

# DNI German Holdings I Limited

Annual Report and Financial Statements

for the year ended 31 December 2021



## **Contents**

	<b>Page(s)</b>
<b>Company Information</b>	<b>1</b>
<b>Directors' Report</b>	<b>2 to 5</b>
<b>Independent auditors' report to the members of DNI German Holdings I Limited</b>	<b>6 to 9</b>
<b>Profit and Loss Account</b>	<b>10</b>
<b>Balance Sheet</b>	<b>11</b>
<b>Statement of Changes in Equity</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13 to 23</b>

## **Company Information**

### **Officers and professional advisors**

**Directors** James Richard Cooke  
Hester Jane Wheeley

**Registered address** Discovery House  
Chiswick Park Building 2  
566 Chiswick High Road  
London  
W4 5YB  
United Kingdom

**Independent Auditors** PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH  
United Kingdom

**Banker** Bank Mendes Gans N.V.  
Herengracht 619  
1000 AD Amsterdam  
The Netherlands

## **Directors' Report**

*for the financial year ended 31 December 2021*

---

The directors present their annual report together with the audited financial statements for the Company for the financial year ended 31 December 2021.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to the small companies exemption. A strategic report has not been prepared in accordance with section 414B of the Companies Act 2006 relating to the small companies exemption.

### **Principal activities**

The principal activity of the Company is that of a holding company. The Company holds an investment in a fellow group undertaking which operates to promote a number of television channels in Germany.

### **Directors of the Company**

The directors of the Company who held office during the financial year, up to the date of signing these financial statements, except as otherwise noted, were as follows:

James Richard Cooke

Hester Jane Wheeley

### **Directors' indemnities**

The directors have the benefit of the indemnity provisions pursuant to the Company's articles of association. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of section 234 of Companies Act 2006 and which were in force throughout the year ended 31 December 2021 and remain in force.

### **Results and dividends**

The Company's profit for the financial year, after taxation was £10,367,108 (2020: profit of £16,376,210) which will be credited (2020: credited) to reserves. The results for the financial year are shown on page 10.

No dividends were declared and paid during the year (2020: £nil).

### **Covid-19**

The Company is closely monitoring the impact of Covid-19 on all aspects of its business and geographies. The Company assessed its investments for recoverability based upon latest estimates and judgments with respect to expected future operating results, ultimate usage of content and latest expectations with respect to collectability using the most recently available management forecasts and estimates. Based on the internal analysis the management does not see any risk caused by Covid-19 in the current investment value.

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report.

Warner Bros. Discovery, Inc., ("WBD") the ultimate parent undertaking, has indicated its commitment to support the activities of the Company, including providing the means to enable it to meet its liabilities as they fall due for at least 12 months from the date of the approval of these financial statements. On that basis the directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

## **Directors' Report**

*for the financial year ended 31 December 2021*

---

### **Consolidation**

The financial statements contain information about DNI German Holdings I Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, Warner Bros. Discovery, Inc. (previously known as Discovery, Inc.), a company incorporated in the USA.

### **Future developments**

The directors expect the general level of operational activity to remain the same in the forthcoming year.

### **Financial risk management, objectives and policies**

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks and liquidity risks.

Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on any overdrafts. The risk is not considered material and thus the Company does not employ the use of hedging instruments.

The central treasury team of Discovery Communications, LLC, an intermediate parent company, has the responsibility of setting risk management policies applied across the global Warner Bros. Discovery Group. The Company treasury team implements these policies to enable prompt identification of financial risks so that appropriate actions may be taken. The treasury team has a set of guidelines to manage exchange risk, credit risk and the use of financial instruments to manage these risks.

### **Events after the reporting period**

On April 8, 2022, Discovery, Inc., a global media company that provides content across multiple distribution platforms including linear, free-to-air and broadcast television, authenticated GO applications, digital distribution arrangements, content licensing arrangements and direct-to-consumer subscription products, completed its merger with the WarnerMedia business of AT&T, Inc. and changed its name from "Discovery, Inc." to "Warner Bros. Discovery, Inc.". On April 11, 2022, the Company's shares started trading on the Nasdaq Global Select Market under the trading symbol WBD.

