

Company No: 06528297

Amazon Digital UK Limited
Report and Financial Statements

31 December 2020



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Amazon Digital UK Limited

COMPANY INFORMATION

DIRECTORS

Helen Cowley
Paul Firth
Kaspar Nazeri
Christoph Schneider
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

Amazon Digital UK Limited

DIRECTORS' REPORT

for the year ended 31 December 2020

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 2020.

DIRECTORS

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

Helen Cowley
Paul Firth
Kaspar Nazeri
Christoph Schneider (appointed 22 December 2020)
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).

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.

DIRECTORS' REPORT (continued)

for the year ended 31 December 2020

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 referenced in the Strategic Report.

FINANCIAL RISK MANAGEMENT

The directors have not disclosed the Company's financial risk management objectives and policies nor the Company's exposure to price risk, credit risk, and cash flow risk as such information is not considered material for the assessment of the Company's assets, liabilities, financial position and result for the financial year.

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.

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: 12/2/21

Amazon Digital UK Limited

STRATEGIC REPORT

for the year ended 31 December 2020

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 2020, the Company's turnover increased by 73% to £1,800,636k (2019: £1,043,576k) driven by the expansion of Prime Video services across Europe and the provision of digital music services. This includes £879,653k (2019: £557,417k) of income from fellow group companies in respect of marketing and other support services.

Cost of sales increased by 84% to £1,412,696k (2019: £766,855k) due to increased volume and cost of digital content. In addition, sales and marketing expenses increased by 40% to £300,670k (2019: £215,034k) due to business growth and European expansion. The Company made an operating profit for the year of £30,309k (2019: profit of £18,624k). The operating results are stated after a share based award expense of £9,569k (2019: £6,506k).

Intangible assets increased by £949,286k to £950,147k (2019: £861k) due to the Company acquiring certain digital content contracts from a fellow group undertaking.

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.

In October 2020, the Company acquired certain digital content contracts from a fellow group undertaking.

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.

STRATEGIC REPORT (continued)

for the year ended 31 December 2020

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 the 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 has a number of key stakeholder groups which include; customers, our people, suppliers, selling partners, and the communities in which we operate. Amazon's mission, as presented in its group annual report is:

"We seek to be Earth's most customer-centric company. We are guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. In each of our segments, we serve our primary customer sets, consisting of consumers, sellers, developers, enterprises, and content creators. In addition, we provide services, such as advertising to sellers, vendors, publishers, and authors, through programs such as sponsored ads, display, and video advertising."

As a Board, we strive to take decisions for the long term, with the aim of understanding and respecting the views and needs of our stakeholders and our shareholder to whom we are accountable. The Company operates within the global Amazon framework and the application of section 172 considerations is evidenced through a number of activities, both at a Group and Company level, including but not limited to:

- engagement with customers;
- workforce engagement;
- commitment to an inclusive workplace;
- our response to COVID-19;
- environmental and sustainability initiatives; and
- ensuring a sustainable and ethical supply chain.

Engagement with customers

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. An example of a way in which feedback from customers was acted upon by Amazon was in connection to our COVID-19 response. We listened to our customers to identify new ways we could deliver the best shopping experience. Through these insights, we provided customers more time to return products, encouraged contactless delivery to keep our customers safe and provided free content to customers, such as books, music and video available on Amazon devices. Amazon also introduced temporary measures during the initial COVID-19 lockdown period in March 2020 to help ensure customers had access to the products they needed. This included prioritising essential products and working with selling partners to quickly receive, restock, and ship these products to customers.

Workforce engagement

There is an established policy of communicating with all employees regularly through email and at team meetings and All Hands, and of receiving employee feedback through both anonymous and non-anonymous channels. In our continuous effort to understand the employee experience and better ensure we are cultivating a work environment that we are proud of, we regularly solicit feedback from employees. This communication is encouraged and celebrated, as it is vital to the existence of a healthy, enterprising and rewarding workplace. Throughout 2020, the engagement with employees has driven a number of diversity and inclusion initiatives.

