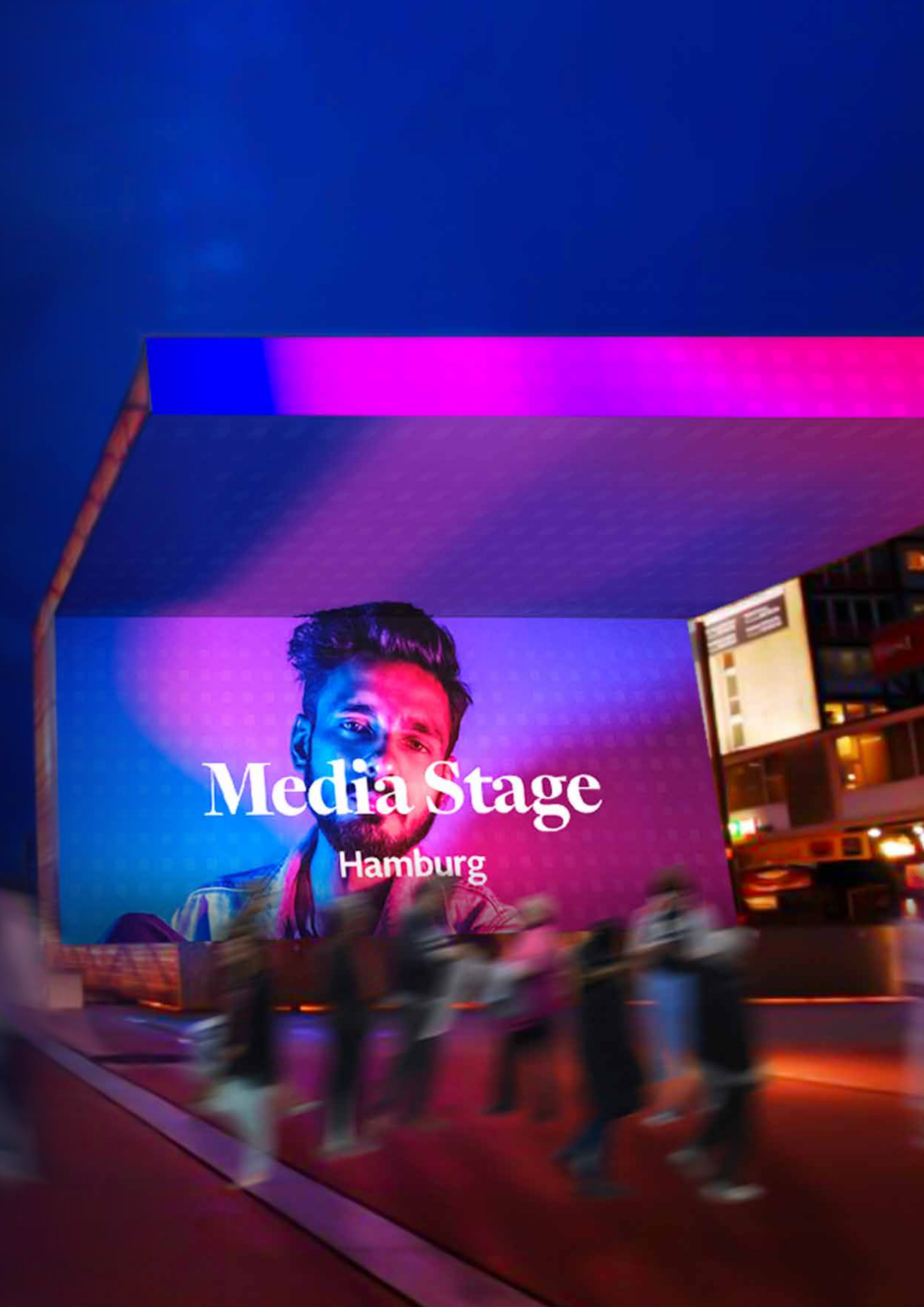
STRÖER

2020 ANNUAL REPORT
STRÖER SE & Co. KGaA

CONTENTS

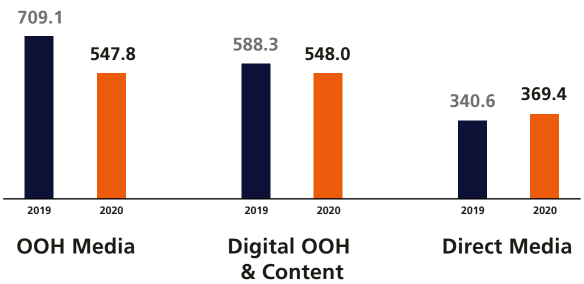
Ströer SE & Co. KGaA
('Ströer KGaA')


Media Stage
Hamburg

THE GROUP'S FINANCIAL FIGURES AT A GLANCE[1]
CONTINUING OPERATIONS

REVENUE
EUR 1,442.2m
(prior year: EUR 1,591.1m)

SEGMENT REVENUE
In EUR m



EBITDA (ADJUSTED)
EUR 452.8m
(prior year: EUR 538.3m)

EBITDA MARGIN (ADJUSTED)
31.4%
(prior year: 33.8%)

ORGANIC REVENUE GROWTH
–8.3%
(prior year: 7.1%)

ADJUSTED EARNINGS PER SHARE
EUR 1.99
(prior year: EUR 3.20)

FREE CASH FLOW BEFORE M&A TRANSACTIONS
EUR 284.6m
(prior year: EUR 370.2m)

ROCE
13.4%
(prior year: 19.3%)

EUR m	12M 2020	12M 2019
Revenue	**1,442.2**	**1,591.1**
EBITDA (adjusted)	**452.8**	**538.3**
Exceptional items	–22.5	–34.4
EBITDA	**430.2**	**504.0**
Amortization, depreciation, and impairment	–334.7	–345.5
thereof attributable to purchase price allocations and impairment losses	–58.7	–68.7
EBIT	**95.5**	**158.4**
Net finance income/costs	–34.0	–32.6
EBT	**61.5**	**125.8**
Taxes	–12.8	–19.9
Consolidated profit or loss for the period	**48.6**	**105.9**
Adjusted consolidated profit or loss for the period	**126.0**	**194.5**
Free cash flow (before M&A transactions)	**284.6**	**370.2**
Net debt (Dec. 31)	**600.2**	**547.6**

[1] For further details on the individual financial figures, please refer to the section 'Value-based management'.

THE BOARD OF MANAGEMENT OF THE GENERAL PARTNER

Dr. Christian Baier
CFO

Dr. Christian Baier was born in Berlin in 1979. He studied business administration at the European Business School in Oestrich-Winkel, where he also obtained his doctorate.

He spent eight years with McKinsey working in corporate finance. For seven years after that, he was a managing director, CFO, and COO of zLabels, a subsidiary of Zalando SE.

Dr. Christian Baier assumed his position as Chief Financial Officer (CFO) of Ströer with effect from August 1, 2019 and is a member of the Board of Management of Ströer Management SE alongside the Co-CEOs Udo Müller and Christian Schmalzl.

Udo Müller
Co-CEO

Udo Müller, born in Rüdesheim in 1962, entered the field of out-of-home advertising in 1987 by marketing his handball team, the Reinickendorfer Füchse, in Berlin.

In 1990, he teamed up with Heiner W. Ströer to establish Ströer City Marketing GmbH, which was reorganized as an Aktiengesellschaft (German stock corporation) in 2002. Acquiring Deutsche Städte Medien in 2004 and Deutsche Eisenbahn Reklame in 2005, Müller advanced the growth of the Company and took it public in 2010.

In 2011, he was awarded the title of Senator h. c. by the German Association for Small and Medium-sized Businesses (BVMW) in recognition of his exceptional entrepreneurial achievements.

Udo Müller added online marketing to the Company's portfolio in 2012. In 2018, he successfully expanded Ströer's product portfolio to include direct marketing.

Christian Schmalzl
Co-CEO

Christian Schmalzl, born in Passau in 1973, studied politics, philosophy, literature, and sociology at the Universities of Passau, Munich, and Cardiff. After his studies, he joined MediaCom in Munich in 1999 and became the youngest managing director of the agency group in 2002.

In 2007, he assumed responsibility for the entire Germany business, before being appointed Worldwide Chief Operations & Investment Director (COO) of the international media group in 2009. Christian Schmalzl joined Ströer's Board of Management as COO at the end of 2012. He was appointed Co-CEO of Ströer SE & Co. KGaA in March 2017, forming the Ströer Group's leadership duo alongside Udo Müller.

FOREWORD BY THE GENERAL PARTNER

Dear ladies and gentlemen,
dear shareholders,

we now know that 2020 will go down in history as the year of coronavirus. The pandemic triggered an unprecedented global crisis that had a huge impact on business and public life in our home market of Germany and worldwide. We coped well with the challenges of the COVID-19 pandemic, again demonstrating the strengths of our OOH+ strategy – the core OOH business combined with the related Digital OOH & Content and Direct Media business segments – and the advantage of our focus on Germany.

Our strong local OOH business made a significant contribution to revenue, with permanent advertising booked for the whole year making up a substantial 40% or so of total local advertising revenue. Another major contributor was campaign business that had already been booked and was additionally secured by longer cancellation periods, which particularly helped to stabilize our revenue at the peak of the pandemic and during the lockdowns. In fact, our online business segments benefited from the crisis to some extent, with the increasing reach compensating for some of the decline in revenue attributable to the pandemic. For example, our Ströer flagship portal t-online.de extended its reach by approximately 30% at times and our digital marketing business proved its strength. ASAM's e-commerce business also generated particularly strong growth and Statista seemed almost unscathed by the COVID-19 crisis.

At operational level, we quickly took extensive steps to protect the Company. We were able to act quickly and efficiently thanks to our market knowledge, the strict management of costs, and the great commitment of our employees. Besides health and safety measures, the measures with the highest priority were those aimed at containing costs across the Group. By taking this rigorous action and continuing to bear down on costs over the long term, we are actually going into the future in a stronger position.

At EUR 95m, our capex in 2020 was slightly higher than in the previous year. As well as investing in strengthening our local market position, we focused on advancing our digital and dialog-based business segments and, in particular, on expanding our digital advertising media footprint and the automated, programmatic marketing of digital inventory. This enabled us to continue building on, and strengthening, our existing position despite the extremely challenging conditions.

We were able to distribute a dividend of EUR 2.00 per share for a successful 2019 thanks to our sound financial position and the brightening economic conditions over the course of the year. This dividend payment, which was at the same level as the previous year, is an expression of our confidence in the strength and resilience of our Company.

Our shares fell to their low for the year of EUR 37.00 in March, when pandemic-related market uncertainty was at its height. However, the share price picked up significantly over the course of the year to reach a record high of EUR 82.50.

Of course our business was not immune to this unprecedented crisis. However, our strategy, our focus on Germany, which is one of the most stable and robust markets worldwide, and the disciplined implementation of cost-cutting measures helped us to reduce the impact of the pandemic on our core business.

Our revenue fell by 9.4%, from EUR 1,591m to EUR 1,442m. We had very little M&A activity during the year, which means that organic growth was similarly negative at around –8.3%. Adjusted EBITDA stood at EUR 453m, which was around 15.9% lower than in the previous year (prior year: EUR 538m). The adjusted EBITDA margin therefore declined to 31.4%. Adjusted profit for the period amounted to EUR 126m (prior year: EUR 194m). Our free cash flow before M&A transactions (including payments for the principal portion of lease liabilities in connection with IFRS 16) remained relatively robust at EUR 130m despite the effects of the COVID-19 pandemic (prior year: EUR 195m).

Our portfolio of companies again proved crisis-resistant during the pandemic, following the steps taken to optimize it in previous years. Consequently, our M&A activities and the discontinuation of non-core activities were of minor significance in the year under review.

Despite all the operational challenges, sustainability remains an important consideration in our business activities. Last year, we developed a sustainability strategy and published it in our first sustainability report. We had already reached key milestones, such as converting our advertising media to low-energy LEDs, installing the first eco-friendly OOH inventory, such as bus shelters incorporating planting, and largely switching over our electricity supply to renewable and carbon-neutral sources.

Although the challenges of COVID-19 will continue, we believe that we are generally well positioned for 2021 and beyond.

We would like to thank our business partners, investors and, in particular, our highly dedicated employees for the trust they have placed in our Company and we wish you all a successful year in business and on the markets in 2021.

Udo Müller Co-CEO	Christian Schmalzl Co-CEO	Dr. Christian Baier CFO

SUPERVISORY BOARD REPORT

Christoph Vilanek
Chairman of the Supervisory Board

Dear ladies and gentlemen,

The particular challenges of the pandemic affected the Company's business operations in 2020. It also impacted on the work of the Supervisory Board and my interaction as chairman of the Supervisory Board with the Board of Management of the general partner and with my colleagues on the Supervisory Board.

The long-standing and close collaborative relationships between everyone involved were crucial to the success of our work in 2020. When you know people well and have regularly met with them and discussed matters in person, then the switch to purely digital communications is possible and the quality of the work does not suffer. The stable composition of the Board of Management of the general partner and of the Supervisory Board of Ströer SE & Co. KGaA proved invaluable in this regard. This effect was undoubtedly further strengthened by the unique features of a company with family roots.

Despite the obstacles and setbacks to business in the first half of 2020, I personally believe that the Company was not restricted in its implementation of the OOH+ strategy. Business was expanded and optimized, a small number of sales and purchases were made quickly and decisively, and the Company's digital transformation was accelerated.

Before I begin to report on the work of the Supervisory Board, I would like to take this opportunity to express my thanks and congratulations to the Board of Management of the general partner and to the employees of the Ströer Group. Steering this Company so safely and conscientiously through the coronavirus crisis is a special achievement and a sign of extraordinary competency that rightly gives every shareholder a feeling of confidence and of being in safe hands.

The ongoing work of the Supervisory Board

There were four Supervisory Board meetings in 2020. In agreement with all members of the Supervisory Board, the chairman decided that all of the meetings had to be held as virtual events due to the COVID-19 pandemic.

The Supervisory Board carefully monitored and advised the general partner, Ströer Management SE (the 'general partner'), on a regular basis in the reporting year. In doing so, the Supervisory Board of Ströer SE & Co. KGaA primarily checked that the general partner, represented by its Board of Management, was running the Company lawfully, expediently, and properly. Both during and between Supervisory Board meetings, the general partner regularly provided the Supervisory Board with written and oral reports on business policy and all relevant aspects of business planning. It therefore fully complied with its obligations to provide information. The subjects regularly discussed included financial, capital expenditure, and personnel planning, the course of business, the economic situation of the Company and the Ströer Group (including the risk situation and risk management), the financial position, and the Group's profitability.

At additional meetings, the chairman of the Supervisory Board, the deputy chairman of the Supervisory Board, and the chairperson of the Supervisory Board's Audit Committee discussed key business developments with the Board of Management of the general partner. The full Supervisory Board received regular oral reports on these deliberations.

With the following exceptions, all Supervisory Board members participated in all meetings of the Supervisory Board while they were in office. Dr. Thomas Müller was unable to attend the meeting on March 26, 2020, Mr. Dirk Ströer and Mr. Martin Diederichs were absent from the meeting on June 30, 2020, and Ms. Rachel Marquardt was unable to join the meeting on December 17, 2020. All Supervisory Board members sent their apologies when they were unable to attend a Supervisory Board meeting.

Matters discussed by the Supervisory Board

At the meeting of the Supervisory Board on March 26, 2020, the Supervisory Board – in the presence of the Company's auditor for 2019, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne – discussed in detail and approved the separate financial statements of Ströer SE & Co. KGaA and the consolidated financial statements of Ströer SE & Co. KGaA for 2019. The auditor had issued an unqualified opinion for each of these sets of financial statements. The Supervisory Board also approved the non-financial declaration of the Ströer Group for 2019 (NFD report). The general partner reported on the liquidity of the Company's equity and explained the internal audit report and the compliance report for 2019. Another focus of the meeting was the general partner's report on the economic impact of the COVID-19 pandemic on the Ströer Group's business, the various forecast scenarios, and measures to make the Ströer Group more resilient.

The main topic discussed at the Supervisory Board meeting on June 30, 2020 was the composition of the Supervisory Board. The Supervisory Board decided that it had an appropriate number of independent members as recommended by the German Corporate Governance Code in the version dated December 16, 2019 and published in the German Federal Gazette on March 20, 2020. A maximum of two non-independent shareholder representatives is deemed appropriate. The Supervisory Board decided that Mr. Dirk Ströer and Ms. Angela Barzen were not independent. The Supervisory Board therefore believes that six of the eight shareholder representatives and 14 of the 16 Supervisory Board members are independent. The Nomination Committee reported on its constitutive meeting and on its reviews of the existing profile of skills and expertise. It explained its recommendations for the election of shareholder representatives to the Supervisory Board. On this basis, the Supervisory Board gave its approval for the nominations of the two independent candidates Ms. Barbara Liese-Bloch and Dr. Karl-Georg Altenburg to be submitted to the shareholder meeting. The Supervisory Board also discussed the recommendation to be made to the shareholder meeting on the remuneration of Supervisory Board members for virtual Supervisory Board meetings. Finally, the Supervisory Board signed off the evaluation form for the Supervisory Board's efficiency review in 2020.

The meeting of the Supervisory Board on September 17, 2020 focused on preparations for the Company's annual shareholder meeting for 2020. The Supervisory Board followed the general partner's recommendation to hold the shareholder meeting as a virtual event in 2020 due to the restrictions imposed as a result of the COVID-19 pandemic and adopted the necessary resolutions to enable this to happen. After discussing the effects of the COVID-19 pandemic on the Company's economic situation and the impact of a dividend payment on the Ströer Group's finances, the Supervisory Board resolved to propose to the annual shareholder meeting that a dividend of EUR 2.00 per dividend-bearing no-par-value share be distributed. The Supervisory Board also approved the recommendations to be made to the annual shareholder meeting regarding the formal approval of the acts of the general partner and of the members of the Supervisory Board, and regarding the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft as the Company's auditor for 2020. Without the presence of the Board of Management of the general partner, the Supervisory Board closely examined the findings of the efficiency review for 2020 and the measures to improve the work of the Supervisory Board. The discussion focused on the scope of, and satisfaction with, the involvement and contributions of the Supervisory Board, the scope and depth of the information provided by the general partner (particularly with regard to possible liability risks), whether the skills and experience of the Supervisory Board were being adequately used, the scope and limits of D&O insurance, and the appropriateness of the Supervisory Board's remuneration. The Supervisory Board ascertained that the score for these matters had improved significantly since the previous self-assessment. As a further improvement, the Supervisory Board intends to hold parts of its meetings without the presence of the Board of Management, as recommended in the German Corporate Governance Code. The chairman of the Supervisory Board emphasized that he would continue the discussions with the general partner about the Supervisory Board's remuneration.

At the meeting on December 17, 2020, the Supervisory Board approved the declaration of compliance with the German Corporate Governance Code in the version dated December 16, 2019. The Supervisory Board also resolved to amend the Company's articles of association with regard to the increase in the share capital and the related adjustment of conditional capital following the exercise of stock options under the 2015 Stock Option Plan by beneficiaries in 2020.

The work of the committees

The Audit Committee

The Audit Committee held five meetings in 2020, most of which took place virtually. After the outbreak of COVID-19 in Germany, key discussion points at all meetings were the economic fallout from the pandemic, various forecast scenarios, and measures to reduce costs. The Audit Committee also adopted a written resolution on February 18, 2020, in which it approved the engagement of the Company's auditor for 2020, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, to carry out non-audit services in 2020. At its meeting on February 27, 2020, the Audit Committee discussed the preliminary financial results for 2019 and the work on the annual financial statements, the latest business figures for the Ströer Group, and various tax matters.

On March 20, 2020, the Audit Committee examined the draft versions of the separate and consolidated financial statements of Ströer SE & Co. KGaA for 2019 and the non-financial report for 2019. This meeting was attended by the Company's auditor for 2019, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne. At its other meetings, on May 7, 2020, August 6, 2020, and November 5, 2020, the Audit Committee deliberated on the Company's latest interim financial statements, the recommendation on the election of the auditor for 2020, internal audit, the risk management report, and compliance matters.

With the exception of Mr. Ulrich Voigt on March 20, 2020 and Mr. Christoph Vilanek on August 6, 2020, all committee members participated in the meetings of the Audit Committee. The CFO of the general partner, Dr. Christian Baier, also attended all of the meetings. The members of the Supervisory Board's Audit Committee are still Mr. Ulrich Voigt (chairperson), Mr. Christoph Vilanek (deputy chairperson), and Mr. Dirk Ströer.

The Nomination Committee

The Nomination Committee held its constitutive meeting on May 27, 2020. All committee members attended this meeting, which was held virtually. From among its members, the committee elected Mr. Martin Diederichs as the committee chairperson, Ms. Petra Sontheimer as the deputy chairperson, and Mr. Ulrich Voigt as an ordinary member. The composition of the committee did not change during the year under review. The Nomination Committee also approved its rules of procedure. It reviewed the existing profile of skills and expertise, which had been drawn up in 2018, and concluded that it did not need to be updated. Finally, the Nomination Committee discussed the nominations for the election of shareholder representatives at the annual shareholder meeting in 2020. Following a detailed evaluation and talks with the candidates, the Nomination Committee agreed to recommend the candidates Ms. Barbara Liese-Bloch and Dr. Karl-Georg Altenburg to the Supervisory Board.

Information provided to the Supervisory Board

The committee chairpersons reported regularly and comprehensively to the Supervisory Board on the work of the committees.

Audit of the separate and consolidated financial statements

The Company's separate financial statements prepared by the general partner for 2019 and the Ströer Group's consolidated financial statements for 2019 were audited by the Company's auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, together with the bookkeeping and the combined management report of the Company and the Group. The auditor issued an unqualified opinion in each case.

The documentation on the financial statements and the audit reports were made available to all Supervisory Board members in good time by the general partner. They were discussed at length by the Audit Committee and during the Supervisory Board's meeting to discuss the financial statements on March 26, 2020. The responsible auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, participated in the Supervisory Board's discussions. The auditor reported on the key findings of the audit and was available to answer questions.

The Supervisory Board thoroughly reviewed all documents presented by the general partner and the auditor. Based on the results of its review, the Supervisory Board had no reservations and agreed with the conclusions reached in the audit of the financial statements by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne. The Supervisory Board of Ströer SE & Co. KGaA approved the separate financial statements prepared by the general partner and the Company's consolidated financial statements.

Personnel changes

Supervisory Board

The Supervisory Board of Ströer SE & Co. KGaA comprises 16 members, consisting of eight shareholder representatives and eight employee representatives. At the start of the reporting year, the Supervisory Board consisted of the eight shareholder representatives Mr. Christoph Vilanek (chairman), Mr. Dirk Ströer (deputy chairman), Ms. Angela Barzen, Ms. Simone Thiäner, Ms. Petra Sontheimer, Mr. Ulrich Voigt, Mr. Martin Diederichs, and Mr. Vicente Vento Bosch and the eight employee representatives Ms. Sabine Hüttinger, Ms. Rachel Marquardt, Ms. Nadine Reichel, Mr. Andreas Huster, Mr. Tobias Meuser, Dr. Thomas Müller, Ms. Petra Loubeck, and Mr. Christian Sardiña Gellesch. Ms. Simone Thiäner stepped down on June 30, 2020. By means of a resolution dated August 19, 2020 and at the request of the general partner, the Cologne local court appointed Dr. Karl-Georg Altenburg as a shareholder representative on the Supervisory Board to replace Ms. Simone Thiäner. The terms of office of Supervisory Board members and shareholder representatives Dr. Karl-Georg Altenburg and Mr. Vicente Vento Bosch ended at the end of the annual shareholder meeting on November 4, 2020. Mr. Vicente Vento Bosch did not stand for re-election and thus left the Supervisory Board. The Company's annual shareholder meeting in 2020 confirmed the appointment of Supervisory Board member Dr. Karl-Georg Altenburg and elected Ms. Barbara Liese-Bloch to the Supervisory Board to replace Mr. Vicente Vento Bosch.

All of the new Supervisory Board members received an induction on the main commercial, legal, personnel, and other criteria of the Company and the Ströer Group and were given a summary of the rights and obligations of a Supervisory Board member. There were no continuing professional development activities for all Supervisory Board members in the reporting year.

Representatives of the general partner

There were no personnel changes on the Board of Management of the general partner in the year under review.

Thanks

The Supervisory Board of Ströer SE & Co. KGaA would like to express its thanks and appreciation to the Board of Management of the general partner, the management teams of the Group entities, the works council, and all employees for their outstanding personal dedication, excellent work, and unwavering commitment.

On behalf of the Supervisory Board
Christoph Vilanek
Chairman of the Supervisory Board of
Ströer SE & Co. KGaA

COMBINED MANAGEMENT REPORT OF THE COMPANY AND THE GROUP

The references to page numbers in this combined management report of Ströer SE & Co. KGaA, Cologne, ('Ströer KGaA') and of the Group relate to the numbering in the annual report.

BACKGROUND AND STRATEGY OF THE STRÖER GROUP

Strategy

In 2020, Ströer continued to successfully build on the foundations established by its acquisitions in previous years.

The OOH+ strategy is primarily based on

- Out-of-Home (OOH) as the strong core business
- focus on the core market of Germany
- use of the unique proprietary opportunities arising from the content media and direct media businesses for the long-term capitalization of the core OOH business.

In 2020, Ströer again had a strong market position in Germany in terms of advertising revenue from out-of-home advertising.

The foundations of the business model have been secured for many years to come. The capital expenditure that was carried out in 2020 despite the pandemic and the capital expenditure that is planned for 2021 and subsequent years – aimed at the continued expansion of digital infrastructure in Germany – are vital in ensuring positive prospects for the success of this strategy and its long-term monetization.

The advertising market in Germany has not grown at such a fast pace in the past five years and actually contracted in 2020. By contrast, the out-of-home segment has been expanding steadily since 2014 and, apart from in 2020, has far outperformed the rest of the market in that time. This trend is expected to resume once the pandemic-related restrictions have ended.

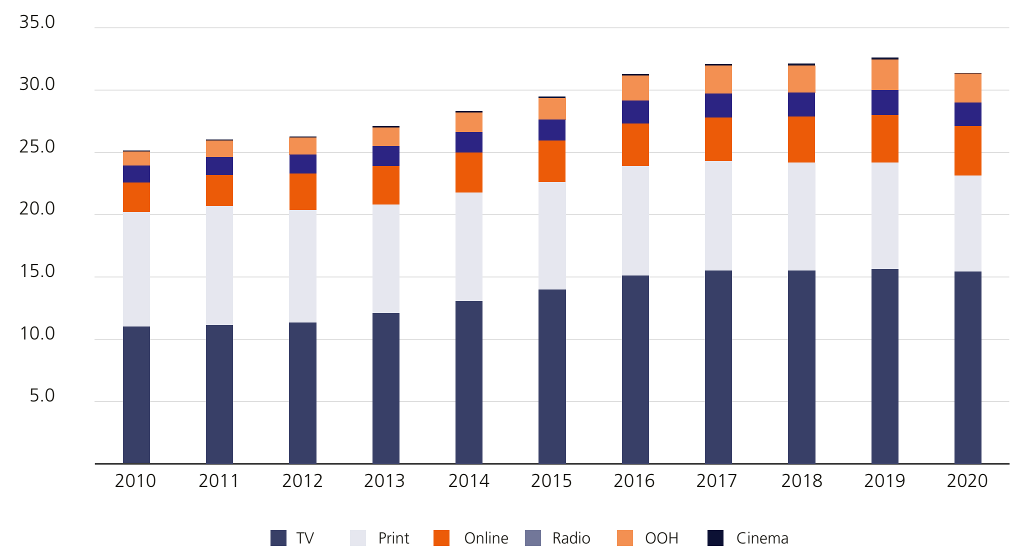
Currently accounting for more than 7% of the total market, OOH in Germany still has potential for further growth compared with the market share of out-of-home advertising in other international markets.

Other metafactors are having a positive impact on this potential:

- Travel in Germany, after adjusting for the recent official restrictions, is on the rise (source: 'Mobilität in Deutschland (MiD) 2017'). The more that people travel, the larger the audience is for out-of-home advertising.
- Consumers find out-of-home advertising the most appealing form of advertising because it does not interrupt what they are listening to or watching.

Performance of the advertising market, 2010–2020

In EUR b



Source: Nielsen Germany, gross advertising spend. All figures adjusted | Nielsen data recording method until 2019 (excluding direct advertising | excluding Sky channels | including trade journals)

Cross-references to websites were not included in the audit.

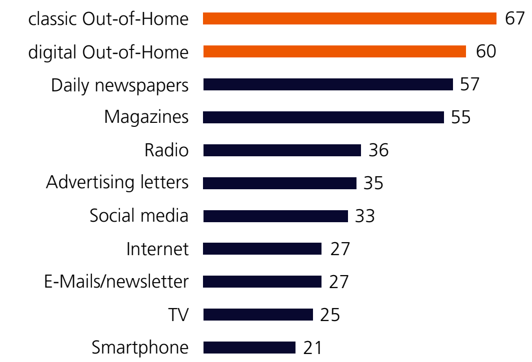
Ströer is capitalizing on this momentum in the OOH segment more than most, thanks to its market share and its OOH+ strategy, which offers significantly more flexibility for advertising customers.

Another key aspect of the OOH+ strategy is the increasing automation of out-of-home advertising. It is opening up new (‘programmatic’) sales channels, allows the better use of inventories (available at short notice, granular, can be packaged), and offers better technical possibilities for dynamic advertising formats (e.g. the integration of up-to-date information such as sports results or weather forecasts).

In recent years, programmatic advertising has becoming increasingly prominent in automated marketing worldwide. Programmatic inventories are traded automatically. The additional use of target group (movement) data also enables new customer potential to be unlocked. The mechanism was developed in online marketing and involves automated marketplaces employing algorithms to match supply-side platforms (SSPs) with demand-side platforms (DSPs).

Popularity of media

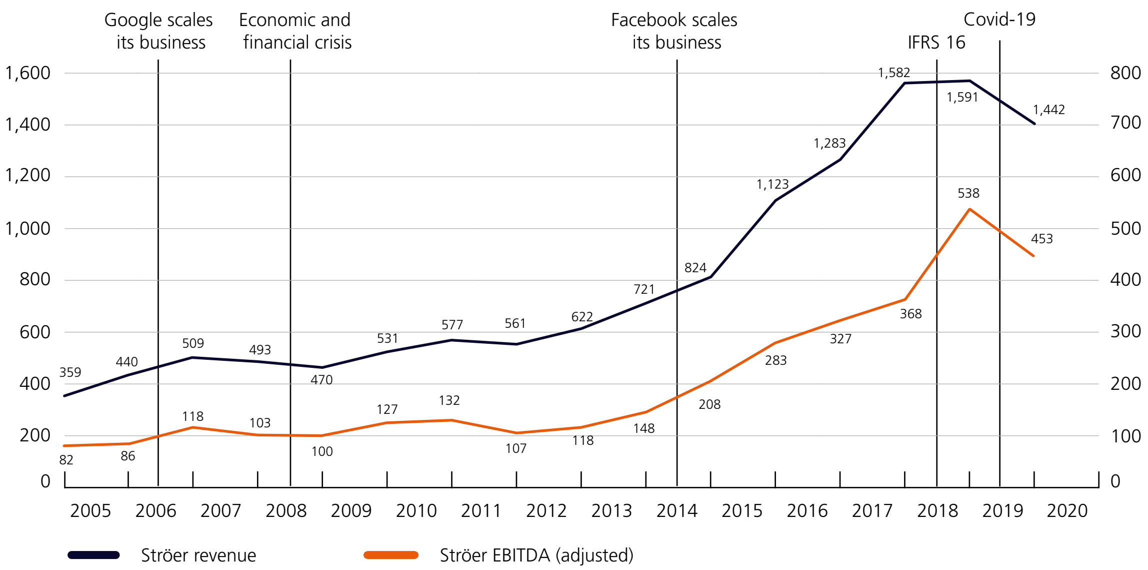
In %; n=1000



Source: Statista, Image and Acceptance of Advertising Channels

Ströer growth 2005 – 2020

Revenue in EUR m **EBITDA (adjusted) in EUR m**



The Ströer Digital Group is one of Germany's leading online marketers. Ströer has leveraged this knowledge of automated programmatic marketing to develop and market more flexible programmatic offerings for OOH advertising using increasingly digitalized infrastructure. In the last six years, Ströer has gleaned a wealth of experience in this field. Its digital indoor infrastructure, built up over the past ten years or so, features around 5,000 public video screens in train stations, shopping malls, premium indoor locations, and local public transport systems. This infrastructure is used and marketed not only as conventional digital out-of-home advertising but also as programmatic inventory. The rapidly growing inventory of digital out-of-home advertising space on the street is being progressively marketed in programmatic structures too.

Without the expertise in programmatic advertising marketing, Ströer would not have been able to establish its functioning programmatic OOH infrastructure and market it successfully so quickly. The resulting product combines the best of both worlds: the imagery and reach of OOH advertising with the flexibility and granularity of programmatic online advertising.

Digital OOH advertising technology capitalizes on the strategic opportunities seized by Ströer in the past:

- suitable location/rights
- the resources to quickly expand infrastructure, including complex infrastructure
- knowledge of how to rapidly adapt and monetize new technologies
- the ability to package inventory and data in the best way possible for customers' differing needs
- access to all relevant customer segments through sales activities at both national and regional level

Ströer is capable of optimally monetizing these.

Ströer's portfolio resulting from its OOH+ strategy is also creating broader and deeper customer relationships.

Alongside the expansion of its portfolio and technology, Ströer has also invested heavily in increasing its sales capacity at all levels in recent years. It continued to do so in 2020, despite the pandemic.

Advertising is sold both through a national sales organization that serves customers and their agencies centrally and through a regional and local sales organization that is able to provide a personal, local service to even the smallest customers.

Business model

Ströer is a provider of out-of-home and online advertising space and of all aspects of dialog marketing. It focuses on the German advertising market.

Segments and organizational structure

General

In 2020, the Ströer Group's reporting segments were Out-of-Home Media, Digital OOH & Content, and Direct Media.

The segments operate independently in the market, working in close cooperation with the Group holding company Ströer SE & Co. KGaA.

This cooperation relates, in particular, to the strategy used for the overall management of the Ströer Group and to sales activities in the national, regional, and local advertising markets. It enables the targeted sharing of knowledge among the individual segments. This frequently spawns new and unique offerings for our customers and consolidates and expands existing customer relationships.

Financing and liquidity are also managed centrally in the Ströer Group. This means that the segments are well funded and supplied with sufficient liquidity, giving the operating units the flexibility they need to exploit market opportunities at short notice.

Ströer provides direct points of contact for local infrastructure partners – municipalities, companies, and private lessors of areas for advertising installations – and can respond quickly to their individual needs. This is particularly useful at a time when the population needs to be quickly provided with information on tackling the COVID-19 pandemic.

Out-of-Home Media

The out-of-home advertising business has an attractive portfolio of contracts with private and public-sector owners of land and buildings that give Ströer advertising concessions for high-reach sites. Of particular importance are contracts with municipalities, for which Ströer – in its capacity as a systems provider – develops smart and bespoke infrastructure solutions that enhance the cityscape or enable additional services.

The contracts with Deutsche Bahn, the ECE group, and numerous local public transport providers are also very important. The product portfolio covers all forms of outdoor advertising media, including traditional posters (various sizes), advertisements at bus and tram shelters and on public transport, and digital advertising installations.

The digital out-of-home advertising business, which now essentially focuses on public video, has been subsumed into the Digital OOH & Content segment due to the similarity of its business and technology.

Contracts with rights partners generally provide for the payment of a fixed lease. The majority of the concession contracts with municipalities entail revenue-based lease payments, some of which have a lower limit (minimum lease) or an upper limit (maximum fee). Unforeseen events for which no party is responsible – such as a pandemic – enable many fees to be dealt with flexibly.

As in previous years, municipal and private advertising concessions were expanded in 2020.

The use of digital technologies at existing and new advertising locations was again a focus with regard to both old and new advertising concessions. Ströer is involved with the German Federal Association for City and Town Marketing (BCSD) and various other associations in order to play its part in the digitalization of towns and cities. The objective is to use Ströer's infrastructure and capabilities to simplify communication in public spaces and provide smart municipal services to help people go about their increasingly digitalized daily lives. It is particularly important that municipalities can inform and warn people very quickly and on a broad scale. This is precisely where digital municipal information systems come in.

Ströer engages in intensive dialog with many German municipalities about the future and the development of Germany's towns and cities. In 2020, Bonn was selected as a model smart city and various joint initiatives were developed in order to provide long-term support for environmental action, community dialog, and the arts in Bonn through the intelligent use of cutting-edge installations.

Ströer has its own research and development department with offices in Cologne and Shanghai. The department maintains and enhances product lines and develops innovations.

A number of investee companies are assigned to the Out-of-Home Media segment that complement the customer-centric offering. These include Edgar Media (formerly United Ambient Media Group GmbH (UAM)), which caters to all ambient media, and BlowUp Media, which focuses on formats bigger than $20m^2$.

Digital OOH & Content

The digital and therefore flexible use of digital out-of-home advertising space makes it possible to market them across all sales channels. Moreover, fully digitalized logistics enables very flexible and granular solutions to be offered, from bundles and networks to individual spaces, from campaigns spanning a longer period to specifically timed campaigns. At the same time, available inventories (yields) can be marketed at very short notice. The extensive underlying technology needed for this at all sales levels is being continually expanded, for example to accommodate flexible creative development or to time adverts to run depending on particular circumstances relevant to the product (such as rainfall, temperature or coronavirus case numbers).

The segment's main highlights in 2020 were:

Roadside screen (LED, $9m^2$ and bigger)
Ströer now markets roadside screens in 40 towns and cities. Eight were added to the list: Bremen, Gelsenkirchen, Halle, Heidelberg, Jena, Magdeburg, Fürth, and Dresden.

Station video (LCD, stand-alone panel, 60"–85" diagonal)
Last year saw further investment in expansion of the regional network in order to achieve a greater reach in cities. More installations were added in the underground and suburban rail systems in Berlin, Cologne, Hamburg, and Munich.

Information screen (projection and LCD, $9m^2$ and bigger)
The focus in 2020 was on further expansion of the network in the cities of Frankfurt, Hannover, and Munich.

Mall video (LCD, 50"–85" diagonal)
A number of malls were added to the network, including Berlin Schultheis Quartier, Dresden Karree, Krohnstiegcenter Hamburg, Forum Gummersbach, City Center Langenhagen, Cano Singen, Helio Augsburg, and Plärrer in Nuremberg.

Supermotion and Megavision (LED, $20m^2$ and bigger)
In 2020, four new LED sites in Munich and two sites in Düsseldorf went into operation.

Cityscreen (LCD, 50"–85" diagonal)
Following the product launch in 2019, Ströer installed a further 113 cityscreens in cities such as Bonn, Braunschweig, Essen, Magdeburg, and Wolfsburg and moved to the marketing phase in 2020.

Public display network (LCD, formats mostly of 60" or smaller)
The main new installations in 2020 were Budnikowski, Fitness First, Edeka Nord, and Cinemax.

Ströer also offers scalable products, ranging from branding and storytelling to performance, native advertising, and social media on the internet.

With a reach of more than 50.93 million unique users per month (AGOF daily digital facts, December 2020, 16+), Ströer Digital Media GmbH is ranked the number one digital marketer in Germany by the German Association of Online Research (AGOF), making it one of the most important display and mobile marketers in the German advertising market.

In the area of display and mobile marketing, Ströer Digital Media has a large number of direct customers, its own websites, and an automated technology platform (for both the demand and the supply side).

The websites include t-online.de and special interest portals such as Giga.de and Kino.de. Ströer has pooled its marketing capacity for direct customers and now has exclusive marketing rights for more than 1,000 websites. The new IAB flexible ads standard and options for targeting have been implemented in compliance with the strict data protection standards that apply. This allows Ströer to make much more inventory available programmatically and therefore to market it at very short notice at the best possible price.

The main highlights in online marketing were:

- New/expanded multichannel audiences and programmatic public video target group segments on the basis of data from the OSDS joint venture with the Otto Group. All relevant demand-side platforms have been integrated.
- t-online.de's regional program established in 20 cities (including Berlin, Hamburg, Essen, Frankfurt, and Munich).
- The Tagesanbruch news summary from t-online.de is Germany's leading morning briefing, reaching more than 1 million readers on some days.

At Ströer Media Brands (SMB) and Ströer Social Publishing GmbH (SSO), portals from social networks (mainly Facebook and, more recently, Pinterest) are operated for a variety of topics.

The Statista Group remained on the growth trajectory seen in previous years.

There was organic growth in every area of Statista's business, with the Asian business – through the existing office in Singapore and a new sales office in Tokyo – expanding at a particularly strong rate. In total, around two-thirds of revenue was generated outside Germany. There was also very good growth in direct business with customers who independently buy access on the website. This was driven by strong online traffic that was partly attributable to the high demand for reliable data on COVID-19. Statista was quick to position itself to cater to this demand in March 2020 and expanded its data offering. The healthcare sector was also a focus in other areas of the business in 2020.

The development of proprietary content under the core Statista brand was also stepped up. The focus in 2020 was on the expansion of expert solutions for corporate customers. The growth of the company database, Statista CompanyDB, which now includes more than 1.5 million companies, and the introduction of a new market overview for the advertising and media industry, Statista Advertising & Media

Outlook deserve special mention. The premium Statista Global Consumer Survey product, a proprietary database with information on consumers' behavior and media use, was also expanded. It contains data drawn from more than one million interviews with consumers in 56 countries.

Direct Media

The BHI Group (asambeauty GmbH/Beauty and Health Investment Group GmbH) enjoyed another successful year in 2020, again recording a record level of revenue of more than EUR 106m. This growth was primarily driven by three main sales channels:

- E-com: This important channel recorded revenue growth of around 40%. The main areas of focus are influencer marketing and the optimization of storytelling and up-selling preferences in the online shop.
- TV sales: The BHI Group's results held steady in Germany. A particular highlight was the haircare brand 'ahuhu', which achieved record results at QVC Germany.
- Retail: The newest sales channel is continuing its success story. asambeauty counters were installed in around 200 stores of a leading German drugstore chain last year, helping to establish the brand and improve its visibility.

The Avedo Group and the Ranger Group were acquired by Ströer back in 2017. The Avedo Group focuses on telesales and dialog marketing and mainly provides services on a CpO basis (cost per order). It notches up over 30 million customer contacts annually and has expertise in twelve sectors, in particular telecommunications, energy, IT, tourism, multimedia, and e-commerce. The acquisition of the Ranger Group, which operates in performance-based direct sales, creates an additional channel alongside the Avedo Group's performance marketing business.

The Ranger Group is a field sales specialist providing highly efficient, performance-guided direct sales services on behalf of its clients. The company sells products to retail and business customers on behalf of its clients in sectors such as telecommunications, energy, retail, financial services, and media.

The acquisitions in this area in recent years have resulted in the creation of the Ströer Dialog Group, which is responsible for dialog marketing within the Ströer Group. It has become a major provider of call center capacity in Germany and is one of Europe's largest providers of performance-based direct sales.

The segment's main customer highlights/acquisitions in 2020 were:

- Leading automotive manufacturer: service hotline for handling all incoming inquiries (sales, aftersales, media, general inquiries, etc.) and the booking and coordination of aftersales appointments (servicing, tire change, etc.).
- Leading pharmaceutical company: service hotline for handling all incoming inquiries about the vaccine that it has developed (from doctors, health insurance companies, the general public, investors, the media, etc.) across all channels (telephone, email, etc.) and answering detailed medical questions; also contacting doctors to provide preliminary information and establish relationships with the company; additional service from Ströer: end-to-end development and documentation of the target processes for handling contacts and their implementation in routing strategies and in the customer experience design.
- Leading digital shopping provider: establishment of a multilingual team of approximately 70 FTEs in just a few months and covering seven languages.
- Our subsidiary optimise-it developed one of the German financial sector's leading chatbots ('Alfred') for our customer Ergo (https://www.computerbild.de/top-digitaler-assistent-2021/).

In the future, Ströer will focus on sales and service-to-sales aspects, which are more relevant to our customer relationships and offer greater margin and growth potential. Pure-play service sites from which customers tend to buy capacity have been transferred to an investee (associate) in which Ströer holds a 50% interest. Operational management and ultimate responsibility for these sites lie with our partner and its management team.

Ranger's ambition is to offer nationwide direct sales to its partners in the countries in which it operates. To support this aim, Ranger is systematically establishing structures suitable for B2C and B2B sales through organic growth and through acquisitions. Ranger has long-standing business relationships with handpicked premium partners and offers deep process integration. It uses fully digitalized processes, from sales management and regional planning to customer data capture and processing, order processing, and billing. All of its processes are tightly integrated into its clients' structures, ensuring better quality, faster results, improved manageability, and lower costs. Ranger is forging ahead with its innovation and internationalization strategy. The vision is to be the dominant player in the major European markets for performance-based direct marketing in the B2C and B2B segments.

The highlights:

- Expansion of the partnership with a leading German telecommunications provider.
- Ranger is the leading player in the marketing of fiber-optic connections.
- Ranger has continually expanded its partner portfolio and remains a strong partner for national, regional, and international energy suppliers.

Strategic environment

Ströer focuses on business segments that can be developed proactively and organically, are primarily in Germany, and offer good opportunities for growth. These segments have an inventory with a highly diversified portfolio of rights and are particularly demanding in terms of local operational excellence. They are also segments in which a high level of local market knowledge is required of managers and product developers. Moreover, they are not globally scalable as there are major differences between countries in terms of market structure, language, culture, and regulatory requirements.

Exploiting the potential of such business segments to the full thus calls for a strong and integrated local provider such as Ströer.

Under its OOH+ strategy, Ströer's traditional core segment, Out-of-Home Media, is seeing sustained growth impetus from the development of the digital business in connection with German content (DOOH & Content Media) and additional services in the Direct Media segment.

Historically, the out-of-home business was always characterized by limited standardization, partly because of Germany's diverse urban landscape resulting from its federal structure. This means that each rights contract has to be individually developed and maintained, while international economies of scale, for example in product development and procurement, are insignificant.

The main reasons for the success of Ströer's core segments are:

- 'Broad and in-depth proprietary knowledge', meaning detailed knowledge of the very different local conditions, e.g. each individual advertising location, each individual website, or each individual call center.
- 'Individual quality in management and execution', meaning the wish to ensure maximum precision, down to regional and local level, and not to work with standard solutions that are not geared to specific requirements; consequently, Ströer sells over 200 different product variants in the out-of-home media business alone.
- 'Proprietary solutions tailored to the customer', with the objective of maximizing customer satisfaction in even the smallest segments as opposed to forcing customers to use globally scaled platforms.
- 'Direct access to all customers at all levels', meaning the continual expansion of all sales resources to ensure customer contact with the maximum breadth and depth in the market; this includes the small and medium-sized enterprise (SME) sector, for which other providers cannot provide a comprehensive range of services.

