To accompany registered number:
04287647
Bauer Radio (West Midlands) Ltd

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH

HAMBURG

DISCLOSURE COPY

OF THE GROUP ACCOUNTS AS AT 31 DECEMBER 2019 AND

THE GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2019

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(The following English language report on the examination of the financial statements is a translation from the preceding German language report. This report was prepared applying Germany accounting principles for use in that country only. Likewise, the following translation is designed for use in Germany only, since adjustments, if any, which would be necessary to conform the financial statements to accounting practices used in countries other than Germany have not been made.)

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HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG

GROUP BALANCE SHEET AS AT 31 DECEMBER 2019

ASSETS	31 12.2019 EUR	31.12.2018 EUR
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and values as well as licences to such rights and values	162,560,860	159,870,588
2. Goodwill	132,332,055	186,814,546
3. Payments in advance	280,846	1,558,888
	295,173,762	348,244,022
II. Property, plant and equipment		
1. Land, land rights and buildings including buildings on third-party land	41,998,851	40,329,462
2. Technical equipment and machinery	11,877,598	12,308,529
3. Other plant, operating and office equipment	21,786,646	21,011,771
4. Payments in advance and plants under construction	1,078,241	517,640
	76,741,336	74,167,402
III. Financial assets		
1. Shares in affiliated companies	66,023,256	22,489,571
2. Loans to affiliated companies	0	7,732,185
3. Shares in associated companies	1,200,289	398,798
4. Shares in investments	436,181	792,811
5. Long-term securities	1,348,247	5,282,987
6. Other loans	144,410	2,141,493
	69,152,384	38,837,845
	441,067,482	461,249,269
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	13,687,160	14,301,980
2. Unfinished goods and services	4,324,918	5,065,835
3. Finished products and goods	1,732,300	1,035,710
4. Payments in advance	191,269	134,501
	19,935,648	20,538,026
II. Receivables and other assets		
1. Trade receivables	280,012,650	267,508,017
2. Receivables from affiliated companies	81,389,726	4,950,232
3. Receivables from associated companies	0	0
4. Receivables from other long-term investors and investees	14,045	211,183
5. Other assets	116,034,645	42,835,639
	477,451,066	315,505,071
III. Securities		
Other securities	3,219,233	4,318,902
IV. Cash and credit balances at banks	306,192,817	647,696,315
	806,798,763	988,058,314
C. PREPAID EXPENSES AND DEFERRED CHARGES	32,754,789	33,041,245
	1,280,621,033	1,482,348,828

LIABILITIES	31.12.2019 EUR	31.12.2018 EUR
A. EQUITY		
I. Subscribed capital	2,607,589	2,607,589
II. Capital reserve	1,614,532,657	1,803,674,916
III. Adjustment item for minority interests	3,623,566	4,180,134
IV. Equity difference from currency conversion	-2,485,422	-26,923,020
V. Group net earnings	-778,976,571	-734,870,047
	839,301,818	1,048,669,572
B. PROVISIONS		
1. Provisions for pensions and similar obligations	1,328,080	1,160,929
2. Tax provisions	12,462,826	42,835,340
3. Other provisions	160,703,491	138,745,663
	174,494,397	182,741,932
C. LIABILITIES		
1. Liabilities to banks	41,420,502	13,794,531
2. Advance payments received	2,103,008	1,228,664
3. Trade liabilities	127,948,715	121,887,778
4. Liabilities to affiliated companies	4,578,410	30,214,628
5. Liabilities to associated companies	11,807	0
6. Liabilities to other long-term investors and investees	0	104,901
7. Other liabilities - of these, taxes. EUR 10,732,490 (Previous year: EUR 11,907,438) - of these, social security obligations EUR 9,784,827 (Previous year: EUR 8,611,056)	46,440,066	46,449,360
	222,502,508	213,679,862
D. DEFERRED INCOME	44,322,310	37,257,462
	1,280,621,033	1,482,348,828

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG

GROUP INCOME STATEMENT

FOR THE FINANCIAL YEAR FROM 1.1.2019 TO 31.12.2019

	2019 EUR	2018 EUR
1. Sales revenues	1,518,391,719	1,585,368,509
2. Increase/reduction in the stock of finished and unfinished products	-158,790	131,561
3. Other operating income	65,836,789	189,987,334
- of this, from currency conversion: EUR 45,653,665 (Previous year: EUR 16,904,658)		
4. Material expenditures		
a) Expenditures for raw materials and supplies and goods bought for resale	-305,189,017	-317,189,818
b) Expenditures for purchased services	-321,378,670	-366,647,757
	-626,567,687	-683,837,575
5. Personnel expenditures		
a) Wages and salaries	-283,930,445	-281,789,315
b) Social security payments and expenditures for retirement pensions and benefits	-46,952,904	-46,758,156
- of this, for retirement pensions: EUR 13,298,175 (Previous year: EUR 13,584,626)	-330,883,349	-328,547,471
6. Depreciations on intangible and tangible assets	-159,232,556	-179,871,962
7. Other operating expenditures	-349,191,007	-309,220,497
- of this, from currency conversion: EUR 52,140,039 (Previous year: EUR 22,835,777)		
8. Income form investments	2,440,093	3,890,923
- of this, from affiliated companies: EUR 661,342 (Previous year: EUR 1,668,447)		
9. Revenues from associated companies	39,365	46,994
10. Income from profit transfer agreements	5	0
11. Revenues from other long-term securities	0	2,396,823
12. Other interests and similar revenues	4,558,917	3,241,993
- of this, from affiliated companies: EUR 1,532,426 (Previous year: EUR 632,810)		
13. Depreciations on financial assets and securities held as current assets	-17,498,114	-185,617
14. Interests and similar expenditures	-1,199,747	-949,857
- of this, to affiliated companies: EUR 106,373 (Previous year: EUR 842)		
15. Expenses from loss transfer agreements	-22,665	0
16. Taxes on income	-35,610,364	-82,973,705
- of this, from deferred taxes EUR 11,432,887 (income) (Pervious year: EUR 1,826,803 (income))		
17. Income after taxes	70,902,608	199,477,453
18. Other taxes	-8,684,228	-8,733,398
19. Profits received under profit transfer agreements	7,791	0
20. Profits transferred under profit transfer agreements	-113,124,225	-265,662,506
21. Annual group loss	-50,898,053	-74,918,451
22. Minority shares	-2,540,455	-553,451
23. Group share in annual loss	-53,438,508	-75,471,902

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH

GROUP CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2019

	2019 kEUR	2018 kEUR
Consolidated net loss including profit attributable to non-controlling interests	-50,898	-74,919
Depreciations (+) / appreciations (-) on non-current assets	176,731	180,058
Increase (+) / decrease (-) in provisions for pensions and similar obligations and other provisions	22,122	7,326
Other non-cash items from consolidation (-/+)	30,172	26,282
Increase (-) / Decrease (+) in inventories, trade receivables and other assets not attributable to investment or financing activities	-85,438	-51,581
Increase (+) / Decrease (-) in trade liabilities and other liabilities not attributable to investment or financing activities	131,272	300,980
Profit (-) / loss (+) from the sale of non-current assets	-3,681	-8,677
Interest expenses (+) / interest income (-)	-3,359	-2,292
Other investment income (-) including income from other securities held as financial assets	-2,479	-6,335
Income tax expense (+) / benefit (-)	35,610	82,974
Income tax refunds (+) / payments (-)	-65,485	-72,614
Cash flow from operating activities	184,568	381,201
Receipts from disposal of intangible assets (+)	4,853	4,627
Disbursements for investments in intangible assets (-)	-91,853	-167,608
Receipts from disposal of property, plant & equipment (+)	472	35
Disbursements for investments in property, plant & equipment (-)	-12,484	-16,550
Receipts from disposal of financial assets (+)	1,946	20,575
Disbursements for investments in financial assets (-)	-44,628	-2,660
Disbursements for additions to the consolidated group (-)	-4,589	-4,766
Net change in the consolidated group in the non-current assets (-/+)	-6,543	-7,473
Interests received (+)	4,559	3,242
Dividends received (+)	2,479	6,335
Cash flow from investment activities	-145,786	-164,243
Receipts from equity inflows from shareholders of the parent company (+)	85,308	86,086
Disbursements for equity withdrawals to shareholders of the parent company (-)	-274,450	-1,000
Receipts for equity inflows from other shareholders (+)	0	435
Disbursements for equity reductions to other shareholders (-)	-4,132	0
Proceeds from taking up of financial loans (+)	30,955	13,795
Disbursement for the repayment of financial loans (-)	-3,329	0
Interests paid (-)	-1,200	-950
Dividends paid to shareholders of the parent company (Payments of the claim from the profit and loss transfer agreement prior year) (-)	-265,663	-62,866
Cash flow from financing activities	-432,511	35,500
Payment-relevant changes in cash and cash equivalents	-393,729	252,458
Consolidated group-related changes in cash and cash equivalents	4,589	4,766
Cash and cash equivalents at the start of the period	894,912	637,689
Cash and cash equivalents at the end of the period	505,772	894,912

Composition of cash and cash equivalents:

	2019 kEUR	2018 kEUR
Cash in hand and credit balances at banks	306,193	647,696
Other securities (short-term)	3,219	4,319
Cash pooling receivable / liability from/to Heinrich Bauer Verlag KG	196,360	242,897
	505,772	894,912

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG

ANALYSIS OF GROUP EQUITY FOR THE FINANCIAL YEAR 2019

in kEUR	Subscribed capital	Capital reserve	Parent company Generated group equity	Equity difference from currency conversion	Equity	Adjustment item for minority interests	Group equity
As of 31 Dec. 2017	**2,608**	**1,718,589**	**-679,811**	**-30,912**	**1,010,473**	**3,192**	**1,013,665**
Increase of capital reserve		85,086			85,086		85,086
Consolidated net loss			-75,472		-75,472	553	-74,918
Other consolidated earnings			20,413	3,989	24,401	435	24,836
As of 31 Dec. 2018	**2,608**	**1,803,675**	**-734,870**	**-26,923**	**1,044,489**	**4,180**	**1,048,670**
Decrease of capital reserve		-189,142			-189,142		-189,142
Consolidated net loss			-53,439		-53,439	2,540	-50,899
Other consolidated earnings			9,332	24,438	33,770	-3,097	30,673
As of 31 Dec. 2019	**2,608**	**1,614,533**	**-778,977**	**-2,485**	**835,678**	**3,623**	**839,302**

Heinrich Bauer Verlag Beteiligungs GmbH, Hamburg

Notes on the Group Financial Statements for the Financial Year 2019

1. General notes

The company is based in Hamburg and registered in the commercial register of the local court, department B under the number HRB 32176.

