

# Discovery Networks Denmark ApS

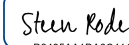
H.C. Andersens Boulevard 1, 1553 København V

CVR no. 20 05 29 02

## Annual report 2022

Approved at the Company's annual general meeting on 29 June 2023

Chair of the meeting:

DocuSigned by:  
  
D3495AA1D46C411.....  
Steen Rode

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Discovery Networks Denmark ApS for the financial year 1 January - 31 December 2022.

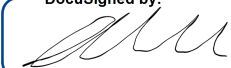
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.


Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

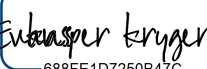
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 June 2023  
Executive Board:


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7EEB6E40E3FE464.....  
Christina Sulebakk Khawaja  
Managing director

Board of Directors:

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Nicholas Mark Townsend  
Evans  
Chairman

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Kasper Kryger

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Pil Gundelach Brandstrup

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Hanne Kjersti Ulleren Vik

## Independent auditor's report

To the shareholder of Discovery Networks Denmark ApS

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Discovery Networks Denmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on Management's Review

Management is responsible for Management's Review.


Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Hellerup, 29 June 2023  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

DocuSigned by:  
  
14746574B4CD433  
Allan Kamp Jensen  
State Authorised Public Accountant  
mne15126

## Management's review

### Company details

Name	Discovery Networks Denmark ApS
Address, Postal code, City	H.C. Andersens Boulevard 1, 1553 København V
CVR no.	20 05 29 02
Established	1 April 1997
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	<a href="http://www.discoverydenmark.dk">www.discoverydenmark.dk</a>
Telephone	+45 70 10 10 10
Board of Directors	Nicholas Mark Townsend Evans, Chairman Kasper Kryger Pil Gundelach Brandstrup Hanne Kjersti Ulleren Vik
Executive Board	Christina Sulebakk Khawaja, Managing director
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

## Management's review

### Financial highlights

DKK'000	2022	2021	2020	2019	2018
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#### Key figures

Revenue	310,931	523,835	596,778	920,980	979,180
Gross profit	101,929	269,276	344,886	695,949	848,279
Profit before interest and tax (EBIT)	-323,761	-376,612	-77,729	109,175	-21,260
Operating profit/loss	-324,353	-504,110	-79,264	107,441	40,358
Net financials	-22,814	8,036	-8,072	21,056	-6,916
<b>Profit/loss for the year</b>	<b>-329,083</b>	<b>-367,217</b>	<b>-67,224</b>	<b>115,571</b>	<b>-21,053</b>

Total assets	2,502,258	3,019,324	905,725	1,160,413	1,053,936
Investments in property, plant and equipment	10,988	2,031	9,528	4,037	4,912
<b>Equity</b>	<b>2,275,511</b>	<b>2,604,594</b>	<b>686,468</b>	<b>753,692</b>	<b>638,121</b>

#### Financial ratios

Return on assets	-11.7%	-25.7%	-7.7%	9.7%	4.0%
Equity ratio	90.9%	86.3%	75.8%	65.0%	60.5%
Return on equity	-13.5%	-22.3%	-9.3%	16.6%	-3.2%

<b>Average number of full-time employees</b>	<b>121</b>	<b>139</b>	<b>162</b>	<b>168</b>	<b>173</b>
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The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

In 2021 the Company have merged with Discovery Communications Nordic ApS, and the comparative figures have not been adjusted.

## Management's review

### Business review

Discovery Networks Denmark ApS is a subsidiary of Warner Bros. Discovery Inc. (Nasdaq: WBD). Warner Bros. Discovery is a premier global media and entertainment company with a differentiated and complete portfolio of content, brands and franchises across television, film, streaming and gaming.

The TV channels made available in Denmark that Discovery Networks Denmark provides services for includes the TV Channels Kanal 5, Kanal 4, 6'eren, Canal 9, Eurosport 1 and Eurosport 2, Discovery Channel and TLC broadcasted into Denmark under broadcasting licenses from other EU countries. The company's operations include services related to purchase of programs, distribution sales, marketing and sales of advertising and sponsorship. Moreover, the Company provides a variety of support services related to the digital business.

