

**DLG Acquisitions Limited**

*Registered Company Number: 09023753*

**Report and financial statements**

**For the year ended 31 December 2020**

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DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

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## **Company information**

### **Directors**

S Freer  
R Leighton  
M Graboff  
B Mann  
B Campbell  
A Jackson  
K Kieli (Appointed 4 March 2021)  
A Salvato (Appointed 4 March 2021)

### **Company secretary**

A McMullen

### **Independent auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### **Registered office**

Berkshire House  
168-173 High Holborn  
London  
WC1V 7AA

**Registered number** 09023753

DLG Acquisitions Limited

Report and financial statements for the year to 31 December 2020

## Strategic report

The directors present their strategic report and the audited consolidated financial statements for DLG Acquisitions Limited and its subsidiaries ("the Group", "we" or "our") for the year ended 31 December 2020.

DLG Acquisitions Limited ("the Company") is a joint venture equally and ultimately owned by Discovery Inc. and Liberty Global plc. The Company acquired All3Media Holdings Limited which operates the All3Media production and distribution business ("All3Media") in September 2014.

All3Media is a leading creator of quality content with an unparalleled global reputation. The Group brings together top creative talent to produce world class television, film and digital content, in an ever-evolving media landscape. The Group's production companies are based in the UK, US, Germany, the Netherlands and New Zealand and its distribution business has a global reach.

All3Media produces a well-balanced genre mix of programmes with new titles such as Des, The Nest, The Deceived, Penance, The Spanish Princess, The Hustler, Elephant Hospital, 12 Dates of Christmas and Dream Horse backed up by 73 returning shows including internationally renowned brands such as Midsomer Murders, Call the Midwife, Gogglebox, Gold Rush, Berlin Day & Night, Shortland Street and The Circle.

All3Media has its own international distribution company, All3Media International Limited, distributing television programmes and formats to more than 200+ territories. All3Media International has over 15,000 hours of content in its catalogue and represents third-party producers together with All3Media's own production companies.

### Introduction

2020 has been an exceptional year for television production companies with considerable disruption caused by lockdowns in several jurisdictions. The impact has been seen in both revenue and profit as programme delivery has slipped in 2021. Our focus, throughout the pandemic, has been on staff welfare and included enhanced staff support and appropriate technology to support home working. The group has worked with funding partners, trade bodies, broadcasters and accessed the Government Film and TV Production Restart Scheme to manage and de-risk production to enable us to deliver high quality programmes, ensuring safety and well-being. We acted quickly to mitigate the impact of the production hiatus by implementing salary sacrifice, recruitment and pay freezes, 'self-funded' furlough and reductions in hours and bonuses.

### Financial Summary

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Revenue	656.4	744.8
EBITDA excluding the effect of IFRS 16*	43.1	84.3
EBITDA including the effect of IFRS 16*	57.5	94.1
Cash generated from operations	83.1	57.9

\* EBITDA is operating profit from continuing operations before interest, tax, depreciation, amortisation, exceptional items including one-off costs of redundancy, transactional costs, payments related to deferred consideration and put and call options, and results of discontinued operations, but including results of joint ventures and associates (see note 5).

### Financial and business highlights

- The Group delivered revenue of £656.4m and EBITDA of £57.5m in the year to 31 December 2020.
- The Group produced over 3,000 hours of programming, including 73 returning shows, and distributed in over 200 territories.
- The Group maintained its position as the UK market leader by production revenue and once again topped the Broadcast Indie Survey.
- The Group delivered a number of key programmes including Hollyoaks, The Circle, Gold Rush, Chrisley Knows Best, Call the Midwife, Berlin Day & Night, Shortland Street, The Nest, The Spanish Princess series 2, Des, The Cube and Lingo.
- The Group's distribution arm, All3Media International, maintained its position in the Broadcast peer poll for the 3<sup>rd</sup> year in a row.
- The Group continues to develop its relationships with the SVOD platforms and is now a key provider of programming to main global SVOD players.

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## Strategic report (continued)

- The Group now comprises 45 production labels and during the year to 31 December 2020 launched and invested in the following:
  - acquired 100% of Silverback Films Limited, which produces world class landmark natural history. Recent series and films include Our Planet for Netflix, Penguins, Dolphin Reef and Elephant for Disney+, The Hunt for BBC and the theatrical release David Attenborough: A Life on Our Planet. Silverback's latest five-part series, A Perfect Planet aired on BBC1 and Discovery.
  - acquired 50% of Studio Silverback Limited, a new production outfit which is a sister company to Silverback Films Limited, on a mission to use the power of film-making and story-telling to reveal the urgent truth of our changing planet to a global audience.
  - Little Dot Studios Limited acquired 50.1% of Wing Limited, a producer specialising in sport, creating branded content for clients including the International Olympics Committee, The America's Cup, Formula 1, Coca-Cola, Hugo Boss and McLaren.
  - Little Dot Studios Limited acquired 73.0% of Hit Networks Limited, a podcast network called History Hit, led by broadcaster Dan Snow.

### Principal activities and review of the business

The principal activity of the Group is the production and distribution of television programmes. The principal activity of the Company is as the holding company of various All3Media production and distribution companies. The directors do not anticipate any changes in those activities over the coming year.

The Group's EBITDA is £57.5m for the year to 31 December 2020 (2019: £94.1m).

The Group net debt was £602.3m as at 31 December 2020 (£554.3m as at 31 December 2019). The currency denominations of the debt (refer to note 20) reflect the Group's net cash in-flows, a significant proportion of which are non-sterling denominated, which is mitigated in part by a natural currency hedge. Gross bank debt and debt external to the Group was £689.0m as at 31 December 2020 (£607.5m as at 31 December 2019).

### Strategy and acquisitions

The strategy of the Group is to achieve sustainable growth, developing through a combination of acquisition, organic growth and geographical expansion. The Group consists of a number of companies producing and exploiting strong programme brands that cover a broad spread of genres and territories in television and digital production, thereby diversifying risk across the Group.

### Key performance indicators ("KPIs")

The Group regularly monitors its KPIs and the following are considered to be key KPIs for the year to 31 December 2020:

#### Financial profile measures

1. EBITDA was £57.5m (2019: £94.1m)
2. Gross profit margin was 28.0% (2019: 30.0%)
3. Cash and cash equivalents (net of overdrafts) as at 31 December 2020 were £86.7m (2019: £47.3m)
4. Net cash generated from operating activities were £78.1m (2019: £51.8m)
5. Non-UK revenue by destination was 69.5% of total revenue (2019: 59.8%)
6. The top 30 shows for the year represent 51% of total turnover (2019: 52%)
7. 25.4% (2019: 26.5%) of the Group's continuing revenue comes from secondary revenue sources, including distribution and digital revenue (i.e. all other revenue sources other than those derived from primary production licence fees).

### Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign currency risk. The Group monitors these risks and seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of finance and related costs.

#### *Price risk*

The Group is exposed to price risk given the nature of the business, but this is monitored to ensure that this risk does not increase to an unacceptable level. This is achieved by benchmarking across subsidiaries within the portfolio based on price knowledge obtained from existing relationships with a range of broadcasters and media platforms.

#### *Credit risk*

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made, however given the Group's customer base the risk that the Group is exposed to is considered to be relatively low.

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## Strategic report (continued)

### *Liquidity risk*

The Group actively monitors its liquidity position through cash flow forecasting to ensure that it has sufficient available funds for operations and planned expansions.

### *Interest rate cash flow risk*

The Group has interest bearing assets and liabilities, including cash and debt commitments. Hedging arrangements, such as interest rate swaps are in place in order to reduce the exposure to this risk.

### *Foreign Currency risk*

The Group is exposed to foreign currency risk through its overseas operations, borrowing and through overseas trading. A cross currency swap is in place in order to swap sterling debt into US dollar debt, to be serviced by the Group's earnings in this currency. Overseas operations are not hedged as cash flows arising create a natural hedge against the converted debt above.

See note 31 for further details and disclosures around the group's financial risk management.

### **Principal risks and uncertainties**

There are a number of risks and uncertainties facing the Group. The key operational business risks and uncertainties that affect the Group are considered to be:

1. The Group continues to mitigate the impacts of COVID-19 and has successfully demonstrated its ability to produce across all geographies, applying strict production protocols - the safety of its teams continues to be the Group's highest priority. The Group has successfully leveraged technology and changed working practises to facilitate remote working, and the creation and implementation of new practices and protocols to facilitate filming and delivery during the pandemic. The group has worked with funding partners, trade bodies, broadcasters and has accessed the Government Film and TV Production Restart Scheme to manage and derisk production schedules to continue to deliver high quality programmes, ensuring safety and well-being.
2. The general economic environment and its impact on television advertising spend. The Group attempts to mitigate this risk through a focus on geographic diversification, and a focus on the programming needs of those broadcasters and media platforms that are less reliant upon advertising as their main source of revenue, in particular the BBC, the pay television networks and over the top providers such as Amazon and Netflix.
3. Competition from other television producers for both programming commissions and key talent. The Group attempts to mitigate this risk by having a spread of entrepreneurial, creatively led companies in the Group which have strong relationships with broadcasting commissioners and key talent, encourage an exceptional level of creativity and have a strong pipeline of new programme formats;
4. Success in audience ratings of the Group's programming which may influence future commissioning decisions. The Group mitigates this risk by attempting to ensure that the programming offered meets the needs of broadcasters, media platforms and their respective audiences;
5. Pressure on cash flow due to the general economic environment. The Group has sufficient working capital and adequate undrawn committed facilities to mitigate this risk, including £30m undrawn on the £50m revolving credit facility.

### **Future developments**

Whilst COVID-19 continues to impact the industry, the directors believe that the Group's status as one of the leading multi-platform production groups, along with the strength of its portfolio and creative talent base, diverse range of buyers and its ability to evolve in line with industry change, will enable it to return to its pre COVID-19 LRP during 2021 and 2022.

While there continues to be an uncertain economic environment, as well as pressure on margins in the UK production sector, the Group's ability to produce and sell programmes internationally, together with its continued ability to attract and retain creative talent, helps to mitigate the impact of this.

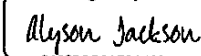
### **COVID-19 Furlough Scheme**

Whilst the Group's production activities were halted due to the production hiatus, the UK business operated a 'self-funded' furlough scheme, which applied the principles of the Government scheme, however, this was funded by the Group.

### **Approval**

Approved by the Board and signed by on its behalf:

DocuSigned by:

  
Alyson Jackson

Director

13 May 2021

DLG Acquisitions Limited  
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## Directors' report

The directors present their annual report on the affairs of the Group, together with the audited consolidated financial statements and independent auditors' report, for the year to 31 December 2020.

### Capital structure

In May 2019 the Group completed a refinancing of its corporate bank loan facilities, entering into a new €405m first lien facility (EURIBOR+3.75%), a £74m second lien facility (LIBOR+8.00%), and a £50m revolving credit facility (EURIBOR+3.75%). In November 2019 there was a repricing of the debt which resulted in a reduction of 0.25% on both the first lien and revolving credit facility. There have been no further changes in FY20.

The Group's bank loans at 31 December 2019 totalled £460.8m. This increased to £496.8m as at 31 December 2020 as disclosed in note 20 of the financial statements. The Group's loan facilities expire between 2025 and 2027.

### Business environment and future outlook

The Group continues to mitigate the impacts of COVID-19 and has successfully demonstrated its ability to produce across all geographies, applying strict production protocols - the safety of its teams continues to be the Group's highest priority. The Group has successfully leveraged technology to facilitate remote working, and the creation and implementation of new practices and protocols to facilitate filming and delivery during the pandemic.

### Charitable contributions

During the period the Group made various charitable donations totalling £106,481 (2019: £20,989). The Group additionally sponsors a variety of industry bodies and initiatives, including sponsoring student bursaries through the National Film and Television School, the Royal Television Society and the Grierson Trust, sponsoring Edinburgh International Television Festival's training programme, and providing sponsorship and attendance at charitable events such as the Iconic Steps Celebration Gala and the Lessons for Life Charity Ball.

### Equal Opportunities

The Group strongly believes in and actively supports the principle of providing equal opportunities, both to applicants for employment and to existing colleagues. The Group opposes all forms of discrimination on the grounds of race, colour, nationality, ethnic or national origin, age, religion or philosophical belief, gender, gender reassignment, marital or civil partner status, sexual orientation, political view, pregnancy, maternity or disability. No differentials are operated in salary or contractual terms based on any of these factors.

The Group's Equal Opportunities Policy is in line with current legislation, and is reviewed at least twice a year, in line with all Group HR policies. The policy clearly identifies acts of associative discrimination and perceptive discrimination making it clear to colleagues what these types of discrimination are and how they can be avoided.

The policy applies to every Group colleague (including each employee, worker and individual who is engaged under a contract for service) who is involved in any aspect of the management of employment and to all colleagues who make decisions or recommendations concerning recruitment, remuneration, promotion, training, demotion, transfer and other terms, conditions or privileges of employment. It also applies to all colleagues in their relations with other colleagues. This includes giving full and fair consideration (having regard to the persons' particular aptitudes and abilities) to applications for employment that disabled persons (as defined in the Equality Act 2010) make to the Group. Furthermore, the Group is committed to continuing the employment of any employee of the Group who has become disabled during the period in which the Group employed them, wherever possible. The Group is committed to providing reasonable adjustments, training and development and to continuing to support their career development.

The Group fully supports the rights and opportunities of all people to seek, obtain and hold employment without discrimination or harassment and has adapted all employment policies in line with changes in legislation.

The Group also has a separate Diversity and Inclusion Policy, setting out best practice and the Group's commitment to supporting diversity and creating an inclusive culture. The policy promotes a diverse workforce and an inclusive culture and environment in which all people are accepted and treated with respect, and in which colleagues are able to reach their full potential and deliver their best work.

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## Directors' report (continued)

### Anti-Harassment and Bullying

In line with the Group's commitment to supporting the principle of equal opportunities, the Group opposes all forms of harassment and bullying. The Group's Anti-Harassment and Bullying policy dovetails with the Group's Equal Opportunities Policy, Diversity and Inclusion Policy and Disciplinary Policy.

Harassment is a form of unlawful discrimination which can have a detrimental effect upon colleague's health, confidence, morale and performance at work. Harassment is unwanted conduct related to pregnancy or maternity, race, nationality, ethnic or national origin, age, marital or civil partner status, religion or belief, sex, gender reassignment, sexual orientation, or disability which has the purpose or effect of violating that other person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that person.

It is irrelevant whether the harassment was intentional or not, and whether the individual that suffers the harassment has the characteristic that is the reason for the harassment.

Bullying is also unacceptable. Bullying can be defined as offensive, intimidatory, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient.

Harassment and bullying do not have to be based on sex, race, sexual orientation, religion or belief or otherwise to be taken seriously by the Group. Any behaviour of this type, whatever the grounds, is considered by the Group to be unacceptable, and will be managed under the Group's Disciplinary Policy.