In order to make the most of capital expenditure on its own portfolio, Ströer continually optimizes capacity utilization and the value added by the portfolio. The opportunities resulting from the digitalization of infrastructure enables the 'historical dividend' to be optimally monetized in the form of proprietary rights and products. Advertising spaces that have not yet been monetized and existing marketing infrastructure increase the value of the strategic and profitable equity investments and additional business acquired in prior years.

In organizational terms, this means considerable elasticity and scope, centrally supported by the new CRM and ERP systems,

- ranging from the needs of large national advertisers and their agency partners, which are increasingly looking for automated, programmatic, and data-driven solutions with a high degree of flexibility
- to the needs of small and medium-sized regional customers, to which Ströer can optimally provide direct advice on every aspect of the offering from a single source at local level thanks to its fast-growing local sales organization and who require solutions that tend to be scalable in organizational rather than technical terms.

Ströer is therefore very well placed to be able to continue operating successfully in the German advertising market over the long term. The effects of crises, such as the COVID-19 pandemic, will be overcome more quickly than in other sectors. Ströer is capable of responding to developments in the German market very rapidly and in a targeted manner.

Advertising market

On a gross basis, the advertising market contracted in 2020 overall. This was due to the economic fallout from the coronavirus pandemic. However, there were differences in growth patterns at national and regional/local level:

National (Nielsen): astonishingly large losses for TV on a gross basis, despite considerably increased media consumption during the lockdowns; further significant losses on a net basis due to general reticence among advertising customers, especially during the first lockdown (spring). Continued negative trend for print media on both a gross and a net basis. By contrast, growth on a net and gross basis for online display/content media, particularly portals and news sites. Radio is expanding slightly, albeit from a low level. Cinema collapsed entirely due to theaters being ordered to close.

Going forward, it can be assumed that the volume of video-on-demand services (Amazon Prime, Netflix, Magenta TV, Sky, DAZN, Disney+, etc.) will exert increasing pressure on the consumption of traditional linear TV and that the relevance of cinema and traditional printed advertising media will continue to decline due to the ever-evolving online content platforms.

At regional level, there is considerable volume in the market, with SMEs still channeling a large portion of their advertising investment into traditional media such as print, directory services, web design, and trade fairs. The latter came to a virtual standstill in 2020. This benefited other types of advertising available at regional level, such as OOH. It can therefore be assumed that digital solutions and offerings that are more readily scalable will outperform analog options.

Product development

The digital strategy is based on the Group's continuously evolving technology position, which enables it to perform better at local and regional level and in direct marketing. Technologies for the precise targeting of campaigns and the professional management of anonymized data are becoming increasingly critical to success. They enable the seamless integration of branding marketing and performance marketing into multiscreen strategies. In addition to the development of special applications and software solutions for digital advertising, the Ströer Group is also focusing on the development of the next generation of OOH advertising for our customers (e.g. advertising media that incorporates planting, multifunctional bus/tram shelters, new low-emission display technologies).

Value-based management

The Ströer Group is managed using internally defined financial and non-financial key performance indicators with the aim of achieving a sustained increase in value. The financial key performance indicators follow the internal reporting structure. These KPIs reflect the business model and management structures but are not defined in the International Financial Reporting Standards (IFRSs). The main key performance indicators are organic revenue growth and adjusted EBITDA. Other key performance indicators include adjusted consolidated profit or loss for the period, ← free cash flow (before M&A transactions), return on capital employed (ROCE), and the leverage ratio. Revenue growth is one of the key indicators for measuring the growth of the Group as a whole. It is also an important metric for managing the Ströer Group's segments. As part of the budgeting and medium-term planning process, revenue targets broken down to the relevant level are set for the individual segments; adherence to these targets is continuously monitored throughout the year. Both organic revenue growth and nominal revenue growth ← are analyzed. The business performance of acquirees – both positive and negative – is factored into the calculation of organic revenue growth from the time of initial consolidation.

→ For further information on the calculation of free cash flow before M&A transactions, see page 32

→ For further information on the calculation of organic revenue growth, see page 20

→ For further information on net debt, see page 33

Adjusted EBITDA (consolidated profit or loss for the period before interest, taxes, depreciation, amortization, and impairment, and adjusted for exceptional items) gives an insight into the Group's long-term earnings performance. Furthermore, adjusted EBITDA ← is a key input for determining the leverage ratio to be reported to the lending banks on a quarterly basis. In the capital markets, long-term adjusted EBITDA is used in a simplified, multiples-based method of determining enterprise value.

→ For further information on the calculation of EBITDA (adjusted) and adjusted consolidated profit or loss for the period, see page 21

→ The section 'Employees' can be found on page 47

Adjusted consolidated profit or loss for the period is used as an indicator for determining our dividend payment. Ströer generally plans to pay out a percentage – within a specified range – of the adjusted consolidated profit for the period in dividends, to the extent permitted under German commercial law.

Free cash flow (before M&A transactions) is another key performance indicator used by the Board of Management. It is calculated from the cash flows from operating activities less net cash paid for investments, i.e. the sum of cash received from and paid for intangible assets and property, plant, and equipment. Free cash flow (before M&A transactions) therefore represents the cash earnings power of our Company and is an important determining factor for our investment, financing, and dividend policy.

One of the key aims of the Ströer Group is to increase the return on capital employed (ROCE) on a sustained basis. To achieve this, Ströer continually enhances the management and financial control systems on an ongoing basis. ROCE is adjusted EBIT divided by capital employed. Adjusted EBIT is defined as follows: consolidated profit or loss for the period before interest and taxes, write-downs arising from purchase price allocations, and impairment losses, and adjusted for exceptional items. Capital employed comprises total intangible assets, property, plant, and equipment, and current assets less non-interest-bearing liabilities (trade payables and other non-interest-bearing liabilities). It is the arithmetic mean of these values at the start of the year and the end of the year. ROCE provides us with a tool that enables value-based management of the Group and its segments. Positive value added, and thus an increase in the Company's value, is achieved when ROCE exceeds the cost of capital of the cash-generating units (CGUs).

Net debt ← and the leverage ratio are also key performance indicators for the Group. Our debt financing costs under the facility agreement and the note loans are linked to net debt along with other items. The leverage ratio is also an important factor for the capital markets, which use it to assess the quality of our financial position. The leverage ratio is the ratio of net debt to adjusted EBITDA. Net debt is the sum of liabilities from the facility agreement, from note loans, and from other financial liabilities less cash.

We use workforce-related key figures, such as headcount ← at Group level on a certain day, as non-financial indicators.

Reconciliation: organic revenue growth

The following table presents the reconciliation to organic revenue growth. For 2020, it shows that the decrease in revenue (excluding foreign exchange rate effects) of EUR 131.2m and adjusted revenue for the prior year of EUR 1,578.8m gives organic growth of –8.3%.

EUR k	2020	2019
Revenue for prior year (reported)	**1,591,145**	**1,507,783**
Disposals and discontinued units	–20,429	–49,123
Acquisitions	8,107	28,143
Revenue for prior year (adjusted)	**1,578,823**	**1,486,803**
Foreign exchange rate effects	–5,431	–588
Organic revenue growth	–131,233	104,930
Revenue for current year (reported)	**1,442,159**	**1,591,145**

Reconciliation: EBITDA (adjusted)

The segment performance indicator EBITDA (adjusted) is adjusted for certain exceptional items. The Group has defined the following as exceptional items: expenses and income from changes in the investment portfolio (e.g. transaction costs for due diligence, legal advice, recording by a notary, purchase price allocations), reorganization and restructuring measures (e.g. costs for integrating entities and business units, adjustments for exceptional items arising from material restructuring and from performance improvement programs), and capital structure measures (e.g. material fees for amending and adjusting loan agreements, including external consulting fees), and other exceptional items (e.g. costs for potential legal disputes, currency effects).

The exceptional items are broken down into individual classes in the table below:

EUR k	2020	2019
Expenses and income from changes in the investment portfolio	1,930	5,729
Expenses and income from capital structure measures	0	0
Reorganization and restructuring expenses	6,357	17,857
Other exceptional items	14,263	10,785
Total	**22,550**	**34,372**

In 2020, expenses and income from changes in the investment portfolio primarily consisted of expenses relating to M&A activities (mainly DEA Group (EUR 562k)) totaling EUR 1,380k. The fall in reorganization and restructuring expenses largely reflects the reduction in salary and severance payments under the voluntary redundancy scheme of Ströer Digital Publishing GmbH of EUR 1,590k (prior year: EUR 5,480k) and the decrease in severance payments for the SDI integration project of EUR 429k (prior year: EUR 3,085k). Overall, other exceptional items were up slightly on the prior year.

The reconciliation from segment figures to Group figures contains information on Group units that do not meet the definition of a segment (‘reconciliation items’). They mainly relate to all costs for central functions, such as the Board of Management, corporate communications, accounting, and financial planning and reporting less their income from services rendered.

The following table shows the reconciliation of segment earnings to the figures included in the consolidated financial statements:

EUR k	2020	2019
Total segment earnings (EBITDA (adjusted))	**475,304**	**559,452**
Reconciliation items	–22,532	–21,113
EBITDA (adjusted) for the Group	**452,772**	**538,339**
Adjustments	–22,550	–34,372
EBITDA	**430,222**	**503,967**
Depreciation (right-of-use assets under leases (IFRS 16))	–176,299	–177,893
Amortization and depreciation (other non-current assets)	–145,500	–154,605
Impairment losses (including goodwill impairment)	–12,923	–13,023
Net finance income/costs	–34,009	–32,639
Profit or loss before taxes	**61,491**	**125,808**

Reconciliation of the consolidated income statement to the management key figures

EUR m	Income statement in accordance with IFRS 2020	Reclassification of amortization, depreciation, and impairment	Reclassification of adjustment items	Income statement for management accounting purposes
Revenue	**1,442.2**			**1,442.2**
Cost of sales	–937.6	287.4	1.5	–648.6
Selling expenses	–242.7			
Administrative expenses	–176.7			
Total selling and administrative expenses	–419.5	47.3	12.7	–359.5
Other operating income	39.6			
Other operating expenses	–31.4			
Total other operating income and other operating expenses	8.2	0.0	8.3	16.6
Share of the profit or loss of investees accounted for using the equity method	2.2			2.2
EBITDA (adjusted)				**452.8**
Amortization, depreciation, and impairment		–334.7		–334.7
Adjusted EBIT				**118.0**
Adjustments[1]			–22.5	–22.5
Net finance income/costs	–34.0			–34.0
Income taxes	–12.8			–12.8
Consolidated profit or loss for the period from continuing operations	**48.6**	**0.0**	**0.0**	**48.6**

[1] For further information on adjustments, please refer to the section 'Reconciliation: EBITDA (adjusted)' on page 21.

Amortization, depreciation, and impairment from purchase price allocations	Exchange rate effects from intragroup loans	Tax normalization	Elimination of exceptional items and impairment losses	Adjusted income statement 2020	Adjusted income statement 2019
				1,442.2	**1,591.1**
				–648.6	–721.8
				–359.5	–360.7
				16.6	22.9
				2.2	6.9
				452.8	**538.3**
45.8			12.9	–276.0	–276.9
45.8			**12.9**	**176.8**	**261.5**
			22.5	0.0	0.0
	–0.1		7.1	–27.1	–30.4
		–10.8		–23.7	–36.6
45.8	**–0.1**	**–10.8**	**42.6**	**126.0**	**194.5**

Management and control

As at December 31, 2020, the Board of Management of the general partner, Ströer Management SE, Düsseldorf, comprised three members: Mr. Udo Müller (Co-CEO), Mr. Christian Schmalzl (Co-CEO), and Dr. Christian Baier (CFO). The following overview shows the responsibilities of each member of the Board of Management in the Group:

Name	Appointed until	Responsibilities
Udo Müller	July 2025	Co-CEO Corporate strategy Public affairs & government relations Internal/external corporate communications M&A OOH infrastructure development & inventory management OOH R&D
Christian Schmalzl	July 2025	Co-CEO OOH marketing, national OOH marketing, local Online marketing & digital services Content media Transactional business Direct Media
Dr. Christian Baier	July 2022	CFO Accounting, finance & tax Financial planning and reporting, risk management & internal audit Human resources Investor relations Corporate IT & procurement Legal, compliance, data protection

The members of the Board of Management collectively bear responsibility for managing the Group.

In addition to the Board of Management, there is an executive committee that acts as an extended governing body. Its role is to professionalize governance and to embed key topics within the culture of the Ströer Group. Regular in-person meetings are held to decide on fundamental issues and to ensure that the entire Group has a uniform strategic focus.

As at the end of 2020, the Supervisory Board of Ströer SE & Co. KGaA comprised 16 members in accordance with section 278 (3) and section 97 et seq. of the German Stock Corporation Act (AktG) in conjunction with article 10 (1) of the articles of association of Ströer SE & Co. KGaA. The Supervisory Board consists of the eight shareholder representatives Mr. Christoph Vilanek (chairman), Mr. Dirk Ströer (deputy chairman), Dr. Karl-Georg Altenburg, Ms. Angela Barzen, Mr. Martin Diederichs, Ms. Barbara Liese-Bloch, Ms. Petra Sontheimer, and Mr. Ulrich Voigt, and the eight employee representatives Mr. Andreas Huster, Ms. Sabine Hüttinger, Ms. Petra Loubeck, Ms. Rachel Marquardt, Mr. Tobias Meuser, Dr. Thomas Müller, Ms. Nadine Reichel, and Mr. Christian Sardiña Gellesch. Ms. Barbara Liese-Bloch joined the Supervisory Board as a shareholder representative on November 4, 2020, replacing Mr. Vicente Vento Bosch who stepped down on November 4, 2020. Ms. Simone Thiäner stepped down on June 30, 2020. By means of a resolution dated August 19, 2020 and at the request of the general partner, the Cologne local court appointed Dr. Karl-Georg Altenburg as a shareholder representative on the Supervisory Board to replace Ms. Simone Thiäner.

For more information on the cooperation between the Board of Management and the Supervisory Board and on other standards of corporate management and control, see the corporate governance declaration pursuant to section 289f of the German Commercial Code (HGB), which also includes the declaration of compliance with the German Corporate Governance Code pursuant to section 161 AktG. All documents are published on the website of Ströer (www.stroeer.com/investor-relations).

For 2020, Ströer SE & Co. KGaA will once again prepare a Group non-financial report pursuant to section 315b HGB. It will be available from April 28, 2021 on our website at http://ir.stroeer.com/download/companies/stroeer/Annual%20Reports/stroeer_NFGreport_2021_de.pdf.

Markets and factors

The Ströer Group's business model means that it operates in the markets for out-of-home advertising and online and mobile marketing as well as in the direct marketing segment. The Group's economic situation is naturally affected by the advertising markets that it serves, which in turn are highly sensitive to macroeconomic developments and changes in the behavior of consumers and advertisers. A distinction should be made between the behavior of national (often also international) advertisers and the behavior of regional or local advertisers. International advertisers' advertising spend often reflects global economic fluctuations. Earnings are occasionally optimized by means of short-term cuts in advertising spending. National, regional, and local advertisers are guided primarily by their domestic economy, making these customers' advertising budgets significantly less volatile. Ströer's product and sales strategy is to increase the proportion of national, regional, and local customers.

In 2020, Ströer engaged the ATG agency to carry out detailed econometric modeling of factors affecting the advertising market. A strong correlation was identified between (gross) spending in the advertising market and changes in GDP and the ifo Business Climate Index.

The model was updated in December 2020 to take account of events in 2020 (COVID-19) and to predict the impact the pandemic may have on the advertising market. Cyclical changes in the economy are generally reflected in the advertising market around three months later. The impact of the lockdowns imposed to contain the COVID-19 pandemic has been felt considerably more quickly – in fact almost immediately. Activity also picked up again instantly as soon as a lockdown was lifted. There were significant shifts within the sectors in 2020. Certain sectors engaged in additional countercyclical advertising activity (hygiene, retail, public sector) while others cut their advertising substantially (tourism, automotive etc.). Spending fell far less during 'lockdown light' in the fourth quarter of 2020 than in the first lockdown in March/April. Overall, in real terms, the OOH advertising market performed better in 2020 than would have been expected on the basis of changes in factors influencing the market such as GDP and the ifo index.

Out-of-home advertising is affected in particular by the conditions relating to the advertising concessions granted by municipalities as well as general advertising bans for certain products (tobacco advertising; alcohol etc. currently under discussion). Regulatory frameworks, especially the General Data Protection Regulation (GDPR), are an important factor affecting online advertising and direct marketing.

In the out-of-home advertising industry, customers are still increasingly placing bookings with shorter lead times. Thanks to the growing digitalization of its out-of-home inventory, Ströer is increasingly able to offer its products more precisely and at much shorter notice. Order intake reflects the seasonal fluctuations seen in the broader media market. There is generally a concentration of out-of-home activities in the second and fourth quarters, around Easter and Christmas. However, sports events, such as the Soccer World Cup, rarely tend to stimulate out-of-home advertising. In terms of costs, changes in lease payments, personnel expenses, and other overheads (including electricity, building, and maintenance costs) are a key factor.

In the online segment, advance booking times by customers are even shorter – often as little as a few minutes before posting – than out-of-home advertising, due to the high degree of automation. In the online sector, by far the greatest revenue-generating activity falls in the fourth quarter. A key factor for online advertising is the further penetration of the market using automated programmatic platforms, where Ströer makes its digital inventory – including for out-of-home advertising – available online. Apart from the commission paid to website operators, the main cost drivers are personnel and IT operating expenses (computer centers, security systems, etc.).

Direct marketing is less seasonal, although the second half of the year tends to be stronger. Due to the long-term nature of relationships and the high level of customer loyalty as well as the relatively long lead times, the service business in dialog marketing is characterized by relatively low volatility. The factors shaping revenue growth lie in employee productivity and an increase in headcount (recruitment, training, development). In the service business, productivity always depends on the working days effectively available each month. Seasonal fluctuations are therefore limited to December due to the generally lower productive working time given the public holiday and vacation days. In the area of field sales, the addition of new areas of application gives rise to anticyclical revenue effects.

The regulatory environment also impacts on the economic situation of the Ströer Group. If regulatory amendments are made in the area of tobacco and alcohol advertising, Ströer will be able to soften the impact on its business volume through appropriate marketing and sales activities thanks to the usual lead times applicable to changes in legislation. The current assumption is that OOH tobacco advertising will be completely banned from 2023.

The regulatory environment in the online advertising segment is mainly determined by data privacy aspects at national and European level, which give national lawmakers leeway in drafting guidelines.

Overall, the Ströer Group is very well positioned to benefit from the medium to long-term market trends of increasing mobility, digitalization, and urbanization, thanks to its integrated portfolio. The expectation is that the market will focus ever more directly on media users and their patterns of usage, which involves more media consumption via mobile devices in the private, professional, and public spheres.

There remains substantial potential for regional online advertising campaigns and increasing digitalization of out-of-home advertising inventory.

ECONOMIC REPORT

Business environment

Macroeconomic developments in 2020

Ströer's core market is Germany, where it generates more than 90% of its revenue. The international business is of minor importance in relative terms. In 2020, the economic impact of the global coronavirus pandemic had a defining influence on the international markets and on the domestic German market. As a result, the German economy's impressive track record of ten consecutive years of growth[1] came to an end and a substantial economic slowdown set in. Based on a scenario where the rate of infection is broadly under control and vaccinations are available in sufficient quantities to ensure adequate levels of immunization, the German Institute for Economic Research (DIW) predicts a strong recovery in the coming years with GDP growth of 5.3% in 2021[2] and 2.6% in 2022.[3]

In light of healthy economic growth in summer 2020, the DIW expects economic output for the year as a whole to have contracted by only around 5.1%[4] despite the pandemic. To prevent an even greater slump in economic output, the German government adopted a comprehensive fiscal stimulus package in summer 2020 that should boost gross domestic product (GDP) by 1.3 percentage points[5] in 2020 and 1.5 percentage points in 2021.[6] In addition, further extensive support measures were adopted in November and December 2020 that should offset a significant portion of the losses incurred in areas of the economy affected by the renewed lockdown.[7] Furthermore, salary support for employees on short-time working and the provision of short-term financial support for companies, which are stabilizing these parts of the economy, have been extended. This is reflected in Germany's debt ratio, which is likely to have reached 69%[8] at the end of 2020. Consumer spending fell by 6.0%[9] year on year in real terms. By contrast, government spending increased by 3.4%[10] compared with 2019 and was significantly higher than in any of the three preceding years. Gross fixed capital formation amounted to –3.5% and was therefore lower than in any year from 2017 to 2019, when it had increased at a rate of between 2.5% and 3.5% in real terms.[11]

The number of people in employment fell slightly (down by –1.1%) from 45.3 million in 2019 to 44.8 million[12] in 2020. This means that the COVID-19 crisis put an end to a 14-year uninterrupted rise[13] in employment levels, which had persisted even through the financial and economic crisis of 2008/2009. The disposable income of private households increased by a modest 0.8%.[14] The savings ratio of private households was up noticeably year on year, rising from 10.9% in 2019 to 16.4% in 2020.[15] In 2020, consumer prices in Germany rose by 0.5% on average compared with 2019, which was a significantly smaller increase than in the previous year (prior year: 1.4%).[16]

Performance of the out-of-home and online advertising industry in 2020

The advertising market in western Europe had been on a steady path of recovery that lasted from 2013 to 2020.[17] However, Zenith estimates that net advertising expenditure fell by 12.3% in real terms in 2020.[18] Online advertising proved relatively robust and contracted by 7.2%,[19] whereas print declined by 18.5%[20] and TV by 13.1%[21]. Net advertising expenditure on out-of-home advertising went down by 23.5%.[22]

Germany

According to data on gross advertising expenditure collected by Nielsen, the German advertising market contracted by 4.4%[23] year on year in 2020. In our view, however, the gross advertising data provided by Nielsen only indicates trends and can only be used to a limited extent to draw conclusions about net figures due to differing definitions and market territories. Zenith's current estimate for 2020 indicates a year-on-year drop in net advertising expenditure of 3.1%, which is a smaller decrease than that forecast by Nielsen.[24]

Expenditure on internet advertising remained the growth driver according to Zenith, with net advertising expenditure advancing by 5.0%.[25] The print segment contracted by 7.8%[26] last year, while the outdoor advertising market shrank by 10.0%[27]. Reliable statements about any shifts in market share cannot be made until the final net market figures have been published.

[1] German Federal Statistical Office – press release no. 020, January 2021
[2] DIW Berlin – weekly report 50/2020, December 2020
[3] DIW Berlin – weekly report 50/2020, December 2020
[4] DIW Berlin – weekly report 50/2020, December 2020
[5] DIW Berlin – weekly report 50/2020, December 2020
[6] DIW Berlin – weekly report 50/2020, December 2020
[7] DIW Berlin – weekly report 50/2020, December 2020
[8] DIW Berlin – weekly report 50/2020, December 2020
[9] German Federal Statistical Office – press release no. 020, January 2021
[10] German Federal Statistical Office – press release no. 020, January 2021
[11] German Federal Statistical Office – press release no. 020, January 2021
[12] German Federal Statistical Office – press release no. 020, January 2021
[13] German Federal Statistical Office – press release no. 020, January 2021
[14] German Federal Statistical Office – press release no. 020, January 2021
[15] DIW Berlin – weekly report 50/2020, December 2020
[16] German Federal Statistical Office, January 2020
[17] Zenith Advertising Expenditure Forecasts, December 2020
[18] Zenith Advertising Expenditure Forecasts, December 2020
[19] Zenith Advertising Expenditure Forecasts, December 2020
[20] Zenith Advertising Expenditure Forecasts, December 2020
[21] Zenith Advertising Expenditure Forecasts, December 2020
[22] Zenith Advertising Expenditure Forecasts, December 2020
[23] Nielsen Bereinigter Werbetrend, December 2020
[24] Zenith Advertising Expenditure Forecasts, December 2020
[25] Zenith Advertising Expenditure Forecasts, December 2020
[26] Zenith Advertising Expenditure Forecasts, December 2020
[27] Zenith Advertising Expenditure Forecasts, December 2020

Exchange rates in 2020[28]
In 2020, the main exchange rates of relevance to our business were the euro to the US dollar and the euro to pound sterling. The US dollar started the year with an exchange rate of USD 1.12 to EUR 1.00. Over the course of the year, the US dollar generally weakened against the euro and ended 2020 at USD 1.23 to EUR 1.00. The US dollar therefore depreciated by around 8.9% against the euro over the year.

Pound sterling started the year at GBP 0.85 to EUR 1.00 and closed the year at GBP 0.90 to EUR 1.00, thus depreciating by around 6.0% against the euro over the course of 2020. Brexit was the dominant issue.

Financial performance of the Group

The Board of Management's overall assessment of the economic situation
Following a very strong start to the first quarter, the Ströer Group faced huge challenges in 2020, particularly in the second quarter, as the COVID-19 pandemic increasingly took hold. The temporary lockdown in the spring resulted in huge losses for Ströer, especially in the out-of-home advertising business. This had a significant impact on earnings for the year as a whole. As the lockdown was eased, the out-of-home advertising business picked up significantly in the third quarter and its fourth-quarter results were almost back at the level seen a year earlier. The pandemic had only a limited adverse impact on the business models of the Group's other segments and, in some cases, they actually benefited from the situation.

The Ströer Group's good balance of assets and liabilities and solid financial position once again provided stability during the crisis. Underpinned by long-term external financing, the Group had access to an extremely comfortable level of liquidity at all times. Internal sources of finance also proved very resilient, with cash flows from operating activities consistently in positive territory. Given the COVID-19 pandemic, the increase in net debt of just EUR 52.6m – with the distribution of a dividend to the shareholders of Ströer SE & Co. KGaA during this time – was very modest. This overall picture was completed by the Group's equity ratio, which remained at a robust level.

Overall, we believe the Ströer Group continues to be very well positioned – both in operational and in financial terms – to be able to tackle future challenges and flexibly make use of opportunities arising from the structural changes occurring in the media market.

Comparison of forecast and actual business performance
The forecasts we made for 2020 were based on a cautiously optimistic assessment of economic conditions going forward. However, annual forecasts are naturally subject to major uncertainties. The COVID-19 pandemic meant that our assumptions about economic conditions did not materialize. The targets originally set for 2020 could therefore not be achieved. We therefore adjusted our forecast in the reporting as at September 30, 2020. The updated forecast for revenue in the fourth quarter of 2020 was in a range of Index 92 to 97 of the figure for the fourth quarter of 2019, with EBITDA (adjusted) for 2020 as a whole of between EUR 440m and EUR 455m. These adjusted estimates were both met.

	Projected results for 2020	Actual results in 2020
Organic growth	Growth in the mid-single-digit percentage range	–8.3%
EBITDA (adjusted)	Growth in the mid-single-digit percentage range	–15.9% (EUR 452.8m)
EBITDA margin (adjusted)	Almost unchanged (prior year: 33.8%)	31.4%
ROCE	Almost unchanged (prior year: 19.3%)	13.4%
Adjusted consolidated profit or loss for the period	Growth in the mid-single-digit percentage range	–35.2% (EUR 126.0m)
Free cash flow before M&A transactions (incl. IFRS 16 payments for the principal portion of lease liabilities)	Growth in line with EBITDA (adjusted)	EUR 130.3m
Leverage ratio	Consistently low (excluding M&A transactions) (prior year: 1.6)	2.3

[28] European Central Bank (ECB)

Financial performance of the Group[29]

Consolidated income statement

EUR m	2020	2019
Revenue	1,442.2	1,591.1
EBITDA	430.2	504.0
EBITDA (adjusted)	452.8	538.3
EBIT	95.5	158.4
Net finance income/costs	–34.0	–32.6
Profit or loss before taxes	61.5	125.8
Income taxes	–12.8	–19.9
Post-tax profit or loss from continuing operations	48.6	105.9
Post-tax profit or loss from discontinued operations[1]	0.0	–41.5
Consolidated profit or loss for the period	48.6	64.4

[1] In the fourth quarter of 2019, the Ströer Group decided to sell 50.0% of its shares in the D+S 360° Group. As the D+S 360° Group constituted a discontinued operation within the meaning of IFRS 5, all items of the consolidated income statement were adjusted for the results of the D+S 360° Group. These results were reclassified to the profit or loss for the period from discontinued operations. For further information, please refer to our disclosures in note 6.2 in the notes to the consolidated financial statements.

As a result of the aforementioned effects of the COVID-19 pandemic, the Group's **revenue** declined by EUR 149.0m to EUR 1,442.2m in 2020 (prior year: EUR 1,591.1m). The out-of-home advertising business, in particular, suffered significant falls in revenue as a result of the periods of lockdown, especially in the second quarter. By contrast, the other business segments were able to limit their decreases or, in some cases, actually increase their revenue. As the year continued, the Group's business picked up markedly, particularly in the out-of-home advertising business, which meant that revenue for the fourth quarter at EUR 454.8m was almost back at the level of the prior-year period (Q4 prior year: EUR 468.1m). Overall, reported revenue growth amounted to –9.4%, while organic growth stood at –8.3%.

The following table shows the change in external revenue by segment:

EUR m	2020	2019
Out-of-Home Media	532.7	679.5
Digital OOH & Content	540.0	571.1
Direct Media	369.4	340.6
Total	**1,442.2**	**1,591.1**

The regional breakdown of consolidated revenue did not change materially in structural terms in 2020. Revenue in Germany declined from EUR 1,437.7m to EUR 1,306.8m. Revenue outside Germany also went down year on year, falling by EUR 18.1m to EUR 135.3m (prior year: EUR 153.5m). A total of 9.4% of revenue was therefore generated outside Germany (prior year: 9.6%).

The Ströer Group's revenue is subject to considerable seasonal fluctuations, as is revenue in the rest of the overall media industry. This impacts the level of revenue and earnings for the Group over the course of the year. While the fourth quarter is generally characterized by significantly higher revenue and earnings contributions, the first quarter in particular tends to be somewhat weaker. However, the usual seasonal variation was turned on its head by the effects of the COVID-19 pandemic in 2020 in the out-of-home advertising business, especially in the second quarter.

The Ströer Group counteracted the sharp pandemic-related fall in revenue by implementing strict cost-saving measures. As a result, the **cost of sales** for the year as a whole decreased by EUR 88.1m year on year to EUR 937.6m (prior year: EUR 1,025.7m). This reduction was mainly fueled by a fall in revenue-based lease payments and running costs in out-of-home advertising and by lower publisher fees in the digital business. The Group's overall **gross profit** for 2020 came to EUR 504.6m (prior year: EUR 565.4m).

[29] By contrast with the figures for the financial year, the disclosures for the quarters contain unaudited information.

In view of the spread of the COVID-19 pandemic in spring 2020, the Ströer Group also reduced its **selling and administrative expenses**. Although targeted growth-oriented investment in the sales structures of the Digital OOH & Content and OOH Media segments led to a rise in costs of EUR 9.5m in the first quarter, the extensive cost-cutting measures in subsequent months comfortably offset this rise. The Group's selling and administrative expenses for the year as a whole went down by EUR 16.2m to EUR 419.5m (prior year: EUR 435.7m). Expressed as a percentage of revenue, selling and administrative expenses thus stood at 29.1% (prior year: 27.4%). **Other operating income** was virtually unchanged year on year at EUR 39.6m (prior year: EUR 39.6m) and there were no significant changes in the breakdown of this line item. By contrast, **other operating expenses** increased by a substantial EUR 13.6m year on year to EUR 31.4m (prior year: EUR 17.7m). This was primarily due to expenses for losses on receivables that were expected or had already materialized, which rose by EUR 6.4m. There was also an increase of almost EUR 3.5m in expenses from the disposal of non-current assets. The Group's **share of the profit or loss of investees accounted for using the equity method** fell by approximately EUR 4.7m to EUR 2.2m in 2020 (prior year: EUR 6.9m).

The macroeconomic challenges and resulting falls in revenue took their toll on the Group's **EBIT**, which fell by EUR 62.9m year on year to EUR 95.5m in 2020 (prior year: EUR 158.4m). The pandemic had a very similar impact on **EBITDA (adjusted)**, which also declined sharply year on year to EUR 452.8m (prior year: EUR 538.3m). The return on capital employed **(ROCE)** was again very robust in the year under review and amounted to 13.4%, but the pandemic meant that it fell short of the very high figures reported in previous years (prior year: 19.3%).

The Group's **net finance costs** rose only slightly year on year to EUR 34.0m (prior year:net finance costs of EUR 32.6m). Besides general funding costs for existing liabilities to banks, this figure has primarily consisted of expenses from unwinding the discount on lease liabilities since the introduction of IFRS 16. A number of impairment losses on loans to former Group companies also had an adverse effect in the year under review.

The short-term decline in operating business meant a lower tax base, as a result of which the Group's **net tax expense** declined markedly year on year, from EUR –19.9m in 2019 to EUR –12.8m in 2020.

In 2019, there had been a **consolidated loss for the period from discontinued operations**[30] of EUR 41.5m, which had mainly reflected the effects on profit/loss in connection with the D+S 360° Group.

The Group's **consolidated profit for the period from continuing operations** was down significantly year on year at EUR 48.6m due to the crisis (prior year: EUR 105.9m). Total **consolidated profit** for the period from continuing and discontinued operations therefore also declined to EUR 48.6m as a result of the pandemic (prior year: EUR 64.4m). Similarly, the macroeconomic challenges affected **adjusted consolidated profit for the period**, which fell sharply to EUR 126.0m (prior year: EUR 194.5m).

[30] Please refer to our disclosures on discontinued operations in note 6.2 in the notes to the consolidated financial statements.

Net assets and financial position

Overall assessment of the net assets and financial position

The COVID-19 pandemic created huge macroeconomic challenges in 2020. However, the Ströer Group was able to navigate a safe passage through these very choppy waters thanks to its good balance of assets and liabilities and solid financial position. As a result, it quickly returned to profitability at the end of the first wave of infection. A cornerstone of this sound financial structure is the effective external financing in the form of freely available long-term credit facilities, which totaled EUR 418.2m at the end of the year (prior year: EUR 485.4m). These credit facilities, together with the cash balance, meant that funds totaling EUR 503.7m were freely available as at the reporting date (prior year: EUR 589.0m). This external financing, which is secured for the long term, was accompanied by robust internal financing. As a result, cash flows from operating activities remained in positive territory even in the second quarter, which was heavily affected by the COVID-19 pandemic. Despite the difficult economic conditions, the Group reported a respectable free cash flow (before M&A transactions) of EUR 284.6m (prior year: EUR 370.2m). The leverage ratio (defined as the ratio of net debt to EBITDA (adjusted)) recorded a moderate rise but still stood at a very comfortable 2.28 at the end of the reporting year (prior year: 1.58). This overall picture was completed by the Group's equity ratio, which remained at a very sound level.

Main features of the financing strategy

Ströer is steadfastly pursuing a conservative and long-term financing strategy. Securing financial flexibility is a top priority for the Group. We ensure this by taking appropriate account of criteria such as market capacity, investor diversification, flexibility of drawdown options, covenants, and maturity profile when selecting financial instruments.

The main objectives of the Ströer Group's financial management include:

- Safeguarding liquidity and ensuring its efficient management throughout the Group
- Maintaining and continuously optimizing the Group's financing capabilities
- Reducing financial risk, including the use of financial instruments
- Optimizing the cost of capital for debt and equity

The financing of the Ströer Group is structured in such a way that it provides us with a sufficient degree of flexibility to react appropriately to changes in the market or competition. Further important financing objectives are the ongoing optimization of our financing costs and loan covenants and the diversification of our investors.

As part of our financing, we ensure that our financial liabilities have an appropriate maturity profile and that the portfolio of banks and financial intermediaries with which we work is balanced and stable. We operate on the basis of binding standards that ensure transparency and fairness for lenders. One of our priorities is to establish long-term and sustainable relationships with our lending banks.

The external financing at our disposal and our financial flexibility are mainly based on two instruments. The first instrument comprises several note loans that Ströer SE & Co. KGaA placed on the capital markets in June 2016 and October 2017 and were valued at EUR 145.0m and EUR 332.0m respectively as at December 31, 2020. These loans consist of several tranches with terms of five or seven years and a volume of EUR 194.5m that is subject to a fixed interest rate. Thanks to the large number of banks involved in these note loans, our investor base is highly diversified.

The second instrument is a credit facility of EUR 600.0m that was arranged with a banking syndicate in December 2016 and may be extended by a further EUR 100.0m if required. The facility is offered at current market terms. The facility has been committed for a fixed term ending in December 2023. The total volume of EUR 600.0m is structured as a flexible revolving facility with bilateral credit lines, giving the Ströer Group the necessary financial flexibility.

For both financing instruments, the loans were granted without collateral. All of the financial covenants reflect customary market practice and relate to the leverage ratio. They were comfortably met as at the end of the year. The costs incurred in connection with setting up the two financing instruments will be amortized over the term of the respective agreements. Overall, this provides the Ströer Group with very flexible and stable long-term financing at low borrowing costs. As at December 31, 2020, the Group had available funding at its disposal of EUR 503.7m (prior year: EUR 589.0m) from unutilized credit lines under the credit facility, including a cash balance of EUR 85.5m.

As at the reporting date, no single bank accounted for more than 20% of all loan amounts drawn down in the Ströer Group, ensuring a well-diversified supply of credit. As part of the financing strategy, the Board of Management also regularly examines the possibility of hedging residual interest-rate risk by also using fixed-interest derivatives.

Our cash management is focused on managing our liquidity and optimizing the cash flows within the Group. The financing requirements of subsidiaries, if they cannot be covered from their own internal funds, are primarily met by intercompany loans as part of the automated cash pooling process. In exceptional circumstances, credit lines are also agreed with local banks in order to meet legal, tax, or operational requirements. In accordance with these guiding principles, the subsidiaries were once again mainly financed via the Group holding company in 2020. Where legally possible, any liquidity surpluses in the individual entities are pooled at Group level. Through the Group holding company, we ensure that the financing requirements of the individual Group entities are adequately covered at all times.

There was only a relatively moderate increase in the Ströer Group's leverage ratio to 2.28 in the reporting year (prior year: 1.58) despite the challenging economic conditions created by the COVID-19 pandemic. In 2020, Ströer SE & Co. KGaA and its Group entities complied with all loan covenants and obligations under financing agreements.

The continuously increasing capital requirements imposed on banks are having a significant impact on their lending. As a result, we regularly consider whether and how we can diversify our financing structure, which is based heavily on banks at present, in favor of more capital market-oriented debt. In this context, we periodically examine various alternative financing options (such as issuing corporate bonds) in order to optimize the maturity profile of our financial liabilities where possible.

Financial position[31]

Liquidity and investment analysis

The following reconciliation relates exclusively to the continuing operations of the Ströer Group.

EUR m	2020	2019
Cash flows from operating activities	**380.0**	**451.5**
Cash received from the disposal of intangible assets and property, plant, and equipment	1.6	2.6
Cash paid for investments in intangible assets and property, plant, and equipment	–97.0	–83.9
Cash paid for investments in investees accounted for using the equity method and financial assets	–3.3	–1.0
Cash received from and cash paid for the sale and acquisition of consolidated entities	–8.7	–13.8
Cash flows from investing activities	**–107.4**	**–96.2**
Cash flows from financing activities	**–290.7**	**–350.3**
Change in cash	–18.1	5.1
Cash at the end of the period	**85.5**	**103.6**
Free cash flow before M&A transactions (incl. IFRS 16 payments for the principal portion of lease liabilities)	130.3	195.5
Free cash flow before M&A transactions	**284.6**	**370.2**

[31] Since the fourth quarter of 2019, the D+S 360° Group has had to be categorized as a discontinued operation as defined by IFRS 5. The figures in this section have therefore been adjusted for these discontinued operations in accordance with the provisions of IFRS 5. For further information, please refer to note 6.2 in the notes to the consolidated financial statements.

The increasing spread of the COVID-19 pandemic and the related lockdown measures in spring 2020 also weighed heavily on **cash flows from operating activities**. Whereas the net cash provided in 2019 had amounted to EUR 451.5m, these cash flows declined by almost EUR 71.6m to EUR 380.0m in 2020. This decrease was attributable to the substantial EUR 73.7m fall in EBITDA and, in particular, to undesirable accumulations of working capital. The main countervailing factors were lower tax payments and increased provisions.

By contrast, **cash flows from investing activities** amounted to a net outflow of EUR –107.4m that was moderately higher than in the previous year (prior year: EUR –96.2m). This was mainly due to increased investments in intangible assets and property, plant, and equipment, whereas cash paid for M&A transactions was slightly lower than in 2019. **Free cash flow before M&A transactions** totaled EUR 284.6m (prior year: EUR 370.2m). Adjusted for payments for the principal portion of lease liabilities in connection with IFRS 16, it came to EUR 130.3m (prior year: EUR 195.5m).

Cash flows from financing activities amounted to a net outflow of EUR –290.7m that was down by a substantial EUR 59.6m compared with the prior-year figure (prior year: EUR –350.3m). Of particular note in this context is the considerable fall in cash paid for the acquisition of shares not involving a change of control, which had been EUR 46.9m higher in 2019 due to increases in the shareholdings in Statista GmbH and Permodo GmbH. Payments for the principal portion of lease liabilities in connection with IFRS 16 were also down year on year, partly due to pandemic-related adjustments to payments. By contrast, the precautionary drawdowns from the credit lines in March 2020 in view of the pandemic led to significant cash receipts from borrowings during the year, resulting in a substantial increase in the Group's bank balances. However, these credit lines were fully repaid in September.

At the end of 2020, the Ströer Group had **cash** of EUR 85.5m.

Financial structure analysis

At the end of the reporting year, **financial liabilities** stood at EUR 1,615.8m and were thus down by EUR 50.0m year on year (prior year: EUR 1,665.8m). The main item within this decrease was a EUR 93.9m fall in lease liabilities (IFRS 16), whereas liabilities to banks rose by almost EUR 49.0m.

The Ströer Group bases the calculation of its **net debt** on the existing loan agreements with its lending banks. The additional lease liabilities that have had to be recognized since the introduction of IFRS 16 were excluded from the calculation of net debt both in the facility agreement and in the contract documentation for the note loans. This is because the contracting parties do not believe that the financial position of the Ströer Group has changed as a result of the new standard being introduced. To maintain consistency, the impact of IFRS 16 on EBITDA (adjusted) was also excluded from the calculation of the leverage ratio.

EUR m		Dec. 31, 2020	Dec. 31, 2019
(1)	Lease liabilities (IFRS 16)	900.3	994.2
(2)	Liabilities from the facility agreement	165.5	98.7
(3)	Liabilities from note loans	476.6	494.4
(4)	Liabilities to purchase own equity instruments	29.8	20.4
(5)	Liabilities from dividends to be paid to non-controlling interests	8.0	6.8
(6)	Other financial liabilities	35.6	51.3
(1)+(2)+(3) +(4)+(5)+(6)	Total financial liabilities	1,615.8	1,665.8
(2)+(3)+(5)+(6)	Total financial liabilities excluding lease liabilities (IFRS 16) and liabilities to purchase own equity instruments	685.7	651.2
(7)	Cash	85.5	103.6
(2)+(3)+(5)+(6)–(7)	**Net debt**	**600.2**	**547.6**
Leverage ratio		**2.3**	**1.6**

The effects of the COVID-19 pandemic had only a limited impact on net debt. As at December 31, 2020, the Group had net debt of EUR 600.2m, compared with EUR 547.6m at the end of 2019 – a relatively moderate increase of just EUR 52.6m – while also having distributed a dividend of EUR 113.2m during this time. The pandemic had slightly more of an impact on the leverage ratio (defined as the ratio of net debt to EBITDA (adjusted)), although it was still at a very comfortable level of 2.3 at the end of the reporting year (prior year: 1.6). This rise was largely due to the fall in EBITDA (adjusted), which went down particularly sharply in the second quarter of 2020. If EBITDA (adjusted) had been unchanged year on year, the leverage ratio would have been just 1.7.

Owing to a contraction in business activities caused by the pandemic, **Current and non-current trade payables** declined by EUR 55.4m to EUR 243.1m as at December 31, 2020, whereas **current and non-current other provisions** climbed by EUR 10.5m to EUR 92.8m.

Deferred tax liabilities fell to EUR 11.6m (prior year: EUR 29.7m), largely due to the ongoing reversal of deferred tax liabilities that had been recognized in connection with purchase price allocations.

The Ströer Group did not have to recognize any **liabilities associated with assets held for sale** as at December 31, 2020. At the end of the previous year, this line item had still included the provisions and liabilities of EUR 26.7m of the D+S 360° Group, the shares in which have since been transferred to an investee (associate) as part of restructuring measures.

The Ströer Group's **equity** fell by EUR 97.5m to EUR 477.7m as at December 31, 2020. The main reason for this decrease was the distribution of a dividend of EUR 113.2m to the shareholders of Ströer SE & Co. KGaA. Equity was also reduced as a result of the acquisition of the remaining shares in the Avedo Group. The decrease was partly offset by the consolidated profit for the period of EUR 48.6m. The equity ratio fell slightly from 20.2% at the end of 2019 to 18.2% as at December 31, 2020. Adjusted for the lease liabilities accounted for in accordance with IFRS 16, the equity ratio was 27.8% as at the reporting date (prior year: 30.9%).

Capital costs

In the Ströer Group, the cost of capital relates to the risk-adjusted required rate of return and, for the purpose of measurement in the consolidated financial statements, is determined in accordance with the capital asset pricing model and the weighted average cost of capital (WACC) approach. The cost of equity is the return expected by shareholders, as derived from capital markets information. We use yields on long-term corporate bonds as the basis for borrowing costs. In order to take account of the different return/risk profiles of our main activities, we calculate individual cost of capital rates after income taxes for each of our business segments.

Net assets

Consolidated statement of financial position		
EUR m	Dec. 31, 2020	Dec. 31, 2019
Assets		
Non-current assets	2,301.6	2,474.5
Current assets	320.1	355.7
Held for sale[1]	0.0	24.3
Total assets	**2,621.6**	**2,854.5**
Equity and liabilities		
Equity	477.7	575.2
Non-current liabilities	1,383.9	1,550.3
Current liabilities	760.0	702.3
Held for sale[1]	0.0	26.7
Total equity and liabilities	**2,621.6**	**2,854.5**

[1] The item 'Held for sale' includes assets classified as held for sale and the associated liabilities.

Analysis of the asset structure

At the end of 2020, the Group's **non-current assets** stood at EUR 2,301.6m and were thus down by EUR 172.9m year on year (prior year: EUR 2,474.5m). The bulk of this decrease (EUR 97.2m) was attributable to right-of-use assets under leases (IFRS 16), while EUR 63.4m related to intangible assets. In both cases, amortization and depreciation were only partly offset by additions.

Current assets were also down year on year, amounting to EUR 320.1m as at December 31, 2020 (prior year: EUR 355.7m). The only notable factor in this decrease was the EUR 18.1m reduction in cash to EUR 85.5m that was mainly the result of optimizing groupwide liquidity.

The Ströer Group did not recognize any **assets classified as held for sale** as at December 31, 2020. The assets included in this item a year earlier had related to the D+S 360° Group, the shares in which have since been transferred to an investee (associate) as part of restructuring measures.

Thanks to its strong market position, the **assets not reported in the statement of financial position** of the Ströer Group include a broad-based portfolio of long-standing customer relationships. Only a small number of these customer relationships that arose from acquisitions are recognized as an asset.