The revenue consists of two primary elements: distribution revenue which is revenue from distributors who sells TV packages to end-users and sale of advertisements and sponsorships.

Moreover, the Company supports the digital streaming services provided by Dplay Entertainment Ltd. directly to end users.

The main part of Company's costs are content costs, which can be divided into use of sports rights, foreign acquisitions and local commissioning, as well as payroll costs.

### Recognition and measurement uncertainties

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### Unusual matters having affected the financial statements

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year for 22 have not been affected by any unusual events.

### Financial review

The income statement for 2022 shows a loss of DKK 329,083 thousand against a loss of DKK 367,217 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 2,275,511 thousand.

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

The results for 2022 have been in line with management's expectations for the merged entity. In management's opinion, the income statement and balance sheet with related notes provide all significant information to assess the Company's performance for the past year as well as the Company's financial position at year end.

### Knowledge resources

#### Intellectual Capital resources

It is essential to the Company's continued growth to be able to attract and retain creative and competent employees within program, sales and marketing as well as other in-house services.

### Financial risks and use of financial instruments

#### Churn

As the media industry shifts towards a more digital oriented landscape, generally a churn of linear subscribers and decline in PUT (People Using Television) levels are experienced. If this continues or worsens, it will have a negative impact on distribution revenues from linear packages and/ or advertising revenues.

#### Foreign exchange risks

Given that a substantial number of the Company's programs are acquired in foreign currency, results of operations, cash flows and equity are impacted by their exchange as well as interest rate developments. No foreign currency hedging is made.



## Management's review

### Interest rate risks

As the Company has minimal interest-bearing debt, a change in the interest rate level will be without significant direct effect on earnings.

### Impact on the external environment

The Company cares for the external environment. From an external point of view, the focus is to broadcast programs about the extreme conditions for the wildlife around the globe to educate the world's population and to protect endangered species.

### Statutory CSR report

The Company has issued a Sustainability Report subject to the Danish Financial Statements Act section 99 a. Said report can be retrieved through the Danish Business Authorities ( [www.cvr.dk](http://www.cvr.dk)) using VAT-number 20 05 29 02.

### Account of the gender composition of Management

The Company has issued a Sustainability Report subject to the Danish Financial Statements Act section 99 b. Said report can be retrieved through the Danish Business Authorities ( [www.cvr.dk](http://www.cvr.dk)) using VAT-number 20 05 29 02.

### Data ethics

Discovery Networks Denmark commits to the following data ethics principles:

- Transparency and openness - concerning use of data. The Company ensures that data ethics principles remain clear, understandable and easily accessible.
- Use of data. Data is an important asset for Discovery Networks Denmark and high standards are being considered in relation to where the data is being collected and also how the data is being used:
  - High standards when collecting data from our assets and other sources
  - High demands on our partners from whom we receive data. We also encourage partners to work towards determining a set of data ethical principles for their own company.
  - We refrain from extensive collection of data which may be characterized as data driven surveillance
- Accountability - All data collection involves human decisions so therefore we strive to implement mechanisms to control the context in which data is collected, the systems that are used for data processing and the methods for ensuring data quality. We acknowledge that data and systems can be misused or used for unintended purposes. We assess and document permissible uses of our data and systems and take measures to avoid impermissible uses.

For the moment Discovery Networks Denmark does not have a specific data ethics assessment beside the group information provided in the current report but during 2023 the Company will work on the data ethics specific assessment.

### Outlook

Over the past few years the Danish market, alongside the rest of the Nordic region, has experienced a shift from linear viewing to digital viewing and on products. The Company is positioning itself for the future and looking ahead, the combination of a continuation of this viewing trend and of a rationalization of the operating expenses to invest in digital growth, could result in fluctuations in our profit levels in the following years compared to 2022. For 2023 an improvement is expected for the net profit within a range a 20% - 40%.

