Blu A/S

Bispevej 29, DK-2400 København NV

Annual Report for 2023

CVR No. 28 29 68 19

The Annual Report was presented and adopted at the Annual General Meeting of the company on 21/6 2024

Elvind Gunleiksrud
Chairman of the general meeting

Contents

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 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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, 21 June 2024

Executive Board

Anne Katrine Herforth
CEO

Board of Directors

Georget Eliska Schlick Chairman	Eivind Gunleiksrud	Anne Katrine Herforth
Sara Lina Johanna Lindberg		

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 2023, 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 2023 and of the results of the Company´s operations for the financial year 1 January - 31 December 2023 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

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.

Independent Auditor's report

- 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.

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 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 identify any material misstatement in Management’s Review.

Copenhagen, 21 June 2024

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Kenn Wolff Hansen
State Authorised Public Accountant
mne30154

Jenny Lam
State Authorised Public Accountant
mne49836

Company information

The Company	Blu A/S Bispevej 29 2400 København NV CVR No: 28 29 68 19 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Georget Eliska Schlick, chairman Eivind Gunleiksrud Anne Katrine Herforth Sara Lina Johanna Lindberg
Executive Board	Anne Katrine Herforth
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 Copenhagen

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	44,800	60,052	78,681	82,023	80,449
Profit/loss of primary operations	4,443	8,491	15,050	21,444	20,084
Profit/loss of financial income and expenses	2,375	38	-555	-369	-234
Net profit/loss for the year	5,311	6,629	11,488	16,525	15,298
Balance sheet					
Balance sheet total	166,680	134,893	130,480	95,674	105,501
Equity	101,262	95,951	89,322	77,834	61,309
Number of employees	60	73	89	90	91
Ratios					
Solvency ratio	60.8%	71.1%	68.5%	81.4%	58.1%
Return on capital employed	13.0%	13.1%	13.3%	21.0%	23.7%
Return on equity	5.4%	7.2%	13.7%	23.8%	28.5%

The ratios have been prepared in accordance with the principles in note 14 Accounting policies in the Financial Statements.

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.

Development in the year

The income statement of the Company for 2023 shows a profit of TDKK 5,311, and on 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 101,262. In 2023, the Company acquired Strong Productions A/S. In 2024 the two companies are expected to merge with accounting effect from 1 January 2024.

The past year and follow-up on development expectations from last year

The result for the year is slightly lower than expected due to lower demand from most of the big clients in the TV production market. In the current market conditions, the result is considered to be satisfactory.

Special risks - operating risks and financial risks

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

External environment

The activities of the Company do 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.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position on 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2023 has not been affected by any unusual events.

Expectations for the future

For the coming year we expect both gross profit and profit before tax to be slightly above the combined 2023 levels for the two companies to be merged. Gross profit is expected to be approx. TDKK 90,000 – 100,000 and profit before tax is expected to be in the level of TDKK 9,000 – 11,000.

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

	Note	2023	2022
		TDKK	TDKK
Gross profit		**44,800**	**60,052**
Staff expenses	1	-40,346	-51,561
Depreciation and impairment losses of property, plant and equipment		-11	0
Profit/loss before financial income and expenses		**4,443**	**8,491**
Financial income	2	2,391	261
Financial expenses		-16	-223
Profit/loss before tax		**6,818**	**8,529**
Tax on profit/loss for the year	3	-1,507	-1,900
Net profit/loss for the year	4	**5,311**	**6,629**

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Other fixtures and fittings, tools and equipment		543	0
Property, plant and equipment	5	**543**	**0**
Investments in subsidiaries	6	10,860	1,402
Fixed asset investments		**10,860**	**1,402**
Fixed assets		**11,403**	**1,402**
Trade receivables		42,280	49,131
Contract work in progress	7	12,989	1,016
Receivables from group enterprises		86,969	61,163
Other receivables		12,785	4,408
Deferred tax asset	8	98	158
Prepayments	9	149	0
Receivables		**155,270**	**115,876**
Cash at bank and in hand		**7**	**17,615**
Current assets		**155,277**	**133,491**
Assets		**166,680**	**134,893**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital	10	2,000	2,000
Retained earnings		59,262	93,951
Proposed dividend for the year		40,000	0
Equity		**101,262**	**95,951**
Trade payables		20,657	7,431
Contract work in progress	7	34,795	18,138
Payables to group enterprises		1,876	1,618
Corporation tax		784	337
Other payables		7,306	11,347
Deferred income	11	0	71
Short-term debt		**65,418**	**38,942**
Debt		**65,418**	**38,942**
Liabilities and equity		**166,680**	**134,893**
Contingent assets, liabilities and other financial obligations	12		
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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	2,000	93,951	0	95,951
Net profit/loss for the year	0	-34,689	40,000	5,311
Equity at 31 December	**2,000**	**59,262**	**40,000**	**101,262**

