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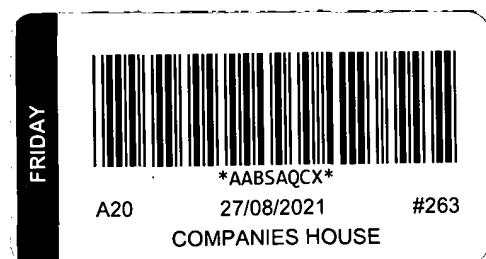
Encore Radio Limited

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



HEINRICH BAUER VERLAG BETEILIGUNGS GMBH

HAMBURG

DISCLOSURE COPY

OF THE GROUP ACCOUNTS AS AT 31 DECEMBER 2020 AND
THE GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2020

(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.)

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG
GROUP BALANCE SHEET AS AT 31 DECEMBER 2020

ASSETS	31.12.2020 EUR	31.12.2019 EUR	LIABILITIES	31.12.2020 EUR	31.12.2019 EUR
A. NON-CURRENT ASSETS			A. EQUITY		
I. Intangible assets			I. Subscribed capital	2,607,589	2,607,589
1. Concessions, industrial property rights and similar rights and values as well as licences to such rights and values	231,803,850	162,560,860	II. Capital reserve	1,680,874,282	1,614,532,657
2. Goodwill	68,234,729	132,332,055	III. Adjustment item for minority interests	3,144,461	3,823,566
3. Payments in advance	124,830	280,846	IV. Equity difference from currency conversion	43,100,760	-2,485,422
	<u>300,163,409</u>	<u>285,173,792</u>	V. Group net earnings	-824,125,477	-778,876,571
				<u>965,601,615</u>	<u>839,301,818</u>
II. Property, plant and equipment			B. PROVISIONS		
1. Land, land rights and buildings including buildings on third-party land	36,015,251	41,988,851	1. Provisions for pensions and similar obligations	1,543,886	1,328,080
2. Technical equipment and machinery	8,985,669	11,877,598	2. Tax provisions	21,217,170	12,462,826
3. Other plant, operating and office equipment	19,971,246	21,786,646	3. Other provisions	<u>134,281,376</u>	<u>160,703,491</u>
4. Payments in advance and plants under construction	418,234	1,078,241			
	<u>65,391,099</u>	<u>76,741,336</u>		<u>157,042,432</u>	<u>174,494,397</u>
III. Financial assets			C. LIABILITIES		
1. Shares in affiliated companies	77,235,395	66,023,256	1. Liabilities to banks	33,755,375	41,420,502
2. Shares in associated companies	0	1,200,289	2. Advance payments received	1,930,785	2,103,009
3. Shares in investments	5,982,197	436,181	3. Trade liabilities	95,853,348	127,948,715
4. Long-term securities	1,346,366	1,348,247	4. Liabilities to affiliated companies	1,963,021	4,578,410
5. Other loans	4,181,756	144,410	5. Liabilities to associated companies	0	11,807
	<u>88,747,734</u>	<u>69,152,384</u>	6. Other liabilities	56,720,403	46,440,066
	<u>454,302,242</u>	<u>441,067,482</u>	- of these, taxes: EUR 22,783,220 (Previous year: EUR 10,732,400)		
			- of these, social security obligations: EUR 5,578,946 (Previous year: EUR 4,005,546)		
B. CURRENT ASSETS				<u>189,322,932</u>	<u>222,502,509</u>
I. Inventories			D. DEFERRED INCOME	<u>30,467,985</u>	<u>44,322,310</u>
1. Raw materials and supplies	9,704,754	13,687,160	E. DEFERRED TAX LIABILITIES	<u>13,409,094</u>	<u>0</u>
2. Unfinished goods and services	1,144,417	4,324,519			
3. Finished products and goods	85,491	1,732,300			
4. Payments in advance	<u>207,498</u>	<u>191,269</u>			
	<u>11,142,160</u>	<u>19,835,648</u>			
II. Receivables and other assets					
1. Trade receivables	231,805,290	280,012,650			
2. Receivables from affiliated companies	244,526,119	81,380,726			
3. Receivables from other long-term investors and investees	166,721	14,045			
4. Other assets	<u>24,538,338</u>	<u>116,034,645</u>			
	<u>501,036,468</u>	<u>477,451,066</u>			
III. Securities					
Other securities	<u>0</u>	<u>3,219,233</u>			
IV. Cash and credit balances at banks	<u>302,578,361</u>	<u>306,192,817</u>			
	<u>814,756,890</u>	<u>806,798,763</u>			
C. PREPAID EXPENSES AND DEFERRED CHARGES	<u>26,784,826</u>	<u>32,754,789</u>			
	<u>1,285,844,058</u>	<u>1,280,621,033</u>		<u>1,285,844,058</u>	<u>1,280,621,033</u>

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG
GROUP INCOME STATEMENT
FOR THE FINANCIAL YEAR FROM 1.1.2020 TO 31.12.2020

	01.01. - 31.12.2020 EUR	01.01. - 31.12.2019 EUR
1. Sales revenues	1,295,738,737	1,518,391,719
2. Increase/reduction in the stock of finished and unfinished products	-850,011	-158,790
3. Other operating income	89,725,384	65,836,789
- of this, from currency conversion: EUR 9,482,252 (Previous year: EUR 45,653,665)		
4. Material expenditures		
a) Expenditures for raw materials and supplies and goods bought for resale	-246,628,922	-305,189,017
b) Expenditures for purchased services	-300,928,059	-321,378,670
	-547,556,981	-626,567,687
5. Personnel expenditures		
a) Wages and salaries	-253,345,332	-283,930,445
b) Social security payments and expenditures for retirement pensions and benefits	-44,982,825	-46,952,904
- of this, for retirement pensions: EUR 11,932,502 (Previous year: EUR 13,298,175)		
	-298,328,157	-330,883,349
6. Depreciations on intangible and tangible assets	-131,025,597	-159,232,556
7. Other operating expenditures	-344,170,154	-349,191,007
- of this, from currency conversion: EUR 31,713,593 (Previous year: EUR 52,140,039)		
8. Income from investments	7,017,479	2,440,093
- of this, from affiliated companies: EUR 4,590,797 (Previous year: EUR 661,342)		
9. Revenues from associated companies	0	39,365
10. Income from profit transfer agreements	0	5
11. Other interests and similar revenues	1,758,344	4,558,917
- of this, from affiliated companies: EUR 270,600 (Previous year: EUR 1,532,426)		
12. Depreciations on financial assets and securities held as current assets	-1,283,682	-17,498,114
13. Interests and similar expenditures	-1,594,211	-1,199,747
- of this, to affiliated companies: EUR 159,398 (Previous year: EUR 106,373)		
14. Expenses from loss transfer agreements	-110,908	-22,665
15. Taxes on income	-42,866,935	-35,610,364
- of this, from deferred taxes: EUR 10,264,170 (Previous year: EUR 11,432,887)		
16. <u>Income after taxes</u>	<u>26,453,309</u>	<u>70,902,609</u>
17. Other taxes	-6,078,434	-8,684,228
18. Profits received under profit transfer agreements	0	7,791
19. Profits transferred under profit transfer agreements	-63,918,402	-113,124,225
20. <u>Annual group loss</u>	<u>-43,543,527</u>	<u>-50,898,053</u>
21. Minority shares	364,725	-2,540,455
22. Group share in annual loss	<u>-43,178,802</u>	<u>-53,438,508</u>