### Employee Involvement

We have a comprehensive Employee Handbook, which is updated in line with changes in statute and reissued twice a year. The Group also issues management guidance documents which provides step by step instruction on handling compliance and employment matters, such as right to work and sponsorship procedures.

There are a number of initiatives across the Group which encourage employee involvement, for example, a Group level Health and Safety forum and a Head of Production working group, this is an opportunity for the operating companies to share and discuss current practices and industry changes.

The Group also recently launched Workplace, a new platform to help connect our businesses around the world.

### Talent and Training Initiatives

The Group participates in various work experience, industry placement programmes, working with many stakeholders and diversity initiatives.

In 2020, the Group supported:

- The Indie Diversity Training Scheme (IDTS), hosted by PACT
- The Scottish PACT Trainee Scheme, in collaboration with Creative Scotland
- A Grierson Trust trainee, with a placement at Wise Owl in Leeds
- Royal Television Society's Bursary Scheme for undergraduates from socio-economic disadvantaged backgrounds.
- Edinburgh International Television Festival's (EITF) training programme, The Network, which supported 25 new entrants into the industry.
- New Voices Awards (Drama Scripted and Comedy), a further Edinburgh initiative, which is a celebration of merging writers, presenters and directors from under represented backgrounds.

The Group was represented at the Department of Education and DCMS meetings, on behalf of industry, to lobby for amendments to the current legislation to open up the Apprenticeship framework to impact and benefit the freelance community.



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## Directors' report (continued)

### Talent and Training Initiatives (continued)

Other 2020 initiatives included;

- Partnering with the National Film and Television School for its Writing TV Pilot and TV Drama programmes in Glasgow, Leeds and London
- Supporting Iconic Steps, a local south London enterprise scheme, which supports young people from disadvantaged backgrounds
- Media Parents, an industry body for working parents
- Hosting a Women in Docs group
- Indie Training Fund (ITF) membership and, with training moving on-line and staff and freelancers furloughed, we were able to deliver a far-reaching training programme
- Provided training on camerawork, desk top editing, and a suite of Mental Health training
- Neal Street Productions is successfully running a screenwriters bursary scheme aimed at supporting and training emerging Black, Asian and ethnic minority screenwriters.

### Carbon and Environmental Reporting

The Group is committed to contributing to environmental sustainability, conducting its business in a responsible way, and minimising any negative impact on the environment. The Group has an Environmental Sustainability Policy identifying Group aims and operating company objectives. The Group has participated in the sector wide Albert consortium since its inception in 2011, with an aim to creating positive change to protect the environment.

The Group's Net Zero Strategy in 2021 will set Net Zero targets across all parts of the business; with the aim to reduce emissions, engage in carbon offsetting schemes at both group and production level, certify more programmes through the Albert system (aiming for the maximum 3-star accreditation), and run training and awareness campaigns for staff.

Through Albert, the group uses the online carbon calculator tool to assess the environmental impact of individual productions; the Albert Certification, which is a scoring initiative rewarding productions for implementing sustainable production techniques and achieving an overall carbon reduction; and is an active contributor to Albert's Creative Energy Project.

The Group hosts Carbon Literacy Training, a national training scheme, and is raising awareness on climate change and its impacts from both a professional and personal perspective.

The Group has followed the 2020 UK Government Environmental Reporting Guidelines and has used the 2020 UK Government's conversion factors for company reporting.

The Group has used the control approach, whereby the Company accounts for 100 percent of the GHG emissions (and energy) over which it has control. The report is at Group level and includes information of subsidiaries who are required to report.

Type of emission	Activity	kWh	tCO2e	% of total
Scope 1	Natural gas	856,672	157.52	30.3%
	Propane Gas	177,000	37.96	7.3%
	Sub-total	1,033,672	195.48	
Scope 2	Electricity	1,394,051	325.01	62.4%
Total gross emissions		2,427,723	520.49	100.0%
Intensity metric				
Number of employees			1,003	
Tonnes of CO2e per employee			0.52	

#### Note:

1. The table above includes all subsidiaries deemed to be 'large' under the terms defined in the Companies Act.
2. We have chosen the metric gross global scope 1 and 2 emissions in tonnes of CO2e per tonne per employee as this best represents the energy consumption for our business and in our industry sector.

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## Directors' report (continued)

### Going concern

The COVID-19 pandemic continues to represent a risk for the industry as a whole. However, at All3Media Group, production protocols are in place and production has returned across all territories. The directors have undertaken detailed analysis of the quantum of any continued COVID-19 impact versus the Company and the Group's resources which have verified their ability to continue in an operational capacity.

In making this assessment management has undertaken a reforecast of 2021 and 2022 under a range of potential scenarios. The resulting impacts have been compared to the Group's funding sources, comprising a revolving credit facility of £50.0m (which was £20.0m drawn as at 31 December 2020), and confirmation from the shareholders that they will provide an agreed level of financial support to the Group to enable it to continue as a going concern and meet its liabilities as and when they fall due for a period of not less than 12 months following date on which the statutory accounts of the Group are signed.

Through the analysis, which included the simulation of a plausible downside scenario, the directors have verified that the Company and the Group have sufficient cash flow resources to maintain operations for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

### Dividends

No dividends (2019: £nil) were paid by the Company during the year to 31 December 2020. Total dividends of £8.1m (2019: £4.1m) were paid by subsidiaries to their minority shareholders during the year to 31 December 2020.

Note that the financial risk management and future developments are currently disclosed in the strategic report.

### Directors

A list of directors who served during the year and up to the date of signing of the financial statements is shown on page 3 of the financial statements.

### Section 172 statement

The directors are fully aware of their duty under section 172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The directors consider that, during the year to 31 December 2020, they have acted fairly between members having regard to the long term and the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when taking decisions.

### The Long Term

The importance, relevance and demand of high-quality television content is increasing in an ever-evolving media landscape. The directors are well aware of the dynamic media landscape, in terms of the evolving consumer consumption behaviours, growth of new global platforms, and changing tastes in demand for genres and formats. The directors' long term strategy continues to seek to position the Group to be able to take advantage of these changes by striving to bring together top creative talent, to develop, produce and deliver world class television, film and digital content and to maintain and develop strong relationships both with the traditional customers and newer global platforms. Where conflicts arise between the short term and long term consequences of a decision these consequences are weighed carefully. Whilst precedence is given to long term benefits, the directors will consider whether these are outweighed by short term impacts in reaching their conclusions.

### Employees

The welfare and development of the Group's employees is of highest importance to the directors. See pages 7 to 9 of the Directors' Report for a detailed oversight of the Group's Equal Opportunities Policy, Anti-Harassment and Bullying Policy, employee involvement practices, and talent and training initiatives.

### Business Relationships

The directors continually seek to maintain and develop strong and mutually beneficial relationships with the Group's suppliers and customers. The Group engages regularly with its customers and suppliers through meetings, attendance at television content markets and other industry events in order to ensure its strategy and values are aligned with customer needs. The Group maintains strong relationships with and actively contributes to industry bodies.

The directors are committed to complying with all applicable local laws and regulations including in relation to modern slavery, human trafficking and anti-bribery and corruption. Contractual provisions are updated to ensure that external counterparties are obliged to adhere to all applicable laws and regulations.

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## **Directors' report (continued)**

### ***Section 172 statement (continued)***

#### ***Community and Environment***

The Group produces a broad range of programming across many genres. In doing so, the directors recognise their duty of care to all participants and commit to providing appropriate support at all stages of programme creation.

As part of the wider portfolio of programming, the Group's production companies create many high quality and socially responsible programmes which raise awareness of key social and topical issues, aiming to show broad on-screen diversity and inclusion.

The Group is committed to minimising its environmental impact. Details of actions taken by the Group can be found on page 9 of the Directors' Report.

#### ***High standards of business conduct***

The directors strive to operate the business to the highest level of conduct. All staff are required to adhere to the Group's Diversity and Inclusion Policy and its Anti-Harassment and Bullying Policy and adherence is exemplified and driven by the Group's management teams. Operating companies are required to adhere to the Group's Accounting Policies Manual. The Group has an Internal Audit function which performs routine audits which will review the overall control framework and compliance with these policies and procedures.

The directors treat all external stakeholders collaboratively and fairly, and duly expect a level of conduct from them which aligns to the Group's values. Business practices are reviewed by the Group's Finance and Controls Committee which meets quarterly and includes representatives from both shareholders.

#### ***Fair dealing between members***

The Group has two ultimate corporate shareholders, Liberty Global plc and Discovery Inc., who hold equal representation on the Board. The relevance of each such shareholder may increase or decrease depending on the matter or issue at question, so the directors seek to consider the needs and priorities of each shareholder during their discussions and as part of their decision making.

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## Directors' report (continued)

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.


### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

The directors confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
2. the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
3. the report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

Approved by the Board and signed on its behalf:

DocuSigned by:  
  
01658CB3AF3A433...  
Alyson Jackson  
Director  
13 May 2021

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## **Independent auditors' report to the members of DLG Acquisitions Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, DLG Acquisitions Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the report and financial statements (the "Annual Report"), which comprise: Group and Company balance sheets as at 31 December 2020; the Group income statement, Group statement of comprehensive income, Group and Company cash flow statements and Group and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements

#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## **Independent auditors' report to the members of DLG Acquisitions Limited (continued)**

### **Reporting on other information (continued)**

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the group's and 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 unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation,
- Evaluating management's controls designed to prevent and detect irregularities,
- Identifying and testing journals, in particular journal entries posted with unusual account combinations,
- Challenging assumptions and judgements made by management in their significant accounting estimates.

DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## **Independent auditors' report to the members of DLG Acquisitions Limited (continued)**

### **Auditors' responsibilities for the audit of the financial statements (continued)**

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### ***Companies Act 2006 exception reporting***

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
13 May 2021

DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Group income statement

		Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
	Note		
<b>Continuing operations</b>			
Revenue	4	656,398	744,847
Cost of Sales		(472,409)	(521,105)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>183,989</b>	<b>223,742</b>
Administrative expenses		(179,735)	(177,003)
Other operating income		3,671	2,830
Amortisation of intangible assets	13	(12,821)	(9,630)
		<hr/>	<hr/>
<b>Group operating (loss)/profit</b>	5	<b>(4,896)</b>	<b>39,939</b>
Share of operating profit of joint ventures	16	488	598
Share of operating loss of associates	16	(426)	(162)
		<hr/>	<hr/>
<b>Total operating (loss) / profit: Group and share of joint ventures and associates</b>		<b>(4,834)</b>	<b>40,375</b>
Finance income	9	11,897	12,429
Finance costs	10	(71,561)	(65,101)
		<hr/>	<hr/>
<b>Loss on ordinary activities before tax</b>		<b>(64,498)</b>	<b>(12,297)</b>
Tax credit/(charge) on loss on ordinary activities	11	1,199	(2,223)
		<hr/>	<hr/>
<b>Loss for the year from continuing operations</b>		<b>(63,299)</b>	<b>(14,520)</b>
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(63,299)</b>	<b>(14,520)</b>
Less: Non-controlling interests		(24)	(94)
		<hr/>	<hr/>
<b>Loss for the year attributable to owners of the Company</b>		<b>(63,323)</b>	<b>(14,614)</b>



DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Group statement of comprehensive income

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>Loss for the financial year</b>		
- Group	(63,361)	(14,956)
- Joint ventures	801	598
- Associates	(739)	(162)
<b>Total loss for the financial year</b>	<b>(63,299)</b>	<b>(14,520)</b>
<b>Other comprehensive loss that will not be reclassified subsequently to profit or loss:</b>		
- Exchange difference on retranslation of net assets of subsidiary undertakings	(1,864)	2,521
- Other reserves movement	9,585	-
<b>Total other comprehensive loss</b>	<b>7,721</b>	<b>2,521</b>
<b>Total comprehensive loss</b>	<b>(55,578)</b>	<b>(11,999)</b>
<b>Total comprehensive loss attributable to:</b>		
- Owners of the parent	(55,714)	(11,981)
- Non-controlling interests	136	(18)
<b>Total comprehensive loss</b>	<b>(55,578)</b>	<b>(11,999)</b>

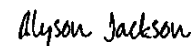
DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Group balance sheet

Registration number: 09023753  
as at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Goodwill	13	507,570	490,789
Other intangible assets	13	18,645	17,177
Property, plant and equipment	14	18,159	18,055
Right of use assets	15	50,848	53,841
Investments in associates	16	2,246	2,265
Investments in joint ventures	16	-	1,170
Trade and other receivables	19	9,176	2,070
Deferred tax assets	21	11,717	8,329
		<b>618,361</b>	<b>593,696</b>
<b>Current assets</b>			
Inventories	17	191,148	144,906
Trade and other receivables	18	238,243	246,272
Corporation tax asset		804	1,322
Cash and cash equivalents		86,650	53,182
Deferred finance fees		6,534	7,962
		<b>523,379</b>	<b>453,644</b>
<b>Current liabilities</b>			
Trade and other payables: due within one year	22	(466,105)	(364,587)
Lease liabilities	15	(8,682)	(7,804)
Corporation tax liabilities		(2,375)	(3,107)
		<b>(477,162)</b>	<b>(375,498)</b>
<b>Net current assets</b>		<b>46,217</b>	<b>78,146</b>
<b>Total assets less current liabilities</b>		<b>664,578</b>	<b>671,842</b>
<b>Non-current liabilities</b>			
Trade and other payables: due after more than one year	23	(696,903)	(641,822)
Lease liabilities	15	(54,807)	(54,526)
Deferred tax liabilities	25	(4,357)	(4,050)
Provisions for liabilities	25	(1,625)	(1,218)
		<b>(93,114)</b>	<b>(29,774)</b>
<b>Net liabilities</b>		<b>(93,114)</b>	<b>(29,774)</b>
Non-controlling interests		(2,216)	(2,080)
<b>Net liabilities attributable to owners of the Company</b>		<b>(95,330)</b>	<b>(31,854)</b>
<b>Capital and reserves</b>			
Called-up share capital	26	3	3
Share premium account	27	218,478	218,478
Accumulated losses	27	(313,811)	(250,335)
		<b>(95,330)</b>	<b>(31,854)</b>
<b>Total equity attributable to owners of the Company</b>		<b>(95,330)</b>	<b>(31,854)</b>
Non-controlling interests		2,216	2,080
<b>Total equity</b>	27	<b>(93,114)</b>	<b>(29,774)</b>

The financial statements on pages 16 to 69 were approved by the board of directors on 13 May 2021 and signed on its behalf by:

DocuSigned by:  
  
0155BCB3AF3A433...  
Alyson Jackson  
Director

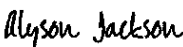
DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Company balance sheet

