

Discovery Networks Denmark ApS

H.C. Andersens Boulevard 1, 1553 København V

CVR no. 20 05 29 02

Annual report 2020

Approved at the Company's annual general meeting on 30 June 2021

Chair of the meeting:

DocuSigned by:

Steen Rode

U3W5WYUAGCA111.....
Steen Rode

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes to the financial statements	13

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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

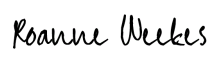
We recommend that the annual report be approved at the annual general meeting.


Copenhagen, 30 June 2021
Executive Board:

DocuSigned by:

D0FB2105F9954A7.....
James Tsung Jen Gibbons
Managing director

Board of Directors:

DocuSigned by:

934E4F5340C147D.....
Roanne Lea Weekes

DocuSigned by:

C1CECAA275E3424.....
Kasper Kryger

.....
Christian Sonnefeld
Jørgensen

Independent auditor's report

To the shareholder of Discovery Networks Denmark ApS

Opinion

We have audited the financial statements of Discovery Networks Denmark ApS for the financial year 1 January - 31 December 2020, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

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 as to 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 the financial statements.


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

Independent auditor's report

- 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.
- 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 note 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.

Hellerup, 30 June 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

DocuSigned by:

30B3B62223FF4CF
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	www.discoverynetworks.dk
Telephone	+45 70 10 10 10
Board of Directors	Roanne Lea Weekes Kasper Kryger Christian Sonnefeld Jørgensen
Executive Board	James Tsung Jen Gibbons, Managing director
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Revenue	596,778	920,980	979,180	1,206,169	1,134,938
Gross profit	344,886	695,949	848,279	936,300	872,815
Profit before interest and tax (EBITA)	-77,729	109,175	-21,260	158,726	89,367
Operating profit/loss	-79,264	107,441	40,358	159,038	89,367
Net financials	-8,072	21,056	-6,916	3,897	663
Profit/loss for the year	-67,224	115,571	-21,053	126,286	69,744
Balance sheet					
Total assets	906,122	1,160,413	1,053,936	953,954	1,077,029
Investments in property, plant and equipment	9,528	4,037	4,912	4,614	2,596
Equity	686,468	753,692	638,121	659,174	732,888
Financial ratios					
Return on assets	-7.7%	9.7%	4.0%	15.7%	8.5%
Equity ratio	75.8%	65.0%	60.5%	69.1%	68.0%
Return on equity	-9.3%	16.6%	-3.2%	18.1%	10.0%
Operational metrics					
Average number of employees	162	168	173	185	193

For terms and definitions, please see the accounting policies.

Management's review

Business review

Discovery Networks Denmark operates linear TV channels broadcasted into Denmark under UK Ofcom licenses. Furthermore, the Company's activities consist of ad sales and sales of sponsorships.

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.

Financial review

The income statement for 2020 shows a loss of DKK 67,224 thousand against a profit of DKK 115,571 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 686,468 thousand.

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

The results for 2020 have been in line with management's expectations. The Company recorded a strategic impairment of DKK 630 thousand against its legacy content rights for foreign acquisitions and associated costs of discontinuation of certain life of series commitments following a restructuring. 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.

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.

Management's review

Statutory CSR report

The Company has issued a Sustainability Report subject to the Danish Financial Statements Act section 99 a. Said report is issued as a supplementary report to the Annual Report 2020.

Account of the gender composition of Management

The Board of Directors

One out of the three members of the board of directors is a woman. All board members are elected by the general meeting. Thus, the composition of the Board of directors is compliant with the regulation subject to equal gender representation.

The Executive Board

The Executive Board comprises of one individual only. Presently, it is not considered extending the Executive Board with further members.

The Local Management Team

The Local Management Team consists of 11 individuals - 3 females, 7 males and one vacant position. Unfortunately, the composition still shows that there is a need to actively work for a more equal representation between females and males. The cause of the lack of diversity, that we are presently operating a business environment dominated by males which also is being expressed in the composition of the entire staff. Consequently, we are actively working on succession planning that includes diversity and hence going forward include more women in the leadership team.

Events after the balance sheet date

On May 17, 2021, Discovery Inc. and AT&T Inc. entered into an Agreement and Plan of Merger as well as other certain definitive agreements to combine WarnerMedia's assets and Discovery, Inc. to create a standalone company. The surviving entity will be a wholly owned subsidiary of Discovery.

Under the terms of the agreement, which is structured as an all-stock, Reverse Morris Trust transaction, AT&T would receive \$43 billion (subject to adjustment) in a combination of cash, debt securities, and WarnerMedia's retention of certain debt, and AT&T's shareholders would receive stock representing 71% of the new company; Discovery shareholders would own 29% of the new company. The Boards of Directors of both AT&T and Discovery have approved the transaction.

Discovery Inc. and AT&T have made customary representations, warranties and covenants in the Merger Agreement. The transaction is anticipated to close in mid-2022, subject to approval by Discovery shareholders and customary closing conditions, including receipt of regulatory approvals.

This transaction does not affect the going concern assumption for the standalone financial statements.