The Merger was executed through a Reverse Morris Trust type transaction, under which the WarnerMedia Business was distributed to AT&T's shareholders via a pro rata distribution, and immediately thereafter, combined with Discovery. In connection with the Merger, AT&T received \$40.5 billion (subject to working capital and other adjustments) in a combination of cash, debt securities, and WarnerMedia's retention of certain debt, and Discovery transferred purchase consideration of \$42.4 billion in equity to AT&T shareholders. AT&T shareholders received WBD stock in the distribution representing 71% of the combined company and the Company's previous shareholders will continue to own 29% of the combined company, in each case on a fully diluted basis.

## **Directors' Report**

*for the financial year ended 31 December 2021*

---

### **Events after the reporting period (continued)**

In April 2022 Warner Bros. Discovery, Inc. (formerly known as Discovery, Inc.) executed "Cash Pool Clean-up Plan" in a few non-US entities' material overdraft balances in the cash pool by utilizing some excess cash from other non-US entities by way of contributions and distributions.

Two of the steps of the "Cash Pool Clean-up Plan" applied to the Company and were the following:

- Discovery Communications Deutschland GmbH & Co. KG distributed cash of GBP 79,623,802 to the Company through dissolving part of the partnerships' reserves and the Company repaid its existing negative cash pool balance;
- the Company distributed to Discovery Communications Europe Ltd cash of GBP 40,000,000, being an aggregate interim cash dividend out of the Company's distributable profits, declared on 20 April, 2022.

### **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Statement of disclosure of information to auditors**

In the case of each director in office at the date the Directors' Report is approved:

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

## **Directors' Report**

*for the financial year ended 31 December 2021*

---

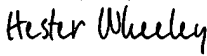
### **Independent auditors**

PricewaterhouseCoopers LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of the Annual General Meeting.

### **Small companies provision statement**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the board of directors on 3 August 2022 and signed on its behalf by:

DocuSigned by:  
  
ED2A68459A01458.....  
Hester Jane Wheeley  
Director

**Independent auditors' report**  
*to the members of DNI German Holdings I Limited*

---

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

**Opinion**

In our opinion, DNI German Holdings I Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

**Conclusions relating to going concern**

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

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

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

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



**Independent auditors' report**  
*to the members of DNI German Holdings I Limited*

---

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

*Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

---

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

*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

**Independent auditors' report**  
*to the members of DNI German Holdings I Limited*

---

**Responsibilities for the financial statements and the audit (continued)**

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

*Use of this report*

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

**Independent auditors' report**  
*to the members of DNI German Holdings I Limited*

---

**Other required reporting**

---

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

---

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



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

Date: 3 August 2022

**Profit and Loss Account**  
*for the financial year ended 31 December 2021*

	Note	2021 £	2020 £
Other operating expense		<u>(8,889)</u>	<u>(22,901)</u>
<b>Operating loss</b>	4	(8,889)	(22,901)
Profit from investment	10	14,309,779	19,244,501
Interest receivable and similar income	7	16,794	-
Interest payable and similar expenses	8	<u>(29,801)</u>	<u>(43,228)</u>
<b>Profit before taxation</b>		14,287,883	19,178,372
Tax on profit	9	<u>(3,920,775)</u>	<u>(2,802,162)</u>
<b>Profit for the financial year</b>		<u>10,367,108</u>	<u>16,376,210</u>

All amounts are derived from continuing operations.

No separate statement of comprehensive income has been presented because the Company has no other comprehensive expense other than profit for the financial year.

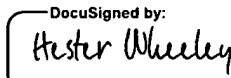
The notes on pages 13 to 23 form an integral part of these financial statements.

**Balance Sheet**  
*as at 31 December 2021*

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	10	<u>104,853,573</u>	<u>90,543,794</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	11	-	(189)
Bank loans and overdrafts	12	(16,548,822)	(13,375,019)
Income tax liability		<u>(1,077,381)</u>	<u>(308,324)</u>
<b>Net current liabilities</b>		<u>(17,626,203)</u>	<u>(13,683,532)</u>
<b>Total assets less current liabilities</b>		<u>87,227,370</u>	<u>76,860,262</u>
<b>Net assets</b>		<u>87,227,370</u>	<u>76,860,262</u>
<b>Capital and reserves</b>			
Called up share capital	13	30,874,850	30,874,850
Profit and loss account	13	<u>56,352,520</u>	<u>45,985,412</u>
<b>Total shareholders' funds</b>		<u>87,227,370</u>	<u>76,860,262</u>

The financial statements on pages 10 to 23 were approved by the board of directors and authorised for issue on 3 August 2022

They were signed on its behalf by:

DocuSigned by:  
  
.....ED2A60459A01450.....