The group financial statements and the group management report of Heinrich Bauer Verlag Beteiligungs GmbH as of December 31, 2019 have been prepared in accordance with the accounting regulations of HGB (German Commercial Code).

The affiliated companies not included in the group financial statements are companies whose influence on the group's assets, financial and revenue situation both individually and as a whole - is of minor importance. The inclusion in the group financial statements in accordance with Art. 296 Para. 2 HGB has therefore been waived.

In the case of associated companies of minor significance, no equity valuation is carried out in accordance with Art. 311 Para. 2 HGB.

Use is made of the protective clause of Art. 313 Para. 3 HGB in the case of two affiliated companies.

The income statement is prepared according to the total cost method.

2. Consolidation principles

The companies' financial statements included in the consolidation were prepared in accordance with the statutory regulations on a standardized basis as of December 31, 2019.

Up to and including the 2009 financial year, the capital consolidation applied according to the book value method by offsetting the investment book values with the equity shares recorded at the subsidiaries at the time of acquisition or initial consolidation, with allocation to the underlying hidden reserves or charges. Since the 2010 financial year, initial consolidation is basically carried out with the values assumed at the time at which the companies became subsidiaries, using the revaluation method (Art. 301 HGB). Here, the valuation base of the shares belonging to the parent company is offset against the subsidiary's amount of equity attributed to these shares. Any difference remaining after offsetting is shown as goodwill if on the assets side; and if it arises on the liabilities side, it is shown under "Differences arising from capital consolidation" after equity.

For shares in associated companies that are valuated according to the equity method, the book value method is used. The shares are included in the group with the proportionate book value of the equity. The accounting and valuation methods presented in the following section are also used for associated companies. There has been no presentation of a consolidated balance sheet and income statement for associated companies due to their minor significance.

If, after obtaining control, further shares in a subsidiary are acquired, the transaction is accounted as an acquisition transaction.

Changes in the equity of the subsidiaries due solely to changes in exchange rates are assigned to the capital without any effect on income.

Receivables, liabilities, intra-group sales, expenses and income as well as interim results between the consolidated companies which are included are eliminated.

In the year under review, the following companies were included for the first time due to acquisition or due to materiality criteria:

Company	*Registered office*
Bauer Media Audio Ltd.	Petersborough
Société d'Edition et de Television par Câble SNC	Paris
Clabere Negocios S.L.U.	Barcelona
Ubezpieczenia online.pl Rankomat Sp. z o.o. Sp.k.	Wroclaw
Semahead Sp. z o.o. Sp.k.	Krakow
Grupa Tense Polska Sp. z o.o. Sp.k.	Warsaw
Routes to Retail Ltd.	Petersborough
Stella Underwriting Pty Ltd (at equity)	Brisbane

In the 2019 financial year, the items in the consolidated financial statements changed as follows due to the first-time consolidations of seven companies in Europe:

	kEUR
ASSETS	
Fixed assets	2,565
Current assets	24,596
LIABILITIES	
Provisions	1,575
Liabilities	11,498
Deferred income	4,846
Income statement items	
Sales revenues	31,369
Material expenditures	19,482
Personnel expenditures	6,568

Due to sale, liquidation, merger or immateriality, the following companies were removed from the scope of consolidation during the 2019 financial year:

Company	Registered office	
Bauer Media Austria GmbH & Co. KG	Vienna	Merger as of September 30, 2019
Bauer Media Austria Beteiligungsgesellschaft m.b.H.	*Vienna*	*In Liquidation*
BAUER MEDIA v.o.s.	Prague	Due to insignificance
BAUER MEDIA PRAHA v.o.s.	Prague	Due to insignificance
SKL 6 s.r.o.	Bratislava	Due to insignificance
Bauer Media SK v.o.s.	Bratislava	Due to insignificance
Superpoistenie s.r.o.	Bratislava	Merger on January 1, 2019
Rýchlepoistenie s. r. o.	Bratislava	Merger on January 1, 2019
Zmarta Development AB	Ängelholm	Sold in Dec. 2019
Lån För Alla Sverige AB	Ängelholm	Sold in Dec. 2019
B Ankio AB	Ängelholm	Sold in Dec. 2019
Bauer Active Ltd.	Peterborough	Due to insignificance
Bauer Automotive Ltd.	Peterborough	Due to insignificance
Bauer East Ltd.	Peterborough	Due to insignificance
Bauer Esprit Ltd.	*Peterborough*	*Due to insignificance*
Bauer London Lifestyle Ltd.	Peterborough	Due to insignificance
Bauer Pop Ltd.	Peterborough	Due to insignificance
Piccadilly Radio Ltd.	Peterborough	Due to insignificance
Bauer PCS Pty Ltd.	Sydney	Due to insignificance

ACP Mastheads Nominees Pty Ltd.	Sydney	Due to insignificance
ACP Mastheads Pty Ltd.	Sydney	Due to insignificance
ACP Custodians Pty Ltd.	Sydney	Liquidation in 2019
Bauer Media (NZ) Ltd.	Auckland	Due to insignificance

The deconsolidation of the listed subsidiaries had no material impact on the net assets, financial position and results of operations.

3. Accounting and valuation principles

In drawing up the group financial statements, the following accounting and valuation methods were essentially authoritative without any change. Accounting and valuation options were applied unchanged compared with the previous year's financial statements.

Intangible assets are shown at purchase costs minus planned depreciation over the probable term of use amounting from three to sixteen years. If a corresponding value adjustment is required, unscheduled depreciation is also carried out beyond the planned depreciation.

Acquired goodwill – including goodwill from initial consolidation of shares (Art. 309 Para. 1 HGB) – is capitalized at cost of acquisition and depreciated according to plan over the probable term of use of four years and/or subjected to unscheduled depreciation where there is a probable sustained value reduction. The term of use is based on the usability of the underlying publishing / broadcasting / title / trademark rights which were acquired for valuable consideration within the scope of the company takeover. If no term of use can be determined, a period of four years will be regularly applied according to commercial prudence.

Property, plant and equipment is shown at cost of acquisition or production costs minus planned usage-related depreciation and if necessary, unscheduled depreciation. Special tax depreciations were eliminated.

Shares in non-consolidated affiliated companies and investments are shown at cost of acquisition or at lower attributable values. Additions regarding shares in associated companies include – in addition to acquired shares – capital contributions and prorated annual net profits. Prorated annual net losses and sold shares are recorded under disposals.

Securities held as fixed assets are shown at acquisition cost or at lower attributable values.

Loans are entered with the nominal amount or the lower cash value.

Items in the inventory were evaluated in consideration of the lowest value principle at cost of acquisition or production costs, or depreciated to a lower market value.

Unfinished and finished products are valuated at production costs based on individual calculations, whereby, in addition to directly attributable individual material costs and production wages, manufacturing and material overhead were taken into account. All cases were valuated loss-free.

All identifiable risks in inventories resulting from above-average storage duration and reduced usability are taken into consideration through appropriate write-downs.

Receivables and other assets are basically shown at the nominal value. Risks are taken into consideration through appropriate individual or lump-sum value adjustments.

Securities of current assets are stated at acquisition cost or at lower attributable values.

Cash on hand and credit balances with banks are shown at the nominal value.

Provisions for pensions and similar obligations are shown with the part values and/or cash values for ongoing pensions which are determined using actuarial principles (projected unit credit method). Discounting is carried out at the average market interest rate based on an assumed term of 15 years. In addition, increases in wages and salaries are also taken into account. The disclosure of the difference in accordance with Art. 253 Para. 6, sentence 1 HGB is waived due to insignificance - i.e. the difference between the reserves for pension obligations in accordance with the corresponding average market interest rate from the past ten financial years and the reserves in accordance with the corresponding average market interest rate from the past seven financial years.

Tax provisions are created in the amount of the probable tax charge.

Other provisions are listed in the sum of the repayment amount – i.e. including future costs and price increases – which is necessary on the basis of a reasonable commercial assessment to take into account all contingent losses on the balance sheet date on pending transactions and uncertain liabilities.

Liabilities are shown with their repayment amount.