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH

GROUP CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2020

	2020 KEUR	2019 KEUR
Consolidated net loss including profit attributable to non-controlling interests	-43,544	-50,898
Depreciations (+) / appreciations (-) on non-current assets	130,500	176,731
Increase (+) / decrease (-) in provisions for pensions and similar obligations and other provisions	-26,206	22,122
Other non-cash items from consolidation (-/+)	47,787	30,172
Increase (-) / Decrease (+) in inventories, trade receivables and other assets not attributable to investment or financing activities	96,887	-85,438
Increase (+) / Decrease (-) in trade liabilities and other liabilities not attributable to investment or financing activities	44,593	131,272
Profit (-) / loss (+) from the sale of non-current assets	-40,265	-3,681
Interest expenses (+) / interest income (-)	-164	-3,359
Other investment income (-) including income from other securities held as financial assets	-7,017	-2,479
Income tax expense (+) / benefit (-)	42,867	35,610
Income tax refunds (+) / payments (-)	-44,476	-65,485
Cash flow from operating activities	200,962	184,568
Receipts from disposal of intangible assets (+)	3,655	4,853
Disbursements for investments in intangible assets (-)	-76,118	-91,853
Receipts from disposal of property, plant & equipment (+)	1,682	472
Disbursements for investments in property, plant & equipment (-)	-10,727	-12,484
Receipts from disposal of financial assets (+)	105	1,946
Disbursements for investments in financial assets (-)	-59,140	-44,628
Receipts from disposal of the consolidated group (-)	47,980	0
Disbursements for additions to the consolidated group (-)	-1,008	-4,589
Net change in the consolidated group in the non-current assets (-/+)	43,282	-6,543
Interests received (+)	1,758	4,559
Dividends received (+)	7,017	2,479
Cash flow from investment activities	-41,512	-145,786
Receipts from equity inflows from shareholders of the parent company (+)	83,542	85,308
Disbursements for equity withdrawals to shareholders of the parent company (-)	-17,200	-274,450
Disbursements for equity reductions to other shareholders (-)	-736	-4,132
Proceeds from taking up of financial loans (+)	119	30,955
Disbursement for the repayment of financial loans (-)	-7,784	-3,329
Interests paid (-)	-1,594	-1,200
Dividends paid to shareholders of the parent company (Payments of the claim from the profit and loss transfer agreement prior year) (-)	-113,124	-265,663
Cash flow from financing activities	-56,778	-432,511
Payment-relevant changes in cash and cash equivalents	102,671	-393,729
Consolidated group-related changes in cash and cash equivalents	1,008	4,589
Cash and cash equivalents at the start of the period	505,772	894,912
Cash and cash equivalents at the end of the period	609,450	505,772

The cash flow from operating activities in 2019 includes a cash outflow of kEUR 57,738 from the acquisition of a group of companies which was not included in the consolidated financial statements until the 2020 financial year due to a pending official approval. In this respect, the purchase price payment was reported under other assets. As a result, no cash outflow from investing activities will be made in 2020.

Composition of cash and cash equivalents:

Cash in hand and credit balances at banks	302,578	306,193
Other securities (short-term)	0	3,219
Cash pooling receivable / liability from/to Heinrich Bauer Verlag KG	306,872	196,360
	609,450	505,772

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG
ANALYSIS OF GROUP EQUITY FOR THE FINANCIAL YEAR 2020

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. 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	-50,898
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	3,624	839,302
Increase of capital reserve		66,342			66,342		66,342
Consolidated net loss			-43,179		-43,179	-365	-43,544
Other consolidated earnings			-1,970	45,586	43,616	-114	43,502
As of 31 Dec. 2020	2,608	1,680,875	-824,126	43,101	902,457	3,145	905,602

Heinrich Bauer Verlag Beteiligungs GmbH, Hamburg

Notes to Group Financial Statements for the Financial Year 2020

1. General notes

The company is based in Hamburg and registered there 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, 2020 were prepared in accordance with the accounting regulations of HGB (German Commercial Code).

The income statement was 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, 2020.

Up to and including the 2009 financial year, the capital consolidation was 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, allocating 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.

The affiliated companies not included in the group financial statements are companies whose influence on the group's assets, financial and earnings 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. Use is made of the protective clause of Art. 313 Para. 3 HGB in the case of two affiliated companies.

For holdings in associated companies that are valued according to the equity method, the book value method is used. The holdings 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 immateriality.

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

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 included, consolidated companies 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
99.9 Radio Norwich Limited	Peterborough
Anglian Radio Limited	Peterborough
Bauer Media Audio LP	Peterborough
Bauer Radio (Andover) Ltd.	Peterborough
Bauer Radio (TRL) Limited	Peterborough
Compass Radio Limited	Peterborough
CRB Audio Group Limited	Peterborough
CRB Audio Ltd.	Peterborough
Dearne FM Limited	Peterborough
Devon Radio Ltd.	Peterborough
Eagle Radio Limited	Peterborough
East Coast Radio (The Beach) Limited	Peterborough
Encore Radio Limited	Peterborough
First Radio Sales Limited	Peterborough
KLFM Limited	Peterborough
Lincs FM Group Limited	Peterborough
Midwest Radio Limited	Peterborough
Minster Sound Radio (York) Limited	Peterborough
Mix 96 Limited	Peterborough
North Norfolk Radio Limited	Peterborough
OCP Holding GmbH	Hamburg
Pirate FM Limited	Peterborough
Planet Broadcasting Company Limited	Peterborough
Ridings FM Limited	Peterborough
Rother FM Limited	Peterborough
Rutland Radio Limited	Peterborough
Spire FM Limited	Peterborough
Spirit FM Limited	Peterborough
Stray FM Limited	Peterborough
Switch Digital (B&H) Ltd.	Peterborough
Switch Digital (S&S) Ltd.	Peterborough
Town FM Limited	Peterborough
Trax FM Limited	Peterborough
UKRD Group Limited	Peterborough
UKRD Support and Development Limited	Peterborough
Wessex Broadcasting Limited	Peterborough
Yorkshire Coast Radio Limited	Peterborough

In the 2020 financial year, the items in the group financial statements changed as follows due to the first-time consolidations of thirty-seven companies in Europe – Figures before disclosure of hidden reserves and goodwill:

	KEUR
ASSETS	
Fixed assets	52,788
Current assets	4,736
Prepaid expenses and deferred charges	182
LIABILITIES	
Provisions	3,613
Liabilities	22,975
Income statement items	
Sales revenues	21,295
Material expenditures	8,811
Personnel expenditures	14,463

In addition, the first-time consolidations mainly resulted in the capitalization of radio licenses, with a residual carrying amount of KEUR 97,713 as at balance sheet date.

Due to sale, liquidation, merger or immateriality, the following companies were removed from the scope of consolidation during the 2020 financial year:

Company	Registered office	
Bauer OCP Holding GmbH	Hamburg	Merger on September 30, 2020
Absolute Radio Limited	Peterborough	In liquidation
AXIMA SMS SERVICES s.r.o.	Brno	Sold in October 2020
Bangkok Post-Bauer Media Co., Ltd	Bangkok Metropolis	Sold in July 2020
Bauer AR Digital Radio Limited	Glasgow	In liquidation
Bauer AR Holdings Limited	Peterborough	In liquidation
Bauer Media Action Sports Pty Ltd.	Sydney	Sold in July 2020
Bauer Media Australia LP	Sydney	Sold in July 2020
Bauer Media Australia Pty Ltd.	Sydney	Sold in July 2020
Bauer Media Pty Ltd.	Sydney	Sold in July 2020
Bauer Ost Holding GmbH	Hamburg	Due to immateriality
Bauer Radio (West Midlands) Limited	Peterborough	In liquidation
Bauer Rumänien Beteiligungs GmbH	Hamburg	Due to immateriality
Bauer Zmarta Beteiligungs GmbH	Hamburg	Merger on January 1, 2020
Beacon Broadcasting Limited	Peterborough	In liquidation
Birmingham Broadcasting Limited	Peterborough	In liquidation
Border Radio Holdings Limited	Peterborough	In liquidation
BRMB Limited	Peterborough	In liquidation
Capital Gold Birmingham Limited	Peterborough	In liquidation
Capital Radio Fun Limited	Peterborough	In liquidation
Capital Radio North East Limited	Peterborough	In liquidation
Carlisle Radio Ltd.	Peterborough	In liquidation
Classiccarsforsale Ltd.	Peterborough	In liquidation
Grupa Interia.pl Media Sp. z o.o., Sp. k.	Krakow	Sold in July 2020