Hester Jane Wheeley  
Director

The notes on pages 13 to 23 form an integral part of these financial statements.

**Statement of Changes in Equity**  
*for the financial year ended 31 December 2021*

---

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2020	30,874,850	29,609,202	60,484,052
Profit for the financial year	-	16,376,210	16,376,210
At 31 December 2020	<u>30,874,850</u>	<u>45,985,412</u>	<u>76,860,262</u>
At 1 January 2021	30,874,850	45,985,412	76,860,262
Profit for the financial year	-	10,367,108	10,367,108
At 31 December 2021	<u>30,874,850</u>	<u>56,352,520</u>	<u>87,227,370</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

---

**1 General information**

DNI German Holdings I Limited is a private company limited by shares which is incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England. The address of its registered office is as given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report on pages 2 - 5.

The immediate parent undertaking is Discovery Communications Europe Limited, a company incorporated in England and Wales. The registered address of the parent is Discovery House, Chiswick Park Building 2, 566 Chiswick High Road London W4 5YB.

The financial statements are presented in British pounds sterling because this is the currency of the primary economic environment in which the Company operates.

The level of rounding is to the nearest pound (£), unless otherwise stated.

**2 Accounting policies**

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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

***Basis of preparation***

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

---

**2 Accounting policies (continued)**

***Basis of preparation (continued)***

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

***Exemption from preparing group financial statements***

The financial statements contain information about DNI German Holdings I Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, Warner Bros. Discovery, Inc. (previously known as Discovery, Inc.), a company incorporated in the USA. Warner Bros. Discovery, Inc. is the Company's ultimate parent company and controlling party, heading up the smallest and largest group to consolidate these financial statements. The financial statements of Warner Bros. Discovery, Inc. are publicly available and can be obtained from the Company's website <https://ir.wbd.com/investor-relations/>

***Going concern***

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report.

Warner Bros. Discovery, Inc., ("WBD") the ultimate parent undertaking, has indicated its commitment to support the activities of the Company, including providing the means to enable it to meet its liabilities as they fall due for at least 12 months from the date of the approval of these financial statements. On that basis the directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.



**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

---

**2 Accounting policies (continued)**

***Foreign currency transactions and balances***

The Company's financial statements are presented in £ Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

***Taxation***

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, except:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

---

**2 Accounting policies (continued)**

***Investments - recognition, measurement and impairment***

Investments are accounted for at equity method so that it is accounted for at cost, adjusted for equity pick up of the investee entity less, where appropriate, provisions for impairment.

The value of investments in subsidiaries is reviewed annually by the directors at each financial year end or more frequently if there is a triggering event. If such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of any impairment. The recoverable amount is the higher of its net selling price (fair value less selling costs) and its value in use. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects the time value of money and the risks specific to the asset. Under IAS 36, the impairment test is performed at a cash-generating unit level, being the "smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets". An impairment loss is recognised immediately as part of operating income.

An impairment loss recognised in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased amount will not exceed the value that would have been determined had no impairment been recognised in prior year. A reversal of impairment loss is recognised immediately as part of operating income.

***Share capital***

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

***Financial instruments***

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***Financial liabilities - recognition and measurement***

Financial liabilities are recognised when the entity becomes a party to the contract and, as a consequence, has a legal obligation to pay cash.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are initially measured at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities comprise of trade payables and bank overdrafts.

***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

---

**2 Accounting policies (continued)**

***Financial instruments (continued)***

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The Company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

***Loans and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

***De-recognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

***Interest income/(expense)***

Interest income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

---

**3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key accounting judgements and key sources of estimation uncertainty relate to the valuation of investments.

**Impairment of investments**

Determining whether DNI German Holdings I Limited's investments have been impaired requires estimations of the investments' values in use. The value in use calculations requires the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments at the balance sheet date was £104,853,573 (2020: £90,543,794) with impairment of £nil recognised during the year (2020: £nil).

**4 Operating loss**

This is stated after charging:

	2021	2020
	£	£
Loss on foreign exchange	<u>8,889</u>	<u>22,901</u>

**5 Auditors' remuneration**

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's financial statements were £10,300 (2020: £10,000). Audit fees are borne by Discovery Corporate Services Limited, a fellow group undertaking and not recharged to the Company.