Deferred tax assets and liabilities are recognized in the consolidated financial statements for temporary differences between the carrying amounts of assets and liabilities in the trade statement and the tax statement and for tax loss carryforwards using the individual tax rate of the respective subsidiary. Differences resulting from consolidation measures in accordance with Sections 300 to 307 of the German Commercial Code (HGB), in particular in context of capital consolidation based on the valuation of publishing rights and licenses for broadcasting rights, are also taken into account, but not differences resulting from the initial recognition of goodwill. The calculation is based on the company-specific tax rate that is valid at the time the differences will be eliminated. Deferred tax assets and liabilities are offset. The capitalization of any remaining balance of deferred tax assets is not undertaken in exercising the option to recognize them.

Foreign currency receivables and liabilities are entered with the relevant transaction rate and valuated subsequently at the mean spot exchange rate. Exchange rate losses arising up to the balance sheet date through the realization or valuation at the mean spot exchange rate on the financial statement date are taken into account as affecting profit or loss. Non-realized exchange rate profits from currency conversion are only considered to affect profit or loss in the case of remaining terms of up to one year.

4. Currency conversion of foreign currency financial statements by included subsidiaries

The modified reporting date method is used for the conversion of individual financial statements prepared in foreign currency. In this case, all balance sheet items of the included foreign subsidiaries were converted into euros at the respective mean rate of exchange – except for equity which was converted at historical rates. The differences from the conversion of equity resulting from the change in exchange rates versus the previous year were entered, without any effect on income, into the equity difference from currency conversion.

Expenditures and revenues were converted at the average rate. The annual result of the converted income statement was adopted in the balance sheet and the difference was entered, without any effect on income, into the equity difference from currency conversion.

Differences due to the mutual offsetting of receivables and liabilities between the companies included in the group financial statements due to currency conversion were entered as affecting profit and loss within the framework of debt consolidation.

5. Notes on the balance sheet

The development and breakdown of assets is shown in the schedule of assets.

Intangible assets

The goodwill item contains capitalized differences arising from capital consolidation according to Art. 301 Para. 3 HGB as goodwill:

	kEUR
As at January 1, 2019	181,046
- Difference from additions, disposals (including exchange rate differences)	30,129
- Depreciations (including exchange rate differences)	-91,121
As at December 31, 2019	120,054

Initial consolidations in 2019 resulted overall in a difference in the amount of kEUR 27,930 capitalized as goodwill.

The goodwill shown in addition in the group balance sheet does not result from capital consolidation.

Financial assets

The shown shares in affiliated companies relate to companies which are of *minor importance overall* for the group or which are in liquidation and were not consolidated. According to the equity method, 4 (previous year: 3) associated companies are consolidated.

Receivables and other assets

The trade receivables reported in the balance sheet have a remaining term of less than one year except for kEUR 319 (previous year: kEUR 0). Receivables from affiliated companies in the amount of kEUR 1,533 (previous year: kEUR 0) have a remaining term of more than one year and include trade receivables of kEUR 0 (previous year: kEUR 842) and receivables from financial transactions less liabilities from the profit and loss transfer agreement of kEUR 81,390 (previous year: kEUR 4,108).

Receivables from affiliated companies contain receivables from the sole shareholder Heinrich Bauer Verlag KG, Hamburg, in the amount of kEUR 77,170 (previous year: kEUR 0).

Other assets contain kEUR 402 (previous year: kEUR 653) with a remaining term of more than one year, which are based on deposits, among other things.

Deferred taxes

Deferred tax assets and liabilities were calculated in the consolidated financial statement on the basis of temporary differences between the trade statement and the tax statement. Deferred tax assets result in particular from differences in property, plant and equipment and financial assets, for provisions and from tax loss carryforwards. Deferred tax liabilities were calculated in particular for property plant and equipment, *other liabilities and accruals and deferred income. However, tax loss carryforwards were generally only taken into account when calculating deferred tax assets to the extent that the tax relief from the loss* carryforward is expected to be realized within the next five years. The deferred taxes from the annual financial statements of the consolidated subsidiaries were calculated using the individual tax rates applicable to the companies, which range between 13.228 % and 32.275 % (previous year: 13.31 % and 32.275 %).

Deferred taxes were also calculated on capital consolidation measures in accordance with Sections 300 to 307 HGB; in particular, deferred tax liabilities arose in connection with capital consolidation due to the valuation of publishing rights and licenses for broadcasting rights. The calculation was based on individual company tax rates that are expected to apply at the time the differences are reduced, which range between 19.0 % and 32.023 % (previous year 19.0 % and 22.0 %). In addition, deferred tax assets arose as part of the elimination of intercompany profits due to temporary differences in the carrying amounts of fixed assets. Overall, the consolidation measures resulted in deferred tax liabilities, which summed up with deferred tax assets from temporary differences and tax loss carryforwards as defined in Section 274 of the German Commercial Code (HGB), leading to a balance of deferred tax assets.

In the year under review, as in the previous year, the excess amount of deferred tax assets resulting from the group-wide consideration will not be recognized in the consolidated balance sheet.

Subscribed capital
The share capital registered in the commercial register amounts to DM 5,100,000.00 (EUR 2,607,588.61).

Other provisions
The other provisions are essentially obligations to accept returns, for advertising rebates, obligations in the personnel sector, and from legal disputes as well as outstanding invoices.

Liabilities

	Liabilities total EUR	Remaining term up to 1 year EUR	Remaining term 1 to 5 years EUR	Remaining term > 5 years EUR
Liabilities to banks	41.420.502 (prev yr. 13.794.531)	8.293.932 (prev yr. 36.871)	33.126.570 (prev yr. 13.733.354)	0 (prev yr. 24.306)
Advance payments received	2.103.009 (prev yr 1.228.664)	1.117.828 (prev yr. 446.287)	728.545 (prev yr. 322.283)	256.636 (prev yr. 460.094)
Trade liabilities	127.948.715 (prev yr. 121.887.778)	127.679.448 (prev yr. 121.885.879)	267.264 (prev yr. 0)	2.003 (prev yr, 1.899)
Liabilities to affiliated companies	4.578.410 (prev yr 30.214.628)	4.578.410 (prev yr 30.203.478)	0 (prev yr 0)	0 (prev yr 11.151)
Liabilities to associated companies	11.807 (prev yr 0)	11.807 (prev yr 0)	0 (prev yr. 0)	0 (prev yr. 0)
Liabilities to other long-term investors and investees	0 (prev yr. 104.901)	0 (prev yr. 104.901)	0 (prev yr.0)	0 (prev yr 0)
Other liabilities	46.440.066 (prev yr. 46.449.360)	45.378.512 (prev yr. 45.292.479)	316.588 (prev yr. 1.156.881)	744.966 (prev yr. 0)
	222.502.509 (prev yr. 213.679.861)	187.059.937 (prev yr. 197.969.894)	34.438.967 (prev yr. 15.212.518)	1.003.606 (prev yr. 497.450)

Liabilities to affiliated companies include liabilities to the sole shareholder Heinrich Bauer Verlag KG, Hamburg, of kEUR 0 (previous year: kEUR 27,273).

Liabilities to affiliated companies include trade payables of kEUR 4,578 (previous year: kEUR 2,942) and liabilities from the profit-and-loss transfer agreement less receivables from financial transactions of kEUR 0 (previous year: kEUR 27,273).

6. Contingent liabilities and other financial obligations

Contingent liabilities

At the balance sheet date, contingent liabilities from guarantees amounted to kEUR 1,619 (previous year: kEUR 1,915).

Based on the net assets, financial position and results of operations of the companies, utilization is not expected.

Other financial obligations

At the balance sheet date, rental and leasing obligations existed totaling kEUR 79,398 (previous year: kEUR 94,213), thereof kEUR 0 (previous year: kEUR 0) to affiliated companies.

Furthermore, there are financial obligations due to printing contracts to the extent customary in the trade.

7. Notes on the income statement

Sales revenues after reductions:

Breakdown by division

	2019 kEUR	2018 kEUR
Distribution	668,578	722,994
Radio	472,300	441,975
Advertising	121,114	154,453
Digital	209,036	205,935
Printing	21,196	26,072
Other revenues from publishing business	26,168	33,940
	1,518,392	1,585,369

Breakdown by region

	2019 kEUR	2018 kEUR
Germany	17,811	12,703
Europe	1,234,390	1,249,804
North America	86,423	128,050
Asia / Pacific	179,768	194,812
	1,518,392	1.585,369

Unscheduled depreciations

Impairment losses of kEUR 7,627 (previous year: kEUR 23,098) were recognized in intangible assets, mainly due to lower profitability of broadcasting rights or magazines.

Income of exceptional magnitude

Income of exceptional magnitude resulted in the previous year from the sale of title rights in the U.S.A. and the publishing business in the Czech Republic and Slovakia (kEUR 120,242).

Income unrelated to accounting period

Other operating income includes income from the reversal of reserves in the amount of kEUR 2,367 (previous year: kEUR 1,585).

Expenses of exceptional magnitude

In the year under review, expenses of exceptional magnitude for the closure of the publishing business in New Zealand amounting to kEUR 10,011 were incurred.

Notes to the cash flow statement

The cash flow statement was prepared in accordance with DRS 21.

Financial resources include cash on hand and checks, credit balances at banks available at short notice, as well as securities of current assets and receivables from cash pooling with the Heinrich Bauer Verlag KG.

