

# Discovery Communications Nordic ApS

H.C. Andersens Boulevard 1, DK-1553 Copenhagen

## Annual report 2018-01-01--2018-12-31

CVR No 21 85 86 09

The Annual Report was  
presented and adopted at  
the Annual General  
meeting of the Company on

July 5, 2019



Lene Rytter  
Chairman of the General meeting

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## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Discovery Communications Nordic ApS for the financial year January 1 - December 31, 2018.

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 at 31 December 2018 of the Company and the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters adressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, *July 5,* 2019

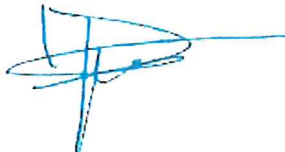
### Executive Board



Christian Kemp

### Board of Directors

*R Weekes*  
Roanne Weekes  
Chairman of the Board



Jozef Maarten Dijkstra



Christian Sonnefeld Jørgensen

## Independent Auditor's Report

To the Shareholder of Discovery Communications Nordic ApS

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Discovery Communications Nordic ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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.

### 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 judgement and maintain professional scepticism 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.
- 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.

Hellerup, 5/2 2019

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

Allan Kamp Jensen  
statsautoriseret revisor  
mne15126

Thomas Baumkjær Andersen  
statsautoriseret revisor  
mne35483

## Company Information

<b>The Company</b>	Discovery Communications Nordic ApS H.C. Andersens Boulevard 1 DK-1553 Copenhagen  CVR No: 21 85 86 09 Financial period: January 1 - December 31 Municipality of reg. Office: Copenhagen
<b>Board of Directors</b>	Roanne Weekes, Chairman Jozef Maarten Dijkstra Christian Sonnefeld Jørgensen
<b>Executive Board</b>	Christian Kemp
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
<b>Banks</b>	Bank Mendes Gans Skandinaviska Enskilda Banken AB

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial Highlights:

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Operating profit/loss	3 093	103	27	46 390	79 411
Profit/loss before financial income and expenses	3 093	103	27	46 390	79 411
Net profit/loss for the year	-369 965	-227 387	139 250	-1 152 546	-59 366
<b>Balance sheet</b>					
Balance sheet total	4 666 042	5 062 425	5 343 615	5 262 136	9 306 324
Equity	3 670 771	4 040 736	4 268 123	5 343 144	5 768 688
Investments in property, plant and Equipment	–	–	–	–	–
<b>Ratios</b>					
Return on assets	0,0%	0,0%	0,0%	0,9%	0,9%
Solvency ratio	78,7%	79,8%	79,9%	79,6%	62,6%
Return on Equity	-9,6%	-5,5%	3,3%	-24,2%	-1,1%

For definitions regarding ratio calculations, see under accounting policies.

## **Management's Review**

### **Key activities**

The main activity of the company and the Group is the sale of television commercials, marketing and PR as well as other products relating to television stations broadcasting via satellite. Moreover, the Company carries out a number of other activities on behalf of these stations.

### **Development in the year**

The income statement of the Company for 2018 shows a loss of TDKK 369,965 and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 3,670,771.

Management consider the result is acceptable.

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

The result for the year is decreased compared to last year since result from shares in subsidiaries has decreased compared to previous year as a result of write-downs of content in the subsidiary.

### **Special risks - operating risks and financial risks**

#### **Market risks**

As the media industry continues to shifts towards a more digital oriented landscape, generally a churn of linear subscribers is experienced. If this continues or worsen in coming years, it will have a negative impact on distribution revenues from lineat packages.

#### **Foreign exchange risks**

Given that transfer pricing is made in foreign currency, results of operations, cash flow 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.

#### **Targets and expectations for the year ahead.**

The Company expects that the financial result in the next year will be in the same level as 2018.

#### **External environment**

The operations of the Company has no impact oin the external environment.

#### **Uncertainty relating to recognition and measurement**

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

#### **Unusual events**

The financial position at December 31, 2018 of the Company and the results of the activities of the Company for the financial year 2018 have been affected by write-off on content in subsidiaries.

