

Registration number: 00530051

The Walt Disney Company Limited
(formerly known as Walt Disney Company Limited(The))

Annual report and audited financial statements

for the period from 4 October 2020 to 2 October 2021

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The Walt Disney Company Limited

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The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021

The Directors present their Strategic report of The Walt Disney Company Limited (the 'Company') for the period from 4 October 2020 to 2 October 2021 (prior financial period ended 3 October 2020).

Principal activities, business review and future developments

The principal activities of the Company include television licensing, character merchandising and publications, television broadcast activities, film distribution, marketing, sales and distribution of home entertainment products, theatrical productions, direct-to-consumer subscription based video streaming service ("Disney+"), intellectual property development and exploitation and the sale of vacation packages and other ancillary activities. These activities are expected to continue for the foreseeable future.

The results for the Company show a loss for the financial period of £244,485,000 (2020: restated profit of £243,305,000) and turnover of £2,592,986,000 (2020: restated £2,292,377,000). The increase in turnover is mainly driven by the success of Disney+, and there has been some recovery of character merchandising revenue as COVID-19 restrictions eased. The overall loss for the period was driven by impairments of investments and an increase in development costs in the period for future theatrical content and Disney+ for which revenues will materialise in the coming years.

Subsequent to managements investment review, a total impairment charge of £226,025,620 (2020: £nil) was taken across eleven equity investments. The impairment was mainly driven by restructuring activity leading to changes to operations of other subsidiaries relating to certain subsidiaries moving from trading to non trading and less than satisfactory performance of certain subsidiaries. Refer to note 3 and 16 for further information.

Intangible assets amounting to £139,903,000 (2020: £122,176,000) were acquired in the period in relation to Disney+ and programme licences created by third party producers. The programmes are licenced to be aired for a number of periods and so the licences are amortised on an accelerated or straight line basis over their useful life or over the number of times the program is expected to be aired, as appropriate. Refer to note 2 for further information.

On 25 February 2021, the Company agreed to undertake a Pensions Reorganisation with the Trustees of the Twentieth Century Fox Film Pension scheme. The Company became a participating employer of this scheme and all liabilities of each previous participating employer have been apportioned to TWDC Limited. As of 2 October 2021, the scheme had net surplus of £3,029,000.

During 2021, a merger reserve has been created due to the transfer of trade and assets of NGC Europe Limited ("NGCE"). NGCE is one of the subsidiaries of NGC Network. The trade and assets were transferred at book value (£15,585,735) in exchange for cash consideration. The merger reserve value (£87,467,711) represents the difference between the fair value of the trade and assets acquired (£103,053,446) and the price paid for net book value of transferred assets. Refer to note 2 for further information.

Subsequent to year end, the Company sold all Disney+ programming and content rights to Buena Vista International, Inc for fair market value, aligning to Disney's global policy of ownership of Disney+ content in the US. Furthermore, the cost share arrangement with Wedco International Holdings Inc. ("WIHI") was terminated by mutual agreement. It was agreed that the Company would sell all rights to titles that were less than 50% complete for fair market value consideration, determined at £554,321,095 (USD 727,962,139). Please refer to note 28 for further detail. These events will have a positive impact on the results of the Company in the coming financial year.

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Principal activities, business review and future developments (continued)

Launch of Disney+

On 24 March 2020 the Company launched its direct-to-consumer subscription based video streaming service (“Disney+”) with Disney, Pixar, Marvel, Star Wars and National Geographic branded programming. We have continued to expand the content on the platform in the financial period 2021 and have increased subscribers. We unveiled Star on 23 February 2021, which is our new general entertainment brand, bringing more TV series, movies and originals to customers. This adds to our aforementioned Disney, Pixar, Marvel, Star Wars and National Geographic branded programming. The services are offered to customers directly or through third-party distributors on mobile and connected devices. Customers are generally billed a monthly or annual subscription fee.

Fox acquisition

On 20 March 2019, our ultimate parent company (The Walt Disney Company) completed its acquisition of TFCF Corporation (previously known as Twenty-First Century Fox, Inc) and its related undertakings (collectively ‘Fox’). Activities of related TFCF subsidiaries within the UK & Ireland include: television, pre television broadcast activities, film distribution, and marketing, sales and distribution of home entertainment products. In financial period 2021 we continued the integration of these entities across our EMEA territories, this included restructuring the UK business related to the National Geographic brand. The distribution business and certain assets and liabilities of NGC Europe Limited (a National Geographic subsidiary in UK) were transferred to the Company as part of this restructuring. Refer to note 16 and 22 for further details. The Company has also acquired Fox related intellectual property and linear channel programming rights in order to align processes and procedures in the integrated television broadcast activities.

Covid-19

In December 2019 there was an outbreak of COVID-19, which the World Health Organisation declared a pandemic on 11 March 2020. COVID-19 created a short-term significant impact on the operations of the Company. Our businesses have been affected in a number of ways as described below.

Cinemas were closed across UK & Ireland with re-opening at reduced capacity in May 2021 and full capacity in July 2021. This adversely impacted theatrical distribution revenues partially offset by distribution, sales and marketing savings. Theatrical Film releases were delayed, or in some instances, shortened, modified or cancelled and certain titles were released directly on Disney+.

All stage plays performances were suspended from March 2020 until August 2021 including the Lion King UK tour and performances at the Lyceum theatre in London. During that time period all customer bookings were cancelled and either refunded or re-scheduled to an alternative date.

As a business with global investments, worldwide COVID-19 restrictions may adversely impact those investments, for example, we have seen extensive disruptions to park operations in China. Shanghai Disney Resort closed for three months from March 2022 with a subsequent closure for one month from October 2022. The Directors have assessed that these closures have a short term impact on the financial performance of the Shanghai park and do not impact the carrying value of the Company’s investment.

As our offices have begun to re-open, we have incurred additional costs to address government regulations and the safety of our employees.

We have taken a number of mitigation efforts in response to the impacts of COVID-19 on our businesses. We have suspended certain capital projects and reduced discretionary expenditures.

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Going Concern

COVID-19 pandemic created a significant impact on the short-term operations of the Company. It is believed that the long lived assets of the Company have longer term prospects for sustained performance relative to the uncertain duration of the effects of the pandemic.

The Directors have undertaken an assessment and they expect the Company to be able to meet the day to day cash flow needs and meet its liabilities as they fall due without significant curtailment of operations through the realisation of assets for a period of at least 12 months from the date of these financial statements being signed. In addition, they have also received assurances of continued financial support from a fellow group undertaking, in the form of a letter of support for similar period of at least 12 months from the date of these financial statements being signed.

On the basis of their assessment of the Company's financial position and resources, the Directors believe that the Company is well placed to manage its business risks. Therefore, the Directors have 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 annual financial statements. Refer to note 2 for further details.

Principal risks and uncertainties

The activities of the Company are broad and complex and as such a wide range of factors could materially affect future developments and performance. The most significant factors affecting our operations include the following:

Changes in UK, Europe, Middle Eastern, African and Asia wide economic and political conditions, including the impact of pandemics

A decline in economic activity and changes in political conditions in the UK and across European, Middle Eastern, African and Asian markets in which we do business or hold investments, such as recession, economic downturn, inflationary conditions, or the impact of pandemics, can adversely affect demand for any of our businesses, thus reducing our revenues. Past declines in economic conditions reduced prices for advertising on our television channels, performance of our home entertainment releases, and purchases of Company-branded consumer products. Economic, political conditions and the impact of pandemics can also impair the ability of those with whom we do business to satisfy their obligations to us. In addition, an increase in price levels generally, as well as actions to reduce inflation, including raising interest rates, could result in a reduction of discretionary consumer spend or a shift in consumer demand away from the entertainment and consumer products we offer, which could also adversely affect our revenues and, at the same time, increase our costs. Broader supply chain delays, such as those currently impacting global product distribution may further exacerbate current inflationary pressures and impact our ability to sell and deliver goods or otherwise disrupt our operations. Changes in exchange rates for foreign currencies may reduce the value of revenue we receive from other markets.

Changes in public and consumer tastes and preferences and competitive landscape

Our businesses distribute entertainment and consumer products whose success depends substantially on consumer tastes and preferences that change in often unpredictable ways. The success of our businesses depends on our ability to consistently distribute filmed entertainment, TV programming, online material, electronic games and consumer products that meet the changing preferences of our broad consumer market. We face substantial competition in each of our businesses from alternative providers of the products and services we offer and from other forms of entertainment.

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Principal risks and uncertainties (continued)

Changes in technology and in consumer consumption patterns

The media entertainment and internet businesses in which we participate depend significantly on our ability to exploit new technologies to distinguish our products and services from those of our competitors. In addition, new technologies affect the demand for our products, the manner and markets in which our products are distributed to consumers and the time and manner in which consumers acquire and view some of our entertainment products.

Intellectual property rights

The value to us of our rights to intellectual property is dependent on the scope of our rights as defined by applicable laws in the United States of America, the UK and other European and Asian markets and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent of our rights, or if existing laws are changed, our ability to generate revenue from our intellectual property rights may decrease. The unauthorised use of intellectual property in the entertainment industry generally continues to be a significant challenge for intellectual property rights holders.

Regulatory environment

Our operations are subject to the laws and regulations of the jurisdictions in which they operate. Laws and regulations can differ in significant respects across jurisdictions and these differences can affect our ability to react to changes in our business and our ability to enforce rights. It may require the Company to spend additional amounts to comply with the regulations, or may restrict the Company's ability to offer products and services in ways that are profitable. There is an increased focus on the environment and climate change. Any actions of the Company that would cause an adverse impact will damage the brand and therefore the Company needs to continue to minimise its impact on the environment through utilising new technologies, increasing efficiency and minimising waste. More can be seen on the Company's environmental goals on page 10.

Protection of electronically stored data is costly and if our data is compromised in spite of this protection, we may incur additional costs, lost opportunities and damage to our reputation.

We maintain information necessary to conduct our business, including confidential and proprietary information, in digital form. Data maintained in digital form is subject to the risk of unauthorised access, modification and exfiltration. We develop and maintain information security systems in an effort to prevent this however, despite our efforts, unauthorised access, modification and exfiltration of data cannot be eliminated entirely, and the risks associated with a potentially material incident remain. If our information security systems or data are compromised in a material way, our ability to conduct our business may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished.

Brexit

The United Kingdom formally left the European Union on 31 January 2020. A trade and cooperation agreement was reached between UK and EU negotiators on 24 December 2020 and ratified by the UK Parliament on 30 December 2020. As a result, full customs clearance must now be completed and VAT and Duties paid or deferred on all imports into the UK from the EU/Rest of the World. Outbound shipments incur additional administration fees and import taxes into the EU. Whilst the tax levels have generally remained constant with duties being constant and import VAT being recoverable, customs clearance delays can occur but no significant operational issues have occurred to date.

Historically, royalty, interest and dividend payments made from subsidiaries located within the EU would have qualified for exemption from withholding taxes under the relevant EU Directives. However, as a result of Brexit the UK is no longer party to these EU Directives. Accordingly, any withholding taxes due on royalty, interest and dividend payments made from subsidiaries located within the EU are now calculated in accordance with the relevant Double Tax Treaty in place, which may not be 0%.

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Principal risks and uncertainties (continued)

Investments

The Company owns investments in several entities which are affected by the above risk factors. This could cause impairment in the Company's investments.

With respect to each of the risks noted above the Directors regularly review such matters to mitigate their respective impact on the Company.

Damage to our reputation or brands may negatively impact our Company

Our reputation and globally recognisable brands are integral to the success of our business. Because our brands engage consumers across our businesses, damage to our reputation or brands in one business may have an impact on our other brands.

The adverse impact of COVID-19 on our business will continue for an unknown length of time and may continue to impact revenue

COVID-19 impacts that have subsided may again impact our business in the future and new impacts may emerge from COVID-19 developments or other pandemics. COVID-19 also makes it more challenging for management to estimate future performance of our business. COVID-19 has already adversely impacted our business and net cash flow, and we expect the ultimate magnitude of these disruptions on our financial and operational results will be dictated by the length of time that such disruptions continue which will, in turn, depend on the currently unknowable duration and severity of the impacts of COVID-19.

