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# ***Turner Broadcasting System Denmark ApS***

Jens Kofods Gade 1, 2., DK-1268 København K

## **Annual Report for 1 January - 31 December 2020**

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CVR No 26 40 45 09

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/6 2021

Eleanor Caroline Browne  
Chairman of the General  
Meeting

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# **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of Turner Broadcasting System 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 at 31 December 2020 of the Company and of the results of the Company operations for 2020.

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

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

Copenhagen, 30 June 2021

## **Executive Board**

Pierre-Emmanuel Neves Branco  
CEO

Eleanor Caroline Browne  
Executive Officer

Jesper Steenberg  
Executive Officer

# Independent Auditor's Report

To the Shareholder of Turner Broadcasting System Denmark ApS

## Opinion

We have audited the Financial Statements of Turner Broadcasting System Denmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 and cash flows 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.

## Independence

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 rules and requirements.

## 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.

# Independent Auditor's Report

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.

## **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.

# **Independent Auditor's Report**

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

Copenhagen, 30 June 2021

**EY Godkendt Revisionspartnerselskab**

*CVR No 30 70 02 28*

Alex Petersen  
statsautoriseret revisor  
mne28604

## **Company Information**

### **The Company**

Turner Broadcasting System Denmark ApS  
Jens Kofods Gade 1, 2.  
DK-1268 København K

CVR No: 26 40 45 09

Financial period: 1 January - 31 December

Incorporated: 1 January 2002

Municipality of reg. office: København

### **Executive Board**

Pierre-Emmanuel Neves Branco  
Eleanor Caroline Browne  
Jesper Steenberg

### **Auditors**

EY Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
DK-2000 Frederiksberg

### **Bankers**

SEB

# Financial Highlights

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

	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	132.693	112.544	37.619	47.271	37.581
Profit/loss before financial income and expenses	4.443	9.920	2.373	4.228	3.993
Net financials	2.149	-4.227	-139	24	27
Net profit/loss for the year	5.120	4.362	1.686	3.230	3.042
<b>Balance sheet</b>					
Balance sheet total	65.842	85.535	24.954	28.577	21.254
Equity	29.293	24.173	19.811	18.125	14.895
Investment in property, plant and equipment	0	0	0	50	871
Number of employees	22	27	24	27	24
<b>Ratios</b>					
Gross margin	15,4%	26,0%	44,4%	52,5%	53,5%
Profit margin	3,3%	8,8%	6,3%	8,9%	10,6%
Return on assets	6,7%	11,6%	9,5%	14,8%	18,8%
Solvency ratio	44,5%	28,3%	79,4%	63,4%	70,1%
Return on equity	19,2%	19,8%	8,9%	19,6%	40,8%



# Management's Review

## **Key activities**

The main activity of the company is to distribute Cartoon Network, Boomerang, CNN, Toonix and TNT both digitally and linear. As part of the distribution business, is the sale of advertising on participating channels.

## **Development in the year**

The income statement of the Company for 2020 shows a profit of DKK 5,119,650, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 29,293,009.

## ***Operating risks***

The company licenses programmes to its customers. Changing consumer demands for entertainment content expose the company to the risk that programming inventory may become less popular with audiences. The company procures content targeted to key demographics and monitors trends around consumer habits.

## ***Market risks***

The media industry is subject to substantial competitive pressure and rapid technological change, and this is a continuing risk for the company which could result in loss of sales and increased costs. The company manages the risk by monitoring trends and developing new methods of media distribution.

## ***Foreign exchange risks***

The sales and expenditures are made in many currencies other than the Danish Krone and the company is therefore exposed to foreign currency exchange rate movements. The groups' treasury function takes out contracts to manage this risk at group level.

## **Future Developments**

The directors aim to maintain the management policies which have resulted in the company's substantial growth. They consider that the next year will show a further growth in sales from continuing operations.