Financial performance of the segments

The following analysis of financial performance relates exclusively to continuing operations, i.e. the figures in this section have been adjusted for the discontinued operations of the D+S 360° Group in accordance with the provisions of IFRS 5.

Out-of-Home Media

EUR m	2020	2019	Change	
Segment revenue, thereof	**547.8**	**709.1**	**–161.3**	**–22.7%**
Large Formats	269.8	342.1	–72.3	–21.1%
Street Furniture	110.9	153.3	–42.4	–27.7%
Transport	50.3	61.6	–11.3	–18.3%
Other	116.8	152.1	–35.3	–23.2%
EBITDA (adjusted)	**242.3**	**323.6**	**–81.3**	**–25.1%**
EBITDA margin (adjusted)	**44.2%**	**45.6%**	**–1.4 percentage points**	

The **revenue** of the OOH Media segment decreased by EUR 161.3m to EUR 547.8m in 2020. Following a strong start to the year in the first quarter of 2020, the fallout from the COVID-19 pandemic took a heavy toll on business in the out-of-home advertising market from the second quarter onward. The temporary shutdown of public life, particularly in Germany and Poland, in the second quarter hit this segment particularly hard and meant that new bookings for out-of-home advertising campaigns came to a complete standstill for a time. New bookings did not restart until the middle of the second quarter and they steadily increased as the year progressed. Nevertheless, the segment's total revenue in the third and fourth quarters was down significantly year on year and the clear signs of recovery in the second half of the year were later suppressed by renewed lockdowns. The decline was so pronounced from April onward that all product groups recorded a year-on-year decrease in 2020.

The **Large Formats** product group offers traditional out-of-home products, primarily to national and regional customers. Its revenue went down by EUR 72.3m to EUR 269.8m. The **Street Furniture** product group mainly serves national and international customer groups in the German out-of-home market. Much of its work involves major nationwide campaigns in the traditional advertising business. This product group therefore registered the sharpest fall in relative terms, with its revenue dropping by EUR 42.4m to EUR 110.9m in 2020. The **Transport** product group operates almost exclusively in the German out-of-home market and involves barely any traditional campaign business. It also recorded a significant year-on-year decrease in revenue to EUR 50.3m (prior year: EUR 61.6m), but was less severely affected in relative terms. Revenue in the **Other** product group declined by EUR 35.3m to EUR 116.8m. This product group includes smaller complementary acquisitions and full-service solutions, mostly for small customers (including the production of advertising materials). It too was severely affected by the fallout from the COVID-19 pandemic.

The effects of the COVID-19 pandemic also weighed heavily on earnings. Although the fall in revenue was partly offset by a substantial reduction in costs, the segment generated significantly lower earnings in 2020. Nevertheless, **EBITDA (adjusted)** for the reporting year came to EUR 242.3m (prior year: EUR 323.6m). The **EBITDA margin (adjusted)** stood at an impressive 44.2% in 2020, which was only slightly lower than the prior-year figure of 45.6% despite the huge difficulties created by the COVID-19 pandemic.

Digital OOH & Content

EUR m	2020	2019	Change	
Segment revenue, thereof	**548.0**	**588.3**	**–40.3**	**–6.9%**
Display	277.5	282.6	–5.0	–1.8%
Video	126.6	161.4	–34.8	–21.6%
Digital Marketing Services	143.9	144.3	–0.5	–0.3%
EBITDA (adjusted)	**166.8**	**183.5**	**–16.7**	**–9.1%**
EBITDA margin (adjusted)	**30.4%**	**31.2%**	**–0.8 percentage points**	

In 2020, the **revenue** of the Digital OOH & Content segment dropped from EUR 588.3m to EUR 548.0m. Whereas the first quarter of 2020 had gone very well, the fallout from the COVID-19 pandemic took a very heavy toll on business performance in the second quarter. In the third quarter, revenue was almost at the level of the prior-year period again. However, the fourth quarter was hit by the adverse effects of the COVID-19 pandemic and the renewed lockdown in Germany. Although revenue from online marketing increased year on year in the second half of 2020, the fallout from the COVID-19 pandemic continued to have a severe impact on our digital out-of-home products.

The **Video** product group primarily consists of our digital out-of-home products (public video) and its revenue fell by EUR 34.8m to EUR 126.6m in 2020. The **Display** product group offers a wide range of advertising formats for mobile devices and desktops. The pandemic caused its revenue to decline by EUR 5.0m to EUR 277.5m in the reporting year. However, its revenue in the third and fourth quarters of 2020 was higher than in the prior-year period despite the generally challenging market conditions. Revenue in the **Digital Marketing Services** product group was on a par with the prior year at EUR 143.9m in 2020 (prior year: EUR 144.3m). Statista, in particular, was able to again increase its revenue significantly in spite of the difficult market conditions created by the COVID-19 pandemic and despite having reported strong results in the prior year.

The adverse impact of the COVID-19 pandemic on revenue, particularly from high-margin digital out-of-home advertising products, was reflected in earnings despite a countervailing decrease in costs. Overall, the segment was therefore unable to repeat the very good level of earnings reported in 2019 and **EBITDA (adjusted)** fell by EUR 16.7m to EUR 166.8m in 2020 (prior year: EUR 183.5m). The reduction in costs made up for nearly all the decline in revenue, which meant that the **EBITDA margin (adjusted)** of 30.4% was only slightly lower than the prior-year figure of 31.2%.

Direct Media

EUR m	2020	2019	Change	
Segment revenue, thereof	**369.4**	**340.6**	**28.8**	**8.5%**
Dialog Marketing	250.0	230.8	19.1	8.3%
Transactional	119.4	109.7	9.7	8.8%
EBITDA (adjusted)	**66.2**	**52.4**	**13.9**	**26.5%**
EBITDA margin (adjusted)	**17.9%**	**15.4%**	**2.5 percentage points**	

The Direct Media segment comprises the dialog marketing and transactional product groups. As a result of adjustments to the transactional portfolio, the segment results are not fully comparable with the results for the prior year.[32]

The **Dialog Marketing** product group comprises our call center activities and direct sales activities (door to door). Its revenue rose by EUR 19.1m to EUR 250.0m in 2020. The initial decline in door-to-door sales activities, which had to be put on hold from mid-March until well into May because of the pandemic, was more than made up for in the second half of the year. Call center business, by contrast, was barely affected by the COVID-19 pandemic and its revenue also increased year on year in 2020. Despite a number of portfolio adjustments and the difficult market conditions created by COVID-19, the revenue of the **Transactional** product group actually rose by EUR 9.7m to EUR 119.4m in 2020. In particular, AsamBeauty's e-commerce business registered significant growth in all four quarters.

Overall, the segment's **EBITDA (adjusted)** went up by 26.5% to EUR 66.2m in the reporting year (prior year: EUR 52.4m), which meant that the **EBITDA margin (adjusted)** improved to 17.9% (prior year: 15.4%).

[32] Unlike the D+S 360° Group, the sold business activities do not constitute separate units within the meaning of IFRS 5. The prior-year figures have therefore not been adjusted accordingly.

INFORMATION ON STRÖER SE & CO. KGAA

The management report of Ströer SE & Co. KGaA and the group management report for 2020 have been combined pursuant to section 315 (5) HGB in conjunction with section 298 (2) HGB. The separate financial statements and the combined management report of the Company and the Group are published at the same time in the electronic German Federal Gazette.

Description of the Company

Ströer SE & Co. KGaA operates as the holding company. It exclusively performs Group management duties and renders administrative and other services for the Group. These include, in particular, finance and Group accounting, corporate and capital market communications, IT services, Group financial planning and reporting, risk management, research and product development, and the legal, compliance, and corporate development functions.

The following figures and disclosures relate to the separate financial statements of Ströer SE & Co. KGaA, which were prepared in accordance with the provisions of the HGB and the AktG.

Financial performance

The temporary economic slowdown triggered by the COVID-19 pandemic took its toll, particularly on the Ströer Group's out-of-home advertising business. This had an adverse impact on the profit for the period of Ströer SE & Co. KGaA due to intragroup profit and loss transfers. Factoring in countervailing effects in other net operating income/loss and the net tax expense, the profit for the period amounted to EUR 65.6m (prior year: EUR 72.2m).

EUR k	2020	2019
Revenue	27,572	27,776
Other operating income	22,583	6,859
Cost of materials	–8,308	–8,823
Personnel expenses	–25,879	–27,327
Amortization, depreciation, and impairment of intangible assets and property, plant, and equipment	–8,178	–7,629
Other operating expenses	–34,514	–32,115
Income from equity investments	345	0
Income from profit transfer agreements and expenses from the transfer of losses	128,409	163,146
Income from other securities and loans classified as non-current financial assets	2,236	2,385
Impairment of financial assets	–7,790	–12,852
Other interest and similar income and interest and similar expenses	–10,338	–8,967
Income taxes	–20,391	–30,259
Post-tax profit or loss	**65,748**	**72,193**
Other taxes	–113	–41
Profit for the period	**65,635**	**72,152**
Profit carryforward from the prior year	170,000	213,677
Accumulated profit	**235,635**	**285,828**

The **revenue** of Ströer SE & Co. KGaA, which is predominantly derived from intragroup services and rental income, amounted to EUR 27.6m and was therefore only marginally different from the prior-year figure (prior year: EUR 27.8m). By contrast, **other operating income** increased significantly to EUR 22.6m (prior year: EUR 6.9m). This was primarily attributable to the intragroup sale of property, plant, and equipment and intangible assets, which gave rise to a gain on disposal of EUR 10.1m. However, the **cost of materials**, which mainly consists of intragroup rentals, fell slightly year on year to EUR 8.3m (prior year: EUR 8.8m). The Company also registered a small decrease in **personnel expenses** to EUR 25.9m (prior year: EUR 27.3m) that was partly due to short-time working during the lockdowns in the reporting year. Conversely, the Company's **other operating expenses** rose slightly by EUR 2.4m to EUR 34.5m (prior year: EUR 32.1m). **Amortization, depreciation, and impairment of intangible assets and property, plant, and equipment** was only slightly higher than in the previous year at EUR 8.2m (prior year: EUR 7.6m).

In terms of intragroup **profit and loss transfers** (income from profit transfer agreements and expenses from the transfer of losses), the Company recorded a EUR 34.7m decrease to EUR 128.4m in the reporting year (prior year: EUR 163.1m) that was due to the fallout from the COVID-19 pandemic and primarily related to profit and loss transfers in the out-of-home advertising business. Income from **other securities and loans classified as non-current financial assets** was almost unchanged year on year. **Net interest expense** (other interest and similar income and interest and similar charges) was also virtually unchanged at EUR 10.3m (prior year: EUR 9.0m). **Impairment of financial assets** in the Company fell by EUR 5.1m to EUR 7.8m (prior year: EUR 12.9m). The main reason for this decrease was that the volume of loans classified as uncollectible for the first time was significantly lower in 2020 than in 2019.

The decline in operating business as a result of the COVID-19 pandemic meant a lower tax base for the tax group. Consequently, **income taxes** fell to EUR 20.4m in 2020 (prior year: EUR 30.3m). For detailed information on deferred taxes, please refer to section C.6 in the notes to the financial statements of the Company.

Net assets and financial position

Despite the turmoil resulting from the COVID-19 pandemic in 2020, the adverse impact on the net assets and financial position of Ströer SE & Co. KGaA was relatively small. On the assets side of the statement of financial position, the most notable – albeit small – decreases were recorded in intangible assets and property, plant, and equipment (down by EUR 21.7m), financial assets (down by EUR 17.4m), and bank balances (down by EUR 8.9m), whereas receivables and other assets climbed by EUR 71.4m. On the equity and liabilities side, there were moderate increases in items such as liabilities to banks (up by EUR 49.3m), other provisions (EUR 6.0m), and liabilities to affiliates (up by EUR 12.7m), resulting in a EUR 44.0m decrease in equity to EUR 1,325.0m. Taking account of the extremely healthy equity ratio of 59.8% (prior year: 62.4%), the Company continued to enjoy a very solid and well-balanced financial position as at the reporting date.

EUR k	2020	2019
Assets		
Non-current assets		
Intangible assets and property, plant, and equipment	18,348	40,064
Financial assets	762,089	779,460
	780,437	**819,524**
Current assets		
Receivables and other assets	1,433,118	1,361,748
Cash on hand and bank balances	632	9,551
	1,433,750	**1,371,298**
Prepaid expenses	**3,366**	**4,489**
Total assets	**2,217,553**	**2,195,311**
Equity and liabilities		
Equity	**1,325,037**	**1,369,028**
Provisions		
Tax provisions	18,175	20,455
Other provisions	19,977	13,966
	38,152	**34,421**
Liabilities		
Liabilities to banks	643,878	594,566
Trade payables and other liabilities	9,963	9,492
Liabilities to affiliates	200,523	187,805
	854,364	**791,863**
Total equity and liabilities	**2,217,553**	**2,195,311**

Analysis of the asset structure

The notable changes in the assets of Ströer SE & Co. KGaA in 2020 included the EUR 21.7m year-on-year decrease in **intangible assets and property, plant, and equipment** to EUR 18.3m (prior year: EUR 40.1m). This was predominantly attributable to the intragroup transfer of intangible assets and property, plant, and equipment to a different Group company.

The Company's **financial assets** also declined, falling by EUR 17.4m to EUR 762.1m as at December 31, 2020 (prior year: EUR 779.5m). This was due to intragroup net loan repayments by individual subsidiaries totaling EUR 10.0m and impairment losses on disbursed loans of just under EUR 7.0m.

At the same time, **receivables and other assets** increased by EUR 71.4m to EUR 1,433.1m (prior year: EUR 1,361.7m). Within this line item, receivables from intragroup profit and loss transfers for 2020 had a positive impact, whereas there was a negative effect from the liquidity surpluses earned by subsidiaries during the year that were transferred to the Group's holding company. The increase in this line item was also attributable to the additional liquidity requirement of Group companies for the purchase of shares as part of M&A transactions and for the aforementioned intragroup transfer of property, plant, and equipment and intangible assets.

At the end of the reporting year, **bank balances** stood at just over EUR 0.6m and were thus down by EUR 8.9m year on year (prior year: EUR 9.6m). **Prepaid expenses** were also lower than they had been a year earlier at EUR 3.4m (prior year: EUR 4.5m). This item chiefly included the capitalized borrowing costs incurred in prior years in connection with a number of adjustments to the credit facility. Since then, these costs have been deferred and recognized pro rata over the term of the financing.

Financial structure analysis

Ströer SE & Co. KGaA closed 2020 with **equity** of EUR 1,325.0m (prior year: EUR 1,369.0m). While the Company's profit for the period of EUR 65.6m (prior year: EUR 72.2m) and the exercise of existing stock options under a Stock Option Plan amounting to EUR 3.5m (prior year: EUR 7.2m) both had a positive impact on equity, they were outweighed by the dividend distribution of EUR 113.2m (prior year: EUR 113.1m) to the shareholders of Ströer SE & Co. KGaA. At 59.8%, the equity ratio remained at a very comfortable level (prior year: 62.4%).

The **provisions** of Ströer SE & Co. KGaA rose from EUR 34.4m to EUR 38.2m as at December 31, 2020, whereas **liabilities to banks** jumped by EUR 49.3m to EUR 643.9m (prior year: EUR 594.6m). This was primarily attributable to the adverse impact of the COVID-19 pandemic. Other reasons included the distribution of a dividend to the shareholders of Ströer SE & Co. KGaA and small purchases of shares as part of M&A transactions that gave rise to liquidity requirements for the Group companies carrying out the acquisitions. By contrast, **trade payables and other liabilities** remained virtually unchanged year on year at EUR 10.0m (prior year: EUR 9.5m). There was also little effect to be seen on **liabilities to affiliates**, which rose by just EUR 12.7m to EUR 200.5m.

Liquidity analysis

Ströer SE & Co. KGaA has a credit facility with long-term credit lines of EUR 600.0m, with the option to increase the volume by a further EUR 100.0m if required. The full volume of the credit lines is structured as a flexible revolving facility and has been committed until December 2023. As at December 31, 2020, a total of EUR 181.8m had been drawn down from these credit lines (prior year: EUR 114.6m), leaving EUR 418.2m freely available (prior year: EUR 485.4m). Together with the cash balance of EUR 0.6m available as at the reporting date (prior year: EUR 9.6m), the total amount of unutilized financing facilities available was therefore EUR 418.8m (prior year: EUR 495.0m).

The Company's net financial assets amounted to EUR 684.3m as at December 31, 2020 (prior year: EUR 694.7m). The following overview shows the composition of the net financial assets of Ströer SE & Co. KGaA as at the reporting date:

EUR m	Dec. 31, 2020	Dec. 31, 2019
(1) Receivables from affiliates	1,425.0	1,353.6
(2) Loans to affiliates	103.1	113.9
(3) Cash on hand and bank balances	0.6	9.6
(1)+(2)+(3) Total financial assets	**1,528.7**	**1,477.0**
(4) Liabilities to banks	643.9	594.6
(5) Liabilities to affiliates	200.5	187.8
(4)+(5) Total financial liabilities	**844.4**	**782.4**
(1)+(2)+(3)–(4)–(5) Net financial assets	**684.3**	**694.7**
Equity ratio (in %)	**59.8%**	**62.4%**

Because it is the holding company, Ströer SE & Co. KGaA's performance is closely linked to that of the entire Ströer Group. In view of the positive level of net financial assets, comfortable equity ratio, and the expectation that the results of the subsidiaries will improve significantly once the COVID-19 pandemic has been brought under control, we are confident that the Company, like the Group as a whole, is extremely well positioned to meet future challenges.

Anticipated performance of the Company

Due to its role as group parent, Ströer SE & Co. KGaA's anticipated performance depends on that of the Group as a whole. Based on the Group's expected financial performance in 2021, as presented in the forecast, we expect the subsidiaries to generate greater earnings contributions overall than in 2020 despite the ongoing challenges created by the COVID-19 pandemic. We therefore anticipate that Ströer SE & Co. KGaA's results will be much better again in the future.

SHARE INFORMATION

Overall, 2020 was a successful trading year for Ströer despite bouts of significant uncertainty in the stock markets as a result of the COVID-19 pandemic and the lockdowns in Germany in March/April and November/December. The German and international stock markets plummeted at the start of the pandemic but then staged a broad recovery and the DAX gained more than 3.5% over 2020 as a whole (prior year: 25.5%). The MDAX, to which the shares of Ströer SE & Co. KGaA returned in June 2020, fared better than the DAX and rose by almost 8.8% (prior year: 31.2%).

The DAXsector All Media Index performed similarly to the aforementioned indices, adding around 5.9% over the course of the year (prior year: 28.6%).

Bolstered by favorable conditions in the stock markets and, above all, by the successful positioning of the OOH+ strategy and the Group's relatively positive earnings performance, the shares of Ströer SE & Co. KGaA again did well and outperformed the leading indices to reach record highs. After closing at EUR 72.05 at the end of December 2019, Ströer shares rose sharply over the course of 2020 and hit an all-time high of EUR 82.50. The shares gained around 12.4% over the year as a whole to close at EUR 81.00.

The Ströer share in comparison in 2020 (in percent)

Source: Factset

Ströer's dialog with the capital markets

Active and continual communication with the capital markets is of great importance and the focal point of Ströer SE & Co. KGaA's investor relations work. The aim of investor relations work is to present the Company and explain its strategy and potential – through direct and personal contact and via our website and mailing list – to retail and institutional investors, analysts, and other interested capital market players. Coronavirus meant that classic roadshow activities had to be greatly scaled back after the first quarter. The investor relations team successfully replaced these with various virtual roadshows and virtual investment conferences and was able to use these new formats to continue providing timely information about the latest developments in the Company.

In addition to the investor relations team, the Board of Management of the general partner personally took part in many virtual investor meetings and answered questions from capital market players. To manage our investor relations work optimally, we analyze our shareholder structure on an ongoing basis and plan our activities accordingly. Another key communication channel is our website www.stroeer.com →, where we promptly publish capital-market-related information and make all investor relations documents available for download.

Annual shareholder meeting

Because of the COVID-19 pandemic and related social distancing requirements, the shareholder meeting was held as a virtual event for the first time and took place on November 4, 2020. Around 60 shareholders took part online. In total, around 50.4 million no-par-value shares were represented. Apart from agenda item 9 (resolution on the amendment of the terms of the 2015 Stock Option Plan), all motions put forward by the Supervisory Board and the general partner were approved. This included the distribution of a dividend of EUR 2.00 per dividend-bearing no-par-value share.

Stock exchange listing, market capitalization, and trading volume

Ströer SE & Co. KGaA shares are listed in the Prime Standard of the Frankfurt Stock Exchange and have been included in the MDAX again since June 22, 2020. Based on the closing share price on December 30, 2020, market capitalization came to around EUR 4.6b (December 30, prior year: EUR 4.1b). The average daily volume of Ströer shares traded on Xetra was approximately 112,000 shares in 2020 (prior year: 67,000 shares).

Analysts' coverage

Ströer SE & Co. KGaA is currently analyzed by 16 German and international banks, of which ten give a recommendation of 'buy' and six give a recommendation of 'hold'.

The latest broker assessments are available at www.stroeer.com/investor-relations and are presented in the following table:

Investment bank	Recommendation
J.P. Morgan	Buy
Exane BNP Paribas	Buy
Nord/LB	Buy
Hauck & Aufhäuser	Buy
HSBC	Buy
KeplerCheuvreux	Buy
LBBW	Buy
Deutsche Bank	Buy
Mainfirst	Buy
Goldman Sachs	Hold
UBS	Buy
Barclays	Hold
Citi	Hold
Morgan Stanley	Hold
Oddo BHF	Hold
Warburg Research	Hold

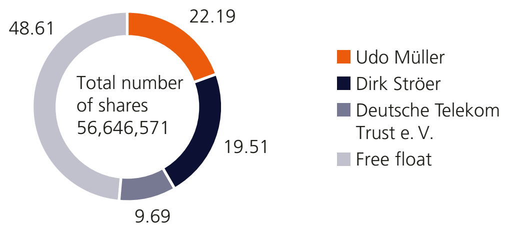
← All information can be found on our website: www.stroeer.com/investor-relations

Shareholder structure

Udo Müller, founder and Co-Chief Executive Officer, directly holds 6.19% of the shares and holds a further 16% indirectly through interposed subsidiaries (22.19% in total). Dirk Ströer, a member of the Supervisory Board, indirectly holds 19.51% through interposed subsidiaries and Christian Schmalzl, Co-Chief Executive Officer, holds around 0.05% of the shares in Ströer SE & Co. KGaA. The free float came to around 49%. Based on the notifications received by the Company by December 31, 2020, we are aware of the following parties that hold more than 3% of the voting rights in Ströer SE & Co. KGaA: Deutsche Telekom Trust e.V. 9.69%, Allianz Global Investors Europe 9.98%, Credit Suisse 3.44%, and DWS Investment 4.92%.

Shareholder structure of Ströer SE & Co. KGaA

As of Dec. 31, 2020 in %



Dividend policy

In the reporting year, Ströer SE & Co. KGaA paid a dividend of EUR 2.00 per dividend-bearing no-par-value share. Ströer SE & Co. KGaA intends to continue enabling its shareholders to share in any profit.

Key data for Ströer SE & Co. KGaA shares

Share capital	EUR 56,646,571
Number of shares	56,646,571
Class	No-par-value bearer shares (each no-par-value share has a notional value of EUR 1.00 of the share capital)
First listing	July 15, 2010
ISIN (International Securities Identification Number)	DE0007493991
WKN (securities identification number)	749399
Stock exchange symbol	SAX
Reuters ticker symbol	SAXG.DE
Bloomberg ticker symbol	SAX/DE
Market segment	Prime Standard
Index	MDAX
Designated sponsor	Oddo Seydler Bank AG
2020 opening price[1]	EUR 71.45
2020 closing price[1]	EUR 81.00
Highest price in 2020[1]	EUR 82.50
Lowest price in 2020[1]	EUR 37.00

[1]XETRA price in EUR

EMPLOYEES

The digital transformation of the media industry continues to place high demands on our employees and how we collaborate with each other and with our customers in terms of technical know-how, creativity, and new ways of working. Ströer wants to live up to its ambition of actively shaping these changes as a pioneer. The collaborative and agile ways of working that we already used, combined with our Flexwork solutions, enabled Ströer to switch to entirely virtual work processes very quickly. We supported managers and employees by offering digital online training entitled 'Meeting over Distance' and 'Lead over Distance'. At the start of the lockdown and throughout the COVID-19 pandemic, we have given our employees room to explore ideas and share information and experiences so that they can achieve their full potential. Some employees were switched to short-time working during the pandemic. Ströer topped up the government subsidies for these employees in order to minimize any individual financial difficulties. Some of the workforce was able to return to working normally quite quickly. We ensured the safety of our employees by introducing strict hygiene and distancing rules and supported hybrid ways of working.

COVID-19 health & safety measures

Scrum and design thinking form the framework for agile methods at Ströer, with Company employees trained as instructors providing training and passing on their knowledge in workinars. We have introduced the OKR method (objectives and key results) in many areas of the Group. To support this, a special internal scheme was developed and implemented that includes certification. More than 40 employees have now been certified.

In 2020, Ströer was ranked in the top 1% of employers in Germany by the organization Leading Employers.

We received over 65,000 job applications in 2020. Our digital employee recommendations program, in which recommendations can also be forwarded online, proved to be a success.

By expanding the landing pages, Ströer has made itself easier to find on the internet and provided clarity about what the different roles involve. We support all aspects of diversity and promote a culture of respect and fairness. Furthermore, we provide a working environment that enables employees to identify with Ströer by offering attractive modern offices, flexible working time models, free coffee, and other benefits such as our company kindergarten in Cologne.

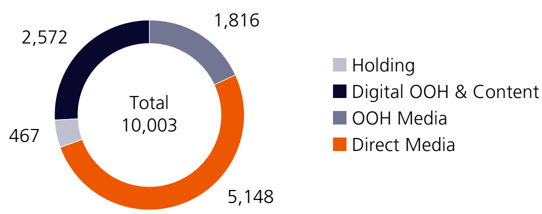
Workforce information

Headcount

At the end of 2020, the Ströer Group had 10,003 full-time and part-time employees (prior year: 12,210). The decrease of 2,207 employees essentially resulted from the sale of part of the dialog segment and the usual turnover.

Employees by segment

As of Dec. 31, 2020



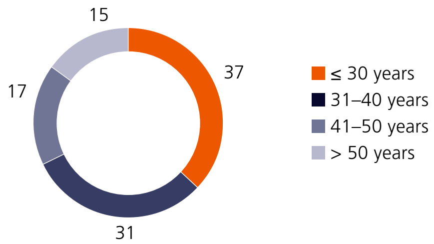
Length of service and age structure

As at the reporting date, employees had been working for the Ströer Group for an average of 4.6 years (prior year: 4.8 years).

Ströer has a well-balanced age structure. The aim is to retain young employees through targeted training programs and to sustain their enthusiasm for our Company in the long term. Co-workers with extensive professional experience support them in their careers. This also enables us to connect the generations to a certain extent.

Age structure in the Group

2020 in %



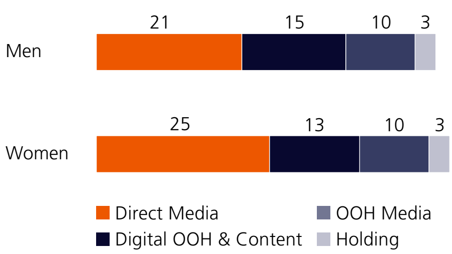
Gender structure

→ Further information on the gender ratio and on the targets for the Board of Management and the two upper levels of management can be found in the corporate governance declaration at: www.stroeer.com/investor-relations

← The gender ratio in the Ströer Group was already very well-balanced and the proportion of female employees in the Group increased marginally during the year. As at the end of 2020, 49% of the Ströer Group's employees were male and 51% were female (prior year: 51% male and 49% female). The gender balance is due in no small part to our attractive working time models that help our staff reconcile work and family life, for example, and that make us a modern company.

Gender structure by segment

2020 in %



Training and development

Vocational training and degree courses

In 2020, Ströer provided vocational training to a total of 151 talented young people throughout Germany. Ströer was awarded five stars by the business magazine CAPITAL in the 'Germany's best training providers' survey in 2020, making it one of the best training providers in Germany. As well as offering traditional vocational training, Ströer also expanded its degree apprenticeship program, which includes bachelor's degrees and, since 2018, master's degrees.

Successful students from the bachelor and apprenticeship programs of course have a good chance of being kept on by Ströer, which again hired many young talented employees in different areas of the Company last year.

Continuing professional development and skills training

Ströer offers its employees opportunities to achieve their professional goals within the Ströer Group. In previous years, the trainee programs were expanded so as to offer a wide variety of training and orientation opportunities to those starting out in their careers. Entry as a trainee is now possible in four areas: general management, HR, finance, and sales.

Participants in the talent program make tremendous progress in their development and many have taken their career to the next level within the Ströer Group. In the third round of the 'Jump 'n' Grow' program, which had begun in 2019, we ran some of the modules digitally and put others on hold due to the pandemic. Regular book discussions continue to take place. The plan is to run the postponed modules in 2021. The fourth round of the program will start after that, and employees will again be invited to apply for the program. The modules include workshops, training, and informal discussions with members of the Board of Management of the general partner and employees in joint projects and over the course of the program. These targeted links with senior managers, who also take participate in parts of the program as sparring partners and mentors, deliberately promote networking.

REMUNERATION REPORT[1]

In the sections below, the general partner, Ströer Management SE, sets out the structure and amount of its own remuneration, together with the remuneration of the members of the Supervisory Board of Ströer SE & Co. KGaA, which is a publicly listed entity. Voluntary disclosures are also provided on the structure of the remuneration of the Board of Management members and on the structure and amount of the remuneration of the Supervisory Board members of Ströer Management SE, which is not a listed entity.

Remuneration of Ströer Management SE

The sole general partner of Ströer SE & Co. KGaA is the non-listed Ströer Management SE. It has not paid in any special contribution and is attributed a share of neither the profit or loss nor the assets of Ströer SE & Co. KGaA. Ströer Management SE acts as the legal representative and also conducts the business of Ströer SE & Co. KGaA. Under article 9 (3) sentence 1 of the articles of association of Ströer SE & Co. KGaA, the general partner receives annual remuneration of EUR 5,000.00 for managing the Company and assuming liability. Article 9 (3) sentence 2 of the articles of association also specifies that the general partner must be reimbursed for all out-of-pocket expenses in connection with the management of the Company's business; these stipulations specifically relate to the remuneration of the members of Ströer Management SE's Board of Management and Supervisory Board described in detail below.

Remuneration of the Board of Management

The Supervisory Board of the non-listed Ströer Management SE sets and regularly reviews the remuneration of the members of the Board of Management of the non-listed Ströer Management SE. In the reporting year, the Supervisory Board of Ströer Management SE held discussions and approved appropriate resolutions relating to the necessary decisions concerning the remuneration of the Board of Management in accordance with the provisions of the AktG, the SE Regulation, and the German SE Implementation Act (SEAG).

Until December 31, 2018, the employment contracts for the non-listed Ströer Management SE's Board of Management were between the board member concerned and Ströer SE & Co. KGaA; since January 1, 2019, the contracts have been with Ströer Management SE. Since 2019, Ströer Management SE has paid remuneration directly to the members of its Board of Management, but then charged the amount on to Ströer SE & Co. KGaA in accordance with article 9 (3) sentence 2 of the latter's articles of association. However, Ströer SE & Co. KGaA has continued to grant variable remuneration (LTI) on the relevant due dates where such remuneration relates to financial years up to and including 2018 and has not yet been paid out.

As in prior years, the remuneration of the Board of Management once again comprised two main components in 2020:

Basic salary

The members of the Board of Management receive a fixed basic salary, consisting of a fixed monetary amount paid out in equal monthly installments. In response to the impact from the coronavirus pandemic, the members of the Board of Management waived basic salary payments for the months of April and May 2020, amounting to a total of EUR 383k.

[1] This section is not included in the audit conducted by the independent auditor.

Variable remuneration

The members of the Board of Management receive variable remuneration, comprising a short-term incentive (STI) payable annually and a long-term incentive (LTI). Variable remuneration is linked to the performance of the Board of Management and that of the business and the increase in enterprise value, and depends on the extent to which business-related key performance indicators or targets are achieved.

- If targets are attained, performance-related remuneration, i.e. the variable element, represents the largest component of overall remuneration, accounting for 53% of the total.
- The LTI covers a period of three or four years and carries a greater weighting than the STI.

This ensures that the activities of the Board of Management are directly and substantially focused primarily on the long-term (but also on the short-term) performance of the business, at least to the extent that this is possible and meaningful on the basis of monetary incentives.

Moreover, the outstanding results achieved by the Ströer Group in previous years mean there is no reason to make any changes to the proven model.

The variable remuneration for 2020 was based on the key performance indicators and targets described below:

Short-term incentives (STIs): cash flows from operating activities

In the case of the business parameters that can be influenced more in the short term, the focus in the STIs on the cash flows from operating activities generated by the Ströer Group ensures that attention is concentrated on profitable growth in accordance with the annual planning budget. Specifically, this means that incentives are ultimately linked to cash generation in the current year rather than 'softer' parameters such as adjusted EBITDA or non-profit-related, organic growth.

Long term incentives (LTIs): (i) return on capital employed (ROCE), (ii) organic revenue growth, and (iii) share price

<u>ROCE based on adjusted EBIT/capital employed</u>

ROCE is the key long-term performance indicator, particularly in an infrastructure-type business with long-term investment cycles. It accounts for the lion's share of LTI remuneration, forming the basis for 50% of the payment. This remuneration depends on the return on capital over a period of three years. The benchmark for the incentive is the achievement of a return equating to the Ströer Group's cost of capital. If the target is attained in full, the agreed incentive amount is EUR 825k. The remuneration is limited to a maximum of three times this amount, which would require a return that is considerably above the cost of capital over the three-year period. Conversely, if the benchmark is not met, the remuneration is reduced in line with the percentage shortfall but cannot decrease below EUR 0.00.

Organic revenue growth

As a consequence of the increasingly cut-throat competition in the media and marketing sector, sustainable organic growth is treated as the Ströer Group's second core value driver alongside ROCE and is weighted at 35% in the calculation of the LTI. The Ströer Group's average organic revenue growth over a three-year period is compared with the average growth of the advertising market as a whole, measured on the basis of the growth in gross domestic product in the markets served by the Ströer Group. If the target is attained in full, the agreed incentive amount is EUR 577k. The remuneration may go up to a maximum of three times this amount if the average revenue growth in the Ströer Group is higher than this benchmark over the relevant three-year period. Conversely, if the benchmark is not met, the remuneration is reduced in line with the percentage shortfall but cannot decrease below EUR 0.00.

Share price

Even though ROCE and organic revenue growth, combined with annual cash flow optimization, are the main drivers behind the intrinsic value of the Ströer Group, the performance of management from an external perspective also needs to be factored into the LTI by including the long-term share price trend in the calculations. This mechanism ensures that the focus of Board of Management activities is aligned even more clearly with shareholder interests and that the performance of the Ströer Group compared with relevant peers and the communication with the capital markets form part of the incentivization arrangements for the board members. This LTI component is linked to the change in the share price of Ströer SE & Co. KGaA over a four-year period compared with a reference price specified at the beginning of that period. If the target is attained in full, the incentive amount committed for 2020 is EUR 247k, which equated to 3,424 phantom stock options each with a fair value of EUR 74.18 as at the reporting date. If the share price rises during the four-year period, the amount payable under this remuneration component increases, but is limited to a maximum of three times the incentive amount. Conversely, if the share price fails to meet the reference price, the remuneration is reduced in line with the percentage shortfall but cannot decrease below EUR 0.00. Each member of the Board of Management can also decide to have the remuneration paid out in the form of shares in Ströer SE & Co. KGaA.

Other

The members of the Board of Management also receive fringe benefits (remuneration in kind), in respect of which the individuals concerned are liable to pay tax. They are also reimbursed for any expenses incurred.

If the Company's situation should deteriorate to such an extent that continuing to grant remuneration to the Board of Management would be unreasonable, the Company is authorized to reduce the remuneration to an appropriate amount.

Share-based payment

The Supervisory Board of Ströer SE & Co. KGaA granted the members of the Board of Management stock options in 2015 to 2020 under the 2015 Stock Option Plan; with the authorization of the Supervisory Board of Ströer SE & Co. KGaA, Ströer Management SE's Supervisory Board granted stock options in 2019 and 2020 under the 2019 Stock Option Plan. The stock options constitute further long-term remuneration components. Their aim is to create performance incentives focusing on the sustainable, enduring success of the business. The option rights can be exercised at the earliest at the end of a four-year vesting period beginning on the option grant date. The options have a contractual term of seven or eight years. The Company has the right to settle the options in cash instead of granting new shares.

The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the Company's share price, and the Group's EBITDA (adjusted). The gain that can be achieved by option holders from exercising their stock options must not exceed three times the relevant exercise price.

Post-employment benefits for members of the Board of Management

There are no retirement benefit plans or other pension commitments in the event of ordinary termination of employment.

Non-compete clause

Non-compete clauses have been agreed with the members of the Board of Management. For the duration of the validity of the non-compete clause and for each full year in which the clause applies, the Company undertakes to pay remuneration corresponding to half of the most recent amount of remuneration granted under the contract of employment.

Remuneration of the Supervisory Board

Pursuant to section 15 of the Company's articles of association, the remuneration of the members of Ströer SE & Co. KGaA's Supervisory Board is approved by the shareholder meeting subject to the consent of the general partner. In accordance with the resolution passed by the annual shareholder meeting of Ströer SE & Co. KGaA on June 19, 2019, the members of the Supervisory Board of Ströer SE & Co. KGaA receive an attendance fee of EUR 1,000.00 for each Supervisory Board meeting attended in person and EUR 500.00 for each Supervisory Board meeting attended by conference call.

Pursuant to section 14 of the articles of association, the remuneration of the members of the Supervisory Board of the general partner, Ströer Management SE, is approved by the shareholder meeting of Ströer Management SE. The members of the general partner's Supervisory Board receive fixed, non-performance-related remuneration, together with attendance fees and the reimbursement of out-of-pocket expenses. The remuneration of Ströer Management SE's Supervisory Board is charged on to Ströer SE & Co. KGaA in accordance with section 9 (3) sentence 2 of the articles of association of Ströer SE & Co. KGaA.

The following table shows the total remuneration in euros (excluding any VAT) granted to the Supervisory Board of Ströer SE & Co. KGaA for 2020, including the costs charged on to Ströer SE & Co. KGaA by Ströer Management SE:

EUR	Fixed remuneration	Attendance fee	Total
Dr. Karl-Georg Altenburg	17,500.00	3,500.00	21,000.00
Angela Barzen	0.00	2,500.00	2,500.00
Martin Diederichs	30,000.00	4,000.00	34,000.00
Sabine Hüttinger	0.00	2,500.00	2,500.00
Andreas Huster	0.00	2,500.00	2,500.00
Dr. Raphael Kübler	30,000.00	2,000.00	32,000.00
Barbara Liese-Bloch	0.00	1,000.00	1,000.00
Petra Loubek	0.00	2,500.00	2,500.00
Rachel Marquardt	0.00	1,500.00	1,500.00
Tobias Meuser	0.00	2,500.00	2,500.00
Dr. Thomas Müller	0.00	2,000.00	2,000.00
Nadine Reichel	0.00	2,500.00	2,500.00
Christian Sardiña Gellesch	0.00	2,500.00	2,500.00
Petra Sontheimer	0.00	2,500.00	2,500.00
Dirk Ströer	48,000.00	4,500.00	52,500.00
Simone Thiäner	0.00	1,000.00	1,000.00
Vincente Vento Bosch	15,000.00	1,500.00	16,500.00
Christoph Vilanek	72,200.00	5,000.00	77,200.00
Ulrich Voigt	48,000.00	5,000.00	53,000.00
Total	**260,700.00**	**51,000.00**	**311,700.00**

OPPORTUNITIES AND RISKS

Overall assessment of the opportunity and risk situation by the general partner's Board of Management

The Ströer Group's risk management system forms the basis for the comprehensive risk assessment by the general partner's Board of Management. Our risk strategy is not centered on strictly avoiding risks but on ensuring that the business decisions we make are based on careful consideration of the opportunities and risks. At the same time, it is important to identify in good time risks that could jeopardize the continuation of the Company as a going concern so that prompt action can be taken to avoid or limit any such risks. We expect all employees to deal with risks in a responsible manner.

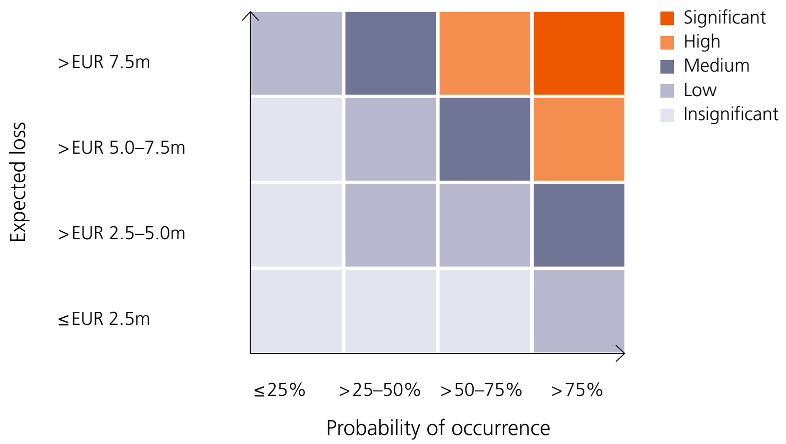
As at the publication date of this report, we believe that the risks currently identified and described below are manageable. There are no recognizable individual risks that could jeopardize the Company's ability to continue as a going concern. This also applies to risks arising as a result of the COVID-19 pandemic triggered by coronavirus (SARS-CoV-2). Although 2020 has demonstrated that the consequences of a pandemic can have a material detrimental impact on our Group results, the strategic and structural positioning we have pursued over the last few years has at the same time been validated. The Ströer Group has been able to respond well to the special challenges at all times. Despite the economic uncertainties caused, in particular, by the global COVID-19 pandemic, the general partner's Board of Management anticipates that market conditions will recover substantially during the course of 2021, especially in the second half of the year after broad sections of the population have been vaccinated. If a worse scenario were to materialize, the Ströer Group would be able to respond quickly, as already demonstrated in the past, and initiate the internal action needed to make adjustments to the capital investment and costs budget. At the same time, we are confident that Ströer is in a very strong strategic and financial position to be able to exploit any opportunities presented by the market once again in 2021.

Opportunity and risk management system

The Board of Management of the general partner is responsible for opportunity and risk management, which forms an integral part of corporate governance. Depending on the goals and strategies of the individual segments, responsibility for opportunity and risk management lies with each segment's operational management in close collaboration with the corporate units and the Board of Management. The ongoing management of opportunities and risks is an integral component of the planning and control process.

A key component of Ströer's risk management system is its groupwide early warning system for the detection of risk. The system complies with the statutory requirements in section 91 (2) AktG. The consolidated group for risk management purposes is the same as the basis of consolidation for financial reporting.

Risk matrix



The opportunity and risk report covers identifying, assessing, managing, and monitoring core risks. These risks include all matters that pose a significant threat to business performance and could have a material impact on earnings or liquidity. They can be assigned to individual risk classes according to their expected loss value (significant, high, medium, low, insignificant). A standardized groupwide process is used to measure the expected loss value based on the metrics 'expected loss to earnings (EBITDA) and/or cash flows' and 'probability of occurrence'. The chart on page 53 shows the scale of both metrics (expected loss and probability of occurrence) and the related risk matrix.

The risk relating to the expected loss value (ELV) is classified as significant, high, medium, low, or insignificant based on the expected loss combined with the probability of occurrence.

A risk officer is appointed for each business unit and is responsible for managing the risk situation locally in his/her unit, reporting to the group risk management department. Each business unit has risk owners for the different risk areas who report to the relevant business unit risk officer.

In order to ensure tight integration with operational and financial management matters, the group risk management department is part of the financial planning and reporting corporate unit. It holds responsibility for methodologies and systems. It ensures that the risk early warning system is fully operational and efficient, and regularly informs the Board of Management of the general partner and the Supervisory Board of Ströer SE & Co. KGaA about the current risks to which the Group is exposed. An internal risk report is issued on a regular basis and addresses the various causes of the core risks, the risks' probability of occurrence, and their impact (net values). The report also provides information on the changes in the Ströer Group's risk profile over time. All risk officers must submit ad hoc reports if unexpected risks are identified between the scheduled dates in the standard process and exceed the specified materiality thresholds.

The effectiveness of the risk management system is reviewed at irregular intervals and changes are made where necessary. As part of the audit of the annual financial statements, the auditor also regularly evaluates, in particular, whether the risk early warning system is suitable for identifying in good time any risks that could jeopardize the Company's ability to continue as a going concern. The auditor reports the findings to the Board of Management of the general partner and the Supervisory Board.

Internal control system

The accounting-related internal control and risk management system is an important part of risk management in the Ströer Group. We understand the internal control system to be the policies, procedures, and measures established by management and aimed at the organizational implementation of management decisions to ensure that the business is operated efficiently and effectively, internal and external financial reporting is carried out properly and reliably, and the Ströer Group is operated in compliance with relevant legal provisions.

Furthermore, the internal control system is intended to help the reporting system convey a true and fair view of the net assets, financial position, and financial performance of the Ströer Group.

The following structures and processes have been established with regard to the consolidated financial reporting process:

- The general partner's Chief Financial Officer is responsible for the internal control and risk management system with regard to the consolidated financial reporting process.
- All fully consolidated entities included in the consolidated financial statements are integrated into this process via an appropriate management and reporting system.
- The policies, operational and organizational structure, and processes in the internal control and risk management system related to consolidated financial reporting apply throughout the Group.

Those elements of the internal control and risk management system that could have a significant impact on the consolidated financial reporting process and the overall picture conveyed by the consolidated financial statements and the combined management report of the Company and the Group are deemed to be material. These elements include:

- identification of key areas of risk and control,
- monitoring of the financial reporting processes at the level of the Group and the fully consolidated entities,
- preventive control measures in the finance and accounting functions of the Group and the entities fully consolidated in the consolidated financial statements,
- measures to ensure that consolidated financial reporting matters and data are properly processed using IT systems, and
- specified channels for communicating changes in processes and controls promptly and in full.

Internal audit system

The internal audit function is an instrument used by the Board of Management of the general partner and the Supervisory Board of Ströer SE & Co. KGaA. It supports the management and supervisory function of these governing bodies as a component of corporate governance. To this end, internal audit carries out audits in selected investee entities and business segments. The focus of such audits may include:

- audit of the financial position and net assets, the reliability of the accounting system and the information it generates, and compliance with internal accounting guidelines (financial auditing),
- audit of structures, processes, and systems, including IT systems and the internal control system, to verify that they are of the requisite quality, secure, fit and proper, efficient, and fully operational (operational auditing), and
- audit of compliance with laws, regulations, guidelines, procedures, and contracts (compliance, propriety).

