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Company No: 06528297

**Amazon Digital UK Limited**  
**Report and Financial Statements**

**31 December 2022**

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**COMPANY INFORMATION**

**DIRECTORS**

Benjamin Burch  
Helen Cowley  
Paul Firth  
Kaspar Nazeri  
Christoph Schneider

**SECRETARY**

Mitre Secretaries Limited

**REGISTERED OFFICE**

1 Principal Place  
Worship Street  
London  
England  
EC2A 2FA

**AUDITOR**

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

## **DIRECTORS' REPORT**

for the year ended 31 December 2022

- The directors of Amazon Digital UK Limited ("the Company") present the annual report containing their Directors' Report, the Strategic Report and the financial statements for the year ended 31 December 2022.

### **DIRECTORS**

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

Benjamin Burch  
Helen Cowley  
Paul Firth  
Kaspar Nazeri  
Christoph Schneider

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 (2021: £nil).

### **QUALIFYING THIRD PARTY INDEMNITY PROVISION**

Qualifying third party indemnity provisions are in place to indemnify all directors and officers of the Company.

### **EMPLOYEES**

The Company is committed to providing equal opportunities for everyone who works at the Company and anyone who applies to work for the Company.

All applications for employment from disabled persons are fully and fairly considered. In the event an employee becomes disabled, it is the Company's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the Company that the training, career development and promotion opportunities for disabled persons should, as far as possible, be the same as for other employees.

The Company's aim is to ensure that all employees achieve their full potential and that employment decisions and actions are not taken on discriminatory grounds.

The directors and management of the Company ensure that all employees in the UK have the opportunity to contribute to aspects of its business. The directors encourage employees to provide feedback through email, at team meetings and through anonymous channels. Management keeps employees aware of the commercial progress of the Company's business and expects employees to ask questions, suggest improvements and raise concerns. Such dialogue is encouraged and celebrated, as it is vital to the existence of a healthy, enterprising and rewarding workplace. The result of employee engagement is referenced in the Strategic Report.

Employees are encouraged to participate in the performance of Amazon.com, Inc. and its subsidiaries, which include the Company, through ownership of Amazon.com, Inc. shares.

### **HEALTH AND SAFETY**

The Company considers that the health and safety of its workforce is very important. The Company has adopted health and safety policies that enable its business to operate in accordance with the Health and Safety at Work etc. Act 1974 and applicable regulations made under this legislation. These policies apply to all employees and anyone working for the Company in any of its business units or who are visiting any of the Company's premises, and are regularly reviewed and revised, as appropriate, to take into account changes in circumstances or in legal requirements.

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**DIRECTORS' REPORT (continued)**  
for the year ended 31 December 2022

**ENGAGEMENT WITH CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS**

The directors of the Company strive to have a positive impact on customers, employees, small businesses and communities. Led by the directors, Amazon's employees are committed to learning and inventing on behalf of customers and supporting businesses and entrepreneurs to grow sales and reach new customers. The result of engagement with customers, suppliers and other stakeholders is explained in the Strategic Report.

**FINANCIAL RISK MANAGEMENT**

The Company engages in basic financial instruments as part of its operations. We do not hold or issue derivative financial instruments for trading purposes or in our risk management activities. Policies for managing risks are summarised below.

***Liquidity risk***

Liquidity risk is the risk that we will not meet future financial obligations due to a shortage of funds. Our financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance our operations. Our surplus funds are also managed centrally by placing them with reputable financial institutions on varying maturities.

***Credit risk***

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers through outstanding receivables. There are no significant concentrations of credit risk, whether through exposure to individual customers and/or specific industry sectors. We only deposit cash with major banks with high quality credit standing and limit exposure to any one counter-party.

***Interest rate risk***

We do not hold any financial assets and liabilities that are subject to significant risk as a result of changes in interest rates. Financial assets accrue interest on deposits held, for which changes in interest rates during the year have resulted in interest receivable of £6,671k (2021: £60k).

***Foreign exchange risk***

The results of foreign operations associated with our international service offerings are exposed to foreign exchange rate fluctuations. Due to these fluctuations, operating results may differ from expectations, and we record gains or losses on the remeasurement of foreign operations within the Statement of Comprehensive Income.

**STREAMLINED ENERGY AND CARBON REPORTING**

The Company has not reported energy and carbon information within this report as it qualifies as a low energy user.

**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.

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**DIRECTORS' REPORT (continued)**  
for the year ended 31 December 2022

**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

DocuSigned by:  
Kaspar Nazari  
374A98EBD0DE438...

Kaspar Nazari  
Director

Date: 10 February 2023

## **STRATEGIC REPORT**

for the year ended 31 December 2022

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is the provision of online home entertainment services, offering customers a variety of ways to consume film, music and entertainment content. The Company provides these services in the United Kingdom as well as to customers across Europe. The Company additionally provides marketing support services to other Amazon group undertakings. The business is expected to continue in this capacity for the foreseeable future.

