit from ordinary operating activities		**19.798**	**10.129**
Finance income		2	42
Finance expenses		-118	-94
Profit from ordinary activities before tax		**19.682**	**10.077**
Tax expense on ordinary activities	2	-4.470	-2.198
Profit		**15.212**	**7.879**
Proposed distribution of results	3		

Blu A/S

Balance Sheet as of 31 December

	Note	2018 TDKK	2017 TDKK
Assets			
Rights and licenses	4	0	0
Goodwill	5	0	0
Intangible assets		**0**	**0**
Fixtures, fittings, tools and equipment	6	308	735
Leasehold improvements	7	0	27
Property, plant and equipment		**308**	**762**
Long-term investments in group enterprises	8, 9	1.402	1.402
Investments		**1.402**	**1.402**
Fixed assets		**1.710**	**2.164**
Short-term trade receivables		11.680	6.399
Contract work in progress	10	29.604	9.728
Short-term receivables from group enterprises		8.571	32.806
Current deferred tax	11	230	125
Other short-term receivables		2.503	571
Receivables		**52.588**	**49.629**
Cash and cash equivalents		**9.831**	**1.653**
Current assets		**62.419**	**51.282**
Assets		**64.129**	**53.446**

Balance Sheet as of 31 December

	Note	2018 TDKK	2017 TDKK
Liabilities and equity			
Contributed capital		2.000	2.000
Retained earnings		44.011	28.799
Equity		**46.011**	**30.799**
Prepayments received for work in progress		6.143	13.276
Trade payables		2.763	2.540
Payables to group enterprises		832	1.352
Tax payables		4.472	2.258
Other payables		3.908	3.221
Short-term liabilities other than provisions		**18.118**	**22.647**
Liabilities other than provisions within the business		**18.118**	**22.647**
Liabilities and equity		**64.129**	**53.446**

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Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2018	**2.000**	**28.799**	**30.799**
Profit (loss)	**0**	**15.212**	**15.212**
Equity 31 December 2018	**2.000**	**44.011**	**46.011**

The share capital consists of 200 shares of a nominal value of TDKK 1,000.

No shares carry any special rights.

The share capital has remained unchanged for the last 5 years.

Notes

1. Staff expenses

	2018	2017
Wages and salaries	38.089	35.605
Pensions	303	327
Social security contributions	237	584
Other employee expense	1.240	1.237
	39.869	**37.753**
Average number of employees	63	63

Remuneration to the Executive Board has not been disclosed in accordance with the section 98B (3) of the Danish Financial Statements Act.

2. Tax expense

Current income tax for the year	4.472	2.258
Current income tax previous years	102	-9
Deferred tax current year	-104	-2
Deferred tax previous years	0	-49
	4.470	**2.198**

3. Proposed distribution of results

Retained earnings	15.212	7.879
Distribution of profit	**15.212**	**7.879**

4. Rights and licenses

Cost at the beginning of the year	8.176	8.176
Cost at the end of the year	**8.176**	**8.176**
Depreciation and amortisation at the beginning of the year	-8.176	-8.176
Impairment losses and amortisation at the end of the year	**-8.176**	**-8.176**
Carrying amount at the end of the year	**0**	**0**

5. Goodwill

Cost at the beginning of the year	31.945	31.945
Cost at the end of the year	**31.945**	**31.945**
Depreciation and amortisation at the beginning of the year	-31.945	-31.945
Impairment losses and amortisation at the end of the year	**-31.945**	**-31.945**
Carrying amount at the end of the year	**0**	**0**

Notes

6. Fixtures, fittings, tools and equipment

	2018	2017
Cost at the beginning of the year	6.840	6.660
Addition during the year, incl. improvements	0	180
Cost at the end of the year	**6.840**	**6.840**
Depreciation and amortisation at the beginning of the year	-6.105	-5.667
Amortisation for the year	-427	-438
Impairment losses and amortisation at the end of the year	**-6.532**	**-6.105**
Carrying amount at the end of the year	**308**	**735**

7. Leasehold improvements

Cost at the beginning of the year	1.480	1.480
Cost at the end of the year	**1.480**	**1.480**
Depreciation and amortisation at the beginning of the year	-1.453	-1.408
Amortisation for the year	-27	-45
Impairment losses and amortisation at the end of the year	**-1.480**	**-1.453**
Carrying amount at the end of the year	**0**	**27**

8. Long-term investments in group enterprises

Cost at the beginning of the year	1.402	1.402
Cost at the end of the year	**1.402**	**1.402**
Carrying amount at the end of the year	**1.402**	**1.402**

9. Disclosure in long-term investments in group enterprises and associates

Group enterprises

Name	**Registered office**	**Share held in %**	**Equity**	**Profit**
FremantleMedia Sverige AB (TSEK) 2018	Stockholm, Sverige	100,00	8.662	-6
			8.662	**-6**

The registered capital in FremantleMedia Sverige AB amounts to TSEK 100.

10. Contract work in progress

Progress billings are divided as follows in the balance sheet:

Net receivables	29.604	9.728
Net liabilities	-6.143	-13.276
	23.461	**-3.548**

Notes

11. Current deferred tax
Deferred tax asset is attributable to temporary differences between accounting and tax depreciation of tangible assets and is expected to be offset against future taxable income of the company or in the joint taxation within a few years.

12. Contingent liabilities
Rental agreements and leases
Lease obligations, period of non-terminability 751 TDKK (2017: 717 TDKK)

The company is jointly taxed with the Danish companies in the Bertelsmann SE & Co. KGaA Group. The joint taxation also covers withholdig taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to the income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

13. Accounting estimates
During 2018 the Company has changed the accounting estimate made at 31 December 2017 regarding the valuation of a recognized receivable. The effect on the result before tax amounts to DKK 6.9 million.

14. Ownership
The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

FremantleMedia Group Limited
1, Stephen Street
London W1T 1AL
England

The Company is included in the Group Annual Report of RTL Group SA and ultimately in Bertelsmann SE & Co. KGaA.

The Group Annual Report of RTL Group SA may be obtained at the following address:
RTL Group SA
45, Bd Pierre Frieden
L-1543 Luxembourg
Luxembourg

15. Related parties

Controlling interest:
Parent company
FremantleMedia Group Limited
1, Stephen Street
London W1T 1AL
England

Other related parties:
Subsidiary company
FremantleMedia Sverige AB
Heliosgatan 11
120 30 Stockholm
Sweden

Notes

Transactions:
There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

16. Significant events occurring after end of reporting period

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.