Registration number: 09023753  
as at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Fixed asset investments	16	430,980	457,182
Trade and other receivables	19	348,964	549,396
Deferred tax assets	21	4,278	3,211
		<u>784,222</u>	<u>1,009,789</u>
<b>Current assets</b>			
Trade and other receivables	18	250,059	50,703
Corporation tax asset		1,508	1,508
Cash and cash equivalents		107,163	35,274
Deferred Finance Fees		6,534	7,962
		<u>365,264</u>	<u>95,447</u>
<b>Current liabilities</b>			
Trade and other payables: due within one year	22	(215,963)	(64,206)
		<u>149,301</u>	<u>31,241</u>
<b>Net current assets</b>			
		<u>933,523</u>	<u>1,041,030</u>
<b>Total assets less current liabilities</b>			
		<u>933,523</u>	<u>1,041,030</u>
<b>Non-current liabilities</b>			
Trade and other payables: due after more than one year	23	(867,855)	(901,861)
		<u>65,668</u>	<u>139,169</u>
<b>Net assets</b>			
		<u>65,668</u>	<u>139,169</u>
<b>Capital and reserves</b>			
Called-up share capital	26	3	3
Share premium account	27	218,478	218,478
Accumulated losses brought forward	27	(79,312)	(36,830)
Loss for the financial year	27	(83,086)	(42,482)
Other reserves movement	27	9,585	-
		<u>65,668</u>	<u>139,169</u>
<b>Total equity</b>	27	<u>65,668</u>	<u>139,169</u>

The financial statements on pages 16 to 69 were approved by the board of directors on 13 May 2021 and signed on its behalf by:

DocuSigned by:  
  
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Alyson Jackson  
Director

DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Group statement of changes in equity

	Called-up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity attributable to owners of the Company £'000	Non- controlling interest £'000	Total equity £'000
<b>At 1 January 2019</b>	<b>3</b>	<b>218,478</b>	<b>(234,273)</b>	<b>(15,792)</b>	<b>2,098</b>	<b>(13,694)</b>
<i>Comprehensive (loss)/income:</i>						
- (Loss)/Profit for the financial year	-	-	(14,614)	(14,614)	94	(14,520)
<i>Other comprehensive income/(loss):</i>						
- Currency translation differences	-	-	2,633	2,633	(112)	2,521
Total comprehensive loss	-	-	(11,981)	(11,981)	(18)	(11,999)
<i>Transactions with owners:</i>						
- Dividends to subsidiaries' non-controlling interests	-	-	(4,081)	(4,081)	-	(4,081)
Total transactions with owners	-	-	(4,081)	(4,081)	-	(4,081)
<b>At 31 December 2019</b>	<b>3</b>	<b>218,478</b>	<b>(250,335)</b>	<b>(31,854)</b>	<b>2,080</b>	<b>(29,774)</b>
<b>At 1 January 2020</b>	<b>3</b>	<b>218,478</b>	<b>(250,335)</b>	<b>(31,854)</b>	<b>2,080</b>	<b>(29,774)</b>
<i>Comprehensive (loss)/income:</i>						
- (Loss)/Profit for the financial year	-	-	(63,323)	(63,323)	24	(63,299)
<i>Other comprehensive income/(loss):</i>						
- Other reserve movements	-	-	9,585	9,585	-	9,585
- Currency translation differences	-	-	(1,976)	(1,976)	112	(1,864)
Total comprehensive loss	-	-	(55,714)	(55,714)	136	(55,578)
<i>Transactions with owners:</i>						
- Dividends to subsidiaries' non-controlling interests	-	-	(7,762)	(7,762)	-	(7,762)
Total transactions with owners	-	-	(7,762)	(7,762)	-	(7,762)
<b>At 31 December 2020</b>	<b>3</b>	<b>218,478</b>	<b>(313,811)</b>	<b>(95,330)</b>	<b>2,216</b>	<b>(93,114)</b>

DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Company statement of changes in equity

	Called-up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2019	3	218,478	(36,830)	181,651
<i>Comprehensive loss:</i>				
- Loss for the financial year	-	-	(42,482)	(42,482)
Total comprehensive loss	-	-	(42,482)	(42,482)
At 31 December 2019	3	218,478	(79,312)	139,169
At 1 January 2020	3	218,478	(79,312)	139,169
<i>Comprehensive loss:</i>				
- Loss for the financial year	-	-	(83,086)	(83,086)
- Other reserves movement	-	-	9,585	9,585
Total comprehensive loss	-	-	(73,501)	(73,501)
At 31 December 2020	3	218,478	(152,813)	65,668

DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Group cash flow statement

		Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
	Note		
<b>Operating activities</b>			
Cash generated from operations	28	83,082	57,896
Income taxes paid		(4,958)	(6,074)
<b>Net cash generated from operating activities</b>		<b>78,124</b>	<b>51,822</b>
<b>Investing activities</b>			
Dividends received from associates		354	222
Proceeds on disposal of property, plant and equipment		1	12
Purchases of intangible assets		(112)	(196)
Purchases of property, plant and equipment		(5,513)	(6,511)
Payments made on right of use assets		(12,238)	(9,769)
Payments related to deferred consideration and put and call options		(19,435)	(30,419)
Net cash acquired with subsidiaries		12,379	-
Acquisition of subsidiaries		(28,826)	-
Investment in joint ventures and associates		(210)	(500)
<b>Net cash used in investing activities</b>		<b>(53,600)</b>	<b>(47,161)</b>
<b>Financing activities</b>			
Interest paid		(33,247)	(36,351)
Interest received		4,003	1,325
Dividends paid to subsidiaries' non-controlling interests		(8,125)	(4,081)
Increase in borrowings		10,000	10,000
Increase in deferred financing fees		-	8,006
Proceeds on issue of shareholder loan notes		41,832	20,000
<b>Net cash generated from/ (used in) financing activities</b>		<b>14,463</b>	<b>(1,101)</b>
<b>Net increase in cash and cash equivalents</b>		<b>38,987</b>	<b>3,560</b>
Cash and cash equivalents at beginning of year		47,323	43,267
Effect of foreign exchange rate changes		340	496
<b>Cash and cash equivalents at end of year</b>	28	<b>86,650</b>	<b>47,323</b>

DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Company cash flow statement

		Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Note			
	<b>Operating activities</b>		
	Cash used in operations	28 2,792	(4,286)
	Income taxes paid	-	-
	<b>Net cash generated from/(used in) operating activities</b>	<b>2,792</b>	<b>(4,286)</b>
	<b>Investing activities</b>		
	Dividends received from subsidiaries	10,866	22,052
	Payments related to deferred consideration and put and call options	(3,890)	(10,415)
	Acquisition of subsidiaries	(25,000)	-
	<b>Net cash (used in)/generated from investing activities</b>	<b>(18,024)</b>	<b>11,637</b>
	<b>Financing activities</b>		
	Interest paid	(32,146)	(33,493)
	Interest received	4,304	161
	Net movement in investing activities	43,747	(2,887)
	Increase in borrowings	10,000	10,000
	Increase in deferred financing fees	-	8,006
	Proceeds on issue of shareholder loan notes	41,832	20,000
	<b>Net cash generated from financing activities</b>	<b>67,738</b>	<b>1,787</b>
	<b>Net increase in cash and cash equivalents</b>	<b>52,505</b>	<b>9,138</b>
	Cash and cash equivalents at beginning of year	3,257	(6,675)
	Effect of foreign exchange rate changes	682	794
	<b>Cash and cash equivalents at end of year</b>	<b>28 56,444</b>	<b>3,257</b>

DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Notes to the financial statements

### 1. General information

DLG Acquisitions Limited (registered number 09023753) (the "Company") is a company incorporated and domiciled in England and Wales under the Companies Act. The company is a private company limited by shares. The address of the registered office is given on page 3. The nature of the Group's operations and principal activities are set out in the Strategic report on pages 4 to 6.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

### 2. Significant accounting policies

#### Basis of accounting

Accounting policies that relate to the financial statements as a whole are set out below, while those that relate to specific areas of the financial statements are shown in the corresponding note. All accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except as otherwise described in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

#### New standards and interpretations not yet adopted

A number of interpretations and revisions to existing standards have been issued which will be applicable to the Group's financial statements in future years, but will not have a material effect on reported profit or equity or on the disclosures in the financial statements.

#### Basis of consolidation

The Group financial statements consolidate the financial statements of DLG Acquisitions Limited and all its subsidiary undertakings drawn up to 31 December 2020. No profit and loss account is presented for DLG Acquisitions Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are included in the Group's financial statements using the acquisition method of accounting. The results of subsidiaries acquired or disposed of during the period are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate. Purchase consideration is allocated to the assets and liabilities on the basis of their fair value at the date of acquisition. All intra-group transactions, balances, income and expenses are eliminated on consolidation.



DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Notes to the financial statements (continued)

Entities in which the Group holds an interest on a long term basis and are jointly controlled by the Group and one or more ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the gross equity method.

Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring the accounting policies used into line with those used by the Group.

### Revenue recognition

The Group derives its revenue from the transfer of goods and services to its customers. The Group recognises its revenue and attributable profit based on the satisfaction of performance obligations, and an assessment of when control is transferred to the customer.

Customer contracts come in a variety of forms across the Group but primarily fall into three categories: commissioned finished programmes, distribution by third parties, and distribution by the Group. For each contract, a set of performance obligations is identified, and a portion of the transaction price is assigned to each. Transaction prices will generally be fixed in the contract, but where variable consideration exists, an estimate of its value will be included. Revenue and the attributable profit are recognised on the satisfaction of the identified obligations. Transaction prices are calculated exclusive of VAT and equivalent sales taxes.

For commissioned finished programmes, the Group considers it has fulfilled its performance obligations at a point in time on delivery of each episode to the customer. Both under and overspends are accounted for once known and are recognised in accordance with the episodic delivery pattern. Provision is made for any loss making contracts as soon as identified (i.e. expected overspend is in excess of originally anticipated margin).

Revenues on programmes distributed by third parties and other ancillary revenues are recognised once the entity has been notified of sums due to it.

For finished programmes and formats distributed by the Group, revenue is recognised once contracted, provided that the product is available for exploitation by the customer and the license period has commenced.

### Cost of sales

Cost of sales are recognised in line with the attributed revenue recognised in the year, for each type of revenue received in the period. Please refer to Revenue recognition accounting policy for details of recognition.

### Goodwill

Purchased goodwill arising on the acquisition of subsidiary undertakings and businesses representing any excess of fair value of consideration over the fair value of net assets acquired is capitalised as an intangible asset and amortised over its useful economic life. The balance of goodwill and other intangible assets is reviewed for impairment on an annual basis and written down to its recoverable amount if events or changes in circumstances indicate that their carrying value may not be recoverable.

### Other intangible assets

Programme title intangible assets are recognised at fair value on the acquisition of a business and are amortised on a straight-line basis over the expected useful economic life of the titles, typically two to seven years. These assets are tested for impairment at least annually if indicators for impairment are present, for instance the de-commissioning of a specific programme title. Intellectual property is generated on capitalisation of specific content creation costs. It is amortised on a straight-line basis over the expected useful economic life of the content, typically three years, once the asset is available to use.

### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Cost comprises the purchase price of the asset and directly attributable costs in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment evenly over their estimated useful lives at the following annual rates:

Freehold property	Over 50 years
Short leasehold property	Over the life of the lease
Furniture, fixtures, plant and equipment	20 - 50%
Motor vehicles	20 - 25%

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be in line with the remaining estimated useful life.

#### Fixed asset investments

Investments held as fixed assets are shown at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Inventories

Inventories should be valued at the lower of cost and net realisable value. Net realisable value should be based on estimated selling price less any further costs expected to be incurred to completion.

#### Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is deemed to be or contain a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Operating lease rentals below the threshold for application of IFRS 16 are charged to the income statement on a straight line basis over the period of the lease.

#### Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge disclosed in note 7 represents contributions payable by the Group to the fund.

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## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised *in other comprehensive income or directly in shareholders' funds, respectively*.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### Translation of foreign currencies

##### (a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### Going concern

The COVID-19 pandemic continues to represent a significant risk for the All3Media Group and the industry as a whole. However, production protocols are now in place and production has returned across all territories. The directors have therefore undertaken detailed analysis of the quantum of any continued COVID-19 impact versus the Company and the Group's resources in order to verify their ability to continue in operational existence for the foreseeable future. In making this assessment management has undertaken a reforecast of 2021 and 2022 under a range of potential scenarios. The resulting impacts have been compared to the Group's funding sources, comprising a revolving credit facility of £50.0m (which was £20.0m drawn as at 31 December 2020), and confirmation from the shareholders that they will provide an agreed level of financial support to the Group to enable it to continue as a going concern and meet its liabilities as and when they fall due for a period of not less than 12 months following date on which the statutory accounts of the Group are signed. Through the analysis performed the directors have verified that the Company and the Group have sufficient cash flow resources to maintain operations for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Through the analysis, and simulating plausible downside scenarios, the directors have verified that the Company and the Group have sufficient cash flow resources to maintain operations for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

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## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial assets

The Group does not have any financial assets in the current or prior year, except for short-term receivables when the recognition of interest would be immaterial.

#### Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (FVTPL) or 'financial liabilities at amortised cost'.

A financial liability is classified as held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it forms part of a group of financial liabilities or financial assets and financial liabilities that is managed and its performance is evaluated on a fair value basis and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and IFRS 9 Financial Instruments permits the entire combined contract (asset or liability) to be designated FVTPL.

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## Notes to the financial statements (continued)

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'interest payable and similar charges' line item in the income statement.

#### Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

#### Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including interest rate swaps and cross currency swaps. Further details of these instruments are disclosed in note 30.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

#### Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns for shareholders. The Group monitors its capital on a regular and continuous basis, ensuring sufficient capital is in place for the Group's ongoing trading requirements.

In addition to the above, we seek to enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt and foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity. We have entered into derivative instruments to manage interest rate and foreign currency exposure with respect to the US Dollar and the Euro.

Further details of the capital structure of the Group can be found in the Directors' Report on page 7.

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## Notes to the financial statements (continued)

### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no critical judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The estimates that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### Critical accounting estimates and judgements

##### *(a) Impairment of trade and other debtors, contract assets and intercompany balances*

The company makes an estimate of the recoverable value of trade debtors, contract assets and intercompany balances. When assessing the impairment of trade and other debtors, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The expected credit loss model was applied to trade debtors, contract assets and intercompany balances and the impact was not material. See note 18 for the net carrying amount of receivables and associated impairment provision.

##### *(b) Recoverability of work in progress*

The company reviews the recoverability of its work in progress, derived from programmes during production which are included in the Balance Sheet, on a continuous basis. The company believes that the anticipated revenues will enable the carrying amount of work in progress to be recovered in full that future economic benefits will be recognised by the Group.

##### *(c) Useful economic lives of tangible fixed assets*

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilization and the physical condition of the assets. See note 14 for the carrying amount of the tangible fixed assets.

##### *(d) Carrying value of investments*

The directors believe that the carrying value of the investments is supported by their underlying net assets. The directors carry out an impairment assessment on the investments held if events or changes in circumstances indicate the carrying value may not be recoverable. In performing the impairment assessment, the present value of future cash flows are calculated based on three to five year financial forecasts approved by a director. An average annual EBITA growth assumption of 2.3% has been used. Cash flows for the periods beyond the forecast period have been extrapolated using the 2.3% historic long-term GDP annual regional growth rate. The discount rate applied against the anticipated future cash flows is based on a pre-tax estimated weighted average cost of capital of 10.0%. A reasonable change in the key assumptions does not have a significant impact on the difference between value in use and the carrying value.