**Financial statements 1 January - 31 December****Income statement**

Note	DKK'000	2022	2021
3	<b>Revenue</b>	310,931	523,835
	Other operating income	14,822	127,498
4	Other external expenses	-223,824	-382,057
	<b>Gross profit</b>	101,929	269,276
5	Staff costs	-91,265	-119,479
6	Amortisation/depreciation of intangible assets and property, plant and equipment	-320,194	-526,409
7	Other operating expenses	-14,230	0
	<b>Profit/loss before net financials</b>	-323,760	-376,612
	Financial income	2,620	51,896
8	Financial expenses	-25,434	-43,860
	<b>Profit/loss before tax</b>	-346,574	-368,576
9	Tax for the year	17,491	1,359
	<b>Profit/loss for the year</b>	-329,083	-367,217

## Financial statements 1 January - 31 December

## Balance sheet

Note	DKK'000	2022	2021
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
10	<b>Intangible assets</b>		
	Content Rights	8,943	60,183
	Goodwill	21,928	282,930
	Development projects in progress and prepayments for intangible assets	1	170
		<u>30,872</u>	<u>343,283</u>
11	<b>Property, plant and equipment</b>		
	Plant and machinery	7,636	8,426
	Fixtures and fittings, other plant and equipment	350	562
	Leasehold improvements	735	735
	Property, plant and equipment under construction	95	1,127
		<u>8,816</u>	<u>10,850</u>
	<b>Total fixed assets</b>	<u>39,688</u>	<u>354,133</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	23,814	18,362
	Receivables from group enterprises	2,354	235,187
12	Deferred tax assets	12,247	0
	Other receivables	4,636	4,372
13	Prepayments	4,140	3,208
		<u>47,191</u>	<u>261,129</u>
	<b>Cash</b>	<u>2,415,379</u>	<u>2,404,062</u>
	<b>Total non-fixed assets</b>	<u>2,462,570</u>	<u>2,665,191</u>
	<b>TOTAL ASSETS</b>	<u>2,502,258</u>	<u>3,019,324</u>

## Financial statements 1 January - 31 December

## Balance sheet

Note	DKK'000	<u>2022</u>	<u>2021</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
14	Share capital	2,001	2,001
	Retained earnings	2,273,510	2,602,593
	<b>Total equity</b>	<u>2,275,511</u>	<u>2,604,594</u>
	<b>Provisions</b>		
12	Deferred tax	0	3,880
15	Other provisions	7,092	7,185
	<b>Total provisions</b>	<u>7,092</u>	<u>11,065</u>
	<b>Liabilities other than provisions</b>		
	<b>Non-current liabilities other than provisions</b>		
	Other payables	0	10,989
		<u>0</u>	<u>10,989</u>
	<b>Current liabilities other than provisions</b>		
	Trade payables	26,110	32,425
	Payables to group enterprises	169,123	264,240
	Corporation tax payable	0	18,237
	Other payables	24,422	77,774
		<u>219,655</u>	<u>392,676</u>
	<b>Total liabilities other than provisions</b>	<u>219,655</u>	<u>403,665</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,502,258</u></u>	<u><u>3,019,324</u></u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 16 Contractual obligations and contingencies, etc.
- 17 Collateral
- 18 Related parties
- 19 Appropriation of profit/loss

**Financial statements 1 January - 31 December****Statement of changes in equity**

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2021	2,000	684,468	686,468
	Additions on merger	1	2,285,342	2,285,343
19	Transfer, see "Appropriation of profit/loss"	0	-367,217	-367,217
	<b>Equity at 1 January 2022</b>	<b>2,001</b>	<b>2,602,593</b>	<b>2,604,594</b>
19	Transfer, see "Appropriation of profit/loss"	0	-329,083	-329,083
	<b>Equity at 31 December 2022</b>	<b>2,001</b>	<b>2,273,510</b>	<b>2,275,511</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The Annual Report of Discovery Networks Denmark ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting Class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Discovery Communication Inc., USA.

#### Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Revenue from the sale of TV commercials and transmission is recognised in the income statement when the delivery and transfer of risk has been made before year end.

###### Other operating income

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

###### Other external expenses

Other external expenses comprise costs incurred in respect of sales, advertising, administration, office premises, bad debt losses, etc.

###### Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses.

