Blu A/S

Skolegade 19C, 2. sal

2500 Valby

CVR No. 28296819

Annual Report 2017

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23 May 2018

Andrew Bott
Chairman

Contents

Management's Statement

Today, Management has considered and adopted the Annual Report of Blu A/S for the financial year 1 January 2017 - 31 December 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January 2017 - 31 December 2017.

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.

Copenhagen, 23 May 2018

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 2017 and of the results of its operations for the financial year 1 January 2017 - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Blu A/S for the financial year 1 January 2017 - 31 December 2017, which comprise an income statement, balance sheet, cash flows and notes. 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.

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,

Independent Auditor's Report

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, 23-05-2018

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 2017 - 31 December 2017
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 2017 - 31 December 2017 shows a result of TDKK 7.879 and the Balance Sheet at 31 December 2017 a balance sheet total of TDKK 53.446 and an equity of TDKK 30.799. The result for 2017 is in line with expectations.

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

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:

	2017	2016	2015	2014	2013
Gross profit	20.720	15.485	12.062	6.835	9.122
Operating profit/loss	10.129	6.588	2.748	1.004	-1.355
Net financial income and expenses	-52	36	-199	-10	-11
Profit/loss for the year	7.879	5.162	1.922	732	-1.031
Total assets	53.446	55.422	50.265	58.857	40.665
Total equity	30.799	22.920	17.758	29.443	28.711
Avg. number of full-time employees	63	54	52	50	46
Return on capital employed (%)	18,69	11,45	5,50	1,70	-3,30
Solvency ratio (%)	57,63	41,36	35,32	50,00	70,60
Return on equity (ROE) (%)	29,33	25,38	8,14	2,52	-3,53
Investment in non-current assets	180	853	371	0	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 2017 has been presented 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.

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.

Reporting currency
The Annual Report is presented in 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.

General Information

Basis of recognition and measurement
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.

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.

Accounting Policies

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 subsection 1 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 and when the sales price has been determined and payment has been received or may with reasonable certainty be expected to be received. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

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.

Operating expenses
Operation expenses comprise the materials, external fees and consumables consumed to achieve revenue for the year.

Other external expenses
Other external expenses comprise indirect production costs and expenses for prmises, sales and distribution as well as office expenses etc.

Staff expenses
Staff expenses comprise wages and salaries as well as apyroll 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 with the amounts that concern the financial year.

Tax on net profit/loss 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 is jointly taxed with the Danish companies in the Bertelsmann SE & Co. KGaA Group. The tax effece of the joint taxation is allocated to Danish enterprises in proportion to their taxable income.

Accounting Policies

Balance Sheet

Intangible assets
Goodwill acquired is measured 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 plus revaluations, if any, and less accumulated amortisation and impairment losses.

Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

An impairment test of tangible assets is performed in the event of indications 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.

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.

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.

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.

Provisions
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.

Financial liabilities
Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

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.

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

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

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

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

Income Statement

	Note	2017 TDKK	2016 TDKK
Gross profit		**20.720**	**15.485**
Staff expenses	1	-10.108	-8.478
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-483	-419
Profit from ordinary operating activities		**10.129**	**6.588**
Finance income		42	62
Other finance expenses		-94	-26
Profit from ordinary activities before tax		**10.077**	**6.624**
Tax expense on ordinary activities	2	-2.198	-1.462
Profit		**7.879**	**5.162**
Proposed distribution of results	3		

Balance Sheet as of 31 December

	Note	2017 TDKK	2016 TDKK
Assets			
Acquired intangible assets	4	0	0
Goodwill	5	0	0
Intangible assets		**0**	**0**
Fixtures, fittings, tools and equipment	6	735	993
Leasehold improvements	7	27	72
Property, plant and equipment		**762**	**1.065**
Long-term investments in group enterprises	8, 9	1.402	1.402
Investments		**1.402**	**1.402**
Fixed assets		**2.164**	**2.467**
Short-term trade receivables		6.399	11.733
Contract work in progress	10	9.728	2.302
Short-term receivables from group enterprises		32.806	36.279
Current deferred tax	11	125	74
Other short-term receivables		571	691
Receivables		**49.629**	**51.079**
Cash and cash equivalents		**1.653**	**1.876**
Current assets		**51.282**	**52.955**
Assets		**53.446**	**55.422**

Balance Sheet as of 31 December

	Note	2017 TDKK	2016 TDKK
Liabilities and equity			
Contributed capital		2.000	2.000
Retained earnings		28.799	20.920
Equity		**30.799**	**22.920**
Prepayments received for work in progress		13.276	23.376
Trade payables		2.540	2.591
Payables to group enterprises		1.352	1.120
Tax payables		2.258	580
Other payables		3.221	4.835
Short-term liabilities other than provisions		**22.647**	**32.502**
Liabilities other than provisions within the business		**22.647**	**32.502**
Liabilities and equity		**53.446**	**55.422**

Contingent liabilities	12
Ownership	13
Related parties	14

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2017	2.000	20.920	22.920
Profit (loss)	0	7.879	7.879
Equity 31 December 2017	**2.000**	**28.799**	**30.799**

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

	2017	2016
Wages and salaries	35.605	34.226
Pensions	327	414
Social security contributions	584	1.150
Employee expenses transferred to assets	-27.645	-28.292
Other employee expense	1.237	980
	10.108	**8.478**
Average number of employees	63	54

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- year	2.258	1.450
Current income tax- previous years	-9	-7
Deferred tax- current year	-2	18
Deferred tax-previous years	-49	0
	2.198	**1.461**

3. Proposed distribution of results

Retained earnings	7.879	5.162
Distribution of profit	**7.879**	**5.162**

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

	2017	2016
Cost at the beginning of the year	6.660	5.807
Addition during the year, incl. improvements	180	853
Cost at the end of the year	**6.840**	**6.660**
Depreciation and amortisation at the beginning of the year	-5.667	-5.309
Amortisation for the year	-438	-358
Impairment losses and amortisation at the end of the year	**-6.105**	**-5.667**
Carrying amount at the end of the year	**735**	**993**

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	-1.408	-1.347
Amortisation for the year	-45	-61
Impairment losses and amortisation at the end of the year	**-1.453**	**-1.408**
Carrying amount at the end of the year	**27**	**72**

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) 2016	Stockholm, Sverige	100,00	9.185	-231
			9.185	**-231**

10. Contract work in progress

Sales value of work	40.029	21.687
Progress billings on contracts in progress	-43.577	-42.761
Net value of contract work	**-3.548**	**-21.074**
Progress billings are divided as follows in the balance sheet:		
Net receivables	9.728	2.302
Net liabilities	-13.276	-23.376
	-3.548	**-21.074**

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 717 TDKK (2016: 710 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. 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

14. 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

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.