

United Production ApS

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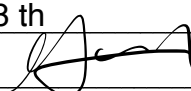
1972 Frederiksberg C

CVR no. 34 72 64 42

Annual report 2020

The annual report was presented and approved at the
Company's annual general meeting

on **May 18 th** 20**21**


chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of United Production ApS for the financial year 1 January – 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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 matters discussed in the Management's review.

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


Frederiksberg, 18th May 2021

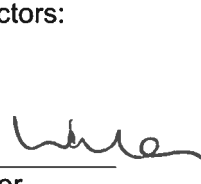
Executive Board:

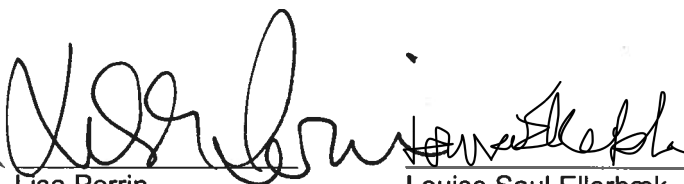

Louise Saul Ellerbæk

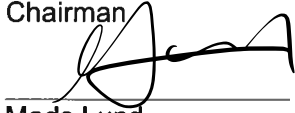

Mads Lund

Board of Directors:


Duncan Walker
Chairman


Lisa Perrin


Louise Saul Ellerbæk


Mads Lund

Independent auditor's report

To the shareholders of United Production ApS

Opinion

We have audited the financial statements of United Production ApS for the financial year 1 January – 31 December 2020, comprising 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 Company's assets, liabilities and financial position 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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.

Independent auditor's report

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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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

Independent auditor's report

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 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.

Copenhagen, 18th May 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Kenn Wolff Hansen
State Authorised
Public Accountant (MNE-no. 30154)

Management's review

Operating review

Principal activities

The objective of the Company is to develop and produce programmes for television and other media as well as related activities.

Development in the Company's activities and financial position

The Company have realized a decreased activity compared to previous year, which in combination with increased administrative expenses have resulted in a profit after tax of DKK 1,911,733 against a profit after tax of DKK 3,890,948 in 2019. The balance sheet at 31 December 2020 shows an equity of DKK 35,232,195. Management considers the Company's financial performance for the year as satisfactory.

Expectations for 2021

As a consequence of the COVID-19 situation, it is expected that the Company's financial result for 2021 will be negatively affected.

Events after the balance sheet date

No significant events have occurred after balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross profit	2	15,184,250	16,583,215
Administrative expenses	2	-12,558,588	-11,638,782
Operating profit		2,625,662	4,944,433
Financial income		85,501	119,983
Financial expenses	3	-253,236	-63,117
Profit before tax		2,457,927	5,101,299
Tax on profit for the year	4	-546,194	-1,110,351
Profit for the year		1,911,733	3,890,948
Proposed profit appropriation			
Retained earnings		1,911,733	3,890,948
		1,911,733	3,890,948

Balance sheet

DKK	Note	2020	2019
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		466,710	568,739
Leasehold improvements		54,708	90,069
		<u>521,418</u>	<u>658,808</u>
Investments			
Deposits		594,703	601,028
		<u>594,703</u>	<u>601,028</u>
Total fixed assets		<u>1,116,121</u>	<u>1,259,836</u>
Current assets			
Receivables			
Trade receivables		2,155,012	8,836,145
Receivables from group entities		6,680,633	7,037,858
Work in progress	6	19,286,849	15,024,784
Corporate tax receivable		505,273	0
Deferred tax asset		221,107	150,154
Prepayments		119,914	94,237
		<u>28,968,788</u>	<u>31,143,178</u>
Cash at bank and in hand		<u>37,916,694</u>	<u>15,136,661</u>
Total current assets		<u>66,885,482</u>	<u>46,279,839</u>
TOTAL ASSETS		<u><u>68,001,603</u></u>	<u><u>47,539,675</u></u>

Balance sheet

DKK	Note	2020	2019
EQUITY AND LIABILITIES			
Equity	7		
Share capital		80,000	80,000
Retained earnings		35,152,195	33,240,462
Total equity		<u>35,232,195</u>	<u>33,320,462</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments received from customers	6	15,156,844	8,497,886
Trade payables		4,316,039	2,176,529
Payables to group entities		1,173,769	88,101
Corporation tax payable		0	115,580
Other payables		12,122,756	3,341,117
		<u>32,769,408</u>	<u>14,219,213</u>
Total liabilities other than provisions		<u>32,769,408</u>	<u>14,219,213</u>
TOTAL EQUITY AND LIABILITIES		<u><u>68,001,603</u></u>	<u><u>47,539,675</u></u>
Contingent assets, liabilities and other financial obligations	8		
Related parties and ownership	9		

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2020	80,000	33,240,462	33,320,462
Profit for the year	0	1,911,733	1,911,733
Equity at 31 December 2020	<u>80,000</u>	<u>35,152,195</u>	<u>35,232,195</u>

Notes

1 Accounting policies

The annual report of United Production ApS for 2020 has been prepared in accordance with the provisions applying to reporting class B entities, with selected of certain provisions from reporting class C under the Danish Financial Statements Act.

