
Blu A/S

Skolegade 19C, 2., DK-2500 Copenhagen

Annual Report for 1 January - 31 December 2020

CVR No 28 29 68 19

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/6 2021

Andrew Bott
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Blu A/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, 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.

Copenhagen, 28 June 2021

Executive Board

Anne Brostrøm Storgaard
CEO

Board of Directors

Andrew Bott
Chairman

Annette Rosbach

Daniela Nicoleta Matei

Anne Brostrøm Storgaard

Independent Auditor's Report

To the Shareholder of Blu A/S

Opinion

We have audited the Financial Statements of Blu A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities 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 liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

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 ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Report

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 that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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 provides the information required under the Danish Financials 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 identify any material misstatement in Management's Review.

Copenhagen, 28 June 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Kenn Wolff Hansen
statsautoriseret revisor
mne30154

Company Information

The Company

Blu A/S
Skolegade 19C, 2.
DK-2500 Copenhagen

CVR No: 28 29 68 19
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Andrew Bott, Chairman
Annette Rosbach
Daniela Nicoleta Matei
Anne Brostrøm Storgaard

Executive Board

Anne Brostrøm Storgaard

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	82,023	80,449	60,121	48,365	43,777
Operating profit/loss	21,444	20,084	19,798	10,129	6,588
Net financials	-369	-234	-116	-52	36
Net profit/loss for the year	16,525	15,298	15,212	7,879	5,162
Balance sheet					
Balance sheet total	95,674	105,501	64,129	53,446	55,422
Equity	77,834	61,309	46,011	30,799	22,920
Number of employees	90	91	63	63	54
Investment in property, plant and equipment	0	0	0	180	853
Ratios					
Return on capital employed	21.0%	23.7%	33.7%	18.7%	11.5%
Solvency ratio	81.4%	58.1%	71.7%	57.6%	41.4%
Return on equity	23.8%	28.5%	39.6%	29.3%	45.0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

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

Uncertainty regarding recognition or measurement

There is no material uncertainty regarding recognition or measurement.

Development in the year

The income statement for 2020 shows a profit of TDKK 16,525, and at 31 December 2020 the balance sheet of the Company shows equity of TDKK 77,834.

Management consider the result as satisfactory and above the expectations for the year.

Exceptional circumstances

No exceptional circumstances have affected recognition or measurement.

Risks

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

External environment

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 unnecessary waste of paper resources.

Expectations for the future

It is expected that revenue and earnings will be satisfactory and in line with 2020.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
Gross profit/loss		82,023	80,449
Staff expenses	2	-60,526	-60,110
Depreciation of property, plant and equipment		<u>-53</u>	<u>-255</u>
Profit/loss before financial income and expenses		21,444	20,084
Financial income		14	8
Financial expenses		<u>-383</u>	<u>-242</u>
Profit/loss before tax		21,075	19,850
Tax on profit/loss for the year	3	<u>-4,550</u>	<u>-4,552</u>
Net profit/loss for the year		<u>16,525</u>	<u>15,298</u>

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Other fixtures and fittings, tools and equipment		0	53
Property, plant and equipment	4	0	53
Investments in subsidiaries	5	1,402	1,402
Fixed asset investments		1,402	1,402
Fixed assets		1,402	1,455
Trade receivables		9,212	8,721
Contract work in progress	6	42,533	37,721
Receivables from group enterprises		30,189	14,886
Other receivables		1,974	1,026
Deferred tax asset		364	382
Prepayments	7	237	207
Receivables		84,509	62,943
Cash at bank and in hand		9,763	41,103
Currents assets		94,272	104,046
Assets		95,674	105,501

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital		2,000	2,000
Retained earnings		75,834	59,309
Equity	8	77,834	61,309
Other payables		0	744
Long-term debt	9	0	744
Trade payables		992	4,178
Contract work in progress, liabilities	6	7,518	21,150
Payables to group enterprises		648	897
Corporation tax		4,715	4,576
Other payables	9	3,967	12,647
Short-term debt		17,840	43,448
Debt		17,840	44,192
Liabilities and equity		95,674	105,501
Subsequent events	1		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	2,000	59,309	61,309
Net profit/loss for the year	0	16,525	16,525
Equity at 31 December	2,000	75,834	77,834

Notes to the Financial Statements

1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	2020 TDKK	2019 TDKK
2 Staff expenses		
Wages and salaries	57,751	57,399
Pensions	395	385
Other social security expenses	519	526
Other staff expenses	1,861	1,800
	60,526	60,110
Average number of employees	90	91

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

3 Tax on profit/loss for the year

Current tax for the year	4,715	4,576
Adjustment of tax concerning previous years	-183	129
Adjustment of deferred tax concerning current year	18	-153
	4,550	4,552

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK
Cost at 1 January	6,840
Cost at 31 December	6,840
Impairment losses and depreciation at 1 January	6,787
Depreciation for the year	53
Impairment losses and depreciation at 31 December	6,840
Carrying amount at 31 December	0

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
5 Investments in subsidiaries		
Cost at 1 January	1,402	1,402
Cost at 31 December	1,402	1,402
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	1,402	1,402

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
FremantleMedia Sverige AB	Stockholm, Sverige	100	100%	10,085	1,674

6 Contract work in progress

Selling price of work in progress	52,461	68,511
Payments received on account	-17,446	-51,940
	35,015	16,571
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	42,533	37,721
Prepayments received recognised in debt	-7,518	-21,150
	35,015	16,571

7 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

8 Equity

The share capital consists of 200 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2020</u> TDKK	<u>2019</u> TDKK
Other payables		
Between 1 and 5 years	0	744
Long-term part	0	744
Other short-term payables	3,967	12,647
	<u>3,967</u>	<u>13,391</u>

10 Distribution of profit

Retained earnings	<u>16,525</u>	<u>15,298</u>
	<u>16,525</u>	<u>15,298</u>

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
11 Contingent assets, liabilities and other financial obligations		
Contingent liabilities		
Rental agreements and leases	1,192	1,094

The company is jointly taxed with the Danish companies in the Bertelsmann SE & Co. KGaA Group. The joint taxation also covers withholding 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.

12 Related parties

	Basis
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 to the Financial Statements

12 Related parties (continued)

Transactions

During the year, the Company had the following transactions with its ultimate Parent Company and its subsidiaries:

Sales to group entities DKK 125k (2019: 13k).

Costs from group entities DKK 11,227k (2019: 12,056k).

Interest paid to group entities DKK 0 (2019: 0).

Interest received from group entities DKK 0 (2019: 0).

Total receivables from group entities per 31 December 2020: DKK 30,189k (2019: 14,886k).

Total debt to group entities per 31 December 2020: DKK 648k (2019: 897k).

Ownership

The following shareholder is 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 Bertelmann 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

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Blu A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in TDKK.

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 , the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

13 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

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

Contract work in progress (construction contracts) 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 expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost related directly to film production, other external expenses and other income.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Notes to the Financial Statements

13 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with other Danish companies in the group. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable income.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-10	years
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Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

13 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments in subsidiaries are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at 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 and the recognition in the income statement is determined by the delivery-date of production tapes and the risk transition.

Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognized 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 realizable value.

Notes to the Financial Statements

13 Accounting Policies (continued)

The value of the individual contracts in progress fewer 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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

13 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on capital employed	$\frac{(\text{Operating profit} + \text{Financial income}) \times 100}{\text{Avg. assets}}$