#### **Subsequent events**

No events materially affecting the assessment of the Annual Report have ocured after the balance sheet date.



### Income Statement 1 January - 31 December

<i>in TDKK</i>	<i>Note</i>	<i>2018-01-01- 2018-12-31</i>	<i>2017-01-01- 2017-12-31</i>
<b>Gross profit/loss</b>		<b>3 093</b>	<b>103</b>
Income from investments in subsidiaries	1	-348 555	-200 591
Financial income	2	16 061	89 145
Financial expenses	3	<u>-43 996</u>	<u>-117 151</u>
<b>Profit/loss before tax</b>		<b><u>-373 397</u></b>	<b><u>-228 494</u></b>
Tax on profit/loss for the year	4	3 432	1 107
<b>Profit/loss for the year</b>		<b><u>-369 965</u></b>	<b><u>-227 387</u></b>

### Balance sheet 31 December

<i>in TDKK</i>	<i>Note</i>	<i>2018-12-31</i>	<i>2017-12-31</i>
<b>Assets</b>			
Investments in subsidiaries	5	2 036 062	2 384 617
<b>Fixed asset investments</b>		<b>2 036 062</b>	<b>2 384 617</b>
<b>Fixed assets</b>		<b>2 036 062</b>	<b>2 384 617</b>
Receivables from Group enterprises		247 032	246 885
Other receivables		91	92
Corporation tax, joint taxation		39 446	76 608
<b>Receivables</b>		<b>286 569</b>	<b>323 585</b>
<b>Cash at bank and in hand</b>		<b>2 343 412</b>	<b>2 354 223</b>
<b>Current assets</b>		<b>2 629 981</b>	<b>2 677 808</b>
<b>Total assets</b>		<b>4 666 042</b>	<b>5 062 425</b>

### Balance sheet 31 December

<i>in TDKK</i>	<i>Note</i>	<i>2018-12-31</i>	<i>2017-12-31</i>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		50	50
Special reserves		4 300 634	4 300 634
Retained earnings		-629 913	-259 948
<b>Equity</b>	6	<b>3 670 771</b>	<b>4 040 736</b>
Payables to group enterprises		422 081	422 081
<b>Long-term debt</b>	8	<b>422 081</b>	<b>422 081</b>
Payables to group enterprises	8	471 126	479 121
Corporation tax		37 058	54 131
Other payables		65 006	66 356
<b>Total current liabilities</b>		<b>573 190</b>	<b>599 608</b>
<b>Debt</b>		<b>995 271</b>	<b>1 021 689</b>
<b>Liabilities and equity</b>		<b>4 666 042</b>	<b>5 062 425</b>
Distribution of profit	7		
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## Statement of Changes in Equity

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	Share capital	Special reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50	4 300 634	-259 948	4 040 736
Net profit/loss for the year	–	–	-369 965	-369 965
<b>Equity as 31 December</b>	<b>50</b>	<b>4 300 634</b>	<b>-629 913</b>	<b>3 670 771</b>

The special reserves comprise of a dividend equalisation fund adopted in connection with a capital decrease in 2016.

