

Company No: 04392195

LOVEFiLM International Limited
Report and Financial Statements

31 December 2020

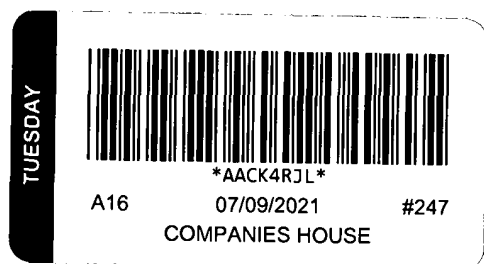


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LOVEFiLM International Limited

COMPANY INFORMATION

DIRECTORS

Kaspar Nazeri
Darren Waterman

SECRETARY

Mitre Secretaries Limited

REGISTERED OFFICE

1 Principal Place
Worship Street
London
England
EC2A 2FA

AUDITORS

Ernst & Young LLP
1 More London Place
London
England
SE1 2AF

LOVEFiLM International Limited

DIRECTORS' REPORT

for the year ended 31 December 2020

The directors of LOVEFiLM International Limited ("the Company") present the annual report containing their Directors' Report and the financial statements for the year ended 31 December 2020. In accordance with S414B of the Companies Act 2006, the directors have taken advantage of the small companies exemption from preparing a Strategic Report.

DIRECTORS

The directors who served the Company during the year and to the date of this report were as follows:

Kaspar Nazeri
Darren Waterman

No directors held any interest in the share capital of the Company during the year.

DIVIDEND

The directors do not recommend the payment of any dividends (2019: £nil).

PRINCIPAL ACTIVITY

The principal activity of the Company is that of a holding company. The business is expected to continue in this capacity for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is dependent on the continued success of the Amazon group companies. The principal risks and uncertainties they face include, among others, risks related to competition, management of growth, new products, services and technologies, potential fluctuations in operating results, international expansion, outcomes of legal proceedings and claims, fulfillment centre optimisation, seasonality, commercial agreements, acquisitions and strategic transactions, foreign exchange rates, system interruption, government regulation and taxation, and fraud. More information about the principal risks and uncertainties facing the group are included in Amazon.com, Inc.'s filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended 31 December 2020, and subsequent filings. There are no identified material adverse impacts to the Company due to the COVID-19 pandemic.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies and processes that support the principal activity of the Company. The Company is continually reviewing and refining these policies to improve the framework of financial control and manage costs effectively.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this annual report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that ought to have been taken as director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

LOVEFiLM International Limited

DIRECTORS' REPORT (continued)

for the year ended 31 December 2020

AUDITOR

In accordance with section 487(2) of the Companies Act 2006, Ernst & Young LLP will continue in office as auditor of the Company.

On behalf of the Board



Kaspar Nazeri
Director

Date: 3/2/21

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law. Under company law, the 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 Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVEFILM INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of LOVEFILM International Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Report and Financial Statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVEFILM INTERNATIONAL LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVEFILM INTERNATIONAL LIMITED (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

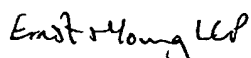
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax legislation in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management. We determined whether there were deficiencies within the company's control environment, including entity level controls such as those relating to ethical behaviour and fraud prevention and deterrence, through observations during our audit procedures and discussions with the auditor of the company's ultimate parent, Amazon.com, Inc.. We read correspondence with relevant authorities.
- We read board minutes to identify any non-compliance with laws and regulations, and we read significant contracts and agreements impacting the company in the financial year.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Cullum (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
3 February 2021

LOVEFiLM International Limited**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2020

	<i>Notes</i>	<i>2020</i> <i>£'000</i>	<i>2019</i> <i>£'000</i>
Administrative expenses		(4)	(4)
OPERATING LOSS	2	(4)	(4)
Interest receivable	4	4	13
Amounts written off investments		—	(1,848)
RESULT / (LOSS) BEFORE TAXATION		—	(1,839)
Tax on result / (loss)	5	—	(3)
RESULT / (LOSS) AND TOTAL COMPREHENSIVE RESULT / (LOSS) FOR THE YEAR		—	(1,842)

LOVEFiLM International Limited**BALANCE SHEET**

as at 31 December 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Investments in subsidiaries	6	<u>1,807</u>	<u>1,807</u>
CURRENT ASSETS			
DEBTORS: amounts falling due within one year	7	<u>1,958</u>	<u>1,960</u>
CREDITORS: amounts falling due within one year	8	<u>(1)</u>	<u>(3)</u>
NET CURRENT ASSETS		<u>1,957</u>	<u>1,957</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,764</u>	<u>3,764</u>
NET ASSETS		<u><u>3,764</u></u>	<u><u>3,764</u></u>
CAPITAL AND RESERVES			
Share capital	9	—	—
Share premium		3,800	3,800
Retained earnings		(36)	(36)
SHAREHOLDER'S FUNDS		<u><u>3,764</u></u>	<u><u>3,764</u></u>

Approved by the Board

Kaspar Nazeri
Director

Date: 3/2/21

Company Number: 04392195

LOVEFiLM International Limited**STATEMENT OF CHANGES IN EQUITY**
for the year ended 31 December 2020

	<i>Share capital</i> £'000	<i>Share premium</i> £'000	<i>Retained earnings</i> £'000	<i>Total share- holder's funds</i> £'000
At 1 January 2019	—	3,800	1,806	5,606
Loss for the year	—	—	(1,842)	(1,842)
At 31 December 2019	—	3,800	(36)	3,764
Result for the year	—	—	—	—
At 31 December 2020	—	3,800	(36)	3,764

LOVEFiLM International Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. ACCOUNTING POLICIES

Statement of compliance

LOVEFiLM International Limited ("the Company") is a limited company incorporated and domiciled in England and Wales. The registered office of the Company is 1 Principal Place, Worship Street, London, England, EC2A 2FA.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial statements are presented in pounds sterling, which is the functional currency of the Company, and are rounded to the nearest thousand pounds sterling (£'000).