Based on a risk-based audit plan, a number of internal audit projects were used in the reporting year to support the effectiveness of the control systems and the improvement of business processes. The findings of these audits were presented during the year to the general partner's Board of Management and to the Audit Committee of Ströer SE & Co. KGaA's Supervisory Board. A comprehensive annual report on the work of the internal audit function as well as on the details of the audits and their findings is presented to the Supervisory Board. Any improvement measures resulting from internal audits were, and continue to be, systematically followed up.

Risk situation

Taking all identified opportunities and risks into account, the following section describes the areas that, from today's perspective, could have a significant positive or negative effect on the net assets, financial position, and financial performance in the forecast period. The following risks are classified according to the expected loss value determined from the expected loss in EBITDA and/or cash flows and the probability of occurrence, as described above (e.g. 'ELV: medium').

Market risk resulting from the COVID-19 pandemic (ELV: medium to high)

As a consequence of the ongoing situation with COVID-19 infection rates around the globe, we believe there is considerable uncertainty surrounding macroeconomic trends in the markets relevant to our business. In particular, further lockdowns could have a negative impact on the economic recovery that we have assumed in our forecast, leading to a further deep recession. Lockdowns constitute a considerable risk, especially for our out-of-home advertising business, because a fall in the volume of traffic in cities, towns, and villages cuts the reach of this medium and could temporarily divert customer interest to other types of advertising. Because the advertising market is so closely linked to the health of an economy, macroeconomic trends also represent a risk for other units in the Ströer Group. If the risk were to materialize, the Ströer Group could fall well short of its revenue and earnings targets.

The diversification of our business models as part of our OOH+ strategy means that the risks are well distributed across the Group. This was also demonstrated in 2020, when at least some of the material contraction in revenue and earnings from out-of-home advertising as a consequence of COVID-19 was offset by activities in other areas of the business. In addition, we will continue to implement very stringent management of costs in 2021, including short-time working, in order to cushion the blow from market risk.

General market risk (ELV: low)

In addition to the uncertainty arising from the COVID-19 pandemic, economic growth in the forecast period could also be adversely affected by other external shocks, for example as a result of protracted global trade disputes, financial market risks in the eurozone, or geopolitical conflict in the Middle East.

In the area of procurement, general material budget variances could occur, notably from the loss of concessions for out-of-home advertising or major publishing contracts in the digital business. Adverse effects could also arise from delays in approval processes, an increase in the costs of obtaining the necessary building permits, or the rejection of applications for attractive locations by the relevant authorities. In online media, there is the risk that websites in our portfolio could attract less user interest than expected due to a number of factors, such as rival offerings. Fewer than anticipated unique visitors, unique users, or ad impressions could adversely impact revenue from reach-based advertising. However, we consider these risks to be perfectly normal business risks, and they are mitigated by our highly diversified portfolio in the out-of-home and digital segments.

Particular risks relating to procurement, especially in out-of-home advertising, could also arise from potential increases in the prices of primary products and energy or from price volatility. Other conceivable risks include the loss of key suppliers, for example in connection with billboard logistics, or problems with the quality of bought-in products or services. To mitigate these risks, we work in close collaboration with our suppliers, standardize components and services across products and regions, and pursue a multi-source procurement strategy.

From a commercialization perspective, budget variances could arise in the individual segments as a consequence of potential losses in revenue from orders placed by major advertisers or agencies, the loss of customers from intramedia and intermedia competition, or lower margins as a result of higher discounting in the media industry. In this regard, we regularly review our sales activities and take appropriate action to counter the pressure for discounts.

In dialog marketing, revenue is chiefly generated from national key accounts. A change in the pattern of demand from individual key accounts could in theory also give rise to short-term revenue risk.

Alongside our core business of out-of-home and online advertising, other business models also contribute significantly to the Group's revenue and earnings. In addition to (a) content-based business models centered around Germany's online portal with the largest reach, t-online.de, (b) transactional and subscription-based business models, and (c) the dialog marketing business, the Ströer Group has successfully diversified its revenue streams. It has managed to broaden its sources of revenue, previously dominated by advertising, to include other transactional and direct sales-oriented revenue. This serves to mitigate general market risk arising in connection with the marketing of advertising.

The ongoing trend in internet use (now established over a number of years) away from traditional computers toward mobile devices is presenting challenges, especially for online display advertising and for content-based revenue models. We are countering the risk of a potential acceleration in this trend in a number of ways, notably by improving the monetization of existing capacity and by optimizing our mobile marketing activities.

In general terms, the increased use of ad blockers is posing an ongoing risk to online advertising marketing. We are implementing various measures to counter the risk to our online commercialization activities. Firstly, we are focusing on technologies designed to circumvent these ad blockers, although our website portfolio is not as badly affected by ad blocking technologies as it might be, as a result of a number of factors, including user structures. Secondly, we are increasingly offering native ad products, which are not affected by ad blockers.

Political and regulatory risk (ELV: low)

The continuing data protection debate among policymakers and in society at large, combined with changing regulations and differing interpretations when it comes to practical implementation, constitute a risk for our business activities in which the processing of personal data is a key element. Much of the uncertainty surrounding the ramifications of the EU General Data Protection Regulation (GDPR), which came into force in May 2018, has now dissipated. However, we continue to closely monitor how the legal provisions contained in the GDPR are being fleshed out in practice. The proposed EU 'ePrivacy' Regulation, which was postponed again in the reporting year and which addresses the issue of data protection in online marketing and other matters, is another source of protracted uncertainty.

In May 2020, the German Federal Court of Justice (BGH) decided, with immediate effect, that active user consent was required for the use of cookies in analytics, advertising, and market research. We carry out work continuously on the technical requirements necessary to comply with these stipulations and, at the same time, on ways of reducing the negative impact on the marketability of our existing offering. Currently, it is still uncertain as to whether and to what extent such regulations will have a negative effect on usage behavior and marketability beyond the impact we have already assumed in the forecast.

Even though new legal requirements of this nature only affect individual business models in our portfolio and large volumes of our data are only used after being anonymized for the most part, we continue to devote a great deal of time and effort to the various issues surrounding data protection. One of the areas in which we are concentrating greater effort at the moment is to modify our Group data protection strategy in line with the constantly changing requirements.

In addition, there is a risk from an increase in the scope of advertising bans in response to repeated calls for such measures in the debate among legislators in the past few years. In this regard, discussions over many years focused particularly on the issue of tobacco advertising. Germany has now decided to introduce a gradual ban on out-of-home advertising of tobacco from 2023. We therefore do not expect such a ban, or other advertising bans, to come into force in the forecast period. In any case, we have drastically reduced the relative significance of this issue by ensuring we are much less dependent on individual advertising customers and industries.

Process risk (ELV: low)
Our business processes and communications are highly dependent on information technology. IT security is therefore a critical factor and the various aspects of this security, such as data integrity, confidentiality of information, authenticity, and availability, must be taken into account. If one or more systems are disrupted, or even fail entirely, this could lead to a loss of data and have a detrimental impact on business processes that rely on IT. These risks pertain only to individual segments of the Group at any one time because many of Ströer's core IT systems are operated separately from one another in terms of content, technology, and physical location. IT processes are nonetheless subject to continuing improvement measures aimed at reducing the above risks. In this regard, we have also observed throughout the market a heightened risk of cyberattacks on businesses. With this in mind, we are therefore implementing a dedicated project in 2021 to analyze the different business units with a view to actively identifying gaps in security and instigating appropriate corrective action where necessary.

Generally, it is also not possible to rule out disruption to the systems for the proper preparation of bids, order processing, or the management of claims and receivables in the different business units. In our operating processes, we focus particularly on potential quality risks. This involves ensuring the best possible quality and management of our out-of-home advertising media and minimizing any technical problems with digital advertisements. A very small number of business models in the Ströer Group whose revenue streams are influenced to some extent by internet search engines are exposed to general risks arising from changes in the algorithms used by search engine operators.

Employee risk (ELV: low)
One of the risks that Ströer could face would be an undesired turnover in key management personnel if such personnel are not adequately replaced or not replaced in good time by internal or external recruitment. We counter personnel risk with a number of established measures, such as a performance-based remuneration system, a range of training and professional development options, and deputization arrangements. Over the last few years, we have been able to continuously enhance our employer brand, based on the appeal of our profile as an innovative digital media enterprise and our presence in attractive major cities in Germany.

The large workforce required by the dialog marketing business gives rise to the general risk that there may be insufficient numbers of employees available or insufficient numbers with the requisite skills. Employee recruitment and retention play a major role, particularly in this business segment. However, we believe these risks are lower compared with previous years because of the current situation arising from the COVID-19 pandemic and the associated impact on the job market.

Financial risk (ELV: low)
Ströer's current level of debt presents a general financing risk. The significance of this risk is dependent on satisfying the covenants set out in the loan agreements with the banking syndicate as well as duties to provide information and obtain authorization. However, this risk is currently very low because of the sound liquidity position at the end of the reporting year and the strong operating cash flow performance, even in the crisis of 2020. According to our current estimates, the business would still enjoy adequate financial latitude in relation to the covenants, even if it were to suffer a downturn as a consequence of the renewed deterioration of the COVID-19 pandemic at the beginning of 2021.

Ströer is also subject to currency risk, in particular a risk arising from the translation of the financial statements of foreign subsidiaries prepared in foreign currency. However, the significance of the financial statements prepared in foreign currency in the consolidated financial statements was relatively negligible in the reporting period. Transaction-based currency risk is not a significant risk for the Ströer Group.

The Ströer Group is mainly exposed to general interest-rate risk in connection with non-current floating-rate financial liabilities and its holdings of cash and cash equivalents. However, we do not anticipate any material changes in the forecast period.

In general terms, an equity investment risk could arise in the future if subsidiaries or other investees incur losses that could impact the financial performance or liquidity of the Ströer Group. Furthermore, impairment of goodwill could not be ruled out in the future if the performance of individual entities or cash-generating units (CGUs) were to fall short of expectations.

Not least due to the complexity of tax law, it is possible that the tax authorities or courts could take a view of tax-relevant issues that is different from the current position or challenge previous procedures. We mitigate this risk by holding regular discussions with internal and external tax specialists.

Other risk (ELV: insignificant)

The Ströer Group is also exposed to communication risks that could ultimately lead to reputational risk. However, we have two important functions – corporate communications and investor relations – that make the relevant information available to recipients in good time and enable us to take appropriate action.

Our business activities must comply with applicable legal requirements, especially antitrust and capital market regulations, rules on conducting business with integrity, and data protection regulations. We also mitigate legal risk by involving external business experts and law firms as required. Current or future legal disputes could give rise to litigation risk that could ultimately differ from our current assessment of the risk and the associated provisions.

Opportunities

General economic opportunities arise for us, for example, if increases in the net advertising volume, particularly in our core market of Germany, prove to be higher than in our baseline forecasts. This could be the case if the general economic environment recovers from the consequences of the COVID-19 pandemic faster than expected or if the shift in advertising budgets toward out-of-home and/or online advertising or to dialog marketing is more pronounced than anticipated. An improvement in economic growth could also have a positive effect on the revenue from our transactional business activities.

The longer-term structural change in the advertising industry, which is reflected in particular by changing media consumption and by the continuing digitalization of media offerings, has the potential to accelerate beyond expectations in 2021 after the COVID-19 pandemic has been overcome. For years we have been observing a migration of advertising business away from print media and a decline in advertising revenue from traditional linear television advertising. This trend has been to the benefit of digital media and conventional and digital out-of-home advertising products. In our opinion, this general trend has only been temporarily eclipsed by the exceptional impact from the consequences of the COVID-19 pandemic and will emerge again once the situation returns to normal. In this context, the increase in demand for multiscreen solutions (public video, roadside screens, desktop, tablets, mobile) – a combination offered only by the Ströer Group – could exceed our forecasts. Opportunities also continue to arise from the programmatic linking and expansion of our digital Out-of-Home media, that is, through the fully automated real-time purchase and sale of advertising space in the public video segment. This presents opportunities to generate stronger market share growth in intermedia competition than previously forecast. Ongoing digitalization of Out-of-Home media, which has been further stepped up in our planning for 2021, will also support these opportunities.

The quality of the analog and digital advertising media portfolio is a key factor in successfully capitalizing on opportunities arising in the marketing of advertising. Our close partnership with cities and train station operators in the area of out-of-home advertising and with publishers in the online segment could enable us to leverage additional potential at both national and international levels. The new offerings in our own publishing activities, such as the current development of a finance portal with t-online.de and expansion of regional news pages, could enable us to tap into customer groups that we have not previously reached.

Even though no material acquisitions are currently planned for the forecast period, we always review opportunities that present themselves if these are a fit for our strategy. Unexpected opportunities for attractive acquisitions could arise because of the challenging economic conditions for many businesses, allowing us to consolidate our position in our core markets and business segments and to focus our range of products on the requirements of our customers.

The continuing optimization of the Group's online inventory and the further improvement of its technology position could result in positive economies of scale and synergy effects that are not included in baseline forecasts. With our fully integrated business model, we are confident that we can achieve even better positioning in competition with the large publisher-based marketers and TV offerings and that we can gain market share.

The expansion of the sales and distribution activities by Statista, together with steady product expansion, could enable us to reach potential new customer segments that have thus far been afforded less attention. Combined with an acceleration in the successful ongoing internationalization of this business, this could lead to even faster growth than has been assumed in our plans to date.

In addition, there are opportunities for stronger growth in our BHI Group business unit (Asambeauty) than previously projected. For example, the e-commerce business could derive even greater benefit from changes in the way that consumers shop. The steadily rising brand recognition for our products could also serve to accelerate growth in this business.

Opportunities are also available in the forecast period for the dialog business, which could benefit as the COVID-19-induced deterioration in the labor market enables it to attract more employees. In addition, the more widespread use of remote working solutions across broad sectors of the German economy is making it easier for us to reach our target audiences at home. This is another factor that could lead to rising revenue in the dialog business.

Our increased efforts aimed at digitalizing and automating internal processes could give rise to additional previously unidentified cost-optimization potential.

The continued expansion in our regional sales presence could also generate growth opportunities that exceed current projections. In this regard, synergies between digital and analog offerings and between the out-of-home and online businesses could be greater than previously anticipated.

FORECAST[1]

Overall assessment by the Board of Management of the Group's expected performance in 2021

Structural changes will continue to shape the media market in 2021 and beyond. Key factors are the expansion and acceleration of data networks, the increasing use of mobile devices, and thus consumers' media consumption patterns. The use of linear media is becoming increasingly less relevant as digital media content becomes available everywhere, at all times, and on all devices. By contrast, out-of-home advertising is omnipresent, cannot be clicked away, and does not present bad content. The websites commercialized by Ströer are generally based on editorial content, are geared toward the needs of their target groups, and are relevant. The Ströer Group's dialog media products directly address audiences. As such, the Ströer Group's solutions are well positioned for the growing changes in media consumption.

Ströer is able to use its own ad servers to centrally manage and display moving-picture content on online desktops, mobile screens, and public video screens and the solutions are available on almost all relevant demand-side platforms (DSPs). As the largest non-TV marketer, Ströer thus enjoys very strong positioning and recognition among its advertising customers. In addition to stepping up the regional marketing of the out-of-home and digital inventory, Ströer sees opportunities for growth particularly in the integration and targeted performance-based expansion of its dialog marketing activities.

The local and regional sales organization in Germany will continue to be expanded in 2021. Ströer will also dedicate a great deal of energy to safeguarding and selectively expanding its marketable inventory in all areas of growth. In addition, attention will be focused on the continued optimization and expansion of the performance-based dialog media activities. A further key area of growth is the continuing internationalization of Statista, the data-as-a-service statistics portal, and consolidation of its position as global leader.

The most important financial key performance indicators for the management of the Ströer Group are organic revenue growth and adjusted EBITDA. Organic revenue growth and adjusted EBITDA are difficult to forecast due to the ongoing COVID-19 pandemic, the lockdown, which has been extended until mid-April for now, and the possibility of a further lockdown in the event of a third wave of coronavirus cases. For 2021, the Board of Management of the general partner anticipates that performance will be on a par with (pre-pandemic) levels in 2019, less any negative effects as a result of pandemic-related lockdowns. The Board of Management expects the adverse impact of the lockdown in the first quarter of 2021 to be partly offset by the pent-up demand that is expected to be released as the economy recovers in the third and fourth quarters. Assuming that the lockdown continues until mid-April 2021, the Board of Management predicts that organic revenue growth and adjusted EBITDA will both be higher than in 2020.

The leverage ratio (net debt to adjusted EBITDA) is expected to be at a similar level to the prior year. The Board of Management predicts that the change in free cash flow (taking account of payments for the principal portion of lease liabilities in connection with IFRS 16) will reflect the change in adjusted EBITDA. As a minimum, return on capital employed (ROCE) should be at a level similar to 2020 (13.4%).

Forward-looking statements

The statements on future business performance reflect only the significant factors that were known at the time the financial statements were prepared and that could influence our activities and business performance in 2021. The Ströer Group's revenue and earnings may be influenced by the economic conditions in our markets, by developments in the individual advertising markets, and by how the COVID-19 pandemic continues to unfold. Revenue is also influenced by the share of the overall advertising market attributable to digital and out-of-home media. It is thus not possible to directly forecast revenue on the basis of these macroeconomic or industry-specific parameters, as the correlation between these parameters and revenue can vary considerably from year to year. In addition, conditions can change over the course of the year, which may result in significant discrepancies between actual and forecast revenue and earnings.

[1] Comparisons with the forecast values for the next year are generally based on the actual 2020 figures.

Across our media portfolio, customers are booking their advertising with ever shorter lead times. This is particularly true of digital marketing, where the technology enables campaigns to be booked at even shorter notice than in traditional out-of-home channels. As transactions are increasingly being processed in real time on real-time bidding platforms, total bookings are more volatile than in the past. The short booking lead times for most of our media products limit our ability to reliably forecast our revenue and thus our earnings.

Fluctuations in external market parameters, such as interest rates, also limit our ability to precisely forecast our consolidated profit or loss for the period. Uncertainties relating to these parameters can also impact on non-cash items under net finance income/costs. In this forecast, we expect the parameters for net finance income/costs to remain largely unchanged compared with the end of the reporting year.

Future macroeconomic conditions

The German government predicts that gross domestic product (GDP) will rise by 4.4%[2] in 2021, which is more cautious than the forecast of 5.3% from the experts at the DIW.[3] According to the expectations of the Kiel Institute for the World Economy (IfW)[4],the second wave of coronavirus should not trigger a slump in the first quarter of 2021 on a par with that seen in spring 2020, but instead is likely to simply delay the long-term economic recovery. This positive expectation is primarily based on the assumption that foreign trade and industrial activity, in particular, will be far less affected than they were during the first wave. Global trade is robust and there are no indications of extensive plant shutdowns as a result of supply chain disruptions during the second wave. Moreover, the approval of vaccines and signs that an end to the exceptional situation created by the pandemic is in sight should create stimulus that will help companies to plan ahead, especially with regard to investing activity. The recovery process is therefore likely to be delayed by just under half a year, but will then gather pace rapidly as the pandemic recedes. Consequently, the IfW is adhering to its estimate that the pre-crisis level of GDP will be exceeded in the fourth quarter of this year.

The COVID-19 crisis is taking a heavy toll on the job market and on public-sector finances. The second wave briefly halted the recovery of the job market. The IfW calculates that around 450,000 jobs were lost in 2020 and a further 125,000 jobs will disappear in 2021. A return to the pre-crisis level is unlikely before mid-2022.

German industry is expected to come through the second wave of the COVID-19 pandemic broadly unscathed due to the relatively robust global economy. Following a sharp rise in October, new orders are now at their pre-crisis level, indicating that there is further pent-up demand waiting to be released. Provided that the pandemic can be brought and kept under control from the spring onward, subsequent quarters should see a marked recovery.

Future industry performance

Performance of the German advertising market

The agency Zenith expects net advertising revenue to rise by around 4.5% in 2021.[5] In a survey conducted by the German Advertisers Association (OWM), member companies said that they were much more cautious about the economic environment than about the performance of their own company. Only 62% of the companies that took part predicted stable or improved macroeconomic conditions for Germany in 2021. By contrast, 90% expected a stable or better level of revenue. With regard to earnings, the figure was 75%. Furthermore, 46% of member companies anticipated that advertising volume would be stable and 54% predicted an increase.[6]

High-profile studies are generally forecasting stronger growth in out-of-home advertising revenue compared with the advertising market as a whole. According to PricewaterhouseCoopers GmbH (PwC), advertising revenue in the OOH industry, including digital out-of-home advertising, will grow at a rate of 25.3% in 2021.[7] Expenditure on OOH advertising is growing at a faster rate than expenditure on other advertising channels such as TV, print, and radio, according to PwC. The main drivers of this growth are increasing mobility, new forms of advertising based on digital solutions, and urban infrastructure projects. Out-of-home advertising is making gains compared with other advertising formats (e.g. linear TV and print media), not least because of the increasing fragmentation of media consumption. In addition to its large reach, out-of-home advertising also offers other advantages because advertisers will be able to place their messages more effectively using innovative technological solutions in the future. Consequently, PwC expects the share of digital out-of-home advertising to rise to

[2] 2020 autumn projection, German Federal Ministry for Economic Affairs and Energy (BMWi), October 2020.
[3] DIW Berlin – weekly report 50/2020, December 2020.
[4] IfW Kiel – Kiel Economic Outlook no. 74 (2020/Q4).
[5] Zenith Advertising Expenditure Forecasts, December 2020.
[6] German Advertisers Association (OWM), December 2020.
[7] PWC – German Entertainment and Media Outlook 2020–2024

approximately 33% by 2024. In the period 2019 to 2024, PwC anticipates average revenue growth of 2.9% per year, which means the out-of-home advertising market in Germany may reach a total volume of EUR 1.4b by 2023. The growth in this period can be explained by the lower level of revenue in 2020 as a result of COVID-19 and a predicted increase in subsequent years.

Following the sharp decline in 2020 as a result of coronavirus, a strong uptrend is expected in the market for online advertising in 2021. Higher advertising efficiency derived from precise targeting, performance-based solutions, and individually budgeted campaigns continues to provide long-term opportunities for growth. For 2021, Zenith and PwC are forecasting an increase in online advertising revenue of 4.5%[8] and 7.4%[9] respectively. PwC expects the stationary online advertising market to have contracted by around 8% in 2020, followed by an average annual contraction of 0.6% through to 2024.[10]

Following a fall in mobile online advertising revenue in 2020, PwC anticipates a strong recovery after the COVID-19 pandemic. For the period 2019 to 2024, the experts predict an average annual growth rate of 10.8%.[11] This growth will continue to be driven by the increasing penetration of internet-enabled mobile devices (smartphones and tablets) and the associated shift in media usage. Another factor is the considerable rise in the volume of data, which reached 77 billion GB in 2020 (prior year: 60 billion GB).[12] Ströer agrees with these market assessments.

According to PwC, the German contact center and CRM services market should see sustained growth despite – and because of – the COVID-19 crisis. PwC predicts that the market will grow at an average compound annual growth rate (CAGR) of 5.0% for inhouse solutions and 4.2% for outsourced solutions in the period 2018 to 2022.[13]

Growth is being driven by fundamental structural changes in the German economy, as a result of which companies are increasingly focusing on services and commerce rather than on the manufacture of physical goods. This should open up significant opportunities for revenue and growth.[14]

Anticipated revenue and earnings

Ströer Group

As already explained, Ströer anticipates that performance in 2021 will be on a par with (pre-pandemic) levels in 2019, less any negative effects as a result of pandemic-related lockdowns. This adverse impact should be partly offset by the pent-up demand that is expected to be released as the economy recovers in the third and fourth quarters. All three segments – Out-of-Home Media, Digital OOH & Content, and Direct Media – will contribute.

In 2020, Ströer strengthened its portfolio by disposing of non-core activities such as Ströer Products and TubeOne.

These measures have enabled Ströer to concentrate even more on its core business in order to unlock further potential under its OOH+ strategy.

As a result of the focus on Germany, revenue denominated in foreign currencies from business activities in other countries is insignificant. Insofar as these affect our planning processes, we assume that the parameters remain virtually unchanged.

Ströer expects a volume-related increase in direct costs in the single-digit percentage range in 2021. The overheads of the Group as a whole, such as IT costs, are likely to rise moderately and, as in previous years, at a slower rate than organic revenue growth. Selling and administrative expenses are expected to go up slightly due to moderate inflation-related increases in salaries and other costs, the continued expansion of local and regional sales structures, the further internationalization of Statista, and the considerable increase in business volume in the Group.

The Board of Management of the general partner does not believe that developments in the German or global economy will have a material impact on our business performance, despite a number of potential uncertainties such as the effects of the COVID-19 pandemic. At the time of publication, the availability and distribution of actual advertising budgets and the level of discounts were impossible to reliably predict. The main reasons for this include radical changes in the media landscape and the

[8] Zenith Advertising Expenditure Forecasts December 2020
[9] PWC – German Entertainment and Media Outlook 2020–2024
[10] PWC – German Entertainment and Media Outlook 2020–2024
[11] PWC – German Entertainment and Media Outlook 2020–2024
[12] PWC – German Entertainment and Media Outlook 2020–2024
[13] PWC – The future of the German contact centre and CRM market, January 2020.
[14] PWC – The future of the German contact centre and CRM market, January 2020.

increasing diversity of advertising offerings, especially in digital media channels. The growing importance of social networks to the advertising industry is also changing the allocation of advertising budgets. In this market environment, Ströer expects its unrivaled German portfolio of attractive out-of-home and digital media to enable it to continue to successfully maintain its market position over the long term.

Planned capital expenditure

Capital expenditure in the forecast period will remain focused on the further digitalization of the out-of-home segment and the installation and replacement of out-of-home advertising media, due mainly to the extension or acquisition of advertising rights in public areas. In the Digital OOH & Content segment, capital expenditure will be channeled into upgrading and expanding public video inventory and the IT infrastructure and creating proprietary intangible assets, in particular software and data management platforms. In the Direct Media segment, capital expenditure will primarily relate to ongoing integration measures and the unit's focus on performance-based business aimed at supporting the OOH+ strategy.

For the Ströer Group, the Board of Management of the general partner anticipates that capital expenditure – excluding M&A activities – will be slightly higher in 2021 than in the reporting year (2020: EUR 95m). As a considerable proportion of this capital expenditure is not backed by binding investment commitments, the capital expenditure can be scaled back if required due to market conditions or the Company's situation.

In light of our OOH+ strategy, the Company is not planning any major acquisitions (M&A).

Expected financial position

As Ströer is anticipating a stronger financial performance in 2021 following the difficulties caused by COVID-19 in 2020, it also expects a further improvement in its financial position.

In 2021, return on capital employed (ROCE) should at least match the relatively high level seen in the year under review (2020: 13.4%) because of the focus on the domestic German market and the profitable core business.

The Ströer Group's current credit financing under the credit facility is secured until the end of 2023. In the last refinancing rounds, it managed to secure borrowing terms and conditions that remain attractive for us. The covenants are designed to provide sufficient headroom even in the face of economic or seasonal fluctuations. The leverage ratio of 2.28 at the end of the reporting year means that the Company remains in a very comfortable zone. Ströer expects the leverage ratio to hold steady in 2021, subject to any increases in dividend distributions or any M&A activities.

The Board of Management of the general partner continues to believe that the current credit financing provides sufficient leeway to carry out the planned capital expenditure and to exploit any business opportunities that may arise during the forecast period. The terms of our financing arrangements are continually assessed in light of the latest developments in the debt capital markets. Any financially beneficial opportunities to adjust these terms will be pursued as appropriate.

SUBSEQUENT EVENTS

Please refer to the disclosures in the notes to the consolidated financial statements for information on subsequent events.

INFORMATION IN ACCORDANCE WITH SECTION 315A HGB INCLUDING THE EXPLANATORY REPORT BY THE GENERAL PARTNER OF STRÖER SE & CO. KGAA

The following information required under takeover law is presented in accordance with section 315a sentence 1 HGB.

Composition of subscribed capital

Subscribed capital of EUR 55,282,499.00 existing at the time of the Company's conversion into a German partnership limited by shares (KGaA) on March 1, 2016 was contributed by way of a change in legal form of the previous legal entity, Ströer SE, which has its registered office in Cologne (HRB no. 82548).

In the subsequent financial years, the Company's subscribed capital increased further as a result of stock options being exercised. In 2020, the number of shares increased by 70,000 to 56,646,571. As at December 31, 2020, the subscribed capital was thus divided into 56,646,571 no-par-value bearer shares. They have a nominal value of EUR 1 each and are fully paid up.

Restrictions concerning voting rights or the transfer of shares

The Board of Management is not aware of any restrictions on shareholders concerning voting rights or the transfer of shares.

Shareholdings exceeding 10% of voting rights

Ströer Management SE, Düsseldorf, is the general partner of Ströer SE & Co. KGaA. It has not paid in any special contribution and is attributed a share of neither the profit or loss nor the assets of the Company.

Udo Müller (directly and indirectly) holds a total of 22.19% of the total number of shares and Dirk Ströer (directly and indirectly) holds a total of 19.51%. As at the reporting date, Deutsche Telekom Trust e.V., Bonn, held a total of 9.69% of the shares in Ströer SE & Co. KGaA and therefore no longer had a shareholding exceeding 10% of the voting rights. The Board of Management has not received any notifications, as required by the German Securities Trading Act (WpHG), of other shareholdings exceeding 10% of the voting rights.

Shares with special rights granting control authority

There are no shares with special rights granting control authority.

Legal provisions and provisions in the articles of association concerning the beginning and end of the authorization of the general partner to manage and represent the Company and concerning changes to the articles of association

Article 8 of the articles of association of Ströer SE & Co. KGaA sets forth details concerning any potential exit by the general partner and the continuation of Ströer SE & Co. KGaA. In accordance with section 119 (1) no. 5 AktG, the shareholder meeting decides on changes to the articles of association. More information on the procedural rules can be found in section 181 AktG in conjunction with article 9 of the articles of association of Ströer SE & Co. KGaA.

Authorization of the general partner to issue or repurchase shares

The 2014 approved capital of EUR 12,525,780.00 expired in 2019. Subject to the approval of the Supervisory Board, the general partner is authorized until June 18, 2024 to increase the Company's share capital once or several times by a maximum of EUR 5,652,657.00 in total by issuing up to 5,652,657 new no-par-value bearer shares for contributions in cash and/or in kind (2019 approved capital).

The remaining stock options under the 2013 conditional capital were exercised in 2019.

The share capital is subject to a conditional increase by a maximum of EUR 1,993,445.00 by issuing a maximum of 1,993,445 no-par-value bearer shares (2015 conditional capital). This conditional capital increase, however, may not exceed the remaining amount and the remaining number of shares under the conditional capital increase pursuant to article 6b (1) of the articles of association of Ströer SE on the date on which the change in the legal form of Ströer SE to a partnership limited by shares pursuant to the conversion resolution dated September 25, 2015 took effect. The sole purpose of the conditional capital increase is for the Board of Management to grant, as authorized by resolution of the shareholder meeting dated September 25, 2015, rights to holders of stock options under the 2015 Stock Option Plan. The conditional capital increase will only be implemented to the extent that the holders of stock options granted under the authorization of the shareholder meeting on September 25, 2015 exercise these stock options and that the Company does not settle the stock options in cash.

The Company's share capital is subject to a conditional increase by a maximum of EUR 11,056,400.00 by issuing a maximum of 11,056,400 new no-par-value bearer shares (2017 conditional capital). The purpose of the conditional capital increase is to grant no-par-value bearer shares to holders/beneficial owners of convertible bonds and/or bonds with warrants that are being issued by the Company or an investee as a result of the authorization granted under item 9 on the agenda of the shareholder meeting on June 14, 2017. New no-par-value bearer shares are issued at a particular conversion or option price determined by the aforementioned authorization resolution. The conditional capital increase will only be implemented to the extent that conversion or option rights are exercised or holders/beneficial owners who are obliged to do so fulfill their obligation to exercise their conversion rights and provided that a cash settlement is not granted or use is not made of treasury shares or new shares issued from approved capital.

The share capital is subject to a conditional increase by a maximum of EUR 2,200,000.00 by issuing a maximum of 2,200,000 no-par-value bearer shares (2019 conditional capital). The sole purpose of the conditional capital increase is for rights to be granted, as authorized by the shareholder meeting on June 19, 2019, to holders of stock options under the 2019 Stock Option Plan. The conditional capital increase will only be implemented to the extent that the holders of stock options granted under the authorization of the shareholder meeting on June 19, 2019 exercise these stock options and that the Company does not settle the stock options in cash or by granting treasury shares.

Significant agreements entered into by the Company that are conditional upon a change of control as a result of a takeover bid and the ensuing effects

Facility agreement/note loans

A facility agreement is in place between Ströer SE & Co. KGaA and a syndicate of various banks and financial institutions, on the basis of which the syndicate granted the Company a credit line of EUR 600m. This facility agreement entered into in 2016 replaced a previous agreement dating from 2014. In addition, Ströer SE & Co. KGaA placed a note loan with a volume of EUR 145m on the capital markets in 2016 and a further note loan with a volume of EUR 350m in 2017. As at the reporting date, the note loan from 2016 still existed in its full amount while the note loan from 2017 was valued at EUR 332m.

The provisions in both the facility agreement and the note loans relating to a change in control reflect normal market arrangements. They do not result in automatic termination but merely grant our counterparties the option of termination in the event of a change in control.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

EUR k	Note	2020	2019[1]
Revenue	(9)	1,442,159	1,591,145
Cost of sales	(10)	–937,590	–1,025,736
Gross profit		**504,569**	**565,409**
Selling expenses	(11)	–242,740	–249,451
Administrative expenses	(12)	–176,729	–186,248
Other operating income	(13)	39,635	39,617
Other operating expenses	(14)	–31,388	–17,746
Share in profit or loss of equity method investees	(5)	2,153	6,865
Finance income	(15)	2,021	2,147
Finance costs	(15)	–36,030	–34,785
Profit or loss before taxes		**61,491**	**125,808**
Income taxes	(16)	–12,849	–19,888
Post-tax profit or loss from continuing operations	(6)	**48,642**	**105,920**
Discontinued operations			
Post-tax profit or loss from discontinued operations		0	–41,537
Consolidated profit or loss for the period		**48,642**	**64,383**
Thereof attributable to:			
Owners of the parent		35,421	55,726
Non-controlling interests		13,221	8,657
		48,642	**64,383**
Earnings per share – continuing operations[2]			
Basic earnings per share (EUR)		0.63	1.63
Diluted earnings per share (EUR)		0.62	1.62

[1] The comparative figures for 2019 have been restated in connection with an adjustment in accordance with IAS 8.41. Please refer to our disclosures in note 4 in the notes to the consolidated financial statements.
[2] For information on discontinued operations, please refer to our disclosures on earnings per share – discontinued operations in note 6.2 in the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR k	Note	2020	2019[1]
Consolidated profit or loss for the period		**48,642**	**64,383**
Other comprehensive income			
Amounts that will not be reclassified to profit or loss in future periods			
Actuarial gains and losses	(27, 28)	–1,139	–3,942
Changes in the fair value of equity instruments measured at fair value through other comprehensive income		299	11
Income taxes	(16)	281	1,277
		–559	**–2,653**
Amounts that could be reclassified to profit or loss in future periods			
Exchange differences on translating foreign operations	(8)	–2,989	2,373
Income taxes	(16)	0	0
		–2,989	**2,373**
Other comprehensive income, net of income taxes		**–3,548**	**–280**
Total comprehensive income, net of income taxes		**45,094**	**64,103**
Thereof attributable to:			
Owners of the parent		31,958	55,319
Non-controlling interests		13,136	8,784
		45,094	**64,103**

[1] The comparative figures for 2019 have been restated in connection with an adjustment in accordance with IAS 8.41. Please refer to our disclosures in note 4 in the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (EUR k)	Note	Dec. 31, 2020	Dec. 31, 2019[1]	Jan. 1, 2019[1]
Non-current assets				
Intangible assets/goodwill	(19)	1,102,423	1,158,681	1,211,901
Property, plant, and equipment	(20)	1,147,302	1,246,316	1,299,214
Investments in investees accounted for using the equity method	(5)	22,981	25,089	24,219
Financial assets		3,565	2,971	2,822
Trade receivables	(21)	0	1,360	504
Other financial assets	(22)	1,785	8,534	15,023
Other non-financial assets	(22)	12,297	20,486	22,646
Deferred tax assets	(16)	11,205	11,057	12,364
Total non-current assets		**2,301,558**	**2,474,493**	**2,588,693**
Current assets				
Inventories	(23)	15,542	17,296	18,259
Trade receivables	(21)	170,018	181,828	166,863
Other financial assets	(22)	11,282	8,806	8,398
Other non-financial assets	(22)	31,073	35,538	30,218
Current tax assets		6,684	8,627	13,459
Cash	(24)	85,469	103,603	103,696
Total current assets		**320,068**	**355,697**	**340,892**
Assets classified as held for sale	(25)	0	24,277	14,957
Total assets		**2,621,626**	**2,854,467**	**2,944,542**

[1] The comparative figures for 2019 have been restated in connection with an adjustment in accordance with IAS 8.41. Please refer to our disclosures in note 4 in the notes to the consolidated financial statements.

Equity and liabilities (EUR k)	Note	Dec. 31, 2020	Dec. 31, 2019[1]	Jan. 1, 2019[1]
Equity	(26)			
Subscribed capital		56,647	56,577	56,172
Capital reserves		754,877	747,491	735,541
Retained earnings		–333,081	–232,740	–158,915
Accumulated other comprehensive income/loss		–7,722	–4,796	–6,997
		470,721	**566,531**	**625,801**
Non-controlling interests		6,979	8,706	4,745
Total equity		**477,700**	**575,238**	**630,546**
Non-current liabilities				
Provisions for pensions and similar obligations	(27)	44,949	44,145	40,476
Other provisions	(28)	27,497	25,434	26,965
Financial liabilities	(29)	1,298,756	1,446,939	1,504,720
Trade payables	(30)	1,144	4,035	5,024
Deferred tax liabilities	(16)	11,563	29,721	54,555
Total non-current liabilities		**1,383,909**	**1,550,273**	**1,631,740**
Current liabilities				
Other provisions	(28)	65,348	56,884	50,434
Financial liabilities	(29)	317,048	218,887	247,347
Trade payables	(30)	241,936	294,480	256,762
Other liabilities	(31)	109,153	103,719	87,232
Current income tax liabilities		26,533	28,331	31,147
Total current liabilities		**760,017**	**702,300**	**672,923**
Liabilities associated with assets held for sale	(25)	0	26,656	9,333
Total equity and liabilities		**2,621,626**	**2,854,467**	**2,944,542**

[1] The comparative figures for 2019 have been restated in connection with an adjustment in accordance with IAS 8.41. Please refer to our disclosures in note 4 in the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR k	Note	2020	2019[1]
Cash flows from operating activities			
Profit or loss for the period		48,642	105,920
Expenses (+)/income (–) from net finance income/costs and net tax income/expense		46,858	52,526
Amortization, depreciation, and impairment (+) on non–current assets		156,103	167,106
Depreciation and impairment (+) on right–of–use assets under leases (IFRS 16)		178,619	178,415
Share of the profit or loss of investees accounted for using the equity method		–2,152	–6,865
Cash received from profit distributions of investees accounted for using the equity method		5,689	4,271
Interest paid (–) in connection with leases (IFRS 16)		–15,600	–21,410
Interest paid (–) in connection with other financial liabilities		–9,543	–7,680
Interest received (+)		50	60
Income taxes paid (–)/received (+)		–28,285	–39,180
Increase (+)/decrease (–) in provisions		10,039	3,784
Other non–cash expenses (+)/income (–)		3,039	4,164
Gain (–)/loss (+) on disposal of non–current assets		3,708	–762
Increase (–)/decrease (+) in inventories, trade receivables, and other assets		22,870	–25,060
Increase (+)/decrease (–) in trade payables and other liabilities		–40,082	36,255
Cash flows from operating activities (continuing operations)		**379,954**	**451,545**
Cash flows from operating activities (discontinued operations)		329	–5,256
Cash flows from operating activities		**380,283**	**446,289**
Cash flows from investing activities			
Cash received (+) from the disposal of intangible assets and property, plant, and equipment		1,615	2,551
Cash paid (–) for investments in intangible assets and property, plant, and equipment		–97,004	–83,917
Cash paid (–) for investments in investees accounted for using the equity method and financial assets		–3,320	–960
Cash received (+) from/cash paid (–) for the sale of consolidated entities		287	340
Cash received (+) from/cash paid (–) for the acquisition of consolidated entities	(6)	–8,979	–14,188
Cash flows from investing activities (continuing operations)		**–107,400**	**–96,173**
Cash flows from investing activities (discontinued operations)		–12,676	–340
Cash flows from investing activities		**–120,075**	**–96,513**

[1] The comparative figures for 2019 have been restated in connection with an adjustment in accordance with IAS 8.41. Please refer to our disclosures in note 4 in the notes to the consolidated financial statements.

EUR k	Note	2020	2019[1]
Cash flows from financing activities			
Cash received (+) from equity contributions		3,527	7,157
Dividend distributions (–)		–124,197	–128,590
Cash paid (–) for the acquisition of shares not involving a change of control		–23,864	–70,730
Cash received (+) from borrowings		482,346	146,519
Cash repayments (–) of borrowings		–474,208	–129,957
Cash payments (–) for the principal portion of lease liabilities (IFRS 16)		–154,292	–174,697
Cash flows from financing activities (continuing operations)		**–290,688**	**–350,298**
Cash flows from financing activities (discontinued operations)		9,016	3,759
Cash flows from financing activities		**–281,672**	**–346,539**
Cash and cash equivalents at the end of the period			
Change in cash and cash equivalents (continuing operations)		–18,134	5,074
Change in cash and cash equivalents (discontinued operations)		–3,330	–1,837
Cash and cash equivalents at the beginning of the period (continuing operations)		103,603	98,529
Cash and cash equivalents at the beginning of the period (discontinued operations)		3,330	5,167
Cash and cash equivalents at the end of the period (continuing operations)		**85,469**	**103,603**
Cash and cash equivalents at the end of the period (discontinued operations)		**0**	**3,330**
Composition of cash and cash equivalents			
Cash (continuing operations)		85,469	103,603
Cash (discontinued operations)		0	3,330
Cash and cash equivalents at the end of the period		**85,469**	**106,933**

[1] The comparative figures for 2019 have been restated in connection with an adjustment in accordance with IAS 8.41. Please refer to our disclosures in note 4 in the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR k	Subscribed capital
Jan, 1, 2018	**56,172**
Restatement pursuant to IAS 8.41	0
Jan, 1, 2019[1]	**56,172**
Consolidated profit or loss for the period	0
Other comprehensive income	0
Total comprehensive income	0
Changes in the basis of consolidation	0
Share-based payment	405
Effects from changes in ownership interests in subsidiaries without loss of control	0
Obligation to purchase own equity instruments	0
Dividends	0
Dec, 31, 2019[1]/Jan, 1, 2020	**56,577**
Consolidated profit or loss for the period	0
Other comprehensive income	0
Total comprehensive income	0
Changes in the basis of consolidation	0
Share-based payment	70
Effects from changes in ownership interests in subsidiaries without loss of control	0
Obligation to purchase own equity instruments	0
Dividends	0
Dec, 31, 2020	**56,647**

[1] The comparative figures for 2019 have been restated in connection with an adjustment in accordance with IAS 8.41. Please refer to our disclosures in note 4 in the notes to the consolidated financial statements.

		Accumulated other comprehensive income/loss			
Capital reserves	**Retained earnings**	**Exchange differences on translating foreign operations**	**Total**	**Non-controlling interests**	**Total equity**
735,541	**–122,511**	**–6,997**	**662,205**	**6,311**	**668,516**
0	–36,404	0	–36,404	–1,566	–37,970
735,541	**–158,915**	**–6,997**	**625,801**	**4,745**	**630,546**
0	55,726	0	55,726	8,657	64,383
0	–2,609	2,201	–408	127	–280
0	53,117	2,201	55,318	8,784	64,103
0	0	0	0	887	887
11,950	0	0	12,355	0	12,355
0	–62,323	0	–62,323	–217	–62,540
0	48,434	0	48,434	6,618	55,052
0	–113,053	0	–113,053	–12,111	–125,164
747,491	**–232,740**	**–4,796**	**566,531**	**8,706**	**575,238**
0	35,421	0	35,421	13,221	48,642
0	–536	–2,926	–3,462	–85	–3,548
0	34,885	–2,926	31,959	13,136	45,094
0	0	0	0	2,823	2,823
7,386	0	0	7,456	0	7,456
0	–19,787	0	–19,787	2,063	–17,724
0	–2,285	0	–2,285	–7,146	–9,431
0	–113,153	0	–113,153	–12,603	–125,756
754,877	**–333,081**	**–7,722**	**470,721**	**6,979**	**477,700**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EXPLANATORY DISCLOSURES

Basis of presentation

1 General

Ströer SE & Co. KGaA, Cologne, is a listed corporation. The Company has its registered office at Ströer-Allee 1, 50999 Cologne, Germany. It is entered in the commercial register of the City of Cologne in department B under HRB no. 86922.

The purpose of Ströer SE & Co. KGaA and the entities included in the consolidated financial statements (the 'Ströer Group' or the 'Group') is the provision of services in the areas of media, advertising, marketing, and communication including, but not limited to, the marketing of out-of-home media and the brokerage and marketing of online advertising space. The Group markets all forms of out-of-home media, from traditional large formats and transport media through to digital media.

The consolidated financial statements of Ströer SE & Co. KGaA for 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) applicable as at the reporting date and as adopted by the European Union (EU); the additional requirements of German commercial law were also applied pursuant to section 315e (1) of the German Commercial Code (HGB).

These consolidated financial statements cover the period January 1, 2020 to December 31, 2020. The Board of Management of Ströer Management SE, Düsseldorf, the general partner of Ströer SE & Co. KGaA, approved the consolidated financial statements on March 30, 2021 for issue to the Supervisory Board of Ströer SE & Co. KGaA. The Supervisory Board has the task of reviewing the consolidated financial statements and declaring whether it approves them.

The income statement has been prepared in accordance with the function-of-expense method (also called the cost-of-sales method).

The consolidated financial statements are prepared in euros. Unless stated otherwise, all figures are disclosed in thousands of euros (EUR k). Due to rounding differences, figures in tables may differ slightly from the actual figures.

The references to page numbers in these notes to the consolidated financial statements relate to the numbering in the annual report.

2 Assumptions, accounting estimates, and the use of judgment

Preparation of the consolidated financial statements in compliance with IFRSs requires assumptions and estimates to be made that have an impact on the figures disclosed in the consolidated financial statements and the notes thereto. The estimates are based on empirical data and other information on the transactions to be recognized. Actual results may differ from such estimates. The assumptions on which estimates are based are reviewed regularly.

Assumptions, accounting estimates, and the use of judgment essentially relate to the following (for more details on the carrying amounts and other explanations, please refer to the relevant individual disclosures in these notes):

Revenue

There is scope for discretion when assessing whether customer contracts relating to analog advertising media constitute a lease under IFRS 16. As the decisions concerning the use of the advertising medium are predetermined and the customer has no right to operate the asset (e.g. a billboard), it is the view of senior management that the requirements for classification as a lease pursuant to IFRS 16 are not met.