##### *(e) Discount Rates*

When measuring lease liabilities, the Group has discounted lease payments using a rate that is equal to its incremental borrowing rate. The rate implicit in the lease has been applied to lease liabilities, where this can't be identified the incremental borrowing rate has been used. Further, a full sensitivity analysis was performed to understand whether a change in discount rate would materially affect the lease liabilities, which did not create material differences and so the rates used was deemed appropriate

##### *(f) Earn-out & put and call arrangements*

The fair value of the liabilities in respect of earn-outs and put and call arrangements are valued based on projected operating results of the relevant entity, applied to the calculation as determined by the relevant sale and purchase agreement. These are discounted using a discount rate of 10%. A reasonable change in the key assumptions does not have a significant impact on the difference between value in use and the carrying value.

##### *(g) Fair value of derivatives*

We perform recurring fair value measurements with respect to our derivative instruments, which are carried at fair value. We use cash flow valuation models to determine the fair values of our interest rate and foreign currency derivative instruments. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes most interest rate futures and swap rates, which are retrieved or derived from available market data.

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## Notes to the financial statements (continued)

### (h) Goodwill

The key accounting estimates and judgements are as detailed in note 13.

### (i) Intangibles

The key accounting estimates and judgements are as detailed in note 13.

## 4. Revenue

In the opinion of the directors, the Group operated only one class of business throughout the period, namely the creation, sale and distribution of television and film programmes and other digital content and related ancillary services.

An analysis of revenue by geographical market destination is given below (excluding turnover of joint ventures and associates). This is also considered to depict how revenue and cash flows are affected by economic factors:

	Year to 31 December 2020		Year to 31 December 2019	
	Origin £'000	Destination £'000	Origin £'000	Destination £'000
United Kingdom	401,582	200,404	513,399	299,468
United States of America	123,404	254,074	115,873	253,431
Rest of the world	131,412	201,920	115,575	191,948
	<b>656,398</b>	<b>656,398</b>	<b>744,847</b>	<b>744,847</b>

An analysis of loss on ordinary activities before taxation and net assets by business location is given below:

	Year to 31 December 2020		Year to 31 December 2019	
	Profit / (loss) on ordinary activities before tax £'000	Net assets / (liabilities) £'000	Profit / (loss) on ordinary activities before tax £'000	Net assets / (liabilities) £'000
United Kingdom	(9,538)	105,387	37,175	104,014
United States of America	7,802	(8,928)	3,727	(17,787)
Rest of the world	9,723	(29,006)	9,104	(31,922)
	<b>7,987</b>	<b>67,453</b>	<b>50,006</b>	<b>54,305</b>
Net finance cost	(59,664)	-	(52,673)	-
Intangible amortisation and impairment	(12,821)	-	(9,630)	-
Bank loans and amounts owed to parent undertakings	-	(688,998)	-	(594,125)
Intangible assets	-	526,215	-	507,966
	<b>(64,498)</b>	<b>(95,330)</b>	<b>(12,297)</b>	<b>(31,854)</b>

Contract assets held by the Group are accrued revenue of £113.6m (2019: £115.3m). Contract liabilities are deferred revenue of £215.8m (2019: £146.6m). Deferred revenue as at 31 December 2019 was released to revenue in the period and deferred revenue as at 31 December 2020 relates to new contracts entered in the period.

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Report and financial statements for the year to 31 December 2020

## Notes to the financial statements (continued)

### 5. Group operating profit

Group operating profit has been arrived at after charging:

		Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
	Note		
Depreciation of property, plant and equipment	14	5,678	5,083
Depreciation of Right of Use Assets (IFRS 16)	15	11,848	9,605
(Profit)/Loss on disposal of property, plant and equipment		(9)	58
Amortisation of intangible assets	13	9,321	9,630
Impairment of intangible assets	13	3,500	-
<i>Operating lease charges outside the scope of IFRS 16:</i>			
- Land and buildings		103	28
- Equipment		41	246

Calculation of underlying EBITDA (operating profit from continuing operations before interest, tax, depreciation, amortisation, exceptional items including one-off costs of redundancy, transactional costs, exceptional income and exceptional costs, costs related to deferred consideration and put and call options, but including results of joint ventures and associates) is as follows:

		Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Operating (loss) / profit		(4,896)	39,939
Amortisation of intangible assets	13	9,321	9,630
Impairment of intangible assets	13	3,500	-
Costs related to deferred compensation, consideration and put & call options		9,184	17,561
Redundancy, restructuring and transactional costs		9,306	8,004
Exceptional income		(3,642)	-
Exceptional costs		6,447	-
Depreciation of property, plant and equipment	14	5,678	5,083
Depreciation of Right of Use Assets (IFRS 16)	15	11,848	9,605
Management fees to shareholders		3,000	3,000
Accruals in respect of share-based payment arrangements		7,718	754
Share of operating results of joint ventures and associates		62	436
(Profit)/Loss on disposal of property, plant and equipment		(9)	58
<b>EBITDA</b>		<b>57,517</b>	<b>94,070</b>



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## Notes to the financial statements (continued)

### 6. Auditors' remuneration

The analysis of the auditors' remuneration is as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<i>Fees payable to the company's auditors and their associates for the audit of the Group's financial statements:</i>		
- The audit of the Group consolidated financial statements	189	104
- The audit of the Group's subsidiaries	921	584
<b>Total audit fees</b>	<b>1,110</b>	<b>688</b>
<i>Fees payable to the company's auditors for non-audit services:</i>		
- Other services	8	20
<b>Total non-audit fees</b>	<b>8</b>	<b>20</b>
<b>Total</b>	<b>1,118</b>	<b>708</b>

### 7. Staff numbers and costs

The average monthly number of persons employed by the Group (including directors remunerated by the Group) during the period, analysed by category, was as follows:

	Year ended 31 December 2020 Number	Year ended 31 December 2019 Number
Production	2,113	2,043
Administration	803	784
Sales	48	58
	<b>2,964</b>	<b>2,885</b>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Wages and salaries	150,594	143,659
Social security costs	18,654	17,691
Other pension costs	3,726	3,665
	<b>172,974</b>	<b>165,015</b>

No directors' emoluments are paid by DLG Acquisitions Limited to its statutory directors. These directors are remunerated by subsidiary companies of Discovery Inc. and Liberty Global plc. In lieu of this, a management fee is payable by DLG Acquisitions Limited to subsidiary companies of Discovery Inc. and Liberty Global plc, as disclosed in note 33.

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## Notes to the financial statements (continued)

### 7. Staff numbers and costs (continued)

For the year to 31 December 2020, total directors' emoluments included within the management fee came to £0.9m (for the year to 31 December 2019: £0.9m).

During the same period, amounts paid and accrued to other non-director key management personnel as compensation were:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Aggregate emoluments	2,335	2,454
Company pension contributions to personal pension schemes	6	6
Accrual for Share Based Payment Arrangement	6,521	642
	<u>8,862</u>	<u>3,102</u>

### 8. Profit on disposal of subsidiary undertakings

There were no material disposals of subsidiary undertakings in the year (2019: £nil).

### 9. Finance income

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Exchange differences gain	-	10,903
Bank interest receivable	387	1,217
Net gain arising on financial liabilities classified as Fair Value through Profit or Loss	11,134	-
Other interest receivable	376	309
	<u>11,897</u>	<u>12,429</u>

### 10. Finance costs

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Net loss arising on financial liabilities classified as Fair Value through Profit or Loss	-	1,359
Interest on bank overdrafts and loans	30,497	34,998
Amortised fees	1,203	4,532
Interest on loans from related parties	9,548	7,367
Exchange differences loss	17,358	-
Other interest payable	9,117	13,838
Interest payable on IFRS 16 Lease Liabilities	3,838	3,007
	<u>71,561</u>	<u>65,101</u>

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## Notes to the financial statements (continued)

### 11. Tax on loss on ordinary activities

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>Current tax</b>		
- <i>UK corporation tax</i>		
Current tax on income for the year	2,937	3,120
Adjustment in respect of prior year	(663)	(1,720)
- <i>Foreign tax</i>		
Current tax on income for the year	2,762	3,071
Adjustment in respect of prior year	(637)	20
	<u>4,399</u>	<u>4,491</u>
Share of joint ventures' tax	-	-
<b>Total current tax</b>	<u>4,399</u>	<u>4,491</u>
<b>Deferred tax</b>		
- Originating and reversal of temporary differences	(5,042)	(3,025)
- Adjustment in respect of prior year	(328)	758
- Effect of changes in tax rates	(228)	-
<b>Total deferred tax</b>	<u>(5,598)</u>	<u>(2,267)</u>
<b>Total tax (credit) / charge on loss on ordinary activities</b>	<u>(1,199)</u>	<u>2,224</u>

The Finance Act 2020 reversed the previously planned rate reductions, with the existing 19% corporation tax rate substantively enacted as continuing. The Budget on 3 March 2021 announced that the rate will remain at 19% until 1 April 2023 when it will increase to 25%.

The tax (credit) / charge for the period can be reconciled to the loss in the income statement as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Loss on ordinary activities before tax	(64,498)	(12,297)
Tax at the UK corporation tax rate of 19% (31 December 2019: 19%)	(12,255)	(2,336)
<i>Tax effects of:</i>		
Expenses not deductible for tax purposes	13,136	7,362
Income not chargeable for tax purposes	(2,253)	(3,272)
Higher rates of corporation tax on overseas profits	853	1,056
Adjustments in respect of prior period	(1,628)	(942)
Current year losses for which no deferred tax has been recognised	1,066	219
Overseas tax suffered (net of any creditable tax)	130	245
Impact of changes in tax rates	(248)	(108)
<b>Tax (credit) / charge for the period</b>	<u>(1,199)</u>	<u>2,224</u>

Other than the amount charged to the income statement, no amounts relating to tax have been recognised in other comprehensive income and no amounts have been recognised directly in equity.

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## Notes to the financial statements (continued)

### 12. Results attributable to the parent company

The loss after tax dealt with in the financial statements of the parent company is £83,086,147 (2019: loss of £42,481,203).

### 13. Intangible assets

	Goodwill £'000	Content £'000	Total £'000
<b>Group</b>			
<b>Cost</b>			
At 1 January 2020	504,389	154,497	658,886
Additions	20,242	19,763	40,005
Exchange adjustment	39	-	39
Disposals	-	(8,980)	(8,980)
<b>At 31 December 2020</b>	<b>524,670</b>	<b>165,280</b>	<b>689,950</b>
<b>Accumulated amortisation and impairment</b>			
At 1 January 2020	(13,600)	(137,320)	(150,920)
Exchange adjustment	-	6	6
Amortisation provided during the year	-	(9,321)	(9,321)
Impairment during the year	(3,500)	-	(3,500)
<b>At 31 December 2020</b>	<b>(17,100)</b>	<b>(146,635)</b>	<b>(163,735)</b>
<b>Net Book Value</b>			
At 31 December 2020	507,570	18,645	526,215
At 31 December 2019	490,789	17,177	507,966

No intangible assets are held by the parent company (2019: £nil).

#### Goodwill

Goodwill arising on acquisitions is capitalised with an indefinite useful life and tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash generating units'). Goodwill is allocated to the cash generating units that are expected to benefit from the business combination.

The largest element of the goodwill held within the Group is £434,112,000 (2019: £437,612,000) in respect of All3Media Holdings Limited, which can be split into cash generating units by operating companies, per IAS 36 para 134 regarding information for each CGU with goodwill and intangible assets with indefinite useful lives. An impairment review has been conducted. The recoverable amount for goodwill has been determined based on value in use, being the present value of future cash flows based on three-year financial budgets approved by management.

Cash flows for the periods beyond the approved financial budgets have been extrapolated using a 2.25% historic long-term GDP annual regional growth rate. The discount rate applied against anticipated future cash flows is based on a pre-tax estimated weighted average cost of capital of 10%, which is deemed applicable to each cash generating unit as they are within the same industry and exposed to similar risk. A reasonable change in the key assumptions, for example a 5% drop in EBITDA beyond the approved financial budgets, does not significantly impact the difference between value in use and carrying value.

As a result of the annual impairment assessment and a review of forecast future cashflows, an impairment of £3,500,000 to North One, a UK CGU, has been made to goodwill for the year to 31 December 2020 (2019: £nil).

#### Other intangible assets

Programme title intangible assets are recognised at fair value on the acquisition of a business and are amortised on a straight-line basis over the expected useful economic life of the titles, typically two to seven years. These assets are tested for impairment at least annually if indicators for impairment, for instance the de-commissioning of a specific programme title, are present.

Intellectual property is generated on capitalisation of specific content creation costs. It is amortised on a straight-line basis over the expected useful economic life of the content, typically three years, once the asset is available to use.

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## Notes to the financial statements (continued)

### 14. Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Furniture, fixtures, plant and equipment £'000	Motor vehicles £'000	Total £'000
<b>Group</b>					
<b>Cost</b>					
At 1 January 2020	3,660	6,917	14,223	773	25,573
Additions	173	235	5,128	55	5,591
Acquired with subsidiaries	-	-	1,631	3	1,634
Disposals	-	(2,434)	(1,410)	(44)	(3,888)
Exchange adjustment	-	(49)	218	(20)	149
<b>At 31 December 2020</b>	<b>3,833</b>	<b>4,669</b>	<b>19,790</b>	<b>767</b>	<b>29,059</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	(130)	(2,276)	(4,954)	(158)	(7,518)
Charge for the year	(61)	(634)	(4,821)	(162)	(5,678)
Disposals	-	941	1,398	42	2,381
Exchange adjustment	-	96	(192)	11	(85)
<b>At 31 December 2020</b>	<b>(191)</b>	<b>(1,873)</b>	<b>(8,569)</b>	<b>(267)</b>	<b>(10,900)</b>
<b>Net Book Value</b>					
<b>At 31 December 2020</b>	<b>3,642</b>	<b>2,796</b>	<b>11,221</b>	<b>500</b>	<b>18,159</b>
<b>At 31 December 2019</b>	<b>3,530</b>	<b>4,641</b>	<b>9,269</b>	<b>615</b>	<b>18,055</b>

No property, plant or equipment is held by the parent company (2019: £nil).

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## Notes to the financial statements (continued)

### 15. Leases

#### Amounts recognised in the balance sheet (Group)

	2020 £'000	2019 £'000
<b>Right of use asset (NBV)</b>		
Buildings	50,132	53,608
Equipment	512	30
Vehicles	204	203
	<u>50,848</u>	<u>53,841</u>
<b>Lease liabilities</b>		
Current	(8,682)	(7,804)
Non-current	(54,807)	(54,526)
	<u>(63,489)</u>	<u>(62,330)</u>

Additions to right of use assets during the year were £15,211,000 (2019: £25,447,000).