There are no non-audit services fees payable to the auditors (2020: £nil).

**6 Employees and directors' remuneration**

The directors were not remunerated in respect of their services to this Company in the year 2021 or in 2020.

The Company had no employees in 2021 (2020: no employees).

**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

**7 Interest receivable and similar income**

	2021 £	2020 £
Interest income	<u>16,794</u>	<u>-</u>

Interest income generated in 2021 in the amount of £16,794 (2020: £nil) results from interest on prior periods' foreign tax reimbursements.

**8 Interest payable and similar expenses**

	2021 £	2020 £
Interest on bank overdrafts	<u>29,801</u>	<u>43,228</u>

**9 Tax on profit**

*(a) Tax charged in the profit and loss account*

	2021 £	2020 £
<b>Current tax:</b>		
UK corporation tax	4,330,044	4,364,325
Double taxation relief	(4,330,044)	(4,364,325)
Foreign tax	3,544,630	2,815,745
Adjustment in respect of prior periods (foreign tax)	<u>376,145</u>	<u>(13,583)</u>
Tax charge in the profit and loss account	<u>3,920,775</u>	<u>2,802,162</u>

*(b) Reconciliation of the total tax charge*

The Company has a 98.02% shareholding in Discovery Communications Deutschland GmbH & Co. KG, a company registered in Germany. Discovery Communications Deutschland GmbH & Co. KG is a transparent company for German corporate income tax purposes, so its profits are allocated to its shareholders in accordance with their shareholding, and the profits are subject to German corporate income tax at the shareholder level. The Company therefore pays Germany a 15% corporate income tax and a 0.825% solidarity surcharge on its share of Discovery Communications Deutschland GmbH & Co. KG's profits.

The tax expense in the profit and loss account for the financial year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

---

**9 Tax on profit (continued)**

The differences are reconciled below:

	2021 £	2020 £
Profit before taxation	14,287,883	19,178,372
Tax on profit at standard UK tax rate of 19% (2020: 19%)	2,714,698	3,643,891
<b>Effects of:</b>		
Adjustment in respect of prior periods (foreign tax)	376,145	(13,583)
Expenses not deductible for tax purposes	1,615,346	720,434
Income arising from overseas tax suffered	3,544,630	2,815,745
Double taxation relief	(4,330,044)	(4,364,325)
<b>Total tax charge</b>	<b>3,920,775</b>	<b>2,802,162</b>

*(c) Factors affecting tax charge for the financial year*

The standard rate of corporation tax in the UK at the balance sheet date is 19%. This gives a corporation tax rate for the Company for the full period of 19% (2020:19%).

Legislation has been introduced to increase the main rate of corporation tax from 19% to 25% (effective from 1 April 2023), which was substantively enacted on 24 May 2021 (enacted on 10 June 2021).

**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

**10 Investments**

	2021 £	2020 £
<b>Cost</b>		
At 1 January	90,543,794	71,299,293
Share in profit of investee	14,309,779	19,244,501
At 31 December	<u>104,853,573</u>	<u>90,543,794</u>
<b>Provision of impairment</b>		
At 1 January and 31 December	-	-
<b>Carrying amount</b>		
At 31 December	<u>104,853,573</u>	<u>90,543,794</u>

The directors believe that the book value of the investments is less than the value of the underlying net assets.

Additions of £14,309,779 (2020: additions of £19,244,501) represents Company's share in profit (2020: profit) in Discovery Communications Deutschland GmbH & Co. KG. Details of the Company's investments are listed in note 15.

**11 Trade and other payables**

	2021 £	2020 £
Trade payables	<u>-</u>	<u>189</u>

**12 Bank loans and overdrafts**

	2021 £	2020 £
Bank overdrafts	<u>16,548,822</u>	<u>13,375,019</u>

The overdraft is part of the Bank Mendes Gans N.V. arrangement detailed in note 14.

**13 Capital and reserves**

	2021 £	2020 £
<b><i>Called-up share capital</i></b>		
30,874,850 (2019: 30,874,850) Authorised Ordinary shares of £1 each at 1 January and 31 December	<u>30,874,850</u>	<u>30,874,850</u>

**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

---

**13 Capital and reserves (continued)**

***Profit and loss account***

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**14 Contingent liabilities**

The Company entered into an arrangement with Bank Mendes Gans N.V. (the "Bank") whereby the cash position of Discovery, Inc. subsidiaries (the "Subsidiaries") were combined, with cleared debit and credit balances being offset for interest calculation purposes.