Deciding whether to combine a number of committed deliverables in a customer contract into a single performance obligation involves the use of discretion. In the Out-of-Home Media segment, the Group combines the deliverables 'media services', 'production services', and 'billposting services' into the single performance obligation 'out-of-home advertising' due to the significant degree of integration involved. Furthermore, in the digital marketing of online advertising space, the deliverables 'generation of ad impressions', 'serving and measurement of ad impressions', and 'research services' are bundled together in the single performance obligation 'online advertising campaign'.

In assessing whether the Ströer Group is acting as principal or agent, the Group exercises discretion as to whether the Ströer Group has control over the third party's advertising inventory prior to providing the advertising service, has the right to instruct a third party to provide the advertising service on its behalf, or provides a significant integration service. Furthermore, the assessment of subsidiary indicators in respect of primary responsibility for the provision of services and the ability to set the price of the services, involves the use of discretion.

To estimate the variable consideration in customer contracts, the Group applies the expected value method or the most likely amount method. The revenue from e-commerce business and from dialog marketing is reduced by expected returns/cancelation rates due to statutory and contractual rights of return and cancelation. These assumptions and estimates reduce the corresponding trade receivables in proportion to the reduction in revenue. For further information on revenue, please refer to notes 3 and 9.

Leasing

In addition to the determination of an appropriate discount rate, the measurement of lease liabilities and the associated right-of-use assets requires assumptions to be made about additional parameters related to their probability and timing. In particular, this includes assumptions about any purchase, extension, or termination options. The assessment of whether a contract actually satisfies the criteria of IFRS 16, and thus has to be accounted for as a lease, may also be subject to a degree of judgment.

For information about determining discount rates that are appropriate to the term and for further details on lease liabilities and the associated right-of-use assets, please refer to notes 3 and 35.

Impairment of goodwill

The annual impairment test for goodwill entails estimating future cash flows and selecting an appropriate discount rate. The necessary assumptions and underlying methodology used for the impairment test may have a significant impact on the individual values and thus on the amount by which goodwill is impaired. The determination of discounted cash flows, in particular, is heavily dependent on the planning assumptions made, which are sensitive to changes and may thus significantly affect recoverability. The cash flows are derived from the business planning for the relevant cash-generating units (CGUs). For further information, please refer to notes 3 and 19.

Fair value in acquisitions

Assumptions about the recognition and measurement of assets and liabilities are required for purchase price allocations in the context of acquisitions. In particular, this affects the measurement of the fair value of the assets and liabilities and the applicable useful lives at the time of acquisition. The fair value of these assets and liabilities is measured on the basis of an estimate of future cash flows and an appropriate discount rate. The actual cash flows may differ significantly from the cash flows assumed in the measurement of fair value.

In business combinations achieved in stages (step acquisitions), the fair value of previously held equity interests is determined on the basis of the purchase price of the new equity interests or by using a discounted cash flow method. For further information, please refer to notes 3 and 6.

Pension and restoration obligations

In addition to the determination of an appropriate discount rate, the recognition of pension and restoration obligations requires assumptions to be made about additional actuarial parameters and about the probability and timing of utilization. For further information, please refer to notes 27 and 28. The expected restoration costs are determined on the basis of service specifications and restoration probabilities over the estimated contractual term of the advertising concessions. The restoration probabilities vary according to the nature of the underlying advertising concession (private vs. municipal concessions). For information on the estimated contractual terms, please refer to note 3. Due to the fact that provisions are calculated for a large number of different advertising concessions, it would not be meaningful to provide information on sensitivity to significant influencing factors here.

Deferred tax assets arising from loss carryforwards

The Group recognizes deferred tax assets arising from loss carryforwards based on planning relating to future income tax expense and the opportunity to utilize the loss carryforwards within the next five years. For further information, please refer to note 16.

COVID-19 pandemic

Particularly in the second quarter of 2020, the COVID-19 pandemic led to a sharp fall in revenue that primarily affected the Ströer Group's OOH business. The main reason for this were the lockdown measures imposed to protect people's lives and health, which brought public life in Germany and most other European countries almost to a standstill. These measures significantly reduced the reach of advertising campaigns, especially in the OOH business, which therefore saw considerable decreases in new orders. The following points required the use of judgment in order to correctly reflect the impact of the COVID-19 pandemic in the Group's consolidated financial statements:

a) Recoverability of carrying amounts (impairment tests (IAS 36))

The Ströer Group tests its intangible assets and property, plant, and equipment for impairment if there is an indication that they may be impaired (triggering events). As the COVID-19 pandemic constituted a triggering event for the Ströer Group's OOH business, our testing paid particularly close attention to the recoverability of the recognized goodwill and of the right-of-use assets recognized in connection with leases (IFRS 16) as at June 30, 2020. Our analysis covered the three CGUs in the OOH business: Ströer Germany, Ströer Poland, and the BlowUP group.

Our analysis of the recoverability of goodwill did not identify any need for the recognition of impairment because the underlying fair values had been far higher than the corresponding carrying amounts in the past. Moreover, the OOH business was expected to recover relatively quickly and, in goodwill impairment tests, the cash flows expected in the long term (terminal value) make up a significant part of the value.

By contrast, measurement of right-of-use assets recognized in connection with leases in accordance with IFRS 16 only includes the cash flows expected in the remaining lease terms. While no impairment was identified for the OOH business in Germany due to the mainly long lease terms, our analysis of the Polish OOH business and the giant poster business of the BlowUP group resulted in impairment of EUR 2.3m due to the shorter remaining lease terms as at June 30, 2020. As at December 31, 2020, however, there was no further impairment as the expected impact of the COVID-19 pandemic on the future cash flows of the OOH business was deemed more moderate than at June 30, 2020.

b) Adjustment of lease payments (IFRS 16)

Because of the COVID-19 pandemic, Ströer reached agreement with numerous contractual partners in the OOH business on reducing the minimum lease payments for existing advertising rights contracts. In this context, the Group used the practical relief for COVID-19-related rent concessions that was adopted by the European Commission on October 9, 2020. The reduction in lease liabilities achieved by renegotiating the advertising rights contracts totaled EUR 2.5m as at the reporting date. In view of 'COVID-19-Related Rent Concessions (Amendment to IFRS 16)', Ströer recognized the reduction of lease liabilities in profit or loss.

c) Government grants (IAS 20)

As a result of the COVID-19 pandemic and the related decline in business activity, employees of the Ströer Group received government salary support for short-time working. From an accounting perspective, the salary support for short-time working was recognized in the Group's income statement as a deduction from personnel expenses. The salary support for short-time working totaled EUR 10.2m in 2020.

3 Significant accounting policies

Revenue and expense recognition

Revenue is mainly generated from the marketing of advertising space in the out-of-home business, from the marketing of online advertising space, from the subscription and e-commerce business, and from dialog marketing.

In the **Out-of-Home Media** segment, the Ströer Group mainly generates its revenue from the marketing of advertising space in the large formats, street furniture, transport, and other product groups. Customer contracts relating to analog advertising media do not constitute a lease within the meaning of IFRS 16, as decisions concerning the use of the advertising medium are predetermined and the customer does not have the right to operate the asset (e.g. a billboard). The key deliverables 'media services', 'production services', and 'billposting services' are bundled together in the single performance obligation 'out-of-home advertising' due to the significant level of integration within the Ströer Group.

Revenue recognition is based on agreed fixed prices for standardized services and products. Revenue is recognized net of deductions, comprising agency commissions, payments to specialist advertising agencies, rebates, and discounts. It is recognized over a period of time, from the time the advertising is first displayed, in line with the percentage of completion, which is the period of time during which the advertising has already been displayed relative to the total period of time during which the advertising is to be displayed. Revenue recognition is therefore based on the output-based method, as this is the most accurate representation of service provision.

Advertising media owned by third parties is marketed in addition to the Group's own media. Revenue earned using the Group's own advertising media is reported on the basis of the total consideration that is received in exchange for the service (acting as principal). Insofar as the Ströer Group has control over the advertising inventory of the third party prior to providing the advertising service (e.g. by way of exclusive marketing agreements), has the right to instruct a third party to provide the advertising service on its behalf (e.g. by way of the Ströer Group having the right to determine on which of the third party's advertising spaces the advertising is delivered), or provides a significant integration service (e.g. by way of integrating media services and billposting services), the Ströer Group is considered to be acting as principal. If the criteria for classification as principal are not met, the Ströer Group is acting as agent. Consequently, only the agreed sales commission is disclosed on a net basis under revenue (acting as agent). Based on the assessment of senior management, the Ströer Group is generally to be viewed as acting as principal.

The Ströer Group also generates revenue from the marketing of **online advertising** space. The deliverables 'generation of ad impressions', 'serving and measurement of ad impressions', and 'research services' are bundled together in the single performance obligation 'online advertising campaign'.

Revenue recognition is based on agreed fixed prices for standardized services and products. Revenue is recognized net of deductions, comprising agency commissions, payments to specialist advertising agencies, rebates, and discounts. It is recognized over a period of time in line with the percentage of completion, which is the number of ad impressions already made relative to the total number of ad impressions to be made. Revenue recognition is therefore based on the output-based method, as this is the most accurate representation of service provision.

Online advertising space owned by third parties is marketed in addition to the Group's own online advertising space (websites). Revenue earned using the Group's own online advertising space is reported on the basis of the total consideration that is paid in exchange for the service (acting as principal).

Insofar as the Ströer Group has the right to instruct a third party to provide the online advertising service on its behalf (e.g. by way of the Ströer Group's right to determine on which online advertising spaces the advertising is served) or provides a significant integration service (e.g. by way of integrating the generation of ad impressions and serving and measuring the ad impressions using AdServer technology, taking account of the customer's campaign objectives such as target group and targeting criteria), the Ströer Group is considered to be acting as principal. If the criteria for classification as principal are not met, the Ströer Group is acting as agent. Consequently, only the agreed sales commission is disclosed on a net basis under revenue (acting as agent). Based on the assessment of senior management, the Ströer Group is generally to be viewed as acting as principal.

Another aspect of the Ströer Group's business involves the generation of revenue in the **subscription business (Statista, StayFriends)**. The performance obligations comprise both stand-ready obligations (StayFriends) and the granting of access rights to intellectual property (Statista).

Revenue recognition is usually based on the fixed prices agreed for standardized services and products in the subscription agreement. It is recognized over a period of time, from the start of the subscription, in line with the percentage of completion. This is based on the period of time already elapsed relative to the total duration of the subscription. Revenue recognition is therefore based on the output-based method, as this is the most accurate representation of service provision.

The Ströer Group generates further revenue in its **e-commerce business**. The performance obligation comprises the sale of goods. Goods are sold either directly via online sales channels to end customers or through retailers and teleshopping companies. Revenue recognition is usually based on the prices contractually agreed for the products. As a result of the rights of return enjoyed by consumers in e-commerce business, the revenue is reduced by the anticipated returns. The return rates are based on historical experience.

Revenue from e-commerce business is recognized at the point in time when control over the products is transferred, i.e. when the goods are delivered to or received by the customer (end consumer, retailer, or teleshopping company). In e-commerce business, the Ströer Group is to be viewed as acting exclusively as principal.

The final revenue stream in the Ströer Group is **dialog marketing**. In this context, the performance obligation is, depending on the type of contract, either the successful brokerage of a contract between our client and its potential customers via our call center and direct sales (door-to-door) activities or the provision of services to our clients' existing customers in our call centers.

Revenue recognition is usually based on the prices contractually agreed for the brokerage services (commission) and other services. Revenue from the brokerage of contracts is reduced by expected cancelation rates. The cancelation rates are based on historical experience. Revenue from dialog marketing is recognized either at the point in time when the customer data from the brokerage of a contract is transferred to the client or over the period of time in which the service is provided, depending on the type of contract. The Ströer Group acts as principal for the brokerage service provided but not for the service brokered.

Revenue from dialog marketing is recognized when the contract is successfully brokered or when contact is made with a potential customer, depending on the advertising customer's type of contract.

Revenue from barter transactions is measured at the market value of the consideration received and is adjusted as appropriate by an additional cash payment. If the market value of the consideration cannot be reliably measured, barter transactions are measured at the market value of the advertising service rendered and are adjusted as appropriate by an additional cash payment. To estimate the variable consideration in customer contracts, the Group applies the expected value method or the most likely amount method.

Whereas payment conditions in most areas of the business specify payment after performance (with payments on account if applicable), prepayments are particularly common in the subscription business. As a rule, payment conditions do not include significant financing components.

In the case of revenue from multi-component transactions, the revenue attributable to the separately identifiable components is broken down by relative fair value and recognized in accordance with the above policies.

Operating expenses are recognized in profit or loss when the service is used or when they are incurred.

Interest is recognized on an accrual basis in net finance income/costs using the effective interest method.

Dividends are recognized at the time when the right to receive them is established.

Goodwill and other intangible assets

Pursuant to IFRS 3, goodwill is measured as the excess of the cost of the acquisition over the interest in the net fair value of the acquired identifiable assets, liabilities, and contingent liabilities as at the date of acquisition. It is not amortized.

All intangible assets acquired for a consideration, largely advertising concessions and software, have a finite useful life and are recognized at cost. Intangible assets are amortized on a straight-line basis over their useful lives. Amortization in the financial year is allocated to cost of sales, administrative expenses, and selling expenses on the basis of the function-of-expense method. Amortization of advertising rights is allocated to cost of sales.

Amortization (including write-downs on hidden reserves recognized in the context of purchase price allocations (PPA)) is based on the following useful lives:

Useful life	**Years**
Advertising concessions awarded by municipalities	1–17
Other advertising concessions	1–30
Other intangible assets	1–10
Goodwill	Indefinite

The appropriateness of the useful lives and of the method of amortization is reviewed annually.

The cost for the development of new or considerably improved products and processes is capitalized if the development costs can be measured reliably, the product or process is technically and economically feasible, and future economic benefits are probable. In addition, the Ströer Group must intend, and have adequate resources available, to complete the development and to use or sell the asset.

The Group may incur development costs by developing advertising media and software.

Capitalized costs mainly include personnel expenses and directly allocable overheads. All capitalized development costs have a finite useful life and are recognized at cost. Amortization is charged on the basis of the useful lives of comparable acquired intangible assets. Development costs that do not meet the recognition criteria for capitalization are expensed in the period in which they are incurred.

Property, plant, and equipment

Property, plant, and equipment is recognized at depreciated cost less any impairment losses. Land is not depreciated.

Cost comprises the purchase price, acquisition-related costs, and subsequent costs net of purchase price reductions. Since no qualifying assets have been identified within the meaning of IAS 23, cost does not include any borrowing costs.

Separately identifiable technical components of an item of property, plant, and equipment are recognized and depreciated individually.

Depreciation is charged on a straight-line basis over the useful life. The depreciation expense is allocated on the basis of the function-of-expense method. Impairment losses are reversed if the reason for impairment ceases to apply. The residual carrying amounts, assumptions about remaining useful lives, and the appropriateness of the depreciation method are reviewed annually.

Depreciation (including write-downs on hidden reserves recognized in the context of purchase price allocations (PPA)) is based on the following useful lives:

Useful life	**Years**
Buildings	50
Plant and machinery	5–13
Advertising media	4–35
Other furniture and fixtures	3–15

The costs estimated for the probable dismantling and removal of advertising media at the end of an advertising concession contract are recognized at cost using the components approach. The amount is measured on the basis of the provision recognized for restoration obligations in accordance with IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’. In accordance with IFRIC 1, changes in the provisions have to be added to or deducted from the cost of the asset in question in the current period.

The right-of-use assets that have to be recognized in connection with leases according to IFRS 16 have to be recognized under property, plant, and equipment. The amount to be recognized upon initial recognition is based on the present value of the minimum lease payments at that time.

If government grants are made for the purchase of property, plant, and equipment in accordance with the German Investment Allowance Act (InvZulG), these grants are deducted from the carrying amount of the asset in question.

Impairment testing

The Ströer Group tests its intangible assets and property, plant, and equipment for impairment if there is an indication that they may be impaired. Goodwill is tested for impairment at least once annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. There are no intangible assets with an indefinite useful life in the Ströer Group.

If the recoverable amount of the asset is less than the carrying amount, the asset is written down to its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those of other assets or groups of assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the reasons for impairment recognized in prior years cease to apply, the relevant impairment losses – with the exception of those on goodwill – are reversed, but subject to a limit such that the carrying amount of the asset is no higher than its amortized cost.

Leasing

All contracts in the Ströer Group that represent a lease or contain a lease-type arrangement are measured as a financial liability at the present value of the lease payments over the underlying period at the date of initial recognition. At the date of initial recognition, a corresponding right to use the underlying asset is also recognized in the same amount in the relevant category of property, plant, and equipment. Variable lease payments that do not depend on an index or an interest rate in accordance with IFRS 16.27 b) are not included in the measurement.

Besides typical rental or lease agreements relating to office buildings and company cars, leases also include the numerous advertising rights contracts in the Ströer Group's OOH business. They include contracts with local and municipal authorities and with private property owners. In these contracts, Ströer is granted the right to install its advertising media on public and private land.

The recognition of lease liabilities in connection with initial application of the standard led to an increase in financial liabilities of EUR 1,097.9m as at January 1, 2018. At the same time, property, plant, and equipment increased by EUR 1,097.9m as right-of-use assets in connection with leases for movable assets, real estate, and advertising locations had to be recognized. Advertising rights contracts at advertising locations in the Ströer Group's OOH business were the main reason for the significant increase in total assets in connection with the adoption of the new IFRS 16.

In the income statement, the lease payments are no longer recognized in full as an operating expense but are instead broken down into the interest expense and a principal portion. While the interest portion is recognized directly in net finance income/costs, the depreciation of the right-of-use asset is recognized in the income statement instead of the principal portion; the total principal repayments correspond to the total depreciation over the entire term of the individual leasing agreement.

In the statement of cash flows, the interest portion of the lease payments is included in cash flows from operating activities and the principal portion is included in cash flows from financing activities.

Where Ströer has an extension option, it is included when determining the lease term provided that it is reasonably certain that Ströer will exercise the option. Automatic lease extensions are not taken into account, by contrast, if it is uncertain whether the lessor might give due notice to terminate the lease before the extension comes into force. The Ströer Group does not exercise the options afforded by IFRS 16 regarding the treatment of leasing arrangements with a term of no more than twelve months and leasing arrangements for low-value assets.

The lease payments are discounted at incremental borrowing rates that are consistent with the term of the lease. These rates are determined on the basis of the incremental borrowing costs that Ströer would have had to pay over a similar period to borrow the funds necessary to purchase the underlying asset. The practical expedients are exercised such that a single incremental borrowing rate is used for each class of lease. Separate incremental borrowing rates were determined for the OOH business in Poland because of the significant IFRS 16 effects there. The interest-rate curve used at the date of initial recognition of a lease is not adjusted in line with changes in the capital markets during the term of the lease.

The 'identified asset' criterion under IFRS 16.9 is regularly met in the OOH business, for both private and municipal advertising rights contracts. While the locations of advertising media are usually precisely defined in advertising rights contracts involving private land, the definitive locations are not usually explicitly defined in public advertising rights contracts. As a rule, however, a building permit and construction work are required for the installation of an OOH advertising medium, which means that the location is clearly defined for the remaining term of the lease no later than when the advertising medium is installed. By contrast, the criteria for a 'substantive substitution right' as defined in IFRS 16.B14 are not usually met by advertising rights contracts in the OOH business. This applies, for example, to the advertising rights contract with Deutsche Bahn, as the relocation of an advertising medium within a train station must meet extensive building law requirements and the necessary infrastructure (electricity and data lines) must be modified.

Financial instruments

a) Recognition and initial measurement

Trade receivables are recognized from the time at which they arise. All other financial assets and liabilities are recognized for the first time on the trade date when the Company becomes a counterparty pursuant to the contractual terms of the instrument.

Financial assets (except for trade receivables without a significant financing component) and financial liabilities are initially recognized at fair value. In the case of an item not measured at fair value through profit or loss, the transaction costs that are directly attributable to its purchase or issue are added or deducted. Trade receivables without a significant financing component are initially recognized at the transaction price.

b) Classification and subsequent measurement

I) FINANCIAL ASSETS

Upon initial recognition, a financial asset is classified and measured as follows:

- At amortized cost
- FVOCI equity investments (equity investments that are measured at fair value through other comprehensive income)
- FVTPL (fair value through profit or loss)

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing the financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following the change of business model.

A financial asset is measured at amortized cost if both of the following conditions are met and it has not been designated as at fair value through profit or loss:

- It is held as part of a business model whose aim is to hold financial assets in order to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of an equity investment that is not held for trading, the Group can irrevocably elect to recognize subsequent changes in the fair value of the investment in other comprehensive income. This decision is made for each investment on a case-by-case basis.

All financial assets that are not measured at amortized cost or at FVOCI are measured at FVTPL. This includes all derivative financial assets. Upon initial recognition, the Group can irrevocably elect to designate financial assets as measured at FVTPL that otherwise meet the conditions for measurement at amortized cost or at FVOCI if this designation eliminates or significantly reduces accounting mismatches that would otherwise occur.

Assessment of the business model – The Group assesses the aims of the business model under which the financial asset is held at portfolio level as this best reflects the way in which the business is managed and in which information is provided to senior management.

Financial assets that are held or managed for trading, whose performance is assessed on the basis of fair value, are measured at FVTPL.

Assessments of whether contractual cash flows are solely payments of principal and interest – For the purposes of this assessment, the principal is defined as the fair value of the financial asset upon initial recognition. Interest is defined as the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs (e.g. liquidity risk and administrative expenses), as well as a profit margin.

When assessing whether the contractual cash flows are solely payments of principal and interest, the Group takes account of the contractual agreements for the instrument. This includes an assessment of whether the financial asset contains a contractual agreement that could change the timing or the amount of the contractual cash flows, which would mean these criteria are no longer met. In its assessment, the Group considers:

- certain events that would change the amount or the timing of the cash flows,
- conditions that would adjust the interest rate, including variable interest rates,
- early repayment and extension features, and
- conditions that restrict the Group's entitlement to cash flows from a specific asset (e.g. no right of recourse).

An early repayment feature is compatible with the criterion of solely payments of principal and interest if the amount of the early repayment substantially represents unpaid amounts of principal and interest on the principal amount outstanding and may include reasonable compensation for the early termination of the contract. In addition, a provision for a financial asset acquired at a premium or discount to the contractual par amount is deemed compatible with this criterion if it permits or requires early repayment in an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (that may include reasonable compensation for the early termination of the contract), provided that the fair value of the early repayment feature is insignificant at the time of initial recognition.

Subsequent measurement and gains and losses – financial assets measured at FVTPL – These assets are subsequently measured at fair value. Net gains and losses, including any interest income or dividend income, are recognized in profit or loss. **Financial assets measured at amortized cost** – These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment charges. Interest income, exchange rate gains and losses, and impairment are recognized in profit or loss. A gain or loss on derecognition is recognized in profit or loss. **Equity investments measured at FVOCI** – These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

II) FINANCIAL LIABILITIES

Classification, subsequent measurement, and gains and losses – Financial liabilities are classified and measured at amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified as FVTPL if it is held for trading, is a derivative, or is designated as such upon initial recognition.

Financial liabilities measured at FVTPL are measured at fair value, and net gains and losses, including interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and currency translation differences are recognized in profit or loss. Gains or losses on derecognition are also recognized in profit or loss.

c) Derecognition

I) FINANCIAL ASSETS

The Group derecognizes a financial asset when:

- its contractual right to the cash flows from the financial asset expires
  or
- it transfers its contractual right to receive the cash flows in a transaction in which either:
  - substantially all the risks and rewards incidental to ownership of the financial asset are transferred or
  - the Group neither transfers nor retains substantially all the risks and rewards and does not retain control over the transferred asset.

The Group carries out transactions in which it transfers recognized assets but retains either all, or substantially all, the risks and rewards of the transferred assets. In this case, the transferred assets are not derecognized.

II) FINANCIAL LIABILITIES

The Group derecognizes a financial liability when the obligations specified in the contract have been discharged or canceled or have expired. The Group also derecognizes a financial liability if its contractual terms are modified and the cash flows of the modified liability are significantly different. In this case, a new financial liability based on the modified conditions is recognized at fair value.

When a financial liability is derecognized, the difference between the carrying amount of the repaid liability and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss. Liabilities with extended payment terms (reverse factoring) are recognized as trade payables until they have been settled by the Group. The Group follows the rules set out in the IFRIC agenda paper dated December 2020. Consequently, the original obligations to the supplier initially remain unchanged because they are classed as part of the working capital definition and its management within the Group and also meet the other criteria for recognition in this way. The Group's payments in settlement of the liabilities are always recognized in full in cash flows from operating activities.

d) Offsetting

Financial assets and liabilities are netted and recognized in the statement of financial position as a net amount if the Group currently has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the affected asset and settle the associated liability simultaneously.

e) Impairment

Financial assets – The Group recognizes loss allowances for expected credit losses (ECLs) for:

- financial assets measured at amortized cost
  and
- contract assets.

The Group also recognizes loss allowances for expected credit losses for:

- lease receivables recognized under trade receivables
  and
- other receivables.

The Group measures the loss allowances at an amount equal to the lifetime expected credit losses, except for the following loss allowances, which are measured at an amount equal to twelve-month expected credit losses:

- Debt instruments that have low credit risk as at the reporting date
  and
- other debt instruments and bank balances whose credit risk (e.g. the default risk over the expected term of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and for contract assets are always measured at an amount equal to the lifetime expected credit losses.

When determining whether the credit risk of a financial asset has risen significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis that is based on the Group's past experience and on well-founded estimates, including forward-looking information.

The Group considers a financial asset to be in default if:

- it is unlikely that the debtor can fully repay its liability to the Group without the Group having to take steps such as the recovery of collateral (if available).

Lifetime expected credit losses are expected credit losses that result from all possible default events during the expected lifetime of the financial instrument.

Twelve-month credit losses are the portion of expected credit losses that result from default events that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months). The maximum period to consider when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses – Expected credit losses are a probability-weighted estimate of credit losses. They are measured as the present value of cash shortfalls (i.e. the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets – At each reporting date, the Group assesses whether financial assets measured at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the borrower
- A breach of contract, such as a default or past due event
- The restructuring of a loan by the Group that it would not otherwise consider
- It becoming probable that the borrower will enter bankruptcy or other financial reorganization, or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of loss allowances for expected credit losses in the statement of financial position – Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off – The gross carrying amount of a financial asset is written off if the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Inventories

Inventories are carried at cost, which is calculated on the basis of the weighted average method. Inventories are measured at the lower of cost and net realizable value (realizable sale price less costs incurred) as at the reporting date.

Deferred taxes

Deferred taxes are calculated in accordance with IAS 12 'Income Taxes'. They are recognized on temporary differences between the carrying amounts of assets and liabilities in the IFRS statement of financial position and their tax base as well as on temporary differences from consolidation entries and on potentially realizable loss carryforwards. Deferred taxes on items recognized directly in equity in accordance with the relevant standards are also recognized directly in equity. The accumulated amounts of deferred taxes recognized directly in equity as at the reporting date are presented in the consolidated statement of comprehensive income.

Deferred tax assets are recognized on deductible temporary differences and tax loss carryforwards to the extent that it is probable that taxable profit will be available in the future and where it appears reasonably certain that the deductible temporary differences and loss carryforwards can actually be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax assets can be utilized. Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be realized.

Deferred taxes are determined on the basis of the tax rates that apply in the individual countries at the time of realization. These are based on tax rates that are in force or have been adopted as at the reporting date. Effects from tax rate changes are recognized in profit or loss, unless they relate to items recognized directly in equity. Deferred tax assets and liabilities are netted when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax type and tax authority.

Non-current assets and liabilities held for sale
Non-current assets (or a disposal group) are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will essentially be recovered through a sale transaction rather than through continuing use.

Provisions
Provisions are recognized for obligations to third parties arising from past events, the settlement of which is expected to result in an outflow of cash and whose amount can be reliably estimated.

Post-employment benefit plans are classified as either defined benefit plans or defined contribution plans, depending on the substance of the plan as derived from its principal terms and conditions.

Provisions for defined benefit and similar obligations are measured using an actuarial technique, the projected unit credit method. This method takes into account the pensions known and entitlements earned as at the reporting date as well as increases in pensions and salaries expected in the future. Pension obligations are calculated on the basis of actuarial reports. All actuarial gains and losses are recognized directly in equity.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. They comprise not only any change in the present value of the defined benefit obligation that results from curtailment or settlement and that has to be recognized in profit or loss but also any related actuarial gains and losses and any past service cost.

In the case of defined contribution plans (e.g. direct insurance policies), the contributions payable are immediately expensed. Provisions for pension obligations are not recognized for defined contribution obligations as the Ströer Group's only obligations in this case are the obligation to pay the premiums.

Other provisions are measured on the basis of the best estimate of the expected net cash outflows or, in the case of non-current provisions, at the present value of the expected net cash outflows, provided that the time value of money is material.

If legal or contractual obligations provide for the removal of advertising media and the restoration of the site at the end of the advertising concession contract, a provision is recognized for this obligation if it is probable that the obligation will have to be settled. The provision is measured on the basis of the estimated future costs of restoration at the end of the term, discounted to the date on which the provision was initially recognized. The provision is then recognized in this amount in other comprehensive income because an asset of the same amount is recognized under property, plant, and equipment at the same time. Changes in the value of provisions are immediately reflected in the value of the corresponding property, plant, and equipment.

Provisions for onerous contracts are recognized if the unavoidable costs of fulfilling the contract, which Ströer is unable to avoid due to contractual obligations, exceed the economic benefits expected to flow from the contract.

The provision for archiving costs is recognized to cover the legal obligation to retain business documents.

Other non-financial assets and liabilities
Deferrals, prepayments, and non-financial assets and liabilities are recognized at amortized cost.

Contingent liabilities

Contingent liabilities are potential obligations that are based on past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events that are beyond the Ströer Group's control. Furthermore, present obligations are deemed contingent liabilities if an outflow of resources is not sufficiently probable for the recognition of a provision and/or the amount of the obligation cannot be reliably estimated. Contingent liabilities reflect the scope of liability existing as at the reporting date. They are disclosed in the notes to the financial statements rather than being recognized in the statement of financial position.

Share-based payment

Goods or services received or acquired in a share-based payment transaction are recognized/expensed when the goods are acquired or as the services are received. The expense is determined on the basis of the fair value at the time the relevant commitment is granted. A corresponding increase in equity is recognized if the goods or services were received in an equity-settled share-based payment transaction. For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are recognized at the fair value of the liability. Until the liability is settled, the fair value of the liability must be remeasured at the end of each reporting period, with changes in fair value recognized in profit or loss.

For share-based payment transactions in which the terms of the arrangement provide Ströer SE & Co. KGaA with the choice of whether to settle in cash or by issuing shares (see the current Stock Option Plan), the Company assumes that it will settle by issuing shares provided it has not specified anything else and has not set a precedent. The fair value is therefore measured at the grant date. The fair value is allocated to profit or loss over the vesting period until the claims for share-based payment vest in full and are settled by issuing shares.

Put options

Put options written on shares held by non-controlling interests are presented as a notional acquisition on the reporting date in cases where Ströer is not the beneficial owner (present owner). The adjustment item for these interests recognized in equity is derecognized and a liability in the amount of a notional purchase price liability is recognized instead. The cumulative difference between the derecognized adjustment item and the notional purchase price liability is offset directly against retained earnings. The value of the notional purchase price liability and details on its calculation are presented in note 34. The equity attributable to non-controlling interests was decreased by EUR 7,146k in 2020 and increased by EUR 6,618k in 2019 in connection with the put options granted to non-controlling interests of subsidiaries.

Overview of selected measurement methods

Line item in the statement of financial position	Measurement method
Assets	
Goodwill	Lower of cost and recoverable amount
Other intangible assets	At (amortized) cost
Property, plant, and equipment	At (amortized) cost
thereof right-of-use assets under leases (IFRS 16)	At (amortized) cost
Financial assets	At fair value through other comprehensive income
Trade receivables	At (amortized) cost
Other financial assets	At (amortized) cost
Inventories	Lower of cost and net realizable value
Cash	Nominal value
Equity and liabilities	
Provisions	
Provisions for pensions and similar obligations	Projected unit credit method
Other provisions	Settlement value
Financial liabilities	At (amortized) cost
thereof lease liabilities (IFRS 16)	At (amortized) cost
thereof contingent liabilities from acquisitions	Fair value
Trade payables	At (amortized) cost
Other liabilities	Settlement value

4 Changes in financial reporting standards and restatements pursuant to IAS 8.41

All new and amended standards and interpretations published by the IASB and the IFRS Interpretations Committee that are effective for financial years beginning on January 1, 2020 and are required to be applied in the EU were applied in preparing the consolidated financial statements.

Changes in accounting policies and accounting estimates

There were no changes in accounting policies or accounting estimates in 2020.

Standards and pronouncements adopted that have no effect on the Group's financial reporting

The following standards and pronouncements of the IASB became effective or were applied for the first time in 2020. The specific nature of the amendments meant that they had no, or no significant, effect on the Group's financial reporting:

- Amendments due to the **IFRS Conceptual Framework** – effective for financial years beginning on or after January 1, 2020 (endorsed by the European Commission on November 29, 2019)
- **IFRS Interpretations Committee agenda decision** 'Supply Chain Financing Arrangements – Reverse Factoring' dated December 2020
- Definition of a Business (Amendments to **IFRS 3**) – effective for financial years beginning on or after January 1, 2020 (not yet endorsed by the European Commission)
- Definition of Material (Amendments to **IAS 1** and **IAS 8**) – effective for financial years beginning on or after January 1, 2020 (endorsed by the European Commission on November 29, 2019)
- Interest Rate Benchmark Reform (Amendments to **IFRS 9**, **IAS 39** and **IFRS 7**) – effective for financial years beginning on or after January 1, 2020 (endorsed by the European Commission on January 15, 2020)
- COVID-19-Related Rent Concessions (Amendment to **IFRS 16**) – effective for financial years beginning on or after June 1, 2020 (endorsed by the European Commission on October 9, 2020)

The Ströer Group adopted 'COVID-19-Related Rent Concessions (Amendment to IFRS 16)' retrospectively for the whole of the 2020 financial year. The amendment constitutes voluntary practical relief in respect of leases in which the Group is the lessee. This means that, in the case of leases for which the Group can apply the practical relief, it does not have to assess whether qualifying rent concessions directly resulting from the COVID-19 pandemic are lease modifications. Because of the pandemic, Ströer reached agreement with numerous contractual partners in the OOH business on reducing the minimum lease payments for existing advertising rights contracts. The resulting reduction in lease liabilities totaled EUR 2.5m as at the reporting date. This reduction was recognized in profit or loss.

Standards and pronouncements that are not yet effective

The following standards issued or amended by the IASB/IFRS Interpretations Committee were not yet effective in the reporting period and have not been applied by the Group to date. Initial application of these standards is not expected to have any significant effects on the net assets, financial position, or financial performance of the Group:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to **IFRS 9, IAS 39, IFRS 7, IFRS 4,** and **IFRS 16**) – effective for financial years beginning on or after January 1, 2021 (not yet endorsed by the European Commission)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to **IFRS 4** Insurance Contracts) – effective for financial years beginning on or after January 1, 2021 (endorsed by the European Commission on December 15, 2020)

- Classification of Liabilities as Current or Non-current (Amendments to **IAS 1** Presentation of Financial Statements) – effective for financial years beginning on or after January 1, 2023 (not yet endorsed by the European Commission)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to **IFRS 10** and **IAS 28**) – the effective date has been deferred indefinitely (not yet endorsed by the European Commission)
- Amendments to **IFRS 3, IAS 16, and IAS 37** and Annual Improvements to IFRS Standards 2018–2020 – effective for financial years beginning on or after January 1, 2022 (not yet endorsed by the European Commission)

Restatement pursuant to IAS 8.41

In 2020, the Group established that the detailed documentation requirements under IAS 38.57 for the capitalization of internally generated intangible assets were not adequately met for all projects. This relates, in particular, to the failure to satisfy the criteria under IAS 38.57(d) regarding the demonstration of future economic benefit and also to the lack of sufficiently detailed information for the individual projects regarding costs incurred in the form of the hours worked by the employees involved. The capitalized development costs have been adjusted by correcting the affected line items in the comparative period.

The following tables summarize the impact on the consolidated financial statements:

Consolidated statement of financial position (extract)

	Jan. 1, 2019			Dec. 31, 2019		
EUR k	As previously reported	Adjustment	Adjusted	As previously reported	Adjustment	Adjusted
Intangible assets	1,261,676	–49,775	1,211,901	1,227,407	–68,726	1,158,681
Deferred tax assets	16,436	–4,072	12,364	16,291	–5,234	11,057
Deferred tax liabilities	70,432	–15,877	54,555	51,981	–22,260	29,721
Retained earnings	–122,511	–36,404	–158,915	–182,013	–50,727	–232,740
Non-controlling interests	6,311	–1,566	4,745	9,684	–978	8,706
Total equity	**668,516**	**–37,970**	**630,546**	**626,939**	**–51,701**	**575,238**

Consolidated income statement (extract)

EUR k	2019 As previously reported	Adjustment	Adjusted
Cost of sales	–1,012,162	–13,574	–1,025,736
Selling expenses	–245,015	–4,436	–249,451
Administrative expenses	–185,303	–945	–186,248
Profit or loss before taxes	**144,763**	**–18,955**	**125,808**
Income taxes	–25,108	5,220	–19,888
Post-tax profit or loss from continuing operations	**119,655**	**–13,735**	**105,920**
Post-tax profit or loss from discontinued operations	–41,537	–	–41,537
Consolidated profit or loss for the period	**78,118**	**–13,735**	**64,383**
Thereof attributable to:			
Owners of the parent	68,855	–13,129	55,726
Non-controlling interests	9,263	–606	8,657

The adjustment had no material impact on other comprehensive income for the period. The total adjustment of EUR –32,145k in cash flows from operating activities was recognized in the line items profit or loss for the period (EUR –13,735k), expenses from net finance income/costs and net tax income/expense (EUR –5,220k), and amortization, depreciation, and impairment on non-current assets (EUR –13,190k). The figure for cash flows from investing activities (cash paid for investments in intangible assets and property, plant, and equipment) was increased by EUR 32,145k.

The amount of the adjustment for basic and diluted earnings per share from continuing operations was EUR –0.23 per share.

5 Basis of consolidation

The consolidated financial statements include the financial statements of all significant entities that Ströer SE & Co. KGaA directly or indirectly controls. In addition to Ströer SE & Co. KGaA, a further 89 German and 42 foreign subsidiaries were consolidated as at December 31, 2020 on the basis of full consolidation and six German joint ventures and three associates were included in the consolidated financial statements using the equity method. The Ströer Group owns more than 50% of the shares in every fully consolidated entity, thus controlling each entity in accordance with IFRS 10 by holding the majority of voting rights in the relevant corporate bodies.

The equity interests are disclosed in accordance with section 16 (4) of the German Stock Corporation Act (AktG). This means that the direct parent company's share is stated in each case, rather than the effective share.

Fully consolidated entities

			Equity interest (%)	
Name	Registered office	Country	Dec. 31, 2020	Dec. 31, 2019
4EVER YOUNG GmbH	Munich	Germany	75.0	75.0
Adscale Laboratories Ltd.	Christchurch	New Zealand	100.0	100.0
ahuhu GmbH	Unterföhring	Germany	80.0	70.0
Ambient-TV Sales & Services GmbH	Hamburg	Germany	70.0	70.0
Asam Betriebs-GmbH	Beilngries	Germany	100.0	100.0
Asam GmbH	Beilngries	Germany	–	51.0
ASAMBEAUTY GmbH	Unterföhring	Germany	100.0	100.0
Assur Eco Conceil S.A.S.	Metz	France	100.0	100.0
AVEDO Essen GmbH	Essen	Germany	100.0	100.0
AVEDO Gelsenkirchen GmbH	Gelsenkirchen	Germany	100.0	100.0
Avedo II GmbH	Pforzheim	Germany	100.0	100.0
Avedo Jena GmbH[2]	Jena	Germany	–	100.0
Avedo Köln GmbH	Cologne	Germany	100.0	100.0
Avedo Leipzig GmbH	Leipzig	Germany	100.0	100.0
AVEDO Leipzig West GmbH	Leipzig	Germany	100.0	100.0
Avedo München GmbH	Munich	Germany	100.0	100.0
AVEDO PALMA S.A.U.	Palma de Mallorca	Spain	100.0	100.0
Avedo Rostock GmbH	Rostock	Germany	100.0	100.0
B.A.B. MaxiPoster Werbetürme GmbH	Hamburg	Germany	–	100.0
BHI Beauty & Health Investment Group Management GmbH	Unterföhring	Germany	51.0	51.0
blowUP Media Belgium BVBA	Antwerp	Belgium	80.0	80.0
blowUP Media Benelux B.V.	Amsterdam	Netherlands	100.0	100.0
BlowUP Media GmbH[1]	Cologne	Germany	100.0	100.0
blowUP Media U.K. Ltd.	London	UK	100.0	100.0
Boojum Kft.	Budapest	Hungary	60.0	60.0
Business Advertising GmbH	Düsseldorf	Germany	65.7	65.7
Business Power GmbH	Düsseldorf	Germany	100.0	100.0
Contacter Sarl	Tunis	Tunisia	100.0	–
Content Fleet GmbH	Hamburg	Germany	90.0	90.0
Courtier en Economie d'Energie S.A.S.U.	Metz	France	100.0	100.0
Dea Holding S.r.l.	Bergamo	Italy	51.0	–
Dea S.r.l.	Bergamo	Italy	100.0	–

[1] Ströer SE & Co. KGaA holds a direct interest in these entities.
[2] These entities are discontinued operations pursuant to IFRS 5. Ströer has sold 50.0% of the shares. The other 50.0% were transferred to an investee (associate) in which Ströer holds 50.0% of the shares.

Name	Registered office	Country	Equity interest (%) Dec. 31, 2020	Dec. 31, 2019
D+S 360° Webservice GmbH[2]	Hamburg	Germany	–	100.0
Delta Concept S.A.S.	Metz	France	55.0	55.0
DERG Vertriebs GmbH	Cologne	Germany	100.0	100.0
Diciotto Plus S.r.l.	Bergamo	Italy	100.0	–
Dieci S.c.a.r.l.	Bergamo	Italy	100.0	–
Diler Power Italia S.r.l.	Alzano Lombardo	Italy	100.0	–
DSA Schuldisplay GmbH	Hamburg	Germany	51.0	51.0
DSM Deutsche Städte Medien GmbH	Frankfurt am Main	Germany	100.0	100.0
DSM Krefeld Außenwerbung GmbH	Krefeld	Germany	51.0	51.0
DSM Rechtegesellschaft mbH	Cologne	Germany	100.0	100.0
DSM Werbeträger GmbH & Co. KG	Cologne	Germany	100.0	100.0
DSM Zeit und Werbung GmbH	Cologne	Germany	100.0	100.0
ECE flatmedia GmbH	Hamburg	Germany	75.1	75.1
Edgar Ambient Media Group GmbH	Hamburg	Germany	82.4	82.4
Erdbeerlounge GmbH	Cologne	Germany	100.0	100.0
FA Business Solutions GmbH	Hamburg	Germany	50.0	50.0
Fahrgastfernsehen Hamburg GmbH	Hamburg	Germany	100.0	100.0
grapevine marketing GmbH	Munich	Germany	62.2	62.2
Hamburger Verkehrsmittel-Werbung GmbH	Hamburg	Germany	75.1	75.1
HanXX Media GmbH	Cologne	Germany	51.0	51.0
iBillBoard Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S.	Istanbul	Turkey	96.0	96.0
iBillBoard Poland Sp. z.o.o.	Warsaw	Poland	100.0	100.0
Immoclassic S.A.	Luxembourg City	Luxembourg	100.0	100.0
INFOSCREEN GmbH	Cologne	Germany	100.0	100.0
InnoBeauty GmbH	Unterföhring	Germany	100.0	100.0
Interactive Media CCSP GmbH	Cologne	Germany	94.2	94.2
Internet BillBoard a.s.[1]	Ostrava	Czech Republic	100.0	100.0
INTREN Informatikai Tanácsadó és Szolgáltató Kft.[1]	Budapest	Hungary	50.9	50.9
ITwo S.r.l.	Bergamo	Italy	100.0	–
kajomi GmbH	Planegg	Germany	–	90.0
Klassenfreunde.ch GmbH	Alpnach	Switzerland	100.0	100.0
Klassträffen Sweden AB	Stockholm	Sweden	100.0	100.0
Liberdatum Internet Reklam Hizmetleri ve Danismanlik A.S.	Istanbul	Turkey	100.0	–
LSP Digital GmbH & Co. KG	Hamburg	Germany	100.0	100.0
LSP Digital Management GmbH	Hamburg	Germany	100.0	100.0
M. Asam GmbH	Unterföhring	Germany	100.0	100.0
MBR Targeting GmbH	Berlin	Germany	100.0	100.0
MediaSelect Media-Agentur GmbH	Baden-Baden	Germany	100.0	75.1
Media-Direktservice GmbH	Cologne	Germany	100.0	100.0
Mercury Beteiligungs GmbH	Leipzig	Germany	100.0	85.3
Nachsendeauftrag DE Online GmbH	Cologne	Germany	100.0	100.0
Neo Advertising GmbH	Hamburg	Germany	100.0	79.9
Omnea GmbH	Berlin	Germany	100.0	89.4

[1] Ströer SE & Co. KGaA holds a direct interest in these entities.
[2] These entities are discontinued operations pursuant to IFRS 5. Ströer has sold 50.0% of the shares. The other 50.0% were transferred to an investee (associate) in which Ströer holds 50.0% of the shares.