###### Amortisation/depreciation

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

###### Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

###### Financial income and expenses

Financial income and expenses comprise interest income and expense, finance lease payments, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

###### Tax

The Group entities are covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Group entities acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Programme rights comprise of acquired programme rights, prepayments for acquired programme rights and commissioned program rights.

Acquired programme rights are recognised when the license period has begun and commissioned programme rights are recognised upon first airing and are measured at cost less accumulated amortisation and impairment.

Cost comprises of the purchase price and any costs directly attributable to the programme until the date when the asset is available for use.

The amortization of programme rights spans between 1-4 years, depending on the type of content, using accelerated or straight-line amortization methods.

##### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line bases over the expected useful lives of the assets' which are;

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 31,000 are expensed in the year of acquisition.

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



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any Changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax to items recognised in equity.

##### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

As management company for all the entities in the joint taxation arrangement, the group entities are liable for payment of the sister entities income taxes vis à vis the tax authorities as the sister entities pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

##### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

##### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

**Financial statements 1 January - 31 December****Notes to the financial statements****2 Events after the balance sheet date**

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

**3 Segment information****Revenue**

The Company's activities and revenue consist only of one operating segment, management manages and measures the Company's revenue and financial performance based on heron. The Company generates and operates only on the Danish market.

DKK'000	<u>2022</u>	<u>2021</u>
<b>4 Fee to the auditors appointed in general meeting</b>		
Statutory audit	949	967
	<u>949</u>	<u>967</u>
<b>5 Staff costs</b>		
Wages/salaries	84,673	111,421
Pensions	5,577	5,905
Other social security costs	1,015	2,153
	<u>91,265</u>	<u>119,479</u>
Average number of full-time employees	<u>121</u>	<u>139</u>

Total staff costs includes salary to the executive and directors of DKK 929 thousand, pension costs of 118 thousand and other remuneration of 2,661 thousand (2021: DKK 595 thousand salary, pension costs of DKK 527 thousand and other remunerations of DKK 107 thousand).

**6 Amortisation/depreciation of intangible assets and property, plant and equipment**

Amortisation of intangible assets	314,451	522,646
Depreciation of property, plant and equipment	5,743	3,763
	<u>320,194</u>	<u>526,409</u>

**7 Other operating expenses**

In 2022, the Company recorded a strategic disposal of DKK 212,555 thousand against its legacy content rights for foreign acquisitions and associated costs of discontinuation of certain life of series commitments following a restructuring of which DKK 14,230 thousand are costs within other operating expenses.

**8 Financial expenses**

Interest expenses, group entities	0	18,028
Other interest expenses	9,862	17,609
Exchange losses	14,983	6,774
Interest surcharges and tax recognised under net financials	589	1,449
	<u>25,434</u>	<u>43,860</u>

## Financial statements 1 January - 31 December

## Notes to the financial statements

DKK'000	2022	2021
<b>9 Tax for the year</b>		
Estimated tax charge for the year	0	9,537
Deferred tax adjustments in the year	-19,107	-18,147
Tax adjustments, prior years	1,616	7,251
	<u>-17,491</u>	<u>-1,359</u>

## 10 Intangible assets

DKK'000	Content Rights	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	711,511	3,302,040	59,581	4,073,132
Additions	1,013	0	0	1,013
Disposals	-153,144	0	-59,411	-212,555
Transferred	169	0	-169	0
Cost at 31 December 2022	<u>559,549</u>	<u>3,302,040</u>	<u>1</u>	<u>3,861,590</u>
Impairment losses and amortisation at 1 January 2022	651,328	3,019,110	59,411	3,729,849
Amortisation for the year	38,627	275,824	0	314,451
Amortisation and impairment losses of disposals for the year	-139,349	0	-59,411	-198,760
Reversal of prior year impairment losses	0	-14,822	0	-14,822
Impairment losses and amortisation at 31 December 2022	<u>550,606</u>	<u>3,280,112</u>	<u>0</u>	<u>3,830,718</u>
Carrying amount at 31 December 2022	<u>8,943</u>	<u>21,928</u>	<u>1</u>	<u>30,872</u>

