



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 831 193 042
Organisasjonsform: Aksjeselskap
Foretaksnavn: DISCOVERY NETWORKS NORWAY AS
Forretningsadresse: Nydalen allé 37
0422 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Roanne Lea Weekes
Dato for fastsettelse av årsregnskapet: 30.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 12.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	15, 16, 17, 18, 19	1 024 232 617	1 213 545 906
Annen driftsinntekt	15, 16, 17, 18, 19	658 364 050	621 462 254
Sum inntekter		1 682 596 667	1 835 008 160
Kostnader			
Lønnskostnad	2	155 373 005	156 821 899
Avskrivning	3, 4	384 724 798	568 688 816
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3	2 447 503	752 509
Frakt og transportkostnad vedrørende salg		2 875 869	3 294 654
Annen driftskostnad	2, 5	697 224 834	785 091 217
Provisjonskostnad	16, 17, 18, 19	268 008 692	157 935 524
Sum kostnader		1 510 654 701	1 672 584 619
Driftsresultat		171 941 966	162 423 541
Finansinntekter og finanskostnader			
Annen finansinntekt	6	25 382 650	15 344 093
Sum finansinntekter		25 382 650	15 344 093
Annen finanskostnad	6	9 458 134	14 458 237
Sum finanskostnader		9 458 134	14 458 237
Netto finans	6	15 924 516	885 856
Ordinært resultat før skattekostnad		187 866 482	163 309 397
Skattekostnad på ordinært resultat	7	42 011 980	37 150 350
Ordinært resultat etter skattekostnad		145 854 502	126 159 047
Årsresultat		145 854 502	126 159 047



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Overføringer og disponeringer			
Overføringer annen egenkapital	12	145 854 502	126 159 047
Sum overføringer og disponeringer		145 854 502	126 159 047



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker	3	527 048 494	493 318 506
Utsatt skattefordel	7	23 717 995	65 729 975
Sum immaterielle eiendeler		550 766 489	559 048 481
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner ol	4	106 696 953	40 105 454
Sum varige driftsmidler		106 696 953	40 105 454
Finansielle anleggsmidler			
Investeringer i aksjer og andeler	8	52 500	52 500
Sum finansielle anleggsmidler		52 500	52 500
Sum anleggsmidler		657 515 942	599 206 435
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	9	151 714 878	133 399 688
Andre fordringer	10	50 317 122	79 670 685
Konsernfordringer	14	49 481 097	76 393 041
Sum fordringer		251 513 097	289 463 414
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	11	182 089 858	31 188 943
Sum omløpsmidler		433 602 955	320 652 357
SUM EIENDELER		1 091 118 897	919 858 792

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Aksjekapital	12, 13	25 267 905	25 267 905
Overkurs	12	470 901 737	470 901 737
Sum innskutt egenkapital		496 169 642	496 169 642
Opptjent egenkapital			
Annen egenkapital	12	-16 080 213	-161 934 714
Sum opptjent egenkapital		-16 080 213	-161 934 714
Sum egenkapital		480 089 429	334 234 928
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld		7 535 825	8 883 991
Sum annen langsiktig gjeld		7 535 825	8 883 991
Sum langsiktig gjeld		7 535 825	8 883 991
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner			32 077 569
Leverandørgjeld	14	239 861 201	113 784 293
Skyldige offentlige avgifter		35 977 996	13 864 948
Gjeld til ansatte og personlig eiere		74 107 165	110 039 774
Annen kortsiktig gjeld	5, 9	253 547 281	339 050 858
Sum kortsiktig gjeld		603 493 643	576 739 873
Sum gjeld		611 029 468	585 623 864
SUM EGENKAPITAL OG GJELD		1 091 118 897	919 858 792



Skattedirektoratet

Saksbehandler
Torstein Kinden Helleland

Deres dato
09.11.2015

Vår dato
09.11.2015

Telefon
22078139

Deres referanse
SBR

Vår referanse
2015/1068185

13 NOV. 2015

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS
Postboks 748 Sentrum
0106 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 9. november 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Discovery Networks Norway AS org. nr. 831 193 042
Discovery Networks Norway Holding AS org. nr. 957 193 218
Discovery Communications Nordics Aps org. nr. 988 671 975
The Voice TV Norge AS org. nr. 993 898 333

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Selskapene er i samme konsern og er helheiet av det amerikanske morselskapet Discovery Communications Inc. Alle selskap i konsernet er av det amerikanske morselskapet pålagt å utarbeide årsregnskapet og årsrapporten på engelsk. Selskapene opererer i en internasjonal bransje og mye av kommunikasjon foregår på engelsk. Selskapenes finansiering er basert på konserninterne lån. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse	Besøksadresse:	Sentraltbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr. 996250318	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 08 60



"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er en del av et utenlandsk konsern og er eiet av et utenlandsk selskap. Eierkretsen er begrenset. Selskapene opererer i en internasjonal bransje og mye av kommunikasjon foregår på engelsk. Videre er det vektlagt at selskapenes finansiering er basert på konserninterne lån.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



To the General Meeting of Discovery Networks Norway AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Discovery Networks Norway AS, which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, 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.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - Discovery Networks Norway AS



Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 June 2021
PricewaterhouseCoopers AS

(2)



Independent Auditor's Report - Discovery Networks Norway AS



Eivind Nilsen
State Authorised Public Accountant
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Nilsen, Eivind	BANKID_MOBILE	2021-06-30 22:46

This document package contains:

- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



This file is sealed with a digital signature.
The seal is a guarantee for the authenticity
of the document.