Key performance indicators ("KPIs")

The Company's Key performance indicators are as follows:

| Measure | Description | 2021 | 2020 |
|---------------|--|------------------|-------------------|
| | | £000 | £000(As restated) |
| Turnover | Total sales for the financial period | 2,592,986 | 2,292,377 |
| (Loss)/profit | Overall (loss)/profit for the financial period | <u>(244,485)</u> | <u>243,305</u> |

The increase in turnover is mainly driven by the success of Disney+, increase in receipt of operating fees from affiliates and some recovery of theatrical and character merchandising revenue as COVID-19 restrictions eased. The overall loss for the period was driven by impairments of investments worth £226,025,610 and an increase in development costs in the period for future theatrical content and Disney+ for which revenues will materialise in coming years.

Section 172 statement

As a subsidiary within the Group of companies of which The Walt Disney Company is the ultimate parent company (the "Group" or "Disney"), The Walt Disney Company Limited (the "Company") is subject to organisational and management systems which enable the board of directors ("the Board") to oversee governance of the activities of the Company. As is normal for large companies, the Board delegates authority for day-to-day management of the Company to the managers responsible for the management of the Company. The Board ensures that when applying Group policies and delegating responsibility for operational matters to the managers, it does so with due regard to its fiduciary duties and responsibilities.

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Section 172 statement (continued)

The Directors of the Company are aware of their duty under section 172 of the Companies Act 2006 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 members as a whole. In doing so they have considered (amongst other matters) factors (a) to (f) listed below:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the Company's employees (known as "Cast Members"),
- (c) the need to foster the Company's business relationships with suppliers, customers and others,
- (d) the impact of the Company's operations on the community and the environment,
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly between members of the Company.

We have detailed below how, throughout the financial period ending 2 October 2021 ("the Period") each of these factors have been considered by the Board.

a). The likely consequences of any decision in the long term

The Board are aware that their decisions and strategies can have long-term effects on the success of the Company's business and on its stakeholders. They aim to make well-informed decisions whilst being mindful of impacts on its stakeholder. The key stakeholders of the Company include both its member and suppliers, customers, community and Cast Members. Some of the decisions the Board has taken during the course of the period are set out below and show how the decisions have been made both with a view to creating long term success for the Company and taking into consideration the impact on its stakeholders.

Following the launch of our direct-to-consumer subscription based video streaming service ("Disney+") on 24 March 2020 we have continued to expand content on the platform in financial period 2021 and increased subscribers. We unveiled Star on 23 February 2021, which is our new general entertainment brand, bringing more TV series, movies and original content to customers. This adds to our aforementioned Disney, Pixar, Marvel, Star Wars and National Geographic branded programming. The services are offered to customers directly or through third-party distributors on mobile and connected devices. Customers are generally billed a monthly or annual subscription fee.

On 20 March 2019, our ultimate parent company completed its acquisition of TFCF Corporation (previously known as Twenty-First Century Fox, Inc) and its related undertakings (collectively 'Fox'). Activities of related TFCF subsidiaries within the UK & Ireland include: television licensing, television broadcast activities, film distribution, and marketing, sales and distribution of home entertainment products. In financial period 2021 we continued the integration of these entities across our EMEA territories, this included restructuring the UK business related to the National Geographic brand. The Company has also acquired Fox related intellectual property and linear channel programming rights worth £32,810,000 in order to align processes and procedures in the integrated television broadcast activities.

Following the change in government guidelines, our offices re-opened to all Cast Members during February 2022. We have also put additional safety measures in place, such as training, guides, signage and property restrictions to protect those that need to work in the office and for the return of all Cast members. Our Hammersmith offices have also been reconfigured to ensure they are COVID-19 secure.

We took a number of mitigation efforts in response to the impacts of COVID-19 on our businesses. We suspended certain capital projects, reduced discretionary expenditures and furloughed a certain number of our employees.

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Section 172 statement (continued)

a). The likely consequences of any decision in the long term (continued)

Our Studio Entertainment segment delayed, or in some cases, cancelled theatrical releases, and stage play performances. Halted productions and cinema closures had a big impact on the Company. All stage plays performances were suspended from March 2020 till August 2021 including the Lion King UK tour and performances at the Lyceum theatre in London. During suspension all customer bookings were cancelled and either refunded or re-scheduled to a future alternative date. Certain theatrical releases were delayed due to the pandemic and therefore we released some movies straight to Disney+.

b). The interests of the Company's employees (known as "Cast Members")

The Company strives to provide a safe working environment, a diverse and inclusive culture and ensure adherence to all relevant Disney HR policies and processes for its Cast Members.

The health and safety of the Company's Cast Members is a priority. Health and Safety policies already in place were significantly enhanced as a result of the Covid-19 pandemic to ensure a safe environment for Cast Members. We have also carried out some work on the Hammersmith Office to prepare for our return to the office.

In addition to a comprehensive benefits program, the Company also offers Health and Wellness support to its Cast Members. For example, a wellbeing hub with a large variety of resources available to Cast Members in the UK and Ireland. Some examples of those resources are the following:

- Disney's Employee Assistance Program: offers free confidential advice on both professional and personal matters all year round, at any time of the day.
- Mental Health First Aiders: provides mental health support for Cast Members, helping signpost them to tailored mental health support as needed;
- T.R.U.S.T (an affinity Group celebrating positive wellbeing and mental health): empowers all Cast Members to Talk, Recognise, Understand and Support, creating a workplace where all Cast Members can Triumph.

The Group has an ongoing commitment to diversity, equity and inclusion (DEI). In June 2020, The Group launched a new Company-wide initiative comprised of six pillars focused on increasing Diversity and Inclusion (D&I) Transparency, Representation, Accountability, Community, Content, and Culture. We also unveiled a unifying D&I effort-Reimagine Tomorrow-and began to execute a multi-faceted plan to drive brave, meaningful change across the Company.

From a content perspective, we scale existing, best-in-class inclusive content practices from across our businesses, increase cultural competency and connection in our storytelling, drive long-term market relevancy and challenge long-held assumptions in content creation and the systems that surround it. This includes ensuring that all new projects have DEI themes, and improving representation levels both in front of and behind the camera for our local original productions. We are also increasing the diversity of our dubbing talent to match character ethnicity, and increasing diverse representation in our marketing campaigns.

From a culture perspective, the Business Employee Resource Groups (BERGs) are voluntary, employee- led Groups formed around shared identity, interests and pursuits.

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Section 172 statement (continued)

b). The interests of the Company's employees (known as "Cast Members") (continued)

The following BERGs are active in the UK:

- Disney PRIDE: Advocates, celebrates, and educates on behalf of all LGBTQ+ and ally employees, fostering a culture of authenticity and inclusivity across the company.
- Disney DIVERSITY: Educating and celebrating ethnic and cultural diversity.
- WOMEN@Disney: Equips and motivates Women at Disney to build impactful careers.
- Disney T.R.U.S.T: Celebrates positive wellbeing and mental health by empowering all employees to Talk, Recognise, Understand, Support and Triumph.
- Disney ENABLED: Enabling a sense of belonging in all areas of accessibility and varying abilities.

c). The need to foster the Company's business relationships with suppliers, service providers, guests and others

We maintain strong relationships with our stakeholders through open, transparent, and responsive dialogue. The Company prides itself on delivering exceptional service and high-quality content to its customers facilitated, inter-alia, by its strong relationships with its suppliers and service providers.

Suppliers/service providers

The Company has high standards for its service providers and has a thorough tender process designed to obtain the best quality, service and value. The Company adheres to: (i) the Disney International Labour Standards Program which seeks to foster safe, inclusive, and respectful workplaces wherever Disney- branded products are made; (ii) UK government regulations such as UK Modern Slavery Act 2015. Through engagement with industry leaders and suppliers, we join efforts to create large-scale, industry-wide change, as well as to learn about trends and insights related to our specific businesses. In the prior period, the Group set a goal to spend at least \$1 billion annually with diverse suppliers by 2024 and introduced new guidelines to help our procurement sourcing professionals embed environmental expectations into vendor contracts and requests for proposals.

Customers and affiliates

As the world's premier entertainment group, we have a unique opportunity to reach a wide global audience through our storytelling. Our customer engagement approach helps us utilize Disney's unique content and experiences to better understand what our consumers expect from us and to inspire millions worldwide to show up as a force for good in our world. The Disney brand is experienced in a number of ways including its direct to consumer service Disney+, in cinemas, on stage, online, on TV screens and through a wide range of consumer products that are sold at mass market retailers and via shopDisney. We work very closely with all our distribution partners and affiliates, providing them with quality content.

d). The impact of the Company's operations on the community and the environment

Community

The Group's global Social Responsibility framework clarifies its mission as: "to be an honorable Company that provides comfort to those in need and creates inspiration and opportunity for those who want to improve their world".

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Section 172 statement (continued)

d). The impact of the Company's operations on the community and the environment (continued)

The Company achieves this in a number of ways including Social Purpose (building emotional resilience by together, creating moments that matter) and being a Responsible Business (investing in the health and well-being of people and the planet). The following are specific examples:

- Disney's long-standing partnership with Make-A-Wish is just one example of how, through working with others, we help build emotional resilience. In all, over 58,695 Moments That Matter were created and delivered in financial period 2021 for socially isolated or seriously ill children and young people across the UK and wider EMEA markets.
- A Disney Wish Event - The Walt Disney Company, The Walt Disney Company Ireland, Make-A-Wish and The Kentown Wizard Foundation have come together to create a unique, first of its kind Disney Wish experience in the UK. For three weeks in September, the Elvetham Hotel in Hampshire has been transformed into an Enchanted Manor and played host to 140 families for a magical three-day immersive experience for children who have had their Disney wish put on hold due to the pandemic and related travel restrictions. Our employee Disney VoluntEARS also gave their time and skills to hosting these families, contributing more than 2,000 volunteering hours.
- Superhero Series Powered by Marvel - The Superhero Series, the only mass-participation sports series dedicated to people with disabilities broke new ground in 2020/2021. Led by Marvel as the headline sponsor, they introduced At Home Virtual events meaning even during the pandemic families could still complete the challenge. Thousands more were able to participate, and families, friends and Disney VoluntEARS joined teams to help their Superheroes clock up kilometers and cross the virtual finish line.
- More details on our Social Purpose can be found at the following link: <https://thewaltdisneycompany.eu/social-purpose/>

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Section 172 statement (continued)

d). The impact of the Company's operations on the community and the environment (continued)

Environmental

The Group aims to establish and sustain a positive environmental legacy for Disney and for future generations. The Company is committed to minimising its overall impact on the environment.

Following the period end the Group set new ambitious environmental goals for 2030 at a Group-level. These goals focus on key areas of its business where it believes it can have a significant, lasting impact and make a positive difference in protecting the planet. We have listed some of the key long term goals of the Group below:

- achieving net-zero greenhouse gas emissions for direct operations;
- purchasing or producing 100% zero carbon electricity for all direct operations;
- collaborating with industry Groups and investing in low carbon fuel innovation;
- ensuring all branded product textiles contain recycled or certified sustainably sourced content, or are made from lower impact alternatives; and
- reducing the Company's plastics footprint across all businesses.
- ensure all paper, wood and palm oil used in Disney-branded packaging and products is from certified sustainable sources.

More details on the environmental goals can be found at the following links:

<https://thewaltdisneycompany.eu/responsible-business/#environmental-stewardship> and the 2021 CSR Report - The Walt Disney Company 2021 CSR Report:

<http://thewaltdisneycompany.eu/app/uploads/2022/02/2021-CSR-Report.pdf>.

For more details on the Company's savings in energy and associated carbon emissions see page 14.

e). The desirability of the Company maintaining a reputation for high standards of business conduct

The Company is committed to operating its businesses with integrity and adopting governance policies that promote the thoughtful and independent representation of its stakeholders' interests. The Board has adopted Corporate Governance Guidelines which address, among other things, the composition and functions of the Board and independence. The Group's Standards of Business Conduct are applicable to all Cast Members of the Company including the Board.

The Company regularly engages its leaders and Cast Members in these Standards through training and other forms of communication. It is compulsory that all Cast Members complete the mandatory online courses, examples include: Standards of Business Conduct, TWDC Agents Policy and Avoiding Corrupt Business Practices.