Notes to the Financial Statements

1. Staff Expenses

	2023	2022
	TDKK	TDKK
Wages and salaries	39,542	50,641
Pensions	388	388
Other social security expenses	416	532
	40,346	**51,561**

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

	2023	2022
Average number of employees	**60**	**73**

2. Financial income

	2023	2022
	TDKK	TDKK
Interest received from group enterprises	2,389	251
Exchange gains	2	10
	2,391	**261**

3. Income tax expense

	2023	2022
	TDKK	TDKK
Current tax for the year	1,447	1,837
Adjustment of tax concerning previous years	0	-25
Adjustment of deferred tax concerning previous years	60	88
	1,507	**1,900**

4. Profit allocation

	2023	2022
	TDKK	TDKK
Proposed dividend for the year	40,000	0
Retained earnings	-34,689	6,629
	5,311	**6,629**

Notes to the Financial Statements

5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	6,840
Additions for the year	554
Cost at 31 December	7,394
Impairment losses and depreciation at 1 January	6,840
Depreciation for the year	11
Impairment losses and depreciation at 31 December	6,851
Carrying amount at 31 December	**543**

6. Investments in subsidiaries

	2023	2022
	TDKK	TDKK
Cost at 1 January	1,402	1,402
Additions for the year	10,860	0
Disposals for the year	-1,402	0
Cost at 31 December	10,860	1,402
Carrying amount at 31 December	**10,860**	**1,402**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Owner-ship	Equity	Net profit/loss for the year
Strong Productions A/S	København, Danmark	100	100%	2,027,054	-1,216,113

Notes to the Financial Statements

7. Contract work in progress

	2023	2022
	TDKK	TDKK
Selling price of work in progress	29,510	13,020
Payments received on account	-51,316	-30,142
	-21,806	**-17,122**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	12,989	1,016
Prepayments received recognised in debt	-34,795	-18,138
	-21,806	**-17,122**

8. Deferred tax asset

	2023	2022
	TDKK	TDKK
Deferred tax asset at 1 January	158	245
Amounts recognised in the income statement for the year	-60	-87
Deferred tax asset at 31 December	**98**	**158**
Property, plant and equipment	-98	-158
Transferred to deferred tax assets	98	158
	0	**0**
Deferred tax asset		
Calculated tax assets	98	158
Carrying amount	**98**	**158**

9. Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums.

10. Share capital

The share capital consists of 2,000 shares of a nominal value of TDKK 1. No shares carry any special rights.

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

11. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

12. Contingent assets, liabilities and other financial obligations

	2023	2022
	TDKK	TDKK
Other contingent liabilities		
Rental agreements and leases	0	1,123

The company is jointly taxed with the Danish companies in the Bertelsmann SE & Co. KGaA Group. The total amount of corporation tax payable is disclosed in the Annual Report of Arvato Finance A/S, which is the management company of the joint taxation purposes. 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.

Notes to the Financial Statements

13. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Parent company	Fremantle Nordic Holdings Limited 1, Stephen Street London W1T 1AL England

Transactions

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

Sales to group entities DKK 427k (2022: 655k).

Costs from group entities DKK 9,092k (2022: 10.300k)

Interest received from group companies DKK 2,388k (2022: 251k)

Sales of subsidiary to group entities DKK 1,400k (2022: 0)

Purchase of subsidiary to group entities DKK 10,860k

The Company has receivables and debt with other group companies. The balances are disclosed separately in the balance sheet.

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:

Fremantle Nordic Holdings Limited
1, Stephen Street
London, W1T 1AL
England

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
RTL Group SA and ultimately in Bertelmann SE & Co. KGaA.	RTL Group SA 45, Bd Pierre Frieden L-1543 Luxembourg Luxembourg

The Group Annual Report of RTL Group SA and ultimately in Bertelmann SE & Co. KGaA. may be obtained at the following address:

RTL Group SA
45, Bd Pierre Frieden
L-1543 Luxembourg
Luxembourg

Notes to the Financial Statements

14. Accounting policies

The Annual Report of Blu A/S for 2023 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.

Few reclassifications have been made in the comparison figures to comply with the current year presentation.

The Financial Statements for 2023 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of RTL Group SA, the Company has not prepared consolidated financial statements.

Few reclassifications have been made in the comparison figures to comply with the current year presentation.

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.

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 recognized in the income statement on a straight-line basis over the lease term.

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 transaction date rates are recognised in financial income and expenses in the income statement.

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

Notes to the Financial Statements

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 as well as office expenses, etc.

Gross profit

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

Staff expenses

Staff expenses comprise wages and salaries including holiday allowance, pension and other security costs.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise 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 deferred tax for the year. The tax attributable to the profit for 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

The fixed assets' residual values are determined at nil.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments 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.

Investments in subsidiaries

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

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.

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 prepayments of costs incurred relating to subsequent financial years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Notes to the Financial Statements

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 liabilities

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on capital employed	(Operating profit+ Financial income) x 100 / Avg. assets
Return on equity	Net profit for the year x 100 / Average equity