Name	Registered office	Country	Equity interest (%) Dec. 31, 2020	Dec. 31, 2019
OPS Online Post Service GmbH	Berlin	Germany	100.0	100.0
optimise-it GmbH	Hamburg	Germany	100.0	100.0
Outsite Media GmbH	Mönchengladbach	Germany	51.0	51.0
Permodo GmbH	Munich	Germany	100.0	100.0
PosterSelect Media-Agentur für Außenwerbung GmbH	Baden-Baden	Germany	100.0	75.1
PrintSafari.com GmbH	Berlin	Germany	75.1	–
PrintSafari Inc.	Ashburnham	USA	100.0	–
Ranger France S.A.S.U.	Paris	France	100.0	100.0
Ranger Marketing & Vertriebs GmbH	Düsseldorf	Germany	100.0	100.0
RegioHelden GmbH	Stuttgart	Germany	100.0	100.0
Retail Media GmbH	Cologne	Germany	100.0	100.0
Sales Holding GmbH	Düsseldorf	Germany	100.0	100.0
Seeding Alliance GmbH	Cologne	Germany	70.0	70.0
SEM Internet Reklam Hizmetleri ve Danismanlik A.S.[1]	Istanbul	Turkey	100.0	100.0
Service Planet GmbH	Düsseldorf	Germany	100.0	100.0
Services PrintSafari Canada Inc.	Montreal	Canada	100.0	–
SIGN YOU mediascreen GmbH	Oberhausen	Germany	100.0	100.0
Smartplace GmbH	Düsseldorf	Germany	100.0	100.0
SMD Rechtegesellschaft mbH	Cologne	Germany	100.0	100.0
SMD Werbeträger GmbH & Co. KG	Cologne	Germany	100.0	100.0
SRG Rechtegesellschaft mbH	Cologne	Germany	100.0	100.0
SRG Werbeträger GmbH & Co. KG	Cologne	Germany	100.0	100.0
Statista GmbH	Cologne	Germany	100.0	100.0
Statista Inc.	New York	USA	100.0	100.0
Statista Japan Ltd.	Tokyo	Japan	100.0	-
Statista Ltd.	London	UK	100.0	100.0
Statista Pte. Ltd.	Singapore	Singapore	100.0	100.0
Statista S.a.r.l.	Paris	France	100.0	100.0
StayFriends GmbH	Berlin	Germany	–	100.0
Ströer Content Group Sales GmbH	Cologne	Germany	100.0	–
Ströer Content Group GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Core GmbH & Co. KG	Leverkusen	Germany	100.0	–
Ströer Core Verwaltungs GmbH	Leverkusen	Germany	100.0	–
Ströer DERG Media GmbH	Kassel	Germany	100.0	100.0
Ströer Deutsche Städte Medien GmbH	Cologne	Germany	100.0	100.0
Ströer Dialog Group GmbH	Leipzig	Germany	100.0	100.0
Ströer Digital Commerce GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Digital Group GmbH	Cologne	Germany	100.0	100.0
Ströer Digital International GmbH	Cologne	Germany	–	100.0
Ströer Digital Media GmbH	Hamburg	Germany	100.0	100.0
Ströer Digital Operations Sp. z.o.o.	Warsaw	Poland	–	100.0
Ströer Digital Publishing GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Digital Services Sp. z.o.o.	Warsaw	Poland	–	100.0
Ströer media brands apps d.o.o.	Zagreb	Croatia	100.0	100.0

[1] Ströer SE & Co. KGaA holds a direct interest in these entities.
[2] These entities are discontinued operations pursuant to IFRS 5. Ströer has sold 50.0% of the shares. The other 50.0% were transferred to an investee (associate) in which Ströer holds 50.0% of the shares.

Name	Registered office	Country	Equity interest (%) Dec. 31, 2020	Dec. 31, 2019
Ströer media brands GmbH	Berlin	Germany	100.0	100.0
Ströer Media Deutschland GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Media Sp. z.o.K.	Warsaw	Poland	100.0	100.0
Ströer Netherlands B.V.	Amsterdam	Netherlands	100.0	100.0
Ströer Netherlands C.V.	Amsterdam	Netherlands	100.0	100.0
Ströer News Publishing GmbH	Cologne	Germany	100.0	100.0
Ströer Next Publishing GmbH	Cologne	Germany	100.0	100.0
Ströer Performance Group GmbH	Cologne	Germany	100.0	100.0
Ströer Polska Sp. z.o.o.[1]	Warsaw	Poland	100.0	100.0
Ströer Products GmbH	Berlin	Germany	–	75.0
Ströer Sales & Services GmbH	Cologne	Germany	100.0	100.0
STRÖER SALES France S.A.S.U.	Paris	France	100.0	100.0
Ströer Sales Group GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Social Publishing GmbH	Berlin	Germany	100.0	100.0
Ströer SSP GmbH	Munich	Germany	100.0	100.0
Ströer Venture GmbH	Cologne	Germany	–	100.0
Ströer Werbeträgerverwaltungs GmbH	Cologne	Germany	100.0	100.0
stylefruits GmbH	Munich	Germany	100.0	100.0
SuperM&N UG (haftungsbeschränkt)	Cologne	Germany	51.0	51.0
Tom S.r.l.	Bergamo	Italy	100.0	–
tricontes360 Augsburg GmbH (formerly: Avedo Augsburg GmbH)[2]	Augsburg	Germany	–	100.0
tricontes360 Bremerhaven GmbH (formerly: Avedo Bremerhaven GmbH)[2]	Bremerhaven	Germany	–	100.0
tricontes360 Frankfurt/Oder GmbH (formerly: Avedo Frankfurt/Oder GmbH)[2]	Frankfurt/Oder	Germany	–	100.0
tricontes360 Gera GmbH (formerly: Avedo Gera GmbH)[2]	Gera	Germany	–	100.0
tricontes360 Hamburg GmbH (formerly: Avedo Hamburg GmbH)[2]	Hamburg	Germany	–	100.0
tricontes360 Hof GmbH (formerly: Avedo Hof GmbH)[2]	Hof	Germany	–	100.0
tricontes360 Itzehoe GmbH (formerly: Avedo Itzehoe GmbH)[2]	Itzehoe	Germany	–	100.0
tricontes360 Münster GmbH (formerly: Avedo Münster GmbH)[2]	Münster	Germany	–	100.0
tricontes360 Neubrandenburg GmbH (formerly: Avedo Neubrandenburg GmbH)[2]	Neubrandenburg	Germany	–	100.0
tricontes360 Rügen GmbH (formerly: Avedo Rügen GmbH)[2]	Lietzow	Germany	–	100.0
tricontes360 solutions GmbH (formerly: STRÖER Dialog Solutions GmbH)[2]	Hamburg	Germany	–	100.0
tricontes360 Verwaltung Hamburg GmbH (formerly: STRÖER Dialog Verwaltung Hamburg GmbH, Hamburg)[2]	Hamburg	Germany	–	100.0
Trombi Acquisition SARL	Paris	France	100.0	100.0
TUBE ONE Networks GmbH	Cologne	Germany	–	75.0
Tubevertise GmbH	Cologne	Germany	–	100.0
Vendi S.A.S.	Paris	France	100.0	100.0
Yieldlove GmbH	Hamburg	Germany	51.0	51.0

[1] Ströer SE & Co. KGaA holds a direct interest in these entities.
[2] These entities are discontinued operations pursuant to IFRS 5. Ströer has sold 50.0% of the shares. The other 50.0% were transferred to an investee (associate) in which Ströer holds 50.0% of the shares.

Asam GmbH, Beilngries, Ströer Digital Operations Sp. z.o.o., Warsaw, and Ströer Digital Services Sp. z.o.o., Warsaw, were liquidated and kajomi GmbH, Planegg, Ströer Products GmbH, Berlin, and TUBE ONE Networks GmbH, Cologne, were sold in the reporting year. Furthermore, the D+S 360° Group (indicated by footnote 2 in the list of fully consolidated entities) was transferred to an investee (associate). The following entities were acquired by other Group entities in intragroup mergers in 2020:

- B.A.B. MaxiPoster Werbetürme GmbH, Hamburg
- StayFriends GmbH, Berlin
- Ströer Digital International GmbH, Cologne
- Ströer Venture GmbH, Cologne
- Tubevertise GmbH, Cologne

Subsidiaries with a material non-controlling interest

The table below provides financial information on subsidiaries with a material non-controlling interest and, with respect to parents of a subgroup, on the group of entities comprising the subgroup. The remaining shares in the Avedo Group were purchased in 2020. The Avedo Group had been included in this section in 2019.

			Non-controlling interest (in %)	
Company/parent of the subgroup	**Registered office**	**Country**	**Dec. 31, 2020**	**Dec. 31, 2019**
BHI Beauty & Health Investment Group Management GmbH (AsamBeauty)	Unterföhring	Germany	49	49
InteractiveMedia CCSP GmbH	Darmstadt	Germany	6	6
Mercury Beteiligungs GmbH (Avedo)	Leipzig	Germany	–	15
Edgar Ambient Media Group GmbH	Hamburg	Germany	18	18

The following tables present financial information on subsidiaries and groups of entities with a material non-controlling interest from the Group's perspective (**after consolidation** but excluding put options):

EUR k	Dec. 31, 2020	Dec. 31, 2019
Accumulated balance of material non-controlling interests		
BHI Group (AsamBeauty)	10,703	11,243
InteractiveMedia Group	11,975	12,635
Avedo Group	–	–2,019
EAM Group	2,727	2,388

EUR k	2020	2019
Profits (+)/losses (–) attributable to material non-controlling interests		
BHI Group (AsamBeauty)	6,481	3,546
InteractiveMedia Group	2,897	2,908
Avedo Group	–	2,382
EAM Group	1,086	1,012

The following tables provide summarized financial information on these subsidiaries and groups of entities. All figures are presented **before elimination of intercompany balances, intercompany income and expenses, and intercompany profits and losses**, as well as before taking into account any put options for shares held by non-controlling interests.

Summarized income statements (before consolidation) for:

2020

EUR k	BHI Group (AsamBeauty)	InteractiveMedia Group	EAM Group	Avedo Group
Revenue	150,764	349,280	44,453	–
Cost of sales	–75,604	–305,749	–26,273	–
Selling and administrative expenses	–63,522	–49,946	–16,155	–
Other net operating income/loss	5,475	13,849	244	–
Net finance income/costs	292	–3,761	793	–
Profit or loss before taxes	**17,405**	**3,674**	**3,062**	–
Income taxes	–1,033	–684	–614	–
Post-tax profit or loss	**16,372**	**2,990**	**2,448**	–
				–
Total comprehensive income	**16,372**	**2,990**	**2,448**	–
Thereof attributable to non-controlling interests	8,022	173	431	–
Dividends paid to non-controlling interests	5,242	3,078	747	–

2019

EUR k	BHI Group (AsamBeauty)	InteractiveMedia Group	EAM Group	Avedo Group
Revenue	117,687	335,487	53,029	239,442
Cost of sales	–65,503	–297,046	–31,459	–195,172
Selling and administrative expenses	–46,188	–55,290	–19,546	–32,482
Other net operating income/loss	4,233	16,947	–193	–691
Net finance income/costs	188	662	255	586
Profit or loss before taxes	**10,416**	**767**	**2,085**	**11,683**
Income taxes	–516	473	–703	169
Post-tax profit or loss	**9,900**	**1,240**	**1,382**	**11,852**
Total comprehensive income	**9,900**	**1,240**	**1,382**	**11,852**
Thereof attributable to non-controlling interests	4,851	72	243	1,742
Dividends paid to non-controlling interests	5,310	440	431	838

Summarized statement of financial position (before consolidation) as at:

Dec. 31, 2020

EUR k	BHI Group (AsamBeauty)	InteractiveMedia Group	EAM Group	Avedo Group
Non-current assets	59,832	278,168	16,786	–
Current assets	74,457	269,956	16,439	–
Non-current liabilities	4,164	11,766	5,508	–
Current liabilities	76,447	265,688	18,821	–
Equity	**53,678**	**270,670**	**8,896**	–
Thereof attributable to:				
Owners of the parent	27,376	254,971	7,330	–
Non-controlling interests	26,302	15,699	1,566	–

Dec. 31, 2019

EUR k	BHI Group (AsamBeauty)	InteractiveMedia Group	EAM Group	Avedo Group
Non-current assets	59,383	286,224	17,413	379,276
Current assets	69,069	225,322	18,587	298,575
Non-current liabilities	4,075	14,535	8,781	259,151
Current liabilities	69,605	217,714	19,064	229,666
Equity	**55,772**	**279,296**	**8,156**	**189,035**
Thereof attributable to:				
Owners of the parent	27,934	263,097	6,720	161,247
Non-controlling interests	26,838	16,199	1,436	27,788

Summarized statement of cash flows:

Dec. 31, 2020

EUR k	BHI Group (AsamBeauty)	InteractiveMedia Group	EAM Group	Avedo Group
From operating activities	18,993	50,196	2,937	–
From investing activities	–5,897	–21,738	–2,472	–
From financing activities	–12,787	–12,649	–1,272	–
Total net cash flow	**310**	**15,808**	**–807**	–

Dec. 31, 2019

EUR k	BHI Group (AsamBeauty)	InteractiveMedia Group	EAM Group	Avedo Group
From operating activities	9,060	31,733	7,504	19,143
From investing activities	–8,840	–24,564	–2,603	–3,377
From financing activities	–317	7	–300	246
Total net cash flow	**–96**	**7,176**	**4,600**	**16,012**

The increase in cash flows from operating activities in the InteractiveMedia Group is due to a sharp rise in liabilities to other Group entities.

Joint ventures

The following joint ventures are mainly engaged in the marketing of out-of-home media business. The Group's investments in these joint ventures are accounted for in the consolidated financial statements using the equity method.

			Equity interest (%)	
Name	Registered office	Country	Dec. 31, 2020	Dec. 31, 2019
DSMDecaux GmbH	Munich	Germany	50	50
mediateam Werbeagentur GmbH/ Ströer Media Deutschland GbR	Berlin	Germany	50	50
Trierer Gesellschaft für Stadtmöblierung mbH (i.L.)	Trier	Germany	50	50
X-City Marketing Hannover GmbH	Hannover	Germany	50	50
OS Data Solutions GmbH & Co. KG	Hamburg	Germany	50	50
OS Data Solutions Verwaltung GmbH	Hamburg	Germany	50	50

The following tables provide financial information on DSMDecaux GmbH, X-City Marketing Hannover GmbH and the other joint ventures taken from the financial statements prepared in accordance with IFRS and a reconciliation of this information to the carrying amounts of the investments in these joint ventures:

Dec. 31, 2020

EUR k	DSMDecaux GmbH	X-City Marketing Hannover GmbH	Other joint ventures	Total
Non-current assets	26,778	30,993	33	57,804
Current assets	16,460	9,567	3,258	29,285
Non-current liabilities	19,463	21,388	702	41,553
Current liabilities	10,293	6,824	1,532	18,649
Equity	**13,482**	**12,348**	**1,057**	**26,887**
Group's share	50%	50%	50%	50 %
Group's share of equity	**6,741**	**6,174**	**529**	**13,444**
Residual carrying amount of the allocated hidden reserves, less deferred taxes/impairment	2,402	0	0	2,402
Goodwill	4,294	1,561	29	5,884
Carrying amount of the investments in investees accounted for using the equity method	**13,437**	**7,735**	**558**	**21,730**

Dec. 31, 2019

EUR k	DSMDecaux GmbH	X-City Marketing Hannover GmbH	Other joint ventures	Total
Non-current assets	28,956	33,664	32	62,652
Current assets	15,039	7,923	3,468	26,430
Non-current liabilities	22,482	24,052	702	47,236
Current liabilities	5,962	6,125	882	12,969
Equity	**15,552**	**11,410**	**1,915**	**28,877**
Group's share	50%	50%	50%	50%
Group's share of equity	**7,776**	**5,705**	**958**	**14,439**
Residual carrying amount of the allocated hidden reserves, less deferred taxes/impairment	3,103	0	0	3,103
Goodwill	4,458	1,479	288	6,225
Carrying amount of the investments in investees accounted for using the equity method	**15,337**	**7,184**	**1,246**	**23,767**

2020

EUR k	DSMDecaux GmbH	X-City Marketing Hannover GmbH	Other joint ventures	Total
Revenue	23,181	11,520	6,241	40.942
Cost of sales	–6,040	–6,737	–2,293	–15,070
Selling and administrative expenses	–1,504	–3,317	–2,805	–7,626
Other net operating income/loss	121	199	127	447
Net finance income/costs	–211	–502	–15	–728
Profit or loss before taxes	**15,547**	**1,163**	**1,255**	**17,965**
Income taxes	–4,947	–226	–200	–5,373
Post-tax profit or loss	**10,600**	**937**	**1,055**	**12,592**
Group's share of profit or loss	**5,300**	**469**	**525**	**6,294**
Amortization/depreciation of hidden reserves	–1,185	–23	–307	–1,515
Deferred taxes recognized in profit or loss	385	0	0	385
Share of the profit or loss of investees accounted for using the equity method	**4,500**	**446**	**218**	**5,164**

2019

EUR k	DSMDecaux GmbH	X-City Marketing Hannover GmbH	Other joint ventures	Total
Revenue	26,917	14,995	2,806	44,718
Cost of sales	–6,157	–7,243	–1,148	–14,548
Selling and administrative expenses	–1,849	–3,842	–1,500	–7,191
Other net operating income/loss	227	754	113	1,094
Net finance income/costs	–480	–551	–6	–1,037
Profit or loss before taxes	**18,658**	**4,113**	**265**	**23,036**
Income taxes	–6,368	–1,590	–37	–7,995
Post-tax profit or loss	**12,290**	**2,523**	**228**	**15,041**
Group's share of profit or loss	**6,145**	**1,262**	**114**	**7,521**
Amortization/depreciation of hidden reserves	–1,185	0	0	–1,185
Deferred taxes recognized in profit or loss	385	0	0	385
Share of the profit or loss of investees accounted for using the equity method	**5,345**	**1,262**	**114**	**6,721**

The investments in investees accounted for using the equity method disclosed in the consolidated statement of financial position include the investments in associates in addition to these investments in joint ventures. Furthermore, the share of the profit or loss of investees accounted for using the equity method disclosed in the consolidated income statement includes the share of the profit or loss of investments in associates in addition to the share of the profit or loss of these investments in joint ventures. For more information, please refer to the next section 'Associates'.

The Group received a gross dividend of EUR 6,335k from DSMDecaux GmbH in 2020 (prior year: EUR 5,444k). The cost of sales and the selling and administrative expenses included amortization and depreciation of EUR 3,147k (prior year: EUR 3,329k). In 2020 and 2019, there were no contingent liabilities or capital commitments.

The Group received a gross dividend of EUR 0k from X-City Marketing Hannover GmbH in 2020 (prior year: EUR 0k). The cost of sales and the selling and administrative expenses included amortization and depreciation of EUR 3,904k (prior year: EUR 4,015k). In 2020 and 2019, there were no contingent liabilities or capital commitments.

The Group received a gross dividend of EUR 46k from the other joint ventures in 2020 (prior year: EUR 47k). In 2020 and 2019, there were no contingent liabilities or capital commitments.

Associates

The following associates are accounted for in the consolidated financial statements using the equity method and, with the exception of tricontes360 GmbH, are insignificant to the Ströer Group:

			Equity interest (%)	
Name	**Registered office**	**Country**	**Dec. 31, 2020**	**Dec. 31, 2019**
Beauty Mates GmbH	Alling	Germany	–	40
eValue 2nd Fund GmbH (i.L.)[1]	Berlin	Germany	33	33
Instytut Badán Outdooru IBO Sp. z.o.o.	Warsaw	Poland	50	50
tricontes360 GmbH	Cologne	Germany	50	–

[1] Ströer SE & Co. KGaA holds a direct interest in this entity.

The carrying amount of the associates accounted for using the equity method was EUR 1,251k (prior year: EUR 1,322k).

The share of the profit or loss of the associates accounted for using the equity method was EUR –3,012k (prior year: profit of EUR 144k).

Dec. 31, 2020

EUR k	tricontes360 group
Non-current assets	12,750
Current assets	19,849
Non-current liabilities	14,550
Current liabilities	1,222
Equity	**5,827**
Group's share	50 %
Group's share of equity	**4,026[1]**
Residual carrying amount of the allocated hidden reserves, less deferred taxes/impairment	–4,026
Goodwill	0
Carrying amount of the investments in investees accounted for using the equity method	**0**

[1] The Group's share of equity of EUR 4,026k arises from a capital contribution to which only the Ströer Group is entitled (EUR 3,000k), the share of profit (EUR 1,014k), and the share of nominal capital (EUR 12k). The total amount of EUR 4,026k was written off.

2020

EUR k	tricontes360 group
Revenue	85,681
Cost of sales	–74,224
Selling and administrative expenses	–8,056
Other net operating income/loss	1,282
Net finance income/costs	–344
Profit or loss before taxes	**4,337**
Income taxes	–2,038
Post-tax profit or loss	**2,299**
Group's share of profit or loss	1,014
Amortization/depreciation of hidden reserves/impairment of share of profit or loss	–1,014[1]
Deferred taxes recognized in profit or loss	0
Share of the profit or loss of investees accounted for using the equity method (incl. impairment of equity interests)	**–3,012**

[1] Of the post-tax profit of EUR 2,299, an amount of EUR 272k was attributable to non-controlling interests. Of the remaining EUR 2,027k, the share of profit attributable to Ströer therefore amounted to EUR 1,014k. Both this share of profit (EUR 1,014k) and the remaining share of equity (EUR 3,012k) were written off.

6 Significant business combinations and sales

6.1 Acquisitions

Transactions involving a change of control

Dea Group
The Ströer Group acquired a total of 51.0% of the shares in Dea Holding S.R.L., Bergamo/Italy and its subsidiaries, with effect from October 1, 2020 through its Group entity Ströer Sales Group GmbH, Cologne. The Dea Group is a field sales specialist that sells products to retail and business customers via direct sales and telesales in Italy. The purchase price for the acquired shares is EUR 10.6m and was paid in cash.

There are call and put options on the remaining 49.0% of the shares. These options can be exercised in the years ahead depending on the occurrence of contractually defined conditions.

The following table shows the consolidated provisional fair values of the assets acquired and liabilities assumed from the Dea Group as at the acquisition date:

EUR k	
Intangible assets	18
Property, plant, and equipment	136
Financial assets	10
Trade receivables	3,874
Other financial assets	13
Other non-financial assets	100
Current tax assets	689
Cash	2,000
Financial liabilities	95
Trade payables	442
Other liabilities	1,077
Current income tax liabilities	876
Net assets acquired	4,350

The carrying amounts of the acquired receivables and the other financial and non-financial assets are equivalent to their respective fair values. The fair value of the receivables acquired is the best estimate for the expected cash flows from these receivables.

Due to the scope and complexity of the business processes, the purchase price allocation is still provisional in relation to the identification and measurement at fair value of the assets and liabilities. Consequently, there may be adjustments to the fair values of the assets acquired and liabilities assumed and to the goodwill.

The goodwill is based on the positive prospects for expanding the existing customer base in Italy and for generating additional cash flows by increasing market penetration.

The goodwill is allocated to the Direct Media segment. It was calculated using the purchased goodwill method as follows:

EUR k	
Purchase price	10,577
Non-controlling interests	2,131
Net assets acquired	4,350
Goodwill	8,358

Other acquisitions
In addition to the acquisition presented above, the Ströer Group acquired shares in the company PrintSafari.com GmbH (75.1%) and the subsidiaries PrintSafari Inc. and Services PrintSafari Canada Inc. (both 100.0%) for EUR 550k. The purchase price may change in the next three years due to contractual earnout agreements. Agreements are in place for the acquisition of the remaining shares from 2022 onward.

The purchase price allocations are still provisional in relation to the identification and measurement at fair value of the assets and liabilities. Consequently, there may be adjustments to the fair values of the assets acquired and liabilities assumed and to the goodwill with respect to the provisional purchase price allocations. The provisional goodwill amounts to EUR 633k and is allocated to the OOH Media segment. The goodwill is based on the positive prospects for generating additional cash flows by leveraging further synergies in the Ströer Group.

Summary information
The contractually agreed purchase prices for acquisitions involving a change in control totaled EUR 11,505k (prior year: EUR 18,925k), including payments in subsequent periods (excluding the adjustment of earnout payments) and redemption of financial liabilities. In 2020, the acquisitions gave rise to total transaction costs of EUR 576k, which were reported under administrative expenses.

The effects on the cash flows from investing activities are presented below:

EUR k	2020	2019
Total amount of purchase prices including the redemption of shareholder loans	–11,127	–15,426
Total cash acquired	2,148	1,238
Net cash outflow from acquisitions	–8,979	–14,188

The aggregate increases in the asset and liability items are shown below. Some of the purchase price allocations for 2020 are still provisional:

EUR k	2020	2019
Other intangible assets	173	5,533
Property, plant, and equipment	142	2,446
Financial assets	10	0
Deferred tax assets	0	1,003
Inventories	0	387
Trade receivables	4,094	5,018
Other financial assets	17	100
Other non-financial assets	125	339
Current tax assets	708	32
Cash	2,148	1,238
Other provisions	24	535
Deferred tax liabilities	0	1,702
Financial liabilities	95	4,592
Trade payables	680	368
Other liabilities	1,091	765
Current tax liabilities	882	43
Net assets acquired	4,645	8,092

The assets acquired and the liabilities assumed of all the newly acquired entities and their goodwill were allocated to the following CGUs, in accordance with their position in the organizational structure of the Ströer Group: Out-of-Home Media (PrintSafari GmbH) and Direct Media (DeaGroup).

Since the respective date on which control was obtained over each of the entities acquired in fiscal year 2020, they have made the following contributions to revenue and post-tax profit or loss that are included in the consolidated income statement:

EUR k	Revenue	Post-tax profit or loss
Dea Group	3,236	594
PrintSafari.com GmbH	1,183	–18
Total	**4,419**	**576**

The effect on the Group’s revenue and post-tax profit or loss in the consolidated financial statements if all the entities acquired in 2020 had been fully consolidated with effect from January 1, 2020 is presented below. The amounts shown also reflect the effects of the provisional purchase price allocations for the entities acquired in 2020.

EUR k	Revenue	Post-tax profit or loss from continuing operations
Jan. 1–Dec. 31, 2020	1,453,384	43,388

The purchase price allocations described as provisional as at the end of 2019 were completed in 2020. No retrospective restatements were required.

Transactions not involving a change of control

Mercury Beteiligungs GmbH

The Ströer Group acquired the remaining 14.7% of the shares in Mercury Beteiligungs GmbH, Leipzig, with effect from October 22, 2020 in connection with the exercise of a put option by non-controlling interests. The purchase price amounted to EUR 14.5m and was paid by bank transfer.

Other transactions not involving a change of control

Other transactions not involving a change in control took place but, individually, were insignificant.

Summary information

The acquisitions were each presented as a transaction between shareholders in accordance with IFRS 10. The related accounting effects are presented in the following table.

EUR k	
Total purchase prices	17,724
Non-controlling interests	–2,063
Change in consolidated equity attributable to the shareholders of Ströer SE & Co. KGaA	–19,787

The transactions mainly affected the consolidated retained earnings of the shareholders of Ströer SE & Co. KGaA.

Acquisitions after the reporting date

No significant acquisitions took place after the reporting date.

6.2 Business sales

Transactions involving a change of control

For information about the companies sold in 2020, please refer to our disclosures in note 5.

The Ströer Group sold a total of 50.0% of the shares in the D+S 360° Group for EUR 0.0m with effect from January 24, 2020. For information on the performance of this investee, which is now accounted for using the equity method, please refer to note 5.

The loss from the discontinued operation is calculated as follows:

EUR k	2020	2019
Post-tax loss from the discontinued operation		
Shareholders of Ströer SE & Co. KGaA	0	–36,007
Non-controlling interests	0	–5,530
Total	**0**	**–41,537**
Basic earnings per share (EUR)	0.00	–0.64
Diluted earnings per share (EUR)	0.00	–0.64

Business sales after the reporting date

No significant business sales took place after the reporting date.

7 Consolidation principles

The assets and liabilities of the consolidated entities are measured on the basis of uniform accounting policies. The reporting date of all consolidated entities is December 31.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the Group obtains control. Control within the meaning of IFRS 10 'Consolidated Financial Statements' is achieved when Ströer is exposed, or has rights, to variable returns from the subsidiary and has the ability to affect those returns through its power over the subsidiary. A subsidiary is deconsolidated as soon as the parent company ceases to have control.

The acquisition cost for foreign entities is translated into euros at the exchange rate applicable on the date of acquisition.

The acquisition method is used for the initial accounting. As part of the purchase price allocation, the assets acquired and liabilities assumed, as well as certain contingent liabilities, are recognized at their fair value. Any excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets, liabilities, and contingent liabilities is recognized as goodwill. Goodwill attributable to non-controlling interests is recognized as an asset on a case-by-case basis in accordance with IFRS 3. Any remaining negative goodwill is recognized immediately in profit or loss. If the cost of the equity investment or the fair values to be allocated to the assets acquired and liabilities assumed from the acquired entity can only be provisionally determined at the time of first-time recognition, the business combination is recognized using these provisional values.

The hidden reserves and liabilities recognized are subsequently measured applying the accounting policy for the corresponding assets and liabilities. Recognized goodwill is tested for impairment annually (see note 19).

Any impairment losses, and reversals thereof, on investments in consolidated entities that are recognized in the separate financial statements during the year are eliminated in the consolidated financial statements. Intragroup profit and losses, revenue, expenses and income, and receivables and liabilities between consolidated entities are eliminated.

Income tax effects are taken into consideration in the consolidation process and deferred taxes are recognized.

Non-controlling interests in equity and profit or loss are recognized in a separate item under equity. If additional interests in fully consolidated entities are acquired or sold, the difference is directly offset against equity.

A joint venture is defined as a type of joint arrangement in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Under IFRS 11, the question of whether legal or beneficial rights to net assets are held is assessed on the basis of the contractual relationships (e.g. articles of association, shareholder agreements, exchange of goods and services) between the vehicle and the shareholders. Joint ventures and associates are consolidated using the equity method. In the income statement, the Group's share of the profit or loss for the period of the associates and joint ventures is included in earnings before net finance income/costs and before net tax income/expense. Changes in the other comprehensive income of these investees are recognized in the Group's other comprehensive income.

Significant investments in which the Ströer Group holds between 20% and 50% of the shares and over which it can therefore exercise significant influence are accounted for using the equity method. This involves recognizing the interests in an associate in the statement of financial position at the cost of acquisition plus the changes in the Group's share of the net assets of the associate arising after the acquisition. The Group's share of the profit or loss of an associate is presented in the income statement. This is the post-tax profit attributable to the shareholders of the associate.

Other investments are classified as at fair value through other comprehensive income pursuant to IFRS 9.

8 Currency translation

The separate financial statements of the consolidated foreign entities whose functional currency is not the euro are translated into the Group's presentation currency (euros) in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'. The functional currency of a foreign entity is its local currency.

Assets and liabilities are translated at the closing rate. Equity is reported at the historical rate. Expenses and income are translated into euros at the weighted average rate for the period in question. Exchange differences recognized directly in equity are only recognized in profit or loss if the entity is sold or deconsolidated.

Transactions conducted by the consolidated entities in a foreign currency are translated into the functional currency at the exchange rate valid on the date of the transaction. Gains and losses arising on the settlement of such transactions or on translating monetary assets and liabilities in a foreign currency at the closing rate are recognized in profit or loss.

Exchange rate effects from intragroup loans are recorded in other comprehensive income if the loans meet the criteria of a net investment as defined by IAS 21.

The following exchange rates were used for the most important foreign currencies in the Ströer Group:

		Closing rate		Weighted average rate	
	Currency	Dec. 31, 2020	Dec. 31, 2019	2020	2019
Canada	CAD	1.5633	1.4598	1.6754	1.4854
Switzerland	CHF	1.0802	1.0854	1.0702	1.1124
Czech Republic	CZK	26.2420	25.4080	26.4364	25.6685
UK	GBP	0.8990	0.8508	0.8887	0.8769
Hungary	HUF	363.8900	330.5300	350.8772	325.0271
Japan	JPY	126.4900	124.9400	121.7039	122.0008
Poland	PLN	4.5597	4.2568	4.4413	4.2973
Sweden	SEK	10.0343	10.4468	10.4837	10.5846
Singapore	SGD	1.6218	1.5111	1.5726	1.5271
Turkey	TRY	9.1131	6.6843	7.9133	6.3513
USA	USD	1.2271	1.1234	1.1396	1.1195

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9 Revenue

Revenue can be broken down as follows:

EUR k	2020	2019
Revenue from the provision of services in the wider sense	1,303,445	1,461,514
Revenue from the sale of products	138,714	129,631
Total	**1,442,159**	**1,591,145**

For a breakdown of revenue by segment, please refer to the disclosures in the segment information. Revenue from the sale of products is mainly generated in the transactional product group in the Direct Media segment and is recognized at a point in time, whereas revenue from services is recognized over a period of time.

The Group's customer relationships are characterized by short lead times and bookings at short notice. As a result, orders on hand as at the reporting date are mainly short-term.

Revenue included an amount of EUR 13,525k in revenue from barter transactions (prior year: EUR 16,595k). As at the reporting date, outstanding receivables and liabilities from barter transactions amounted to EUR 8,079k (prior year: EUR 9,178k) and EUR 4,862k (prior year: EUR 4,945k) respectively.

10 Cost of sales

Cost of sales includes all costs incurred in connection with the sale of products and the provision of services and can be broken down as follows:

EUR k	2020	2019
Amortization, depreciation, and impairment	287,443	299,874
Personnel expenses	175,953	172,177
Rental, lease, and royalty payments	65,938	81,100
Other cost of sales	408,256	472,585
Total	**937,590**	**1,025,736**

11 Selling expenses

Selling expenses include all direct selling expenses and sales overheads incurred. They can be broken down into:

EUR k	2020	2019
Personnel expenses	155,329	157,091
Amortization, depreciation, and impairment	12,913	11,301
Other selling expenses	74,497	81,058
Total	**242,740**	**249,451**

12 Administrative expenses

Administrative expenses include the personnel and non-personnel expenses as well as amortization, depreciation, and impairment relating to all administrative areas that are not connected to technology, sales, or product development. Administrative expenses can be broken down as follows:

EUR k	2020	2019
Personnel expenses	92,925	101,197
Amortization, depreciation, and impairment	34,366	34,345
Other administrative expenses	49,438	50,706
Total	**176,729**	**186,248**

13 Other operating income

The breakdown of other operating income is shown in the following table:

EUR k	2020	2019
Income from the reversal of provisions and derecognition of liabilities	7,329	7,827
Income from the reversal of bad debt allowances	1,905	2,437
Income from the disposal of property, plant, and equipment and intangible assets	471	1,511
Income from services	1,406	1,434
Income from exchange differences	1,986	1,130
Income from changes in the basis of consolidation	2,866	2,233
Miscellaneous other operating income	23,673	23,045
Total	**39,635**	**39,617**

The income from changes in equity investments in the reporting year was largely attributable to the disposal of TUBE ONE Networks GmbH, Cologne. In 2019, it had stemmed from the remeasurement of the original shares held in Media-Direktservice GmbH, Cologne.

Income from changes in the basis of consolidation was eliminated from the calculation of EBITDA (adjusted).

Miscellaneous other operating income included, among other items, income of EUR 2,503k from rent reductions that were negotiated with contractual partners due to the COVID-19 pandemic.

14 Other operating expenses

Other operating expenses can be broken down as follows:

EUR k	2020	2019
Expenses related to the recognition of loss allowances and the derecognition of receivables and other assets	11,595	5,899
Expected impairment loss on receivables not measured individually	1,234	530
Out-of-period expenses	5,772	3,653
Expenses from exchange differences	2,843	1,263
Expense from the disposal of property, plant, and equipment and intangible assets	4,178	749
Miscellaneous other operating expenses	5,766	5,653
Total	**31,388**	**17,746**

The increase in the expenses related to the recognition of loss allowances and the derecognition of receivables and other assets is partly due to higher loss allowances recognized in connection with the COVID-19 pandemic.

Miscellaneous other operating expenses included expenses from the increase in earnout liabilities of EUR 359k (prior year: EUR 582k). These expenses were eliminated from the calculation of EBITDA (adjusted).

15 Net finance income/costs

The following table shows the composition of net finance income/costs:

EUR k	2020	2019
Finance income	**2,021**	**2,147**
Interest income from loans and receivables	503	1,136
Income from exchange differences on financial instruments	1,361	637
Other finance income	158	374
Finance costs	**–36,030**	**–34,785**
Unwinding of the discount on finance lease liabilities	–15,376	–20,711
Interest expense from loans and liabilities	–10,706	–10,360
Expense from exchange differences on financial instruments	–1,231	–818
Other finance costs	–8,717	–2,897
Net finance income/costs	**–34,009**	**–32,639**

Income/expenses from exchange differences on financial instruments contain non-cash currency gains/losses from the translation of loan arrangements with Group entities outside the eurozone, which do not meet the criteria of a net investment within the meaning of IAS 21.

16 Income taxes

Income taxes consist of the income taxes paid or owed in the individual countries and deferred taxes. Income taxes can be broken down as follows:

EUR k	2020	2019
Current tax expense	31,078	43,062
thereof for prior years	668	1,658
Expenses (+)/income (–) from deferred taxes	–18,229	–23,174
thereof for prior years	484	238
thereof from temporary differences	–23,556	–24,300
Expenses (+)/income (–)	**12,849**	**19,888**

The changes in the transactions recognized directly in equity and the deferred taxes arising thereon are presented in the following table:

2020

EUR k	Before taxes	Taxes	After taxes
Exchange differences on translating foreign operations	–3,025	0	–3,025
Actuarial gains and losses	–1,139	281	–858
Changes in the fair value of equity instruments recognized in other comprehensive income	299	0	299
	–3,865	**281**	**–3,584**

2019

EUR k	Before taxes	Taxes	After taxes
Exchange differences on translating foreign operations	2,369	0	2,369
Actuarial gains and losses	–3,942	1,277	–2,665
Changes in the fair value of equity instruments recognized in other comprehensive income	11	0	11
	–1,562	**1,277**	**–284**

Deferred taxes are calculated on the basis of the applicable tax rates for each country. These range from 19% to 32.975% (prior year: from 9% to 32.625%).

Deferred taxes recognized for consolidation entries are calculated on the basis of a tax rate of 31.62% (prior year: 31.69%). This comprises corporate income tax of 15%, the solidarity surcharge on corporate income tax of 5.5%, and average trade tax of 15.792%. If consolidation entries relate to a foreign subsidiary, the applicable country-specific tax rate is used.

Deferred taxes are allocated to the following items in the statement of financial position:

	Dec. 31, 2020		Dec. 31, 2019	
EUR k	Assets	Liabilities	Assets	Liabilities
Intangible assets	18,531	45,133	18,024	61,902
Property, plant, and equipment	1,062	290,315	1,380	326,758
Financial assets	60	755	51	1,590
Receivables, other financial and non-financial assets	4,412	8,621	2,000	5,488
Pension provisions	6,842	157	6,558	138
Other provisions	6,180	5,421	4,667	2,671
Liabilities	296,685	6,561	327,303	6,366
Deferred taxes on temporary differences	**333,772**	**356,963**	**359,984**	**404,913**
Tax loss and interest carryforwards	22,833	0	26,265	0
Total deferred taxes	**356,605**	**356,963**	**386,248**	**404,913**
Set-offs	–345,400	–345,400	–375,192	–375,192
Carrying amount of deferred taxes	**11,205**	**11,563**	**11,057**	**29,721**

No deferred tax assets were recognized for loss carryforwards of EUR 136,757k (prior year: EUR 114,553k). Of this total, EUR 136,449k related to German Group entities and EUR 308k to foreign Group entities. Loss carryforwards attributable to foreign Group entities for which no deferred tax assets were recognized will largely expire as follows:

Year	Amount (EUR k)
2021	186
2022	0
2023	0
2024	0
2025	0
2026	0

Deferred tax assets were recognized for loss carryforwards in an amount of EUR 13,607k, although the entities to which these loss carryforwards are attributable generated losses in 2020 or 2019 and insufficient taxable temporary differences are available. On the basis of the positive tax budget accounts of the entities concerned, which are partly the result of restructuring, we assume, however, that we will be able to use these loss carryforwards in future periods due to an increase in taxable income.

In accordance with IAS 12, deferred taxes must be recognized on the difference between the share of equity held in subsidiaries recognized in the consolidated statement of financial position and the carrying amount of the equity interest in these subsidiaries recognized in the parent company's tax accounts (outside basis differences) if this difference is expected to be realized. In this context, deferred taxes were recognized in the consolidated financial statements for equity investments if distributions are expected from them in the near future. Overall, deferred tax liabilities on outside basis differences were recognized in an amount of EUR 326k (prior year: EUR 368k).

For outside basis differences of EUR 68,543k (prior year: EUR 60,691k), no deferred taxes were recognized as Ströer KGaA can control the timing of the reversal of the temporary differences for these equity investments and they will probably not be reversed in the future.

The dividends paid in 2020 for the 2019 financial year had no income tax consequences. Any dividend payments made in 2021 for the 2020 financial year will, in all likelihood, have no income tax consequences either.

IFRIC 23 'Uncertainty over Income Tax Treatments', which was applied, clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Recognition and measurement requires estimates and assumptions to be made, e.g. whether a tax treatment should be considered separately or together with other uncertain tax treatments, whether the most likely amount or the expected value should be used for the uncertain tax treatment, and whether there have been changes compared with the prior period. The risk of material errors not being discovered is insignificant with regard to the accounting treatment of uncertain line items. The accounting treatment is based on the assumption that the tax authorities will examine the matter in question and will have access to all of the relevant information.

The reconciliation of the expected tax expense and the actual tax expense is presented below:

EUR k	2020	2019
Profit/loss for the period before income taxes pursuant to IFRS	61,491	125,808
Group income tax rate	31.62%	31.69%
Expected income tax expense for the reporting year	19,441	39,869
Effects of tax rate changes	–270	–260
Trade tax additions/deductions	–18,856	–25,782
Effects of taxes from prior years recognized in the reporting year	1,152	1,896
Effects of differing tax rates	1,483	–1,674
Effects of tax-exempt income	–1,144	–3,255
Effects of equity method accounting	–534	–2,160
Effects of non-deductible business expenses	5,402	10,349
Recognition and adjustment of interest and loss carryforwards for tax purposes	4,998	1,386
Other differences	1,176	–481
Total tax expense (+)/tax income (–)	**12,849**	**19,888**

Since 2015, the Ströer Group's tax rate has predominantly been influenced by the following two factors:

Under its 2010–2018 strategy, the Ströer Group took two approaches in order to generate further growth. The first approach was to establish a variety of vertical markets, in particular by means of acquisitions in the digital sector. The acquisitions were frequently start-ups. The Ströer Group therefore generally invested in further, profitable growth following the acquisition. This resulted in increased amortization and depreciation. This was and is offset against taxes within the scope of the tax rules.

Secondly, the marketing structure in the OOH segment was to be streamlined by strategically pooling the advertising rights in one company in order to increase transparency and thus improve coordination and compliance. In line with the internationalization strategy, a location outside Germany was sought for this project. Eventually, a Dutch entity was established in which the desired bundling of advertising rights and of various activities in connection with the exploitation of these rights was carried out. From a German perspective, this entity was a partnership (Personengesellschaft). In terms of taxation, the pooling of the advertising rights resulted in the German partners in this partnership having to reduce the income for trade tax purposes that was attributable to them from the transfer of rights to the partnership. In the Netherlands, the consideration for the transfer of rights reduced the income for corporate income tax purposes (trade tax is not collected there). This accounts for the bulk of the line 'Trade tax additions/deductions' in the tax reconciliation.

17 Notes on earnings per share

EUR k	2020	2019
Basic earnings attributable to the shareholders of Ströer SE & Co. KGaA (continuing operations)	35,421	91,733

Thousands	2020	2019
Weighted average number of ordinary shares in issue as at Dec. 31	56,580	56,444
Effects from pre-emption rights issued	297	139
Weighted average number of ordinary shares in issue as at Dec. 31 (diluted)	56,877	56,583

In 2020, the number of shares increased by 70,000 (prior year: 404,700) to 56,646,571 (prior year: 56,576,571) due to the Stock Option Plans. As a result, earnings per share for 2020 was calculated on the basis of a time-weighted number of shares of 56,579,631 (prior year: 56,443,520).

Earnings per share is subject to potential dilution due to the Stock Option Plans launched in 2015 and 2019 and due to the 'share price' LTI component. Please refer to note 26 'Equity'.

Of the consolidated profit for the period of EUR 48,642k (prior year: EUR 105,920k) from continuing operations, EUR 35,421k was attributable to the shareholders of the parent company (prior year: EUR 91,733k) and EUR 13,221k to non-controlling interests (prior year: 14,187k).

18 Other notes

Personnel expenses

Cost of sales, administrative expenses, and selling expenses included personnel expenses of EUR 424,208k (prior year: EUR 430,465k).

The average number of employees in the reporting year can be broken down as follows:

Number	2020	2019
Salaried employees	9,503	11,600
Wage earners	164	148
Total	**9,667**	**11,748**

The number of employees is calculated as the average of the number of people employed at the end of each of the four quarters, taking into account the nature of their employment relationship. Part-time employees are included in full. Members of senior management, trainees, interns, pensioners, and employees on parental leave are not included.

As at December 31, 2020, the Group had a total headcount (full-time and part-time employees) of 10,003 (prior year: 12,210). The difference of 336 compared with the average number disclosed above is largely due to the fact that it is a snapshot on the reporting date of December 31; under this approach the number of employees at newly acquired entities is not time-weighted. Another reason for the difference is the inclusion of employees on parental leave, trainees, and temporary workers. These employees are not included in the disclosure above in accordance with section 314 (1) no. 4 in conjunction with section 285 no. 7 HGB.

Personnel expenses mainly consisted of wages and salaries of EUR 351,861k (prior year: EUR 354,369k), social security contributions of EUR 61,709k (prior year: EUR 63,466k), and expenses for pension provision of EUR 2,403k (prior year: EUR 2,486k).

Amortization, depreciation, and impairment

The amortization, depreciation, and impairment included in cost of sales, administrative expenses, and selling expenses is disclosed in notes 10 to 12. In 2020, amortization, depreciation, and impairment declined, by EUR 10,799k, to EUR 334,722k (prior year: EUR 345,521k).

Currency effects

In 2020, net losses of EUR 728k arising from exchange differences (prior year: EUR 313k) were recognized in the income statement, of which income of EUR 129k was recognized in net finance income/costs (prior year: expense of EUR 180k).

NOTES TO THE STATEMENT OF FINANCIAL POSITION

19 Intangible assets

The changes in intangible assets in 2020 and 2019 are presented in the following table:

EUR k	Rights and licenses	Goodwill	Prepay-ments and projects under development	Own develop-ment costs	Acquired technologies	Total
Cost						
Opening balance as at Jan. 1, 2019	**732,306**	**905,745**	**10,275**	**10,786**	**81,354**	**1,740,466**
Changes in the basis of consolidation	–5,209	9,125	0	–4,198	–1,839	–2,120
Additions	55,202	0	8,509	1,136	0	64,847
Reclassifications	6,356	0	–7,840	1,513	0	29
Disposals	–12,123	–1,938	–3,826	–1,675	0	–19,562
Exchange differences	146	125	0	–43	46	274
Closing balance as at Dec. 31, 2019/ opening balance as at Jan. 1, 2020	**776,678**	**913,058**	**7,118**	**7,519**	**79,561**	**1,783,934**
Changes in the basis of consolidation	–7,204	6,785	–1,118	–2,535	0	–4,072
Additions	33,539	0	18,975	223	0	52,738
Reclassifications	6,723	0	–18,346	11,429	0	–194
Disposals	–19,288	0	–226	–1,792	0	–21,306
Exchange differences	–2,090	–610	–1	–290	0	–2,991
Closing balance as at Dec. 31, 2020	**788,357**	**919,233**	**6,402**	**14,556**	**79,561**	**1,808,109**
Amortization and impairment/reversals of impairment						
Opening balance as at Jan. 1, 2019	**470,333**	**5,823**	**0**	**4,676**	**47,733**	**528,565**
Changes in the basis of consolidation	–991	0	0	–4,198	–2,020	–7,209
Amortization and impairment	100,512	0	3,632	8,173	10,712	123,030
Disposals	–12,086	–1,938	–3,632	–1,600	0	–19,256
Exchange differences	184	7	0	–95	27	123
Closing balance as at Dec. 31, 2019/ opening balance as at Jan. 1, 2020	**557,952**	**3,893**	**0**	**6,957**	**56,452**	**625,254**
Changes in the basis of consolidation	–7,346	–924	–516	0	0	–8,785
Amortization and impairment	97,740	0	516	5,576	5,960	109,792
Disposals	–19,269	0	0	0	0	–19,269
Exchange differences	–1,193	–44	0	–70	0	–1,307
Closing balance as at Dec. 31, 2020	**627,884**	**2,925**	**0**	**12,463**	**62,412**	**705,685**
Carrying amount as at Dec. 31, 2019	**218,727**	**909,165**	**7,119**	**561**	**23,109**	**1,158,681**
Carrying amount as at Dec. 31, 2020	**160,472**	**916,308**	**6,402**	**2,093**	**17,149**	**1,102,423**

Of the intangible assets, EUR 0k was reclassified to non-current assets classified as held for sale (prior year: EUR 256k) in accordance with IFRS 5; the amount reclassified in 2019 had primarily related to own development costs. In the reporting year, no material investment allowances pursuant to InvZulG were recognized as a reduction in cost. The non-capitalizable components of development costs came to EUR 26,220k in the year under review (prior year: EUR 31,966k) and are largely included in the cost of sales.