8. Other information

Number of employees on average over the year by gender and region

		2019	2018
Germany		0	0
	female	0	0
	male	0	0
Europe		6,080	5,906
	female	3,161	3,128
	male	2,919	2,778
North America		131	209
	female	97	156
	male	34	53
Asia/Pacific		904	1,037
	female	639	749
	male	265	288
Total		7,115	7,152
	female	3,897	4,033
	male	3,218	3,119

Information regarding the auditor's fee

	2019 kEUR
Audit services	62
Other confirmatory services	0
Tax advisory services	0
Other services	0
	62

Composition and remuneration of Management Board

In the financial year, the Board of Directors of Heinrich Bauer Verlag Beteiligungs GmbH, Hamburg, was made up as follows:

Mr. Heinz H. Bauer, Hamburg, Publisher
Mrs. Yvonne Bauer, Hamburg, Managing Director
Mr. Harald Jessen, Hamburg, Managing Director (until November 9, 2020)
Mr. Jörg Hausendorf, Ammersbek, Managing Director (until April 30, 2019)
Mr. Veit Dengler, Zollikon, Switzerland, Managing Director
Mr. Steven Kotok, New York, New York/USA, Managing Director
Mr. Bill Houston, Haddon Heights, New Jersey/USA, Managing Director

The management does not receive any remuneration from the companies included in the subgroup for their work as managing directors.

Controlling and profit and loss transfer agreement

A profit and loss transfer agreement exists between the sole shareholder Heinrich Bauer Verlag KG, Hamburg, and Heinrich Bauer Verlag Beteiligungs GmbH, Hamburg.

Membership of the group

All company shares are held by Heinrich Bauer Verlag KG, Hamburg. As the ultimate parent company, Heinrich Bauer Verlag KG prepares group financial statements according to the provisions of the German Disclosure Act. These are published in the electronic Federal Gazette.

Supplementary report

Since January 2020, the coronavirus has continued to spread worldwide (coronavirus pandemic). According to an estimate by IfW Kiel of September 2020, global production is expected to drop by 3.6 percent. For the euro area, a decline of about 7.1% is expected.

In this respect, we expect the Heinrich Bauer Verlag Beteiligungs GmbH Group to see a decline in sales and turnover in 2020 with a negative impact on the annual result. Given the rapid pace of development and the high degree of uncertainty involved, we are currently unable to reliably estimate the extent of the impact on the earnings situation.

A large number of investments in recent years have resulted in goodwill and other intangible assets (title rights, broadcasting rights, etc.). If the pandemic continues to have a negative impact in the respective countries, it is expected that impairment losses will have to be recognized in fiscal year 2020. At the time of preparing the financial statements, there is a need for write-downs in the mid double-digit million range, which may increase or decrease depending on the duration and intensity of the pandemic.

The sustained below-expectations developments in the publishing-business in New Zealand, Australia, Romania and Russia have led the Group Management to decide to divest these operating units. In New Zealand, the closure of operations was announced on 2 April 2020. The businesses in Australia, Romania and Russia were sold in June 2020. The closure and divestments will impact the expected 2020 results by a higher double-digit million EUR amount. As part of the consolidation to the main business segments, the Interia Group, which in particular offers and operates web content and web services, theme portals, mobile applications, tools and e-commerce solutions, was sold at the beginning of May 2020, and the OCP business segment relating to marketing services for corporate SMS (Short Message Service) was sold at the beginning of October 2020. These disposals have no material impact on the net assets, financial position and results of operations.

In the first quarter of 2019, several radio stations were acquired in the UK, which were subject to approval by the UK competition authority. It approved the purchase in April 2020, with the result that a low double-digit million euro contribution to revenues from this purchase is expected for fiscal year 2020 on a pro rata basis, as well as a slightly negative contribution to earnings due to integration into the Bauer Media Group.

DEVELOPMENT OF ASSETS FOR THE FINANCIAL YEAR 2019

	PURCHASE AND PRODUCTION COSTS						
	1 Jan 2019 EUR	Differences in exchange rates EUR	Additions EUR	Disposals EUR	Transfers EUR	Changes in the consolidation scope EUR	31 Dec 2019 EUR
I. INTANGIBLE ASSETS							
1. Concessions, industrial property rights and similar rights and values plus licences to such rights and values	1,245,163,822	7,265,290	52,674,730	8,699,903	1,558,908	-120,572,748	1,177,390,099
2. Goodwill	662,051,270	3,461,267	38,795,303	399,455	12,330,774	-29,102,424	687,136,735
3. Payments in advance	1,558,888	2,794	382,639	104,566	-1,558,908	0	280,846
	1,908,773,980	10,729,352	91,852,671	9,203,924	12,330,774	-149,675,172	1,864,807,681
II. PROPERTY, PLANT AND EQUIPMENT							
1. Land, land rights and buildings including buildings on third-party land	81,995,269	2,233,457	2,691,751	2,047,420	184,635	-465,524	84,592,169
2. Technical equipment and machinery	88,437,860	1,167,007	4,231,242	6,150,632	119,789	-33,016	87,772,249
3. Other plant, operating and office equipment	78,619,013	3,725,879	4,145,369	3,271,497	670,582	839,980	84,779,326
4. Payments in advance and plants under construction	517,639	9,458	1,415,343	142,644	-724,567	3,012	1,078,241
	249,569,781	7,135,800	12,483,705	11,512,193	200,438	344,453	258,221,985
III. FINANCIAL ASSETS							
1. Shares in affiliated companies	52,576,330	1,176,082	43,804,396	313,605	0	31,557,069	128,800,272
2. Loans to affiliated companies	7,732,185	91,217	0	0	0	-7,823,402	0
3. Shares in associated companies	398,798	10,372	659,009	0	132,110	0	1,200,289
4. Shares in investments	1,340,556	52,288	40,449	459,119	-137,110	0	842,064
5. Long-term securities	5,682,987	69,848	120,896	1,339,851	-2,704,013	613,999	2,443,867
6. Other loans	2,141,492	31	2,812	75	0	150	2,144,410
	69,872,350	1,399,838	44,627,562	2,112,650	-2,704,013	24,347,816	135,430,903
	2,228,216,111	19,264,990	148,963,938	22,828,268	9,827,200	-124,982,903	2,258,460,569

	ACCUMULATED DEPRECIATIONS								NET BOOK VALUES	
	1 Jan 2019 EUR	Differences in exchange rates EUR	Additions EUR	Retirements EUR	Changes in the consolidation scope EUR	Appreciations EUR	Transfers EUR	31 Dec 2019 EUR	31 Dec 2019 EUR	31 Dec 2018 EUR
I. INTANGIBLE ASSETS										
1. Concessions, industrial property rights and similar rights and values plus licences to such rights and values	1,085,293,234	7,499,607	51,826,594	7,788,564	-122,001,633	0	0	1,014,829,239	162,560,861	159,870,588
2. Goodwill	475,236,724	3,325,336	93,888,068	399,455	-29,102,424	0	11,856,430	554,804,680	132,332,055	186,814,546
3. Payments in advance	0	0	0	0	0	0	0	0	280,846	1,558,888
	1,560,529,958	10,824,943	145,714,662	8,188,018	-151,104,056	0	11,856,430	1,569,633,919	295,173,762	348,244,022
II. PROPERTY, PLANT AND EQUIPMENT										
1. Land, land rights and buildings including buildings on third-party land	41,665,807	633,238	2,140,599	1,793,517	-215,742	0	162,464	42,593,318	41,998,851	40,329,463
2. Technical equipment and machinery	76,129,332	920,918	4,832,014	6,049,168	61,557	0	0	75,894,652	11,877,598	12,308,528
3. Other plant, operating and office equipment	57,607,241	1,325,525	6,545,287	2,936,520	413,176	0	37,975	62,992,680	21,786,646	23,011,772
4. Payments in advance and plants under construction	0	0	0	0	0	0	0	0	1,078,241	517,640
	175,402,379	2,879,681	13,517,895	10,779,234	259,490	0	200,438	181,480,650	76,741,336	74,167,402
III. FINANCIAL ASSETS										
1. Shares in affiliated companies	30,086,760	902,911	15,030,808	-83,870	16,840,408	0	0	62,777,017	66,023,255	22,489,571
2. Loans to affiliated companies	0	0	0	0	0	0	0	0	0	7,732,185
3. Shares in associated companies	0	0	0	0	0	0	0	0	1,200,289	398,798
4. Shares in investments	547,745	24,716	20,507	187,085	0	0	0	405,882	436,181	792,811
5. Long-term securities	400,000	0	446,800	0	248,820	0	0	1,095,620	1,348,247	5,282,987
6. Other loans	0	0	2,000,000	0	0	0	0	2,000,000	144,410	2,141,492
	31,034,505	927,627	17,498,115	270,955	17,089,228	0	0	66,278,520	69,152,383	38,837,845
	1,766,966,843	14,632,251	176,730,671	19,238,207	-133,755,338	0	12,056,869	1,817,393,088	441,067,481	461,249,268

Schedule of share ownership

A. Notes on the schedule of share ownership and the scope of consolidation

In 2019, a total of 238 companies (previous year: 259 companies) formed part of the share ownership of the Heinrich Bauer Verlag Beteiligungs GmbH group.

The group financial statements as of 31 December 2019 covered, in addition to Heinrich Bauer Verlag Beteiligungs GmbH (parent company), a total of 191 (previous year: 205) German and foreign companies (direct and indirect holdings) and four (previous year: three) associated companies.