## Financial statements 1 January - 31 December

## Notes to the financial statements

## 11 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2022	57,572	2,867	7,727	1,127	69,293
Adjustment to opening balance	0	0	7,278	0	7,278
Additions	3,615	0	0	95	3,710
Disposals	-7,973	-86	-994	0	-9,053
Transferred	502	0	625	-1,127	0
Cost at 31 December 2022	53,716	2,781	14,636	95	71,228
Impairment losses and depreciation at 1 January 2022	49,146	2,305	6,992	0	58,443
Adjustment to opening balance	-646	0	7,278	0	6,632
Depreciation	5,531	212	0	0	5,743
Depreciation and impairment of disposals	-7,951	-86	-369	0	-8,406
Impairment losses and depreciation at 31 December 2022	46,080	2,431	13,901	0	62,412
Carrying amount at 31 December 2022	7,636	350	735	95	8,816

DKK'000	2022	2021
<b>12 Deferred tax</b>		
Deferred tax at 1 January	3,880	22,142
Current year adjustments to deferred taxes	-19,107	-18,147
Adjustment to previous years deferred taxes	2,980	-115
<b>Deferred tax at 31 December</b>	<b>-12,247</b>	<b>3,880</b>
Deferred tax relates to:		
Intangible assets	2,641	13,826
Property, plant and equipment	-2,697	-3,110
Receivables	-83	-40
Provisions	-1,560	-1,580
Tax loss	-10,548	-5,216
	<b>-12,247</b>	<b>3,880</b>

## 13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

**Financial statements 1 January - 31 December****Notes to the financial statements**

DKK'000	<u>2022</u>	<u>2021</u>
<b>14 Share capital</b>		
Analysis of the share capital:		
2,001 A shares of DKK 1,000.00 nominal value each	<u>2,001</u>	<u>2,001</u>
	<u>2,001</u>	<u>2,001</u>

Analysis of changes in the share capital over the past 5 years:

DKK'000	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Opening balance	2,001	2,000	2,000	2,000	2,000
Capital increase	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2,001</u>	<u>2,001</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

**15 Other provisions**

Opening balance at 1 January	7,185	7,127
Provisions in the year	<u>-93</u>	<u>58</u>
<b>Other provisions at 31 December</b>	<u>7,092</u>	<u>7,185</u>

Provisions relate to costs that may be incurred to restore current premises leased by the Company. The provision is based on Management's best estimate.

**16 Contractual obligations and contingencies, etc.****Other contingent liabilities****Claims**

The Company has an open lawsuit ongoing which was initiated by the Company in 2019. The outcome of the litigation and lawsuit may have a material financial effect on the Company. At present, it is not possible to make an estimate of the outcome and timing.

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income year 2022 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 8 April 2022.

**Other financial obligations**

Other rent and lease liabilities:

DKK'000	<u>2022</u>	<u>2021</u>
Rent and lease liabilities	<u>19,785</u>	<u>12,075</u>

Rent and lease liabilities payable within 1 year: DKK 11,098 thousand (2021: DKK 8,649 thousand).

**Financial statements 1 January - 31 December****Notes to the financial statements****17 Collateral**

The Company has not provided any security or other collateral in assets at 31 December 2022.

**18 Related parties**

Discovery Networks Denmark ApS' related parties comprise the following:

**Parties exercising control**

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Warner Bros. Discovery, Inc. (Formerly. Discovery, Inc.)	230 Park Avenue South, New York, New York, 10003, USA	Ultimate Parent

**Information about consolidated financial statements**

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Warner Bros. Discovery, Inc. (Formerly. Discovery, Inc.)	230 Park Avenue South, New York, New York, 10003, USA	Can be retrieved on: <a href="https://ir.corporate.discovery.com/financials/annual-reports-and-proxies/default.aspx">https://ir.corporate.discovery.com/financials/annual-reports-and-proxies/default.aspx</a>

**Related party transactions**

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

The Company has in the financial year 2022 carried out transactions with related parties in accordance with the Groups Transfer Pricing policies.

DKK'000	<u>2022</u>	<u>2021</u>
<b>19 Appropriation of profit/loss</b>		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	<u>-329,083</u>	<u>-367,217</u>
	<u>-329,083</u>	<u>-367,217</u>