Discovery Networks Norway AS

Annual report 2020

Board of directors' report

Annual accounts

- Income statement**
- Balance sheet**
- Cash flow statement**
- Notes**

Auditors' report



Discovery Networks Norway AS

Annual report 2020

Discovery networks Norway AS

(org.nr: 831 193042)

Business: Television broadcasting (Fjernsynskringkasting)

Board of directors' report

About the Company

Discovery Networks Norway AS operates linear TV channels broadcasted into Norway under UK Ofcom licenses and owns the television channel known as TV Norge. This also includes the television channels FEM, MAX, VOX, Discovery, TLC, Eurosport Norge and Eurosport 1. Furthermore, the Company's activities consist of ad sales and sales of sponsorships. Moreover, the Company supports the digital streaming services provided by Dplay Entertainment Ltd. directly to end users.

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

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

Development in the year

The results for 2020 are in line with management's expectations. 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.

Over the past few years, the Norwegian market, alongside the rest of the Nordic region, has experienced a shift from linear viewing to digital viewing and OTT 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 profit levels in the following years compared to 2020.

Financial review

The total revenue amounts of the Company decreased in 2020 compared to the result of the previous year. The operating amounts to NOK 1,682,596,667 compared to NOK 1,835,008,160 in 2019. Also, the operating costs decreased from NOK 1,672,584,619 in 2019 to NOK 1,510,654,701 in 2020. While the operating result amounts to NOK 171,941,966 compared to NOK 162,423,541 in 2019.

The ordinary result of the year before tax increased to NOK 187,866,482 compared to NOK 163,309,397 in 2019.

The result of cash flow from operation activities amounts to NOK 668,024,768 compared to NOK 850,985,196 in 2019.

Liquid reserves at the close of 2020 were NOK 182,089,858 compared to NOK 31,188,941 at end of 2019.

At the end of 2020 the total equity stood at NOK 480,089,428, an increase of NOK 145,854,503 from the previous year.



Discovery Networks Norway AS

Ownership

Per December 31, 2020 Discovery Networks Norge Holding AS owns 100 percent of the Company.

Events after the financial year

On May 17, 2021, the Company 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.

The Company 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.

Risks affecting the company's productivity

- *Financial risk*
A risk that the Norwegian TV market is facing, much like the rest of the Nordic region, is the continuing decline of PUT levels. Such a decline is likely to negatively impact the revenue streams of the business.
- *Credit risk*
The Company has no significant concentration of credit risk and follows the Discovery Group policy with respect to credit risk associated with trade debtors. Financial instruments, loans and deposits are subject to pre-approval by an intermediate parent company and such approval is limited to suitably rated banks and financial institutions.
- *Liquidity risk*
The Company participates in the multicurrency notional cash pooling system maintained with Bank Mendes Gans NV, the Netherlands and may borrow from its account up to the limit of the net credit funds in the system. However, should there be a net borrowed position at any stage, the Discovery Group would immediately borrow under its syndicated committed revolving credit facility to fund the cash pool deficit.

Organization



Discovery Networks Norway AS

Gender equality

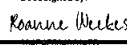
The Board of Directors of a subsidiary of Discovery, Inc. is responsible for the company's strategy and to ensure that its activities correspond to the goals of Discovery, Inc.

Presently, the Board of Directors comprises of seven individuals; four men and three women. Thus, the composition of the Board of directors is compliant with the regulation subject to equal gender Representation.

Environmental focus

From an external point of view, Discovery Networks Norway is focused to produce and broadcast programs about the extreme conditions for the wildlife around the globe to educate the world's population and to protect endangered species. From an internal point of view the Company is working to initiate more awareness on our environmental work within the organization. Time is spent to ensuring that only necessary resources are used at the facilities (offices and broadcasting facilities), reduce waste of food and drinks and limits Travel (business travel (including air, rail and road travel) and hotel stays) to the extent possible.