# **Management's Review**

## **Unusual events**

On 11 March 2020, the World Health Organisation Declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

The company currently assesses that the virus will not have a significant effect on the company's financial position, results of operations or cash flows in the future. The directors will however continue to monitor the possible impact of the Coronavirus on the activities of the company.

## **Subsequent events**

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

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
<b>Revenue</b>		<b>132.692.823</b>	<b>112.543.646</b>
Other external expenses		<u>-112.226.997</u>	<u>-83.314.557</u>
<b>Gross profit/loss</b>		<b>20.465.826</b>	<b>29.229.089</b>
Staff expenses	2	-15.963.138	-19.223.837
Depreciation, amortisation and impairment of property, plant and equipment		<u>-59.354</u>	<u>-85.139</u>
<b>Profit/loss before financial income and expenses</b>		<b>4.443.334</b>	<b>9.920.113</b>
Financial income		2.148.574	446.781
Financial expenses		<u>0</u>	<u>-4.674.045</u>
<b>Profit/loss before tax</b>		<b>6.591.908</b>	<b>5.692.849</b>
Tax on profit/loss for the year	3	<u>-1.472.258</u>	<u>-1.330.439</u>
<b>Net profit/loss for the year</b>		<b><u>5.119.650</u></b>	<b><u>4.362.410</u></b>
<b>Proposed distribution of profit</b>			
Retained earnings		<u>5.119.650</u>	<u>4.362.410</u>
		<b><u>5.119.650</u></b>	<b><u>4.362.410</u></b>

# Balance Sheet 31 December

## Assets

	Note	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		0	59.354
<b>Property, plant and equipment</b>	4	<b>0</b>	<b>59.354</b>
Deposits		578.897	578.897
<b>Fixed asset investments</b>	5	<b>578.897</b>	<b>578.897</b>
<b>Fixed assets</b>		<b>578.897</b>	<b>638.251</b>
Trade receivables		26.917.115	26.409.214
Other receivables		0	408.649
Deferred tax asset	8	279.662	46.689
<b>Receivables</b>		<b>27.196.777</b>	<b>26.864.552</b>
<b>Cash at bank and in hand</b>		<b>38.066.638</b>	<b>58.032.337</b>
<b>Currents assets</b>		<b>65.263.415</b>	<b>84.896.889</b>
<b>Assets</b>		<b>65.842.312</b>	<b>85.535.140</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	6	125.000	125.000
Retained earnings		29.168.009	24.048.359
<b>Equity</b>		<b>29.293.009</b>	<b>24.173.359</b>
Other payables		1.868.207	547.610
<b>Long-term debt</b>	9	<b>1.868.207</b>	<b>547.610</b>
Trade payables		4.592.325	3.964.379
Payables to group enterprises		21.176.939	50.744.859
Corporation tax		245.678	229.253
Other payables	9	8.666.154	5.875.680
<b>Short-term debt</b>		<b>34.681.096</b>	<b>60.814.171</b>
<b>Debt</b>		<b>36.549.303</b>	<b>61.361.781</b>
<b>Liabilities and equity</b>		<b>65.842.312</b>	<b>85.535.140</b>
Unusual events	1		
Distribution of profit	7		
Contingent assets, liabilities and other financial obligations	10		
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## Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained</u> <u>earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	125.000	24.048.359	24.173.359
Net profit/loss for the year	0	5.119.650	5.119.650
<b>Equity at 31 December</b>	<b><u>125.000</u></b>	<b><u>29.168.009</u></b>	<b><u>29.293.009</u></b>

# Notes to the Financial Statements

## 1 Unusual events

On 11 March 2020, the World Health Organisation Declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

The company currently assesses that the virus will not have a significant effect on the company's financial position, results of operations or cash flows in the future. The directors will however continue to monitor the possible impact of the Coronavirus on the activities of the company.