STRATEGIC REPORT (continued)

for the year ended 31 December 2020

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

Commitment to an inclusive workplace

The directors champion diversity and inclusion as not only the right thing to do for our people, but to improve how we deliver for, and innovate on behalf of, our customers. We honour and respect the differences that each person brings. One way in which Amazon fosters this diverse and inclusive workplace culture is through our employee affinity groups. Amazon has 12 affinity groups, which bring employees together across businesses and locations around the world. With director and company sponsorship, these groups play an important role in building internal networks for creating a community, advising Amazon business units, leading in service projects, and reaching out to communities where our people live and work.

Directors and senior management worked with the affinity groups in 2020 to deliver the following key initiatives:

- Amazon was an official International Women's Day partner and hosted a variety of panel discussions and guest speakers for our people to celebrate and learn about the social, economic, cultural and political achievements of women.
- We partnered with LGBTQ+ leaders and media outlet, Pink News, to host the LGBT Leaders: STEM 2020 Conference at our UK head office. The conference is designed to address the under-representation of LGBTQ+ people in science, technology, engineering and mathematical roles.
- The LGBTQ+ Reading Roadshow was launched in 2019 to provide schools across the UK with free workshops and literature. With schools closed due to the COVID-19 pandemic this year, the LGBTQ+ Reading Roadshow went virtual and included a Q&A session in which participants were able to remain anonymous and a presentation on LGBTQ+ terminology and definitions.
- We hosted Amazon's #ReadWithPride campaign which highlighted the works of LGBTQ+ authors and stories throughout June 2020.
- We collaborated with the Royal National Institute of Blind People to provide information directly from the charity's Sight Loss Advice Service to our customers and other stakeholders.
- Amazon has improved Alexa's ability to more accurately recognise the diverse range of dialects in the UK. Amazon is continually developing its speech technology to improve Alexa's recognition of variations in British language through machine learning. The goal is for Alexa to work equally well for every customer.
- In September 2020, Amazon's Black Employee Network (BEN), commenced a partnership with Conscious Youth, a Huddersfield-based community organisation. The partnership will include Amazon employees running workshops, entrepreneur classes to empower future sellers, and access to technology education programmes such as AWS Educate and Amazon Future Engineer.
- With the support of Amazon's affinity group, BEN, Amazon celebrated Black History Month in October 2020 with a host of activities available to customers and employees alike – including specially curated content for Alexa, Audible, Prime Video and Amazon Music.

The effect of these and other initiatives has ultimately led to Amazon being:

- Recognised as a Top 10 Inclusive Employer at the 2020 British LGBT+ Awards.
- Ranked second on Forbes World's Best Employers list for 2020.

Our response to COVID-19

Nothing is more important than the safety of our people, partners and customers. To address health concerns linked to the escalation of the COVID-19 pandemic in the UK, the directors have been able to offer additional support to our people and partners, as well as implement and continually enhance a series of preventative and protective health measures. We have invested millions of pounds in additional safety measures since the start of the COVID-19 pandemic. We have implemented more than 150 new measures – from masks to hand sanitisers, social distancing to temperature checks – to help our people stay safe. From October 2020, we also provided testing for all our front-line operations employees in the UK and built our own lab in Manchester to provide additional testing capacity to what the government is already offering.

Recognising our teams who continue to play a vital role serving their communities, we spent over \$2.5 billion globally on special bonuses and pay incentives in 2020.

STRATEGIC REPORT (continued)
for the year ended 31 December 2020

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

Early on in the pandemic, Amazon took a number of steps to support our communities and those directly and indirectly impacted by COVID-19.