Grupa Interia.pl Sp. z o.o.	Krakow	Sold in July 2020
Grupa Interia.pl Sp.z o.o., Sp.k.	Krakow	Sold in July 2020
Horse Deals Ltd.	Peterborough	In liquidation
Jämförsäkring i Stockholm AB	Stockholm	Liquidation in 2020
Jazz FM Ltd.	Peterborough	In liquidation
Key 103 Ltd.	Peterborough	In liquidation
Kiss 101 Ltd.	Peterborough	In liquidation
Kiss 105-108 Ltd.	Peterborough	In liquidation
Kiss FM Radio Ltd.	Peterborough	In liquidation
Magic 105.4 Ltd.	Peterborough	In liquidation
Mercia Sound Limited	Peterborough	In liquidation
Metro Radio Ltd.	Peterborough	In liquidation
Midland Radio Limited	Peterborough	In liquidation
Mobiem Polska Sp. z o.o. Sp.k.	Warsaw	Sold in July 2020
Moray Firth Radio Ltd.	Glasgow	In liquidation
Northsound Radio Ltd.	Glasgow	In liquidation
One Golden Square Creative Limited	Peterborough	Liquidation in 2020
Orion Media (East Midlands) Limited	Peterborough	In liquidation
Orion Trustee Limited	Peterborough	In liquidation
Planet Rock Ltd.	Peterborough	In liquidation
ProfiSMS s.r.o.	Prague	Sold in October 2020
Radio Aire Ltd.	Peterborough	In liquidation
Radio Borders Ltd.	Glasgow	In liquidation
Radio City (Sound of Merseyside) Ltd.	Peterborough	In liquidation
Radio Clyde Ltd.	Glasgow	In liquidation
Radio Forth Ltd.	Glasgow	In liquidation
Radio Hallam Ltd.	Peterborough	In liquidation
Radio Tay Ltd.	Glasgow	In liquidation
Radio Wyvern Limited	Peterborough	In liquidation
Red Rose Radio Ltd.	Peterborough	In liquidation
SMSbrána s.r.o.	Brno	Sold in October 2020
South West Sound Ltd.	Glasgow	In liquidation
Srovnejto a.s.	Prague	Merger on January 1, 2020
Stella Underwriting Pty Ltd	Brisbane	Sold in July 2020.
TFM Radio Ltd.	Peterborough	In liquidation
Vibe Radio Services Ltd.	Peterborough	In liquidation
Viking Radio Ltd.	Peterborough	In liquidation
Wave 105 FM Ltd.	Peterborough	In liquidation
West Sound Radio Ltd.	Glasgow	In liquidation
XChangelT Software Pty Ltd.	St. Leonards	Sold in July 2020
Zapakatel.cz agregator s.r.o.	Prague	Liquidation in 2020
Zmarta Försäkringar AB	Ängelholm	Liquidation in 2020
Zmarta Sweden Group Kommanditbolag	Ängelholm	Liquidation on October 31, 2020

The Australian Publishing Group deconsolidated on July 15, 2020, the Polish Interia Group deconsolidated on June 30, 2020, and the Czech Profi SMS Group deconsolidated on September 30, 2020 reported the following figures in the group financial statements as of December 31, 2019 and in the group income statement until deconsolidation in 2020:

	kEUR	
ASSETS		
Fixed assets	60,859	
Current assets	59,328	
LIABILITIES		
Provisions	27,368	
Liabilities	19,798	
Deferred income	7,880	
Income statement items	2020 (until deconsolidation) kEUR	2019 kEUR
Sales revenues	74,003	163,584
Material expenditures	30,154	61,800
Personnel expenditures	27,372	57,816

The deconsolidation of the other listed subsidiaries had no material impact on the assets, financial and earnings situation.

Upon approval by the authorities in May 2021, several radio stations were acquired in Ireland for an amount in the range of high double-digit millions. On a pro rata basis for the 2021 financial year, it is expected to have a sales contribution from this purchase in an amount in the range of low double-digit millions and of low single-digit millions in operating profit contribution.

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 their 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 holdings 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 inventories 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 valued 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 valued 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. between the provisions for pension obligations in accordance with the corresponding average market interest rate from the past ten financial years and the provisions 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 group financial statements for temporary differences between the book values 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 HGB (German Commercial Code), in particular in the 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 are eliminated. Deferred tax assets and liabilities are offset. The capitalization of any remaining balance of deferred taxes is not undertaken in exercising the option to recognize them.

Foreign currency receivables and liabilities are entered with the relevant transaction rate and valued 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 spot exchange rate of the balance sheet date – 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 handled 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

Radio licenses resulting from the initial consolidation in the amount of kEUR 103,461 were capitalized in the year under review and will be written off as planned over a useful life of 12 years.

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

	<u>kEUR</u>
As of January 1, 2020	120,054
- Difference from additions, disposals (including exchange rate differences)	-952
- Depreciations (including exchange rate differences)	<u>-73,508</u>
As of December 31, 2020	<u>45,595</u>

Initial consolidations in 2020 resulted overall in a difference in the amount of kEUR 0 capitalized as goodwill.

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

Financial assets

Shares in affiliated companies shown 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, none of the associated companies are consolidated (previous year: 3).

Receivables and other assets

The trade receivables reported in the balance sheet have a remaining term of less than one year except for kEUR 682 (previous year: kEUR 319). Receivables from affiliated companies in the amount of kEUR 2,497 (previous year: kEUR 1,533) have a remaining term of more than one year and include trade receivables of kEUR 0 (previous year: kEUR 0) and receivables from financial transactions less liabilities from the profit and loss transfer agreement of kEUR 244,526 (previous year: kEUR 81,390).

Receivables from affiliated companies include receivables from the sole shareholder Heinrich Bauer Verlag KG, Hamburg, in the amount of kEUR 235,604 (previous year: kEUR 77,170).

Other assets include kEUR 526 (previous year: kEUR 402) 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 determined in the group financial statement resulting from temporary differences between the commercial balance sheet and the tax balance sheet. Deferred tax assets result in particular from differences in fixed assets, for provisions and from tax loss carryforwards. Deferred tax liabilities were determined in particular for unrealized currency gains in connection with foreign currency bank balances or receivables, receivables 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: 13.228 % and 32.275 %).

Deferred taxes were also calculated on capital consolidation measures in accordance with Sections 300 to 307 HGB (German Commercial Code); in particular, deferred tax liabilities arose in connection with capital consolidation due to the valuation of publishing rights and licenses for broadcasting rights. In addition, deferred tax assets arose as part of the elimination of intercompany profits due to temporary differences in the balance sheet approach regarding fixed assets. 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 32.023 %). 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 HGB, resulting in an excess of deferred tax liabilities (previous year: deferred tax assets).

Deferred tax assets and liabilities developed as follows in the year under review:

	Deferred tax assets	Deferred tax liabilities	Balance
	kEUR	kEUR	kEUR
December 31, 2019	36,105	28,386	-7,719
Development	-7,751	13,377	21,128
December 31, 2020	28,354	41,763	13,409

In the previous year, the excess in deferred tax assets resulting from the group-wide consideration was not shown in the group balance sheet, by exercising an accounting option.

Subscribed capital

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

Other provisions

Other provisions are essentially obligations to accept returns, advertising rebates, obligations in the personnel area, purchase price obligations arising from earn-out agreements, legal disputes, as well as outstanding invoices received.

Liabilities

	Liabilities total EUR	Remaining term up to 1 year EUR	Remaining term 1 to 5 years EUR	Remaining term > 5 years EUR
Due to banks	33,755,375 (prev. yr. 41,420,502)	21,913,826 (prev. yr. 8,293,932)	11,841,549 (prev. yr. 33,126,570)	0 (prev. yr. 0)
Advance payments received	1,930,785 (prev. yr. 2,103,009)	997,787 (prev. yr. 1,117,828)	932,998 (prev. yr. 728,545)	0 (prev. yr. 256,636)
Trade accounts payable	95,853,348 (prev. yr. 127,948,715)	95,853,348 (prev. yr. 127,679,448)	0 (prev. yr. 267,264)	0 (prev. yr. 2,003)
Amounts owed to affiliated companies	1,063,021 (prev. yr. 4,578,410)	1,063,021 (prev. yr. 4,578,410)	0 (prev. yr. 0)	0 (prev. yr. 0)
Amounts owed to associated companies	0 (prev. yr. 11,807)	0 (prev. yr. 11,807)	0 (prev. yr. 0)	0 (prev. yr. 0)
Liabilities to companies in which a participating interest is held	0 (prev. yr. 0)	0 (prev. yr. 0)	0 (prev. yr. 0)	0 (prev. yr. 0)
Other liabilities	56,720,403 (prev. yr. 46,440,066)	56,333,518 (prev. yr. 45,378,512)	386,886 (prev. yr. 316,588)	0 (prev. yr. 744,966)
	189,322,933 (prev. yr. 222,502,509)	176,161,500 (prev. yr. 187,059,937)	13,161,433 (prev. yr. 34,438,967)	0 (prev. yr. 1,003,606)

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

Amounts owed to affiliated companies include trade accounts payable in the amount of kEUR 1,063 (previous year: kEUR 4,578), as well as liabilities from the profit-and-loss transfer agreement less receivables from financial transactions in the amount of kEUR 0 (previous year: kEUR 0).