### **GENERAL BUSINESS REVIEW**

During the year ended 31 December 2022, the Company's turnover increased by 22% to £3,496,101k (2021: £2,863,093k) driven by the expansion of Prime Video services across Europe and the provision of digital music services. This includes £1,345,290k (2021: £982,101k) of income from fellow group companies in respect of marketing and other support services.

Cost of sales increased by 19% to £2,716,674k (2021: £2,279,394k) due to increased volume and cost of digital content. In addition, sales and marketing expenses increased by 18% to £460,537k (2021: £391,203k) due to business growth and European expansion. The Company made an operating profit for the year of £54,978k (2021: profit of £41,958k). The operating results are stated after a share based award expense of £17,413k (2021: £12,481k).

The Company ceased the sale of digital products in certain geographies and moved certain assets and liabilities to a fellow group undertaking. The excess consideration over the net book value of identifiable assets and liabilities of £8,451K has been recorded in equity.

### **ANALYSIS OF FINANCIAL KEY PERFORMANCE INDICATORS**

The key performance indicators for the Company are revenue, subscriber base and the control of operating expenses. As part of the budgetary process, targets are set with respect to operating expenses in order to effectively manage the activities of the Company. Performance is reviewed on a regular basis and appropriate actions are taken as required.

### **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 2022, and subsequent filings.

### **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.

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**STRATEGIC REPORT (continued)**  
**for the year ended 31 December 2022**

**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY**

Section 172 of the Companies Act 2006 (the "Act") defines the general duties of the directors of a company to promote the success of that company. It is noted that the directors of the Company are under a duty to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholder and, in doing so, to have regard (amongst other matters) to the:

- likely consequences of any decision in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and the environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly between the members of the Company.

The Company operates in the UK as part of Amazon.com, Inc.'s global business ('Amazon'). Amazon's mission, as presented in its group annual report is to be "Earth's most customer-centric company". We are guided by four key principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. Whether decisions are taken at a global or country level, specific actions taken by the directors in discharging their responsibilities under section 172 include, but are not limited to, measures designed to support:

- engagement with customers and local communities;
- commitment to an inclusive workplace;
- workforce engagement; and
- environmental and sustainability initiatives, and ensuring a socially responsible and ethical supply chain.

**Likely consequences of any decision on the long term**

Amazon also aspires to act as a force for good to maximise our positive social, economic and environmental impact. The Company's directors support this ambition by leading through Amazon's leadership principles, which most recently include:

- **Success and Scale Bring Broad Responsibility:** We know success and scale bring broad responsibility and we recognise we must begin every day with a determination to make better, do better and be better for our customers, our employees, our partners and society at large.
- **Strive to be Earth's Best Employer:** We strive to be Earth's best employer, as leaders we have a vision for and commitment to employees' personal success, whether that be at Amazon or elsewhere.

The Company's directors recognise the responsibility to protect and enhance the reputation of the Company and maintain high standards of business conduct. Amazon takes a long-term view on the benefits it generates through the jobs and skills offered, the small businesses supported, the sustainability actions led and the resulting community impact. Customers, policymakers and the media have clear pathways to raise any potential issues with our Customer Service, Public Policy or Public Relations teams. The directors are confident that clear escalation mechanisms exist to raise these issues with the Board, address the problem at hand and agree on a response to the relevant stakeholder.



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**STRATEGIC REPORT (continued)**  
**for the year ended 31 December 2022**

**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

**Engagement with customers and local communities:**

Amazon customers are able to engage with Amazon through a number of physical and digital channels. We gather customer experience insights, including via customer service and social media, to help us deliver the best possible customer experience.

In 2022, the directors championed actions in our business following the engagement with customers in the following ways:

- To support customers with cost-of-living challenges, Amazon joined the Government's Help for Households campaign and launched a brand-new page on Amazon's UK site to direct customers to free or discounted products and services from Amazon. This included free entertainment, free educational resources, low-price essential groceries and affordable refurbished products.
- The directors and management broadened our work with former Prime Minister Gordon Brown and a coalition of 60, expanding to 500, charities and businesses to donate essential goods to communities in Scotland. The initiative has helped around 50,000 families in need this year, with around 500,000 products donated to date. Amazon teams work side-by-side with charity partners, as well as schools and care workers, to meet the specific needs of their service users, with those organisations identifying what products are needed most. Amazon and other retail partners then donate a wide range of essential items like toilet roll, nappies, sheets and bedding, as well as back-to-school items like shirts, shoes and backpacks, to the charities.
- The directors continued to support the UK literary community and promote reading through the Amazon Literary Partnership. Amazon provided grants to nearly 30 non-profit literary organisations, with a focus on promoting diverse voices, those who empower underrepresented communities, as well as groups that provide a platform for aspiring writers.
- Our leadership continued to support the Royal National Institute of the Blind (RNIB) by being the headline sponsor of the 2022 RNIB See Differently Awards. This builds on a special relationship between Amazon and RNIB, designed not only to make Amazon devices, such as Alexa, more accessible but better support the blind and partially blind community live more independent lives.
- The directors continued to grow the Company's partnership with the Royal British Legion. The partnership, which began two years ago, sees Amazon encourage customers to support the Royal British Legion through an official charity store, featuring products that raise money for the Legion. All profits from the sale of goods go directly to the charity.
- The directors helped facilitate the donation of more than 15 million products to charities across the UK through our Retail and Fresh operations, as well as Fulfilment by Amazon (FBA) Donations, a programme which helps independent selling partners using the FBA service to donate their overstock or returned items automatically.
- The directors continue to invest in the UK audiovisual industry. Our investment in UK content and live sport has cumulatively exceeded £1bn and the directors announced in the year a long-term commitment to the UK studios industry by taking a long-term lease at Pinewood Studios.
- The directors continued to support the UK creative industries by offering new funding awards to the London Screen Academy and the Royal Conservatoire of Scotland as part of Prime Video Pathway, a £10 million TV and film industry training and development programme.

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**STRATEGIC REPORT (continued)**  
for the year ended 31 December 2022

**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

**Commitment to an inclusive workplace**

The directors and management continued to promote diversity, equity and inclusion and support our communities, both within our business and through our products, services and social programmes. They worked with Amazon's internal affinity groups and external charity partners in 2022 to deliver the following key initiatives:

- As a signatory of the Armed Forces Covenant, Amazon supported more than 300 military veterans, reservists and spouses into work in 2022 through the Amazon Military Programme. The programme offers members of the military community opportunities to pursue a wide range of exciting new career paths with Amazon. The recruits include health and safety specialists, engineers, sales managers and team leaders to join over 2,500 recruited through the programme since its launch in 2011.
- With the support of the UK's chapter of Amazon's LGBTQIA+ affinity group, Glamazon, the directors supported Pride Month in June 2022, including hosting events and workshops for Amazon employees, and developing relevant curated content for Amazon Music and Amazon Books.
- The directors continued to support the affinity group, Women at Amazon, including helping celebrate International Women's Day, which involved hosting a series of events, activities and programmes designed to promote and support this year's theme #BreakTheBias.
- The directors continued to support Amazon Future Engineer, a childhood-to-career programme aimed at inspiring students to try computer science and coding. This included working with the Royal Academy of Engineering to offer bursaries to more than 30 female students studying these subjects at UK universities, as well as launching the Alexa Young Innovator Challenge, an educational programme for secondary school pupils to create an Alexa Skill to promote social good in their community.

**Workforce engagement**

One of Amazon's leadership principles is to 'strive to become earth's best employer'. In order to achieve this, Amazon continues to invest in and support the employee experience with country-wide strategic priorities in Diversity, Equity and Inclusion, Mental Health and Wellbeing, and the Future of Work. Amazon has an established policy of consistent, honest and open communication with all employees regularly in person, virtually, at team meetings and All Hands, and of regularly seeking employee feedback through both anonymous and open channels.

Amazon communicates and engages with employees via internal communications platforms. These channels are used to share strategic company updates, cultural information and news articles with the workforce. Amazon uses a number of real-time employee feedback mechanisms to listen to and learn from employees to improve the employee experience. In fulfilment centres, Voice of the Associates Board and Associate Forums is used to provide employees with a forum to ask questions and offer feedback. This two-way communication enables Amazon to have open dialogues with employees and act on feedback.

The directors and management of the Company participate in Amazon's bi-monthly UK People and Culture Forum, a key mechanism for leaders to collectively discuss strategic people issues and initiatives impacting UK based employees. Amazon also has a number of affinity groups which bring employees together across businesses and locations globally. With director and Company sponsorship, these groups play a role in building internal networks, advising Amazon business units, leading in service projects, and reaching out to communities across the country.

The directors and management of the Company oversaw Amazon's 2021 investment of more than £11.4 billion into the UK economy, including more than £2.3 billion on infrastructure, taking our investments in the UK since 2010 to more than £43 billion. The directors also published details of Amazon's £2.77 billion total tax contribution in 2021, which included £648 million in directly incurred taxes.

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**STRATEGIC REPORT (continued)**  
**for the year ended 31 December 2022**

**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

**Workforce engagement (continued)**

Further details of the work carried out across the UK can be viewed via the Amazon Economic Impact Hub (<https://www.aboutamazon.co.uk/economic-impact>).

The directors continued to support the Amazon Small Business Accelerator, which includes free-to-use resources and advice for start-ups, entrepreneurs and SMEs hosted on Amazon's UK site and run in partnership with Enterprise Nation. Since it was launched two years ago, 600,000 businesses have accessed these resources.