The Company has taken advantage of the following disclosure exemptions in FRS 102:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d)
- The requirements of Section 33 Related Party Disclosures paragraph 33.1A and 33.7
- The requirements of Section 11 Basic Financial Instruments paragraph 11.39 to 11.48A

The exemptions stated above are available to the Company as it is a member of a group where the parent of that group prepares publicly available consolidated financial statements.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the ultimate parent company, Amazon.com, Inc., a company incorporated in the United States of America, produces publicly available consolidated financial statements including the results of the Company.

Going concern

As at 31 December 2020, the Company's current assets exceeded its current liabilities and are expected to continue to do so. As referenced in the Directors' Report on page 3, the Company is dependent on, and contributes to, the continued success of the Amazon.com, Inc. group, which, based on its reported results, has sufficient financial resources to support the Company either by providing financial and operational services to support its activities, or by continuing its investment in the Company's operations, but only to the extent that the Company is not otherwise able. The directors have a reasonable expectation that the Company has adequate resources to continue as an operational business for the foreseeable future, being twelve months from the approval of the financial statements. The financial statements have therefore been prepared on a going concern basis.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

Investments in subsidiaries

Investments in subsidiaries are recorded at cost less accumulated impairment losses. Investments in subsidiaries are reviewed annually for impairment indicators.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

Taxation

Taxation expense comprises current and deferred tax. Current and deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable with respect to the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the end of the year.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted at the reporting date and that are expected to apply to the reversal of the timing difference.

Significant management judgement

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expense. The directors have concluded that the judgements made during the year are not significant and that any estimation uncertainty does not give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. OPERATING LOSS

Auditor's remuneration has been borne by an affiliate company for the years ended 31 December 2020 and 31 December 2019.

3. DIRECTORS AND EMPLOYEES

The directors' remuneration has been borne by the parent company, Amazon.com, Inc. or one of its affiliated companies. The directors do not believe that it is practicable to apportion their remuneration for qualifying services to the Company for the years ended 31 December 2020 and 31 December 2019.

The Company employed no staff during 2020 and 2019.

4. INTEREST RECEIVABLE

	2020	2019
	£'000	£'000
Interest receivable from group undertakings	4	13
	<u>4</u>	<u>13</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2020

5. TAXATION

(a) Tax on result / (loss)

The components of tax on result / (loss) are as follows:

	2020	2019
	£'000	£'000
Current tax	—	3
Deferred tax	—	—
Tax on result / (loss)	<u>—</u>	<u>3</u>

(b) Reconciliation of tax on result / (loss)

The items accounting for differences between tax on result / (loss) computed at the UK statutory rate and recorded for tax on result / (loss) are as follows:

	2020	2019
	£'000	£'000
Result / (loss) before taxation	<u>—</u>	<u>(1,839)</u>
Tax computed at the UK statutory rate	—	(349)
Effects of:		
Adjustments in respect of previous periods	—	1
Impairment of investment not deductible for tax	<u>—</u>	<u>351</u>
Tax on result / (loss)	<u>—</u>	<u>3</u>

The UK corporation tax rate for the year ended 31 December 2020 was 19% (2019: 19%). The Finance Act 2020 set the main rate of Corporation Tax at 19% for the fiscal year beginning 1 April 2020 rather than the previously enacted reduction to 17% and therefore any deferred tax assets and liabilities existing at 31 December 2020 are reflected accordingly.

As at 31 December 2020 and 31 December 2019 there were no recognised deferred tax assets or liabilities.

LOVEFiLM International Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

6. INVESTMENTS IN SUBSIDIARIES

<i>Name of Company</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Principal activity</i>
Twitch Sweden AB (formerly: Amazon Services Sweden AB)	Sweden	Ordinary shares	100 %	Provision of support services
8 Dudes in a Garage AB*	Sweden	Ordinary shares	100 %	Internet database, research and development services
Lovefilm Danmark A/S (dormant)*	Denmark	Ordinary shares	100 %	Online film rental, streaming
Cost and net book value				<i>Unlisted investments</i>
As at 31 December 2020 and 31 December 2019				£'000
				<u>1,807</u>

*These companies are held by an intermediate subsidiary. The results of the subsidiaries are included in the consolidated financial statements of Amazon.com, Inc..

7. DEBTORS

<i>amounts falling due within one year</i>	<i>2020</i>	<i>2019</i>
	£'000	£'000
Amounts owed by group undertakings	<u>1,958</u>	<u>1,960</u>
	<u>1,958</u>	<u>1,960</u>

8. CREDITORS

<i>amounts falling due within one year</i>	<i>2020</i>	<i>2019</i>
	£'000	£'000
Amounts owed to group undertakings	<u>1</u>	<u>—</u>
Corporation tax payable	<u>—</u>	<u>3</u>
	<u>1</u>	<u>3</u>

LOVEFiLM International Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 December 2020**9. SHARE CAPITAL**

	2020		2019	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Allotted, called up and fully paid				
Ordinary shares of £0.001 each	991	1	991	1

10. ULTIMATE PARENT COMPANY

The immediate parent company is Amazon EU S.à.r.l., a company which is incorporated in Luxembourg. The address of this company is 38 Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg.

The Company regards Amazon.com, Inc., a company which is incorporated in the United States of America, as its ultimate holding company and controlling party. The largest and the smallest group in which the results of the Company are consolidated is headed by Amazon.com, Inc. Copies of the group consolidated financial statements of Amazon.com, Inc. are available at 410 Terry Avenue North, Seattle, WA 98109-5210, USA.