- Amazon joined a coalition of companies to add new testing capacity for COVID-19, with the UK Government leveraging Amazon's logistics network to deliver test kits to homes around the country. Amazon is proud to have supported this initiative, and waived all fees and charges in 2020. This initiative helped to ensure that those who are not able to travel to a test centre can still take a test. During 2020, Amazon delivered over six million test kits to homes around the country.
- Amazon agreed to deliver – free of charge – approximately 100,000 blood sample packs to 15,000 people for the TRACK-COVID study run by researchers from the University of Cambridge. This is a major national longitudinal study serially tracking coronavirus antibodies, symptoms, and disease outcomes which will play an important role in informing public health policy and, eventually, potential vaccination strategies.
- Amazon expanded its long-standing partnership with Magic Breakfast to reach more children at risk of hunger, as school restrictions were implemented due to COVID-19. In total, Amazon has distributed more than two million free healthy breakfast packs to children across the UK who normally receive these meals at school.
- We wanted to help customers stay entertained and help parents keep kids entertained and inspire learning. As a result, the directors and management made a selection of family-friendly TV programmes available for all customers (not just Prime members) through Prime Video. Additionally, the directors supported Amazon Music's launch of livestreaming capability for all its artists through a partnership with Amazon-owned Twitch to enable artists and fans to connect amid the cancellation of live-concerts.
- Amazon received a large number of requests from across the UK for charitable donations through our public policy, public relations and customer service teams during the COVID-19 crisis. In the UK, we approved donations to dozens of different charities and organisations in the communities where our people live and work, including the British Red Cross, Home Start, Age UK, Depaul and Mind.
- The creative community in Europe has been vital to Amazon's success in producing high-quality Amazon Original TV series and movies for our global audience. With the COVID-19 crisis impacting the production community, we supported donations for the creative industries, including £1 million in the UK to the Film and TV Charity's COVID-19 Response to kick-start a new grants scheme to help the industry recover, and a £500,000 donation to the Theatre Community Fund, launched by Olivia Colman, Phoebe Waller-Bridge and Francesca Moody to provide hardship grants to theatre workers and freelancers across the UK.

In response to the second wave of lockdowns in November 2020, further donations were made across numerous local charities. Amazon also made additional donations to five national charities, including the British Red Cross, Magic Breakfast, NHS Charities Together, Barnardo's and Depaul, as part of a UK-wide employee matched donation campaign.

Throughout the COVID-19 crisis, we have learnt how important Amazon has been to our communities and customers. We have been fortunate to be able to help make a positive impact during this difficult time. With that in mind, the directors have supported Amazon's decision to not take up any Government support schemes related to the pandemic.

With Amazon's breadth and ability to innovate quickly, we were in a fortunate position to be able to provide the following support during the COVID-19 pandemic:

- Jobs – In 2020, the directors and management created 10,000 new permanent roles across Amazon's UK network of corporate offices, fulfilment centres, sort centres and delivery stations. The new roles, including engineers, HR and IT professionals, health and safety and finance specialists, as well as those in front-line operations teams who will pick, pack and ship customer orders, will help Amazon meet customer demand and support small and medium sized enterprises selling on Amazon to scale their businesses.

STRATEGIC REPORT (continued)
for the year ended 31 December 2020

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

- Small and medium enterprises – Amazon supported thousands of small businesses across the UK during 2020 by waiving storage and removal fees for new selling partners participating in our Fulfilment by Amazon programme. In July 2020, the directors and management also approved the launch of the Amazon Small Business Accelerator with Enterprise Nation, which will help 200,000 small businesses and startups across the country through access to free online services, credits, training and support. Amazon worked with the British Chambers of Commerce to give up to 1,000 businesses tours of Amazon fulfilment centres, helping other companies learn from the safety measures Amazon has put in place within its own operations so the businesses can re-open safely and kick-start the economy. As part of Amazon's ongoing commitment to support small and medium enterprises, in 2020 we committed to support 110 apprenticeships across 86 small and medium enterprises.
- Education – With many schools closed due to the COVID-19 pandemic, the directors' support furthered the work of the Amazon Future Engineer programme, which launched a free virtual coding programme to build computer science skills for students learning at home. Over 660 schools and 40,000 users across the UK benefited from the free python programming content which included flying drones, designing smart cities and creating chatbots. In 2020, the Amazon Future Engineer programme also supported 250 apprenticeship positions across the country and funded 25 bursary recipients at five UK universities. We also launched Maths4All in July 2020 – an online storefront providing free, curriculum-linked primary maths resources to support children, parents and teachers. With the support of the directors, Amazon has partnered with Barnardo's to help with the reopening of 40 children's service hubs in the communities where our operations and corporate sites are based. This support comes in the form of a monetary donation and the fulfilment of an Amazon Wish List, which is developed in consultation with each service. These hubs serve the most vulnerable children in the community who are often subject to bullying and domestic abuse. It is estimated that 40,000 children have already benefited from these services.