Acting responsibly and conducting business ethically is an integral part of the Disney brand. The Group's global commitment to conduct business and create products in a responsible and ethical manner focuses on six areas: ethical conduct, responsible content, environmental stewardship, community engagement, civic engagement and respectful workplaces. The Company continues to work toward our goals and regularly set new challenges to ensure it is constantly striving to improve.

The Walt Disney Company Limited

Strategic report for the period from 4 October 2020 to 2 October 2021 (continued)

Section 172 statement (continued)


e). The desirability of the Company maintaining a reputation for high standards of business conduct (continued)

We are committed to producing responsible content. We remain committed to continuing to create characters that are accessible and relatable to all. We create and share compelling storylines from our studios and media networks that entertain with inspirational and aspirational themes and reflect the incredibly rich diversity of the human experience.

f). The need to act fairly as between members of the Company

The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited. The Directors of the Company are also on the Board of Wedco EMEA Ventures Limited. Therefore, the parent Company is aware of the key decisions and financial performance of the Company and has a keen interest in the strategies and future outlook of the Company.

Approved by the Board on 14 February 2023 and signed on its behalf on 24 February 2023 by:

DocuSigned by:

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S L Williams
Director

The Walt Disney Company Limited

Directors' report for the period from 4 October 2020 to 2 October 2021

The Directors present their financial statements of The Walt Disney Company Limited (the "Company") for the period from 4 October 2020 to 2 October 2021.

Future developments

The Company's future development plans are explained in the Strategic Report.

Dividends

Dividend income totalling £198,591,000 (2020: £81,325,000) was received and dividends totalling £nil were paid during the period (2020: £nil). The Directors do not propose any final dividends to be paid after the period end.

Financial risk management

The Company's operations expose it to financial risks. The most significant risks are described below.

- (1) **Credit risk:** The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is assessed continually by the Company's credit control function.
- (2) **Price risk:**
 - (a) **Interest rate risk:** The Company can have interest bearing assets and liabilities. The Company monitors its portfolio of interest bearing assets and liabilities and their financial impact. The Company will reconsider the appropriate structure of its portfolio should operations change in size or nature.
 - (b) **Inflation risk:** Actions to reduce inflation, including raising interest rates, could result in a reduction of discretionary consumer spend or a shift in consumer demand away from the entertainment and consumer products we offer. In addition, an increase in price levels generally can increase our costs. The adverse impact on the Company of this inflationary environment will depend, in part, on its severity and duration. The Company's ability to mitigate any profitability impacts will be limited.
- (3) **Liquidity risk**
 - (a) **Borrowings:** The Company holds borrowings with Disney FTC Services (Singapore) Pte. Ltd., which is a Group undertaking within The Walt Disney Company. The Group's borrowing costs are impacted by debt ratings assigned by independent ratings agencies. Changes to recent ratings have increased the overall Group's cost of borrowing, which may lead to increases in future interest rate costs for the Company when these borrowings reach maturity and are renegotiated. The going concern of Disney FTC Services (Singapore) Pte, Ltd. is monitored by The Walt Disney Company at Group level. The Directors believe that there are only very limited scenarios where these amounts payable to Group undertakings would be repayable earlier than the planned maturity dates.
 - (b) **Pension benefit risk:** The Company became the sole participating employer of the Twentieth Century Fox Film Pension scheme on 25 February 2021. This includes responsibility for all future liabilities of the scheme, however all further benefits ceased accruing in 2015. Changes in investment returns and discount rates used to calculate pension obligations and related assets and liabilities can be volatile and may have an unfavourable impact on our costs in some years. The Company uses a third party investment consultant to manage the scheme's assets.

The Walt Disney Company Limited

Directors' report for the period from 4 October 2020 to 2 October 2021 (continued)

Directors of the Company

The Directors who held office during the period and up to the date of signing the financial statements, except as noted, are as follows:

P L Wiley

S U Bailey

D M Armstrong (appointed 17 March 2021)

S L Williams (appointed 17 March 2021)

Z Hansson (resigned 30 November 2020)

A C M Haines (resigned 31 December 2020)

A G Chambers (resigned 22 June 2021)

F M O Masson (resigned 18 November 2022)

The following director was appointed after the period end:

T A Bermingham (appointed 20 February 2023)

There were no third party indemnity provisions during the year ended 2 October 2021 (year ended 3 October 2020: nil).

Company name confirmation

Management have noted that there was an error in relation to the name of the company listed on Companies House. To confirm, the name of the company has always remained The Walt Disney Company Limited (TWDC). On Companies House, this was incorrectly stated as Walt Disney Company Limited (The). Companies House rectified their mistake prior to signing of these financial statements.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled whilst in employment, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee engagement

Consultation with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the Company as a whole. Communication with all employees continues through newsletters, briefing groups and the availability of the annual report.

The Walt Disney Company Limited

Directors' report for the period from 4 October 2020 to 2 October 2021 (continued)

Stakeholder engagement

The Company continues to maintain strong relationships and open communication with all of its stakeholders. The Company's efforts to communicate transparently to its stakeholders allows them to provide feedback and allows the Company to make well-informed decisions.

Throughout the period and especially due to the impact of the COVID-19 pandemic, the Company's Cast Members' health, safety and wellbeing have been key to its decision-making. The Company has followed government guidance to ensure the safety of our Cast Members.

The strategic decisions of the Board were made with a view to creating long term success of the Company and taking into consideration the impact on its stakeholders. This is consistent with the section 172 statement found within the Strategic report.

Post balance sheet events

Subsequent to the period end a number of events took place. Further details of these transactions are detailed in note 28.

Streamlined energy and carbon reporting disclosure

The Streamlined Energy and Carbon Reporting ('SECR') disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial period. The information below is prepared on the basis of report received from an independent third party expert.

| | Period to 2 October 2021 | Period to 3 October 2020 |
|--|--------------------------------|--------------------------------|
| Energy consumption used to calculate emissions (kWh) | 11,760,577 | 12,788,413 |
| Emissions from combustion of gas (Scope 1) tCO ₂ e | 616 | 630 |
| Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e | - | 50 |
| Emissions from purchased electricity (Scope 2, location-based) tCO ₂ e | 1,785 | 2,121 |
| Emissions from purchased electricity (Scope 2, market-based) tCO ₂ e | 110 | 3 |
| Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO ₂ e | 1 | 8 |
| Total gross tCO ₂ e based on above (location-based) | 2,402 | 2,809 |
| Total gross tCO ₂ e based on above (market-based) | 727 | 692 |
| Intensity ratio (tCO ₂ e/net floor area sq ft) (location-based) | 0.0084572 | 0.0098899 |
| Intensity ratio (tCO ₂ e/net floor area sq ft) (market-based) | 0.0025596 | 0.0024357 |

Please see the methodology notes on page 16 for more details on the calculation above.

The Walt Disney Company Limited is the owner of the head office at 3 Queen Caroline Street. Companies located in the head office are subsidiaries of The Walt Disney Company Limited. As the financial control approach has been used all energy usage and associated Greenhouse Gas ("GHG") emissions are reported under The Walt Disney Company Limited.

The Walt Disney Company Limited

Directors' report for the period from 4 October 2020 to 2 October 2021 (continued)

Streamlined energy and carbon reporting disclosure (continued)

Explicit reporting on renewable electricity is not an obligation under the SECR legislation. As The Walt Disney Company Limited would like to reflect their renewable electric consumption the dual reporting approach has been used. The location based approach uses UK Defra grid factors to calculate emissions meanwhile in the market based approach supplier based emission factor has been used. The Walt Disney Company Limited renewable electricity is eligible for zero emissions reporting based on the GHG protocol.

Energy Efficiency Action Summary for financial period 2021

The Walt Disney Company Limited continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

- Offices working on reduced capacity from March 2020 - October 2021 whilst renovations were ongoing and during continued COVID-19 lockdowns. Equipment, screens and lights were turned off in unused parts of buildings.
- Instituted a single screen policy, reducing the amount of electrical equipment running in office space.
- Initiatives were put in place to encourage a paperless office (including the introduction of new software systems).
- Consolidation of office space continued in 2021, leading to a corresponding reduction in energy use. Reconfiguring the office space created more open plan spaces, allowing for the more efficient circulation of air and corresponding energy reduction.
- All IT equipment has been replaced at the desk locations at 3 Queen Caroline street for the latest energy efficient models along with more efficient lighting in lobby areas.

The Walt Disney Company Limited

Directors' report for the period from 4 October 2020 to 2 October 2021 (continued)

Streamlined energy and carbon reporting disclosure (continued)

Methodology notes

| | |
|---|---|
| Reporting Period | 4 October 2020 - 2 October 2021 |
| Boundary (consolidation approach) | Financial control approach |
| Alignment with financial reporting | SECR disclosure has been prepared in line with The Walt Disney Company Limited financial statements made up to 2 October 2021. |
| Reporting method | GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard |
| Emissions factor source | DEFRA, 2021 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021 |
| Conversion factor source | Natural Gas and Gasoline: Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017 EPA GHG Emission Factors Hub Diesel U.S. Energy Information Administration – British Thermal Unit Conversion factors 2020 |
| Calculation method | Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption |
| Other relevant information on calculation | Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from litres and mileage to kWh and GHG emissions using the method above. In absence of the exact engine sizes of the vehicles average conversion factors were used to calculate emissions. In the absence of the exact fuel types for employee mileage Vehicle Licensing Statistics' average percentage was used to estimate the diesel and petrol fuel proportion. |
| Reason for the intensity measurement choice | Following the recommendations of the SECR legislation and based on the nature of our business, Net Floor Area (tCO ₂ e /net floor area sq ft) gives the best overview on our efficiency performance on a longer scale. |
| Rounding | Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%). |
| Amount of renewable electricity (kWh) imported from the grid and backed by REGOs. | 7,882,841 kWh |

The Walt Disney Company Limited

Directors' report for the period from 4 October 2020 to 2 October 2021 (continued)

Corporate governance statement

This section sets out the Company's corporate governance controls, policies and procedures as required by The Companies (Miscellaneous Reporting) Regulations 2018.

As a subsidiary within the Group of companies of which The Walt Disney Company is the ultimate parent Company (the "Group" or "Disney"), the Company adheres to the Group's governance ethos and practices. The Company operates in accordance with its Memorandum and Articles of Association; The Walt Disney Company Standards of Business Conduct (<https://thewaltdisneycompany.eu/responsible-business/#ethical-conduct>); and the governance principles set out below.

The Group strategy is set and managed by The Walt Disney Company and, as a subsidiary of the Group, the Company is responsible for the implementation of all local elements of the Group strategy, as necessary and where appropriate. The Board and wider Disney leadership oversee the Company's alignment with the Group's purpose, goals, strategies, ethics and compliance with the Group's Standards of Business Conduct and associated policies.

Owing to the extensive governance protocols already in place, it was decided that the Wates Principles for Large Private Companies should not be formally adopted by the Company but used as useful principles of good governance by which to measure its own existing corporate governance practices.

These corporate governance practices are detailed below:

Board composition

The composition of the Board aims to reflect a balance of skills, experience and knowledge. There is a diverse range of skillsets and experience amongst the Board. Members come from different backgrounds, for example: legal and regulatory, finance, tax, marketing and sales. Members of the Board also have strong backgrounds in media, which combined with their varied skillsets, enables them to make effective decisions and to meet the strategic needs and overcome strategic challenges faced by the Company.

The Walt Disney Company has an ongoing commitment to progress diversity and inclusion (D and I), including board composition. In June 2020, the Group CEO Bob Chapek outlined a multi-faceted plan to bring about important changes across the Group, comprised of six pillars: Transparency, Representation, Accountability, Community, Content, and Culture. The Company is committed to moving these efforts forward. An example is our Reimagine Tomorrow endeavour which began to execute a multi-faceted plan to drive brave, meaningful change across the Company through initiatives such as the CEO Diversity and Inclusion Council.

Board members must abide by The Walt Disney Company's Standards of Business Conduct and must exhibit high standards of integrity, commitment and independence of thought and judgement. Directors have sufficient time, energy and attention to ensure the diligent performance of his or her duties, including attending meetings of the Board.

Directors also receive regular updates on new legislation, regulatory requirements and other changes, to ensure that they are fully equipped when making decisions about the business.

The Board ensures its composition is appropriate given the size and interests of the Company and all board composition changes are approved by the Board.