Two (previous year: 2) companies are included without a voting rights majority by way of full consolidation since the parent company has the possibility of control pursuant to Art. 290 HGB.

For two affiliated companies, use is made of the exception rule in Art. 313 Para. 3 HGB.

The companies listed in Section D are not included in the group financial statements due to materiality criteria according to Art. 296 Para. 2 HGB. This covers a total of 43 (previous year: 51) German and foreign companies, including seven (previous year: ten) associated companies.

B. Scope of consolidation

Companies included in the 2019 group financial statements in addition to Heinrich Bauer Verlag Beteiligungs GmbH

Direct holdings

Company	Registered office	*Shares in group ownership in %*		Register Number UK
Bauer Media Audio Holding GmbH (formerly: Bauer Ausland 1 GmbH)	Hamburg	100		
Bauer Media Audio Limited	Peterborough	100	*	11794229
Bauer Ausland 2 GmbH	Hamburg	100		
Bauer Media Austria Beteiligungsgesellschaft m.b.H. (in Liquidation)	Vienna	100		
Bauer Media (NZ) Ltd.	Auckland	100		
Bauer Media France SNC	Paris	95		
Bauer Media Group (NZ) LP	Auckland	100		
Bauer Media Group USA, LLC	Englewood Cliffs	100		
Bauer Media Invest GmbH	Hamburg	100		
BAUER MEDIA v.o.s.	Prague	100		
Bauer OCP Holding GmbH (formerly: Bauer Mexiko Beteiligungs GmbH)	Hamburg	100		
Bauer Ost Holding GmbH	Hamburg	100		
Bauer Polen Invest GmbH	Hamburg	100		
Bauer Print Ciechanów Sp. z o.o.	Warsaw	100		
Bauer Rumänien Beteiligungs GmbH	Hamburg	100		
Bauer Russland Beteiligungs GmbH	Hamburg	100		
Bauer Slowakei Beteiligungs GmbH	Hamburg	100		
Bauer Sp. z o.o.	Warsaw	100		
Bauer Sp. z o.o. Polska Sp.k.	Warsaw	100		
Bauer Zmarta Beteiligungs GmbH	Hamburg	100		
Digital Lottery Sp. z o.o.	Warsaw	100		
H. Bauer Publishing	London	100		
H. Bauer Publishing Limited	Peterborough	99.99	*	02147090

HBVB	Peterborough	100	*	08453545
HBVB Management Limited	Peterborough	100	*	08436312
PL Invest Beteiligungs GmbH	Hamburg	100		

* The subsidiary undertakings listed above are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts for the financial year 2019 by virtue of Section 479A of the Act as Heinrich Bauer Verlag Beteiligungs GmbH, as the ultimate parent company of these subsidiaries, has guaranteed the subsidiary company under Section 479C of the Act.

Indirect holdings

Company	Registered office	Shares in group ownership in %		Register Number UK
3N Radiot Oy	Helsinki	100		
ABC Finansgruppen AS	Oslo	100		
Absolute Radio Limited	Peterborough	100	*	02674136
AIDA S.A.	Wroclaw	77.82		
Artefakt Sp. z o.o.	Warsaw	100		
Artefakt Sp. z o.o., Sp.k.	Wroclaw	100		
AXIMA SMS SERVICES s.r.o.	Brno	100		
B Ankio AB	Ängelholm	100		
Bauer AR Digital Radio Limited	Glasgow	100	*	SC176086
Bauer AR Holdings Limited	Peterborough	100	*	03359692
Bauer Consumer Media Limited	Peterborough	100	*	01176085
Bauer Digital Radio Limited	Peterborough	100	*	01875591
Bauer Golden Square Limited	Peterborough	100	*	06600450
Bauer Group Secretariat Limited	Peterborough	100	*	00944753
Bauer Inc.	Englewood Cliffs	100		
Bauer Magazine L.P.	Englewood Cliffs	100		
Bauer Media Action Sports Pty Ltd.	Sydney	100		
Bauer Media ApS	Skovlunde	100		
Bauer Media AS	Bergen	100		
Bauer Media Australia LP	Sydney	100		
Bauer Media Australia Pty Ltd.	Sydney	100		
Bauer Media Group AB	Stockholm	100		
Bauer Media Group HNV AB	Stockholm	100		
Bauer Media Group Sweden AB	Stockholm	100		
Bauer Media Holding Oy	Helsinki	100		
Bauer Media Oy	Helsinki	100		
BAUER MEDIA PRAHA v.o.s.	Prague	99.99		
Bauer Media Pty Ltd.	Sydney	100		
Bauer Media Sales, Inc.	Englewood Cliffs	100		
Bauer Media SK v.o.s.	Bratislava	100		
Bauer Print Ciechanów Sp. z o.o., Sp.k.	Warsaw	100		
Bauer Publishing AB	Stockholm	100		
Bauer Publishing Company, L.P.	Englewood Cliffs	100		
Bauer Radio Limited	Peterborough	100	*	01394141
Bauer Radio (West Midlands) Limited	Peterborough	100	*	04287647
Beacon Broadcasting Limited	Peterborough	100	*	00674678
Birmingham Broadcasting Limited	Peterborough	100	*	00685666
Border Radio Holdings Limited	Peterborough	100		03376590
BRMB Limited	Peterborough	100	*	01837041
Capital Gold Birmingham Limited	Peterborough	100		04643580
Capital Radio Fun Limited	Peterborough	100		01384547
Capital Radio North East Limited	Peterborough	100		01455872
Carlisle Radio Limited	Peterborough	100	*	02670814
Centum Finans AS	Oslo	100		
Ceratiidae II AB	Ängelholm	100		
Ceratiidae III AB	Ängelholm	100		
Ceratiidae Norway AS	Oslo	100		
Clabere Negocios S.L.U.	Barcelona	100		

Classiccarsforsale Limited	Peterborough	100	*	03870500
Coronam AB	Ängelholm	100		
D.EXPRES, k.s.	Bratislava	100		
D.EXPRES Management spol. s r.o.	Bratislava	100		
Downtown Radio Limited	Newtownards	100	*	NI010164
Elephant Orchestra s.r.o.	Prague	100		
Elskling AB	Stockholm	100		
ePojisteni.cz s.r.o.	Prague	100		
EXPRES MEDIA k.s	Bratislava	100		
EXPRES NET, k.s.	Bratislava	100		
EXPRES NET Management spol. s r.o.	Bratislava	100		
Finansa AS	Oslo	100		
Freedom Finance Holdings AB	Ängelholm	100		
Freedom Finance Kreditservice AB	Ängelholm	100		
Freedom Rahoitus Holding Oy	Espoo	100		
Freedom Rahoitus Oy	Espoo	100		
Frontline Limited	Peterborough	72		00329613
Frontline Publishing Services Ltd.	Peterborough	100	*	01184969
Gold Key Media Limited	Peterborough	100		11024864
Grupa Interia.pl Media Sp. z o.o., Sp.k.	Krakow	100		
Grupa Interia.pl Sp. z o.o.	Krakow	100		
Grupa Interia.pl Sp. z o.o., Sp.k.	Krakow	100		
Grupa RMF Sp. z o.o., Sp.k.	Warsaw	100		
Grupa Tense Polska Sp. z o.o., Sp.k.	Warsaw	100		
Hamster Inc.	Englewood Cliffs	100		
Heinrich Bauer North America Inc.	Englewood Cliffs	100		
Heinrich Bauer Publishing L.P.	Englewood Cliffs	100		
Horse Deals Limited	Peterborough	100	*	04097886
Insplanet AB	Stockholm	100		
Insplanet Försäkringsförmedling AB	Stockholm	100		
Jämförsäkring i Stockholm AB	Stockholm	100		
Jazz FM Limited	Peterborough	100	*	06825325
Kaimax Media Oy	Helsinki	100		
Key 103 Limited	Peterborough	100	*	00828619
Kiss 101 Limited	Peterborough	100	*	02827755
Kiss 105-108 Limited	Peterborough	100	*	03191851
Kiss FM Radio Limited	Peterborough	100	*	02378790
Lån För Alla Sverige AB	Ängelholm	100		
Magic 105.4 Limited	Peterborough	100	*	03562118
Mercia Sound Limited	Peterborough	100	*	01386660
Metro Radio Limited	Peterborough	100	*	02644277
Midlands Radio Limited	Peterborough	100	*	02365381
Miracle Sound Oulu Oy	Helsinki	100		
Miracle Sound Oy	Helsinki	51		
Mobiem Polska Sp. z o.o. Sp.k.	Warsaw	100		
Moray Firth Radio Limited	Glasgow	100	*	SC071309
Multimedia Sp. z o.o.	Krakow	100		
NetBrokers Holding a.s.	Prague	100		
Newcent Finans AS	Oslo	100		
Northsound Radio Limited	Glasgow	100	*	SC069672
Nya Radio City AB	Malmö	50.8		
One Golden Square Creative Limited	Peterborough	100		03588529
OPERA FM Sp. z o.o.	Krakow	100		
Orion Media (East Midlands) Limited	Peterborough	100	*	03050677
Orion Media Holdings Limited	Peterborough	100	*	06898196
Orion Media Limited	Peterborough	100	*	06898191
Orion Trustee Limited	Peterborough	100		06935541
Planet Rock Limited	Peterborough	100	*	05946157
ProfiSMS s.r.o.	Prague	100		
ProPozycje Sp. z o.o	Wroclaw	100		
Radio 90 Sp. z o.o.	Rybnik	44		
Radio Aire Limited	Peterborough	100	*	01466839
Radio Borders Limited	Glasgow	100	*	SC108165
Radio City (Sound of Merseyside) Limited	Peterborough	100	*	01033029
Radio Clyde Limited	Glasgow	100	*	SC131754