Environmental and Sustainability initiatives

In 2019, Amazon co-founded The Climate Pledge with Global Optimism, an organisation leading on global sustainability policy, calling on signatories to be zero carbon by 2040 – a decade ahead of the Paris Agreement. Companies that sign The Climate Pledge agree to three principle areas of action:

- Measure and report greenhouse gas emissions on a regular basis;
- Implement decarbonisation strategies through real business changes and innovations, including efficiency improvements, renewable energy, materials reductions, and other carbon emission elimination strategies;
- Neutralise any remaining emissions with additional, quantifiable, real, permanent and socially beneficial offsets to achieve net zero annual carbon emission by 2040.

The directors and management are committed to delivering and driving initiatives to achieve The Climate Pledge. Since signing The Climate Pledge, Amazon has continued to make significant strides forward on a number of key initiatives, including:

- Amazon was the first signatory and 31 other organisations have now signed The Climate Pledge, including Microsoft, Uber, ITV, Canary Wharf Group, Reckitt Benckiser, Mercedes-Benz and Unilever.
- So far, thanks to the dedication of directors and thousands of employees across the organisation – we have a Sustainability Ambassadors programme with more than 6,500 volunteers globally, and over 650 members across the UK.
- Amazon and We Mean Business, a global coalition based in the UK, have partnered to encourage companies to adopt more ambitious carbon emission reduction goals.
- We are on a path to power our operations with 100% renewable energy by 2025. As of December 2020, Amazon had 14 solar and wind projects in the UK that have the capacity to generate over 180 megawatts.
- In June 2020, Amazon launched the Climate Pledge Fund to support the development of sustainable technologies and services that will enable Amazon and other businesses to meet the Climate Pledge. This dedicated venture investment programme, with an initial \$2 billion in funding, will back visionary companies whose products and services will facilitate the transition to a net zero carbon economy.
- In August 2020, Amazon added more than 500 new electric vehicles to its fleet, all of which hit the road in 2020 to reduce our carbon emissions in the UK.

STRATEGIC REPORT (continued)

for the year ended 31 December 2020

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

- In October 2020, Amazon announced the launch of Climate Pledge Friendly. The new programme will help make it easy for customers to discover and shop for more sustainable products. Customers will now see the Climate Pledge Friendly badge on more than 40,000 products in Europe to signify that the products have one or more of 19 different sustainability certifications that help preserve the natural world, such as reducing the carbon footprint of shipments to customers.
- In October 2020, we unveiled the largest solar roof top installation of any Amazon site in Europe at the fulfilment centre in Tilbury, Essex. The building has two million square feet of operating space – equivalent to 28 football pitches – and has been fitted with more than 11,500 module solar panels, which generate the equivalent amount of electricity required to power 700 homes for one year.
- In December 2020, we announced that Amazon had become the world's largest corporate purchaser of renewable energy with the addition of 26 utility-scale wind and solar projects, including a new wind project in South Lanarkshire, Scotland. This has also made Amazon the largest corporate purchaser of renewable energy in the UK.

More information about Amazon's commitment to sustainability can be found on our sustainability website (<https://sustainability.aboutamazon.co.uk/>).

Ensuring a sustainable and ethical supply chain

Amazon's mission is to conduct our business in a way that respects human rights and the environment. Amazon works closely with suppliers to communicate our standards, and help suppliers build their capacity to provide working environments that are safe and respectful of human rights. The directors and management are strongly committed to conducting business in a lawful and ethical manner, including engaging with suppliers that are committed to the same principles. A strong, trusted supply chain is integral to our success.