The Walt Disney Company Limited

Directors' report for the period from 4 October 2020 to 2 October 2021 (continued)

Corporate governance statement (continued)

Director responsibilities

The Directors are primarily responsible for overseeing the delivery of the The Group strategy in the UK and EMEA through the Company by directing the management of the business, including the day-to-day running of the Company's business and operations. Directors work closely with management to ensure strategy is implemented and the Board monitors progress, including via Board meetings and more informal meetings with senior management.

The Board review and approve the Company's major financial objectives, plans and actions. They review accounting principles and practices to be used in the preparation of the Company's financial statements and meet with the auditors to discuss any audit findings. They also assess major risk factors relating to the Company and its performance, and review measures to address and mitigate such risks. Some of the risks the Board consider are changes in economic conditions, impact of the pandemic, Brexit and investments.

The Board typically approves corporate actions through Board meetings held on a regular basis. Meetings can also be held on an ad-hoc basis if there is a need to approve certain resolutions. All meetings are minuted, signed and approved by the Chairperson.

The Board receives regular reports and board packs on the Company's financial performance and presentations from different departments such as legal, tax and compliance on new legislation, strategy, corporate governance and regulatory requirements in order to make well-informed decisions. The formal responsibility of reviewing feedback and engagement from stakeholders has been delegated to management.

Remuneration

Directors' emoluments and any associated annual bonuses (whether cash or equity-based) are determined by assessing individual performance against financial, strategic and individual targets and are ultimately determined by US-based management of the Group. This enables Directors to be rewarded for annual financial performance delivered for the wider Group as a whole as well as performance against key strategic priorities. Directors are also part of the long term incentive plan. Additionally, benchmarking for senior level roles is undertaken using external consultants to ensure appropriate levels of remuneration. Directors do not receive any additional direct compensation for their service as Directors.

Purpose, Culture and Values

The mission of the Group is to entertain, inform and inspire people around the globe through the power of unparalleled storytelling, reflecting the iconic brands, creative minds and innovative technologies that make ours the world's premier entertainment company. We aim to conduct our business with honesty, integrity and in compliance with the laws everywhere we operate.

We believe that our stakeholders value the way we conduct our business. We have a global commitment to conduct our business and create our products in a responsible and ethical manner focusing on six areas: ethical conduct, responsible content, environmental stewardship, community engagement, civic engagement and respectful workplaces.

The Group has a whistleblowing hotline where Cast Members can report unethical, improper or illegal behaviour or questionable activities regarding the Company's business. The messages are then investigated by an independent group function with any issues cascaded up to senior management and the Board where appropriate. All employees also complete training on a variety of compliance related courses including but not limited to: Standards of Business Conduct, "TWDC Agents Policy Explained" and "Avoiding Corrupt Business Practices FCPA".

The Walt Disney Company Limited

Directors' report for the period from 4 October 2020 to 2 October 2021 (continued)

Corporate governance statement (continued)

Purpose, Culture and Values (continued)

Our key stakeholders include our Cast members, shareholder, suppliers, customers, production partners and our community. The Board aims to make well-informed decisions whilst being mindful of impacts on its stakeholders, long-term consequences and the values of the Group.

The Board, via management, communicate strategy and business updates covering a range of topics, from health and safety announcements to news on business developments, through Town Halls and Newsletters. Town Halls offer the opportunity for Cast Members to submit questions to senior leadership.

Leadership, Opportunity & Risk, Stakeholder Relationships & Engagement

The Company focusses on providing quality products and best in class service to its customers and operating its business responsibly. The Company continues to maintain strong relationships and open communication with all of its stakeholders (please see our 'section 172 statement' on pages 5-11 for more detail). We engage with our stakeholders in many different forms, some examples include: Town Halls and Newsletters for our employees, social media and online, our supplier portal, direct and in person communication.

The Board continues to monitor risk factors relating to the Company and its performance, and regularly reviews measures to address and mitigate such risks. It also monitors how the Group strategy is implemented and communicated.

Financial risks are managed through careful monitoring of performance against budget, rolling quarterly forecasts as well as a long range planning process.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial 52 week period. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102 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 Walt Disney Company Limited

Directors' report for the period from 4 October 2020 to 2 October 2021 (continued)

Statement of Directors' responsibilities in respect of the financial statements (continued)

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.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the 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.

Independent auditors

An elective resolution has been passed to dispense with the obligation to annually reappoint the auditors, and therefore PricewaterhouseCoopers LLP are deemed to be reappointed for the next financial period.

Approved by the Board on 14 February 2023 and signed on its behalf on 24 February 2023 by:

DocuSigned by:
Sarah Williams

.....B5919632C4774A0.....

S L Williams
Director

The Walt Disney Company Limited

Independent auditors' report to the members of The Walt Disney Company Limited (formerly known as Walt Disney Company Limited(The))

Opinion

In our opinion, The Walt Disney Company Limited (formerly known as Walt Disney Company Limited(The))'s financial statements:

- give a true and fair view of the state of the company's affairs as at 2 October 2021 and of its loss for the period from 4 October 2020 to 2 October 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 audited financial statements (the "Annual Report"), which comprise: Statement of financial position as at 2 October 2021; Income statement, Statement of comprehensive income and Statement of changes in equity for the period 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 12, we have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We considered the nature and extent of the support that may be required and obtained and read the letter of support from the other group Company to assess the period of support and whether the support was committed;
- We reviewed the Company's performance up to and as at the date of signing the financial statements, considering both the financial performance and liquidity; and
- We also reviewed key transactions including post balance sheet events that were considered in the Director's assessment, including changes to the cost share agreement and the sale of certain investment and programme content.

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.

The Walt Disney Company Limited

Independent auditors' report to the members of The Walt Disney Company Limited (formerly known as Walt Disney Company Limited(The)) (continued)

Conclusions relating to going concern (continued)

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.

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 Strategic report and Director's report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Strategic report and Director's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's report for the period ended 2 October 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 Strategic report and Director's 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 Director's responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Walt Disney Company Limited

Independent auditors' report to the members of The Walt Disney Company Limited (formerly known as Walt Disney Company Limited(The)) (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 tax legislation and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act, 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate manual journals, management bias in accounting estimates and judgemental areas of the financial statements such as the impairment assessment. Audit procedures performed by the engagement team included:

- Inquiries with management of known or suspected instances of non-compliance with laws and regulations, and fraud;
- Inquiries with management of any pending litigation;
- Identifying and testing journal entries and, including those with unusual account combinations or those with unexpected users or words;
- Challenging assumptions and judgements made by management in accounting estimates, specifically in relation to investments valuation, actuarial assumptions used in the valuation of defined benefit pension scheme and intangible assets valuations; and
- Incorporating an element of unpredictability into our testing.

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. 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.

The Walt Disney Company Limited

**Independent auditors' report to the members of The Walt Disney Company Limited
(formerly known as Walt Disney Company Limited(The)) (continued)**

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.



.....
Ian Chambers (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors,
London

25 February 2023

The Walt Disney Company Limited

Income statement

For the period from 4 October 2020 to 2 October 2021

| | | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 (As restated) |
|---|----|--|---|
| Turnover | 5 | 2,592,986 | 2,292,377 |
| Cost of sales | | <u>(2,419,802)</u> | <u>(1,697,749)</u> |
| Gross profit | | 173,184 | 594,628 |
| Administrative expenses | | <u>(373,022)</u> | <u>(323,098)</u> |
| Operating (loss)/profit | 6 | (199,838) | 271,530 |
| Income from shares in group undertakings | 8 | 198,591 | 81,325 |
| Other interest receivable and similar income | 7 | 2,066 | 4,761 |
| Amounts written off investments | 16 | (226,025) | - |
| Interest payable and similar expenses | 9 | <u>(74,744)</u> | <u>(79,420)</u> |
| (Loss)/profit before taxation | | (299,950) | 278,196 |
| Tax on (loss)/profit | 13 | <u>55,465</u> | <u>(34,891)</u> |
| (Loss)/profit for the financial period | | <u><u>(244,485)</u></u> | <u><u>243,305</u></u> |

The above results were derived from continuing operations.

For information on the restatement refer to note 4.

The notes on pages 31 to 76 form an integral part of these financial statements.

The Walt Disney Company Limited

**Statement of comprehensive income
For the period from 4 October 2020 to 2 October 2021**

| | | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 (As restated) |
|---|----|--|--|
| (Loss)/profit for the period | | (244,485) | 243,305 |
| Remeasurement gain on defined benefit pension scheme | 25 | <u>559</u> | <u>-</u> |
| Total comprehensive (loss)/income for the period | | <u>(243,926)</u> | <u>243,305</u> |

For information on the restatement refer to note 4.

The notes on pages 31 to 76 form an integral part of these financial statements.

The Walt Disney Company Limited

**Statement of financial position
As at 2 October 2021**

| | | 2 October 2021 £ 000 | 3 October 2020 £ 000 (As restated) |
|--|----|-------------------------------------|---|
| Fixed assets | | | |
| Intangible assets | 14 | 546,769 | 560,274 |
| Tangible assets | 15 | 78,466 | 75,152 |
| Investments | 16 | 1,900,199 | 2,061,948 |
| Post-employment benefits | 25 | 3,029 | - |
| | | <u>2,528,463</u> | <u>2,697,374</u> |
| Current assets | | | |
| Inventories | 17 | 4,410 | 5,329 |
| Debtors | 18 | 1,433,944 | 1,222,589 |
| Cash at bank and in hand | | 130,506 | 79,603 |
| | | <u>1,568,860</u> | <u>1,307,521</u> |
| Creditors: amounts falling due within one year | 19 | <u>(1,342,924)</u> | <u>(846,803)</u> |
| Net current assets | | <u>225,936</u> | <u>460,718</u> |
| Total assets less current liabilities | | 2,754,399 | 3,158,092 |
| Creditors: amounts falling due after more than one year | 19 | (1,153,683) | (1,225,788) |
| Provisions for liabilities | 20 | <u>-</u> | <u>(2,218)</u> |
| Net assets | | <u>1,600,716</u> | <u>1,930,086</u> |
| Capital and reserves | | | |
| Called up share capital | 22 | 1 | 1 |
| Share premium account | 22 | 947,916 | 947,916 |
| Merger reserve | 22 | (79,515) | - |
| Profit and loss account | 22 | 732,314 | 982,169 |
| Total shareholders' funds | | <u>1,600,716</u> | <u>1,930,086</u> |

For information on the restatement refer to note 4.

The notes on pages 31 to 76 form an integral part of these financial statements.

The Walt Disney Company Limited

**Statement of financial position
As at 2 October 2021 (continued)**

The financial statements on pages 25 to 76 of The Walt Disney Company Limited (formerly known as Walt Disney Company Limited(The)) (registration number: 00530051) were approved by the Board of Directors and authorised for issue on 14 February 2023.

They were signed on its behalf on 24 February 2023 by:

DocuSigned by:
Sarah Williams
B5819632C4774A0.....

S L Williams
Director

The notes on pages 31 to 76 form an integral part of these financial statements.

The Walt Disney Company Limited

Statement of changes in equity For the period from 4 October 2020 to 2 October 2021

| | Called up share capital £ 000 | Share premium account £ 000 | Merger reserve £ 000 | Profit and loss account £ 000 | Total £ 000 |
|--|----------------------------------|--------------------------------|-------------------------|----------------------------------|----------------|
| At 29 September 2019 | 1 | 947,916 | - | 802,758 | 1,750,675 |
| Prior period adjustment | - | - | - | (64,977) | (64,977) |
| At 29 September 2019 (As restated) | 1 | 947,916 | - | 737,781 | 1,685,698 |
| Profit for the period (As restated) | - | - | - | 243,305 | 243,305 |
| Total comprehensive income (As restated) | - | - | - | 243,305 | 243,305 |
| Credit relating to equity-settled share-based payments | 24 | - | - | 8,321 | 8,321 |
| Charge from parent for equity-settled share-based payments | 24 | - | - | (7,238) | (7,238) |
| At 3 October 2020 (As restated) | 1 | 947,916 | - | 982,169 | 1,930,086 |

For information on the restatement refer to note 4.

The notes on pages 31 to 76 form an integral part of these financial statements.