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 2020.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
3	Revenue	596,778	920,980
4	Other operating income	1,535	1,734
	Other external expenses	-253,427	-226,765
	Gross profit	344,886	695,949
5	Staff costs	-109,288	-111,376
6	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-313,327	-475,398
	Profit/loss before net financials	-77,729	109,175
7	Financial income	5,877	32,426
8	Financial expenses	-13,949	-11,370
	Profit/loss before tax	-85,801	130,231
9	Tax for the year	18,577	-14,660
	Profit/loss for the year	-67,224	115,571

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
10	Intangible assets		
	Content Rights	166,778	102,360
	Goodwill	12,511	15,213
	Development projects in progress and prepayments for intangible assets	68,187	144,059
		<u>247,476</u>	<u>261,632</u>
11	Property, plant and equipment		
	Plant and machinery	11,374	6,835
	Fixtures and fittings, other plant and equipment	353	227
	Leasehold improvements	767	1,174
	Property, plant and equipment under construction	88	3,125
		<u>12,582</u>	<u>11,361</u>
	Total fixed assets	<u>260,058</u>	<u>272,993</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	16,037	41,612
	Receivables from group enterprises	133,412	213,195
	Corporation tax receivable	0	1,741
	Other receivables	14,859	11,674
13	Prepayments	12,488	26,689
		<u>176,796</u>	<u>294,911</u>
	Cash	<u>469,268</u>	<u>592,509</u>
	Total non-fixed assets	<u>646,064</u>	<u>887,420</u>
	TOTAL ASSETS	<u>906,122</u>	<u>1,160,413</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
14	Share capital	2,000	2,000
	Retained earnings	684,468	751,692
	Total equity	686,468	753,692
	Provisions		
12	Deferred tax	22,142	40,719
15	Other provisions	7,127	7,044
	Total provisions	29,269	47,763
	Liabilities other than provisions		
16	Non-current liabilities other than provisions		
	Other payables	10,342	3,501
		10,342	3,501
	Current liabilities other than provisions		
	Trade payables	54,954	89,148
	Payables to group enterprises	79,870	210,194
	Corporation tax payable	0	5,587
	Joint taxation contribution payable	0	3,432
	Other payables	45,219	43,891
	Deferred income	0	3,205
		180,043	355,457
		190,385	358,958
	TOTAL EQUITY AND LIABILITIES	906,122	1,160,413

- 1 Accounting policies
- 2 Special items
- 17 Contractual obligations and contingencies, etc.
- 18 Collateral
- 19 Related parties
- 20 Fee to the auditors appointed by the Company in general meeting
- 21 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 2019	2,000	636,121	638,121
21	Transfer, see "Appropriation of profit/loss"	0	115,571	115,571
	Equity at 1 January 2020	2,000	751,692	753,692
21	Transfer, see "Appropriation of profit/loss"	0	-67,224	-67,224
	Equity at 31 December 2020	2,000	684,468	686,468

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The Annual Report of Discovery Networks Denmark ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting Class C.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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 is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

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 and impairment

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

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

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with its Danish group enterprises. Discovery Communications Nordic ApS acts as management company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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, programmes ordered and prepayments of programmes.

Programme rights are recognised when the license period has begun and are measured at cost less accumulated amortisation and impairment.

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

The amortization time is between 0-4 years, depending on the category of asset, using declining balance amortization method.

Change was driven by way of unification of global amortization policy for the whole Discovery Group.

Time-based approach ' is a method applied on the basis of length of useful life of asset and irrespective of time of airing. Even though the airing may take place just once a year, the monthly cost is spread equally throughout the year. Each year of license period has an assigned percentage that is applied to capitalized amount.

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 14,100 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

Receivables are measured at amortised cost.

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

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.

Equity

Proposed dividends

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

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

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

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	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Special items

Covid-19 relief package

During the year, the company have applied, and received, reimbursements in relation to the Covid-19 relief packages for payroll costs, regarding employees sent home. The relief package covers a percentage of the monthly salary expenses. The relief package was available for all employees if 30% or more than 50 employees was sent home and not working for the requested period.

DKK'000	2020	2019
Income		
Covid-19 Salary Reimbursement	1,535	0
	<u>1,535</u>	<u>0</u>
Special items are recognised in the below items of the financial statements		
Other operating income	1,535	0
Net profit on special items	<u>1,535</u>	<u>0</u>

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.

4 Other operating income

Other operating income includes reimbursement of DKK 1,535 thousand regarding the COVID 19 relief packages.

5 Staff costs

Wages/salaries	100,225	102,954
Pensions	6,920	6,889
Other social security costs	2,143	1,533
	<u>109,288</u>	<u>111,376</u>
Average number of full-time employees	<u>162</u>	<u>168</u>

Total staff costs includes salary to the executive and directors of DKK 2,702 thousand, pension costs of DKK 248 thousand and other remunerations of DKK 136 thousand.