The directors and management oversee compliance with Amazon's policies that require suppliers in our manufacturing supply chain and suppliers supporting the Company's operations to comply with our Supply Chain Standards. Our standards are derived from the United Nations Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, the Core Conventions of the International Labour Organization (ILO), and the ILO Declaration on Fundamental Principles and Rights at Work. To ensure our policies and programmes incorporate these internationally recognised human rights standards, we conduct formal benchmarking with industry peers and multi-stakeholder organisations to continually improve our programme. We use independent auditors to verify supplier compliance with our standards through regular on-site inspections and confidential worker interviews.

The directors and management also expect our suppliers to consistently monitor and enforce our standards in their own operations and supply chain, as well as make improvements to meet or exceed our expectations.

Throughout 2020, we have strengthened our efforts to identify and prevent the risk of modern slavery. We enhanced our partnerships with industry associations and non-profit organisations to develop best practices in combating forced labour. We helped our suppliers increase their capacity to responsibly manage the recruitment of migrant workers. We expanded modern slavery training programmes to raise awareness throughout our own operations, and implemented technology solutions as part of our Global Human Rights Principles and our commitment to international human rights and freely chosen employment. Annually, directors and management review and publish a Modern Slavery Statement which assesses our risks, outlines our efforts and sets commitments.

On behalf of the Board



Kaspar Nazeri
Director

Date: 12/2/21

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 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 AMAZON DIGITAL UK LIMITED

Opinion

We have audited the financial statements of Amazon Digital UK 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 14, 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 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 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 AMAZON DIGITAL UK 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 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 11, 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 AMAZON DIGITAL UK 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. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, data protection, and 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 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.
- We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We designed and performed audit procedures to ensure that revenue was recognised in line with contractual terms and in the correct accounting period. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

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.

Ernst & Young LLP

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

12 February 2021

Amazon Digital UK 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>
TURNOVER	2	1,800,636	1,043,576
Cost of sales		(1,412,696)	(766,855)
GROSS PROFIT		<u>387,940</u>	<u>276,721</u>
Operating expenses	3	(357,631)	(258,097)
OPERATING PROFIT	4	<u>30,309</u>	<u>18,624</u>
Interest receivable		438	1,383
Interest payable		(149)	(1)
PROFIT BEFORE TAXATION		<u>30,598</u>	<u>20,006</u>
Tax on profit	7	(3,582)	(2,870)
PROFIT FOR THE YEAR		<u>27,016</u>	<u>17,136</u>
Currency translation differences		681	(331)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		<u>681</u>	<u>(331)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>27,697</u>	<u>16,805</u>

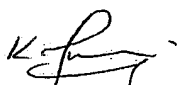
Amazon Digital UK Limited

BALANCE SHEET

as at 31 December 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	8	950,147	861
Tangible assets	9	198	258
		<u>950,345</u>	<u>1,119</u>
CURRENT ASSETS			
Debtors:			
amounts falling due within one year	10(a)	763,075	451,124
amounts falling due after one year	10(b)	33,070	5,083
Cash at bank and in hand		486	7
		<u>796,631</u>	<u>456,214</u>
CREDITORS: amounts falling due within one year	11(a)	(1,295,909)	(307,343)
NET CURRENT (LIABILITIES) / ASSETS		<u>(499,278)</u>	<u>148,871</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>451,067</u>	<u>149,990</u>
CREDITORS: amounts falling due after more than one year	11(b)	(263,811)	—
NET ASSETS		<u>187,256</u>	<u>149,990</u>
CAPITAL AND RESERVES			
Share capital	12	16	16
Share premium		211,731	211,731
Merger reserve		2,542	2,542
Share based awards reserve	14	37,537	27,968
Retained earnings		(64,570)	(92,267)
SHAREHOLDER'S FUNDS		<u>187,256</u>	<u>149,990</u>