The Walt Disney Company Limited

**Statement of changes in equity
For the period from 4 October 2020 to 2 October 2021 (continued)**

| | Called up share capital £ 000 | Share premium account £ 000 | Merger reserve £ 000 | Profit and loss account £ 000 | Total £ 000 |
|--|----------------------------------|--------------------------------|-------------------------|----------------------------------|------------------|
| Balance as previously reported | 1 | 947,916 | - | 935,659 | 1,883,576 |
| Impact of restatement | - | - | - | 46,510 | 46,510 |
| Restated balance as at 4 October 2020 | 1 | 947,916 | - | 982,169 | 1,930,086 |
| Loss for the period | - | - | - | (244,485) | (244,485) |
| Remeasurement gain on defined benefit pension scheme | - | - | - | 559 | 559 |
| Total comprehensive loss | - | - | - | (243,926) | (243,926) |
| Recognition of merger reserve | - | - | (87,467) | - | (87,467) |
| Movement in reserves | - | - | 7,952 | (7,952) | - |
| Credit relating to equity-settled share-based payments | 24 | - | - | 10,808 | 10,808 |
| Charge from parent for equity-settled share-based payments | 24 | - | - | (8,785) | (8,785) |
| At 2 October 2021 | 1 | 947,916 | (79,515) | 732,314 | 1,600,716 |

For information on the restatement refer to note 4.

The notes on pages 31 to 76 form an integral part of these financial statements.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021

1 General information

The Walt Disney Company Limited (the "Company") is a private company limited by shares. It is incorporated and domiciled in England, United Kingdom.

The address of its registered office is:

3 Queen Caroline Street
Hammersmith
London
W6 9PE

The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited, whose ultimate parent Company is The Walt Disney Company, incorporated in the United States of America. The consolidated financial statements of The Walt Disney Company are publicly available.

The activities of the Company include television licensing, character merchandising and publications, television broadcast activities, film distribution, marketing, sales and distribution of home entertainment products, theatrical productions, direct-to-consumer subscription based video streaming service, intellectual property development and exploitation and the sale of vacation packages and other ancillary activities.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 from preparing Group financial statements as it is a wholly owned subsidiary of The Walt Disney Company, with registered address 500 South Buena Vista St. Burbank, California, 91521-9722 USA and is included within that company's consolidated financial statements.

2 Summary of significant accounting policies

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 periods presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the UK on a basis consistent with the prior period.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' section of note 3.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

2 Summary of significant accounting policies (continued)

Statement of compliance

The financial statements of The Walt Disney Company Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Going concern

COVID-19 pandemic created a significant impact on the short-term operations of the Company. It is believed that the long lived assets of the Company have longer term prospects for sustained performance relative to the uncertain duration of the effects of the pandemic.

The Directors have undertaken an assessment and they expect the Company to be able to meet the day to day cash flow needs and meet its liabilities as they fall due without significant curtailment of operations through the realisation of assets for a period of at least 12 months from the date of these financial statements being signed. In addition, they have also received assurances of continued financial support from a fellow group undertaking, in the form of a letter of support for similar period of at least 12 months from the date of these financial statements being signed.

On the basis of their assessment of the Company's financial position and resources, the Directors believe that the Company is well placed to manage its business risks. Therefore, the Directors have 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 annual financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of The Walt Disney Company which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions in its financial statements:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102;
- v) from the requirement to provide certain share-based payments disclosures as required by paragraphs 26.18(b), 26.19, 26.20, 26.21 and 26.23 of FRS 102, concerning its own equity instruments; and
- vi) from the requirement to provide transition exemption under paragraph 35.10(p) of FRS 102 to recognise the existing lease incentives at the transition date on the same basis as previous UK GAAP.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

2 Summary of significant accounting policies (continued)

Accounting reference date

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting year on the closest Saturday to 30 September each year. An accounting reference date of 2 October 2021 has been adopted for the current period. The financial period represents the 52 weeks ended 2 October 2021 (prior financial period was the 53 weeks ended 3 October 2020).

Company name confirmation

Management have noted that there was an error in relation to the name of the company listed on Companies House. To confirm, the name of the company has always remained The Walt Disney Company Limited (TWDC). On Companies House, this was incorrectly stated as Walt Disney Company Limited (The). Companies House rectified their mistake prior to signing of these financial statements.

Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling and rounded to thousands.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

Turnover

Television licensing income is recognised in the period in which the features are available for immediate delivery, the license period has begun and the arrangement fee is reasonably assured.

Television subscription turnover is recognised in the month of subscription.

Licensing income from character merchandising, publications, home entertainment, film and games is recognised in the period in which the licensee makes the equivalent sale. Minimum guarantees and advances on such licences are deferred and offset against licensing income as it is earned. Any minimum guarantee which is not earned out by the end of each period is recognised on that date, to the extent cash is assured.

Income from advertising is recognised on the publishing of advertisements.

Media distribution advances on licenses are deferred, then offset against income when the license period begins.

Income from home entertainment films and television series, which arises mainly in the United Kingdom, is recognised on the later of the date when goods are delivered to customers or the release date. Provision has been made for estimated returns in the period that revenue is recognised.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

2 Summary of significant accounting policies (continued)

Turnover (continued)

Income from film distribution is based on a percentage share of gross Box Office and is recognised when the film is exhibited.

Income from theatrical productions are recognised on the date of the performance.

Income from hotel and park admission is recognised on the arrival date of the customer.

Direct-to-consumer subscription video on demand services revenues relating to subscription services. Income generated from subscription services are recognised ratably over the subscription period elected by end consumer.

Intercompany revenue is predominantly derived from operating fees paid by Europe, Middle East and Africa ('EMEA') subsidiary and affiliate companies to the Company for access to the Company's and to Group's intellectual property, for exploitation by those subsidiary and affiliate Companies in various EMEA markets. The basis in which the operating fees are derived is by multiplying the agreed operating fee rate by the subsidiary or affiliate's profit margin in accordance with their local accounting framework.

Production and development costs

Internally generated film, television, theatrical and ancillary production and development costs and information technology development costs are expensed as incurred.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. The tax expense/(income) is recognised either in the Income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

Current or deferred taxation assets and liabilities are not discounted.

Current tax

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of financial position date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that they will be recovered against the reversal of deferred tax liability or other future taxable profits.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Statement of financial position date. Deferred tax is measured on a non- discounted basis.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

2 Summary of significant accounting policies (continued)

Fixed asset investments and investment income

Fixed asset investments are stated at historical cost. Provision is made where in the opinion of the Directors an investment is impaired. Income from investments is included to the extent of dividends and distributions received. Investments are reviewed for any impairment indicators at the reporting date.

The accounting treatment of the distribution is determined by whether the distribution paid or received is considered to represent a return of the capital of the subsidiary or not. Where it is deemed to represent a return of capital, a reduction in the parent's investment balance in that subsidiary is recorded rather than the recognition of dividend income in the Income statement. The factors considered by the Directors when determining whether a distribution represents a dividend or return of capital include the following:

- The amount of the distribution relative to the original investment value;
- The legal form of the distribution; and
- The future operating plans for the subsidiary after the distribution.

If the amount of the distribution exceeds the carrying value of the investment balance, the excess gain is recognised in the Income statement, to the extent that it is realised or in the Statement of comprehensive income to the extent that it is unrealised. If the distribution is considered to represent a dividend the parent recognises the dividend in the Income statement.

Goodwill and other intangible assets

When the costs of an acquisition exceed the fair values attributable to the net assets acquired, the difference is treated as goodwill. Under FRS 102, intangible assets are reviewed for any impairment indicators at the reporting date.

Acquired brands and other intangible assets which are controlled through custody or legal rights and could be sold separately from the rest of the business are capitalised where the fair value can be reliably measured. The acquisition value of intangible assets are often identified in the contractual documentation but subsequent events are also carefully monitored to ensure any contractual terms which may change the value are incorporated as and when appropriate. Any changes to the acquisition amount are accounted for under a cost accumulation model, whereby contingent consideration is not considered upon initial recognition of the asset, but is added to the cost of the asset when incurred.

Impairment reviews are carried out to ensure that goodwill and intangible assets are not carried at above their recoverable amounts. Any amortisation or impairment write downs are charged to the Income statement. Amortisation is reported within operating profit in the Income statement.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

2 Summary of significant accounting policies (continued)

Goodwill and other intangible assets (continued)

Amortisation is calculated on a systematic basis at rates estimated to write off the cost of the assets over their estimated useful lives. The useful economic life of intellectual property rights for Marvel and Lucas is ten years for film rights, fifteen years for all other rights and these rights are amortised on a straight line basis. Amortisation of Pixar and Disney Feature Animations is calculated over their applicable product life cycle based upon the ratio of the current period's revenues to the estimated remaining total revenues (Ultimate Revenues) for each period. Fox Networks Group related intellectual property rights are amortised over three years using 50% in year one, 30% in year two and 20% in year three for original script and global series contents and over three years using 25% in the first month and 75% over 35 months for unscripted inhouse local production contents. All other intangible assets including goodwill are amortised on a straight line basis.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income statement.

Tangible assets and depreciation

Tangible assets are stated at historical purchase cost less accumulated depreciation and less any impairment. Costs that are directly attributable to the development of new business application hardware and software, which are incurred during the year prior to the date that the systems are placed into operational use, are capitalised. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated on a straight line basis at rates estimated to write off the cost of the assets over their estimated useful lives. The principal useful lives in use are:

| Asset class | Depreciation method and rate |
|--|---|
| Office equipment, furniture, fixtures and fittings | 10 years |
| Information systems | 3 years, depreciation commencing when systems are placed into operational use |
| Buildings | 39.5 years |
| Leasehold improvements | over the term of the lease |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

2 Summary of significant accounting policies (continued)

Tangible assets and depreciation (continued)

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Income statement.

Inventories

Inventories of finished goods and goods for resale are stated at the lower of cost and estimated selling price less cost to complete and sell. Estimated selling price is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation. Provisions have been made for obsolescence, based upon aging of inventory, historical and forecasted sales, estimated margins and current events or changes in market conditions. The cost of inventory is determined through the use of weighted average methodology.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. As at 2 October 2021 the Company held £864,303 in overnight cash deposits (2020: £44,065,000).

Financial instruments

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow Group Companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has taken exemption from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102.

Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Income statement on a straight line basis over the period of the lease.

Lease incentives

Incentives received to enter into an operating lease are credited to the Income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the transition exemption under paragraph 35.10(p) of FRS 102 to continue to recognise the existing lease incentives at the transition date on the same basis as previous UK GAAP. Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

2 Summary of significant accounting policies (continued)

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits are recognised as an expense in the period in which the service is received. Holiday pay is not recognised as an expense in the period in which the service is received because it is considered immaterial.

Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The pension cost charge represents contributions payable by the Company to the personal plans of certain employees in respect of the accounting period. The contributions are recognised as an expense and charged to the Income statement when they are due. Amounts not paid are shown in accruals in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Share based payments

The fair value of grants made under the equity settled employee share option plans is calculated at the date of grant using an appropriate lattice model. Compensation expense for restricted stock units ("RSUs") is based on the market price of the shares underlying the awards on the grant date. In accordance with FRS 20 'Share based payments', the fair value of equity-based awards is charged to the income statement over the vesting period of the awards with a corresponding credit to the profit and loss reserve. The value of the charge is adjusted to reflect expected and actual levels of option vesting. At each reporting date, the entity revises its estimates of the number of options that are expected to vest.

Defined benefit scheme

The amounts charged to operating profit are the current service costs, gains and losses on settlements and curtailments. If the benefits are vested, past service costs are recognised immediately and if benefits are not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are shown as net of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Defined benefit schemes are funded by the Company, with the assets of the scheme held separately from those of the Company, in a separate trustee administered fund. Pension scheme assets are measured at fair value, with scheme liabilities measured on an actuarial basis using the projected credit unit method, adjusted for inflation, salary increases and updates to the discount rate.

The scheme's asset/liability amounts are updated to the Statement of financial position date using an actuarial valuation. The resulting defined benefit asset or liability is presented separately within Fixed assets on the face of the balance sheet. Deferred tax balances arising on the asset or liability are included in the provisions for liabilities or debtors as appropriate.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

2 Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Related party transactions

The Company has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same Group that are wholly owned. The Company also does not disclose transactions with related parties which are not wholly owned with the same Group in note 26.