## Notes to the Financial Statements

in TDKK

<b>1. Income from investments in subsidiaries</b>	<b>2018</b>	<b>2017</b>
Share of profits of subsidiaries	-21 053	126 911
Amortisation of goodwill	-327 502	-327 502
	<u>-348 555</u>	<u>-200 591</u>
<b>2. Financial income</b>		
Interest received from group enterprises	11 598	82 568
Other financial income	-	196
Exchange adjustments	4 463	6 381
	<u>16 061</u>	<u>89 145</u>
<b>3. Financial expenses</b>		
Interest paid to group enterprises	26 030	29 954
Other financial expenses	16 903	8 967
Exchange adjustments, expenses	1 063	78 230
	<u>43 996</u>	<u>117 151</u>
<b>4. Tax on profit/loss for the year</b>		
Current tax for the year	-3 432	-4 299
Deferred tax for the year	-	-
Adjustment of tax concerning previous years	-	3 192
	<u>-3 432</u>	<u>-1 107</u>
<b>5. Investments in subsidiaries</b>		
Cost at 1 January	3 665 916	3 665 916
Additions for the year	-	-
Disposals for the year	-	-
	<u>3 665 916</u>	<u>3 665 916</u>
Value adjustments at 1 January	-1 281 299	-880 708
Disposals for the year	-	-
Net profit/loss for the year	-21 053	126 911
Received dividend	-	-200 000
Amortisation of goodwill	-327 502	-327 502
	<u>-1 629 854</u>	<u>-1 281 299</u>
<b>Carrying amount at 31 December</b>	<b>2 036 062</b>	<b>2 384 617</b>
Positive difference arising on initial measurement of subsidiaries at net asset value	<u>3 275 022</u>	<u>3 275 022</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>1 397 942</u>	<u>1 725 444</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Discovery Networks Denmark ApS	Copenhagen	2 000 000	100%

## 6. Equity

The Share capital consists of 50 shares of a nominal value of TDKK 1. No shares carry any special rights.

## 7. Distribution of profit

	<b>2018</b>	<b>2017</b>
Retained earnings	<u>-369 965</u>	<u>-227 387</u>
	<b>-369 965</b>	<b>-227 387</b>

## 8. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<b>2018</b>	<b>2017</b>
<b>Payables to group enterprises</b>		
Between 1 and 5 years	<u>422 081</u>	<u>422 081</u>
<b>Long-term part</b>	<b>422 081</b>	<b>422 081</b>
Other short-term debt to group enterprises	<u>471 126</u>	<u>479 121</u>
	<b>893 207</b>	<b>901 202</b>

## 9. Contingent assets, liabilities and other financial obligations

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Groups Danish companies. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 10. Related parties

### Controlling interest

Discovery Communications Europe Ltd.  
Discovery House, Chiswick Park Building 2  
566 Chiswick High Road  
W4 5YB London

### Basis

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Shareholder

Discovery Inc.  
1 Discovery Place  
Silver Spring  
MD 90210  
United States

Ultimate Shareholder

### 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 have in the financial year 2018 carried out transactions with related parties in accordance with the Groups Transfer Pricing policies.

### Consolidated Financial Statements

The Company is included in the Group Annual report of the Parent Company of the largest and smallest group.

<u>Name</u>	<u>Place of registered office</u>
Discovery, Inc.	Silver Spring, United States
Discovery Communications Europe Ltd.	London, United Kingdom

The Group Annual report of Discovery, Inc. may be obtained at the following adress:

1 Discovery Place  
Silver Spring  
MD 90210  
United States

<https://ir.corporate.discovery.com/static-files/7563838c-5b66-4ab8-aa9a-98cff819718f>

## **11 Accounting principles**

The Annual report of Discovery Communications Nordic ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting principles remain unchanged from previous year. The Financial Statements for 2018 are presented in TDKK.

### ***Consolidated financial statements***

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Discovery Inc., the Company has not prepared consolidated financial statements.

### ***Cash flow statement***

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Discovery Communications Europe Ltd., the Company has not prepared a cash flow statement.

### **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.

### **Translation policies**

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 expense 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.

## **11 Accounting principles (continued)**

### **Income Statement**

#### **Gross profit/loss**

With reference to section 32 of the Danish Financial statements Act, revenue has not been disclosed in the Annual report.

#### **Revenue**

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.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### **Other external expenses**

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

#### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

#### **Tax on profit/loss for the year**

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 wholly owned Danish subsidiary. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.



## 11 Accounting principles (continued)

### Balance sheet

#### Investment in subsidiaries

Investment in subsidiaries are recognised and measured under the equity method.

The item "investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

Goodwill is amortised over a period of 10 years.

Goodwill is amortised over the expected economic useful life, measured by reference to an assessment of, among other factors as the nature of the market position of the business, the stability of the industry and earnings, the market position of the acquired entity and what is considered as normal in the media business.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

#### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provision for bad debts.

#### 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 base 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 relates 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.

#### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

#### Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$