6. Contingent liabilities and other financial obligations

Contingent liabilities

As of the balance sheet date, contingent liabilities from guarantees existed in the amount of kEUR 2,117 (previous year: kEUR 1,619).

Utilization is not expected based on the assets, financial and earnings situation of the companies.

Other financial obligations

As of the balance sheet date, rental and leasing obligations existed totaling kEUR 45,849 (previous year: kEUR 79,398), 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 of proceeds:

Breakdown by areas

	2020 kEUR	2019 kEUR
Distribution	561,032	668,578
Radio	453,612	472,300
Advertising	65,763	121,114
Digital	178,697	209,036
Printing	18,125	21,196
Other revenues from publishing business	18,510	26,168
	<u>1,295,739</u>	<u>1,518,392</u>

Breakdown by regions

	2020 kEUR	2019 kEUR
Germany	9,310	17,811
Europe	1,139,700	1,234,390
America	73,100	86,423
Asia / Pacific	73,629	179,768
	<u>1,295,739</u>	<u>1,518,392</u>

Unscheduled depreciations

In intangible assets, unscheduled depreciations were made in the amount of kEUR 516 (previous year: kEUR 7,627) which are mainly due to the lower profitability of internally generated intangible assets in the OCP area (previous year: broadcasting rights or magazines).

Income of exceptional magnitude

Income of exceptional magnitude results in the year under review from the sale of the Czech ProfiSMS Group (kEUR 4,229) and the Polish Interia Group (kEUR 43,751).

Income unrelated to accounting period

Other operating income includes income from the reversal of provisions in the amount of kEUR 4,772 (previous year: kEUR 2,367).

Expenses of exceptional magnitude

In the year under review, expenses of exceptional magnitude were incurred for the deconsolidation of the Australian publishing companies as well as for the sale of the not consolidated shares in the Russian publishing companies in the amount of kEUR 46,088 (previous year: closure of the publishing business in New Zealand in the amount of kEUR 10,011).

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 versus Heinrich Bauer Verlag KG.

8. Other information

Information regarding the auditor's fee

	2020 kEUR
Audit services	82
Other confirmatory services	0
Tax advisory services	0
Other services	0
	<u>82</u>

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

	2020	2019
Germany	2	0
female	0	0
male	2	0
Europe	6,117	6,080
female	3,167	3,161
male	2,950	2,919
North America	112	131
female	83	97
male	29	34
Asia/Pacific	333	904
female	233	639
male	100	265
Total	6,564	7,115
female	3,483	3,897
male	3,081	3,218

Composition and remuneration of Management

In the financial year, the Management 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 8, 2020)
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

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.

Group membership

All company shares are held by Heinrich Bauer Verlag KG, Hamburg. As the group 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

With the acquisition of the Communicorp Group, Ireland, the Bauer Media Group is expanding its radio business activities in an additional European country. Full approval by the authorities was granted in May 2021. Bauer Media Group is thus expanding its growing position as Europe's commercial radio operator.

Hamburg, June 25, 2021

Management of Heinrich Bauer Verlag Beteiligungs GmbH

Heinz H. Bauer

Yvonne Bauer

Veit Dengler

Bill Houston

Steven Kotok

DEVELOPMENT OF ASSETS FOR THE FINANCIAL YEAR 2020

[illegible]

Schedule of share ownership

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

In 2020, a total of 283 companies (previous year: 238 companies) formed part of the share ownership of the Heinrich Bauer Verlag Beteiligungs GmbH group.

The group financial statements as of 31 December 2020 covered, in addition to Heinrich Bauer Verlag Beteiligungs GmbH (parent company), a total of 157 (previous year: 191) German and foreign companies (direct and indirect holdings) and three (previous year: four) associated companies.

One (previous year: two) company is 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 123 (previous year: 43) German and foreign companies, including twelve (previous year: seven) associated companies.

B. Scope of consolidation

Companies included in the 2020 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 Ausland 2 GmbH	Hamburg	100	
Bauer Media Audio Holding GmbH	Hamburg	100	
Bauer Media Audio LP	Peterborough	100	¹ LP020004
Bauer Media Audio Limited	Peterborough	100	² 11794229
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 OCP Holding 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	

¹ The subsidiary makes use of the exemption from the obligation to prepare the individual financial statements for the financial year 2020 in accordance with Regulation 7 of the Partnerships (Accounts) Regulations 2008.

² 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 2020 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.

Company	Registered office	Shares in group ownership in %	Register Number UK
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	
Digital Lottery Sp. z o.o.	Warsaw	100	
H. Bauer Publishing LP	London	100	¹ IP003328
H. Bauer Publishing Limited	Peterborough	99.992	² 02147090
HBVB	Peterborough	100	² 08453545
HBVB Management Limited	Peterborough	100	² 08436312
PL Invest Beteiligungs GmbH	Hamburg	100	

Indirect holdings

Company	Registered office	Shares in group ownership in %	Register Number UK
3N Radiot Oy	Helsinki	100	
99.9 Radio Norwich Limited	Peterborough	100	³ 05234082
ABC Finansgruppen AS	Oslo	100	
AIDA S.A.	Krakow	77.82	
Anglian Broadcasting Company Holdings Limited	Peterborough	100	³ 07252533
Anglian Radio Limited	Peterborough	100	³ 04248330
Artefakt Sp. z o.o.	Warsaw	100	
Artefakt Sp. z o.o., Sp.k.	Wroclaw	100	
AXIMA SMS SERVICES s.r.o.	Brno	100	
Bauer Consumer Media Limited	Peterborough	100	³ 01176085
Bauer Digital Radio Limited	Peterborough	100	³ 01875591
Bauer Golden Square Limited	Peterborough	100	³ 06600450
Bauer Group Secretariat Limited	Peterborough	100	³ 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	

³ 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 2020 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.

Company	Registered office	Shares in group ownership in %	Register Number UK
Bauer Media Group AB	Stockholm	100	
Bauer Media Group Sweden Holding AB	Stockholm	100	
Bauer Media Holding Oy	Helsinki	100	
Bauer Media Oy	Helsinki	100	
Bauer Media Pty Ltd.	Sydney	100	
Bauer Media Sales, Inc.	Englewood Cliffs	100	
Bauer Print Ciechanów Sp. z o.o., Sp. j.	Warsaw	100	
Bauer Publishing AB	Stockholm	100	
Bauer Publishing Company, L.P.	Englewood Cliffs	100	
Bauer Radio (Andover) Limited	Peterborough	100	⁴ 05805908
Bauer Radio (TRL) Limited	Peterborough	100	⁴ 03515868
Bauer Radio Limited	Peterborough	100	⁴ 01394141
Ceratiidae II AB (publ)	Ängelholm	100	
Ceratiidae Norway AS	Oslo	100	
Clabere Negocios S.L.U.	Barcelona	100	
Compass Radio Limited	Peterborough	100	⁴ 03796826
Coronam AB	Ängelholm	100	
CRB Audio Group Limited (vormals: Celador Radio Broadcasting Limited)	Peterborough	100	⁴ 05176795
CRB Audio Limited (vormals: Celador Radio Limited)	Peterborough	100	⁴ 05439096
D.EXPRES Management spol. s.r.o.	Bratislava	100	
D.EXPRES, k.s.	Bratislava	100	
Dearne FM Limited	Peterborough	100	⁴ 03796820
Devon Radio Ltd	Peterborough	100	⁴ 07008884
Downtown Radio Limited	Newtownards	100	⁴ NI010164
Eagle Radio Limited	Peterborough	100	⁴ 02846346
East Coast Radio (The Beach) Limited	Peterborough	100	⁴ 03018923
Elephant Orchestra s.r.o.	Prague	100	
Elskling AB	Stockholm	100	
Encore Radio Limited	Peterborough	100	⁴ 10095061
ePojisteni.cz s.r.o.	Prague	100	
EXPRES MEDIA k.s.	Bratislava	100	
EXPRES NET Management spol. s.r.o.	Bratislava	100	
EXPRES NET, k.s.	Bratislava	100	
Finansa AS	Oslo	100	
First Radio Sales Limited	Peterborough	100	⁴ 02795622
Freedom Finance Holdings AB	Ängelholm	100	
Freedom Rahoitus Holding Oy	Espoo	100	

⁴ 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 2020 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.