The Company has also taken exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

Mergers and acquisitions accounting

Internal group reconstruction transactions where an affiliate of the Company has its equity holding purchased by the Company are accounted by applying the merger method. Where a purchase under common control has occurred for an affiliate, the value of the affiliate is recognised as an Investment. In certain situations assets and liabilities of an acquired entity may be transferred into the company in exchange for cash consideration. In these situations where the fair value of trade and assets acquired exceeds the price paid for the net book value of the trade and assets, the difference is recognised as a merger reserve and the fair value of the trade and assets is taken out of the Investments balance. The merger reserve is held as a non-distributable reserve.

The merger reserve is charged to Retained Earnings (profit and loss account) annually in-line with the expected future economic benefits of the entity's acquired assets. Currently, the reserve is to be released to Retained Earnings using a straight-line method over a period of 5.5 years, which is considered to be the useful economic life of the underlying assets. Management will evaluate this period annually to ensure continued appropriateness.

3 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Useful economic lives of intangible assets (E)

The annual amortisation for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation. Impairment reviews are carried out, if trigger assessment indicates a need, to ensure that assets are not carried at above their recoverable amounts. See notes 14 for the carrying amount of intangible assets and policy notes for the useful economic lives for each class of asset.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

3 Critical accounting judgements and key source of estimation uncertainty (continued)

Investments (E), (J)

The Company's fixed asset investments are held at historical cost, as it relates to its investments in The Walt Disney Company undertakings, adjusted for impairment where applicable. Impairment assessments involve management's analysis of the respective investments' recoverable amount through the use of a discounted cashflow model. The discounted cashflow model includes future five-year cash flows, a calculation of future terminal value and the use of a territory specific discount rate. The estimations include considerations of territory market conditions, recent applicable market transactions and net asset composition of the respective subsidiary. Inflation rates applicable to the market each subsidiary operates in have been applied to five year cash flows over the forecast period and estimating the terminal growth rate. Discount rates used for each subsidiary have been adjusted for specific market premiums or discounts. The Directors are comfortable with this approach as it reflects the market conditions of each territory. Reversals of prior period impairments requires judgement to be applied by the Directors, taking into consideration the conditions that existed at the time the impairment was recognised and the extent to which those conditions are deemed to now be reversed. See note 16 for the carrying amount of the Company's investments and disclosures concerning the sources of estimation uncertainty that could give rise to a material adjustment in the next 12 months.

With respect to the Companies equity investment in WD Holdings (Shanghai) LLC for £834,300,000, in assessing the carrying value of the equity investment the Directors have determined that a six year period would be used before a terminal value was calculated, which recognises both the impact of the pandemic and that the entity is still in a high growth phase. This represents a key judgement. The assessment indicates that whilst there is no impairment, certain key assumptions i.e. net cash flows (revenues less costs), discount rates and long term growth rates, are subject to estimation uncertainty that could give rise to a risk of impairment in a future period if these assumptions change. Refer to note 16 for further details.

Impairment of debtors (E)

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 18 for the net carrying amount of the Company's debtors.

Direct-to-consumer subscription video on demand services revenues include an element for business to customer sales in European Union where the Company recognises these on a gross basis, for which we have made certain judgements in our assessment as to whether the Company is, on balance, acting as the principal or agent in these transactions as considered in FRS102.

Intercompany costs (E)

Certain intercompany costs are calculated and recognised with reference to the turnover attributable to the Company's television broadcast activities for key franchise titles. Management use broadcast airtime percentages as a basis for allocating turnover to key franchise titles.

Merger reserve (E), (J)

Merger reserve represents the excess of the combined fair value of trade and assets over net book value of assets acquired. Management makes an estimation of the fair value of assets and liabilities based upon valuations received from external third party valuers. Management also has to apply judgement in the application of useful lives of the asset acquired and release of the merger reserve to the Profit and loss reserve.

*(E - critical accounting estimates and assumptions; J - critical judgements in applying the Company's accounting policies)

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

4 Prior period restatement of Income Statement, Statement of Other Comprehensive Income and Statement of Financial Position

Intercompany revenue is derived from operating fees paid by Europe, Middle East and Africa ('EMEA') subsidiary and affiliate companies to the Company. Whilst finalising prior period Income Statement and Statement of Financial Position, intercompany revenue of the Company was calculated on the basis of estimated local generally accepted accounting principles ("GAAP") results of EMEA subsidiary and affiliate entities as final local GAAP results were not available. However, in the current period, the actual local GAAP results were available to recalculate revenues from operating fee for prior period. Since the difference between estimated and actual local GAAP results of prior period was material, prior period Income Statement and Statement of Financial Position have been restated.

The above adjustment impacted the financial statements of period ended 28 September 2019. This resulted in a net decrease in revenue by £73,838,000 and an increase in cost of sales by £6,381,000. The increased cost of sales charge related to final service fee recharges payable to an EMEA subsidiary entity. This led to an overall decrease in profit before tax of £80,219,000. There was also decrease in the tax charge for the period by £15,242,000 and decrease in profit and net assets by £64,977,000. As a result the brought forward reserves as of 3 October 2020 have been restated.

The above adjustment impacted the financial statements of period ended 3 October 2020. The above adjustment resulted in a net increase in revenue by £125,952,000 and a decrease in cost of sales by £11,685,000. This led to an overall increase in profit before tax of £137,637,000. There was also increase in the tax charge for the period by £26,150,000 and increase in profit by £111,487,000 and net assets by £46,510,000.

The restated Income Statement and Statement of Financial Position as at 3 October 2020 are as follows:

Income statement

| | Prior period ended 3 October 2020 £ 000 (As previously reported) | Adjustment £ 000 | Prior period ended 3 October 2020 £ 000 (As restated) |
|--|--|-----------------------|--|
| Revenue | 2,166,425 | 125,952 | 2,292,377 |
| Cost of sales | <u>(1,709,434)</u> | <u>11,685</u> | <u>(1,697,749)</u> |
| Operating profit | <u>133,893</u> | <u>137,637</u> | <u>271,530</u> |
| Tax on profit | <u>(8,741)</u> | <u>(26,150)</u> | <u>(34,891)</u> |
| Profit for the financial period | <u>131,818</u> | <u>111,487</u> | <u>243,305</u> |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

4 Prior period restatement of Income Statement, Statement of Other Comprehensive Income and Statement of Financial Position (continued)

Statement of Other Comprehensive Income

| | Prior period ended 3 October 2020 £ 000 (As previously reported) | Adjustment £ 000 | Prior period ended 3 October 2020 £ 000 (As restated) |
|---|--|---------------------|--|
| Profit for the period | 131,818 | 111,487 | 243,305 |
| Total comprehensive (loss)/income for the period | 131,818 | 111,487 | 243,305 |

Statement of Financial Position

| | 3 October 2020 £ 000 (As previously reported) | Adjustment £ 000 | 3 October 2020 £ 000 (As restated) |
|--|---|---------------------|---|
| Debtors: | | | |
| Amounts owed by group undertakings | 868,438 | 54,257 | 922,695 |
| Corporation tax | 31,185 | (10,909) | 20,276 |
| | <u>899,623</u> | <u>43,348</u> | <u>942,971</u> |
| Creditors: | | | |
| Amounts owed to group undertakings | (520,098) | 3,162 | (516,936) |
| Net current assets | 414,208 | 46,510 | 460,718 |
| Total assets less current liabilities | 3,111,582 | 46,510 | 3,158,092 |
| Net assets | 1,883,576 | 46,510 | 1,930,086 |
| Capital and reserves | | | |
| Profit and loss account | (935,659) | (46,510) | (982,169) |
| Total shareholders' funds | (1,883,576) | (46,510) | (1,930,086) |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

4 Prior period restatement of Income Statement, Statement of Other Comprehensive Income and Statement of Financial Position (continued)

The restated Income Statement and Statement of Financial Position as at 28 September 2019 are as follows:

Income statement

| | Period ended 28 September 2019 £ 000 (As previously reported) | Adjustment £ 000 | Period ended 28 September 2019 £ 000 (As restated) |
|--|--|------------------------|--|
| Revenue | 2,692,921 | (73,838) | 2,619,083 |
| Cost of sales | <u>(1,758,438)</u> | <u>(6,381)</u> | <u>(1,764,819)</u> |
| Operating profit | <u>604,945</u> | <u>(80,219)</u> | <u>524,726</u> |
| Tax on profit | <u>(65,345)</u> | <u>15,242</u> | <u>(50,103)</u> |
| Profit for the financial period | <u>413,048</u> | <u>(64,977)</u> | <u>348,071</u> |

Statement of Other Comprehensive Income

| | Period ended 28 September 2019 £ 000 (As previously reported) | Adjustment £ 000 | Period ended 28 September 2019 £ 000 (As restated) |
|---|--|------------------------|--|
| Profit for the period | <u>413,048</u> | <u>(64,977)</u> | <u>348,071</u> |
| Total comprehensive (loss)/income for the period | <u>413,048</u> | <u>(64,977)</u> | <u>348,071</u> |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

4 Prior period restatement of Income Statement, Statement of Other Comprehensive Income and Statement of Financial Position (continued)

Statement of Financial Position

| | 28 September 2019 £ 000 (As previously reported) | Adjustment £ 000 | 28 September 2019 £ 000 (As restated) |
|--|--|---------------------|--|
| Debtors: | | | |
| Amounts owed by group undertakings | 507,627 | (73,798) | 433,829 |
| | <u>507,627</u> | <u>(73,798)</u> | <u>433,829</u> |
| Creditors: | | | |
| Amounts owed to group undertakings | (54,407) | (6,421) | (60,828) |
| Corporation tax | (16,307) | 15,242 | (1,065) |
| | <u>(70,714)</u> | <u>8,821</u> | <u>(61,893)</u> |
| Net current assets | <u>603,692</u> | <u>(64,977)</u> | <u>538,715</u> |
| Total assets less current liabilities | <u>3,051,162</u> | <u>(64,977)</u> | <u>2,986,185</u> |
| Net assets | <u>1,750,675</u> | <u>(64,977)</u> | <u>1,685,698</u> |
| Capital and reserves | | | |
| Profit and loss account | (802,758) | 64,977 | (737,781) |
| Total shareholders' funds | <u>(1,750,675)</u> | <u>64,977</u> | <u>(1,685,698)</u> |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

5 Turnover

Turnover comprises of television licensing, royalties received from character merchandising and publications, subscription and advertising revenue related to television broadcasting, film distribution revenue, sale of home entertainment products, theatrical productions, direct-to-consumer subscription based video streaming service, the sale of vacation packages, intercompany EMEA operating fees for the commercial exploitation of the Company's and The Walt Disney Group's intellectual property and other ancillary activities.

Turnover received for Disney+ streaming service forms part of the turnover figure.

The analysis of the company's turnover for the period by geographical destination during the period was as follows:

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 (As restated) |
|----------------|--|---|
| UK & Ireland | 612,134 | 625,663 |
| Rest of Europe | 1,661,602 | 1,442,569 |
| Rest of World | 319,250 | 224,145 |
| | <u>2,592,986</u> | <u>2,292,377</u> |

The analysis of the company's turnover for the period by category during the period was as follows:

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 (As restated) |
|---|--|---|
| Disney Media and Entertainment Distribution ('DMED')* | 2,142,751 | 1,912,490 |
| Disney Parks, Experiences and Products ('DPEP') ~ | 450,235 | 379,887 |
| | <u>2,592,986</u> | <u>2,292,377</u> |

*DMED includes businesses such as television licensing, television broadcast activities, film distribution, marketing, sales and distribution of home entertainment products, theatrical productions, direct-to-consumer subscription based video streaming service (Disney+), intellectual property development and exploitation.

~ DPEP includes businesses such as character merchandising and publications, sale of vacation packages and other ancillary activities.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

6 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 |
|---|--|--|
| Depreciation expense | 8,972 | 8,753 |
| Amortisation expense | 153,408 | 154,048 |
| Provision for impairment of trade debtors | (9,239) | 6,732 |
| Foreign exchange losses | 41,383 | 11,848 |
| Inventories recognised as an expense | 4,042 | 6,218 |
| Operating leases - land and building | 192 | 2,675 |
| Operating leases - other assets | 33 | 51 |

Cost of sales includes £4,042,000 inventory expense for the period (2020: £6,218,000).