Radio Forth Limited	Glasgow	100	*	SC052164
Radio Hallam Limited	Peterborough	100	*	01115073
Radio Muzyka Fakty Groupa RMF Sp. z o.o.	Krakow	100		
Radio Tay Limited	Glasgow	100	*	SC067049
Radio Wyvern Limited	Peterborough	100	*	01568552
Rankomat Sp. z o.o.	Warsaw	100		
Rankomat Sp. z o.o., Sp.k.	Warsaw	100		
Red Rose Radio Limited	Peterborough	100	*	01372170
RMF Sp. Z o.o.	Warsaw	100		
Routes to Retail Limited	Peterborough	100		11053529
Scottish Radio Holdings Limited	Glasgow	100	*	SC048376
Semahead Sp. z.o.o. Sp.k.	Krakau	100		
Seymour Distribution Limited	Peterborough	100		02954685
Seymour International Limited	Peterborough	100		02943795
SMSbrána s.r.o.	Brno	100		
Société d'Edition et de Télévision par Câble SNC	Paris	100		
South West Sound Limited	Glasgow	100	*	SC086171
Srovnejto a.s.	Prague	100		
Sunrise System Sp. z o.o.	Warsaw	100		
Sunrise System Sp. z o.o., Sp.k.	Poznan	100		
Tarifomat s.r.o.	Prague	100		
TFM Radio Limited	Peterborough	100	*	00728006
Ubezpieczenia online.pl Rankomat Sp. z o.o. Sp.k.	Wroclaw	100		
Ubezpieczenia Rankomat Sp. z o.o., Sp.k.	Warsaw	100		
Vibe Radio Services Limited	Peterborough	100	*	04525365
Viking Radio Limited	Peterborough	100	*	02065517
Wave 105 FM Limited	Peterborough	100	*	03050698
West Sound Radio Limited	Glasgow	100	*	SC161508
Widzialni.pl Sp. z o.o.	Warsaw	100		
Widzialni.pl Sp. z o.o. Sp.k.	Poznan	100		
Wydawnictwo Bauer Sp. z o.o., Sp.k.	Warsaw	100		
Zapakatel.cz agregator s.r.o.	Prague	100		
Zmarta Development AB	Ängelholm	100		
Zmarta Försäkringar AB	Ängelholm	100		
Zmarta General Partner AB	Ängelholm	100		
Zmarta Sweden Group Kommanditbolag	Ängelholm	100		

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C. Associated companies

Indirect holdings

Company	**Registered office**	**Shares in group ownership in %**
Bangkok Post-Bauer Media Co., Ltd	Bangkok	29,88
Stella Underwriting Pty Ltd	Brisbane	20.00
XChangeIT Newsagents Pty Ltd.	St. Leonards	25.00
XChangeIT Software Pty Ltd.	St. Leonards	33.33

D. Companies not included in the group financial statements

Affiliated companies

Company	**Registered office**	**Shares in group ownership in %**
Audiotex Polska Sp. z o.o.	Warsaw	100
Bauer Advertising	Peterborough	100
Bauer CIS Media O.O.O.	Moscow	100
Bauer CIS O.O.O.	Moscow	100
Bauer CIS O.O.O. KT	Moscow	100
Bauer Digital Sp. z o.o.	Warsaw	100
Bauer East Limited	Peterborough	100
Bauer Esprit Limited	Peterborough	100
Bauer London Lifestyle Limited	Peterborough	100
Bauer Media Audio LP	Peterborough	100
Bauer Media Hong Kong Ltd.	North Point	100
Bauer Media SCS	Bucharest	100
Bauer Media Sp. z o.o.	Warsaw	100
Bauer Media Sp. z o.o., Sp.k.	Warsaw	100
Bauer Media SRL	Bucharest	100
Bauer PCS Pty Ltd. (formerly: Australian Consolidated Press Pty Limited)	Sydney	100
Bauer Pop Limited	Peterborough	100
EG Digital Limited	Peterborough	51
Fishface Promotion Limited	Peterborough	100
Grupa Tense Polska Sp. z o.o.	Warsaw	100
Lakes District Property Press Ltd.	Auckland	50
Logos-Media O.O.O.	Moscow	100
Mobiem Polska Sp. z o.o.	Warsaw	100
Moulíkova Development s.r.o.	Prague	100
Nadacia Radia Expres	Bratislava	100
Phoenix Press Sp. z o.o. (in liquidation)	Wroclaw	100
Phoenix Press Sp. z o.o., Sp.k. (in liquidation)	Wroclaw	100
Property Press Bay of Plenty Ltd.	Auckland	50
Property Press Central Ltd.	Auckland	50
Property Press Eastern (1997) Ltd.	Auckland	50
Property Press Otago Ltd.	Auckland	50
Property Press South Auckland (1997) Ltd.	Auckland	50
Radiobranschen RAB AB	Stockholm	60
Rankosoft Sp. z o.o.	Warsaw	100
Rankosoft Sp. z o.o. Sp.k.	Warsaw	100
Semahead Sp. z o.o.	Warsaw	100
TDS O.O.O.	Moscow	100
Ukrainian Media Invest GmbH	Hamburg	100
USM Magazine Distribution Limited	Peterborough	100

Associated companies

Company	Registered office	Shares in group ownership in %
Bauer Media Group O.O.O.	Moscow	20.00
C.E. *Digital Limited*	*London*	50.00
Central FM Limited	Stirling	20.00
FM 6 A/S	Skovlunde	40.00
Independent Radio News Limited	London	22.34
Norsk Radio AS	Oslo	30.00
Sound Digital Limited	*Peterborough*	30.00

Hamburg, 25 November 2020

Heinrich Bauer Verlag Beteiligungs GmbH
Hamburg

The Board of Directors

Heinz H. Bauer

Yvonne Bauer

Veit Dengler

Bill Houston

Steven Kotok

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG

GROUP MANAGEMENT REPORT 2019

1. Fundamentals of the company

1.1 Business model and business areas of the group

Heinrich Bauer Verlag Beteiligungs GmbH as holding company of the international business of Bauer Media Group has direct and indirect holdings in Great Britain, Sweden, Denmark, Finland, Norway, France, Spain, Austria, Poland, Slovakia, the Czech Republic, Russia, Romania, Australia, New Zealand and the U.S.A. Bauer Media Group is an internationally operating diversified company with the business areas of publishing, audio, OCPs – i.e. online comparison platforms – as well as SME services – i.e. marketing and distribution services for small and medium-sized enterprises.

More than 600 magazines, over 400 digital products and over 100 radio and TV stations reach millions of people around the globe.

With sales of about € 840 million, publishing is the most important business area of the Bauer Media Group. It comprises the magazine business, online activities, print houses and publishing services.

The business area audio contributes with about € 475 million to sales. We are one of the largest commercial broadcasting services in Europe and reach an audience of about 24 million people daily. In addition, we provide digital platforms and operate podcasts.

Meanwhile, the business area comparison platforms contributes about € 130 million to total sales. About 10 million people are using our service in Scandinavia and in Eastern Europe.

The area of marketing and distribution services for small and medium-sized enterprises (SMEs) was added in 2018 and is still being developed.

In the spring of 2019, we were able to implement a major part of our Group strategy due to the takeover of local wireless broadcasting stations, Celador Radio, the Lincs FM Group and the UKRD Group in Great Britain. The Group strategy consists of pushing ahead with the continuing digital development in the entire segment of the industry and supporting a powerful and sustained future for the commercial local radio sector. In the spring of 2020, the British Competition and Markets Authority (CMA) approved the acquisitions.

1.2 Objectives and strategies

It is the objective of Bauer Media Group to create lasting values for the next generation.

Bauer Media Group is one of the most successful enterprises in the publishing sector worldwide. Our editorial processes as well as the quality of our journalistic products provide the basis for our success.

However, due to the further progressing digitization and any accordingly changed media consumption patterns, the publishing business is subject to tremendous changes. We will be successful in that environment if we rely on our traditional strength, anticipating market changes and consistently adjusting to them.

Entering into the radio broadcasting business about 10 years ago, we started to expand the focus of our Group from a pure and simple publishing house to an increasingly more diversified group of companies.

Our radio business developed very positively. In the last few years, we surpassed the general market development and had grown more strongly than the industry. We thus increased our market shares.

Our entry into the business with comparison platforms in 2015 marked our successful continuation of further diversification.

In 2019, we pushed – in terms of strategy – for the accelerated transformation of our corporate group to turn it into a more broadly diversified enterprise with several business areas; and, at the same time, we also invested in our central pillar, our publishing business. In the future as well, Bauer Media Group will continue to invest further with the objective of making us stronger in more solid business segments but also to make divestments in niche markets or in weaker segments and markets.

Simultaneously, we rely on a continuous expansion of our growing audio business area; and, additionally, we develop new business areas to set up our corporate group in a sustained and broader manner, making our group more resilient regarding the further downtrend to be expected in the publishing area.

1.3 Steering system

We oriented our internal steering system on our group strategy and defined financial performance indicators (which at the same time present our control parameters) which enable us to make the success of our strategy measurable.