#### Amounts recognised in the statement of profit or loss

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>Depreciation charge on right of use assets</b>		
Buildings	11,237	9,324
Equipment	466	122
Vehicles	145	159
	<u>11,848</u>	<u>9,605</u>
<b>Other charges</b>		
Interest expenses (included within finance cost note 10)	3,838	3,007
Expense related to non-IFRS 16 leases	144	274
	<u>3,982</u>	<u>3,281</u>

The total cash outflow for leases in the year was £12,238,000 (2019: £9,769,000).

The Group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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## Notes to the financial statements (continued)

### 15. Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company does not hold any leases at 31 December 2020 (2019: none).

### 16. Investments

#### Company

	Subsidiaries	Share-based payment scheme	Associates	Total
	£'000	£'000	£'000	£'000
As at 1 January 2020	455,310	1,867	5	457,182
Additions	25,575	7,718	-	33,293
Transfer	5	-	(5)	-
Impairment recognised during the year	(59,495)	-	-	(59,495)
As at 31 December 2020	421,395	9,585	-	430,980

#### Group

	2020 £'000	2019 £'000
Joint ventures	-	1,170
Associates	2,246	2,265
	2,246	3,435

#### Group – joint ventures

	£'000
As at 1 January 2020	1,170
Share of profit retained by joint ventures	488
Acquisition of joint venture	(1,572)
Exchange adjustments	53
Other reclassifications	(139)
As at 31 December 2020	-

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## Notes to the financial statements (continued)

### 16. Investments (continued)

The details of the joint ventures held by the Group as at 31 December 2020 are set out below. These are all unlisted. Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
Bon Voyage Films GmbH	Germany (5)	*50.0%	Television production
Company Productions (Agatha Raising 2) Limited	England & Wales (1)	*50.0%	Television production
Company Stormdog Productions Limited	England & Wales (1)	*50.0%	Television production
FLCP (Agatha Raisin 3) Limited	England & Wales (1)	*50.0%	Television production
FLCP (Agatha Raisin 4) Limited	England & Wales (1)	*50.0%	Television production
TFS - The Fiction Syndicate GmbH	Germany (3)	*50.0%	Television production

#### Group – associated undertakings

	£'000
At 1 January 2020	2,265
Addition of associated undertakings	210
Profit/(loss) retained for the year	79
Exchange adjustment	51
Other adjustments	(459)
<b>At 31 December 2020</b>	<b>2,146</b>

The details of the associate undertakings held by the Group as at 31 December 2020 are set out below. These are all unlisted. Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
Bullion Productions Limited	England & Wales (1)	*24.99%	Television production
Caravan Media Limited	England & Wales (9)	*19.99%	Television production
Great Scott Media Limited	England & Wales (1)	*20.0%	Television production
Kura Productions Limited	New Zealand (12)	*51.0%	Television production
S7ories2 Limited	England & Wales (1)	*27.02%	Television production
Seven Selections Limited	England & Wales (1)	*27.02%	Television production
Seven Stories Limited	England & Wales (1)	*27.02%	Television production
Seven Stories USA Inc.	USA (2)	*27.02%	Television production
Silvervan Productions Limited	England & Wales (9)	*19.99%	Television production
Something In The Water Limited	England & Wales (1)	*21.0%	Television production
Story Films (Lizzie) Limited	England & Wales (1)	*32.43%	Television production



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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Group – associated undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Story Films Limited	England & Wales (1)	*32.43%	Television production
Story Films (Canoe Man) Limited	England & Wales (1)	*32.43%	Television production
Studio Lambert Media Limited	England & Wales (1)	*24.99%	Television production

#### Subsidiary undertakings

The details of the subsidiaries held by the Group as at 31 December 2020 are set out below. All companies are included in the consolidated financial statements and the full information will be annexed to the company's next annual return. The directors believe that the carrying value of the investments is supported by their underlying net assets.

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
A Seat At The Table Limited	England & Wales (1)	*50.0%	Television production
A3MI Finance Limited	England & Wales (1)	*100%	Sub-holding company
Adamaarku Productions Limited	England & Wales (1)	*51.0%	Television production
Agatha Raisin 2 Finance Limited**	England & Wales (1)	*100%	Financing vehicle
Agatha Raisin Finance Limited	England & Wales (1)	*100%	Financing vehicle
All3Media Director 2 Limited	England & Wales (1)	*100%	Sub-holding company
All3Media Director Limited	England & Wales (1)	100%	Sub-holding company
All3Media Finance Limited	England & Wales (1)	*100%	Sub-holding company
All3Media Holdings Limited	England & Wales (1)	100%	Sub-holding company
All3Media International Limited	England & Wales (1)	100%	Television distribution
All3Media Limited	England & Wales (1)	*100%	Sub-holding company
All3Media USA Limited	England & Wales (1)	*100%	Sub-holding company
American Animal Pictures Limited	England & Wales (1)	*100%	Television production
Angela Black Productions Limited	England & Wales (1)	*51.0%	Television production
Angelica Films Limited	England & Wales (1)	*100%	Television production and distribution
Annika Stranded Finance Limited	England & Wales (1)	*100%	Financing vehicle
Apprentice Witch Productions Limited	England & Wales (1)	*100%	Television production
Assembly Film & Television Limited	England & Wales (1)	100%	Television production

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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
Aurora Media Worldwide UK Limited	England & Wales (1)	*90.0%	Television production and distribution
Awakening Production Limited (formerly Wighty Productions Limited)	England & Wales (1)	*50.1%	Television production
Back to Life 2 Productions Limited	England & Wales (1)	*51.0%	Television production
Bentley Productions Limited	England & Wales (1)	100%	Television production
Betty TV Limited	England & Wales (1)	*100%	Television production and distribution
Boundaries Productions Limited	England & Wales (1)	*100%	Television production
Brookside Productions Limited	England & Wales (1)	*100%	Television production
Bunch Productions Limited	England & Wales (1)	*100%	Television production
CA Productions Limited	England & Wales (1)	*100%	Television production
CA2 Productions Limited	England & Wales (1)	*100%	Television production
Cheat Productions Limited	England & Wales (1)	*51.0%	Television production
Company Films Limited	England & Wales (1)	100%	Television production
Company Pictures Limited (formerly Company Television Productions Limited)	England & Wales (1)	100%	Television production
Company Productions (Douglas) Limited	England & Wales (1)	100%	Television production
Company Productions (North) Limited	England & Wales (1)	100%	Television production
Company Productions Limited	England & Wales (1)	100%	Television production
Company Television (Northern Ireland) Limited	England & Wales (1)	100%	Television production
Company Television Limited	England & Wales (1)	100%	Television production
CTG Productions Limited	England & Wales (1)	*50.0%	Television production
CTM 3 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 4 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 5 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 6 Productions Limited	England & Wales (1)	*100%	Television production and distribution

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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
CTM 7 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 8 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 9 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM Productions Limited	England & Wales (1)	*100%	Television production and distribution
DALG Productions Ltd	England & Wales (1)	*100%	Television production
DEC Productions Limited	England & Wales (1)	*100%	Television production
Delta Productions Limited	England & Wales (1)	*100%	Television production
Dirtquake Limited (formerly North One Newco Limited)	England & Wales (1)	*100%	Television production
DLG Financing 1 Limited	England & Wales (1)	100%	Sub-holding company
DLG Financing 2 Limited	England & Wales (1)	100%	Sub-holding company
Dolphin World Productions Limited	England & Wales (1)	*100%	Television production
Dream Horse Films	England & Wales (1)	*60%	Television production
Drive Through Productions Limited	England & Wales (1)	*100%	Television production
Earthshot Studios Limited	England & Wales (1)	*50.0%	Television production
Eight Bridges Productions Limited	England & Wales (1)	*51.0%	Television production
Electric Talent Limited	England & Wales (1)	100%	Television production
Elevated Vision Productions Limited	England & Wales (1)	*100%	Television production
Fear Falls Productions Limited	England & Wales (1)	*100%	Television production
First Loop Productions Limited	England & Wales (1)	*100%	Television production
Fleabag Productions Limited	England & Wales (1)	*51.0%	Television production
Gently Productions Limited	England & Wales (1)	*100%	Television production
Grange Hill Productions Limited	England & Wales (1)	*50.0%	Television production
Hit Networks Limited	England & Wales (1)	*73.0%	SVOD and podcast distribution
Imposter Pictures Limited	England & Wales (1)	*100%	Television production
Informer Productions Limited	England & Wales (1)	*100%	Television production and distribution
Invasion Pictures Limited	England & Wales (1)	*60%	Television production

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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
Island TV (Holdings) Limited	England & Wales (1)	*100%	Television production and distribution
Jerusalem Finance Limited	England & Wales (1)	*100%	Financing vehicle
La Plante Productions Limited	England & Wales (1)	*100%	Television production
Liar Two Productions Limited	England & Wales (1)	*51.0%	Television production
Lime Entertainment Limited	England & Wales (1)	*100%	Television production
Lime Pictures (HH) Limited	England & Wales (1)	*100%	Television production
Lime Pictures (Nursery) Limited	England & Wales (1)	*100%	Television production
Lime Pictures Group Limited	England & Wales (1)	*100%	Television production
Lime Pictures Limited	England & Wales (1)	100%	Television production
Lion Cubs Limited	England & Wales (1)	*100%	Television production
Lion Drama Limited	England & Wales (1)	*100%	Television production
Lion Films Limited	England & Wales (1)	*100%	Television production
Lion Media Limited	England & Wales (1)	*100%	Television production
Lion Television Limited	England & Wales (1)	100%	Television production
Lion Television North Limited	England & Wales (1)	*100%	Television production
Little Dot Studios Limited	England & Wales (1)	100%	Multi-platform content provider
Living Planet Productions Limited	England & Wales (1)	*100%	Television production
Manor Production Services Limited	England & Wales (1)	100.0%	Television production
Marlais Productions Limited	England & Wales (1)	*51.0%	Television production
Maverick Operation Ouch Limited	England & Wales (1)	*100%	Television production
Maverick Television Limited	England & Wales (1)	100%	Television production
Mersey Acquisitions Limited	England & Wales (1)	100%	Television production
Mersey PL Limited	England & Wales (1)	100.0%	Television production
Midsomer Murders S21 Limited	England & Wales (1)	*100%	Television production
Midsomer Murders S22 Limited	England & Wales (1)	*100%	Television production
Moneda Productions Limited	England & Wales (1)	100%	Television production
MUD Productions Limited	England & Wales (1)	*100%	Television production

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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
Neal Street Media Limited	England & Wales (1)	*50.0%	Television production and distribution
Neal Street Productions (Broadway) Limited	England & Wales (1)	*100%	Television production and distribution
Neal Street Productions Limited	England & Wales (1)	*100%	Television production and distribution
New Pictures Limited	England & Wales (1)	100%	Television production and distribution
Newco Productions Limited	England & Wales (1)	*100%	Television production and distribution
Nine Streets Productions Limited	England & Wales (1)	*51.0%	Television production
North One Television Limited	England & Wales (1)	100%	Television production
NPX Productions Limited	England & Wales (1)	*100%	Television production
NSM The Red Zone Limited	England & Wales (1)	*50.0%	Television production and distribution
Objective Media Group Limited	England & Wales (1)	100%	Television Production
OF Productions (Buds) Limited	England & Wales (1)	*100%	Television Production
OF Productions (Rabbit) Limited (formerly OF Productions Limited)	England & Wales (1)	*100%	Television Production
OF Productions (Toast) Limited	England & Wales (1)	*100%	Television production
OF Productions (Us) Limited	England & Wales (1)	*100%	Television Production
One Potato Two Potato Limited	England & Wales (1)	*100%	Television production and distribution
Optomen Television Limited	England & Wales (1)	100.0%	Television production
Penguin Films Limited	England & Wales (1)	*100%	Television production
Penny Dreadful Television Limited	England & Wales (1)	*100%	Television production and distribution
Perfect Planet Productions Limited	England & Wales (1)	*100%	Television production
Pet Moon Productions Limited (formerly Strikeback 1 Limited, Company Pictures Limited)	England & Wales (1)	*100%	Television production
Pet Moon Television Limited (formerly MCB Productions Limited)	England & Wales (1)	100%	Television production
Polar Bear Films Limited	England & Wales (1)	*100%	Television production
Rainforest Finance Limited	England & Wales (1)	*100%	Financing vehicle
Ravenscourt Services Limited	England & Wales (1)	*100%	Television production

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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
Raw Factual Limited	England & Wales (1)	*55.319%	Television production
Raw Scripted Limited	England & Wales (1)	*60%	Television production
Raw TV Limited	England & Wales (1)	*100%	Television production and distribution
Red Rooster Television Limited	England & Wales (1)	100%	Television production
Requiem Finance Limited**	England & Wales (1)	*100%	Financing vehicle
Requiem Productions Limited	England & Wales (1)	*100%	Television production
Residual3 Limited	England & Wales (1)	*100%	Administrative vehicle
Shakespeare Productions Limited	England & Wales (1)	*100%	Television production and distribution
Silverback Films Limited	England & Wales (1)	100.0%	Television production and distribution
Stateside Productions Limited	England & Wales (1)	*100%	Television production and distribution
Strikeback A Limited (formerly All3Media Group Limited)	England & Wales (1)	*100%	Sub-holding company
Strikeback A Limited (formerly All3Media Group Limited)	England & Wales (1)	*100%	Holding company
Strikeback B Limited (formerly All3Media Capital Limited)	England & Wales (1)	*100%	Holding company
Strikeback C Limited (formerly All3Media Intermediate Limited)	England & Wales (1)	*100%	Holding company
Studio Lambert Associates Limited	England & Wales (1)	50.1%	Television production and distribution
Studio Lambert Finance Limited	England & Wales (1)	*50.1%	Television production
Studio Lambert Limited	England & Wales (1)	100%	Television production
Studio Silverback Limited	England & Wales (1)	50.0%	Television production and distribution
The Feed Production Limited	England & Wales (1)	*50.1%	Television production
The Lime Pictures Holding Company Limited	England & Wales (1)	*100%	Television production
The Mersey Music Company Limited	England & Wales (1)	*100%	Television production
The Mersey Television Company Limited	England & Wales (1)	*50.0%	Television production
The Mersey Television Group Limited	England & Wales (1)	*50.0%	Television production

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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
The Mersey Television Training Company Limited	England & Wales (1)	*50.0%	Television production
The Nest Productions Limited	England & Wales (1)	*50.1%	Television production
The Tourist Productions Limited (formerly All Creatures Finance Ltd)	England & Wales (1)	*51.0%	Television production
TI Productions Limited	England & Wales (1)	*100%	Television production
TSP Productions Limited	England & Wales (1)	*100%	Television production
TSP2 Productions Limited (formerly TI2 Productions Ltd)	England & Wales (1)	*100%	Television production
Two Brothers Pictures Limited	England & Wales (1)	*51.0%	Television production and distribution
Two Halves Pictures Limited	England & Wales (1)	*100%	Television production and distribution
Van Der Valk Finance Limited**	England & Wales (1)	*100%	Financing vehicle
Van der Valk S1 Limited	England & Wales (1)	*100%	Television production
Van der Valk S2 Limited	England & Wales (1)	*100%	Television production
Wereworld Productions Limited	England & Wales (1)	*100%	Television production
West Road Pictures Limited	England & Wales (1)	100%	Television production and distribution
Westbridge Productions Limited	England & Wales (1)	*50.1%	Television production
White Dragon Productions Limited	England & Wales (1)	*51.0%	Television production
Wild Britain Productions Limited	England & Wales (1)	*100%	Television production
Wild Chase Productions Limited	England & Wales (1)	*100%	Television production
Wild West Finance Limited	England & Wales (1)	*100%	Television distribution
Wing Limited	England & Wales (1)	*50.1%	Digital production services
Wings Acquisition Company Limited	England & Wales (1)	100.0%	Sub-holding company
Witchery Pictures Limited (formerly Witchery Pictures (J & S) Limited)	England & Wales (1)	*100%	Television production and distribution
Zero Chill Productions Limited	England & Wales (1)	*100%	Television production
All3Media Deutschland GmbH	Germany (3)	*100%	Television production
filmpool entertainment GmbH	Germany (5)	*93.5%	Television production