30 June 2021
Oslo

DocuSigned by:

Roanne Weekes
Chairman

DocuSigned by:

Qaisar Rafique
Board member

DocuSigned by:

Espen Skotland
Board member

DocuSigned by:

Stian Andresen Lindås
Board member

DocuSigned by:

Henrik Stobbe
Board member

DocuSigned by:

Astri Beathe Lundberg
Board member

DocuSigned by:

Karina Storstein
Board member

Discovery Networks Norway AS

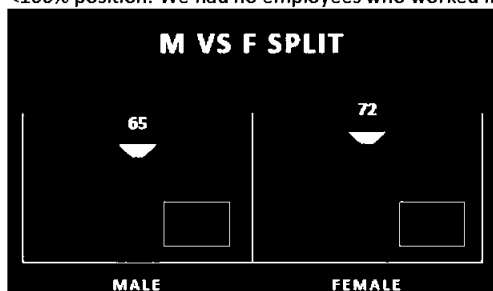
Gender equality, diversity, and discrimination:

Discovery Networks Norway (DNN) continuously works to ensure that our employees and applicants receive equal opportunities that are non-biased through our processes and policies that are in line with the Norwegian Equality and Anti-Discrimination Act.

In 2020 Discovery Networks Norway hired 11 employees and out of these, 5 (45%) had a culturally diverse background. Our process follows the qualification principle, which means that we hire the most qualified candidate, in addition to promoting equality and preventing discrimination. We have actively worked to increase the diversity of our applicant pool by demanding a non-discriminatory recruitment process by our external recruitment team. Going forward we will continue to improve and add to our recruitment process to increase diversity and inclusion.

One of DNN's strategic priority is the focus on diversity & inclusion. In 2020 we entered into a partnership with Haugerud junior high school situated in the borough Alna, which is one of the most diverse boroughs in Norway, through Corporate Good. The purpose of the collaboration is to inspire youth with a culturally diverse background to choose the media industry as their future workplace and for us as a Company to understand their current perspectives on our industry and the content we provide. DNN have regular visits with the school creating focus groups and giving the students current situational and interactive tasks that give them a sneak-peek into our Company. Our aim is also to increase the diversity in the media industry both on-screen and off-screen. This is done by learning from a younger and more culturally diverse group, in addition to informing and encourage the children to seek higher education and find their passions within the media industry. The partnership is continuing in 2021. Additionally, we are implementing compulsory unconscious bias training for everyone in the business at the start of 2021, to create a shared world view that is equitable and fair for all.

At the end of 2020, there were 137 employees hired in DNN. The average age of the employees was 42 years old and we had a higher female population (53%). 94% were in a permanent position and 4% hired on a <100% position. We had no employees who worked involuntarily in part-time positions.



<u>Employees in part-time positions</u>		
	Full time	Part time
Male	64	1
<u>Temporary employees</u>		
	Permanent	Temporary
Male	62	3
Female	67	5

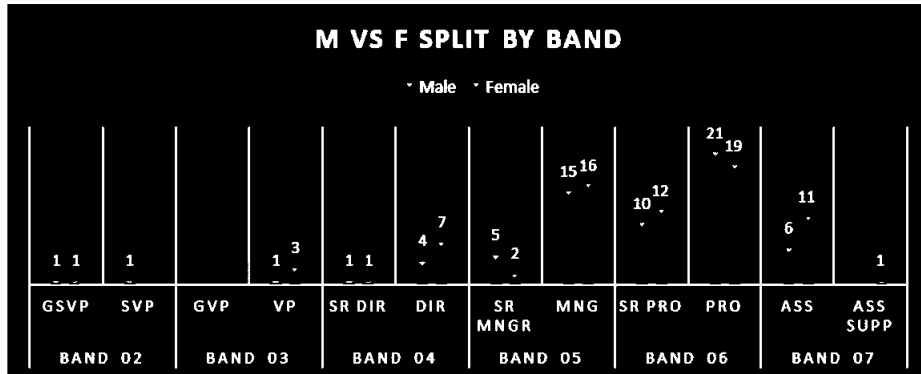
Discovery continually review their compensation structure to ensure it is robust and fair, with a career and pay framework that is consistent and free from bias to promote high standards of work performance and maintain market competitiveness. It provides flexibility to assist in the recognition of unique and varying organizational needs, issues and competitive markets within each business segment across Discovery.

The analysis for assessing whether there is any pay or benefits bias towards either gender, shows a pay gap on average 12,78% and median of 15,90%. The overall pay gap is defined as the difference between the average/median male salary and average/median female salary, expressed as a percentage proportion of the average/median male salary. Median calculations have been applied as well as the average as the median is typically a more representative figure where there could be variation on pay (for example a small handful of