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

Amortisation of intangible assets	309,786	468,318
Impairment of intangible assets	-2,152	1,304
Depreciation of property, plant and equipment	5,693	5,776
	<u>313,327</u>	<u>475,398</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2020	2019
7 Financial income		
Other interest income	2	30,068
Exchange gain	5,875	2,358
	<u>5,877</u>	<u>32,426</u>
8 Financial expenses		
Exchange losses	10,081	6,529
Other financial expenses	3,868	4,841
	<u>13,949</u>	<u>11,370</u>
9 Tax for the year		
Estimated tax charge for the year	0	17,701
Deferred tax adjustments in the year	-18,577	5,971
Tax adjustments, prior years	0	-9,012
	<u>-18,577</u>	<u>14,660</u>

10 Intangible assets

DKK'000	Content Rights	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2020	752,559	27,019	206,252	985,830
Additions	188,419	0	105,059	293,478
Disposals	-303,785	0	0	-303,785
Transferred	183,713	0	-183,713	0
Cost at 31 December 2020	<u>820,906</u>	<u>27,019</u>	<u>127,598</u>	<u>975,523</u>
Impairment losses and amortisation at 1 January 2020	650,199	11,806	62,193	724,198
Impairment losses for the year	630	0	-2,782	-2,152
Amortisation for the year	307,084	2,702	0	309,786
Amortisation and impairment losses of disposals for the year	-303,785	0	0	-303,785
Impairment losses and amortisation at 31 December 2020	<u>654,128</u>	<u>14,508</u>	<u>59,411</u>	<u>728,047</u>
Carrying amount at 31 December 2020	<u>166,778</u>	<u>12,511</u>	<u>68,187</u>	<u>247,476</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 2020	51,144	2,264	9,813	3,125	66,346
Additions	9,427	101	0	0	9,528
Disposals	0	0	0	-2,615	-2,615
Transferred	292	130	0	-422	0
Cost at 31 December 2020	60,863	2,495	9,813	88	73,259
Impairment losses and depreciation at 1 January 2020	44,309	2,037	8,639	0	54,985
Depreciation	5,180	105	407	0	5,692
Impairment losses and depreciation at 31 December 2020	49,489	2,142	9,046	0	60,677
Carrying amount at 31 December 2020	11,374	353	767	88	12,582

DKK'000	2020	2019
12 Deferred tax		
Deferred tax at 1 January	40,719	27,340
Other deferred tax	-18,577	13,379
Deferred tax at 31 December	22,142	40,719
Deferred tax relates to:		
Intangible assets	49,136	45,103
Property, plant and equipment	-4,074	-2,821
Receivables	-16	0
Provisions	-1,568	-1,563
Tax loss	-21,336	0
	22,142	40,719

13 Prepayments

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

14 Share capital

Analysis of the share capital:

2,000 A shares of DKK 1,000.00 nominal value each	2,000	2,000
	2,000	2,000

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

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2020	2019
15 Other provisions		
Opening balance at 1 January	7,044	6,963
Provisions in the year	83	81
Other provisions at 31 December	7,127	7,044

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 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	10,342	0	10,342	0
	10,342	0	10,342	0

Other payables consist of long term accrued vacation in accordance with the Danish LBK nr. 1024 as of 4 October 2019. It is the company's expectation that the debt will be paid to Feriefonden in 2021.

Financial statements 1 January - 31 December

Notes to the financial statements

17 Contractual obligations and contingencies, etc.

Other contingent liabilities

Joint taxation

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Groups Danish Companies. The total amount of corporation tax payable is disclosed in the Annual Report of Discovery Communications Nordic ApS, which is the management company for the joint taxation purposes and is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Claims

The Company is claiming damages by means of litigations. The claims may have a material financial effect on the Company but are subject to significant uncertainty as to the outcome and timing of the effect. At present, it is not possible to make and estimate in this respect.

Contractual agreements

At 31 December 2020, the Company has entered into contracts regarding future programme rights, which are not recognised in the balance sheet. The contingencies here of amount to a total liability of TDKK 2,610, of which TDKK 2,610 falls due within 1 year and TDKK 0 falls due after between 2 and 5 years.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2020	2019
Rent and lease liabilities	<u>9,823</u>	<u>11,772</u>

Rent and lease liabilities payable within 1 year: DKK 9,823 (6,354) thousand, and rent and lease liabilities payable between 1 and 5 years: DKK 0 (5,418) thousand.

18 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

Financial statements 1 January - 31 December

Notes to the financial statements

19 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>
Discovery Communications Nordic ApS	H.C. Andersens Boulevard 1 1553 København V Denmark	Shareholder
Discovery Communication Inc.	1 Discovery Pl, Silver Spring, MD 20910, 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>
Discovery Communication Inc.	1 Discovery Pl, Silver Spring, MD 20910, USA	Can be retrieved on: https://ir.corporate.discovery.com/financial-information/annual-reports

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 2020 carried out transactions with related parties in accordance with the Groups Transfer Pricing policies.

DKK'000	<u>2020</u>	<u>2019</u>
20 Fee to the auditors appointed by the Company in general meeting		
Statutory audit	695	625
	<u>695</u>	<u>625</u>
21 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-67,224	115,571
	<u>-67,224</u>	<u>115,571</u>