The accounting policies applied are consistent with prior year

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which evidence matters existing at the balance sheet date.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company's revenue is not stated.

Gross profit comprises revenue and production cost and other operating income.

Revenue

Income comprising the sale of television productions for large television broadcasters in Denmark and abroad is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

Income for productions which contain several episodes are recognised as the individual episodes are delivered.

Notes

1 Accounting policies (continued)

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating revenue for the year. Such costs include direct and indirect costs, wages and salaries, rent and leases and depreciation on production equipment.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, office premises, office expenses and depreciation.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses on transactions in foreign currencies, etc.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates.

The company is subject to the Danish legislation concerning compulsory joint taxation with ITV Studios Denmark Holdings ApS. United Production ApS is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Notes

1 Accounting policies (continued)

Fixtures and fittings, tools and equipment	3 - 5 years
Leasehold improvements	3 - 5 years

Depreciation is recognised as production costs and administrative expenses in the income statement.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that an individual receivable has been impaired, write-down is made.

Work in progress

Work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion, based on episodes and productions delivered within each individual contract. In cases where invoicing on account exceeds the recognised sales value of a contract, the exceeding amount has been included in current liabilities as part of advance payment from customers.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year (declaration date) is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively.

Notes

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at amortized cost normally equal to net realisable value.

Prepayments

Prepayments comprises payments received in respect of income in subsequent years.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

2 Staff costs

DKK	2020	2019
Wages and salaries	39,591,945	40,425,835
Pensions	919,098	719,636
Other social security costs	381,269	535,029
	<u>40,892,312</u>	<u>41,680,500</u>
Average number of full-time employees	<u>46</u>	<u>56</u>

Staff costs are recognised in the financial statements as follows:

Production costs (gross profit)	34,076,917	36,416,842
Administrative expenses	6,815,395	5,263,659
	<u>40,892,312</u>	<u>41,680,500</u>

3 Financial income

DKK	2020	2019
Interest from group entities	69,742	119,517
Other financial income	15,759	466
	<u>85,501</u>	<u>119,983</u>

4 Tax on profit for the year

DKK	2020	2019
Current tax for the year	617,147	115,579
Deferred tax for the year	-70,953	994,772
	<u>546,194</u>	<u>1.110.351</u>

5 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	3,124,918	213,377	3,338,295
Additions for the year	190,091	0	190,091
Disposals during the year	-45,000	0	-45,000
Cost at 31 December 2020	<u>3,270,009</u>	<u>213,377</u>	<u>3,483,386</u>
Depreciation and impairment losses at 1 January 2020	2,556,179	123,308	2,679,487
Depreciation for the year	266,564	35,361	301,925
Depreciation of disposals	-19,444	0	-19,444
Depreciation and impairment losses at 31 December 2020	<u>2,803,299</u>	<u>158,669</u>	<u>2,961,968</u>
Carrying amount at 31 December 2020	<u>466,710</u>	<u>54,708</u>	<u>521,418</u>

Depreciation for the year is recognised in gross profit in the income statement.

6 Work in progress

DKK	2020	2019
Value of production	49,604,608	58,173,966
Prepayments in total	-45,474,603	-51,647,068
	<u>4,130,005</u>	<u>6,526,898</u>
Recognised as follows:		
Work in progress	19,286,849	15,024,784
Prepayments from customers	-15,156,844	-8,497,886
	<u>4,130,005</u>	<u>6,526,898</u>

7 Equity

The share capital consists of 800 shares of a nominal value of DKK 100 each. No shares carry any special rights.

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

8 Contingent assets, liabilities and other financial obligations

The Company has issued ordinary guarantees concerning the rights of films and ongoing media productions.

The Company's leaseholds has a notice period of 23 months. The rent for the notice periods amounts to DKK 1,646 thousand.

The Company is jointly taxed with other Danish companies in the ITV Group. Together with the other companies in the joint taxation, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation.

9 Related parties and ownership

The Company is a part of the consolidated financial statements of ITV PLC.

The consolidated financial statements of ITV PLC can be obtained at www.itvplc.com

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

ITV Studios Nordic AB