Discovery Networks Norway AS

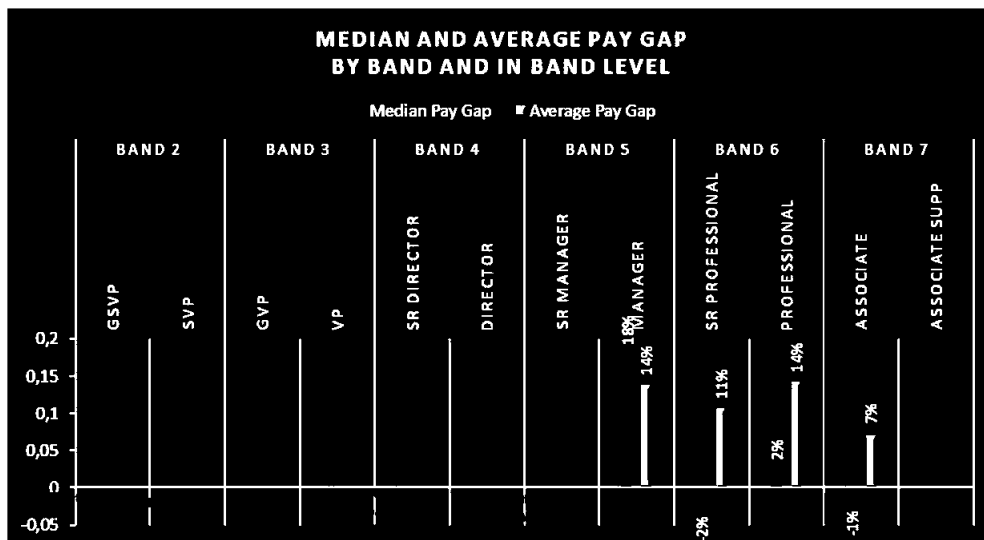
highly paid individuals).



Employees have been grouped according to Discovery’s internal global banding structure – a consistent framework defined by clear levelling guidelines.

Banding of all positions is undertaken in a structured and objective manner with consideration to comparable external market data and internal level of responsibility of the post. Job banding procedures and guidelines are applied consistently, to ensure fair and equitable treatment for compensation of all positions.

A band represents the compression of multiple job titles into a broadly defined occupational group linked by similar labour markets, key responsibility areas, and specific competencies that represent the knowledge, skills, accountability and general work behaviour that contribute to success in the job.



The table shows the difference between female and male pay based on base pay (the full-time equivalent). At Discovery the bonus targets are consistent based on band and therefore excluded for the analysis. All benefits are offered consistently to employees at every level and therefore excluded from the analysis. The table only shows the groups where there is a minimum of five representatives of each gender.



Discovery Networks Norway AS

One area that stands out is the middle management populations. This could be due to not having taken length of service and field of expertise into account during our analysis. However, we are aware of the differences in pay at the individual job level, and work actively to ensure the principle of equal pay through our annual health checks, which analyses and reviews promotions, salary increases, equity grants and new hires.

In 2020 there was 60% women in leadership positions. DNN's wage policy has established guidelines and processes for equal pay. By this we can see from the analysis that there is little difference between women and men at these levels.

All employees at DNN have flexible working hours and can decide for themselves when in the day working hours are placed within the framework of the flexitime agreement. The scheme facilitates that employees can combine work and family life. We emphasize good dialogue between manager and employee to find good and practical solutions for the individual. For example, during pregnancy the individual is offered, among other things, ergonomic equipment, exceptions from core time and facilitated work tasks. The number of weeks of parental leave was 88 weeks for men and 206 weeks for women. These figures only show the number of weeks of parental leave in 2020 and not the total number of weeks of leave taken by the individual employee.

In 2021 DNN will improve their succession planning for executive and key positions with diversity in mind. This will provide the business with better tools to assess competency within the organisation and work systematically to develop women and individuals with diverse backgrounds for more senior positions. Career development is further done in collaboration with the employee's wishes for professional and personal development. Through normal work performance/learning on the job, external courses/seminars and our Learning & Development team who provide internal courses on a variety of topics, all employees are given opportunities to develop their professional competence. Additionally, in 2021 DNN is implementing a Remote Work Policy, which will make it easier for our employees to be flexible regarding how they work and where they work. Being part of a new environment promotes the development of professional and cultural competence as well as insight into and understanding of the diversity in the organisation.



Discovery Networks Norway AS

Income statement

	Note	2020	2019
Revenue			
Sales revenue	15, 16, 17, 18, 19	1 024 232 617	1 213 545 906
Other operating income	15, 16, 17, 18, 19	658 364 050	621 462 254
Total revenue		<u>1 682 596 667</u>	<u>1 835 008 160</u>
Operating expenses			
Payroll expenses	2	155 373 005	156 821 899
Depreciation and amortization	3, 4	384 724 798	568 688 816
Impairment	3	2 447 503	752 509
Distribution costs		2 875 869	3 294 654
Other operating expenses	2, 5	697 224 834	785 091 217
Services from group companies	16, 17, 18, 19	268 008 692	157 935 524
Total operating expenses		<u>1 510 654 701</u>	<u>1 672 584 619</u>
Operating result		<u>171 941 966</u>	<u>162 423 541</u>
Financial income and expenses			
Other financial income	6	25 382 650	15 344 093
Other financial expenses	6	9 458 134	14 458 237
Net financial items		<u>15 924 516</u>	<u>885 856</u>
Ordinary result before tax		<u>187 866 482</u>	<u>163 309 397</u>
Tax on ordinary result	7	<u>42 011 980</u>	<u>37 150 350</u>
Net profit or loss for the year		<u>145 854 502</u>	<u>126 159 047</u>
Allocated as follows			
Transferred to other equity	12	<u>145 854 502</u>	<u>126 159 047</u>