Company	Registered office	Shares in group ownership in %	Register Number UK
Freedom Rahoitus Oy	Espoo	100	
Frontline Limited	Peterborough	74	00329613
Frontline Publishing Services Limited	Peterborough	100	⁵ 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.	Poznan	100	
Hamster Inc.	Englewood Cliffs	100	
Heinrich Bauer North America Inc.	Englewood Cliffs	100	
Heinrich Bauer Publishing L.P.	Englewood Cliffs	100	
Insplanet AB	Stockholm	100	
Insplanet Försäkringsförmedling AB	Stockholm	100	
Koimax Media Oy	Helsinki	100	
KLFM Limited	Peterborough	100	⁵ 03851781
Lincs FM Group Limited	Peterborough	100	⁵ 02602875
Midwest Radio Limited	Peterborough	100	⁵ 05100102
Minster Sound Radio (York) Limited	Peterborough	100	⁵ 03092759
Miracle Sound Oulu Oy	Helsinki	100	
Miracle Sound Oy	Helsinki	51	
Mix 96 Limited	Peterborough	100	⁵ 02747321
Mobiem Polska Sp. z o.o. Sp. k.	Warsaw	100	
Multimedia Sp. z o.o.	Krakow	100	
Newcent Finans AS	Oslo	100	
North Norfolk Radio Limited	Peterborough	100	⁵ 04318495
Nya Radio City AB	Malmö	50.8	
OCP Holding GmbH	Homburg	100	
OPERA FM Sp. z o.o.	Krakow	100	
Orion Media Holdings Limited	Peterborough	100	⁵ 06898196
Orion Media Limited	Peterborough	100	⁵ 06898191
Pirate FM Limited	Peterborough	100	⁵ 02552870
Planet Broadcasting Company Limited	Peterborough	100	⁵ 05219149
Pro Pozycje Sp. z o.o.	Warsaw	100	
Pro Pozycje Sp. z o.o., Sp. k.	Wroclaw	100	
ProfiSMS s.r.o.	Prague	100	
Radio 90 Sp. z o.o. (GmbH)	Rybnik	44	
Radio Muzyka Fakty Grupa RMF Sp. z o.o., Sp. K.	Krakow	100	

⁵ 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 2020 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.

Company	Registered office	Shares in group ownership in %	Register Number UK
Rankomat Sp. z o.o.	Warsaw	100	
Rankomat.PL Sp. z o.o.	Warsaw	100	
Ridings FM Limited	Peterborough	100	03369651
RMF Sp. z o.o.	Warsaw	100	
Rother FM Limited	Peterborough	100	03911912
Routes to Retail Limited	Peterborough	100	11053529
Rutland Radio Limited	Peterborough	100	03265003
Scottish Radio Holdings Limited	Glasgow	100	SC048376
Semahead Sp. z o.o. Sp.k.	Krakow	100	
Seymour Distribution Limited	Peterborough	100	02954685
Seymour International Limited	Peterborough	100	02943795
SMSbrána s.r.o.	Brno	100	
Société d'Édition et de Télévision par Câble SNC	Paris	100	
Spire FM Limited	Peterborough	100	02597649
Spirit FM Limited	Peterborough	100	02889122
Srovnejto.cz a.s.	Prague	100	
Stroy FM Limited	Peterborough	100	02774366
Sunrise System Sp. z o.o.	Warsaw	100	
Sunrise System Sp. z o.o., Sp.k.	Poznan	100	
Switch Digital (B&H) Limited	Peterborough	100	04404178
Switch Digital (S&S) Limited	Peterborough	100	04342010
Tarifomat s.r.o.	Prague	100	
Town FM Limited	Peterborough	100	04235210
Trax FM Limited	Peterborough	100	02980803
Ubezpieczenia online.pl Rankomat Sp. z o.o. Sp.k.	Wroclaw	100	
Ubezpieczenia Rankomat Sp. z o.o., Sp. k.	Warsaw	100	
UKRD Group Limited	Peterborough	100	02725453
UKRD Support and Development Limited	Peterborough	100	03822076
Wessex Broadcasting Limited	Peterborough	100	02773740
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.j.	Warsaw	100	
Yorkshire Coast Radio Limited	Peterborough	100	02775583
Zmarta AB	Ängelholm	100	
Zmarta AS	Oslo	100	
Zmarta General Partner AB	Ängelholm	100	
Zmarta Holding AB	Ängelholm	100	
Zmarta Sweden Group Kommanditbolag	Ängelholm	100	

^o 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 2020 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.

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
XChangelT 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 %
102.4 Wish FM Limited	Peterborough	100
Absolute Radio Limited	Peterborough	100
Acierto Seguros Online, S.L.	Madrid	100
ACP Masthead Nominees Pty Ltd.	Sydney	100
ACP Mastheads Pty Ltd.	Sydney	100
Asesor Consumer Services, S.L.	Madrid	100
Audiotex Polska Sp. z o.o.	Warsaw	100
Bauer AR Digital Radio Limited	Glasgow	100
Bauer AR Holdings Limited	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 Media (NZ) Ltd.	Auckland	100
BAUER MEDIA PRAHA v.o.s.	Prague	99.99
Bauer Media SCS	Bucharest	100
Bauer Media SK v.o.s.	Bratislava	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 MEDIA v.o.s.	Prague	100
Bauer PCS Pty Ltd.	Sydney	100
Bauer Radio (BCR) Limited	Peterborough	100
Bauer Radio (Newbury) Limited	Peterborough	100
Bauer Radio (South Devon) Limited	Peterborough	100

Company	Registered office	Shares in group ownership in %
Bauer Radio (South West) Limited	Peterborough	100
Bauer Radio (Southampton) Limited	Peterborough	100
Bauer Radio (West Midlands) Limited	Peterborough	100
Beacon Broadcasting Limited	Peterborough	100
Birmingham Broadcasting Limited	Peterborough	100
Border Radio Holdings Limited	Peterborough	100
BRMB Limited	Peterborough	100
Capital Gold Birmingham Limited	Peterborough	100
Capital Radio North East Limited	Peterborough	100
Capital Radio Fun Limited	Peterborough	100
Capital Radio North East Limited	Peterborough	100
Cardrop Sverige AB	Stockholm	100
Carlisle Radio Limited	Peterborough	100
Classiccarsforsale Limited	Peterborough	100
Compass FM Limited	Peterborough	100
Delta Radio Limited	Peterborough	100
EG Digital Limited	Peterborough	51
Fishface Promotions Limited	Peterborough	100
Grupa Tense Polska Sp. z o.o.	Warsaw	100
Horse Deals Limited	Peterborough	100
Ivel FM Limited	Peterborough	100
Jazz FM Limited	Peterborough	100
Jet FM Limited	Peterborough	100
Jupiter Radio Limited	Peterborough	100
Kestrel FM Limited	Peterborough	100
Key 103 Limited	Peterborough	100
Kiss 101 Limited	Peterborough	100
Kiss 105-108 Limited	Peterborough	100
Kiss FM Radio Limited	Peterborough	100
Kuunappi Radioliiketoiminta Oy	Helsinki	100
Lakes District Property Press Ltd.	Auckland	50
Lincs FM 102.2 Limited	Peterborough	100
Logos-Media O.O.O.	Moscow	100
Magic 105.4 Limited	Peterborough	100
Mellow 1557 Limited	Peterborough	100
Mercia Sound Limited	Peterborough	100
Metro Radio Limited	Peterborough	100
Midlands Radio Limited	Peterborough	100
Mobiem Polska Sp. z o.o.	Warsaw	100
Moray Firth Radio Limited	Glasgow	100
Moulikova Development s.r.o.	Prague	100