The directors and management of the Company also continued to promote the development of skills, jobs and opportunities to the benefit of the business, employees, the communities where we work, and the partners and businesses Amazon supports. Amazon created more than 1,500 new apprenticeships in 2022 across 40 different schemes through the Amazon Apprenticeship Programme and are proud to be named in the Top 100 Apprenticeship Employers by the Department for Education and High Fliers Research, which is an independent market research company which specialises in student and graduate recruitment research. Qualifying apprentices at Amazon have the opportunity to work across UK sites, including fulfilment centres, delivery stations, sortation centres, and offices in London and Manchester. Around 95% of all our apprentices stay on with us in permanent roles after completing their training.

The directors also continue to support the Career Choice programme, which provides funding for Amazon employees to gain new skills and qualifications while in work. Career Choice offers to pre-pay 95% of tuition and reimburse employees for eligible fees for nationally recognised courses up to £8,000 over four years. Almost 5,000 employees have enrolled in 2022, including 1,382 employees training to drive heavy goods vehicles (HGVs), 659 training to work in computer support and 772 training for roles in Human Resources.

The directors launched the "Prime Video Pathway" which is a suite of initiatives to open up access to the creative industries, including apprenticeship programmes and schemes built into all new Amazon UK Original productions and have committed £10m to the scheme across three years.

**Environmental and sustainability initiatives, and ensuring a socially responsible and ethical supply chain**

Amazon is committed to treating the people connected to our entire value chain with fundamental dignity and respect. We strive to embed respect for human rights throughout our business activities and relationships. Our commitment and approach are informed by leading international standards and frameworks developed by the United Nations (UN) and the International Labour Organization (ILO). Amazon is committed to respecting and supporting the UN Guiding Principles on Business and Human Rights (UNGPs), the UN Universal Declaration of Human Rights, the core Conventions of the ILO, and the ILO Declaration on Fundamental Principles and Rights at Work.

Amazon's strategy to deliver on these commitments is based on the UNGPs and has five pillars: developing strong policies; embedding human rights into our business; assessing, prioritizing, and addressing risk through mechanisms; transparency and stakeholder engagement; and grievance mechanisms and effective access to remedy. Amazon works to continuously improve, tracking our progress on our human rights commitments and reviewing and updating our policies, processes, and practices to put people at the centre of our work.

The management of the Company continued to support small and medium-sized enterprises (SMEs) across the country who sell their products on Amazon's UK site, as well as Amazon's partners. Through the investment into the UK economy, and through the use of our tools and services, there are now 85,000 UK-based small businesses selling through Amazon, supporting an estimated 250,000 jobs across the country. This is in addition to more than 160,000 jobs estimated to be supported through Amazon's supply chain, based on research performed by Keystone, an independent economic consultancy.

The directors and management of the Company also took significant steps to help Amazon become a more sustainable business in 2022, building on The Climate Pledge, an initiative we co-founded with Global Optimism in 2019. The pledge calls for signatories to be net zero carbon emissions by 2040, which is a decade ahead of the Paris Agreement and centred around three principle areas of action.

**STRATEGIC REPORT (continued)**  
**for the year ended 31 December 2022**

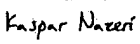
**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

**Environmental and sustainability initiatives, and ensuring a socially responsible and ethical supply chain (continued)**

First, to measure and report greenhouse gas emissions on a regular basis. Second, to implement decarbonisation strategies through real business changes and innovations, including efficiency improvements, renewable energy, materials reductions, and other carbon emission elimination strategies. And, last, to neutralise any remaining emissions with additional, quantifiable, real, permanent and socially beneficial offsets. To that end, the directors supported the implementation of the following initiatives in 2022:

- A commitment to invest in 26 on-site solar projects in the UK, with plans to double the number of projects by 2024. This included installing more than 30,000 new modular solar panels on Amazon's facilities in Manchester, Coalville, Haydock, Bristol and Milton Keynes in 2022. Once fully operational, the new rooftop solar panel projects are expected to produce more than 13,000 MWh of electricity, which is enough to power the equivalent of more than 3,500 UK homes each year.
- A commitment to invest £300 million over five years in the electrification and decarbonisation of Amazon's UK transportation network. This investment included the opening of four 'micro-mobility' delivery hubs in Manchester and London, where a new fleet of e-cargo bikes and on-foot delivery methods are expected to make more than two million low emission deliveries a year. This builds on the rollout of more than 1,000 electric delivery vans on the road in the UK.
- Investments in nine electric Heavy Goods Vehicles (HGVs), some of the first of the UK in 2022. These electric vehicles are now operating from Amazon's fulfilment centres in Tilbury and Milton Keynes, transporting customer packages using battery power and with zero vehicle emissions (referred to as tailpipe emissions). The vehicles replace diesel HGVs and are estimated to prevent more than 170 tonnes of CO<sub>2</sub>e from being emitted into the atmosphere.
- In UK fulfilment centres, Amazon began the phasing out of plastic air pillows, which are designed to prevent movement within boxes and keep items safe. This includes items sold directly by Amazon and by third-party selling partners who ship their products using FBA. Instead of plastic air pillows, items will be packed with 100% recycled and 100% recyclable packing paper.
- The decision to stop packing products in single-use plastic delivery bags and envelopes in our distribution network in the UK. Customers will now receive smaller packages in flexible paper bags and cardboard envelopes instead. These are more easily recyclable in household recycling across the UK and reduce volume compared to deliveries in corrugated cardboard boxes. This includes items sold by Amazon and third-party selling partners using FBA.
- Continued support of 1,000 Sustainability Ambassadors in the UK, who are Amazon employees tasked with raising awareness of everyday sustainable practices through environmental education and events. Since launching in Seattle in 2017, the Sustainability Ambassadors programme has transformed into a growing, collaborative community of more than 7,500 ambassadors in 450 locations, or 'chapters', across the world.
- Through the Amazon LaunchPad Sustainability Accelerator, supporting twelve early-stage start-ups building products designed with their environmental impact in mind to get off the ground. Amazon did this by providing their founders with a support package worth more than £30,000 in the form of an equity-free grant, AWS and Advertising Credits, as well as providing expert mentorship and a tailored curriculum designed to help them grow their operations.
- Amazon has announced its first 'Right Now Climate Fund' projects in the UK, providing funding for The Woodland Trust's Emergency Tree Fund, the London Wildlife Trust, and the Mayor of London's 'Rewild London Fund'. Amazon's £2.8 million pledge to these projects will help plant over 450,000 trees across six UK local authorities and support more than 20 critical biodiversity projects in the UK's capital.

On behalf of the Board

DocuSigned by:  
  
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Kaspar Nazeri

Director

Date: 10 February 2023

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## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report, the Strategic 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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- in respect of the financial statements, state whether FRS 102 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON DIGITAL UK LIMITED**

## **Opinion**

We have audited the financial statements of Amazon Digital UK Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, 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 2022 and of its profit 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 the period until 29 February 2024.

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 the 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 this gives

rise to 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.

### **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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have 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 Strategic Report or 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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, 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.

#### ***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 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 explained below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

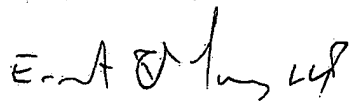
Our approach was as follows:

- 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. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, data protection, anti-bribery and corruption.
- 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 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. We incorporated data analytics into our testing of the source of entries recorded within revenue accounts and tested specific transactions to determine the occurrence of revenue. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

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.



Zishan Nurmohamed (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 15/02/2023



**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2022

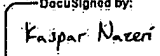
	Notes	2022 £'000	2021 £'000
<b>TURNOVER</b>	2	3,496,101	2,863,093
Cost of sales		(2,716,674)	(2,279,394)
<b>GROSS PROFIT</b>		<u>779,427</u>	<u>583,699</u>
Operating expenses	3	(724,449)	(541,741)
<b>OPERATING PROFIT</b>	4	<u>54,978</u>	<u>41,958</u>
Interest receivable	7	6,671	60
Interest payable		(353)	(12)
<b>PROFIT BEFORE TAXATION</b>		<u>61,296</u>	<u>42,006</u>
Tax on profit	8	(13,588)	(475)
<b>PROFIT FOR THE YEAR</b>		<u>47,708</u>	<u>41,531</u>
Currency translation differences		4,246	(2,184)
<b>OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<u>4,246</u>	<u>(2,184)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>51,954</u></u>	<u><u>39,347</u></u>

**BALANCE SHEET**

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	1,174,842	928,983
Tangible assets	10	462	342
		<u>1,175,304</u>	<u>929,325</u>
<b>CURRENT ASSETS</b>			
Debtors:			
amounts falling due within one year	11(a)	911,009	846,132
amounts falling due after one year	11(b)	173,629	110,727
Cash at bank and in hand		—	7,565
		<u>1,084,638</u>	<u>964,424</u>
<b>CREDITORS: amounts falling due within one year</b>	12(a)	<u>(1,409,867)</u>	<u>(1,206,136)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(325,229)</u>	<u>(241,712)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>850,075</u>	<u>687,613</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12(b)	<u>(333,173)</u>	<u>(248,529)</u>
<b>NET ASSETS</b>		<u><u>516,902</u></u>	<u><u>439,084</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	16	16
Share premium	13	411,731	211,731
Merger reserve		2,542	2,542
Capital contribution reserve	13	—	200,000
Share based awards reserve	15	67,431	50,018
Retained earnings		35,182	(25,223)
<b>SHAREHOLDER'S FUNDS</b>		<u><u>516,902</u></u>	<u><u>439,084</u></u>