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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
filmpool fiction GmbH	Germany (5)	*93.5%	Television production
filmpool media entertainment GmbH	Austria (6)	*93.5%	Television production
I Care Producties BV	Netherlands (11)	*52.0%	Television production
IDTV Belgium BV&A	Netherlands (11)	*100%	Television production
IDTV Cumulus BV	Netherlands (11)	*100%	Television production
IDTV Film and Video Productions BV	Netherlands (11)	*100%	Television production
IDTV Fusion BV	Netherlands (11)	*100%	Television production
IDTV Live 360 BV	Netherlands (11)	*100%	Television production
IDTV Media Group B.V.	Netherlands (11)	*100%	Television production
MME Me, Myself & Eye Entertainment GmbH	Germany (4)	*93.5%	Television production
MME Moviemat AG	Germany (4)	*93.57%	Television production
Red Forest TV BV	Netherlands (11)	*100%	Television production
south&browse GmbH	Germany (3)	*100%	Television production and distribution
Tower Productions GmbH	Germany (5)	*100.0%	Television production
Tulip Holdings B.V.	Netherlands (11)	*100%	Sub-holding company
All3Media America, LLC	USA (2)	*100%	Television production and distribution
All3Media International America, LLC	USA (2)	*100%	Television production and distribution
All3Media USA, Inc.	USA (2)	*100%	Sub-holding company
America's Finest Television Corp.	USA (2)	*100%	Television production and distribution
Authentic Pictures Group, Inc.	USA (2)	*100%	Television production and distribution
Avaline Music Emporium, Inc.	USA (2)	*100%	Television production and distribution
Beach Life Studios, LLC	USA (2)	*100%	Television production and distribution
Beak Street Studio Rentals Inc.	USA (2)	*100%	Television production and distribution
Best Production Company, LLC	USA (8)	*51.0%	Television production and distribution
Bright Road Productions, Inc.	USA (2)	*100%	Television production and distribution



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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
Bright Spot Content, LLC	USA (2)	*100%	Television production and distribution
Carnaby Services, Inc.	USA (2)	*100%	Television production and distribution
Clock Productions, LLC (formerly Hole in the Fence Productions, LLC)	USA (2)	*100%	Television production and distribution
DLG USA Financing, LLC	USA (2)	100%	Sub-holding company
Dusty Rose Pictures, LLC	USA (2)	*100%	Television production and distribution
Elastic Studios LLC	USA (2)	*100%	Multi-platform content provider
Famous Kitchen Productions, LLC (formerly MSQ Productions, LLC)	USA (2)	*100%	Television production and distribution
Fugitive and Recovery Team Services	USA (2)	*100%	Television production and distribution
Lion Television, LLC	USA (2)	*100%	Television production and distribution
Little Dot Studios LLC	USA (2)	*100%	Multi-platform content provider
Maverick Television Inc.	USA (2)	*100%	Television production and distribution
Music to Air, Inc.	USA (2)	*100%	Television production and distribution
Optomen Productions, LLC	USA (2)	*100%	Television production and distribution
Palm Tree Pictures, LLC	USA (2)	*100%	Television production and distribution
Past or Present, LLC (formerly Jefferson Pictures, LLC)	USA (2)	*100%	Television production and distribution
Raw, Inc.	USA (2)	*100%	Television production and distribution
Rumpole, Inc.	USA (2)	*100%	Television production and distribution
Striped Zebra Productions, Inc.	USA (2)	*100%	Television production and distribution
Studio Lambert Associates USA inc	USA (2)	*50.1%	Television production and distribution
Studio Lambert Media USA inc	USA (2)	*50.1%	Television production
The Heist, LLC	USA (2)	*100%	Television production
The Write Types, Inc.	USA (2)	*100%	Television production and distribution
Vector Productions LLC	USA (2)	*100%	Multi-platform content provider
Waltz International Pictures, Inc.	USA (2)	*100%	Television production and distribution

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## Notes to the financial statements (continued)

### 16. Investments (continued)

#### Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (\*).

Name of company	Country of incorporation	Voting rights %	Nature of business
Woodman Park Productions, LLC	USA (2)	*100%	Television production and distribution
Zoo Productions	USA (2)	*100%	Sub-holding company
Clock Productions, LLC (formerly Hole in the Fence Productions, LLC)	USA (2)	*100%	Television production and distribution
DLG USA Financing, LLC	USA (2)	100%	Sub-holding company
Dusty Rose Pictures, LLC	USA (2)	*100%	Television production and distribution
Elastic Studios LLC	USA (2)	*100%	Multi-platform content provider
Famous Kitchen Productions, LLC (formerly MSQ Productions, LLC)	USA (2)	*100%	Television production and distribution
All3Media International Asia Pacific Pte. Ltd	Singapore (10)	*100%	Television distribution
Burberry Entertainment Pty Limited	Australia (13)	*100%	Television production
Maggie Ltd	New Zealand (12)	*100%	Television production
Pam's Petting Zoo Limited	New Zealand (12)	*100%	Television production
Satellite Media Limited	New Zealand (12)	*50.0%	Television production
South Pacific Pictures Investments Limited	New Zealand (12)	*100%	Sub-holding company
South Pacific Pictures Limited	New Zealand (12)	*100%	Television production
South Pacific Pictures Productions Limited	New Zealand (12)	*100%	Television production
South Pacific Pictures Serials Limited	New Zealand (12)	*100%	Television production
Tatau Productions Limited	New Zealand (12)	*100%	Television production

#### **Registered Address Key**

(1)	Berkshire House, 168 - 173 High Holborn, London, WC1V 7AA, United Kingdom
(2)	6060 Center Drive, 4th Floor, Los Angeles CA 90045, United States
(3)	Atelierstrasse 12, 81671, Munich, Germany
(4)	Gotzkowskystr.20-21, 10555, Berlin, Germany
(5)	Kalscheurener Str. 91, 50354 Hürth, Germany
(6)	Untere Donaustr. 13-15, A - 1020, Wien, Austria
(7)	Brunswick Street, Fritzroy, VIC 3065, Melbourne, Australia
(8)	106 Couples Drive, Newark, Delaware, USA
(9)	Poynders End, Preston, Hitchin, England, SG4 7RX

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## Notes to the financial statements (continued)

### 16. Investments (continued) Subsidiary undertakings (continued)

#### Registered Address Key (continued)

(10)	80 Robinson Road, #02-00, Singapore 068898
(11)	Overschiestraat 176, 1062XK, Amsterdam, Netherlands
(12)	8 Tolich Place, Henderson, Auckland, New Zealand
(13)	Kew, Victoria 3101, Australia

### 17. Inventories

Group	2020 £'000	2019 £'000
Work in progress	191,148	144,906
	<u>191,148</u>	<u>144,906</u>

No inventories are held by the parent company (2019: £nil)

### 18. Trade and other receivables: due within one year

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade receivables	53,935	57,774	-	-
Other receivables	65,738	69,008	-	-
Prepayments and accrued income	118,570	119,476	20	20
Amounts owed by Group undertakings	-	-	249,936	50,166
Social security and other taxes	-	-	103	517
Withholding tax	-	14	-	-
	<u>238,243</u>	<u>246,272</u>	<u>250,059</u>	<u>50,703</u>

Amounts owed by Group undertakings included in the Company above comprise deferred consideration novated from All3Media Limited of £12,027,000 (2019: £12,027,000), an intercompany loan which is repayable in June 2021 of £201,759,000 (2019: £nil) and a number of intercompany loans of £36,150,000 (2019: £38,139,000), which are repayable on demand.

### 19. Trade and other receivables: due after more than one year

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade receivables	67	1,722	-	-
Prepayments and accrued income	835	348	-	-
Amounts owed by Group undertakings	-	-	340,690	549,396
Other receivables	8,274	-	8,274	-
	<u>9,176</u>	<u>2,070</u>	<u>348,964</u>	<u>549,396</u>

Amounts owed by Group undertakings included in the Company above comprise an intercompany loan which is repayable in June 2022 of £140,932,000 (2019: £nil) and a number of other intercompany loans of £199,758,000 (2019: £549,396,000). These loans are repayable between May 2025 and May 2026 following the settlement of all outstanding loan amounts due under the Senior Facilities Agreement and the Second Lien Facilities Agreement with National Westminster Bank Plc and Liberty Global Incorporated Limited dated 24 May 2019 and 31 May 2019 respectively. Interest is payable on these loans at a rate of between EURIBOR + 3.5% and LIBOR + 8.00% per annum.

DLG Acquisitions Limited  
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## Notes to the financial statements (continued)

### 20. Borrowings

Group	2020 £'000	2019 £'000
<b>Unsecured borrowing at amortised cost</b>		
Amounts owed to parent undertakings	192,207	140,827
	<b>192,207</b>	<b>140,827</b>
<b>Secured borrowing at amortised cost</b>		
Bank overdrafts	-	5,859
Bank loans	496,791	460,796
	<b>496,791</b>	<b>466,655</b>
<b>Total Borrowings</b>	<b>688,998</b>	<b>607,482</b>
<b>Amounts due for settlement:</b>		
Within 12 months or on demand	56,378	37,309
In more than one year but not more than two years	2,139	11,104
In more than two years but not more than five years	-	-
In more than five years	630,481	559,069
<b>Total Borrowings</b>	<b>688,998</b>	<b>607,482</b>

#### Analysis of borrowings by currency:

	Sterling £'000	US Dollars £'000	US Euros £'000	NZ Dollars £'000	Total £'000
<b>31 December 2020</b>					
Bank overdrafts	-	-	-	-	-
Amounts owed to parent undertakings	192,207	-	-	-	192,207
Bank loans	121,965	8,536	364,274	2,016	496,791
	<b>314,172</b>	<b>8,536</b>	<b>364,274</b>	<b>2,016</b>	<b>688,998</b>
<b>31 December 2019</b>					
Bank overdrafts	5,859	-	-	-	5,859
Amounts owed to parent undertakings	140,827	-	-	-	140,827
Bank loans	102,749	12,786	344,241	1,020	460,796
	<b>249,435</b>	<b>12,786</b>	<b>344,241</b>	<b>1,020</b>	<b>607,482</b>

The principal features of the Group's borrowings are as follows:

- (i) Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 3.50% above the Bank of England base rate per annum, minimum 0%.
- (ii) The Group has three principal bank loans:
  - (a) a first lien loan of €405m. The loan was taken out on 4 June 2019. The loan is secured by pledge over the company's shares and intercompany receivables, the carrying amount of which is shown in note 19. The loan carries an interest rate at 3.5% above 6-month EURIBOR, minimum 0%.
  - (b) a loan of £74m. The loan was taken out on 4 June 2019. The loan is secured by pledge over the Company's shares and intercompany receivables, the carrying amount of which is shown in note 19. The loan carries an interest rate at 8.00% above 6-month LIBOR, minimum 0%.
  - (c) production loans totalling £32m (2019: £33m).
- (iii) Amounts repayable to parent undertakings carry interest of 5.99% per annum charged on the outstanding loan balances.

DLG Acquisitions Limited  
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## Notes to the financial statements (continued)

### 20. Borrowings (continued)

The weighted average interest rates paid during the period were as follows:

	Year ended 31 December 2020 %	Year ended 31 December 2019 %
Bank overdrafts	3.60	5.25
Amounts owed to parent undertakings	5.99	5.88
Bank loans	4.21	5.00

### 21. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	At 1 January 2020 £'000	Acquisitions / disposals £'000	(Charge) / credit to profit or loss £'000	Exchange differences £'000	At 31 December 2020 £'000
Intangible assets	(3,084)	(2,281)	1,487	8	(3,870)
Accelerated tax depreciation	1,808	(10)	682	2	2,482
IFRS 16 leases	1,302	-	45	(6)	1,341
Tax losses	1,140	-	947	-	2,087
Revaluation of financial instruments	2,476	-	1,802	-	4,278
Short term temporary differences	637	(80)	635	(150)	1,042
<b>Deferred tax asset</b>	<b>4,279</b>	<b>(2,371)</b>	<b>5,598</b>	<b>(146)</b>	<b>7,360</b>

Deferred tax asset in the Company relates to the following:

	At 1 January 2020 £'000	Acquisitions / disposals £'000	(Charge) / credit to profit or loss £'000	Exchange differences £'000	At 31 December 2020 £'000
Tax losses	735	-	(735)	-	-
Revaluation of financial instruments	2,476	-	1,802	-	4,278
	<b>3,211</b>	<b>-</b>	<b>1,067</b>	<b>-</b>	<b>4,278</b>

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 £'000	2019 £'000
Deferred tax liabilities (note 25)	(4,357)	(4,050)
Deferred tax assets	11,717	8,329
	<b>7,360</b>	<b>4,279</b>

DLG Acquisitions Limited  
Report and financial statements for the year to 31 December 2020

## Notes to the financial statements (continued)

### 21. Deferred tax (continued)

Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:

	2020 £'000	2019 £'000
Unutilised tax losses	15,121	11,900
	<u>15,121</u>	<u>11,900</u>

Included in unrecognised tax losses are losses totalling £371,000 which will expire in the following financial years:

- 2021: £300,000
- 2022: £71,000

### 22. Trade and other payables: due within one year

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade payables	55,762	54,096	-	1,800
Amounts owed to Group undertakings	-	-	108,964	3,621
Other payables	51,583	42,840	34,006	12,097
Social security and other taxes	5,946	5,050	-	-
Accruals and deferred income	296,436	225,292	2,274	4,671
Bank overdrafts (note 20)	-	5,859	50,719	32,017
Bank loans (note 20)	56,378	31,450	20,000	10,000
	<u>466,105</u>	<u>364,587</u>	<u>215,963</u>	<u>64,206</u>

Included within other payables in Group and Company above is £9,461,000 (2019: £8,229,000) relating to derivative financial instruments and £17,422,000 (2019: £3,849,000) related to deferred consideration. Also included within other payables in Group above is £2,895,000 (2019: £15,784,000) relating to put and call option liabilities.