Company	Registered office	Shares in group ownership in %
Nadacia Radia Expres	Bratislava	100
Northsound Radio Limited	Glasgow	100
Octave IP Limited	Peterborough	50
One Golden Square Creative Limited	Peterborough	100
Orion Media (East Midlands) Limited	Peterborough	100
Orion Trustee Limited	Peterborough	100
Oy Basso Media Ltd	Helsinki	100
Phoenix Press Sp. z o.o.	Wroclaw	100
Phoenix Press Sp. z o.o., Sp.k.	Wroclaw	100
Piccadilly Radio Limited	Peterborough	100
Planet Rock Limited	Peterborough	100
Property Press Bay of Plenty Limited	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
Radio Aire Limited	Peterborough	100
Radio Borders Limited	Glasgow	100
Radio City (Sound of Merseyside) Limited	Peterborough	100
Radio Clyde Limited	Glasgow	100
Radio Forth Limited	Glasgow	100
Radio Hallam Limited	Peterborough	100
Radio Tay Limited	Glasgow	100
Radio Wyvern Limited	Peterborough	100
Radiobranschen RAB AB	Stockholm	60
Radiowave (Blackpool) Limited	Peterborough	100
Rankosoft Sp. z o.o., Sp.k.	Warsaw	100
Rankosoft Sp. z o.o. i.L.	Warsaw	100
Red Rose Radio Limited	Peterborough	100
Semahead Sp. z o.o.	Warsaw	100
SKL 6 s.r.o. (GmbH)	Bratislava	100
South West Sound Limited	Glasgow	100
Suffolk First Limited	Peterborough	100
TDS O.O.O. (GmbH)	Moscow	100
TFM Radio Limited	Peterborough	100
The Local Radio Company Limited	Peterborough	100
Tuotantoyhtiö Manuskript Oy	Helsinki	100
UKRD Group (EBT) Limited	Peterborough	100
USM Magazine Distribution Limited	Peterborough	100
Vale FM Limited	Peterborough	100
Vibe Radio Services Limited	Peterborough	100

Company	Registered office	Shares in group ownership in %
Viking Radio Limited	Peterborough	100
Wave 105 FM Limited	Peterborough	100
West Sound Radio Limited	Glasgow	100
White Rose Radio Limited	Peterborough	100

Associated companies

Company	Registered office	Shares in group ownership in %
C.E. Digital Limited	London	50
Independent Radio News Limited	London	22.34
Ipswich 102 Limited	Cowbridge	40
Mediatäkojat Oy	Pori	48
Muxco Lincolnshire Limited	London	51
Muxco North Yorkshire Limited	London	50
Muxco Suffolk Limited	London	33.33
Muxco Surrey and North Sussex Limited	London	50
Norsk Radio AS	Oslo	30
Radiocentre Limited	London	32.55
Sound Digital Limited	Peterborough	30
South West Digital Radio Limited	Winchester	33

HEINRICH BAUER VERLAG BETEILIGUNGS GMBH, HAMBURG

GROUP MANAGEMENT REPORT 2020

1. Fundamentals of the company

1.1 Business model and segments of the group

In the 2020 financial year, Heinrich Bauer Verlag Beteiligungs GmbH as holding company of the international business of Bauer Media Group held direct and indirect interests in companies 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. Heinrich Bauer Verlag Beteiligungs GmbH and its subsidiaries (hereinafter also referred to as Bauer Media Group in this Group Management Report) are an internationally operating diversified group of companies 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 400 magazines, over 100 digital products and over 150 radio and TV stations reach millions of people around the globe.

With sales of about € 685 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 € 455 million to sales. We are one of the largest commercial broadcasting services in Europe and weekly reach an audience of about 55 million listeners. In addition, we provide digital platforms and operate podcasts.

Meanwhile, the business area comparison platforms contributes about € 117 million to total sales. About 10 million people are using our service in Scandinavia, Spain and in Eastern Europe.

The area of marketing and distribution services for small and medium-sized enterprises (SMEs) – with sales of about € 30 million – was added in 2018 and is still being developed.

With its takeover of the Communicorp Group in Ireland in the spring of 2021, Bauer Media Group enters the audio market of the Republic of Ireland and thus expands its audio business to eight countries in order to further develop its position as Europe's leading commercial radio broadcaster with weekly more than 55 million listeners. In addition to its growth through acquisitions, the Group strategy consists of advancing and pushing ahead the continuing digital development in the entire segment of the industry. In May 2021, Bauer Media Group obtained the authorities' full approval for the takeover of Communicorp Group.

1.2 Objectives and strategies

It is the objective of Bauer Media Group to increase long-term and sustainably the Group's corporate value.

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 thus accordingly changed media consumer patterns, the publishing business is subject to tremendous changes. We will be successful in that environment if we rely on our traditional strength, i.e. of anticipating market changes and consistently adjusting to them. As a result of developments consistently below expectations in the publishing business in New Zealand, Australia, Romania and Russia – as well as the additional negative impact due to the coronavirus pandemic in these markets – corporate management decided to divest itself from those units. In New Zealand, closing of the operative business was announced in early April 2020. Businesses in Australia, Romania and Russia were sold until end of July 2020.

With our move into the radio broadcasting business in 2008, we started to expand the focus of our Group from a pure and simple publishing house to an increasingly more diversified group of companies.

Overall, our radio business developed very positively. In April 2020, the British Competition and Markets Authority (CMA) approved our takeover of local wireless broadcasting stations, Celador Radio, the Lincs FM Group and the UKRD Group in Great Britain, and an essential component of our group strategy could thus be implemented. The Group strategy consists of advancing and pushing ahead the continuing digital development in the entire segment of the industry and supporting a powerful and sustained future for the commercial local radio sector.

Our entry into the business with comparison platforms in 2015 marked our successful continuation of further diversification. In December 2020, Bauer Media Group took over Acierto – a leading provider in the Spanish online comparison market for insurance products, enabling consumers to compare the prices of more than 30 auto insurances, as well as motorcycle, health, life and home insurances. This acquisition supports Bauer Media Group's leadership position in Europe's innovative OCP industry.

In terms of strategy, we pressed ahead in 2020 with the transformation of our corporate group to a more widely diversified enterprise with several business areas; and, at the same time, we also invested in our mainstay, 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 stable business segments but also to make divestments in niche markets or in weaker segments and markets.

At the same time, we rely on a continuous expansion of our growing audio segment; and, additionally, we develop new business areas to set up our corporate group in a sustained and broader manner, making our group more resilient in view of 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 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 important target and control parameters.

1.4 Shareholders and group structure

Heinrich Bauer Verlag Beteiligungs GmbH is the parent company with its 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, as well as the U.S.A., Australia (for the last time in 2020) and New Zealand.

2. Economic report

2.1 Macroeconomic framework conditions

In 2020, the global economy came under severe pressure as a result of the coronavirus pandemic and the more stringent infection prevention and control measures. Following a historic economic slump in spring, the global economy registered a significant recovery during the summer, yet increasingly slackened again towards the end of the year. Especially Europe and North America suffered, during the winter months, under another wave of infections which stopped any economic upswing. All in all, global economic activities dropped by 3.5 percent in the year 2020, following a growth of 3.0 percent in 2019.

In the 2020 fall season, the second wave of infections actually impacted most European countries but with varying degrees of intensity. Following a robust rebound of the economy in the summer, economic activities were declining again in the final quarter. In the eurozone, the real gross domestic product (GDP) was reduced by 6.8 percent after an increase of 1.2 percent in the previous year.

Aside from establishing measures for dealing with the covid-19 pandemic, our 2020 management agenda was strongly affected by global trends which we cannot ignore and which are thus increasingly reflected in our results and planning. The most eminent trend is the progressing digitalization and the concomitant transformation of the (media) industry. For us, this will accordingly offer risks and opportunities at the same time.

Opportunities are provided in the new, rapidly growing and profitable business prospects, such as – in our case – in the areas of digital radio, comparison platforms or marketing and distribution services for small and medium-sized enterprises.

There is a risk in the steadily and increasingly faster transformation of our publishing segment – 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 dramatic 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.

We generally established that the trends observed in the past concerning the use of media and media-related services were considerably accelerated due to the coronavirus crisis.

However, our full attention is required not only with regard to globally social, political and economic change processes 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, as well as strengthen 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 structure the transition.

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

2.1.1. Development in Germany

Due to the coronavirus pandemic, the German national economy went through a severe recession in the past year, comparable to the 2008 and 2009 financial and economic crisis. In 2020, gross domestic product decreased by 5.0 percent. As a consequence of the partial lockdown in November and its subsequent tightening and further extension, the economic output was stagnant in the final quarter – after a strong recovery of 8.5 percent in the third quarter.

Despite the partial lockdown, the labor market showed a stable development. Gainful employment decreased only slightly in November, and unemployment figures – adjusted for seasonal effects – markedly decreased again in December. However, ads for short-time work indicate an increasing number of people in short-term work.