Approved by the Board

DocuSigned by:  
  
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Kaspar Nazeri  
 Director

Date: 10 February 2023

Company Number: 06528297

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital contribution reserve £'000	Share based awards reserve £'000	Retained earnings £'000	Total share- holder's funds £'000
At 1 January 2021	16	211,731	2,542	—	37,537	(64,570)	187,256
Capital contribution reserve	—	—	—	200,000	—	—	200,000
Share-based awards	—	—	—	—	12,481	—	12,481
Profit for the year	—	—	—	—	—	41,531	41,531
Other comprehensive loss	—	—	—	—	—	(2,184)	(2,184)
At 31 December 2021	16	211,731	2,542	200,000	50,018	(25,223)	439,084
Shares issued	—	200,000	—	—	—	—	200,000
Capital contribution reserve	—	—	—	(200,000)	—	—	(200,000)
Asset transfers from group undertakings	—	—	—	—	—	8,451	8,451
Share based awards	—	—	—	—	17,413	—	17,413
Profit for the year	—	—	—	—	—	47,708	47,708
Other comprehensive income	—	—	—	—	—	4,246	4,246
At 31 December 2022	16	411,731	2,542	—	67,431	35,182	516,902

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 1. ACCOUNTING POLICIES

#### *Statement of compliance*

Amazon Digital UK 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 functional currency of the Company's operations in the United Kingdom is pound sterling and the foreign operations is predominantly the euro. The financial statements are presented in pound sterling and are rounded to the nearest thousand pound sterling (£'000). Pound sterling has been selected as the presentational currency as it is consistent with the country of incorporation.

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 requirements of Section 26 Share-based payment paragraph 26.18(b), 26.19 to 26.21 and 26.23

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.

#### *Going concern*

During the year ended 31 December 2022, the Company's operations generated a profit after tax and an increase to net assets, and are expected to continue to do so, through the Company's principal activity of the provision of online home entertainment services, offering customers a variety of ways to consume film, music and entertainment content. The Company provides these services in the United Kingdom as well as to customers across Europe. The Company additionally provides marketing support services to other Amazon group undertakings. As referenced in the Strategic Report on page 6, the Company is dependent on, and contributes to, the continued success of the Amazon.com, Inc. group. The directors have concluded that the Amazon.com, Inc. group, 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. This is provided through operational service contracts with group undertakings as well as financial support provided in the form of, for example, cash pooling arrangements, loans from group undertakings and equity contributions. 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 (until the end of February 2024). This period is deemed appropriate due to the nature of the principal activities of the business and Amazon.com, Inc.'s ongoing commitment and proven ability to support the Company's operations. 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.

#### *Turnover*

Turnover represents the gross inflow of economic benefit from the Company's operating activities. The Company's main sources of income are recognised as follows:

- Subscription revenues from digital streaming services, net of any discount given, are recognised evenly over the subscription period.
- Transactional revenues from digital sales and rentals are recognised at the point of sale and delivery.
- Marketing revenues from support services to group undertakings are recognised as services are delivered.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2022

**1. ACCOUNTING POLICIES (continued)**

***Intangible assets***

All intangible assets are initially recorded at cost.

***Amortisation***

Intangible assets are amortised over their expected useful economic life as follows:

Digital video and music content	-	Amortised on an accelerated basis based on estimated usage or viewing patterns, or on a straight line basis of up to 5 years.
---------------------------------	---	---

The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation is charged on all intangible assets from the date that assets are available to use.

***Tangible assets***

All tangible assets are initially recorded at cost. Costs comprise the purchase price and any direct costs incurred in bringing the asset to its location and condition for its intended use.

***Depreciation***

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows:

Office equipment	-	2-5 years
Computer equipment	-	2-4 years

The carrying value of tangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is charged on all tangible assets from the date that assets are put into service.

***Cash at hand and in bank***

We classify all highly liquid instruments with an original maturity of three months or less as cash equivalents.

***Debtors***

Short and long 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.

***Interest Receivable***

Interest receivable is recognised using the effective interest rate method.

***Foreign currencies***

Transactions denominated in foreign currencies are initially recorded at the rates of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2022

**1. ACCOUNTING POLICIES (continued)**

*Foreign currencies (continued)*

Currency translation differences are recorded in the Statement of Comprehensive Income. Currency translation differences on the Company's net investment in foreign operations are recognised in other comprehensive income and accumulated in retained earnings.

*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.

*Pension costs*

The Company operates a defined contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme.

*Share based awards*

The fair value of equity-settled share based awards to eligible employees is determined at the date of grant and is expensed over the vesting period based on the Company's estimate of equity awards that will eventually vest. A corresponding entry is recognised in equity (further details set out in note 15).

*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. TURNOVER**

Turnover by business and geographical segment has not been disclosed because, in the opinion of the directors, it would be seriously prejudicial to the interests of the Company to do so.