Discovery Networks Norway AS

Balance sheet as of December 31

	Note	2020	2019
Fixed assets			
<i>Intangible assets</i>			
Concessions, patents, licenses, trade marks and similar rights	3	527 048 494	493 318 506
Deferred tax asset	7	23 717 995	65 729 975
Total intangible assets		<u>550 766 489</u>	<u>559 048 481</u>
<i>Tangible assets</i>			
Fixtures and fittings, tools, office machinery etc.	4	106 696 953	40 105 454
Total tangible assets		<u>106 696 953</u>	<u>40 105 454</u>
<i>Financial assets</i>			
Investments in shares and units	8	52 500	52 500
Total financial assets		<u>52 500</u>	<u>52 500</u>
Total fixed assets		<u>657 515 942</u>	<u>599 206 435</u>
Current assets			
<i>Receivables</i>			
Accounts receivable	9	151 714 878	133 399 688
Receivables with other group companies	14	49 481 097	76 393 041
Other receivables	10	50 317 122	79 670 685
Total accounts receivable		<u>251 513 097</u>	<u>289 463 414</u>
Cash and cash equivalents	11	182 089 858	31 188 943
Total current assets		<u>433 602 955</u>	<u>320 652 357</u>
Total assets		<u>1 091 118 897</u>	<u>919 858 792</u>



Discovery Networks Norway AS

Balance sheet as of December 31

	Note	2020	2019
Equity			
<i>Paid-in capital</i>			
Share capital	12, 13	25 267 905	25 267 905
Share premium reserve	12	470 901 737	470 901 737
Total paid-in capital		<u>496 169 642</u>	<u>496 169 642</u>
<i>Retained earnings</i>			
Other equity	12	<u>(16 080 213)</u>	<u>(161 934 714)</u>
Total retained earnings		<u>(16 080 213)</u>	<u>(161 934 714)</u>
Total equity		<u>480 089 429</u>	<u>334 234 928</u>
Liabilities			
<i>Other long-term liabilities</i>			
Other long-term liabilities		<u>7 535 825</u>	<u>8 883 991</u>
Total other long-term liabilities		<u>7 535 825</u>	<u>8 883 991</u>
<i>Current liabilities</i>			
Accounts payables		17 876 666	29 714 072
Liabilities with other group companies	14	221 984 535	84 070 221
Public duties payable		35 977 996	13 864 948
Short term content payable		74 107 165	110 039 774
Other short-term liabilities	5, 9	<u>253 547 281</u>	<u>339 050 858</u>
Total current liabilities		<u>603 493 643</u>	<u>576 739 873</u>
Total liabilities		<u>611 029 468</u>	<u>585 623 864</u>
Total equity and liabilities		<u>1 091 118 897</u>	<u>919 858 792</u>

30 June 2021

Oslo

DocuSigned by:

Roanne Weekes
Chairman

DocuSigned by:

Qaisar Rafique
Board member

DocuSigned by:

Espen Skoland
Board member

DocuSigned by:

Stian Andresen Lindås
Board member

DocuSigned by:

Henrik Stobbe
Board member

DocuSigned by:

Astri Beathe Lundberg
Board member

DocuSigned by:

Karina Storstein
Board member



Discovery Networks Norway AS

Cash flow statement 01.01-31.12

	Note	2020	2019
Cash flow from operating activities			
Profit/(loss) before tax		187 866 482	163 309 397
Loss on disposal of fixed assets		0	374 913
Impairment losses	3	2 447 503	752 509
Depreciation tangible assets	4	5 191 840	4 833 502
Amortization intangible assets	3	379 532 958	563 102 861
Changes in trade receivables and trade payables		134 673 662	217 718 929
Changes in other current balance sheet items		(41 687 677)	(99 106 913)
Net cash flow from operating activities		<u>668 024 768</u>	<u>850 985 198</u>
Cash flow from investing activities			
Purchase of tangible fixed assets	4	(71 783 339)	(34 187 979)
Purchase of intangible assets	3	(413 262 944)	(564 252 297)
Net cash flow from investing activities		<u>(485 046 283)</u>	<u>(598 440 276)</u>
Cash flow from financing activities			
Short term loans bank		(32 077 569)	(719 339 861)
Paid-in capital		0	471 136 737
Net cash flow from financing activities		<u>(32 077 569)</u>	<u>(248 203 124)</u>
Net change in cash and cash equivalents		150 900 915	4 341 798
Cash and cash equivalents at 01.01		<u>31 188 943</u>	<u>26 847 145</u>
Cash and cash equivalents at 31.12		<u>182 089 858</u>	<u>31 188 943</u>



Discovery Networks Norway AS

Notes to the accounts for 2020

Note - 1 Accounting Principles

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles.