An essential module of our internal steering and control system are detailed monthly reports. They include the monthly results of our most important activities. Based on these reports, we compare or square the actual values with budget or target values; and in case of deviations, we conduct further analyses and suitable corrective measures.

Our focus is on the sustained increase of our profitability. In this respect, sales and the operating result are the most essential target and control parameters.

1.4 Shareholders and group structure

Heinrich Bauer Verlag Beteiligungs GmbH is the parent company with registered office in Hamburg and has to prepare group financial statements according to Art. 290 Para. 1 HGB (German Commercial Code). Consolidated holdings are presented in the Notes to the group financial statements. The group financial statements include subsidiaries in Germany, Denmark, Finland, France, Great Britain, Norway, Poland, Sweden, Slovakia, Spain, the Czech Republic, Austria, as well as the U.S.A., Australia and New Zealand.

2. Economic report

2.1 General economic climate

According to assessments by the International Monetary Fund (IMF), worldwide economic growth had significantly slowed down in the year 2019 with +2.9 % in real terms after it had still increased in 2018 with +3.6 % in real terms. Towards the end of the year 2019, major driving forces in this respect included the easing of monetary and fiscal reins.

Characteristic for the downswing of the global economy is a deterioration of economic activities in the advanced national economies whereas business dynamics stabilized in numerous newly industrializing countries. The trade conflict between the U.S.A. and China was an additional burden on the worldwide economic activity.

Our 2019 management agenda was greatly impacted by global trends which we cannot ignore and which are thus increasingly reflected in our results and future planning. The most eminent trend is the progressing digitization and the concomitant transformation of the (media) business or economy. For us, this will accordingly offer risks and opportunities at the same time.

Our chances are in the new, rapidly growing and profitable business opportunities, such as – in our case – in the areas of digital radio, comparison platforms or marketing and distribution services for small and medium-sized enterprises (currently being developed).

There is a risk in the steady and increasingly faster transformation of our publishing business area – our traditional field of business activities. Major digital platforms, such as Google and Facebook, continue to profit from huge user growth rates; accordingly, advertising accounts transfer large parts of their budgets to them. This digital shift also has additional consequences, especially in the dropping print runs of magazines and the resulting deterioration of conventional distribution channels. Digital revenues can mitigate sales declines in the classical magazine business only to a limited extent.

Our business also feels ever more the impact of political developments towards autocracy and populism which result in state interventions in the media industry in the broadest sense.

Our full attention is required not only with regard to global societal, political and economic change processes as such but also and especially regarding the growing dynamics of this change. In this climate and environment, we can only continue to be successful if we are able to continuously increase the flexibility and agility of the Bauer Media Group, and strengthening existing businesses consistently and in a focused way, adjust to the changing environment, diversify our business and also continue to enter new business areas. On all levels of the enterprise, it is essential that we recruit and retain employees in order to enable us to successfully shape and generate the change.

The following description is focused on markets and regions which, from the group's viewpoint, not only are adequate in size but also are strategically important.

2.1.1. Development in Germany

According to preliminary calculations by the German Federal Office of Statistics, the price-adjusted gross domestic product (GDP) increased by 0.6 % on the 2019 annual average, compared to the previous year. The German economy thus showed economic growth for ten years in a row; however, the economy's growth substantially lost its momentum.

After a long downward period, the business climate index of the ifo Economic Research Institute increased again in the final months of the year 2019. Especially business expectations recovered towards the end of the year whereas the consumer mood diminished in the second half of 2019 according to surveys by the Association of Consumer Research (GfK).

According to calculations by the German Federal Office of Statistics, consumer prices in 2019 significantly increased by 1.4 %, compared to the previous year.

2.1.2 Development in Great Britain

According to assessments by the German Federal Office of Statistics, the British economy increased in 2019 by 1.4 % in real terms. The rate of inflation was, at 1.8 %, significantly below the previous year.

2.1.3 Development in Poland

In recent years, Poland recorded consistently positive economic growth. In 2019, gross domestic product increased by 4.1 %. In 2019, inflation amounted to 2.1 % in the annual mean and was thus approx. 1.5 % points higher than in 2018.

2.1.4 Development in the U.S.

According to an analysis by the German Institute for Economic Research (DIW), the U.S. economy is greatly sustained by private consumer demand which, in turn, is based on a solid development of the labor market. DIW expects economic growth of 2.3 %.

2.1.5 Development in Sweden

In 2019, the Swedish economy cooled down further. Growth was only at 1.2 %. The rate of inflation was at 1.7 %.

2.1.6 Development in the Czech Republic

The Czech economy had a growth rate of 2.6 %. Inflation was also 2.6 %.

2.1.7 Development in France

For France, the German Federal Office of Statistics calculated economic growth of 1.3 % for 2019. The rate of inflation was 1.3 %.

2.2 Sector-specific framework conditions and 2019 course of business

Changes in consumer habits by the population and the increasing importance of the internet as a medium continue to cause structural upheavals. Digital offers are connected with higher price and earnings pressures; however, an increased willingness to pay for online and other digital products can be observed. Advertising as a major source of earnings is increasingly shifted to the internet. Accordingly, in 2019 as well, magazine markets were characterized by further declining advertising markets. Although private households for the majority had more money at their disposal, the magazine industry was unable to profit from it. As in the previous year, revenues on distribution markets were declining.

Moreover, the slackening economic activity in parts of Europe as well as the uncertainties resulting from the Brexit process negatively impacted the advertisement demand in the publishing and the audio business areas.

The environment for business with comparison platforms was aggravated in 2019. Currently, we experience a trend by European governments to regulate the fintech sector more tightly on the one hand and, on the other hand, to tighten up the conditions for granting short-term private loans. Last year, this concerned especially Norway, Finland and Spain; to a smaller extent, the countries of Eastern Europe.

2.2.1 Development in Great Britain

According to estimates by the AA WARC market study (Q3/2019), the internet dominates the advertising market in Great Britain with a share of approx. 60 %, while the growth of approx. 11 % essentially resulted due to search and online display advertisements. The advertising market in the magazine segment was declining by about 8 %. The companies of Bauer Media Group in Great Britain were also unable to escape this declining market trend.

The distribution market in Great Britain has also been decreasing for years. Despite the decline, Bauer Media Group was able to slightly improve its position number one.

In Great Britain, the positive development of SMS lotteries additionally contributed to the growth in sales in the audio business area.

2.2.2 Development in Poland

In the financial year, publishing revenues by Bauer Media Group in Poland decreased by a medium single-digit percentage range analogously with the markets. Sales by print houses were also declining due to the market.

In the audio business area, our group profited in Poland from a major increase in the marketing business.

The development of the digital business in Poland also showed a solid result in 2019; it essentially comprises the internet portal INTERIA.pl, agencies for search engine optimization (SEO)/ search engine marketing (SEM) and the internet comparison platforms for insurance services and financial products.

2.2.3 Development of additional selected countries for the group

In 2019, the magazine market in France was characterized by greatly decreasing advertising markets and a distinct decline of the advertising market while the digital market in France increased greatly. The acquisition of TéléCable Sat here also made its contribution to the growth.

The business area OCP in the Czech Republic profited from growths in the insurance business. Developments in the area of energy, telecommunications and in the travel market had a negative impact.

In Sweden, competition due to other comparison platforms and new online banks with direct loan awarding increased greatly so that additional market shares could not be gained.

The industry trend on the U.S. market for press distribution and for the advertising market is declining in 2019 as well. In mid-2018, Bauer Media Group sold numerous titles from the Youth and Celebrity segment with a sales volume in a medium double-digit figure in millions. Due to these facts, sales in the U.S. cannot be compared with those of the previous year.

In Australia, Bauer Media Group was unable to dodge the general downward trend in the area of press distribution and advertising market. Sales were below those of the previous year, with a minor double-digit percentage rate. Through additional cost savings, the result could be maintained at the previous year's level. The market in Australia is characterized by market consolidation. In June 2020, this consolidation lead to the decision to sell the business in Australia.

In 2019, Bauer Media Group in New Zealand also experienced the downward trend in the publishing market which was reflected by a low double-digit percentage range in the sales decline. This and the further sales and result slump which resulted due to the corona pandemic outbreak since the beginning of the year 2020 then lead to the decision – early in the second quarter of 2020 – to close the operating business establishment in New Zealand.

2.3 Earnings situation

The earnings situation of the group financial statements is to be taken from the following economic performance summary:

Figures given in kEUR (thousands of EUR)	2019	2018	Difference in kEUR	in %
Sales revenues	1,518,392	1,585,369	-66,977	-4.2%
Inventory changes and other operating income	13,748	41,706	-27,959	-67.0%
Material expenditures	-626,568	-683,837	57,269	-8.4%
Personnel expenditures	-326,118	-328,547	2,429	-0.7%
Depreciations and other operating expenses	-333,040	-343,045	10,005	-2.9%
Operating result	**246,413**	**271,646**	**-25,234**	**-9.3%**
Financial result (Interest and investment result)	-11,682	8,441	-20,123	< -100.0%
Special factors	-136,902	-6,370	-130,534	> 100.0%
Income taxes	-35,610	-82,974	47,364	-57.1%
Group result before minority shares and transfers from profit and loss transfer agreement	**62,219**	**190,744**	**-128,525**	**-67.4%**

The decline in sales revenues by 4 % is – in addition to the general decline in distribution and advertising revenues in the publishing business area – essentially due to the sale of magazines with children and celebrity titles in the U.S. in the middle of the year 2018 and the sale of the operational publishing business in the Czech Republic and Slovakia in 2018. It was possible to realize sales increases in the audio business area, as well as by additional purchases in the OCP business area.