**3. OPERATING EXPENSES**

	2022	2021
	£'000	£'000
Sales and marketing expenses	460,537	391,203
Administrative expenses	263,912	150,538
	<u>724,449</u>	<u>541,741</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2022

**4. OPERATING PROFIT**

Operating profit is stated after charging:

	2022	2021
	£'000	£'000
Amortisation of intangible assets	1,099,090	943,092
Depreciation of tangible assets	212	135
Auditor's remuneration - audit of the financial statements	168	137
Net loss on foreign currency translation	36,080	12,614

**5. STAFF COSTS**

	2022	2021
	£'000	£'000
Wages and salaries	45,152	32,989
Social security costs	7,199	5,660
Staff pension contributions	1,660	1,259
Equity settled share based awards (note 15)	17,412	12,481
	71,423	52,389

The monthly average number of employees during the year was as follows:

	2022	2021
	No.	No.
Management and administration staff	452	364
	452	364

**6. DIRECTORS' REMUNERATION**

	2022	2021
	£'000	£'000
Aggregate remuneration in respect of qualifying services	462	409
Value of Company pension contributions to money purchase schemes	22	20

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2022

**6. DIRECTORS' REMUNERATION (continued)**

	2022 No.	2021 No.
Members of money purchase pension schemes	<u>3</u>	<u>4</u>
Directors who received share based awards	<u>3</u>	<u>3</u>
Directors who vested in or exercised share based awards	<u>3</u>	<u>4</u>

The amounts in respect of the highest paid director are as follows:

	2022 £'000	2021 £'000
Aggregate remuneration in respect of qualifying services	<u>165</u>	<u>142</u>
Company contributions to money purchase pension schemes	<u>8</u>	<u>7</u>

The highest paid director in 2022 and 2021 received and vested in or exercised share based awards during the year.

Certain directors' remuneration were borne by fellow group undertakings who paid the directors remuneration and pension contributions of £164,058 (2021: £156,605) in respect of the services to the group for which the Company is a member. It is not practicable to identify the proportion of these remunerations that relate to services to this Company.

**7. INTEREST RECEIVABLE**

	2022 £'000	2021 £'000
Interest receivable from group undertakings	<u>6,671</u>	<u>60</u>
	<u>6,671</u>	<u>60</u>

**8. TAXATION**

*(a) Tax on profit*

The components of tax on profit are as follows:

	2022 £'000	2021 £'000
Current tax	14,523	1,425
Deferred tax	<u>(935)</u>	<u>(950)</u>
Tax on profit	<u>13,588</u>	<u>475</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2022

**8. TAXATION (continued)**

*(b) Reconciliation of tax on profit*

The items accounting for differences between tax on profit computed at the UK statutory rate and recorded for tax on profit are as follows:

	2022 £'000	2021 £'000
Profit before taxation	61,296	42,006
Tax computed at the UK statutory rate	11,646	7,981
Effects of:		
Non deductible expenses	1,742	(62)
Adjustment in respect of share based awards	215	(1,319)
Effect of rate change on opening deferred tax	(626)	(1,085)
Foreign tax suffered	708	600
Losses claimed at rates other than the statutory rate	—	(5,726)
Other	(97)	86
Tax on profit	13,588	475

*(c) Deferred tax*

Deferred tax assets are as follows:	2022 £'000	2021 £'000
Timing differences related to tangible assets	3,253	3,756
Timing differences related to share based awards	3,901	2,481
Other timing differences	42	24
Total deferred tax asset recognised in the financial statements	7,196	6,261

The UK corporation tax rate for the year ended 31 December 2022 is 19% (2021: 19%). The Finance Act 2021, which received Royal Assent on 10 June 2021, enacted a 6% increase in the corporation tax rate from its current rate of 19% to 25% for the year beginning 1 April 2023. Any deferred tax assets and liabilities are reflected according to the applicable corporation tax rate expected to apply at the time of realisation.

During the year beginning 1 January 2023, the expected net increase in recognised deferred tax assets is £1,717k. This is primarily due to timing differences related to share based awards.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2022

**9. INTANGIBLE ASSETS**

*Digital video and  
music content*  
£'000

**Cost:**

At 1 January 2022	1,536,226
Additions	1,309,283
Disposals	(796,904)
Exchange Differences	72,921
At 31 December 2022	<u>2,121,526</u>

**Amortisation:**

At 1 January 2022	607,243
Charge for the year	1,099,090
Disposals	(796,904)
Exchange Differences	37,255
At 31 December 2022	<u>946,684</u>

**Net book value:**

At 1 January 2022	<u>928,983</u>
At 31 December 2022	<u>1,174,842</u>

As at 31 December 2022, unconditional purchase obligations relating to long-term agreements to acquire and license digital media content amounted to £1,622,582k (2021: £1,078,188k).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2022