Each of the Subsidiaries, which at any time have a negative balance, may set-off any amounts due to the Bank with any amounts due by the Bank to each of the Subsidiaries with a positive balance. When it wishes to seek repayment of any negative balances, the Bank shall first seek recourse against the positive balances.

The Company has an overdraft of £16,548,822 (2020: overdraft £13,375,019) with the Bank at 31 December 2021. The net balance for the Subsidiaries at 31 December 2021 under this arrangement was a positive balance of £253,060,588 (2020: £254,397,529). The combined bank balances of all Subsidiaries are not permitted to be less than nil.

**15 Subsidiary undertakings, associates and joint ventures**

**Company's directly owned investment**

Details of the investments in which the Company holds nominal value of any class of share capital are as follows:

Name of the company	Country of registration	Nature of business	Class and proportion of nominal value of issued shares held	
Discovery Communications Deutschland GmbH & Co. KG	Germany	TV Broadcaster	Ordinary	98.02%

The registered office for entities in the respective country of registration is as follows:

Country	Registered office
Germany	Sternstr. 5, 2. OG, Munich, 80538

**16 Dividends paid**

No dividends were declared and paid during the year (2020: £nil). On 20 April, 2022 the Company's Directors resolved to pay an interim dividend of GBP 40,000,000 to the Company's shareholder Discovery Communications Europe Ltd - for further details please refer to note 18 "Events after the reporting period".



**Notes to the financial statements**  
*for the financial year ended 31 December 2021*

---

**17 Related party transactions**

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to related party transactions.

**18 Events after the reporting period**

On April 8, 2022, Discovery, Inc., a global media company that provides content across multiple distribution platforms including linear, free-to-air and broadcast television, authenticated GO applications, digital distribution arrangements, content licensing arrangements and direct-to-consumer subscription products, completed its merger with the WarnerMedia business of AT&T, Inc. and changed its name from "Discovery, Inc." to "Warner Bros. Discovery, Inc.". On April 11, 2022, the Company's shares started trading on the Nasdaq Global Select Market under the trading symbol WBD.

The Merger was executed through a Reverse Morris Trust type transaction, under which the WarnerMedia Business was distributed to AT&T's shareholders via a pro rata distribution, and immediately thereafter, combined with Discovery. In connection with the Merger, AT&T received \$40.5 billion (subject to working capital and other adjustments) in a combination of cash, debt securities, and WarnerMedia's retention of certain debt, and Discovery transferred purchase consideration of \$42.4 billion in equity to AT&T shareholders. AT&T shareholders received WBD stock in the distribution representing 71% of the combined company and the Company's previous shareholders will continue to own 29% of the combined company, in each case on a fully diluted basis.

In April 2022 Warner Bros. Discovery, Inc. (formerly known as Discovery, Inc.) executed "Cash Pool Clean-up Plan" in a few non-US entities' material overdraft balances in the cash pool by utilizing some excess cash from other non-US entities by way of contributions and distributions.

Two of the steps of the "Cash Pool Clean-up Plan" applied to the Company and were the following:

- Discovery Communications Deutschland GmbH & Co. KG distributed cash of GBP 79,623,802 to the Company through dissolving part of the partnerships' reserves and the Company repaid its existing negative cash pool balance;
- the Company distributed to Discovery Communications Europe Ltd cash of GBP 40,000,000, being an aggregate interim cash dividend out of the Company's distributable profits, declared on 20 April 2022.

**19 Parent and ultimate parent undertaking**

The Company's immediate parent is Discovery Communications Europe Limited a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Warner Bros. Discovery, Inc., a company incorporated in the USA, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Discovery, Inc. was deemed to be the accounting acquirer of the WarnerMedia Business for accounting purposes under U.S. generally accepted accounting principles ("U.S. GAAP"); therefore, Discovery is considered Warner Bros. Discovery, Inc. predecessor. Discovery, Inc. and Warner Bros. Discovery, Inc. consolidated financial statements can be obtained from the corporate website: <https://ir.wbd.com/investor-relations/>.