On the 2020 annual average, consumer prices in Germany increased by 0.5 percent versus 2019 and were thus markedly lower than in the previous year (2019: +1.4 percent). One reason for the low annual rate of price increases was the temporary reduction of value-added tax rates. This measure of the stimulus package by the German federal government was implemented as of July 1, 2020 and, in the second half of the year, had a dampening effect on consumer prices overall and it had a varying effect on the individual groups of products.

2.1.2 Development in Great Britain

According to reports by the national bureau of statistics, the British economy dwindled by 9.9 percent last year. In 2020, the British economy was thus hit significantly harder yet by the coronavirus pandemic than even the eurozone or Germany. The rate of inflation was again significantly reduced with 0.9 percent in 2020 versus the previous year (1.8 percent).

2.1.3 Development in Poland

The well diversified Polish economy is among the ones least affected by the COVID-19 pandemic in Europe. Nonetheless, in 2020, GDP dropped by 2.7 percent – the first production decline for over 20 years.

The COVID crisis, increased uncertainty and the impact of lower consumer confidence dampened private consumption (-3.1 percent). In 2020, inflation was 3.4 percent on the annual mean –

especially due to lower international fuel prices and food prices – and was thus approx. 1.1 percent higher than in 2019.

2.1.4 Development in the U.S.

The U.S. economy could not escape the worldwide negative development due to the coronavirus pandemic and – after more than 2 percent growth in 2019 – recorded a decline by 3.5 percent of its gross domestic product in 2020. At 1.2 percent, the rate of inflation was below that of 1.8 percent for the previous year.

2.1.5 Development in Sweden

The Swedish economy also showed a negative development in 2020; however, compared with other European countries or even the U.S., its decline could be kept comparatively low with a minus of 2.8 percent. The rate of inflation was only at 0.7 percent – after 1.7 percent in the previous year.

2.1.6 Development in the Czech Republic

In 2020, the Czech economy had to accept a decline of its real gross domestic product by 5.6 percent. At the same time, the rate of inflation of 2.6 percent in the previous year further increased perceptibly to 3.3 percent in the current year.

2.1.7 Development in France

Although the decline by 8.1 percent in France's gross domestic product was not quite as significant as in Great Britain, it was still significantly higher than in Germany or in the Eastern European countries. The rate of inflation declined however; it was calculated at 0.5 percent for 2020, after 1.3 percent in the previous year.

2.2 Sector-specific framework conditions and 2020 course of business

The year 2020 was greatly affected by the impacts of the coronavirus pandemic. Especially in the second quarter of the year, our markets were substantially affected not only by government measures taken in many countries, such as curfews and contact bans, but also by the loss of income suffered in parts of the population due to short-time work or job losses, and by the overall decline in economic output and performance, as well as by the high level of uncertainty among advertising companies regarding the future economic development.

Thus, circulation reductions to be observed since the early 2000s in the traditional publishing business accelerated dramatically: When they dropped, for example, by -5 percent annually in Germany from 2012 to 2019, the loss in 2020 was nearly -10 percent versus the previous year. Due to the circulation losses and the considerable uncertainty concerning the future economic development, advertising revenues in the magazine business dropped industry-wide to the historically lowest level, with a decline by -11 percent versus the previous year. It was generally established that the trends observed in the past concerning the use of media and media-related services were considerably accelerated due to the coronavirus crisis.

Changes in consumer habits by the population and the increasing importance of the internet as a medium continue to cause structural upheavals. Advertising as a major source of earnings is

increasingly shifted to the internet. Accordingly, in 2020 as well, magazine markets were characterized by further declining advertising markets. In this respect, both the weakened economic activity in Europe due to the coronavirus pandemic, and the uncertainties resulting from the Brexit process negatively impacted the advertisement demand in the publishing and the audio segments.

In the year 2020, the radio markets had to cope with similar losses as the publishing business. During the crisis, the listeners' use of the services remained stable or even increased; however, in all regions, advertising sales took a sharp downturn in the second quarter. Fortunately, they recovered in parts again in the fourth quarter. In terms of the year as a whole, for 2020, a rate of contraction of approx. -9 percent results for the markets in which we are active.

The OCP business was also marked by the coronavirus crisis. While certain areas, *inter alia* travel insurances and consumer loans, in parts had substantial declines, the business showed growth especially in the area of other insurances (e.g. for cars).

The SME Services area had a predominantly positive development – despite the fact that small and medium-sized enterprises (SMEs) were hard hit by the coronavirus crisis. Various measures on our part and the necessity of many SMEs to strengthen their own online presence brought about that we were able to record a positive development in this area.

2.2.1 Development in Great Britain

According to estimates by the AA WARC market study (Q3/2020), the internet dominates the advertising market in Great Britain with a share of approx. 65 %, while the growth of approx. 11 % essentially resulted due to search and online display advertisements. The advertising market in the magazine area was declining by about 8 %. The companies of Bauer Media Group in Great Britain were also unable to escape this declining market trend. In accordance with the latest expenditure report (Q4/2020), the decline of the advertising market by 7.2 percent in 2020 will be balanced out by an expected increase of about 15 percent in 2021; yet, the report forecasts for the magazine market that the 2020 losses can only be made up again in 2022.

Since Great Britain was hard hit economically by the coronavirus crisis, Bauer Media Group had to accept the sharpest downturns in the publishing area in Great Britain. It was possible to alleviate impacts on results through support measures and adjustments in print runs. Some special interest magazines were sold or discontinued due to their low level of profitability.

2.2.2 Development in Poland

In Poland as well, Bauer Media Group recorded coronavirus-related sales declines in the magazines and portal business which resulted in discontinued titles and personnel reductions.

The same applies to the audio area of Bauer Media Group with a decline of about 7 percent. Greatly affected advertising sales also suffered here from severe slumps in important advertising industries, such as automotive, leisure, consumer electronics and restaurants. Sales from SMS games could not compensate for the drop in advertising sales.

In contrast, the OCP business of Bauer Media Group in Poland was able to hold its ground comparatively well with only slight declines in a comparison with the previous year. Increases with car

insurances, home and life insurances nearly balanced out the decrease in the business with private loans. New bank loan products also mitigated the decline in the loan business.

In 2020, the development of the digital business in Poland – essentially comprising agencies for search engine optimization (SEO)/ search engine marketing (SEM) – was accordingly affected by the sale of Grupa Interia.

2.2.3 Development for the group in other selected countries

In 2020, the magazine market in France was characterized by sharply decreasing advertising sales and a significant decline in the distribution market while the digital market in France showed strong growth. The new TV-magazine TéléCable Sat acquired in 2019 was included in the Group for the first time on a full-year basis (acquisition: July 1, 2019) and exceeded expectations in sales and EBIT.

The OCP business in the Czech Republic held its ground at the previous year's level. Growths in car insurances were able to compensate the decline in travel insurances and in the private loan business.

In Sweden, the OCP business recorded declining sales revenues. Business with private loans weakened significantly. This effect outweighed the growth in the insurance business.

The industry trend on the U.S. market for press distribution and for the advertising market is further declining in 2020 as well. Nonetheless, the magazine business of Bauer Media Group in the U.S. held its ground well – with sales slightly above the previous year's level. The major driver in this respect was the successful special interest segment in 2020.

In Australia as well, a general downward trend in the area of press distribution and advertising market is to be registered which Bauer Media Group could not escape. In June 2020, this consolidation resulted in the decision to sell the business in Australia.

In 2020, 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 continuing sales and earnings slump resulting from 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 operative 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:

<i>Amounts shown in kEUR</i>	2020	2019	in kEUR	in %
Sales revenues	1,295,739	1,518,392	-222,653	-14.7%
Inventory changes and other operating income	20,255	13,748	6,508	47.3%
Material expenditures	-547,557	-626,568	79,011	-12.6%
Personnel expenses	-298,328	-326,118	27,790	-8.5%
Depreciations	-131,026	-156,046	25,020	-16.0%
Other operating expenses	-270,835	-299,259	28,425	-9.5%
Operating result	68,249	124,149	-55,899	-45.0%
Financial result (Interest and investment result)	5,787	-11,682	17,469	n/a
Special factors	-22,779	-14,638	-8,141	55.6%
Taxes on earnings	-30,882	-35,610	4,728	-13.3%
Group result before third-party interest and profit and loss transfer	20,375	62,219	-41,844	-67.3%

Comparisons with the previous year are particularly characterized by the effects of the 2020 disinvestments of the publishing business performed in Australia (sale in July 2020) as well as in New Zealand (discontinuance of the business operation: April 2, 2020). These effects could only partly be compensated by the initial consolidations from the audio area.