Approved by the Board



Kaspar Nazeri
Director

Date: 12/2/21

Company Number: 06528297

Amazon Digital UK Limited

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	<i>Share capital</i>	<i>Share premium</i>	<i>Merger reserve</i>	<i>Share based awards reserve</i>	<i>Retained earnings</i>	<i>Total shareholder's funds</i>
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	16	211,731	2,542	21,462	(109,072)	126,679
Share based awards	—	—	—	6,506	—	6,506
Profit for the year	—	—	—	—	17,136	17,136
Other comprehensive loss	—	—	—	—	(331)	(331)
At 31 December 2019	16	211,731	2,542	27,968	(92,267)	149,990
Share based awards	—	—	—	9,569	—	9,569
Profit for the year	—	—	—	—	27,016	27,016
Other comprehensive income	—	—	—	—	681	681
At 31 December 2020	16	211,731	2,542	37,537	(64,570)	187,256

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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 financial statements are presented in pound sterling and are rounded to the nearest thousand pound sterling (£'000). The functional currency of the Company's operations in the United Kingdom is pound sterling and the functional currency of the Company's foreign operations is the euro.

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 2020, 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 5, 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.

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.

Intangible assets

All intangible assets are initially recorded at cost.

Amazon Digital UK Limited

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

1. ACCOUNTING POLICIES (continued)

Amortisation

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

Contract based intangible asset	-	6 months
Digital video and music content	-	Amortised on an accelerated basis based on estimated usage or viewing patterns, or on a straight line basis of 1-5 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:

Leasehold improvements	-	Lower of expected useful life or lease term
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.

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.

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.

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.

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.

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 14).

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

	2020	2019
	£'000	£'000
Sales and marketing expenses	300,670	215,034
Administrative expenses	56,961	43,063
	<u>357,631</u>	<u>258,097</u>

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

4. OPERATING PROFIT

Operating profit is stated after charging / (crediting):

	2020	2019
	£'000	£'000
Amortisation of intangible assets	239,177	861
Depreciation of tangible assets	91	20
Auditor's remuneration - audit of the financial statements	128	74
Net (gain) / loss on foreign currency translation	(27,973)	1,765

5. STAFF COSTS

	2020	2019
	£'000	£'000
Wages and salaries	27,947	20,061
Social security costs	3,971	2,912
Staff pension contributions	1,044	759
Equity settled share based awards (note 14)	9,569	6,506
	42,531	30,238

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

	2020	2019
	No.	No.
Management and administration staff	310	224
	310	224

6. DIRECTORS' REMUNERATION

	2020	2019
	£'000	£'000
Aggregate remuneration in respect of qualifying services	439	611
Value of Company pension contributions to money purchase schemes	21	17

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

6. DIRECTORS' REMUNERATION (continued)

	2020 <i>No.</i>	2019 <i>No.</i>
Members of money purchase pension schemes	<u>3</u>	<u>4</u>
Directors who received share based awards	<u>3</u>	<u>4</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:

	2020 £'000	2019 £'000
Aggregate remuneration in respect of qualifying services	<u>166</u>	<u>313</u>
Company contributions to money purchase pension schemes	<u>8</u>	<u>3</u>

The highest paid director in 2020 vested in and received or exercised share based awards during the year. The highest paid director in 2019 vested in but did not receive or exercise share based awards during the year.

Certain directors' remuneration has been borne by the ultimate 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.