	<u>2020</u>	<u>2019</u>
	DKK	DKK
<b>2 Staff expenses</b>		
Wages and salaries	14.743.789	17.212.346
Pensions	1.166.609	1.462.821
Other social security expenses	9.111	548.670
Other staff expenses	43.629	0
	<u>15.963.138</u>	<u>19.223.837</u>
<b>Average number of employees</b>	<u>22</u>	<u>27</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## 3 Tax on profit/loss for the year

Current tax for the year	1.700.685	1.329.254
Deferred tax for the year	-232.973	1.185
Adjustment of tax concerning previous years	4.546	0
	<u>1.472.258</u>	<u>1.330.439</u>

# Notes to the Financial Statements

## 4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>DKK</u>
Cost at 1 January	<u>1.477.755</u>
Cost at 31 December	<u>1.477.755</u>
Impairment losses and depreciation at 1 January	1.418.401
Depreciation for the year	<u>59.354</u>
Impairment losses and depreciation at 31 December	<u>1.477.755</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>

## 5 Fixed asset investments

	Deposits <u>DKK</u>
Cost at 1 January	<u>578.897</u>
Cost at 31 December	<u>578.897</u>
<b>Carrying amount at 31 December</b>	<b><u>578.897</u></b>

## 6 Equity

The share capital consists of 1,000 shares of a nominal value of DKK 125. No shares carry any special rights.

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

	<u>2020</u> DKK	<u>2019</u> DKK
<b>7 Distribution of profit</b>		
Retained earnings	<u>5.119.650</u>	<u>4.362.410</u>
	<b><u>5.119.650</u></b>	<b><u>4.362.410</u></b>



## Notes to the Financial Statements

	<u>2020</u> DKK	<u>2019</u> DKK
<b>8 Deferred tax asset</b>		
Deferred tax asset at 1 January	46.689	47.874
Amounts recognised in the income statement for the year	<u>232.973</u>	<u>-1.185</u>
<b>Deferred tax asset at 31 December</b>	<b><u>279.662</u></b>	<b><u>46.689</u></b>

### 9 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:

#### Other payables

After 5 years	<u>1.868.207</u>	<u>547.610</u>
Long-term part	1.868.207	547.610
Other short-term payables	<u>8.666.154</u>	<u>5.875.680</u>
	<b><u>10.534.361</u></b>	<b><u>6.423.290</u></b>

### 10 Contingent assets, liabilities and other financial obligations

#### Rental and lease obligations

Rent obligation	524.900	524.900
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#### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The Company is the management company of the joint taxation Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on royalty and interest payments. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 11 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Turner Broadcasting System Europe Limited, United Kingdom	Parent Company

### 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.

### Consolidated Financial Statements

The Company is included in the consolidated annual report of the Ultimate Parent Company.

<u>Name</u>	<u>Place of registered office</u>
AT&T Inc	Dallas, Texas, United States of America

The Group Annual Report of AT&T Inc may be obtained at the following address:

208 South Akard Street  
Dallas  
TX 75202

# Notes to the Financial Statements

## 12 Accounting Policies

The Annual Report of Turner Broadcasting System Denmark ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Company have in the current year moved up in account class, as the Company previously applied provisions according to accounting class B. Furthermore, effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act.

Moving up in account class medium C, and 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 new and amended presentation and disclosure requirements.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

### 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 AT&T Inc, 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

### Leases

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

All leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

### Translation policies

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.

## Income Statement

### Revenue

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

Income from delivery of services is recognised as revenue as the service is delivered.

### Other external expenses

Other external expenses comprise expenses regarding sale and administration.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses, pensions and social security costs.

### Amortisation, depreciation and impairment losses

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

### Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding debt and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

### 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 Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### 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.

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

Other fixtures and fittings, tools and equipment	3-5	years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the assets or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

### Fixed asset investments

Fixed asset investments consist of deposits. Deposits are measured at cost.

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

### Receivables

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

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

### Prepayments

Prepayments comprise prepaid expenses concerning prepaid cost regarding subsequent financial years.

### 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, including the tax base of tax loss carry-forwards, 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.

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$