Sales revenue

Revenue comprises advertising revenues, net of all discounts and agency commissions. Revenue is recognized in the period in which the advertisement is seen or the programme broadcasted. Revenue is earned in Norway.

Other operating income

Other operating income mainly consists of distribution revenues. This is income that is based in royalty statements from distributors and will be recognized in the month in which they are earned. As the statements are received in arrears, the income recognized for the last month is an estimate. The income is earned in Norway.

Barter transactions

Barter agreements are recognized and expensed as the Parties to the agreement use the contracted services.

Balance sheet classification

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long-term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Fixed assets are valued by the cost of acquisition, in the case of non-incident reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

Investment in subsidiaries and other shares are accounted for at cost less, where appropriate, provisions for impairment.

Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments.

Foreign currency translation

Monetary items in bank with foreign values are valued at the rate of exchange on the date of the balance sheet if they are not included in a hedge position. Transactions posted in foreign values are converted at the transaction rate, if they are not secured. Currency gains or losses for non-secured transactions are presented as other financial income or expenses.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all Property, plant and equipment on a straight-line basis over its expected useful economic life.



Discovery Networks Norway AS

Notes to the accounts for 2020

Intangible assets

Intangible assets consist of acquired and commissioned television content.

Intangible assets are impaired if identified as surplus to company's requirements, and no gain is anticipated through a disposal of the rights, or where the content will not be broadcast for any other reason.

Company has changed the stocks amortization model related to content rights, effectively from January 2020, from run-based to time-based. This is an accounting estimate change.

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.

Pensions

The company has a defined contribution scheme. With a defined contribution plan the company pays contributions to an insurance company. After the contributions has been made the company has no further commitment to pay. The contribution is recognized as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balance out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term highly liquid placement with original maturities of three months or less.



Discovery Networks Norway AS

Notes to the accounts for 2020

Note 2 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

<i>Wage costs</i>	2020	2019
Salaries	126 833 587	122 894 780
Payroll tax	18 822 844	19 960 780
Pension costs	5 995 499	6 612 775
Other payments	3 721 075	7 353 564
Total	<u>155 373 005</u>	<u>156 821 899</u>

The total number of employees in the company during the year: 122

A restricted stock unit entitles the employee to receive a specific number of shares of the Company's Series A common stock at a future date, if it satisfies conditions of the Plan and the implementing agreement.

The Company's general program to offer equity and equity-type awards to eligible employees is referred to as the Performance Equity Program ("PEP").

Shares are being provided to some employees which can be vested or sold by employees at some given time and through the payroll report in the local entity Discovery Norway taxation is being paid.

Management remuneration

	General manager
Salary	4 124 859
Bonus	1 806 488
Pension cost	404 502
Other remuneration	898 670

No loans/securities have been granted to the general manager, chairman of the board or other related parties. Regarding the employee bonus scheme, the bonus is paid out in the first quarter of the following year. All bonus payments to the CEO in 2020 are included in the amount "Bonus Paid". All gains are managed in accordance with Norwegian tax regulations.

There was no remuneration paid to the board during 2020.

Discovery Networks Norway AS has a contributory pension plan. The annual premium in 2020 was 6.0 percent of income between 1 and 6 G and 6.0 percent between 6 and 12G. It is a requirement for each employee to be employed for more than a year in order to retain the contributions in the event of resignation. The pension plan for Discovery Networks Norway AS meets the statutory requirements regarding mandatory occupational pensions.

Auditor fee has been divided as follows

	2020	2019
Audit fee	1 203 000	1 150 000

VAT is not included in the figures of auditor's fee.



Discovery Networks Norway AS

Notes to the accounts for 2020

Note 3 - Intangible assets

	Content	AUC	Total
Acquisition cost at 01.01.	1 567 661 037	227 417 418	1 795 078 455
Purchased intangibles	286 274 395	126 988 549	413 262 944
Transfers	201 872 657	(201 872 657)	0
Acquisition cost at 31.12.	2 055 808 089	152 533 310	2 208 341 399
Acc.amortization at 31.12.	(1 681 292 905)	0	(1 681 292 905)
Net carrying amount at 31.12.	374 515 184	152 533 310	527 048 494
Amortization for the year	379 532 958	0	379 532 958
Impairment for the year	2 447 503		2 447 503
Useful economic life	0-4 years		
Amortization plan	Linear		