7. TAXATION

(a) Tax on profit

The components of tax on profit are as follows:

	2020 £'000	2019 £'000
Current tax	3,810	2,188
Deferred tax	<u>(228)</u>	<u>682</u>
Tax on profit	<u>3,582</u>	<u>2,870</u>

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

7. 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:

	2020 £'000	2019 £'000
Profit before taxation	30,598	20,006
Tax computed at the UK statutory rate	5,814	3,801
Effects of:		
Non deductible expenses	267	232
Adjustments in respect of previous periods	35	201
Adjustment in respect of share based awards	(1,476)	(1,282)
Effect of rate differential on current year movement of deferred tax	—	(82)
Effect of rate change on opening deferred tax	(598)	—
Losses claimed at rates other than the statutory rate	(676)	—
Other	216	—
Tax on profit	3,582	2,870

(c) Deferred tax

Deferred tax assets are as follows:	2020 £'000	2019 £'000
Timing differences related to tangible assets	3,670	3,996
Timing differences related to share based awards	1,623	1,074
Other timing differences	18	13
Total deferred tax asset recognised in the financial statements	5,311	5,083

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.

During the year beginning 1 January 2021, the expected net decrease in recognised deferred tax assets is £165k. This is primarily due to timing differences on tangible assets.

Amazon Digital UK Limited

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

8. INTANGIBLE ASSETS

	<i>Contract based intangible asset</i>	<i>Digital video and music content</i>	<i>Total</i>
	£'000	£'000	£'000
Cost:			
At 1 January 2020	1,722	—	1,722
Additions	—	1,188,463	1,188,463
Disposals	—	(54,436)	(54,436)
At 31 December 2020	1,722	1,134,027	1,135,749
Amortisation:			
At 1 January 2020	861	—	861
Charge for the year	861	238,316	239,177
Disposals	—	(54,436)	(54,436)
At 31 December 2020	1,722	183,880	185,602
Net book value:			
At 1 January 2020	861	—	861
At 31 December 2020	—	950,147	950,147

In October 2020, the Company acquired certain digital content contracts from a fellow group undertaking. As at 31 December 2020, unconditional purchase obligations relating to long-term agreements to acquire and license digital media content amounted to £447,663k (2019: £nil).

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

9. TANGIBLE ASSETS

	<i>Leasehold improvements</i> £'000	<i>Office equipment</i> £'000	<i>Computer equipment</i> £'000	<i>Total</i> £'000
Cost:				
At 1 January 2020	4	230	314	548
Additions	—	—	32	32
Disposals	—	—	(1)	(1)
Transfers	—	(34)	34	—
At 31 December 2020	4	196	379	579
Depreciation:				
At 1 January 2020	3	14	273	290
Charge for the year	1	75	15	91
Transfers	—	(16)	16	—
At 31 December 2020	4	73	304	381
Net book value:				
At 1 January 2020	1	216	41	258
At 31 December 2020	—	123	75	198

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

10. DEBTORS

<i>a) amounts falling due within one year</i>	2020 £'000	2019 £'000
Trade debtors	12,602	2,597
Amounts owed by group undertakings	733,020	446,532
Corporation tax receivable	2,601	—
Prepayments and accrued income	6,058	984
Other debtors	8,794	1,011
	<u>763,075</u>	<u>451,124</u>
 <i>b) amounts falling due after one year</i>	 2020 £'000	 2019 £'000
Deferred tax asset (note 7)	5,311	5,083
Prepayments and accrued income	27,759	—
	<u>33,070</u>	<u>5,083</u>

11. CREDITORS

<i>a) amounts falling due within one year</i>	2020 £'000	2019 £'000
Trade creditors	203,641	47,780
Amounts owed to group undertakings	129,656	98,646
Other taxation and social security	1,588	21,517
Corporation tax payable	—	2,260
Accruals	961,024	137,140
	<u>1,295,909</u>	<u>307,343</u>
 <i>b) amounts falling due after one year</i>	 2020 £'000	 2019 £'000
Accruals	263,811	—
	<u>263,811</u>	<u>—</u>

Amazon Digital UK Limited

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

12. SHARE CAPITAL

	2020		2019	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	15,462	15,462	15,462	15,462

13. 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.

14. 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 2020 and 2019, 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.

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 RSU's 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 2020 was as follows:

	2021	2022	2023	2024	Thereafter	Total
Scheduled vesting	7,743	6,380	2,865	1,026	—	18,014

The weighted average share price at the date of share based award vesting was US\$2,642.17 (2019: US\$1,781.45).