### 23. Trade and other payables: due after more than one year

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts owed to parent undertakings (note 20)	192,207	140,827	192,207	140,827
Amounts owed to Group undertakings	-	-	208,422	293,448
Accruals and deferred income	1,761	-	-	-
Other payables	62,522	71,649	28,952	49,345
Bank loans (note 20)	440,413	429,346	438,274	418,241
	<u>696,903</u>	<u>641,822</u>	<u>867,855</u>	<u>901,861</u>

Amounts owed to parent undertakings are payable on 15 May 2028. Interest is payable on this loan at a rate of 5.98% (2019: 5.98%) per annum. The repayments will follow the settlement of loan amounts due under the Senior Facilities Agreement and the Second Lien Facilities Agreement dated 24 May 2019 (as amended and restated in a Supplemental Deed dated 27 November 2019).

DLG Acquisitions Limited  
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## Notes to the financial statements (continued)

### 23. Trade and other payables: due after more than one year (continued)

Amounts owed to Group undertakings are repayable between 30 June 2021 and 30 June 2022. The weighted average interest payable on these loans is 6.93% (2019: 6.93%).

Included within other payables in Group above is £60,562,000 (2019: £51,328,000) related to put and call option liabilities and £nil (2019: £40,024,000) relating to derivative financial instruments. Also included within other payables in Group above is £1,226,000 (2019: £nil) related to deferred consideration.

Included within other payables in the Company above is £28,353,000 (2019: £37,334,000) related to put and call option liabilities and £nil (2019: £40,024,000) relating to derivative financial instruments. Also included within other payables in the Company above is £599,000 (2019: £nil) related to deferred consideration.

### 24. Obligations under leases and hire purchase contract

Total future commitments under non-cancellable operating leases, for the Group, are as follows:

	Land and buildings		Other	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Operating leases payable:</b>				
Within one year	103	23	41	239
In two to five years	-	-	-	28
In over five years	-	-	-	-
	<u>103</u>	<u>23</u>	<u>41</u>	<u>267</u>

There are no obligations under operating leases in the Company as at 31 December 2020 or 31 December 2019.

### 25. Provisions for liabilities

	2020 £'000	2019 £'000
Deferred taxation (note 21)	4,357	4,050
Dilapidation provisions	1,185	1,066
Other provisions	440	152
	<u>5,982</u>	<u>5,268</u>

There are no provisions for liabilities in the Company as at 31 December 2020 or 31 December 2019.

### 26. Called-up share capital

	2020 £	2019 £
<b>Group and company</b>		
<i>Issued and fully paid:</i>		
119,240 (31 December 2019: 119,240) ordinary A shares of £0.01 each	1,192	1,192
119,240 (31 December 2019: 119,240) ordinary B shares of £0.01 each	1,192	1,192
17,950 (31 December 2019: 17,950) ordinary shares of £0.01 each	180	180
	<u>2,564</u>	<u>2,564</u>

DLG Acquisitions Limited  
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## Notes to the financial statements (continued)

### 27. Reconciliation of movements in reserves

#### Company

	Called-up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2019	3	218,478	(36,830)	181,651
<i>Comprehensive income:</i>				
- Loss for the financial year	-	-	(42,482)	(42,482)
Total comprehensive income	-	-	(42,482)	(42,482)
At 31 December 2019	3	218,478	(79,312)	139,169
At 1 January 2020	3	218,478	(79,312)	139,169
<i>Comprehensive loss:</i>				
- Loss for the financial year	-	-	(83,086)	(83,086)
- Other reserves movement	-	-	9,585	9,585
Total comprehensive loss	-	-	(73,501)	(73,501)
At 31 December 2020	3	218,478	(152,813)	65,668



DLG Acquisitions Limited  
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## Notes to the financial statements (continued)

### 27. Reconciliation of movements in reserves (continued)

#### Group

	Called-up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity attributable to owners of the company £'000	Non- controlling interest £'000	Total equity £'000
At 1 January 2019	3	218,478	(234,273)	(15,792)	2,098	(13,694)
<i>Comprehensive (loss)/income:</i>						
- (Loss)/Profit for the financial year	-	-	(14,614)	(14,614)	94	(14,520)
<i>Other comprehensive income/(loss):</i>						
- Currency translation differences	-	-	2,633	2,633	(112)	2,521
Total comprehensive loss	-	-	(11,981)	(11,981)	(18)	(11,999)
<i>Transactions with owners:</i>						
- Dividends to subsidiaries' non-controlling interests	-	-	(4,081)	(4,081)	-	(4,081)
- Issue of new shares	-	-	-	-	-	-
Total transactions with owners	-	-	(4,081)	(4,081)	-	(4,081)
At 31 December 2019	3	218,478	(250,335)	(31,854)	2,080	(29,774)
At 1 January 2020	3	218,478	(250,335)	(31,854)	2,080	(29,774)
<i>Comprehensive (loss)/income:</i>						
- (Loss)/Profit for the financial year	-	-	(63,323)	(63,323)	24	(63,299)
<i>Other comprehensive income/(loss):</i>						
- Other reserve movements	-	-	9,585	9,585	-	9,585
- Currency translation differences	-	-	(1,976)	(1,976)	112	(1,864)
Total comprehensive loss	-	-	(55,714)	(55,714)	136	(55,578)
<i>Transactions with owners:</i>						
- Dividends to subsidiaries' non-controlling interests	-	-	(7,762)	(7,762)	-	(7,762)
Total transactions with owners	-	-	(7,762)	(7,762)	-	(7,762)
At 31 December 2020	3	218,478	(313,811)	(95,330)	2,216	(93,114)

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## Notes to the financial statements (continued)

### 28. Notes to the cash flow statement

#### Group

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Loss for the period	(63,299)	(14,520)
<i>Adjustments for:</i>		
Share of loss of associates	426	162
Share of (profit)/loss of joint ventures	(488)	(598)
Finance income	(11,897)	(12,429)
Finance costs	71,561	65,101
Income tax (credit)/charge	(1,199)	2,223
Depreciation of property, plant and equipment	5,678	5,083
Depreciation of right of use assets	11,848	9,605
Amortisation of intangible assets	12,821	9,630
(Profit)/loss on disposal of property, plant and equipment	(9)	58
<b>Operating cash flows before movements in working capital</b>	<b>25,442</b>	<b>64,315</b>
(Increase)/decrease in inventories	(23,296)	(11,468)
(Increase)/decrease in receivables	9,957	(30,917)
Increase/(decrease) in payables	70,979	35,966
<b>Cash generated from operations</b>	<b>83,082</b>	<b>57,896</b>

#### Company

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Loss for the period	(83,086)	(42,482)
<i>Adjustments for:</i>		
Finance costs	32,719	34,827
Income tax credit	(1,068)	(1,548)
Dividends received	(10,866)	(22,052)
Impairment of non-current assets	59,495	22,109
<b>Operating cash flows before movements in working capital</b>	<b>(2,806)</b>	<b>(9,146)</b>
(Increase)/decrease in receivables	414	(518)
Increase/(decrease) in payables	5,184	5,378
<b>Cash generated from/ (used in) operations</b>	<b>2,792</b>	<b>(4,286)</b>

DLG Acquisitions Limited  
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## Notes to the financial statements (continued)

### 28. Notes to the cash flow statement (continued)

#### Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash and cash equivalents	86,650	53,182	107,163	35,274
Bank overdrafts (included within payables)	-	(5,859)	(50,719)	(32,017)
<b>Net cash and cash equivalents</b>	<b>86,650</b>	<b>47,323</b>	<b>56,444</b>	<b>3,257</b>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet position as shown above.

Included in cash and cash equivalents is £33,325,168 (2019: £17,795,193) held in designated segregated production bank accounts for television companies that have commissioned programmes on their behalf. These funds are under the effective management and control of the Group under the terms of the contracts with the television companies.

#### Analysis of changes in net debt

	At 1 January 2020 £'000	Cash flow £'000	Exchange movements £'000	Other non-cash movements £'000	At 31 December 2020 £'000
<b>Group</b>					
Cash and cash equivalents	47,323	38,987	340	-	86,650
Loans from related parties	(140,827)	(41,832)	-	(9,548)	(192,207)
Bank loans due within 1 year	(31,450)	(25,061)	(84)	217	(56,378)
Bank loans due in more than 1 year	(429,346)	8,965	(20,032)	-	(440,413)
<b>Net debt</b>	<b>(554,300)</b>	<b>(18,941)</b>	<b>(19,776)</b>	<b>(9,331)</b>	<b>(602,348)</b>
<b>Company</b>					
Cash and cash equivalents	3,257	52,505	682	-	56,444
Loans from related parties	(140,827)	(41,832)	-	(9,548)	(192,207)
Bank loans due within 1 year	-	(20,000)	-	-	(20,000)
Bank loans due in more than 1 year	(428,241)	10,000	(20,033)	-	(438,274)
<b>Net debt</b>	<b>(565,811)</b>	<b>673</b>	<b>(20,033)</b>	<b>(8,866)</b>	<b>(594,037)</b>

DLG Acquisitions Limited  
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## Notes to the financial statements (continued)

### 29. Contingent liabilities

#### Loss absorption agreement

DLG Acquisitions and All3Media Deutschland GmbH, a 100% subsidiary of DLG Acquisitions Limited, have a voluntary loss absorption agreement in place such that any losses that arise in All3Media Deutschland GmbH are assumed by DLG Acquisitions Limited. This agreement was in place for the periods to 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018, 31 December 2019 and is also in place for the year to 31 December 2020.

This voluntary loss absorption agreement enables All3Media Deutschland GmbH, Munich, to make use of the exemption of § 264 (3) HGB (German Commercial Code). All3Media Deutschland GmbH is allowed to apply for the exemption for its fiscal year ending 31 December 2020. All3Media Deutschland GmbH is the parent company of a German tax group; thus, the following companies can make use of the exemption:

- All3Media Deutschland GmbH, Munich
- MME MOVIEMENT AG, Munich
- Filmpool entertainment GmbH, Hürth
- MME Me, Myself & Eye Entertainment GmbH, Berlin
- south&browse GmbH, Munich

DLG Acquisitions Limited  
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## Notes to the financial statements (continued)

### 30. Financial instruments

#### Financial instruments by category - Group

##### Assets as per balance sheet

	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Derivatives used for hedging £'000	Total £'000
<i>As at 31 December 2020</i>				
Trade and other receivables (excluding prepayments)	233,375	-	-	233,375
Cash and cash equivalents	86,650	-	-	86,650
<b>Total</b>	<b>320,025</b>	<b>-</b>	<b>-</b>	<b>320,025</b>
<i>As at 31 December 2019</i>				
Trade and other receivables (excluding prepayments)	243,326	-	-	243,326
Cash and cash equivalents	53,182	-	-	53,182
<b>Total</b>	<b>296,508</b>	<b>-</b>	<b>-</b>	<b>296,508</b>

##### Liabilities as per balance sheet

	Liabilities at fair value through profit and loss £'000	Derivatives used for hedging £'000	Financial liabilities at amortised cost £'000	Total £'000
<i>As at 31 December 2020</i>				
Borrowings (excluding finance lease liabilities)	-	-	(688,998)	(688,998)
Lease liabilities	-	-	(63,489)	(63,489)
Derivative financial instruments	(1,187)	-	-	(1,187)
Trade and other payables (excluding non-financial liabilities)	-	-	(464,550)	(464,550)
<b>Total</b>	<b>(1,187)</b>	<b>-</b>	<b>(1,217,037)</b>	<b>(1,218,224)</b>
<i>As at 31 December 2019</i>				
Borrowings (excluding finance lease liabilities)	-	-	(607,482)	(607,482)
Lease liabilities	-	-	(62,330)	(62,330)
Derivative financial instruments	(12,321)	-	-	(12,321)
Trade and other payables (excluding non-financial liabilities)	-	-	(386,608)	(386,608)
<b>Total</b>	<b>(12,321)</b>	<b>-</b>	<b>(1,056,420)</b>	<b>(1,068,741)</b>

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## Notes to the financial statements (continued)

### 30. Financial instruments (continued)

#### Financial Instruments by category – Company

##### Assets as per balance sheet

	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Derivatives used for hedging £'000	Total £'000
<i>As at 31 December 2020</i>				
Trade and other receivables (excluding prepayments)	590,729	-	-	590,729
Cash and cash equivalents	107,163	-	-	107,163
<b>Total</b>	<b>697,892</b>	<b>-</b>	<b>-</b>	<b>697,892</b>
<i>As at 31 December 2019</i>				
Trade and other receivables (excluding prepayments)	600,079	-	-	600,079
Cash and cash equivalents	35,274	-	-	35,274
<b>Total</b>	<b>635,353</b>	<b>-</b>	<b>-</b>	<b>635,353</b>

##### Liabilities as per balance sheet

	Liabilities at fair value through profit and loss £'000	Derivatives used for hedging £'000	Financial liabilities at amortised cost £'000	Total £'000
<i>As at 31 December 2020</i>				
Borrowings (excluding finance lease liabilities)	-	-	(701,201)	(701,201)
Derivative financial instruments	(1,187)	-	-	(1,187)
Trade and other payables (excluding non-financial liabilities)	-	-	(373,158)	(373,158)
<b>Total</b>	<b>(1,187)</b>	<b>-</b>	<b>(1,074,359)</b>	<b>(1,075,546)</b>
<i>As at 31 December 2019</i>				
Borrowings (excluding finance lease liabilities)	-	-	(601,086)	(601,086)
Derivative financial instruments	(12,321)	-	-	(12,321)
Trade and other payables (excluding non-financial liabilities)	-	-	(352,660)	(352,660)
<b>Total</b>	<b>(12,321)</b>	<b>-</b>	<b>(953,746)</b>	<b>(966,067)</b>

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## Notes to the financial statements (continued)

### 30. Financial instruments (continued)

#### Financial instruments by maturity

The maturity of contracted cashflows associated with the Group's financial instruments are shown in the tables below. The tables have been drawn up based on discounted contractual cashflows, showing the Group's assets and liabilities as stated in the balance sheet.