Impairment of EUR 6,130k (prior year: EUR 10,234k) was recognized on intangible assets (mainly rights and licenses). Of this total, EUR 2,794k was attributable to intangible assets of Ströer Products GmbH, which has since been sold. The impairment loss was primarily included in the cost of sales.

All goodwill acquired in business combinations was tested for impairment in 2020.

The table below gives an overview of the allocation of goodwill to cash-generating units and of the assumptions made for the purposes of the impairment test:

EUR k	Ströer Germany	Digital OOH & Content	Ströer Poland	Transactions	Dialog Marketing	BlowUP group
Carrying amount as at Dec. 31, 2019	**120,149**	**556,454**	**5,910**	**100,920**	**113,970**	**11,762**
Changes in the basis of consolidation	633	–615	0	–668	8,358	0
Exchange rate effects	0	–173	–393	0	0	0
Carrying amount as at Dec. 31, 2020	**120,782**	**555,667**	**5,517**	**100,252**	**122,328**	**11,762**
Detailed forecast period (in years)	5	5	5	5	5	5
Revenue growth after the forecast period	1% (2019: 1%)	1.1% (2019: 1%)	2.4% (2019: 1.7%)	1% (2019: 1%)	1% (2019: 1%)	1% (2019: 1%)
Interest rate (after taxes)	5.3% (2019: 4.9%)	6.2% (2019: 6.4%)	7.7% (2019: 6.7%)	6.3% (2019: 6.3%)	5.6% (2019: 6.4%)	5.1% (2019: 6.2%)

The recoverable amount of the CGUs is determined using cash flow forecasts generated as at September 30 each year on the basis of financial forecasts approved by senior management.

Ströer Germany and Ströer Poland will return to their medium-term growth trend once the effects of the COVID-19 pandemic have been absorbed. These two CGUs will benefit from structural shifts in their respective advertising markets, leading to increased demand for out-of-home advertising products compared with other types of media. EBITDA will also be boosted by the increased strategic targeting of new regional customer groups as part of sales activities. The shift in the product mix toward higher-value advertising media and the targeted expansion of the product range, coupled with ongoing strict cost discipline, will continue to contribute to the growth of EBITDA. In the Digital OOH & Content and Transactions CGUs, the key driver of solid EBITDA growth will be the exploitation of robust market growth across broad sections of the business, bolstered by the exploitation of new product formats and technologies. In Dialog Marketing, EBITDA will be driven by moderate market growth, better harnessing of synergies within the segment, and improved margin management.

Initially, the budgeted EBITDA is determined on the basis of detailed forecasts regarding the market assumptions, income, and expenses expected in the future. The projected growth of the EBITDA expected in the detailed forecast period is closely related to the expected advertising spend of companies that advertise, the competitive situation going forward, the prospects for innovative advertising formats, local inflation rates, the prospects for the out-of-home advertising industry in individual markets, and the expansion investment planned by Ströer in each segment. These expectations are primarily derived from publicly available market data. Based on these expectations, average EBITDA growth rates are calculated for the individual CGUs that, depending on the market environment, are in the mid-single-digit percentage range (Ströer Germany, Dialog Marketing) or in the low-double-digit percentage range (Digital OOH & Content, Ströer Poland, Transactions, blowUP group). In a second step, the planned investment and working capital changes are used to transform the budgeted EBITDA into a cash flow forecast. The detailed forecasts are then aggregated into financial plans and approved by senior management. These financial plans reflect anticipated performance in the forecast period.

For the purpose of testing goodwill for impairment, the fair value less costs to sell was classified as the recoverable amount (Level 3 of the fair value hierarchy). The discount rate used for the cash flow forecast was determined on the basis of market data and key performance indicators for the peer group and depends on the economic environment in which the cash flows are generated. As a result, separate discount rates were calculated for foreign CGUs based on local circumstances.

The growth rate used for the terminal value (TV) is determined on the basis of long-term economic expectations and the expectations regarding the inflation trend in each market. Information from central banks, economic research institutes, and official statements by the relevant governments is gathered and evaluated in order to calculate these growth rates.

For each non-impaired CGU, we conduct a scenario analysis to assess the effect of significant parameters on the need for impairment. This is based on the difference between the recoverable amount and the carrying amount.

As the difference between the recoverable amount and the carrying amount is high enough for all of the CGUs, no scenario analyses were required in the reporting year.

20 Property, plant, and equipment

The changes in property, plant, and equipment are presented in the following statement of changes in non-current assets.

EUR k	Land, land rights, and buildings	Plant and machinery	Other equipment, furniture, and fixtures	Property, plant, and equipment (leasing)	Prepayments and assets under construction	Total
Cost						
Opening balance as at Jan. 1, 2019	**7,321**	**2,224**	**520,210**	**1,210,330**	**44,634**	**1,784,718**
Changes in the basis of consolidation	–60	–28	–3,050	–21,637	0	–24,775
Additions	2,246	1,101	40,183	142,335	18,576	204,441
Reclassifications	0	344	17,695	0	–18,068	–29
Disposals	0	–41	–19,154	–15,295	–95	–34,584
Exchange differences	4	0	343	909	63	1,319
Closing balance as at Dec. 31, 2019/ opening balance as at Jan. 1, 2020	**9,511**	**3,600**	**556,227**	**1,316,642**	**45,111**	**1,931,091**
Changes in the basis of consolidation	–8	–19	2,539	–962	0	1,550
Additions	340	498	37,256	96,869	10,314	145,276
Reclassifications	18	149	8,876	0	–8,849	194
Disposals	0	–10	–17,538	–15,212	–1,928	–34,688
Exchange differences	–21	–1	–1,885	–3,567	–442	–5,915
Closing balance as at Dec. 31, 2020	**9,840**	**4,218**	**585,474**	**1,393,770**	**44,206**	**2,037,509**
Depreciation and impairment/reversals of impairment						
Opening balance as at Jan. 1, 2019	**873**	**608**	**311,408**	**169,312**	**3,304**	**485,504**
Changes in the basis of consolidation	25	–14	–1,758	–3,949	0	–5,696
Depreciation and impairment	405	608	42,961	178,415	104	222,492
Reclassifications	0	–1	24	0	–23	0
Reversals of impairment losses	0	0	0	–715	0	–715
Disposals	0	–34	–16,167	–1,368	–40	–17,609
Exchange differences	4	0	238	527	30	798
Closing balance as at Dec. 31, 2019/ opening balance as at Jan. 1, 2020	**1,306**	**1,166**	**336,706**	**342,221**	**3,375**	**684,775**
Changes in the basis of consolidation	–8	–9	2,396	–786	0	1,594
Depreciation and impairment	456	766	44,997	178,619	92	224,929
Reclassifications	4	0	19	0	–23	0
Reversals of impairment losses	0	0	0	–157	0	–157
Disposals	0	–10	–16,169	–868	–110	–17,157
Exchange differences	–5	0	–1,110	–2,471	–191	–3,777
Closing balance as at Dec. 31, 2020	**1,753**	**1,912**	**366,840**	**516,559**	**3,143**	**890,207**
Carrying amount as at Dec. 31, 2019	**8,205**	**2,434**	**219,520**	**974,421**	**41,736**	**1,246,316**
Carrying amount as at Dec. 31, 2020	**8,088**	**2,306**	**218,634**	**877,211**	**41,063**	**1,147,302**

Of the property, plant, and equipment, EUR 0k was reclassified to non-current assets classified as held for sale (prior year: EUR 15,806k) in accordance with IFRS 5 (thereof impairment losses: EUR 0k (prior year: EUR 15,757k)); the amount reclassified in 2019 had primarily related to property, plant, and equipment (leasing). For further information on property, plant, and equipment (leasing in accordance with IFRS 16), please refer to note 35 in the notes to the consolidated financial statements.

Other equipment mainly includes advertising media (residual carrying amount as at December 31, 2020: EUR 191,658k; prior year: EUR 187,333k).

In the reporting year, investment allowances pursuant to InvZulG of EUR 0k were recognized as a reduction in cost (prior year: EUR 97k).

An amount of EUR 230k was recognized as income from compensation for damage to or destruction of property, plant, and equipment (prior year: EUR 540k).

Impairment of EUR 6,793k (prior year: EUR 2,789k) was recognized on property, plant, and equipment (mainly other equipment), of which EUR 2,959k was attributable to impairment of dismantled advertising media (property, plant, and equipment). The impairment loss was primarily included in the cost of sales.

21 Trade receivables

The changes in specific loss allowances on trade receivables were as follows:

EUR k	2020	2019
Loss allowances at the start of the reporting year	**5,794**	**4,341**
Additions (recognized in profit or loss)	7,678	3,400
Reversals (recognized in profit or loss)	–1,628	–1,545
Utilization	–1,235	–583
Exchange differences	–153	127
Other changes	0	54
Loss allowances at the end of the reporting year	**10,456**	**5,794**

Within the scope of specific loss allowances, trade receivables with a gross invoice value of EUR 12,012k were written down as at the reporting date (prior year: EUR 6,879k). Net of specific loss allowances of EUR 10,456k (prior year: EUR 5,794k), the carrying amount of these receivables stood at EUR 1,556k as at the reporting date (prior year: EUR 1,085k).

The Group also uses a provision matrix in order to measure the expected credit losses on trade receivables from a very large number of customers who only have small balances and for whom specific loss allowances were therefore not recognized.

The changes in loss allowances on trade receivables from the very large number of customers who have small balances were as follows:

EUR k	2020	2019
Loss allowances at the start of the reporting year	**1,557**	**1,305**
Additions (recognized in profit or loss)	1,234	530
Reversals (recognized in profit or loss)	–618	–108
Utilization	48	–14
Exchange differences	–4	–93
Changes in the basis of consolidation	0	–2
Other changes	89	–61
Loss allowances at the end of the reporting year	**2,305**	**1,557**

The following table shows the carrying amounts of past due trade receivables, the estimated credit risk, and the expected credit losses as at December 31, 2020. The loss rates were calculated on the basis of the actual credit losses in the two preceding years. These rates were multiplied by a scale factor of 1.35 in order to reflect the differences between the economic conditions at the time that the empirical data was captured and the current, COVID-19-related economic conditions over the expected lifetime of the receivables.

			Past due by		
EUR k	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days
Dec. 31, 2020					
Gross carrying amounts	**20,068**	**5,745**	**2,326**	**1,990**	**1,526**
Estimated credit risk (in %)	**1.5%**	**1.8%**	**9.0%**	**36.3%**	**18.4%**
Expected credit loss	**294**	**102**	**209**	**723**	**281**
Dec. 31, 2019					
Gross carrying amounts	22,272	9,382	3,206	3,604	1,953
Estimated credit risk (in %)	0.6%	1.3%	2.3%	18.7%	1.5%
Expected credit loss	128	124	75	675	29

Including the expected credit losses on receivables that are not yet past due, on which credit risk of 0.5% (prior year: 0.4%) and a credit loss of EUR 696k (prior year: EUR 526k) are expected, the resulting loss allowances on trade receivables amounted to EUR 2,305k (prior year: EUR 1,557k).

22 Other financial and non-financial assets

A breakdown of non-current other financial and non-financial assets is shown in the following table:

EUR k	Dec. 31, 2020	Dec. 31, 2019
Financial assets		
Other loans	17	7,680
Residual purchase price receivables from the disposal of Group entities	1,000	0
Miscellaneous non-current financial assets	768	854
Total	**1,785**	**8,534**
Non-financial assets		
Prepaid expenses	7,887	15,141
Miscellaneous other non-current assets	4,410	5,345
Total	**12,297**	**20,486**

Miscellaneous other non-current (non-financial) assets include, among other items, capitalized transaction costs that are amortized over the term of the credit facility.

Current other financial and non-financial assets can be broken down as follows:

EUR k	Dec. 31, 2020	Dec. 31, 2019
Financial assets		
Receivables from existing and former shareholders of Group entities	24	30
Creditors with debit balances	2,383	1,677
Security deposits	1,415	1,545
Residual purchase price receivables from the disposal of Group entities	850	0
Other loans	2,422	451
Miscellaneous financial assets	4,187	5,102
Total	**11,282**	**8,806**
Non-financial assets		
Prepaid expenses	14,603	15,474
Tax receivables	11,236	16,184
Other prepayments	1,204	1,217
Receivables from investment allowances	153	153
Miscellaneous other assets	3,878	2,511
Total	**31,073**	**35,538**

The changes in specific loss allowances for other financial assets measured at amortized cost were as follows:

EUR k	2020	2019
Loss allowances at the start of the reporting year	**1,817**	**2,154**
Additions (recognized in profit or loss)	1,447	125
Reversals (recognized in profit or loss)	–144	–294
Utilization	–7	–33
Other changes	0	–135
Loss allowances at the end of the reporting year	**3,112**	**1,817**

Within the scope of specific loss allowances, financial assets with a nominal value of EUR 3,688k were written down as at the reporting date (prior year: EUR 2,029k). Net of specific loss allowances of EUR 3,112k (prior year: EUR 1,817k), the carrying amount of these receivables stood at EUR 577k as at the reporting date (prior year: EUR 212k).

The following table shows the carrying amounts of past due financial assets that were not yet impaired:

	Past due by				
EUR k	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days
Dec. 31, 2020	**1,399**	**44**	**18**	**155**	**319**
Dec. 31, 2019	684	100	65	121	116

As at the reporting date, no losses were expected in respect of current financial assets that were neither impaired nor past due.

23 Inventories

EUR k	Dec. 31, 2020	Dec. 31, 2019
Materials and supplies	5,829	8,330
Finished goods	9,698	8,417
Prepayments made on inventories	16	549
Total	**15,542**	**17,296**

The inventories recognized as an expense in the income statement during the reporting year amounted to EUR 31,017k (prior year: EUR 33,741k). The prior-year figures were adjusted retrospectively to include the expense of the BHI Group. The total cost of inventories expensed included write-downs to net realizable value of EUR 0k (prior year: EUR 179k).

24 Cash

EUR k	Dec. 31, 2020	Dec. 31, 2019
Bank balances	85,231	103,510
Cash on hand	238	93
Total	**85,469**	**103,603**

The bank balances included overnight money and time deposits of EUR 448k (prior year: EUR 439k). As in the prior year, the interest rates achieved were approximately 0.00%.

As at the reporting date, bank balances of EUR 943k were subject to short-term restrictions on availability (prior year: EUR 1,398k).

25 Non-current assets classified as held for sale and liabilities associated with assets held for sale

As at the reporting date, the Ströer Group had no non-current assets classified as held for sale and no liabilities associated with assets held for sale.

As at December 31, 2019, the assets classified as held for sale of EUR 24,277k and the liabilities associated with assets held for sale of EUR 26,656k had largely consisted of the assets and liabilities of the D+S 360° Group, which was deconsolidated on January 24, 2020 when 50.0% of its shares were sold. There were no longer any notable effects in the D+S 360° Group in the period January 1 to January 24, 2020.

26 Equity

The changes in the individual components of equity in 2020 and 2019 are presented in the consolidated statement of changes in equity.

Subscribed capital

The Company's subscribed capital increased by 70,000 to 56,646,571 shares as at December 31, 2020 as a result of stock options being exercised. As at December 31, 2020, the subscribed capital was thus divided into 56,646,571 no-par-value bearer shares. They have a nominal value of EUR 1 each and are fully paid up.

The following disclosures are mainly taken from the articles of association of Ströer SE & Co. KGaA.

<u>2019 approved capital</u>
Subject to the approval of the Supervisory Board, the general partner is authorized until June 18, 2024 to increase the Company's share capital once or several times by a maximum of EUR 5,652,657.00 in total by issuing up to 5,652,657 new no-par-value bearer shares for contributions in cash and/or in kind (2019 approved capital).

The shareholders must as a matter of principle receive a pre-emption right. The legal pre-emption right may also be granted by way of the new shares being acquired by a bank or an entity that operates in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 (7) of the German Banking Act (KWG), subject to the requirement that they are offered indirectly to shareholders for subscription in accordance with section 186 (5) AktG. However, the general partner is authorized, subject to the approval of the Supervisory

Board, to exclude the shareholders' legal pre-emption rights for one or more capital increases within the scope of the approved capital:

(i) in order to exclude fractional amounts from the shareholders' pre-emption rights;
(ii) if the capital increase is made in return for contributions in kind including for, but not limited to, the purpose of acquiring entities, parts of entities, or equity investments in entities;
(iii) if the capital increase is made in return for cash contributions and the issue price of the new shares is not significantly below – in accordance with section 203 (1) and (2) and section 186 (3) sentence 4 AktG – the market price of shares of the same class and voting rights already listed on the stock market on the date on which the final issue price is determined, and the portion of the share capital attributable to the new shares issued in accordance with this clause (iii), subject to the exclusion of pre-emption rights pursuant to section 186 (3) sentence 4 AktG, does not exceed 10% of the total share capital at the time that such authorization becomes effective or is exercised. The proportional amount of the share capital attributable to new or treasury shares issued or sold since June 19, 2019, subject to the simplified exclusion of pre-emption rights in accordance with, or analogously to, section 186 (3) sentence 4 AktG, must be added to this maximum amount, as must the proportional amount of the share capital attributable to shares with attaching warrants and/or conversion rights/option obligations and/or mandatory conversion requirements from debt securities or participation rights issued since June 19, 2019, applying section 186 (3) sentence 4 AktG analogously; and/or
(iv) to the extent necessary to issue pre-emption rights for new shares to holders of bonds with warrants or beneficial owners of convertible bonds or participation rights with conversion rights or warrants that are issued by the Company or entities that it controls or in which it holds a majority stake in the scope to which they would be entitled after exercising the warrants or conversion rights or after fulfilling the mandatory conversion requirement.

The shares issued under the above authorization subject to the exclusion of shareholders' pre-emption rights in capital increases in return for cash contributions or contributions in kind may not exceed 10% of the share capital either at the time such authorization becomes effective or – if this figure is lower – at the time it is exercised. The proportionate amount of the share capital attributable to those shares that are issued during the term of this authorization under another authorization subject to the exclusion of pre-emption rights must be deducted from this maximum amount of 10%. Likewise, rights that were issued during the term of this authorization until the date of their exercise under other authorizations, subject to the exclusion of pre-emption rights, and that carry the ability or obligation to subscribe to the Company's shares must also be deducted.

Subject to the approval of the Supervisory Board, the general partner decides on the content of the share rights, the issue price, the consideration to be paid for the new shares, and the other conditions of share issue. After a full or partial increase in the share capital from approved capital or after expiry of the authorization period, the Supervisory Board is authorized to make amendments to the articles of association that only affect the wording.

2013 conditional capital

The remaining stock options under the 2013 conditional capital were exercised in 2019.

2015 conditional capital

The share capital is subject to a conditional increase by a maximum of EUR 1,993,445.00 by issuing a maximum of 1,993,445 no-par-value bearer shares (2015 conditional capital). This conditional capital increase, however, may not exceed the remaining amount and the remaining number of shares under the conditional capital increase pursuant to article 6b (1) of the articles of association of Ströer SE on the date on which the change in the legal form of Ströer SE to a partnership limited by shares pursuant to the conversion resolution dated September 25, 2015 took effect. The sole purpose of the conditional capital increase is for the Board of Management to grant, as authorized by resolution of the shareholder meeting dated September 25, 2015, rights to holders of stock options under the 2015 Stock Option Plan. The conditional capital increase will only be implemented to the extent that the holders of stock options granted under the authorization of the shareholder meeting on September 25, 2015 exercise these stock options and that the Company does not settle the stock options in cash. The new shares are eligible for dividend from the beginning of the financial year for which no resolution on the appropriation of profit has been adopted by the shareholder meeting at the time of their issue.

Subject to the approval of the Supervisory Board, the general partner is authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the general partner's Board of Management. If this is the case, the

Supervisory Board will determine the further details of the conditional capital increase. The Supervisory Board is authorized to amend the articles of association to reflect the scope of the capital increase from the 2015 conditional capital.

2017 conditional capital
The Company's share capital is subject to a conditional increase by a maximum of EUR 11,056,400.00 by issuing a maximum of 11,056,400 new no-par-value bearer shares (2017 conditional capital). The purpose of the conditional capital increase is to grant no-par-value bearer shares to holders/beneficial owners of convertible bonds and/or bonds with warrants that are being issued by the Company or an investee as a result of the authorization granted under item 9 on the agenda of the shareholder meeting on June 14, 2017. New no-par-value bearer shares are issued at a particular conversion or option price determined by the aforementioned authorization resolution. The conditional capital increase will only be implemented to the extent that conversion or option rights are exercised or holders/beneficial owners who are obliged to do so fulfill their obligation to exercise their conversion rights and provided that a cash settlement is not granted or use is not made of treasury shares or new shares issued from approved capital. The new no-par-value bearer shares are eligible for dividend from the beginning of the financial year in which they are formed as a result of the exercise of warrants or conversion rights or after fulfillment of the mandatory conversion requirements. Subject to the approval of the Supervisory Board, the general partner is authorized to determine the further details of the conditional capital increase.

2019 conditional capital
The share capital is subject to a conditional increase by a maximum of EUR 2,200,000.00 by issuing a maximum of 2,200,000 no-par-value bearer shares (2019 conditional capital). The sole purpose of the conditional capital increase is for rights to be granted, as authorized by the shareholder meeting on June 19, 2019, to holders of stock options under the 2019 Stock Option Plan. The conditional capital increase will only be implemented to the extent that the holders of stock options granted under the authorization of the shareholder meeting on June 19, 2019 exercise these stock options and that the Company does not settle the stock options in cash or by granting treasury shares. The new shares are eligible for dividend from the beginning of the financial year for which no resolution on the appropriation of profit has been adopted by the shareholder meeting at the time of their issue. The general partner is authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the general partner's Board of Management. If this is the case, the Supervisory Board of the general partner will determine the further details of the conditional capital increase. The Company's Supervisory Board is authorized to amend the articles of association to reflect the scope of the capital increase from the 2019 conditional capital.

Capital reserves

The Group's capital reserves rose by EUR 7,386k to EUR 754,877k as at December 31, 2020 (prior year: EUR 747,491k). This increase related to the Stock Option Plans of Ströer SE & Co. KGaA.

Retained earnings

Retained earnings contain profits that were generated in the past by entities included in the consolidated financial statements and that have not been distributed. By resolution of the shareholder meeting on November 4, 2020, a sum of EUR 113,153k was distributed as a dividend (EUR 2.00 per dividend-bearing no-par-value share) and a sum of EUR 170,000k from the accumulated profit for 2019 was carried forward to the next accounting period.

Accumulated other comprehensive income/loss

Accumulated other comprehensive income/loss includes exchange differences from the financial statements of foreign subsidiaries prepared in foreign currency and the effects of measuring hedged derivative financial instruments after deduction of the deferred taxes arising thereon. The amount also generally includes exchange differences resulting from the translation of loans designated as net investments that are granted by Ströer SE & Co. KGaA to its foreign Group entities and thus do not affect consolidated profit or loss for the period (including deferred taxes). As had been also been the case in 2019, there were no such loans designated as net investments in 2020.

Deferred tax liabilities on measurement gains/losses on hedged derivative financial instruments, which are recognized in other comprehensive income, amounted to EUR 0k at the end of 2020, as they had a year earlier. This is because there are currently no hedges.

Non-controlling interests

Non-controlling interests comprise minority interests in the equity of consolidated entities.

Obligation to purchase own equity instruments

By granting put options to the non-controlling shareholders of subsidiaries, the Company has undertaken to purchase the non-controlling interest if certain contractual conditions are met. We have presented these options as a notional acquisition on the reporting date in accordance with our disclosures on accounting policies. Liabilities of EUR 29,796k were recognized for these obligations (prior year: EUR 20,365k).

Appropriation of profit

Profit is appropriated in accordance with the provisions of German commercial and stock corporation law that determine how the accumulated profit of Ströer SE & Co. KGaA is calculated.

In 2020, a profit for the period of EUR 65,635k was recognized in the separate financial statements of Ströer SE & Co. KGaA (prior year: EUR 72,152k).

Capital management

The objective of capital management in the Ströer Group is to ensure the continuation and growth of the Company and to maintain and build on its attractiveness to investors and market participants. To ensure this, the Board of Management continually monitors the level and structure of debt. The debt included in the general capital management system comprises the financial liabilities and other liabilities recognized in the consolidated statement of financial position. In its Group financing through bank loans, the Ströer Group observes an external covenant in the form of the maximum permitted leverage ratio. Key elements of the internal management system are the planning and ongoing monitoring of the adjusted operating profit (EBITDA (adjusted)) because, through the leverage ratio, EBITDA (adjusted) is factored into the determination of the credit margin to be applied. This leverage ratio is defined as the ratio of net debt to operating profit before interest, depreciation, and amortization (EBITDA (adjusted)). The relevant key performance indicators are submitted to the Board of Management for evaluation as part of regular reporting. The Company comfortably complied with the permitted net debt ratio as at the reporting date, as it also had a year earlier. For details on EBITDA (adjusted), please refer to note 33 'Segment information'.

The Board of Management also monitors the Group's equity ratio. The equity used as a basis for determining the equity ratio is the equity reported in the statement of financial position including non-controlling interests.

Equity is also monitored at the level of the individual entities as part of the monitoring of compliance with the minimum capital requirements aimed at averting proceedings under insolvency law. The equity monitored in this context is the equity recognized in accordance with the law of the country in question.

The capital management strategy was otherwise unchanged compared with the previous year.

27 Provisions for pensions and similar obligations

The major pension plans in place are defined benefit plans in Germany, where the defined benefit obligation either depends on the remuneration of the employee in question upon reaching retirement age or is based on a fixed commitment. As the actuarial gains and losses are recognized directly in equity immediately, the present value of the defined benefit obligation less plan assets corresponds to the pension provision reported in the statement of financial position.

Provisions for pensions and similar obligations are calculated as follows:

EUR k	Dec. 31, 2020	Dec. 31, 2019
Present value of defined benefit obligation as at Jan. 1	44,145	40,476
Current service cost	812	746
Net interest cost	416	634
Actuarial gains (–)/losses (+)	993	3,627
Benefits paid	–1,569	–1,776
Changes in the basis of consolidation	1	0
Exchange differences	–2	–1
Other changes	154	438
Present value of defined benefit obligation as at Dec. 31/carrying amount	**44,949**	**44,145**

In the year under review, actuarial losses of EUR 993k were recognized directly in equity (prior year: EUR 3,627k). This decrease was mainly due to the only slight reduction in the discount rate compared with that in the previous year. For 2021, payments in connection with pension obligations totaling EUR 1,539k (prior year: EUR 1,814k) are anticipated.

There were no plan curtailments in 2020. The plan assets consist of reinsurance with a fair value as at December 31, 2020 of EUR 51k (prior year: EUR 69k). No further disclosures are provided in respect of the plan assets as the amounts are not material.

Sensitivities were calculated with half a percentage point above and below the discount rate used. Raising the discount rate by 0.5 percentage points would decrease the present value of the defined benefit obligation by EUR –2,739k (prior year: EUR –2,697k) while lowering it by 0.5 percentage points would increase the defined benefit obligation by EUR 3,012k (prior year: EUR 2,968k) as at the reporting date.

In addition to a change in the discount rate, the rate of pension increase was identified as a significant factor influencing the present value of the defined benefit obligation. Raising the rate of pension increase by 0.5 percentage points would increase the present value of the defined benefit obligation by EUR 1,227k (prior year: EUR 1,252k) while lowering it by 0.5 percentage points would decrease the defined benefit obligation by EUR –1,133k (prior year: EUR –1,157k) as at the reporting date.

The present value of the pension entitlements was calculated using the following assumptions:

Group (in %)	Dec. 31, 2020	Dec. 31, 2019
Interest rate	0.90	1.20
Pension trend	1.00	1.00
Salary trend	2.00	2.00
Employee turnover	1.00	1.00

The components of the expenses for pension benefits recognized in profit or loss are presented in the following table:

EUR k	2020	2019
Interest expense	416	634
Current service cost and other changes	966	1,184
Net defined benefit costs	**1,382**	**1,818**
Expenses for statutory pension contributions (defined contribution)	25,945	30,270
Total benefit expenses	**27,327**	**32,088**

The interest cost from pension obligations is included in net interest expense, while the service cost is included in personnel expenses. Actuarial gains and losses are recognized directly in equity immediately.

Cumulative actuarial gains (+) and losses (–) recognized directly in equity amounted to a net loss of EUR 8,457k after taxes as at the reporting date (prior year: EUR 7,622k).

The present value of the defined benefit obligation and the actuarial gains and losses can be broken down as follows:

EUR k	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Present value of the shortfall	**44,949**	**44,145**	**40,476**	**39,727**	**39,249**
Gain/loss for the period from					
Experience adjustments to plan liabilities	524	–386	91	69	653
Adjustments to actuarial assumptions	469	4,013	825	316	1,197

28 Other provisions

The changes in provisions in 2020 were as follows:

EUR k	Jan. 1, 2020	Exchange differences	Changes in the basis of consolidation	Allocation	Effects from unwinding the discount and changes in the discount rates	Utilization	Reversal	Reclassification	Dec. 31, 2020
Restoration obligations	26,575	–192	0	3,554	65	–2,194	–25	0	27,782
thereof non-current	16,738								16,050
Personnel	28,162	–261	–140	32,835	5	–32,969	–1,365	0	26,267
thereof non-current	5,184								9,809
Miscellaneous	27,580	–597	–194	60,723	1	–46,558	–2,136	–23	38,795
thereof non-current	3,511								1,638
Total	**82,317**	**–1,050**	**–335**	**97,112**	**71**	**–81,721**	**–3,526**	**–23**	**92,844**

The personnel provisions include bonuses for the Board of Management and employees and obligations arising from severance payments.

Miscellaneous other provisions include, for example, provisions for compensation claims and process risks.

The provision for restoration obligations is based on the anticipated costs of restoration. The provision was discounted using a discount rate of 0.00% (prior year: 0.00%).

29 Financial liabilities

Non-current financial liabilities can be broken down as follows:

	Carrying amount	
EUR k	Dec. 31, 2020	Dec. 31, 2019
Lease liabilities (IFRS 16)	763,004	853,030
Loan liabilities	505,495	571,823
Obligation to purchase own equity instruments	29,796	16,637
Liabilities from acquisitions	378	5,318
Other financial liabilities	84	132
Total	**1,298,756**	**1,446,939**

Lease liabilities decreased due to ongoing cash payments for the principal portion of lease liabilities under IFRS 16. These payments were only partly offset by new leases. Please refer to our explanations in note 35 in these notes to the consolidated financial statements.

Ströer SE & Co. KGaA placed a note loan with a volume of EUR 145.0m on the capital markets in June 2016. The loan consists of several tranches with terms of five or seven years. A volume of EUR 131.0m has a variable interest rate of EURIBOR plus a margin that ranges between 100 and 110 basis points (bp). The interest rate on the other EUR 14.0m is fixed and ranges between 100bp and 130bp.

Ströer SE & Co. KGaA placed a further note loan with a volume of EUR 350.0m on the capital markets in October 2017, of which a total of EUR 18.0m was repaid in 2020. The remaining tranches have terms of five or seven years. A volume of EUR 151.5m has a variable interest rate of Euribor plus a margin that ranges between 75bp and 90bp. The interest rate on the other EUR 180.5m is fixed and ranges between 95bp and 140bp.

Furthermore, Ströer SE & Co. KGaA agreed on a credit facility of EUR 600.0m with a banking syndicate comprising selected German and foreign financial institutions in December 2016, with the option to extend the volume by a further EUR 100.0m if required. The facility has been committed for a fixed term ending in December 2023.

The total volume of EUR 600.0m has been structured as a flexible revolving facility. The credit facility has a variable interest rate of Euribor plus a margin that ranges between 65bp and 160bp depending on the leverage ratio.

As is the case with the costs for previous financing arrangements, the transaction costs will be recognized over the term of the loan. Please refer to note 22 in these notes to the consolidated financial statements.

The increase in non-current obligations to purchase own equity instruments was primarily due to the acquisition of the Dea Group.

Current financial liabilities can be broken down as follows:

EUR k	Dec. 31, 2020	Dec. 31, 2019
Lease liabilities (IFRS 16)	137,318	141,397
Obligation to purchase own equity instruments	0	3,728
Current account liabilities	11,620	4,362
Debtors with credit balances	12,571	10,552
Liabilities from acquisitions	3,485	4,496
Loan liabilities	134,818	25,216
Interest liabilities	868	792
Other current financial liabilities	16,367	28,344
Total	**317,048**	**218,887**

The increase in current loan liabilities is due, in particular, to the reclassification of individual loan tranches from non-current to current. This relates to note loans with a total volume of EUR 127,000k and a term of five years that were placed on the capital markets in 2016 and are repayable in June 2021.

Other current financial liabilities include, among other items, liabilities to non-controlling interests of EUR 7,967k (prior year: EUR 6,846k) that had to be accounted for as settlement claims within the scope of profit-and-loss transfer agreements.

For information about liabilities from acquisitions, please refer to note 6 in these notes to the consolidated financial statements.

30 Trade payables

Non-current and current trade payables can be broken down as follows:

EUR k	Dec. 31, 2020	Dec. 31, 2019
Trade payables	161,774	220,654
Accrued liabilities for outstanding invoices	81,307	77,860
Total	**243,080**	**298,514**

31 Other liabilities

Other current liabilities can be broken down as follows:

EUR k	Dec. 31, 2020	Dec. 31, 2019
Liabilities from other taxes	38,465	33,326
Deferred receipts	51,797	45,418
Miscellaneous other liabilities	18,891	24,976
Total	**109,153**	**103,719**

A significant portion of the deferred receipts was attributable to payments received in the Group's subscription business that fall due at the start of the subscription and are recognized as revenue over the contractual term of the subscription.

OTHER NOTES

32 Notes to the statement of cash flows

The statement of cash flows has been prepared in accordance with IAS 7 'Statement of Cash Flows' and shows the cash flows in the financial year, broken down by operating, investing, and financing activities.

Cash flows from operating activities are presented using the indirect method by deducting non-cash transactions from profit or loss for the period in accordance with IAS 7. Furthermore, items that are attributable to cash flows from investing or financing activities are eliminated. The starting point for cash flows from operating activities is consolidated profit or loss for the period, which is then reduced by net finance income/costs and the net tax income/expense in a second step. Cash flows from operating activities include, among other items, cash received from distributions by associates and joint ventures. As was also the case in the prior year, however, cash flows from operating activities in the reporting year did not include any other dividends received.

Besides the amounts contained in the statement of cash flows, IAS 7.43 requires the disclosure of non-cash transactions that result in an increase in non-current assets. Non-cash transactions in the wider sense also include leasing in accordance with IFRS 16. In 2020, the additions under IFRS 16 leases amounted to EUR 77.8m (prior year: EUR 142.3m). IFRS 16 leases only impact on cash at the time of the actual lease payments. They are recognized within cash flows from operating activities in the amount of the interest portion and within cash flows from financing activities in the amount of the principal portion. Liabilities with extended payment terms (reverse factoring) are also classed as non-cash transactions. These liabilities totaled EUR 25.1m as at December 31, 2020 (prior year: EUR 47.4m). The total volume of liabilities assumed in connection with reverse factoring in 2020 came to EUR 86.1m (prior year: EUR 78.8m). All cash payments due in connection with reverse factoring are always recognized in full in cash flows from operating activities.

Cash and cash equivalents consists of the cash reported in the statement of financial position. Cash comprises cash on hand and bank balances.

The following table shows the cash and non-cash changes in financial liabilities:

EUR m	Jan. 1, 2020	Cash change in cash flows from financing activities	Non-cash change			Dec. 31, 2020
			Changes in the basis of consolidation	Changes in fair value	Other	
Finance lease liabilities (IFRS 16)	994.2	–154.3	0.1	15.4	44.9	**900.3**
Non-current liabilities to banks	571.8	60.3	0.1	0.2	–127.0	**505.5**
Current liabilities to banks	22.4	–10.7	0.0	0.0	127.0	**138.6**
Obligation to purchase own equity instruments	20.4	–1.5	15.9	–4.9	0.0	**29.8**
Other financial liabilities	57.0	–48.3	1.4	3.3	28.1	**41.5**
Total financial liabilities	**1,665.8**	**–154.5**	**17.5**	**14.0**	**73.0**	**1,615.8**

EUR m	Jan. 1, 2019	Cash change in cash flows from financing activities	Non-cash change: Changes in the basis of consolidation	Non-cash change: Changes in fair value	Non-cash change: Other	Dec. 31, 2019
Finance lease liabilities (IFRS 16)	1,055.3	–174.7	–15.8	20.7	108.7	**994.2**
Non-current liabilities to banks	558.4	31.1	0.0	0.2	–18.0	**571.8**
Current liabilities to banks	1.6	3.2	–0.5	0.0	18.0	**22.4**
Obligation to purchase own equity instruments	75.4	–63.2	0.3	7.9	0.0	**20.4**
Other financial liabilities	61.3	–27.4	11.7	1.4	10.0	**57.0**
Total financial liabilities	**1,752.1**	**–230.9**	**–4.3**	**30.2**	**118.7**	**1,665.8**

33 Segment information

Reporting by operating segment

The Ströer Group has grouped its business activities into three segments that operate independently in the market, working in close cooperation with the Group holding company Ströer SE & Co. KGaA. The three segments are Out-of-Home Media, Digital OOH & Content, and Direct Media. While the large formats, street furniture, transport, and other OOH product groups are allocated to the Out-of-Home Media segment, the Digital OOH & Content segment comprises the display, video, and digital marketing services product groups. The Direct Media segment comprises the dialog marketing and transactional product groups.

2020

EUR k	OOH Media	Digital OOH & Content	Direct Media	Reconciliation	Group
External revenue	532,725	540,043	369,391	0	**1,442,159**
Internal revenue	15,043	7,985	7	–23,035	**0**
Segment revenue	547,768	548,028	369,397	–23,035	**1,442,159**
EBITDA (adjusted)	242,257	166,808	66,238	–22,532	**452,772**
Amortization, depreciation, and impairment	218,960	78,053	23,414	14,296	**334,722**
Interest income	706	294	139	–636	**503**
Interest expense	14,834	2,005	2,315	6,928	**26,082**
Income taxes	5,614	3,354	–1,797	–20,020	**–12,849**

2019

EUR k	OOH Media	Digital OOH & Content	Direct Media	Reconciliation	Group
External revenue	679,504	571,072	340,569	0	**1,591,145**
Internal revenue	29,567	17,268	14	–46,849	**0**
Segment revenue	709,071	588,340	340,583	–46,849	**1,591,145**
EBITDA (adjusted)	323,565	183,506	52,382	–21,113	**538,339**
Amortization, depreciation, and impairment	217,005	72,080	34,933	21,503	**345,521**
Interest income	725	319	704	–608	**1,140**
Interest expense	20,267	1,741	2,394	6,670	**31,071**
Income taxes	2,170	8,610	853	–31,521	**–19,888**

OOH Media
The OOH Media segment comprises the Group's entire German operations in the large formats, street furniture, transport, and other product groups. Furthermore, the segment includes all of the operations of Ströer Poland and the giant poster business blowUP.

Digital OOH & Content
The Digital OOH & Content segment comprises all of the operations in the display, video, and digital marketing services product groups.

Direct Media
This segment comprises all of the operations of the dialog marketing and transactional product groups.

Internal management and reporting is based on the IFRS accounting principles described in note 1 'General'.

Intersegment revenue is calculated using prices that would be charged on an arm's-length basis.

The reconciliation of revenue from all segments to the Group's revenue only includes consolidation effects.

The Group uses the internally defined key performance indicator of EBITDA (adjusted) to measure the performance of its segments. From the Board of Management's perspective, this KPI provides the most appropriate information for assessing the economic performance of the individual segments.

The segment KPI of EBITDA (adjusted) comprises the total of gross profit, selling and administrative expenses, and other net operating income/loss (other operating income less other operating expenses), in each case before amortization, depreciation, and impairment. The segment performance indicator EBITDA (adjusted) is adjusted for certain exceptional items.

The Group has defined the following as exceptional items: expenses and income from changes in the investment portfolio (e.g. transaction costs for due diligence, legal advice, recording by a notary, purchase price allocations), reorganization and restructuring measures (e.g. costs for integrating entities and business units, adjustments for exceptional items arising from material restructuring and from performance improvement programs), and capital structure measures (e.g. material fees for amending and adjusting loan agreements, including external consulting fees), and other exceptional items (e.g. costs for potential legal disputes, currency effects).

The exceptional items are broken down into individual classes in the table below:

EUR k	2020	2019
Expenses and income from changes in the investment portfolio	1,930	5,729
Expenses and income from capital structure measures	0	0
Reorganization and restructuring expenses	6,357	17,857
Other exceptional items	14,263	10,785
Total	**22,550**	**34,372**

In 2020, expenses and income from changes in the investment portfolio primarily consisted of expenses relating to M&A activities (mainly Dea Group (EUR 562k)) totaling EUR 1,380k. The fall in reorganization and restructuring expenses largely reflects the reduction in salary and severance payments under the voluntary redundancy scheme of Ströer Digital Publishing GmbH of EUR 1,590k (prior year: EUR 5,480k) and the decrease in severance payments for the SDI integration project of EUR 429k (prior year: EUR 3,085k). Overall, other exceptional items were up slightly on the prior year.

The reconciliation from segment figures to Group figures contains information on Group units that do not meet the definition of a segment ('reconciliation items'). They mainly relate to all costs for central functions, such as the Board of Management, corporate communications, accounting, and financial planning and reporting less their income from services rendered.

The following table shows the reconciliation of segment earnings to the figures included in the consolidated financial statements:

EUR k	2020	2019
Total segment earnings (EBITDA (adjusted))	**475,304**	**559,452**
Reconciliation items	–22,532	–21,113
EBITDA (adjusted) for the Group	**452,772**	**538,339**
Adjustments	–22,550	–34,372
EBITDA	**430,222**	**503,967**
Depreciation (right-of-use assets under leases (IFRS 16))	–176,299	–177,893
Amortization and depreciation (other non-current assets)	–145,500	–154,605
Impairment losses (including goodwill impairment)	–12,923	–13,023
Net finance income/costs	–34,009	–32,639
Profit or loss before taxes	**61,491**	**125,808**

Reporting by geographical location

Revenue and non-current assets are allocated according to the location principle (i.e. the geographical location of the revenue-generating Ströer entity).

2020

EUR k	Germany	Rest of the world	Group
External revenue	1,306,836	135,323	**1,442,159**
Non-current assets (IFRS 8)	2,198,886	86,117	**2,285,003**

2019

EUR k	Germany	Rest of the world	Group
External revenue	1,437,676	153,469	**1,591,145**
Non-current assets (IFRS 8)	2,363,117	87,455	**2,450,571**

Reporting by product group

The Group has defined nine product groups on the basis of the products and services that it provides.

2020

EUR k	Large formats	Street furniture	Transport	Display	Video	Digital marketing services	Dialog marketing	Transactional	Other	Reconciliation	Group
Segment revenue	269,757	110,881	50,310	277,509	126,632	143,886	249,967	119,430	116,820	–23,035	**1,442,159**

2019

EUR k	Large formats	Street furniture	Transport	Display	Video	Digital marketing services	Dialog marketing	Transactional	Other	Reconciliation	Group
Segment revenue	342,081	153,296	61,585	282,555	161,443	144,343	230,835	109,748	152,109	–46,849	**1,591,145**

Large formats
The large formats product group includes the mainly large-format advertising media of up to nine square meters and above that are mainly sited at prominent locations (e.g. arterial roads, squares, and public buildings). In addition, this product group comprises the products in the giant poster business.

Street furniture
The street furniture product group comprises largely standardized small-format advertising media of no more than two square meters that blend into the urban environment.

Transport
The advertising media in this product group include advertisements on the outside or inside of means of transport and product solutions for specific use at airports and train stations.

Display
The display product group includes all revenue from the marketing and brokerage of advertising space on desktops and on mobile devices.

Video
This product group comprises all revenue from the marketing and brokerage of video advertising space. Its media inventory includes online videos and public videos.

Digital marketing services
This product group comprises all revenue from subscription models and from local marketing of digital products.

Dialog marketing
The dialog marketing product group includes all revenue from telesales, telemarketing, and field sales services (customer communication services).

Transactional
All revenue from e-commerce business is included in this product group.

Other
This product group comprises, in particular, all revenue from promotional and event media and from the production and procurement of advertising materials as part of the full-service solution for customers.

While revenue in the transactional product group is recognized at a point in time, revenue in the other product groups is mainly recognized over a period of time.

In 2020, no single end customer accounted for 10% or more of total revenue.

34 Other notes pursuant to IFRS 7 and IFRS 13 on financial risk management and financial instruments

Financial risk management and derivative financial instruments

Through its operating activities, the Group is exposed to credit risk, liquidity risk, and market risk in relation to its finances. Market risk mainly consists of interest-rate risk and currency risk.

Credit risk

Credit risk is related to the deterioration of the economic situation of Ströer's customers and counterparties. This gives rise to the risk of a partial or full default on contractually agreed payments and the risk of credit-risk-related impairment losses on financial instruments. Excluding collateral, the maximum credit risk equates to the carrying amount.

Credit risk mainly results from trade receivables. The receivables portfolio is monitored on an ongoing basis in order to manage credit risk. Customers wishing to enter into transactions with large business volumes undergo a creditworthiness check beforehand; credit risk is at a level customary for the industry. Loss allowances are recognized for the residual risk. To a lesser extent, the Ströer Group is also exposed to credit risk arising from other financial assets.

Working with the relevant departments, the risk management function regularly analyzes, in particular, whether credit risk concentrations have arisen as a result of the build-up of receivables with comparable features. The Group has defined comparable features as a high amount of receivables accumulated from a single debtor or a group of related debtors. As at the reporting date of December 31, 2020, no such risk concentrations involving significant amounts were evident.