Note 4 - Tangible assets

	Furniture	Plant and equipment	Film and edit equipment	Leasehold improvements	Asset under construction	Total
Acquisition cost 01.01.	9 167 369	16 506 158	18 871 975	8 429 891	33 972 025	86 947 418
Purchased tangibles	32 727 282	4 466 007	121 559	2 254 205	32 214 286	71 783 339
Transfers	31 787 280	558 121	1 074 999	0	(33 420 400)	0
Acquisition cost 31.12.	73 681 931	21 530 285	20 068 532	10 684 096	32 765 911	158 730 755
Acc.depreciation 31.12.	(10 116 980)	(17 146 517)	(16 502 166)	(8 268 138)	0	(52 033 802)
Net carrying amount at 31.12.	63 564 951	4 383 768	3 566 366	2 415 958	32 765 911	106 696 953
Depreciation for the year	1 239 788	1 693 777	1 705 550	552 725	0	5 191 840
Useful economic life	3 years	5 years	3 years	5 years	N/A	
Amortization plan	Linear	Linear	Linear	Linear		



Discovery Networks Norway AS

Notes to the accounts for 2020

Note 5 - Lease, operational and programme obligations

The Company has entered into long-term commercial lease agreements. These leases have an average duration of between 7 and 10 years. The future minimum payable falling due within one year is NOK 9 237 442 and between 2 and 5 years NOK 46 900 337.

Operational Lease

	1 year	2-5 years	Total
Leasing Cars	524 651	46 096	570 747
RoU Operating Lease	8 712 791	46 854 241	55 567 032
Total	9 237 442	46 900 337	56 137 779

Programme Obligations (TNOK)

	2021	2022	Total
Content Commitments	511 870	0	511 870

Note 6 - Financial items

	2020	2019
<i>Financial income</i>		
Foreign currency exchange gains	25 216 822	15 062 410
Interest income	165 828	281 683
Total financial income	25 382 650	15 344 093
<i>Financial costs</i>		
Foreign currency exchange losses	8 416 373	10 861 670
Interest costs	988 398	3 552 282
Bank charges	53 363	44 285
Total financial costs	9 458 134	14 458 237



Discovery Networks Norway AS

Notes to the accounts for 2020

Note 7 - Income taxes

<i>Income tax expenses</i>	2020	2019
Change in deferred tax	42 011 980	37 150 350
Total income tax expense	<u>42 011 980</u>	<u>37 150 350</u>
<i>Tax base estimation</i>	2020	2019
Ordinary result before tax	187 866 482	163 309 397
Permanent differences	3 097 067	5 555 830
Changes in temporary differences	(65 433 265)	(38 679 314)
Carried forward loss/ used loss	<u>(125 530 284)</u>	<u>(130 185 913)</u>
Tax base	<u>0</u>	<u>0</u>
<i>Temporary differences outlined</i>	2020	2019
Fixed assets	4 853 898	(9 018 921)
Accounts Receivable	(5 185 323)	(3 005 753)
Accruals	(44 826 570)	(85 566 583)
Accrued invoice	0	(13 000 000)
Total	<u>(45 157 995)</u>	<u>(110 591 257)</u>
Carried forward loss	<u>(62 651 070)</u>	<u>(188 181 354)</u>
Net temporary differences as of 31.12	<u>(107 809 065)</u>	<u>(298 772 611)</u>
Deferred income tax asset (22%)	(23 717 995)	(65 729 974)
<i>Effective tax rate</i>	2020	
Expected income taxes, statutory tax rate 22%	41 330 626	
Effect of permanent differences	681 354	
Income tax expense	<u>42 011 980</u>	
Effective tax rate	22,4 %	

*) Tax expense in relation to ordinary result before tax



Discovery Networks Norway AS

Notes to the accounts for 2020

Note 8 - Shares in other companies

Company	Ownership	Number of shares	Acquisition cost	Book value
Norsk Telegrambyrå AS	0,20%	50	52 500	52 500

Note 9 - Accounts receivable and other current liabilities

Account receivable includes a provision for doubtful accounts as of 31.12.2020 of NOK 6 125 431 (2019: NOK 3 497 638). Established losses in 2020 amounted to NOK 3 569 204 (2019: NOK 2 882 144).

Accounts receivable fall due within one year. Discovery Networks Norway AS is in negotiations with music rights holder concerning the costs associated with the playback of music. The outcome of the negotiations is somewhat uncertain and there has been an accrual made based on best estimates and reported under other current liabilities.

Note 10 - Other receivables

Other receivables include prepaid program rights of NOK 1,6 million (2019: 5,5 million).

Note 11 - Bank deposit

Restricted bank deposits (payroll tax withholdings) at end of the year	2020 6 930 038
--	--------------------------

Note 12 - Owners equity

	Share capital	Share premium reserve	Other equity	Total
Owners equity 01.01.20	25 267 905	470 901 737	(161 934 714)	334 234 928
Profit for the year	0	0	145 854 501	145 854 501
Owners equity 31.12.20	25 267 905	470 901 737	(16 080 213)	480 089 429



Discovery Networks Norway AS

Notes to the accounts for 2020

Note 13 - Share capital and shareholder information

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	537 615	47 kr	25 267 905

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
Discovery Networks Norge Holding AS	537 615	100 %	100 %

There is only one class of shares. Each share has equal voting rights.