The decline in inventory changes and other operating income results from profits lower by EUR 8 million from the disposal of financial assets, as well as from revenues – lower by approx. EUR 15 million – due to recharged costs.

The decline in the area of materials expenditures is due, on one hand, to the sales decline and, on the other hand, also due to cost savings in the publishing market in individual countries to compensate for the continuously declining market.

The reduction of depreciations and other operating expenses essentially results from the lower scheduled depreciations of intangible assets.

Lower financial results are essentially due to depreciations on financial assets which are higher by EUR 17.3 million.

Special factors include depreciations of capitalized goodwill (EUR 91 million) as well as disclosed hidden reserves in case of broadcasting, trademark and title rights (EUR 31 million). Furthermore, the item includes balanced out foreign currency losses in the net amount of EUR 6.5 million. The announcement of closing down the business operation in New Zealand burdened the profit for the year with EUR 13.2 million. Moreover, the previous year included profits from the sale of titles in the

U.S., as well as of the publishing business in the Czech Republic and Slovakia (EUR 120 million).

The current development of sales revenues and the operating result corresponds with the forecast from the previous year.

2.4 Assets and financial situation

2.4.1 Assets situation

Figures given in kEUR (thousands of EUR)	2019	2018	Difference in kEUR	in %
Medium-and long-term fixed assets (Non-current assets)	443,320	461,745	-18,425	-4.0%
Short-term assets (Current assets including prepaid expenses)	837,301	1,020,604	-183,303	-18.0%
Total assets	**1,280,621**	**1,482,349**	**-201,728**	**-13.6%**
Equity capital	839,302	1,048,670	-209,368	-20.0%
Medium- and long-term borrowed capital				
Medium- and long-term reserves	1,328	1,161	167	14.4%
Medium- and long-term liabilities (Provisions for pensions and medium- and long-term liabilities)	35,443	15,680	19,763	> 100.0%
Short-term borrowed capital (short-term Provisions and liabilities, including deferred income)	404,548	416,838	-12,289	-2.9%
Total equity and liabilities	**1,280,621**	**1,482,349**	**-201,728**	**-13.6%**

Total assets decreased by 13.6 % compared with the previous year.

The decrease in short-term assets essentially results from the decrease in cash balances with banks. The increase in accounts receivable, receivables due from affiliated companies and other assets had a compensating effect.

The decrease in equity capital is to be essentially attributable to the repatriation of capital to the parent company in the amount of EUR 189 million.

The increase in medium- and long-term liabilities concerns bank loans by a foreign and a domestic company which were each taken up for investments.

2.4.2 Financial situation

The development of the financial situation is to be taken from the cash flow statement in a summary presentation:

Figures given in kEUR (thousands of EUR)	2019	2018	Difference in kEUR
Cash and cash equivalents at the start of the period	**894,912**	**637,689**	**257,223**
Cash inflows (+) / outflows (-) from			
operating business activities	184,568	381,201	-196,633
investing activities	-145,786	-164,243	18,458
financing activities	-432,511	35,500	-468,011
Addition from changes of the consolidation group	4,589	4,766	-177
Cash and cash equivalents at the end of the period	**505,772**	**894,912**	**-389,140**

The investing activity with regard to intangible fixed assets was nearly cut in half. On the other hand, approx. EUR 42 million more were invested in financial assets. In the subgroup, financial resources for investments are principally made available via Heinrich Bauer Verlag KG. This is to ensure that the group companies have adequate liquidity at their disposal for investments. With regard to the financing activity, repatriation of equity capital to the parent company in the amount of EUR 189 million had its effects, as well as the balancing of the profit and loss transfers from the previous year.

2.5 Development of the number of employees

The number of employees of the companies included in the group financial statements amounted to 7,115 employees in the annual average (previous year: 7,152 employees) and is thus only slightly declining.

2.6. Overall statement

The subgroup of Heinrich Bauer Verlag Beteiligungs GmbH did not conclude the reporting year as expected. Although, as forecast, sales were slightly under the previous year's sales, and the operating result was at the expected level. Due to special impacts, the group result remained overall behind expectations.

3. Outlook report, opportunities and risks report

3.1 Outlook report

In its outlook of January 2020, the International Monetary Fund (IMF) expects a recovery of the global economy and forecasts, for 2020, global economic growth of 3.3 % in real terms. This shows very clearly greater growth dynamics especially in industrialized countries; according to the IMF, this is attributable to a relaxed monetary policy and increasing domestic demand. However, these forecasts do not take into account any potential, currently not yet precisely quantifiable negative effects and impacts resulting for the global economy in the wake of the coronavirus pandemic existing since January 2020.

In March 2020, the IMF already retracted its forecast of January 2020 and issued a new forecast to the effect that global growth in 2020 would be lower than in 2019. In early October 2020, the IMF reckons yet with a worldwide economic performance decreasing by 4.4 % for the year 2020.

Before the outbreak of the coronavirus pandemic, the subgroup Heinrich Bauer Verlag Beteiligungs GmbH had planned or projected – taking into account the realized and intended new acquisitions and de-acquisitions for 2020 – worldwide sales revenues at the previous year's level as well as a distinct reduction of the operating result. The management agenda for 2020 provides for the following focal points:

- In publishing, we will further strengthen our market positions by way of an active portfolio management. In order to keep the business profitable for as long as possible, we are investing, on the sales side, in quality improvements of our products and new marketing approaches (to assert market shares and also to capture them additionally) and, on the cost side, in continuous improvements of our processes and systems.
- The focal point in the business area audio is in the integration of newly acquired radio stations in Great Britain as well as in further digitization.
- In the business area OCP, additional investments in the areas of employees, technology and marketing are to be carried out which had been done only very cautiously in prior years.
- The business area SME will continue to develop the direct business with small and medium-sized enterprises.
- We will strive to further improve our work in assessing and managing the increasing market and business risks as well as in professionalizing our processes and systems.

Finally, we would like to point out that in case of future-oriented statements, any actual results might significantly deviate from our expectations regarding the anticipated development.

Since January 2020, the coronavirus has been spreading further worldwide (coronavirus epidemic). Management adjusted its expectations regarding the anticipated development for 2020 versus the above detailed planning from September 2019. Taking into account already now perceptible consequences and effects for the individual business areas as well as under the assumption of the epidemic continuing until the end of the year, we expect, for 2020, further sales declines with additional negative consequences on the annual result. Due to the uncertainty of the development and impact of the epidemic until the end of the year, the prognostic capability is limited.

3.2 Opportunities and risks report

3.2.1 Opportunities

The greatest opportunities for the 2020 financial year are:

- Lower fall rates than assumed for distribution and marketing in the publishing business in one or several of our markets
- Decline in paper prices
- Innovative capabilities of our Group
- Productivity improvements / automation of processes and procedural flows as a consequence of the coronavirus pandemic
- Consolidation of the market.

3.2.2 Risks

Below, the greatest risks for the 2020 financial year are listed in the order of their significance:

- Slowdown of the global economy due to the coronavirus and its effects on all business areas of the corporate group
- Impact and consequences of Brexit on the level of economic activity in Europe and on our delivery capability in Great Britain
- Change of legal framework conditions, such as the General Data Protection Regulation or additional regulations with regard to financial technology
- Growing political pressure in Eastern Europe
- Loss of licenses in the audio and publishing areas
- Insolvencies of major business partners, including the loss of distribution channels
- Violations of antitrust regulations
- Risks disrupting operative business processes, such as increasing cyber attacks
- Further acceleration of fall rates in the publishing business
- Further decline of the advertising business
- Increasing manufacturing and logistics costs in printing
- Increasing contraction of the labor market.

The developments in the publishing business in New Zealand, Australia, Romania and Russia which are lastingly below expectations, as well as the additional negative effects by the coronavirus pandemic in these markets brought about that corporate management decided to separate from these units. In New Zealand, closing of operations was announced in early April 2020. Businesses in Australia, Romania and Russia were sold until end of July 2020. These sales will impact the 2020 result with an amount in the higher double-digit millions.

There are currently no indications of further special risks which might negatively influence the development of the company, its subsidiaries and holdings. Also, there are no developments threatening the continued existence of the company or other risks particularly affecting the assets, finances and earnings situation. In the future as well, the companies will be able to meet their payment obligations on time.

Hamburg, 25. November 2020
Heinrich Bauer Verlag Beteiligungs GmbH

Heinz H. Bauer	Yvonne Bauer
Veit Dengler	Steven Kotok
Bill Houston	

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent Auditor's Report

To the Heinrich Bauer Verlag Beteiligungs GmbH, Hamburg

Opinions

We have audited the consolidated financial statements of Heinrich Bauer Verlag Beteiligungs GmbH, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2019 to 31 December 2019, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of Heinrich Bauer Verlag Beteiligungs GmbH for the financial year from 1 January 2019 to 31 December 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2019, and of its financial performance for the financial year from 1 January 2019 to 31 December 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional 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 opinions on the consolidated financial statements and on the group management report.

Responsibilities of Management for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, 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 opinions. 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 controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report 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 these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. *If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's* report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express [audit] opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our [audit] opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Hamburg, 25 November 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Papenberg Wirtschaftsprüfer [German Public Auditor]	Hagenmüller Wirtschaftsprüferin [German Public Auditor]

(The English language text above is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.)