Interest-rate risk

The Ströer Group is mainly exposed to interest-rate risk in connection with non-current floating-rate financial liabilities and its holdings of cash and cash equivalents. Liabilities amounting to EUR 194.5m were subject to a fixed rate of interest as at the reporting date. The remaining liabilities had a floating interest rate. Interest rates are monitored regularly to enable a swift response to changes. Hedging is coordinated and executed centrally. There were no interest-rate hedges either at the end of the reporting year or at the end of the previous year.

In 2020, as had also been the case in 2019, no measurement gains on interest-rate swaps were taken to equity.

Sensitivity analysis of interest-rate risk shows the effect of an upward shift in the interest-rate curve of 100bp and a downward shift of 10bp on the profit or loss for the period, all other things being equal. The interest-rate curve was only shifted down by 10bp as the Group believes that this decrease is the maximum interest-rate risk arising from the current low level of interest rates. The analysis relates to floating-rate financial liabilities and holdings of cash and cash equivalents. The results are summarized in the following table:

	Dec. 31, 2020		Dec. 31, 2019	
EUR k	+100bp	–10bp	+100bp	–10bp
Change in profit or loss for the period	–1,438	0	–1,787	3

Currency risk

With the exception of the translation of the operating profit/loss of foreign operations into euros, currency risk is only of minor significance in the Ströer Group. The functional currency of a foreign operation is its local currency.

Currency risk arising on monetary financial instruments that are not denominated in the functional currencies of the individual Ströer group entities is included in sensitivity analysis. Effects from the translation of financial statements of foreign operations prepared in foreign currency into the Group's reporting currency (euro) are not included in the sensitivity analysis in accordance with IFRS 7.

A 10% increase/decrease in the value of the euro against the Polish złoty would decrease/increase the profit or loss for the period by EUR 276k (prior year: EUR 327k). A 10% increase/decrease in the value of the euro against the US dollar would decrease/increase the profit or loss for the period by EUR 934k (prior year: EUR 315k). The effect on profit or loss for the period of all other currencies in the Group was insignificant as at December 31, 2020. The designation of any euro-denominated loans as a net investment in a foreign operation (IAS 21) was considered in this analysis, which was performed on the assumption that all other variables, in particular interest rates, remain unchanged and is based on the foreign currency positions as at the reporting date.

Liquidity risk

Liquidity risk is defined as the risk that Ströer SE & Co. KGaA will not have sufficient funds to settle its payment obligations. It is mitigated by means of systematic liquidity management. A liquidity forecast for a fixed planning horizon and the unutilized credit lines in place ensure that the Group has adequate liquidity at all times. Liquidity risk also exists in connection with liabilities with extended payment terms (reverse factoring). However, this liquidity risk is considered immaterial due to the small volume of these liabilities (EUR 25.1m; prior year: EUR 47.4m) relative to the freely available credit facilities of EUR 418.2m (prior year: EUR 485.4m). The cash payments in settlement of the liabilities are always recognized in full in cash flows from operating activities.

The following table shows the liquidity situation and the contractual maturities of the payments due under financial liabilities as at December 31, 2020:

Contractual maturity of financial liabilities including interest payments as at Dec. 31, 2020

EUR k	Carrying amount	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	Total
Financial liabilities[1]	685,686	184,464	360,199	156,363	0	**701,026**
Lease liabilities[2]	900,322	195,275	273,913	212,927	398,769	**1,080,884**
Trade payables	243,080	241,936	1,144	0	0	**243,080**
Obligation to purchase own equity instruments	29,796	0	4,266	15,866	9,665	**29,796**
Total	**1,858,884**	**621,675**	**639,523**	**385,156**	**408,434**	**2,054,787**

Contractual maturity of financial liabilities including interest payments as at Dec. 31, 2019

EUR k	Carrying amount	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	Total
Financial liabilities[1]	651,034	79,138	360,699	229,086	0	**668,923**
Lease liabilities[2]	994,427	192,741	304,029	236,686	510,590	**1,244,046**
Trade payables	298,514	294,480	4,035	0	0	**298,514**
Obligation to purchase own equity instruments	20,365	3,728	421	16,216	0	**20,365**
Total	**1,964,340**	**570,086**	**669,183**	**481,988**	**510,590**	**2,231,847**

[1] Excluding the obligation to purchase own equity instruments and lease liabilities.
[2] The lease liabilities in the 'More than 5 years' column will continue to fall incrementally in subsequent years.

Additional disclosures on financial instruments

The following table presents the carrying amount and fair value of the financial instruments included in the individual items of the statement of financial position, broken down by class and measurement category according to IFRS 9.

			Carrying amount pursuant to IFRS 9			
EUR k	Measurement category pursuant to IFRS 9	Carrying amount as at Dec. 31, 2020	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value as at Dec. 31, 2020
Assets						
Cash	AC	85,469	85,469			85,469
Trade receivables	AC	170,018	170,018			170,018
Other non-current financial assets	AC	1,785	1,785			1,785
Other current financial assets	AC	11,282	11,282			11,282
Equity instruments measured at fair value through other comprehensive income	FVTOCI	3,565		3,565[1]		3,565
Equity and liabilities						
Trade payables	AC	243,080	243,080			243,080
Non-current financial liabilities[2]	AC	1,268,582	1,268,582			1,268,582
Current financial liabilities[2]	AC	314,871	314,871			314,871
Contingent purchase price liabilities	FVTPL	2,555			2,555	2,555
Obligation to purchase own equity instruments	AC	29,796	29,796			29,796
Thereof aggregated by measurement category pursuant to IFRS 9:						
Assets measured at amortized cost	AC	268,553	268,553			268,553
Equity instruments measured at fair value through other comprehensive income	FVTOCI	3,565		3,565		3,565
Financial liabilities measured at fair value through profit or loss	FVTPL	2,555			2,555	2,555
Financial liabilities measured at amortized cost	AC	1,856,329	1,856,329			1,856,329

[1] Other equity investments (Level 3).
[2] Excluding the obligation to purchase own equity instruments and excluding contingent purchase price liabilities (Level 3).

EUR k	Measurement category pursuant to IFRS 9	Carrying amount as at Dec. 31, 2019	Carrying amount pursuant to IFRS 9: Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Fair value as at Dec. 31, 2019
Assets						
Cash	AC	103,603	103,603			103,603
Trade receivables	AC	183,188	183,188			183,188
Other non-current financial assets	AC	8,534	8,534			8,534
Other current financial assets	AC	8,806	8,806			8,806
Equity instruments measured at fair value through other comprehensive income	FVTOCI	2,971		2,971[1]		2,971
Equity and liabilities						
Trade payables	AC	298,514	298,514			298,514
Non-current financial liabilities[2]	AC	1,424,984	1,424,984			1,424,984
Current financial liabilities[2]	AC	210,663	210,663			210,663
Contingent purchase price liabilities	FVTPL	9,814			9,814	9,814
Obligation to purchase own equity instruments	AC	20,365	20,365			20,365
Thereof aggregated by measurement category pursuant to IFRS 9:						
Assets measured at amortized cost	AC	304,130	304,130			304,130
Equity instruments measured at fair value through other comprehensive income	FVTOCI	2,971		2,971		2,971
Financial liabilities measured at fair value through profit or loss	FVTPL	9,814			9,814	9,814
Financial liabilities measured at amortized cost	AC	1,954,526	1,954,526			1,954,526

[1] Other equity investments (Level 3).
[2] Excluding the obligation to purchase own equity instruments and excluding contingent purchase price liabilities (Level 3).

Due to the short terms of cash and cash equivalents, trade receivables, trade payables, other financial assets, and current financial liabilities, it is assumed that the fair values correspond to the carrying amounts (Level 2 fair values).

The fair values of the liabilities to banks included in non-current financial liabilities are calculated as the present values of the estimated future cash flows, taking into account Ströer's own credit risk (Level 2 fair values). Market interest rates with matching maturities are used for discounting. It is therefore assumed that the carrying amount of non-current financial liabilities is equal to the fair value as at the reporting date.

The fair value hierarchy levels and their application in respect of the Group's assets and liabilities are described below:

Level 1: Quoted market prices are available in active markets for identical assets or liabilities. The quoted market price for the financial assets held by the Group is equivalent to the current bid price. These instruments are assigned to Level 1.

Level 2: Quoted or market prices for similar financial instruments in an active market or for identical or similar financial instruments in a market that is not active or inputs other than quoted market prices that are based on observable market data. An instrument is assigned to Level 2 if all significant inputs required to determine the fair value of the instrument are observable in the market.

Level 3: Valuation techniques that use inputs that are not based on observable market data. Instruments assigned to Level 3 include, in particular, unquoted equity instruments.

Changes in the assessment of the level to be used for measuring the assets and liabilities are made at the time that any new facts are established.

Purchase price liabilities from acquisitions

There are also contingent purchase price liabilities from acquisitions that are assigned to Level 3. These liabilities, which are linked to contractually agreed conditions, are remeasured as financial liabilities at fair value as at the reporting date on the basis of the measurement model laid down in the contract. The fair values of liabilities from contingent purchase price payments are determined on the basis of discounted cash flows and using unobservable inputs. The valuation models include the EBITDA figures forecast for the interests concerned (which are probability-weighted in some cases) and maturity-matched, risk-adjusted interest rates. The EBITDA figures result from the relevant short-term and medium-term planning. They are estimated and, if necessary, updated on a quarterly basis. The following table shows the changes in the liabilities assigned to Level 3:

EUR k	Jan. 1, 2020	Additions	Impairment losses	Reversals of impairment losses	Disposals	Dec. 31, 2020
Contingent purchase price liabilities	9,814	950	–643	274	–7,840	**2,555**

EUR k	Jan. 1, 2019	Additions	Impairment losses	Reversals of impairment losses	Disposals	Dec. 31, 2019
Contingent purchase price liabilities	13,154	4,300	0	582	–8,222	**9,814**

The remeasurement of contingent purchase price liabilities led to expenses of EUR 0.3m (prior year: EUR 0.6m) that were recognized in other operating expenses and to income of EUR 0.1m (prior year: EUR 0.0m) that was recognized in other operating income. In addition, contingent purchase price liabilities of EUR 0.6m (prior year: EUR 0.0m) were reversed through other comprehensive income due to adjusting events. Interest expense from the unwinding of discounts amounted to EUR 0.0m (prior year: EUR 0.4m).

The valuation models are sensitive to the amounts of forecast and actual EBITDA. For example, if the EBITDA figure in question increased by 20% (or decreased by 20%), the fair values of the contingent purchase price liabilities would increase by EUR 0.0m (prior year: EUR 0.8m) (or decrease by EUR 0.0m (prior year: EUR 0.8m)).

The valuation models are also sensitive to the discount rates used. However, if the discount rate increased or decreased by 100 basis points, there would only be a marginal change in the liabilities due to the predominantly short terms. This also applies to the prior-year amounts.

Other equity investments

The valuation model for equity instruments measured at fair value through other comprehensive income (Level 3) is largely based on market multiples derived from comparable transactions. The estimated fair value would rise (fall) if the relevant market multiples were bigger (smaller). The volume of equity instruments of EUR 3,565k as at the reporting date (prior year: EUR 2,971k) resulted from additions of EUR 295k (prior year: EUR 138k) and reversals of impairment losses of EUR 299k (prior year: reversals of impairment losses of EUR 59k and impairment losses of EUR 48k).

The following table shows the net gains and losses on financial instruments recognized in the income statement, broken down by measurement category according to IFRS 9 (excluding derivative financial instruments that are part of a hedge):

EUR k	2020	2019
Financial assets measured at cost	–11,050	–4,032
Financial liabilities measured at cost	–291	–143

The net gains and losses on financial assets measured at cost included gains/losses from impairment losses (EUR 10,795k; prior year: EUR 3,808k), reversals of impairment losses, and currency translation effects.

The net gains and losses on financial liabilities measured at cost included gains/losses from currency translation effects and from the unwinding of the discount on loans.

The total interest income for financial assets or financial liabilities that are not measured at fair value through profit or loss came to EUR 503k in 2020 (prior year: EUR 1,141k). The total interest expense for financial assets or financial liabilities that are not measured at fair value through profit or loss came to EUR 25,093k in 2020 (prior year: EUR 29,995k).

35 Notes on leasing pursuant to IFRS 16

The changes in right-of-use assets under leases are broken down by asset class in the following table:

EUR k	Advertising media locations	Real estate	Furniture and fixtures/other	Total
Cost				
Opening balance as at Jan. 1, 2019	**1,003,114**	**185,079**	**22,137**	**1,210,330**
Changes in the basis of consolidation	–749	–19,136	–1,752	–21,637
Additions	98,309	33,879	10,147	142,335
Reclassifications	0	0	0	0
Disposals	–13,233	–1,951	–111	–15,295
Exchange differences	769	135	6	909
Closing balance as at Dec. 31, 2019/ opening balance as at Jan. 1, 2020	**1,088,210**	**198,005**	**30,427**	**1,316,642**
Changes in the basis of consolidation	0	–791	–172	–963
Additions	71,794	22,221	2,853	96,869
Reclassifications	0	0	0	0
Disposals	–12,898	–2,310	–5	–15,212
Exchange differences	–2,962	–566	–39	–3,567
Closing balance as at Dec. 31, 2020	**1,144,145**	**216,561**	**33,065**	**1,393,770**
Depreciation and impairment/ reversals of impairment				
Opening balance as at Jan. 1, 2019	**131,680**	**27,553**	**10,079**	**169,312**
Changes in the basis of consolidation	–506	–3,073	–369	–3,949
Depreciation and impairment	141,876	28,069	8,469	178,415
Reversals of impairment losses	–703	0	–12	–715
Reclassifications	0	0	0	0
Disposals	–1,341	1	–28	–1,368
Exchange differences	476	49	2	527
Closing balance as at Dec. 31, 2019/ opening balance as at Jan. 1, 2020	**271,484**	**52,598**	**18,140**	**342,221**
Changes in the basis of consolidation	0	–664	–121	–785
Depreciation and impairment	142,043	29,221	7,354	178,619
Reversals of impairment losses	–95	–17	–46	–157
Reclassifications	0	0	0	0
Disposals	–694	–180	6	–868
Exchange differences	–2,149	–291	–31	–2,471
Closing balance as at Dec. 31, 2020	**410,589**	**80,668**	**25,302**	**516,559**
Carrying amount as at Dec. 31, 2019	**816,728**	**145,407**	**12,288**	**974,421**
Carrying amount as at Dec. 31, 2020	**733,556**	**135,893**	**7,762**	**877,211**

Further information on leasing:

EUR k	2020	2019
Expense for variable lease payments not included in the measurement of lease liabilities	26,831	45,755
Income from the sub-leasing of real-estate right-of-use assets to third parties	2,714	3,016
Total cash outflows for leases	199,157	239,240

The lease liabilities expected to be payable under leases already entered into but that will not be recognized in the statement of financial position until after December 31, 2020 amounted to EUR 60,000k (prior year: EUR 77k). The lease liability not yet recognized in the statement of financial position is also disclosed under 'Miscellaneous other financial obligations' in note 36.

For information about lease liabilities, please refer to note 29 'Financial liabilities'. Interest expense from leasing is disclosed in note 15 'Net finance income/costs'. For further information on leasing, please refer to note 34 'Other notes pursuant to IFRS 7 and IFRS 13 on financial risk management and financial instruments'.

Due to the COVID-19 pandemic, the Ströer Group recognized impairment losses totaling EUR 2,315k on right-of-use assets pursuant to IFRS 16. Furthermore, rent reductions of EUR 2,503k were negotiated with contractual partners and recognized as other operating income.

36 Contingent liabilities and other financial obligations

Contingent liabilities

There were no guarantees or liabilities similar to guarantees as at December 31, 2020.

Financial obligations

There are other financial obligations from the following contractual obligations, which are shown by maturity as at the reporting date below:

Dec. 31, 2020			thereof due in	
EUR k	Total amount	Up to 1 year	1 to 5 years	More than 5 years
Investment obligations	**12,974**	7,698	4,895	381
Maintenance services	**3,528**	1,536	1,967	25
Miscellaneous other financial obligations	**79,456**	26,363	48,388	4,705

As at December 31 of the previous year, the obligations could be broken down as follows:

Dec. 31, 2019			thereof due in	
EUR k	Total amount	Up to 1 year	1 to 5 years	More than 5 years
Investment obligations	**11,953**	8,381	3,064	508
Maintenance services	**4,613**	1,590	2,835	188
Miscellaneous other financial obligations	**27,777**	16,122	6,950	4,705

The year-on-year increase in miscellaneous other financial obligations was due to additional advertising rights that were contractually agreed in 2020 but were not yet required to be recognized as IFRS 16 leases as at December 31, 2020 (see also note 35). Instead, they only had to be recognized as other financial obligations.

37 Related parties

The Board of Management, the Supervisory Board, and their close family members are deemed related parties (persons). Besides the entities included in the consolidated financial statements, related parties (companies) include, in particular, those entities in which related parties (persons) hold a controlling position alone or jointly with others. Because Ströer SE & Co. KGaA is listed on the stock exchange and none of its shareholders can exercise control, there is no party with ultimate control.

The following transactions were conducted between the Ströer Group and related parties in 2020:

Udo Müller is a shareholder of Ströer SE & Co. KGaA and Chairman of the Board of Management of Ströer Management SE, Düsseldorf. In 2020, the Ströer Group also procured services to the value of EUR 75k (prior year: EUR 75k) from Mr. Müller or an entity in which he holds an interest. Conversely, the Ströer Group performed services to the value of EUR 8k (prior year: EUR 0k) for Mr. Müller or an entity in which he holds an interest. In both cases, these services mainly relate to rentals.

Dirk Ströer is a shareholder and a member of the Supervisory Board of Ströer SE & Co. KGaA. He also holds shares in entities with which relationships for the provision of goods and services existed in the year under review that largely involved the marketing of advertising media, the award of advertising rights, and the rental of buildings. The expenses resulting from the goods and services received amounted to EUR 31,743k in 2020 (prior year: EUR 32,317k); the corresponding income totaled EUR 10,388k (prior year: EUR 9,783k).

As at December 31, 2020, these relationships gave rise to receivables of EUR 2,186k (prior year: EUR 534k) and liabilities of EUR 162k (prior year: EUR 27,140k).

Angela Barzen is a member of the Supervisory Board of Ströer SE & Co. KGaA. In 2020, she also provided advisory services to a Group entity. The services received in this context amounted to EUR 16k (prior year: EUR 17k); the income generated totaled EUR 0k (prior year: EUR 0k). There were no receivables or liabilities as at December 31, 2020, as had also been the case a year earlier.

Ströer SE & Co. KGaA has a business relationship with Deutsche Telekom AG. In addition, Ströer SE & Co. KGaA has been an associated company of Deutsche Telekom AG since November 2, 2015. The services received from this business relationship amounted to EUR 8,909k in 2020 (prior year: EUR 8,402k); the income generated totaled EUR 92,191k (prior year: EUR 72,979k). As at December 31, 2020, these relationships gave rise to receivables of EUR 14,936k (prior year: EUR 4,045k) and liabilities of EUR 352k (prior year: EUR 406k).

Ströer SE & Co. KGaA distributed a dividend totaling EUR 113,153k in the reporting year. Udo Müller and Dirk Ströer received a share of this dividend in line with the interests that they hold.

Ströer Management SE, which is the general partner of Ströer SE & Co. KGaA, provides management services to Ströer SE & Co. KGaA. The services received from this business relationship amounted to EUR 9,257k in 2020 (prior year: EUR 8,629k); the income generated totaled EUR 552k (prior year: EUR 343k). As at December 31, 2020, these relationships gave rise to receivables of EUR 102k (December 31, prior year: EUR 178k) and liabilities of EUR 10,865k (December 31, prior year: EUR 6,882k).

The services received from business relationships with investees accounted for using the equity method amounted to EUR 14,924k in the reporting year (prior year: EUR 10,269k); the income generated totaled EUR 5,091k (prior year: EUR 3,940k). As at December 31, 2020, these relationships gave rise to receivables of EUR 1,510k (prior year: EUR 6,084k) and liabilities of EUR 14,353k (prior year: EUR 7,485k).

38 Auditor's fees

The following expenses for services rendered by the Group's auditor KPMG AG Wirtschaftsprüfungsgesellschaft (prior year: Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft) were posted in 2020:

EUR k	2020	2019
Auditor's fees		
Fees for audit services	1,389	879
Fees for audit-related services	9	49
Fees for tax services	0	121
Fees for other services	210	176
Total	**1,608**	**1,225**

The fee for audit services by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft related primarily to the audit of the consolidated financial statements and the separate financial statements, including the combined management report, of Ströer SE & Co. KGaA plus various audits of the annual financial statements of its subsidiaries including statutory additions to the audit engagement. Other attestation services relate to the provision of miscellaneous attestation services (e.g. revenue certification) from contractual relationships. The fees for other services relate to expenses for advisory services in connection with due diligence and other business matters.

39 Disclosures pursuant to section 264 (3) HGB

The following German subsidiaries with the legal form of a corporation or partnership make use of the exemption from certain provisions concerning the presentation, audit, and publication of separate financial statements/management reports in accordance with section 264 (3) HGB and section 264b HGB:

Asam Betriebs-GmbH, Beilngries
ASAMBEAUTY GmbH, Unterföhring
Avedo Essen GmbH, Essen
Avedo Gelsenkirchen GmbH, Gelsenkirchen
Avedo Köln GmbH, Cologne
Avedo Leipzig GmbH, Leipzig
Avedo Leipzig West GmbH, Leipzig
Avedo München GmbH, Munich
Avedo Rostock GmbH, Rostock
Avedo II GmbH, Pforzheim
BHI Beauty & Health Investment Group Management GmbH, Unterföhring
BlowUP Media GmbH, Cologne
Business Advertising GmbH, Düsseldorf
Content Fleet GmbH, Hamburg
DERG Vertriebs GmbH, Cologne
DSM Deutsche Städte Medien GmbH, Frankfurt am Main
DSM Rechtegesellschaft mbH, Cologne
DSM Werbeträger GmbH & Co. KG, Cologne
DSM Zeit und Werbung GmbH, Cologne
ECE flatmedia GmbH, Hamburg
Edgar Ambient Media Group GmbH, Hamburg
Erdbeerlounge GmbH, Cologne
Hamburger Verkehrsmittel-Werbung GmbH, Hamburg
INFOSCREEN GmbH, Cologne
InnoBeauty GmbH, Unterföhring
Interactive Media CCSP GmbH, Cologne
M. Asam GmbH, Unterföhring
Mercury Beteiligungs GmbH, Leipzig
OPS Online Post Service GmbH, Berlin
Permodo GmbH, Munich
Ranger Marketing & Vertriebs GmbH, Düsseldorf
RegioHelden GmbH, Stuttgart
Retail Media GmbH, Cologne
Sales Holding GmbH, Düsseldorf
Service Planet GmbH, Düsseldorf
Smartplace GmbH, Düsseldorf
SMD Rechtegesellschaft mbH, Cologne
SMD Werbeträger GmbH & Co. KG, Cologne
SRG Rechtegesellschaft mbH, Cologne
SRG Werbeträger GmbH & Co. KG, Cologne
Statista GmbH, Cologne
Ströer Content Group GmbH, Cologne
Ströer Content Group Sales GmbH, Cologne
Ströer DERG Media GmbH, Kassel
Ströer Deutsche Städte Medien GmbH, Cologne
Ströer Dialog Group GmbH, Leipzig
Ströer Digital Commerce GmbH, Cologne
Ströer Digital Group GmbH, Cologne
Ströer Digital Media GmbH, Hamburg
Ströer Digital Publishing GmbH, Cologne
Ströer media brands GmbH, Berlin
Ströer Media Deutschland GmbH, Cologne
Ströer News Publishing GmbH, Cologne
Ströer Next Publishing GmbH, Cologne
Ströer Performance Group GmbH, Cologne
Ströer Sales & Services GmbH, Cologne
Ströer Sales Group GmbH, Cologne
Ströer Social Publishing GmbH, Berlin
Ströer SSP GmbH, Munich
Ströer Werbeträgerverwaltungs GmbH, Cologne
Stylefruits GmbH, Munich
Yieldlove GmbH, Hamburg

40 Declaration of compliance with the German Corporate Governance Code

The Board of Management of Ströer Management SE, which is the general partner of Ströer SE & Co. KGaA, and the Supervisory Board of Ströer SE & Co. KGaA submitted the annual declaration of compliance with the German Corporate Governance Code in accordance with section 161 AktG on December 17, 2020. The declaration of compliance was made permanently available to shareholders on the Company's website at www.stroeer.com/investor-relations in the Corporate Governance section.

41 Remuneration of the Board of Management and the Supervisory Board

The recognized expense arising from remuneration agreements with the Board of Management and the Supervisory Board of the Ströer Group is presented below:

EUR k	2020	2019
Board of Management		
Short-term benefits	3,995	4,417
Other long-term benefits	3,952	3,804
Share-based payments	3,073	4,492
Total	**11,020**	**12,713**
Supervisory Board		
Short-term benefits	312	305
Total	**312**	**305**

Short-term benefits primarily comprise salaries, remuneration in kind, and performance-based remuneration components that are paid during the following year. Long-term benefits comprise performance-based remuneration components granted to the Board of Management (excluding share-based payments) that are only paid in later years. The share-based payments relate to long-term incentives (LTI) and remuneration under the Stock Option Plan resolved upon in 2015, under which stock options were issued in 2015 and 2017 to 2020, and under a Stock Option Plan resolved upon in 2019, under which stock options were issued in 2019 and 2020.

A reference price for the shares in Ströer SE & Co. KGaA is determined at the end of each financial year for share-based LTI payments granted to the Board of Management (excluding the Stock Option Plan).

After four financial years, the reference price is compared with the share price at the end of the year and the remuneration is paid on the basis of the share price reached (cash-settled transaction). An upper limit has been agreed for share-based payments.

Calculating the value of the share-based payments requires the future share price to be estimated at each reporting date. This is done using a Black-Scholes valuation model that, as at December 31, 2020, was based on volatility of 23.7% and a dividend yield of 2.5%. The interest rates used for the model are minus 0.7%. For the share-based payments for 2020, we currently assume that the share price at the end of the vesting period will be 200% of the reference price.

The 3,424 phantom stock options granted in 2020 each have a fair value of EUR 74.18. This resulted in an expense of EUR 480k from the addition to provisions in 2020 (prior year: EUR 671k).

The total provision for the share-based LTI payments granted to the Board of Management amounted to EUR 2,187k as at December 31, 2020 (prior year: EUR 2,032k).

2015 Stock Option Plan

Under the Stock Option Plan resolved upon by the shareholder meeting in 2015, the Board of Management received a total of 898,380 options in 2015 to 2019 and a total of 199,466 options in 2020. This led to an expense of EUR 1,411k in 2020 (prior year: EUR 2,027k).

The weighted average fair value of the options granted during the reporting year was EUR 3.76 (prior year: EUR 5.80).

The weighted average fair value of all options granted under the 2015 Stock Option Plan was EUR 9.78 (prior year: EUR 10.62).

For further details, please refer to note 42 'Share-based payment'.

2019 Stock Option Plan

Under the Stock Option Plan resolved upon by the shareholder meeting in 2019, the Board of Management received a total of 1,440,000 options in 2019 and a total of 40,000 options in 2020. This led to an expense of EUR 1,181k in 2020 (prior year: EUR 2,235k).

The weighted average fair value of the options granted during the reporting year was EUR 5.88 (prior year: EUR 12.77).

The weighted average fair value of all options granted under the 2019 Stock Option Plan was EUR 8.86 (prior year: EUR 12.77).

For further details, please refer to note 42 'Share-based payment'.

As at December 31, 2020, a total of EUR 13,071k (prior year: EUR 9,996k) was recognized as provisions for all potential future short-term and long-term bonus entitlements of the Board of Management, of which EUR 2,187k (prior year: EUR 2,032k) was attributable to current share-based payment entitlements. For further information, please refer to the remuneration report, which is part of the group management report.

Of the long-term benefits (LTI), a sum of EUR 2,362k is due for payment in 2021.

Additional disclosures in accordance with HGB:

The total remuneration for the Board of Management's performance of its duties amounted to EUR 9,186k for 2020. This included share-based payments with a fair value of EUR 1,238k at the time of grant. In 2020, the active members of the Board of Management were granted 239,466 stock options under the 2015 and 2019 Stock Option Plans.

In 2020, the members of the Supervisory Board were granted total remuneration of EUR 312k for their work on the Supervisory Board. The remuneration of the individual Supervisory Board members is disclosed in the remuneration report.

42 Share-based payment

2015 Stock Option Plan for executives and employees

In 2015, the Group launched a Stock Option Plan that entitles the relevant members of the Board of Management and executives to acquire shares in the Company.

The option rights can be exercised at the earliest at the end of a four-year vesting period beginning on the option grant date. The options have a contractual term of seven years. The Company has the right to settle the options in cash instead of granting new shares. The options are expected to be equity settled.

The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the Company's share price, and a minimum EBITDA (adjusted) for the Group of EUR 250m. The gain that can be achieved by option holders from exercising their stock options must not exceed three times the relevant exercise price.

As at the grant date, the fair value of the stock options granted is determined using a Black-Scholes model and taking into account the conditions at which the stock options were issued.

The following table shows the number and weighted average exercise prices (WAEP) of, and movements in, stock options during the financial year.

	2020	2020	2019	2019
EUR	Number	WAEP	Number	WAEP
Outstanding on Jan. 1	1,259,380	52.17	1,112,920	51.81
Granted	226,466	61.48	226,460	53.59
Forfeited	0	0	0	0
Exercised	–70,000	50.89	–60,000	50.92
Expired	–20,000	51.97	–20,000	51.97
Outstanding on Dec. 31	1,395,846	53.75	1,259,380	52.17
Exercisable on Dec. 31	240,000	50.88	260,000	50.92

The expense recognized for benefits received during the financial year is shown in the following table:

EUR k	2020	2019
Expenses arising from equity-settled share-based payment transactions	2,266	2,956

The weighted average remaining contractual term for the stock options outstanding as at December 31, 2020 was 4.0 years (prior year: 4.5 years).

The weighted average fair value of the options granted in 2020 was EUR 4.37 (prior year: EUR 6.01).

The weighted average fair value of all options granted under the 2015 Stock Option Plan was EUR 9.99 (prior year: EUR 10.45).

The table below lists the inputs used to value the options granted under the 2015 Stock Option Plan in 2020:

2019 Stock Option Plan for executives and employees

In 2019, the Group launched another Stock Option Plan that entitles the relevant members of the Board of Management and executives to acquire shares in the Company.

The option rights can be exercised at the earliest at the end of a four-year vesting period beginning on the option grant date. The options have a contractual term of seven years. The Company has the right to settle the options in cash instead of granting new shares. The options are expected to be equity settled.

The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the Company's share price, and a minimum EBITDA (adjusted) for the Group of EUR 600m. The gain that can be achieved by option holders from exercising their stock options must not exceed three times the relevant exercise price.

	Options granted in 2020		Options granted in 2019	
	Board of Management members	Executives	Board of Management members	Executives
Dividend yield (%)	4.3	3.5	3.85	2.83
Expected volatility (%)	36.1	31.3	25.32	21.76
Risk-free interest rate (5-year interest rate (%))	–0.65	–0.72	–0.42	–0.71
Expected term of stock options (years)	5.5	4.0	5.5	4.0
Share price at grant date (EUR)	40.32	59.45	51.75	67.76
Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes

The expected volatility is based on an assessment of the historical volatility of the Company's share price, in particular in the period that corresponds to the expected term. The expected term of the stock options is based on estimates made by the Board of Management.

As at the grant date, the fair value of the stock options granted is determined using a Black-Scholes model and taking into account the conditions at which the stock options were issued.

The option rights can be exercised at the earliest at the end of a four-year vesting period beginning on the option grant date. The options have a contractual term of seven years. The Company has the right to settle the options in cash instead of granting new shares. The options are expected to be equity settled.

The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the Company's share price, and a minimum EBITDA (adjusted) for the Group of EUR 600m. The gain that can be achieved by option holders from exercising their stock options must not exceed three times the relevant exercise price.

As at the grant date, the fair value of the stock options granted is determined using a Black-Scholes model and taking into account the conditions at which the stock options were issued. The following table shows the number and weighted average exercise prices (WAEP) of, and movements in, stock options during the financial year.

EUR	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding on Jan. 1	1,670,000	51.85	0	
Granted	40,000	66.06	1,670,000	51.85
Forfeited	0		0	
Exercised	0		0	
Expired	0		0	
Outstanding on Dec. 31	1,710,000	52.18	1,670,000	51.85
Exercisable on Dec. 31	0		0	

The expense recognized for benefits received during the financial year is shown in the following table:

EUR k	2020	2019
Expenses arising from equity-settled share-based payment transactions	1,597	2,516

The weighted average remaining contractual term for the stock options outstanding as at December 31, 2020 was 6.5 years (prior year: 6.5 years).

The weighted average fair value of the options granted in 2020 was EUR 5.88 (prior year: EUR 12.72).

The weighted average fair value of all options granted under the 2019 Stock Option Plan was EUR 8.83 (prior year: EUR 12.72).

The table below lists the inputs used to value the options granted under the 2019 Stock Option Plan in 2020:

	Options granted in 2020		Options granted in 2019	
	Board of Management members	Executives	Board of Management members	Executives
Dividend yield (%)	3.46	–	2.83	2.83
Expected volatility (%)	31.33	–	21.76	21.76
Risk-free interest rate (5-year interest rate (%))	–0.72	–	–0.71	–0.71
Expected term of stock options (years)	5.5	–	5.5	5.5
Share price at grant date (EUR)	59.45	–	69.20	69.35
Model used	Black Scholes	–	Black Scholes	Black Scholes

The expected volatility is based on an assessment of the historical volatility of the Company’s share price, in particular in the period that corresponds to the expected term. The expected term of the stock options is based on estimates made by the Board of Management.

43 Governing bodies

Name	Membership of statutory supervisory boards	Membership of comparable oversight bodies
Board of Management		
Udo Müller (Co-CEO)		
Christian Schmalzl (Co-CEO)		Internet Billboard a.s., Ostrava, Czech Republic
Dr. Christian Baier		
Supervisory Board		
Christoph Vilanek Chief Executive Officer of freenet AG, Büdelsdorf (Chairman)	CECONOMY AG, Düsseldorf eXaring AG, Munich Ströer Management SE, Düsseldorf VNR Verlag für die Deutsche Wirtschaft AG, Bonn	Sunrise Communications Group AG, Zurich, Switzerland
Dirk Ströer Managing Director of Ströer Außenwerbung GmbH & Co. KG, Cologne (Deputy Chairman)	Ströer Management SE, Düsseldorf	
Ulrich Voigt Chief Executive Officer of Sparkasse KölnBonn	Finanz Informatik GmbH & Co. KG, Frankfurt (until May 2020) modernes Köln Gesellschaft für Stadtentwicklung mbH, Cologne (until December 2020) Ströer Management SE, Düsseldorf Landesbank Berlin Holding AG, Berlin (since May 2020) Landesbank Berlin AG / Berliner Sparkasse, Berlin (since May 2020) Berlin Hyp AG, Berlin (since May 2020)	Beethoven Jubiläums GmbH, Bonn
Dr. Karl-Georg Altenburg Executive Vice President & Vice Chairman of the Board of Directors of Plastic Energy Global S.L, Madrid, Spain (since August 19, 2020)	Ströer Management SE, Düsseldorf	MedShr Ltd., London, UK
Angela Barzen Coach and business trainer for managers and companies / Managing Director of Plakativ Consult International GmbH, Neuss		
Martin Diederichs Lawyer	Pison Montage AG, Dillingen Ströer Management SE, Düsseldorf	DSD Steel Group GmbH, Saarlouis
Christian Sardiña Gellesch Head of Portfolio Management for the West region at Ströer Media Deutschland GmbH		
Andreas Huster Chairman of the works council of tricontes360 Gera GmbH, Gera	tricontes360 Verwaltung Hamburg GmbH, Hamburg	
Sabine Hüttinger Employee in the Public Affairs department at Ströer Deutsche Städte Medien GmbH, Cologne		
Barbara Liese-Bloch Managing Director of MONOFIL-TECHNIK Gesellschaft für Synthesemonofile mbH, Hennef (since November 4, 2020)		

Petra Loubek Head of Regional Internal Services at Ströer Media Deutschland GmbH, Cologne		
Rachel Marquardt Labor Union Secretary at ver.di Bundesverwaltung, Berlin		
Tobias Meuser Area Manager at Ströer Deutsche Städte Medien GmbH, Cologne		
Dr. Thomas Müller Labor Union Secretary at ver.di Hessen, Frankfurt/Main		
Nadine Reichel Commercial Manager for Accounting/ Financial Planning and Reporting at Infoscreen GmbH, Cologne		
Petra Sontheimer Management coach and organizational consultant at cidpartners GmbH, Bonn		
Simone Thiäner Personnel Director at Telekom Deutschland GmbH, Bonn (until June 30, 2020)	Deutsche Telekom Außendienst GmbH, Bonn Deutsche Telekom Privatkunden-Vertrieb GmbH, Bonn Deutsche Telekom Services Europe SE, Bonn Deutsche Telekom Service GmbH, Bonn Deutsche Telekom Technik GmbH, Bonn Telekom Deutschland GmbH, Bonn	
Vicente Vento Bosch Managing Director of Deutsche Telekom Capital Partners Management GmbH, Hamburg (until November 4, 2020)	Ströer Management SE, Düsseldorf	Cellwize Wireless Technologies Pte. Ltd., Singapore Cloudreach Europe Ltd, London, UK Community Fibre Ltd., London, UK Deutsche Telekom Strategic Investment GmbH, Bonn Deutsche Telekom Venture Funds GmbH, Bonn Keepler Data Tech. S.L., Madrid, Spain Smarkets Ltd., London, UK Swiss Towers AG, Zug, Switzerland Telekom Innovation Pool GmbH, Bonn

44 Subsequent events

Due to the restrictions imposed on public life as a result of the COVID-19 pandemic, and the resulting decline in the frequency of people passing by our out-of-home media, we entered into negotiations with our lessors in 2020 regarding the rents and guaranteed leases to be paid. Some of these negotiations were successfully concluded before the end of 2020. Since the reporting date, further lease partners have provided us with contractual undertakings to reduce guaranteed lease payments.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position, and financial performance of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected future development of the Group.

Cologne, March 30, 2021

Ströer SE & Co. KGaA represented by:

Ströer Management SE
(general partner)

Udo Müller Co-CEO	Christian Schmalzl Co-CEO	Dr. Christian Baier CFO

INDEPENDENT AUDITOR'S REPORT

To Ströer SE & Co. KGaA, Cologne

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Ströer SE & Co. KGaA, Cologne, and its subsidiaries (the Group), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the financial year from January 1 to December 31, 2020, the consolidated statement of financial position as of December 31, 2020, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of the Company and the Group (hereinafter the "group management report") of Ströer SE & Co. KGaA for the financial year from January 1 to December 31, 2020.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

The management report contains cross-references that are not provided for by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of at December 31, 2020 and of its financial performance for the financial year from January 1 to December 31, 2020 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. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report. The management report contains cross-references that are not provided for by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, 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 the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. 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 European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the 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.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Please refer to Notes 2 and 3 of the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Disclosures on the amount of goodwill can be found under Note 19 and information on the economic development of the operating segments can be found in the "Financial performance of the segments" section of the group management report.

The financial statement risk

Goodwill amounted to EUR 916 million as of December 31, 2020, and at 35% of total assets accounts for a considerable share of the assets.

Goodwill is tested for impairment annually (without specific cause) at the level of cash-generating units. If impairment triggers arise during the financial year, an event-driven goodwill impairment test is also carried out during the year. For goodwill impairment testing, the carrying amount is compared with the recoverable amount of each cash-generating unit. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. For the purpose of performing an impairment test on goodwill, the fair value less costs to sell was identified as the recoverable amount of the cash generating unit. Goodwill was tested for impairment as of September 30, 2020.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgment. These include the expected business and earnings performance of the cash-generating units for the next five years, the assumed long-term growth rates and the discount rate used. The COVID-19 pandemic, which has been spreading worldwide since January 2020, has significantly increased the degree of estimation uncertainty compared to prior years. In addition, the definition of the cash generating units to which goodwill is allocated is subject to judgment.

In financial year 2020, economic activity significantly declined due to the COVID-19 pandemic. As a result, future business prospects have deteriorated significantly. Nevertheless, based on the impairment tests conducted, Ströer has not identified any need to recognize impairment losses.

There is the risk for the consolidated financial statements that impairment existing as of the reporting date was not identified. There is also the risk that the related disclosures in the notes are not appropriate.

Our audit approach

With the involvement of our valuation experts, we assessed the appropriateness of the key assumptions and calculation methods of the Company, among other things. To this end, we discussed the expected development of business and earnings as well as the assumed long-term growth rates with those responsible for planning. We also reconciled this information with internally available forecasts, e.g. for tax purposes, as well as the budget prepared by management and approved by the Supervisory Board. With the involvement of our valuation specialists, we furthermore evaluated the consistency of assumptions with external market estimates.

With the involvement of our specialists, we evaluated management's assessment regarding the identification of the cash generating units, at which level goodwill is monitored by the Company. To this end, we analyzed and verified the internal reporting used for monitoring and managing the Group as to whether the identified cash generating units correspond with internal reporting.

We also verified the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and analyzing deviations. We compared the assumptions and data underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data. Furthermore, we evaluated the effects of the COVID-19 pandemic on the budgeting utilized.

To evaluate the methodically and mathematically correct implementation of the valuation method, we verified the measurement made by the Company using our own calculations and analyzed deviations. In order to take account of the existing forecast uncertainty and the earlier deadline selected for impairment testing, we examined the effects of possible changes in the discount rate, earnings performance and the long-term growth rate on the recoverable amount (sensitivity analysis), by calculating alternative scenarios and comparing them with the values stated by the Company.

Finally, we assessed whether the disclosures in the notes on impairment of goodwill are appropriate.

Our observations
The calculation method used for impairment testing of goodwill is appropriate and in line with the accounting policies to be applied.

The Company's assumptions and data used for measurement are appropriate.

The related disclosures in the notes are appropriate.

Existence of revenue

Please refer to Notes 2 and 3 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Disclosures on the amount of revenue can be found under Note 9 in the notes.

The financial statement risk
The Group's revenue amounted to EUR 1,442 million in financial year 2020. The Group mainly generates its revenue through the marketing of out-of-home-media (Out-of-Home Media), the marketing of online advertising space and the operation of websites (Digital Out-of-Home & Content) as well as dialog marketing and e-commerce (Direct Media). At EUR 533 million and EUR 540 million, respectively, the Out-of-Home Media and the Digital Out-of-Home & Content segments were the segments with the highest revenues in financial year 2020. As a result of the effects of the COVID-19 pandemic, revenue declined in the reporting period.

Revenue is based on a large number of business transactions and is recognized in different group companies. The processes for recognizing revenue include a large number of manual process steps with a low level of automation. Revenue is one of the Group's most important indicators of target achievement and additionally forms a significant basis for decisions.

There is the risk for the consolidated financial statements that revenue is recognized without actual services having been rendered.

Our audit approach
In order to examine the existence of revenue, we assessed the design, setup and effectiveness of internal controls relating to order acceptance, performance of service and invoicing.

We assessed the existence of the revenue by reconciling invoices with the corresponding payments received. To the extent necessary, and especially in the area of marketing of online advertising space, we additionally reconciled invoices with the corresponding orders and contracts and the external evidence of services performed. This was based on revenue recognized during the financial year and selected using a mathematical/statistical procedure. In determining the sample size, we also considered the control deficiencies identified in our assessment of the effectiveness of the internal controls, including of IT-based controls.

Additionally, we examined the accounting journal with respect to manual revenue entries. For selected manual revenue entries, we obtained evidence regarding the existence of revenue in order to evaluate whether the revenue recognized was supported by actual performance of services.

We verified that past-due trade receivables, which represent a potential indicator of revenue recorded without the services actually having been rendered, existed only to a limited extent. We inspected credit notes and reverse entries recorded by Ströer after the reporting date on the basis of a deliberate sample. In addition, we verified the actual existence of the revenue recognized for this sample in financial year 2020.

Our observations
The approach for recognizing revenue is appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the separate group non-financial report referred to in the group management report, but which is not expected to be provided to us until after the date of this audit opinion,
- the combined corporate governance statement for the Company and the Group referred to in the group management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report.

The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, 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 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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of 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 the EU Audit Regulation 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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 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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, "13-04-2021-11-49_xbrl_file.zip" (SHA256-Hashwert: dd660be101a4f2229b08ecd91a4b233aabe22dc9d58c5c2711eecfba0847b851) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2020, contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above.

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Information on the Supplementary Audit

We issue this opinion on the consolidated annual financial statements and group management report as well as on the electronic reproduction of the consolidated financial statements and group management report presented to us for audit for the first time, contained in the file that can be downloaded by the issuer from the electronic client portal with access protection "13-04-2021-11-49_xbrl_file.zip" (SHA256-Hashwert: dd660be101a4f-2229b08ecd91a4b233aabe22dc9d58c5c2711eecf-ba0847b851) and prepared for publication purposes, based on our statutory audit completed on March 30, 2021, and our supplementary audit completed on April 22, 2021, referring to the first-time submission of the ESEF documents.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Nicole Stollenwerk.

Cologne, March 30, 2021, limited to the assessment of the ESEF documents specified in the information on the supplementary audit: April 22, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Pfennig	**Stollenwerk**
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

CONTACTS AND EDITORIAL INFORMATION

IR contact

Ströer SE & Co. KGaA
Christoph Löhrke
Head of Investor & Credit Relations
Ströer-Allee 1 . 50999 Cologne
Phone: +49 (0)2236 9645 356
Fax: +49 (0)2236 9645 6356
Email: ir@stroeer.de / cloehrke@stroeer.de

Press contact

Ströer SE & Co. KGaA
Marc Sausen
Director of Corporate Communications
Ströer-Allee 1 . 50999 Cologne
Phone: +49 (0)2236 9645 246
Fax: +49 (0)2236 9645 6246
Email: presse@stroeer.de / msausen@stroeer.de

Publisher information

Publisher
Ströer SE & Co. KGaA
Ströer-Allee 1 . 50999 Cologne
Phone: +49 (0)2236 9645 0
Fax: +49 (0)2236 9645 299
Email: info@stroeer.de

Cologne local court
HRB 86922
VAT identification no.: DE811763883

This annual report was published on March 30, 2021 and is available in German and English. In the event of inconsistencies, the German version shall prevail.

Disclaimer

FINANCIAL CALENDAR

May 11, 2021	Q1 2021 quarterly statement
August 17, 2021	H1/Q2 2021 half-year financial report
November 10, 2021	9M/Q3 2021 quarterly statement

Ströer SE & Co. KGaA
Ströer-Allee 1 . 50999 Cologne
Germany
Phone +49 (0)2236 9645 0
Fax +49 (0)2236 9645 299
www.stroeer.com