Related party	Domicile	Basis for control
Discovery Communication Inc.	1 Discovery Pl, Silver Spring. MD 20910, USA	Ultimate Parent

Discovery Networks Norway Holding AS and Discovery Networks Norway AS are consolidated in the Group financial statements if Discovery Communications Inc. The consolidated financial statements can be obtained from the corporate website: <http://ir.corporate.discovery.com>

Business Address for Discovery Networks Norway AS is: Nydalen allé 37, 0422 Oslo.



Discovery Networks Norway AS

Notes to the accounts for 2020

Note 14 - Intercompany balance group company and associate

<i>Receivables</i>	2020	2019
Eurosport SAS	1 160 237	1 181 220
Dplay Entertainment Limited	28 673 476	14 541 641
Discovery Communication Europe Ltd	0	43 286 691
Discovery Corporate Services Limited	16 751 230	16 407 471
Discovery Golf, Inc.	2 896 154	923 238
Eurosport Norge AS	0	52 780
Total	<u>49 481 097</u>	<u>76 393 041</u>

<i>Payables</i>	2020	2019
Discovery Networks Denmark ApS	17 995 021	5 368 242
The Voice Norway	102 744	102 744
Discovery Communications International, Ltd	49 845	594 637
Discovery Networks Norge Holding AS	33 904 386	33 904 383
Discovery Networks Sweden AB	42 211 538	44 100 214
Discovery Communication Europe Ltd	127 721 001	0
Total	<u>221 984 535</u>	<u>84 070 220</u>

Note 15 – Sales revenue

<i>Geographical split</i>	2020	2019
Great Britain	207 752 221	308 348 905
Norway	1 024 232 617	1 213 545 906
Total	<u>1 231 984 838</u>	<u>1 521 894 811</u>

Note 16 - Intercompany transactions

<i>Services to (-)/ from (+) group companies</i>	2020	2019
Discovery Communication Europe Ltd	149 985 497	298 494 465
Discovery Corporate Services Limited	260 922	7 307 734
Dplay Entertainment Limited	55 415 415	6 069 637
Discovery Nw Sweden AB	0	(930 519)
Discovery Golf, Inc.	2 090 387	966 821
Discovery Networks Norge Holdings AS	0	(102 745)
Total	<u>207 752 221</u>	<u>311 805 393</u>



Discovery Networks Norway AS

Notes to the accounts for 2020

Note 17 - FEM, MAX and VOX channels

One of the sister companies of Discovery Network Norway AS, Discovery Networks Northern Europe Ltd, which is located in London, started the FEM channel in September 2007, the MAX channel in 2010 and the VOX channel in January 2012. During 2016, the business of Discovery Networks Northern Europe Ltd was dissolved and its business activities transferred to Discovery Communications Europe Ltd. These channels were broadcasted from London under the Ofcom regulations, but targeted the Norwegian market. Broadcasts from London were justified by the fact that the owner of Discovery Networks Norway AS, Discovery Communications Inc., has a broadcasting center in London.

From the administrative and editorial perspectives, FEM, MAX and VOX are controlled by Discovery Communications Europe Ltd. This Company simultaneously purchased services from Discovery Networks Norway AS. This included inter alia, advertising sales, analyses services and contract management associated with the Norwegian market, as well as some administrative services. The services are priced under commercial terms.

Under intercompany agreements a portion of the profit from the FEM, MAX and VOX channels is recognized in the accounts for Discovery Networks Norway AS.

Note 18 - TLC and Discovery companies

These channels are operated by Discovery Communication Europe Ltd in London. Sales and marketing is outsourced to Discovery Networks Norway AS. Total income less administrative costs is recognized as a profit share in the financial statements for Discovery Network Norway AS.

Note 19 - Eurosport Norge and Eurosport 1

Eurosport Norge and Eurosport 1 are operated by Discovery Communications Europe Ltd in London. Discovery Network Norway AS facilitates sales of advertising as well as contributes locally acquired content to be aired on these channels. Under intercompany agreements, a portion of the revenues from channels is allocated to Discovery Networks Norway AS based on the rating related to local content provided by Discovery Networks Norway AS vs. Pan-European content.

Revenue earned by Discovery Networks Norway related to these channels amounted to NOK 316 170 349 in 2020 (2019: NOK 425 243 146) and is recognized in other operating income in the financial statements of Discovery Networks Norway AS.



Discovery Networks Norway AS

Notes to the accounts for 2020

Note 20 - Events after the balance sheet date

On May 17, 2021, the Company 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.

The Company 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.