	Not later than one year £'000	Later than one year and not later than five years £'000	Later than five years £'000	Total £'000
<b>Group</b>				
<i>As at 31 December 2020</i>				
Trade and other receivables (excluding prepayments)	197,584	34,840	951	233,375
Borrowings (excluding finance leases)	(56,378)	(2,139)	(630,481)	(688,998)
Lease Liabilities (IFRS 16)	(8,682)	(42,701)	(12,106)	(63,489)
Derivative financial instruments	-	(1,187)	-	(1,187)
Trade and other payables (excluding non-financial liabilities)	(375,002)	(88,691)	(844)	(464,537)
<b>Total</b>	<b>(242,478)</b>	<b>(99,878)</b>	<b>(642,480)</b>	<b>(984,836)</b>
<i>As at 31 December 2019</i>				
Trade and other receivables (excluding prepayments)	203,152	40,174	-	243,326
Borrowings (excluding finance leases)	(19,566)	(7,498)	(580,418)	(607,482)
Lease Liabilities (IFRS 16)	(7,804)	(38,536)	(15,990)	(62,330)
Derivative financial instruments	-	(12,321)	-	(12,321)
Trade and other payables excluding non-financial liabilities	(319,050)	(67,558)	-	(386,608)
<b>Total</b>	<b>(143,268)</b>	<b>(85,739)</b>	<b>(596,408)</b>	<b>(825,415)</b>
<b>Company</b>				
<i>As at 31 December 2020</i>				
Trade and other receivables (excluding prepayments)	250,039	340,690	-	590,729
Borrowings (excluding finance leases)	(20,000)	-	(681,201)	(701,201)
Derivative financial instruments	-	(1,187)	-	(1,187)
Trade and other payables excluding non-financial liabilities	(164,137)	(209,021)	-	(373,158)
<b>Total</b>	<b>65,902</b>	<b>130,482</b>	<b>(681,201)</b>	<b>(484,817)</b>
<i>As at 31 December 2019</i>				
Trade and other receivables (excluding prepayments)	600,079	-	-	600,079
Borrowings (excluding finance leases)	-	-	(601,086)	(601,086)
Derivative financial instruments	-	(12,321)	-	(12,321)
Trade and other payables excluding non-financial liabilities	(10,339)	(342,321)	-	(352,660)
<b>Total</b>	<b>589,740</b>	<b>(354,642)</b>	<b>(601,086)</b>	<b>(365,988)</b>

The gain recognised in the year on derivative financial instruments is disclosed in note 9 (2019: loss). Interest paid on borrowings is disclosed in note 10 with further details disclosed in note 20.

As at 31 December 2020 the Group held a provision against recoverability of trade receivables of £1,226,000 (2019: £1,128,575).

A review performed on the Group's financial assets concluded that no adjustment in respect of recoverability was required. As a result, the expected loss adjustment at 31 December 2019 and 31 December 2020 is nil, with no charge recognised in the years then ended.

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## Notes to the financial statements (continued)

### 31. Financial Risk Management

#### Foreign Currency Risk

The Group is exposed to foreign currency risk through its overseas operations, borrowing and through overseas trading. A cross currency swap has been entered into in order to swap sterling debt into US dollar debt, to be serviced by the Group's earnings in this currency, as detailed in note 32.

#### Exposure

The Group's exposure to foreign currency risk at the balance sheet date, excluding derivative financial instruments, is as follows:

<u>Group</u>	USD £'000	EUR £'000	NZD £'000
<b>As at 31 December 2020</b>			
Trade receivables	13,351	14,113	-
Cash and cash equivalents	7,712	1,380	4,592
Trade payables	(4,697)	(1,736)	(453)
Bank loans	(8,536)	(364,274)	(2,016)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>As at 31 December 2019</b>			
Trade receivables	20,239	11,022	45
Cash and cash equivalents	7,426	1,039	4,836
Trade payables	(4,442)	(1,540)	(286)
Bank loans	(12,786)	(344,241)	(1,020)
	<u>          </u>	<u>          </u>	<u>          </u>

#### Sensitivity

The sensitivity of the Group's profit and loss and equity, excluding translational risks and effects on derivative financial instruments, are disclosed in the table below. Derivative financial instruments are excluded as the Group does not apply hedge accounting. Details regarding the Group's derivative financial instruments are given in note 32.

#### **Increase/(decrease) in Profit & Loss and increase/(decrease) in equity**

	31 December 2020 £'000	31 December 2019 £'000
USD/GBP exchange rate: increase 5%	809	(147)
USD/GBP exchange rate: decrease 5%	(850)	154
EUR/GBP exchange rate: increase 5%	17,168	16,274
EUR/GBP exchange rate: decrease 5%	(18,026)	(17,088)
	<u>          </u>	<u>          </u>



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## Notes to the financial statements (continued)

### 31. Financial risk management (continued)

#### Interest Rate Risk

The Group has interest bearing assets and liabilities, including cash and debt commitments. The Group holds interest rate swaps, the details of which are disclosed in note 32.

#### Exposure

The Group's exposure to interest rate risk at the balance sheet date, excluding derivative financial instruments, is as follows:

<u>Group</u>	Balance £'000	Interest Rate %
<b>As at 31 December 2020</b>		
Bank overdrafts	-	3.50
Amounts owed to parent undertakings	192,207	5.98
Bank loans	496,791	3.50
	<hr/>	<hr/>
<b>As at 31 December 2019</b>		
Bank overdrafts	(5,859)	5.25
Amounts owed to parent undertakings	(140,827)	5.98
Bank loans	(460,796)	4.44
	<hr/>	<hr/>

#### Sensitivity

The sensitivity of the Group's profit and loss and equity to movements in interest rate arises mainly as a result of its borrowings.

The effect of a 1% movement in the underlying exchange rates on the Group's loss before tax are given in the table below. All figures exclude the effects on derivative financial instruments as the Group does not apply hedge accounting. Details regarding the Group's derivative financial instruments are given in note 32.

#### **Increase/(decrease) in Profit & Loss and Increase/(decrease) in equity**

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Bank of England base interest rate: increase by 1 percentage point	(255)	(36)
Bank of England base interest rate: decrease by 1 percentage point	25	-
6-month GBP LIBOR: increase by 1 percentage point	(300)	(599)
6-month GBP LIBOR: decrease by 1 percentage point	-	503
6-month EURIBOR: increase by 1 percentage point	(1,475)	(2,788)
6-month EURIBOR: decrease by 1 percentage point	-	-
Shareholder loan interest rate: increase by 1 percentage point	(1,557)	(1,172)
Shareholder loan interest rate: decrease by 1 percentage point	1,557	1,109
	<hr/>	<hr/>

Decreases to the 6-month LIBOR have no effect on the Group's loss before tax for the year to 31 December 2020 or for the year to 31 December 2019 as the rate at both dates was below the floors in effect in the Group's banking and loan agreements.

Decreases to the 6-month EURIBOR have no effect on the Group's loss before tax for the year to 31 December 2020 or for the year to 31 December 2019 as the rate at both dates was below the floors in effect in the Group's banking and loan agreements.

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## Notes to the financial statements (continued)

### 32. Derivative financial instruments

<u>Group and company</u>	Current portion £'000	Non-current portion £'000	Total £'000
<b>As at 31 December 2020</b>			
<i>Liabilities classified as held for trading (*)</i>			
Interest rate swaps	(3,104)	(6,050)	(9,154)
Cross currency swaps	(5,924)	14,324	8,400
Basis Rate swaps	(433)	-	(433)
<b>Total</b>	<b>(9,461)</b>	<b>8,274</b>	<b>(1,187)</b>
<b>As at 31 December 2019</b>			
<i>Liabilities classified as held for trading (*)</i>			
Interest rate swaps	(2,161)	(6,373)	(8,534)
Cross currency swaps	(6,068)	2,281	(3,787)
<b>Total</b>	<b>(8,229)</b>	<b>(4,092)</b>	<b>(12,321)</b>

(\*) These derivative financial instruments are not designated as hedges and so are required to be classified as held-for-trading.

The full fair value of a derivative financial instrument is classified as a non-current asset or liability if the remaining maturity of the item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. The derivative financial instruments are not traded in an active market, but the fair values are based on quoted market prices, broker/dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Therefore, these are measured at fair value in accordance with the IFRS 13 classification hierarchy level 2.

#### Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2020 were £213,413,564 (2019: £209,893,000), made up of £74,000,000 and £155,000,000 (2019: of £74,000,000 and £155,000,000) and have maturity dates in 2024 (2019: 2024).

At 31 December 2020, the fixed interest rates vary from 0.46% to 2.94% (2019: 0.46% to 2.94%), and the main floating rates are EURIBOR and LIBOR. Gains and losses are recognised as fair value through profit or loss.

#### Cross currency rate swap

The Group holds four cross currency rate swap contracts at 31 December 2020, all of which mature in 2024 (2019: 2024). All four contracts have original currency USD, with total value of \$278,519,000 (2019: \$278,519,000) and swapped currency EUR. The total notional fixed rate principal amount at 31 December 2020 was \$278,519,000 (2019: \$278,519,000) and the total notional floating rate principal amount at 31 December 2020 was £250,000,000 (2019: £250,000,000). This is a floating for fixed swap, with a fixed interest rate of 6.71% (2019: 6.71%) and floating rates based on 3.5% (2019: 3.75%) above the 6 month EURIBOR (minimum 0%).

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## Notes to the financial statements (continued)

### 33. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

#### Trading transactions

During the period, Group companies entered into the following transactions with related parties who are not members of the Group:

#### Group

	Sale of goods		Purchase of goods and services	
	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Discovery Inc. and subsidiaries	60,265	72,793	1,500	1,541
Liberty Global plc and subsidiaries	-	6,094	1,500	1,500
Seven Stories Limited	68	-	-	-
Unstoppable Film & Television Limited	102	-	-	-
Studio Lambert Media	541	-	-	-
	<u>60,976</u>	<u>78,887</u>	<u>3,000</u>	<u>3,041</u>

#### Company

	Sale of goods		Purchase of goods and services	
	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Discovery Inc. and subsidiaries	-	-	1,500	1,500
Liberty Global plc. and subsidiaries	-	-	1,500	1,500
	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>

The following amounts were outstanding at the balance sheet date:

#### Group

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2020 £'000	31 December 2019 £'000	31 December 2020 £'000	31 December 2019 £'000
Discovery Inc. and subsidiaries	1,336	2,400	99,404	72,041
Liberty Global plc and subsidiaries	-	468	173,404	72,214
Seven Stories Limited	2,614	2,436	-	-
Caravan Media Limited	252	238	-	-
Two Halves Pictures Limited	-	8	-	-
Unstoppable Film & Television Limited	1,497	783	-	-
Story Films Limited	654	308	-	-
Studio Lambert Media Limited	694	-	-	-
Great Scott Media Limited	291	-	-	-
	<u>7,338</u>	<u>6,641</u>	<u>272,808</u>	<u>144,255</u>

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## Notes to the financial statements (continued)

### 33. Related party transactions (continued)

#### Company

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2020 £'000	31 December 2019 £'000	31 December 2020 £'000	31 December 2019 £'000
Discovery Inc. and subsidiaries	-	-	99,404	71,914
Liberty Global plc and subsidiaries	-	-	173,404	72,214
	<u>-</u>	<u>-</u>	<u>272,808</u>	<u>144,255</u>

#### Discovery Inc. and Liberty Global plc

Since the acquisition on 23 September 2014 of All3Media Holdings Limited by DLG Acquisitions Limited there have been sales of television programmes and payments of royalties to subsidiaries of Discovery, Inc and Liberty Global plc. In addition, subsidiaries of Liberty Global plc and Discovery Inc. charge a total management fee of £3m per annum to DLG Acquisitions Limited.

#### Other Related Parties

DLG Acquisitions Limited owns 19.99% of Caravan Media Limited, 24.99% of Seven Stories Limited, 21.00% of Unstoppable Film & Television Limited, 32.5% of Story Films Limited, 24.99% of Bullion Productions Limited, 20% of Great Scott Media Limited and 24.99% of Studio Lambert Media.

Entities that are part of the Group have taken advantage of the exemption from FRS101 and do not need to disclose transactions within the Group where 100% of the subsidiary's voting rights are controlled within the Group. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Amounts owed by Caravan Media Limited, Seven Stories Limited carry interest at rates of 5%+ 3 mth LIBOR. Amounts owed by Great Scott Media Limited carry interest at rates of 2.0%+ BOE base rate. Amounts owed by Unstoppable Film & Television Limited, Story Films Limited and Bullion Productions Limited carry interest at rates of 1.5%+ BOE base rate. Amounts owed by Discovery Inc. and Liberty Global plc do not carry interest.

Amounts repayable to Discovery Inc. and Liberty Global plc carry interest of 5.98% (2019: 5.98%) per annum charged on the outstanding loan balances.

### 34. Share-based payment arrangement

On 17 December 2018 the Group entered into a joint share ownership plan, a form of cash-settled share-based payment arrangement. 16,801 awards being granted to senior management during the year to 31 December 2018 with a further 1,149 remaining outstanding. No further awards were granted during the year to 31 December 2019 or 31 December 2020 and no awards vested, expired, or were forfeited during the year.

The parties to the plan are All3Media Limited and an employee benefit trust. All3Media is the employing entity of all participants in the scheme and is required to settle the share-based payment. The employee benefit trust holds the shares on behalf of the participants.

During the year to 31 December 2020, a modification was made to the method of scheme settlement. It was determined that participants would receive shares to a fixed value. The resulting income statement charge was £7.7m in the year. Fair value was measured based on agreement between directors and scheme participants. In the prior year, the expense arising from the share-based payment arrangement was £754k.

## Notes to the financial statements (continued)

### 35. Corporate acquisitions

(i) On 1 December 2020, the Group acquired 100% of Silverback Films Ltd, a television production company. The following table sets out the book values of the identifiable net assets acquired together with the provisional fair value to the Group:

	Book value	Fair value adjustment		Fair value
	£'000	£'000		£'000
Intangible fixed assets	-	11,477	(a)	11,477
Deferred Tax liability on intangible	-	(2,281)		(2,281)
Property, plant and equipment	1,470	-		1,470
Current assets	24,863	(4,794)	(b)	20,069
Cash	8,704	-		8,704
Current liabilities	(29,973)	(524)	(c)	(30,497)
Non-current liabilities	-	(167)	(d)	(167)
Net assets acquired	5,064	3,711		8,775
Goodwill recognised				16,800
				25,575
Discharged by:				
Consideration paid - cash				25,000
Deferred cash consideration				575

#### Adjustments:

- (a) identified intangible assets representing contractual income on future programme titles.
- (b) reduction of WIP as a result of conversion to the Group's accounting policies.
- (c) recognition of a deferred tax liability arising from identified intangibles (noted within (a) above).
- (d) Increase in non-current liabilities as a result of conversion to IFRS 16 accounting on Leases.

The group acquired Silverback Films Limited as part of the group's strategy to grow its television production business. The goodwill recognised represents synergies and future cashflows expected to be generated by the acquiree. Silverback Films generated a profit of £2,100,000 for the full financial year 2020. However, made a loss of £180,000 under the 1 month ownership in the period.

Other corporate acquisitions in the year include Wing Limited, Hit Networks Limited (trading as History Hit) and Tower GmbH Productions for a total cash consideration of £3,826,000 with total additions to goodwill of £3,442,000. The assets and liabilities acquired in the year of these acquisitions are immaterial to the group.

### 36. Parent and ultimate parent undertaking

The ultimate controlling parties at the balance sheet date were Liberty Global plc and Discovery Inc., which owned LGCI HoldCo I B.V. and DNI Holdings (Jersey) Limited, which were joint owners of DLG Acquisitions Limited.

Post balance sheet, DNI Holdings (Jersey) Limited transferred its shares to Discovery International UK Holdings Limited, a fellow group undertaking of Discovery Inc.

### 37. Parent audit exemption

The following subsidiaries are exempt from the requirements of this Act relating to the audit of accounts under section 479A of the Companies Act 2006:

- Company Films Limited (03521769)
- Company Pictures Limited (03733209)
- Company Productions Limited (04206278)
- Company Productions (North) Limited (03838018)