7 Other interest receivable and similar income

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 |
|--------------------------|--|--|
| Bank interest receivable | 2,066 | 4,761 |

8 Income from shares in group undertakings

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 |
|--------------------|--|--|
| Dividends received | 198,591 | 81,325 |

During financial period 2021 no dividend (2020: £2,800,000) was received from Disney XD Poland Limited.

On 30 September 2021, a dividend of £840,000 (SEK 10,000,000) (2020: £3,498,000 (SEK 4,273,000)) was received from The Walt Disney Company Nordic AB.

A dividend of £9,929,000 (EUR 11,000,000) was received from The Walt Disney Company (Germany) GmbH during financial 2021 (2020: £nil).

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

8 Income from shares in group undertakings (continued)

During financial period 2021, no dividend (2020: £1,664,000 (CHF 2,000,000)) was received from The Walt Disney Company (Switzerland) GmbH.

On 18 December 2020, a dividend of £31,593,000 (EUR 35,000,000) (2020: £26,914,000 (EUR 30,000,000)) was received from The Walt Disney Company Italia S.r.l.

During the financial period, a dividend of £8,861,000 (USD 12,181,000) (2020: £22,315,000 (USD 29,467,000)) was received from WD Holdings (Shanghai), LLC.

On 24 February 2021, a dividend of £22,398,000 (AUD 40,000,000) (2020: £19,053,000 (AUD 35,000,000)) was received from The Walt Disney Company (Australia) Pty Limited.

During financial period 2021, no dividend (2020: £595,000 (EUR 664,000)) was received from The Walt Disney Company (Portugal) L.D.A.

During financial period 2021, no dividend (2020: £3,589,000 (EUR 4,000,000)) was received from Disney Trading Holding (Netherlands) BV.

During financial period 2021, no dividend (2020: £897,000 (EUR 1,000,000)) was received from The Walt Disney Company (Austria) GmbH.

On 30 September 2021, a dividend of £124,971,000 (EUR 146,272,000) (2020: £nil (EUR nil)) was received from The Walt Disney Company (Iberia) S.L.

No dividend was paid to Wedco EMEA Ventures Limited during financial 2021 (2020: £nil).

9 Interest payable and similar expenses

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 |
|---|--|--|
| Interest payable to other group companies | 74,744 | 79,420 |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

10 Staff costs and numbers

The aggregate payroll costs (including Directors' remuneration) were as follows:

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 |
|------------------------------|--|--|
| Wages and salaries | 162,765 | 116,002 |
| Social security costs | 19,185 | 17,178 |
| Other pension costs | 9,355 | 8,667 |
| Defined benefit pension cost | 228 | - |
| Share-based payment expenses | 10,808 | 8,322 |
| | <u>202,341</u> | <u>150,169</u> |

The average monthly number of persons (including directors) employed by the Company during the period was as follows:

| | Period ended 2 October 2021 No. | Period ended 3 October 2020 No. |
|---|--|--|
| Employees | | |
| Disney Media and Entertainment Distribution | 1,269 | 1,148 |
| Disney Parks, Experiences and Products | 329 | 357 |
| Corporate & other | 102 | 84 |
| | <u>1,700</u> | <u>1,589</u> |

The presentation of the average employee information for the Company was changed during financial period 2021 to bring it in line with Group reporting and reflect the new operational structure accordingly.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

11 Directors' remuneration

The Directors' remuneration for the period was as follows:

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 |
|--|--|--|
| Aggregate emoluments | 2,798 | 3,002 |
| Other director benefits | 3,654 | 2,015 |
| Company contributions paid to pension scheme | 20 | 31 |
| | <u>6,472</u> | <u>5,048</u> |

In respect of the highest paid Director:

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 |
|--|--|--|
| Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes | 594 | 569 |
| Other director benefits | 1,169 | 818 |
| Company contributions paid to pension scheme | <u>-</u> | <u>7</u> |

Eight (2020: six) Directors in service during the period were remunerated directly by The Walt Disney Company Limited and retirement benefits accrued to six (2020: all) Directors. Seven (2020: six) Directors received and exercised share options under long term incentive schemes during the period. Payment for loss of office to one Director (2020: nil) amounted to £176,000 in the period (2020: £nil).

12 Auditors' remuneration

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 |
|------------------------------------|--|--|
| Audit of the financial statements | <u>620</u> | <u>585</u> |
| Other fees to auditors | | |
| Taxation compliance services | 107 | 107 |
| Other services related to taxation | 22 | 23 |
| | <u>129</u> | <u>130</u> |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

13 Tax on (loss)/profit

The (charge)/charge for taxation is based on the taxable (loss)/profit for the period, and comprises:

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 (As restated) |
|---|--|---|
| Current tax: | | |
| UK corporation tax | 1,723 | 31,587 |
| Adjustments in respect of previous periods | (6,082) | 1,768 |
| Double tax relief | - | (5,395) |
| | <u>(4,359)</u> | <u>27,960</u> |
| Foreign tax | | |
| Current tax on income for the period | 4,405 | 5,395 |
| Adjustment in respect of previous periods | 15 | - |
| | <u>4,420</u> | <u>5,395</u> |
| Total current tax | <u>61</u> | <u>33,355</u> |
| Deferred tax | | |
| Deferred tax: Origination and reversal of timing differences* | (35,671) | 2,646 |
| Deferred tax: Prior year adjustment | (3,556) | (2) |
| Deferred tax: changes in tax rates current year | (13,811) | - |
| Deferred tax: changes in tax rates prior year | (2,488) | (1,108) |
| Total deferred tax | <u>(55,526)</u> | <u>1,536</u> |
| Tax on profit on ordinary activities | <u>(55,465)</u> | <u>34,891</u> |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

13 Tax on (loss)/profit (continued)

*These arise on account of timing differences relating to taxable losses, fixed assets and share options.

The tax assessed for the year period is higher (prior year: lower) than the standard rate of corporation tax in the UK for the year ended 30 September 2021: 19% (2020: 19%). The differences are explained as follows:

| | Period ended 2 October 2021 £ 000 | Period ended 3 October 2020 £ 000 (As restated) |
|--|--|---|
| (Loss)/profit before tax | <u>(299,950)</u> | <u>278,196</u> |
| Corporation tax at standard rate | (56,991) | 52,857 |
| Dividend income | (37,732) | (15,452) |
| Goodwill NGCE | - | 1,894 |
| Other permanent differences | (1,849) | 4,899 |
| Expenses not deductible for tax purposes | 5,491 | - |
| Non deductible impairment of investments | 42,945 | - |
| CFC income apportionment | 1,723 | - |
| Utilisation of tax losses brought forward | - | (1,531) |
| Utilisation of tax losses from group companies | 4,400 | (8,475) |
| Difference in tax rates - current period | (13,811) | - |
| Difference in tax rates - prior period | (2,488) | (1,108) |
| Prior year adjustment - current | (6,082) | 1,768 |
| Prior year adjustment - deferred | (3,556) | (2) |
| Prior period adjustment - foreign taxes suffered | 15 | - |
| Excess foreign taxes suffered | 4,406 | 41 |
| Write off of deferred tax asset no longer considered recoverable | <u>8,064</u> | <u>-</u> |
| Total tax charge for period | <u>(55,465)</u> | <u>34,891</u> |

The Finance Act 2022 introduced provisions to increase the tax rate from 19% to 25% from 1 April 2023.

The Walt Disney Company Limited

**Notes to the financial statements
For the period from 4 October 2020 to 2 October 2021 (continued)**

14 Intangible assets

| | Channels | | | | | Total £ 000 |
|---------------------------------|-------------------|----------------------|-----------------------|---------------------------------|-----------------|----------------|
| | Goodwill £ 000 | Film rights £ 000 | Other rights £ 000 | programming rights* £ 000 | Other* £ 000 | |
| Cost | | | | | | |
| At 4 October 2020 | 136,248 | 482,540 | 515,798 | 169,239 | 21,265 | 1,325,090 |
| Additions | - | - | - | 32,810 | 107,093 | 139,903 |
| Disposals | - | - | - | (8,576) | - | (8,576) |
| At 2 October 2021 | 136,248 | 482,540 | 515,798 | 193,473 | 128,358 | 1,456,417 |
| Accumulated amortisation | | | | | | |
| At 4 October 2020 | 136,248 | 320,615 | 206,415 | 82,564 | 18,974 | 764,816 |
| Charge for the period | - | 40,841 | 34,387 | 71,854 | 6,326 | 153,408 |
| Disposals | - | - | - | (8,576) | - | (8,576) |
| At 2 October 2021 | 136,248 | 361,456 | 240,802 | 145,842 | 25,300 | 909,648 |
| Carrying amount | | | | | | |
| At 2 October 2021 | - | 121,084 | 274,996 | 47,631 | 103,058 | 546,769 |
| At 3 October 2020 | - | 161,925 | 309,383 | 86,675 | 2,291 | 560,274 |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

14 Intangible assets (continued)

On 26 September 2014 the Company acquired Marvel and Lucas intellectual property rights for commercial exploitation within EMEA at a combined value of £849,868,000. Amortisation is calculated on a straight line basis at rates estimated to write off the cost of the assets over their estimated useful lives. The useful economic life of intellectual property rights for Marvel and Lucas is ten years for film rights and for all other intangible assets is fifteen years. Discussions with US and UK tax authorities have been taking place with regards to the valuation of the IP acquired in 2014. Upon a future agreement with a tax authority, a purchase price adjustment may be made in-line with the original contractual terms and accounted in accordance with the Goodwill and other intangible assets accounting policy on page 33.

On 3 April 2016 the Company acquired certain Pixar intellectual property rights for commercial exploitation within EMEA for £93,650,000. These Pixar intellectual property rights are amortised over applicable product life cycle based upon the ratio of the current period's revenues to the estimated remaining total revenues (Ultimate Revenues) for each productions.

On 3 July 2016 the Company acquired certain Disney Feature Animation intellectual property rights for commercial exploitation within EMEA for £54,820,000. These Disney Feature Animation intellectual property rights are amortised over applicable product life cycle based upon the ratio of the current period's revenues to the estimated remaining total revenues (Ultimate Revenues) for each production.

On 18 May 2020 and on 22 May 2020 the Company acquired certain Fox Network Group intellectual property rights for the commercial exploitation within EMEA for £80,686,000 in relation to production licences created by third party producers. These intellectual property rights are amortised on an accelerated or straight line basis over their useful life or over the number of times the programme is expected to be aired, as appropriate.

*For presentation purposes this financial period, within the categorisation above the brought forward cost balance under the category "other" has been split into Channels programming rights cost of £169,239,000 and Other Intangible assets of £21,285,000 respectively. Carry-forward amortisation has been split into Channels programming rights of £82,564,000 and Other Intangible of £18,974,000 respectively. Total opening Net Book Value remains consistent from this presentational split.

During financial period 2021 the Company acquired certain Fox Network Group Channel programming intellectual property rights for their commercial exploitation within EMEA for £32,810,000 (2020: £100,911,144) in relation to production licences created by third party producers. These intellectual property rights are amortised on an accelerated or straight line basis over their useful life or over the number of times the programme is expected to be aired, as appropriate.

Intangible assets amounting to £107,093,000 (2020: £21,264,533) were acquired in the period in relation to subscription video-on-demand programming rights and programme licences created by third party producers. The programmes are licenced to be aired for a number of years and so licences are amortised throughout the licencing period on a straight line basis or stepped reducing balance.

The Company disposed off intellectual property rights with a gross cost of £8,576,000 (2020: £15,235,000). As these production licenses created by third party producers were already fully-amortised, no gain or loss resulted from these disposals.