The decline in sales revenues by 14.7 % is due, in particular, to the lack of sales revenues from the business operations sold or discontinued in 2020 as well as due to the COVID 19-related decline in advertising sales. It was possible to realize sales increases in the lower double-digit millions not only in the audio area due to the takeover of local wireless broadcasting stations, Celador Radio, the Lincs FM Group and the UKRD Group in Great Britain as of May 2020, as well as price increases in the publishing business.

The decline in the area of materials expenditures is due, on one hand, to the sales decline; furthermore, there were cost savings in the audio and publishing market in individual countries, such as due to the reduction of production costs for example, as well as due to savings in broadcasting and transmission costs. The disproportionate decrease for costs of logistics had an opposite effect, as well as the increase in expenditures for services compared to the previous year so that the materials expenditure in total was reduced by 12.6 % - disproportionately with regard to sales revenues.

Depreciations essentially comprised depreciations of capitalized goodwill (EUR 74 million; previous year: EUR 94 million) as well as disclosed hidden reserves in case of broadcasting, trademark and title rights (EUR 29 million; previous year: EUR 31 million). The reduction of depreciations essentially results from the lower scheduled depreciations of intangible assets.

Other operating expenses decreased disproportionately despite savings and disinvestments, especially due to higher value adjustments on current assets as well as increased expenditures for the shareholder's group charges.

The reduction in sales revenues with a disproportionately low decrease in operational expenditures brought about an operating result lower by EUR 55.9 million versus the previous year.

The better financial result is essentially due to depreciations lower by EUR 16.2 million on financial assets.

Special factors essentially comprise balanced foreign currency losses in the net amount of EUR 22.2 million. The sale of the Australian and Russian publishing business negatively affected the group result with EUR 46.1 million while the sales of the Czech ProfiSMS group as well as of the Polish Interia group increased the group result by EUR 36.0 million (after taxes).

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

<i>Amounts shown in kEUR</i>	2020	2019	Change in kEUR	in %
Medium- and long-term tied up assets (fixed assets)	458,007	443,320	14,687	3.3%
Short-term tied up assets (Current assets including prepaid expenses)	837,837	837,301	536	0.1%
Total assets	1,295,844	1,280,621	15,223	1.2%
Equity capital	905,587	839,302	66,285	7.9%
Medium- and long-term debt capital (Pension provisions and medium-term liabilities)	14,705	36,771	-22,065	-60.0%
Short-term debt capital (Provisions and liabilities including deferred income)	375,552	404,548	-28,997	-7.2%
Total liabilities	1,295,844	1,280,621	15,223	1.2%

Total assets increased by 1.2 % compared with the previous year.

The increase in medium- and long-term tied up assets essentially results from the increase in intangible assets capitalized within the scope of initial consolidation (as of May 1, 2020) of the local radio stations acquired in Great Britain in 2019, as well as from the increase in shares in affiliated companies in financial assets which are not fully consolidated on the ground of immateriality in the 2020 group financial statements.

The increase in equity capital is to be essentially attributable to the change in equity capital difference from currency translation as well as to a capital increase by the parent company in the amount of EUR 66 million; the consolidated net loss had the opposite effect.

The decrease in medium- and long-term debt relates to a bank loan in Scandinavia that expires at the end of 2021.

The decrease in short-term outside capital is particularly due to the deconsolidations of the Australian companies.

2.4.2 Financial situation

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

<i>Amounts shown in kEUR</i>	2020	2019	Change in kEUR
Financial resources at the beginning of the year	505,772	894,912	-389,140
Inflow (+) / outflow (-) of funds from			
current business activities	200,962	184,568	16,394
investment activities	-41,512	-145,786	-269,335
financing activities	-56,778	-432,511	375,733
Addition arising from changes in the group of consolidated companies	1,008	4,589	-3,581
Financial resources at the end of the year	609,451	505,772	103,679

Investment activity in intangible assets decreased by approximately EUR 16 million while investments in financial assets increased by approximately EUR 14 million. Changes in the scope of consolidation had an impact of EUR 50 million on the investment area. This is to ensure that the group companies have adequate liquidity at their disposal for investments. With regard to the financing activity, the addition of equity capital by the parent company in the amount of EUR 66 million had its effects (previous year: repatriation of equity capital in the amount of EUR 189 million), and an opposite effect had 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 6,564 employees on the annual average (previous year: 7,115 employees). The decrease essentially results from the sale of the Australian business and the discontinuation of the business operation in New Zealand.

2.6. Overall statement

Sales of Bauer Media Group did, in fact, fall significantly behind the previous year's figures; however, to a lesser extent than expected at the beginning of the covid-19 crisis. Particularly the publishing business area lost versus the previous year due to the business sold or, respectively, discontinued in Australia and New Zealand in the middle of the financial year.

3. Outlook report, opportunities and risks report

3.1 Outlook report

The International Monetary Fund (IMF) expects that the global economy will grow by 6.0 percent in the current year; then, in 2022, still by 4.4 percent. Thus, the global economy would recover more dynamically than anticipated. Driving forces, in this respect, will be the U.S. and China. For instance, the American economy is to grow by 6.4 percent or, respectively, 3.5 percent in 2021 and 2022. The sluggish rate of vaccination in Europe hampers the growth of the local economy. According to the IMF, the economic performance in the eurozone is to increase by 4.4 percent in 2021 and by 3.8 percent in 2022.

The recovery of trade and commerce in the euro area – in combination with improved confidence and an upswing in private consumption and investments – is expected to support a moderate recovery of about 3.3 percent in 2021. The outlook takes into account the vagaries and uncertainties resulting from the covid-19 mutations and the current rate of vaccination campaigns throughout Europe. It is expected that the extraordinary political support measures in the EU and even worldwide will be continued by extension until 2021, including the key interest rates close to zero.

Overall, and taking into account the realized and intended investments, the subgroup Heinrich Bauer Verlag Beteiligungs GmbH plans worldwide sales revenues in 2021 slightly above the previous year's level as well as a slightly disproportionately increasing operating result.

The management agenda for 2021 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 (not only to maintain our market shares but also gain additional market shares); and, on the cost side, we are investing in continuous improvements of our processes and systems.
- The focus in the audio business area is based on the integration of newly acquired radio stations in Ireland as well as on further digitization.
- The OCP business area is to make additional investments in the areas of employees, technology and marketing which had been done only very cautiously in prior years; it will also be concerned with the integration of the newly acquired subsidiary Acierto in Spain.
- The SME business area will continue to establish 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.

3.2 Opportunities and risks report

3.2.1 Opportunities

Below, the greatest opportunities for the 2021 financial year are listed in the order of their significance:

- Growth opportunities due to the continuous development and introduction of new digital products and services for our customers
- With the upswing of markets after the covid lockdowns, a swifter than expected recovery of the advertising markets, and in the OCP business, higher demand for travel insurances and consumer loans
- Use of synergies and efficiency gains through acquisitions
- Decline in cost of production, especially paper and energy prices
- Productivity improvements / automation of processes and procedural flows as a consequence of the coronavirus pandemic
- Innovative capabilities of our Group.

3.2.2 Risks

Below, the greatest risks for the 2021 financial year are listed in the order of their significance:

- Weak or no recovery of the global economy, affecting all of the Group's business areas and resulting in lower sales and subsequent risks, such as loss of receivables due to insolvencies
- Risks disrupting operative business processes, such as cyber attacks, technology failures and natural disasters
- Increasing competition for spending on advertising by very large digital platforms whose growth accelerated due to covid-19
- The advertising market's dependence on the economy, and the possible loss of key customers in the advertising sector who will change to other, especially digital media
- Changes in legal, fiscal and regulatory framework conditions
- Transaction risks regarding the selection of investment objects and the allocation of investment funds, as well as lower synergies from acquisitions than expected
- Increasing manufacturing and logistics costs in printing, as well as dependence on individual suppliers
- Losses or problems regarding the extension of licenses or obtaining new licenses in the audio area.

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, June 25, 2021
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 2020, 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 2020 to 31 December 2020, 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 2020 to 31 December 2020.

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 2020, and of its financial performance for the financial year from 1 January 2020 to 31 December 2020 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, June 25, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Papenberg
Wirtschaftsprüfer
[German Public Auditor]

Hagenmüller
Wirtschaftsprüferin
[German Public Auditor]

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