**10. TANGIBLE ASSETS**

	<i>Office equipment</i> £'000	<i>Computer Equipment</i> £'000	<i>Total</i> £'000
<i>Cost:</i>			
At 1 January 2022	237	617	854
Additions	50	282	332
Disposals	—	(2)	(2)
At 31 December 2022	287	897	1,184
<i>Depreciation:</i>			
At 1 January 2022	142	370	512
Charge for the year	77	135	212
Disposals	—	(2)	(2)
At 31 December 2022	219	503	722
<i>Net book value:</i>			
At 1 January 2022	95	247	342
At 31 December 2022	68	394	462

**11. DEBTORS**

<i>a) amounts falling due within one year</i>	<i>2022</i> £'000	<i>2021</i> £'000
Trade debtors	23,225	25,607
Amounts owed by group undertakings	823,823	766,687
Corporation tax receivable	—	3,906
Prepayments and accrued income	21,463	20,540
Other debtors	42,498	29,392
	911,009	846,132

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2022

**11. DEBTORS (continued)**

<i>b) amounts falling due after one year</i>	2022	2021
	£'000	£'000
Deferred tax asset (note 8)	7,196	6,261
Prepayments and accrued income	166,433	104,466
	<u>173,629</u>	<u>110,727</u>

**12. CREDITORS**

<i>a) amounts falling due within one year</i>	2022	2021
	£'000	£'000
Bank overdraft	4,545	—
Trade creditors	217,647	197,278
Amounts owed to group undertakings	57,401	31,096
Other taxation and social security	21,041	15,580
Corporation tax payable	6,090	—
Accruals and deferred income	1,103,077	962,182
Other creditors	66	—
	<u>1,409,867</u>	<u>1,206,136</u>
<i>b) amounts falling due after one year</i>	2022	2021
	£'000	£'000
Accruals and deferred income	333,173	248,529
	<u>333,173</u>	<u>248,529</u>

The Company has access to an unsecured loan facility of £300,000k with a group undertaking that bears a 12-month SONIA plus 1.35% interest rate and is repayable by December 2028. As at 31 December 2022, the Company has not drawn down from the facility.

**13. SHARE CAPITAL AND CAPITAL CONTRIBUTION RESERVE**

	2022		2021	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	15,463	15,463	15,462	15,462

In December 2021, a capital contribution reserve was created to reflect a £200,000,000 investment from the Company's immediate parent company, Amazon Europe Core S.à r.l.. In February 2022, that reserve was fully extinguished by applying the reserve to settle amounts outstanding on the allotment and issue of 1 ordinary share to the immediate parent at a par value of £1 and a share premium of £199,999,999.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2022

**14. ULTIMATE PARENT COMPANY**

The immediate parent company is Amazon Europe Core 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.

**15. SHARE BASED AWARD PLANS**

Amazon.com, Inc. ("Amazon") may grant equity awards to employees, officers and directors of Amazon and its subsidiaries which include Amazon Digital UK Limited, as well as to consultants, agents, advisors and independent contractors, pursuant to Amazon's 1997 Stock Incentive Plan (the "1997 Plan").

Amazon may grant equity awards in the form of stock options, stock, or restricted stock units ("RSUs"). Equity awards are evidenced by, and subject to the terms and conditions of, an agreement between the recipient and Amazon, as well as the terms and conditions of the applicable plan (and, where applicable, sub-plans in jurisdictions where local tax law or other regulations merit their adoption, such as in the UK). The following paragraphs describe the terms and conditions generally applicable to equity awards granted by Amazon under the 1997 Plan.

During 2022 and 2021, RSUs were the primary type of equity award granted. RSUs are granted from the 1997 Plan. RSUs represent the right to receive shares of common stock of Amazon, on a one-for-one basis, upon vesting. There is no exercise price associated with an RSU. Employees vest in RSUs and stock options over a specified course of time that the employee provides service to Amazon or one or more of its subsidiaries. Typically, the service terms for vesting are between two and four years.

On 27 May 2022, our ultimate parent effected a 20-for-1 stock split of its common stock and proportionately increased the number of authorized shares of common stock. All restricted stock unit ("RSU") and per RSU information has been retroactively adjusted to reflect the stock split.

Unvested portions of equity awards are subject to forfeiture if the holder's employment or other service relationship with Amazon (including its subsidiaries) terminates.

The fair value of each RSU is equal to the market value of Amazon common stock on the date of the grant. The fair value is recognised as compensation expense over the requisite service period. The Company estimates forfeiture of RSUs at the time of the grant based on historical experience and records compensation expense only for those awards that are expected to vest.

Scheduled vesting for outstanding restricted stock units as at 31 December 2022 was as follows:

	2023	2024	2025	2026	Thereafter	Total
Scheduled vesting	180,565	165,159	68,415	31,477	780	446,396

The weighted average share price at the date of share based award vesting was US\$114.96 (2021: US\$167.57).