The Walt Disney Company Limited

Notes to the financial statements
For the period from 4 October 2020 to 2 October 2021 (continued)

15 Tangible assets

| | Office equipment, furniture, fixtures and fittings £ 000 | Information systems £ 000 | Buildings £ 000 | Leasehold improvements £ 000 | Total £ 000 |
|---------------------------------|---|---------------------------------|--------------------|------------------------------------|----------------|
| Cost | | | | | |
| At 4 October 2020 | 23,074 | 43,850 | 107,200 | 14,156 | 188,280 |
| Additions | 5,601 | 4,873 | - | 1,812 | 12,286 |
| Disposals | (13,021) | (8,726) | - | (1,998) | (23,745) |
| At 2 October 2021 | 15,654 | 39,997 | 107,200 | 13,970 | 176,821 |
| Accumulated depreciation | | | | | |
| At 4 October 2020 | 18,805 | 33,170 | 53,168 | 7,985 | 113,128 |
| Charge for the period | 1,449 | 3,507 | 3,247 | 769 | 8,972 |
| Disposal | (13,021) | (8,726) | - | (1,998) | (23,745) |
| At 2 October 2021 | 7,233 | 27,951 | 56,415 | 6,756 | 98,355 |
| Carrying amount | | | | | |
| At 2 October 2021 | 8,421 | 12,046 | 50,785 | 7,214 | 78,466 |
| At 3 October 2020 | 4,269 | 10,680 | 54,032 | 6,171 | 75,152 |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

15 Tangible assets (continued)

During the period, a review of the assets in use was performed. As a result of this review, certain assets were identified with a £nil net book value which are no longer in use. As a result, we derecognised £23,781,941 of gross book value and accumulated depreciation. Of the £23,781,941 an amount of £19,021,194 had a £nil net book value in prior period and should have been derecognised in the period then ended. There is no impact on the Statement of financial position or Statement of comprehensive income.

16 Investments

| | 2021 £ 000 | 2020 £ 000 |
|----------------------------|------------------|------------------|
| Cost | | |
| At start of the period | 2,061,948 | 1,778,407 |
| Additions | 151,743 | 283,541 |
| Movement to merger reserve | (87,467) | - |
| Impairment of investments | (226,025) | - |
| At end of period | <u>1,900,199</u> | <u>2,061,948</u> |
| Carrying amount | | |
| At end of period | <u>1,900,199</u> | <u>2,061,948</u> |

Investment additions during the year included the acquisition on 4th April 2021, of NGC Network UK Holdco LLC ('NGC Network'), together with its subsidiaries from NGC Network Latin America LLC and NGC Network International LLC for an aggregate fair market value of £141,305,000.

The investment impairment was as a result of management's investment review undertaken in financial period 2021, where a total expense of £226,025,000 has been recognised across eleven entities.

The Directors believe that the carrying value of the investments is supported by their underlying net assets or the net present value of their discounted future cash flows.

With respect to the Companies equity investment in WD Holdings (Shanghai) LLC, there was no investment impairment made during the current financial period. The key assumptions used for the value in use calculations are growth in net cash flows and relevant discount rates. A reduction in forecast cashflow growth rates from 3% to 2% over the six year period would continue to show no investment impairment. A 1% increase in the discount rate would continue to show no investment impairment.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

16 Investments (continued)

Details of investments are set out below:

Subsidiaries

| Shares in group undertakings | Nature of business | Country of registration/ incorporation | Proportion of nominal value of voting shares held | |
|--|-------------------------------------|---|---|------|
| | | | 2021 | 2020 |
| The Walt Disney Company (Austria) GmbH | Distribution and marketing services | Austria | 100% | 100% |
| The Walt Disney Company (Benelux) BVBA | Distribution and marketing services | Belgium | 100% | 100% |
| The Walt Disney Company (Germany) GmbH | Distribution and marketing services | Germany | 100% | 100% |
| The Walt Disney Company Italia S.r.l. | Distribution and marketing services | Italy | 100% | 100% |
| Disney DTC EM Limited | Distribution and marketing services | United Kingdom | 100% | 100% |
| Wedco Benelux Holdings (Netherlands) B.V. | Holding company | Netherlands | 100% | 100% |
| The Walt Disney Company (Benelux) B.V. | Distribution and marketing services | Netherlands | 100% | 100% |
| Disney Trading B.V. | Holding Company | Netherlands | 100% | 100% |
| The Walt Disney Company (Switzerland) GmbH | Distribution and marketing services | Switzerland | 100% | 100% |
| The Walt Disney Company (Australia) Pty Limited | Distribution and marketing services | Australia | 100% | 100% |
| Walt Disney International France S.A.S. | Holding company | France | 100% | 100% |
| The Walt Disney Company Nordic AB | Distribution and marketing services | Sweden | 100% | 100% |
| The Walt Disney Company Medya Eglence ve Ticaret Limited Sirketi | Distribution and marketing services | Turkey | 100% | 100% |
| The Walt Disney Company (Portugal) L.D.A | Distribution and marketing services | Portugal | 100% | 100% |
| The Walt Disney Company (Iberia) S.L. | Distribution and marketing services | Spain | 100% | 100% |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

16 Investments (continued)

| Shares in group undertakings | Nature of business | Country of registration/ incorporation | Proportion of nominal value of voting shares held | |
|--|---|---|---|------|
| The Walt Disney Company Greece Single Partner EPE | Distribution and marketing services | Greece | 100% | 100% |
| The Walt Disney Company (Hong Kong) Limited (Formerly known as The Walt Disney Company (Asia Pacific) Limited) | Distribution and marketing services | Hong Kong | 100% | 100% |
| Banner Productions Limited | Holding company | United Kingdom | 100% | 100% |
| Disney XD Poland Channels Limited | In liquidation | United Kingdom | 100% | 100% |
| Disney XD Poland Limited | Distribution and marketing services | Isle of Man | 80% | 80% |
| Disney Trading Limited | In liquidation | United Kingdom | 100% | 100% |
| The Walt Disney Company Israel Limited | Distribution and marketing services | Israel | 100% | 100% |
| The Walt Disney Company (Polska) Sp Zoo | Distribution and marketing services | Poland | 100% | 100% |
| Walt Disney Hungary Media and Entertainment Services Limited Liability Company | Marketing and information technology services | Hungary | 100% | 100% |
| Walt Disney Imagineering Asia Limited | Design and construction services | Hong Kong | 100% | 100% |
| The Walt Disney Company Nigeria Limited | Distribution and marketing services | Nigeria | 100% | 100% |
| NGC Network UK Holdco LLC | Holding company | USA | 100% | 100% |
| Disney Networks Group Poland Sp Zoo | In liquidation | Poland | 100% | 100% |
| FNG Yapim Limited Sirketi | In liquidation | Turkey | 100% | 100% |
| FNG UK Holdings Company Limited | In liquidation | United Kingdom | 100% | 100% |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

16 Investments (continued)

The registered address of the subsidiaries are:

| Subsidiary | Registered address |
|--|--|
| The Walt Disney Company (Austria) GmbH | Handelskai 94-96, Top 392, 1200 Wien, Austria |
| The Walt Disney Company (Benelux) BVBA | Avenue du Port 86C/217, Havenlaan, 1000 Brussel, Belgium |
| The Walt Disney Company (Germany) GmbH | Lilli-Palmer-Strasse 2, 80636 Muenchen, Germany |
| The Walt Disney Company Italia S.r.l. | Via Ferrante Aporti, 6/8 - 20125 Milano, Italia |
| Disney DTC EM Limited | 3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom |
| Wedco Benelux Holdings (Netherlands) B.V. | De Passage 144, 1101 AX Amsterdam, Netherlands |
| The Walt Disney Company (Benelux) B.V. | De Passage 144, 1101 AX Amsterdam, Netherlands |
| The Walt Disney Company (Switzerland) GmbH | Hoeschgasse 45, 8008 Zuerich, Switzerland |
| The Walt Disney Company (Australia) Pty Limited | Building 10, Level 3, 658 Church St, Richmond, VIC 3121, Australia |
| Walt Disney International France S.A.S. | 25 quai Panhard et Levassor 75013 Paris, France |
| The Walt Disney Company Nordic AB | Box 181, 101 23 Stockholm, Sweden |
| The Walt Disney Company Medya Eglence Ve Ticaret Limited Sirketi | Kazlicesme Mah.Kennedy Cad. No. 44 Zeytinburnu 34020 Istanbul, Turkey |
| Disney Trading B.V. | De Passage 144, 1101 AX Amsterdam, Netherlands |
| The Walt Disney Company (Portugal) L.D.A. | Avda Liberdade 200, Edificio Victoria 5ºDTO 1250-147 Lisboa - Portugal |
| The Walt Disney Company Iberia S.L. | Jose Bardasano Baos, 9. Edificio GORBEA 3. 28016 Madrid, Spain |
| The Walt Disney Company Greece Single Partner EPE | 7 Fragkoklisis Str, 15125 Marousi, Greece |
| The Walt Disney Company (Hong Kong) Limited (Formerly known as The Walt Disney Company (Asia Pacific) Limited) | Suites 1101-1103, 11th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong |
| Banner Productions Limited | 3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom |
| Disney XD Poland Channels Limited | 3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

16 Investments (continued)

Subsidiaries (continued)

| Subsidiary | Registered address |
|--|--|
| Disney XD Poland Limited | First Name House, Victoria Road, Douglas, Isle of Man |
| Disney Trading Limited | 3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom |
| The Walt Disney Company Israel Limited | 6 Ha'hilazon St, Ramat-Gan, Israel |
| The Walt Disney Company (Polska) Sp Zoo | Al. Armii Ludowej 26, 00-609 Warszawa, Poland |
| Walt Disney Hungary Media and Entertainment Services Limited Liability Company | 1068 Budapest, Dozsa Gyorgy street 84/a 4th Floor, Hungary |
| Walt Disney Imagineering Asia Limited | 38/F, Oxford House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong |
| The Walt Disney Company Nigeria Limited | 8th Floor, Civic Towers, Plot GA 1, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, Nigeria |
| NGC Network UK Holdco LLC | 1145 17th Street NW, Washington DC, 20036, USA |
| Disney Networks Group Poland Sp Zoo | Prosta 68, 00-838 Warszawa, Poland |
| FNG Yapim Limited Sirketi | Kazlıçeşme Mah.Kennedy Cad. No:44 Zeytinburnu |
| NGC UK Holdings | Third Floor 10 Hammersmith Grove Hammersmith London W6 7AP |

Affiliates

| Shares in group undertakings | Nature of business | Country of registration/ incorporation | Proportion of nominal value of voting shares held | |
|------------------------------|--------------------|--|---|------|
| | | | 2021 | 2020 |
| WD Holdings (Shanghai), LLC | Holding Company | USA | 47% | 47% |

The registered address of the affiliate is:

| Affiliates | Registered address |
|-----------------------------|--|
| WD Holdings (Shanghai), LLC | 500 South Buena Vista Street, Burbank, CA 91521, USA |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

16 Investments (continued)

Indirect Subsidiaries and Associates

| Name | Country | Ownership |
|--------------------------------------|---------|-----------|
| The Disney Store Limited | UK | 100% |
| Absolem Productions Limited | UK | 100% |
| ABC Studios International Limited | UK | 100% |
| Badduns Productions Limited | UK | 100% |
| Blackbeard Productions Limited | UK | 100% |
| Briar Rose Productions Limited | UK | 100% |
| Burning Windmills Pictures Limited | UK | 100% |
| Cherry Tree Lane Productions Limited | UK | 100% |
| Cogsworth Productions Limited | UK | 100% |
| Coronation Bay Productions Limited | UK | 100% |
| Dark Forest Productions Limited | UK | 100% |
| David Productions Limited | UK | 100% |
| Down River Productions Limited | UK | 100% |
| Exit 8 Productions Limited | UK | 100% |
| Five Beans Productions Limited | UK | 100% |
| Glittery Gown Productions Limited | UK | 100% |
| Goliath Productions Limited | UK | 100% |
| Grand Central Productions Limited | UK | 100% |
| Iceberg Productions Limited | UK | 100% |
| Jade Productions Limited | UK | 100% |
| Medici Productions Limited | UK | 100% |
| Mistletoe Pictures Limited | UK | 100% |
| Monstro Productions Limited | UK | 100% |
| More Muppets Productions Limited | UK | 100% |
| Mystical Productions Limited | UK | 100% |
| Raksha Productions Limited | UK | 100% |
| Magic Lamp Productions Limited | UK | 100% |
| Think Thark Productions Limited | UK | 100% |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

16 Investments (continued)

Indirect Subsidiaries and Associates (continued)

| | | |
|--|-------------|------|
| Vita Ray Productions Limited | UK | 100% |
| Time Freeze Productions Limited | UK | 100% |
| Merryweather Productions Limited | UK | 100% |
| Trueborn Heir Productions Limited | UK | 100% |
| Frost Fair Productions Limited | UK | 100% |
| Sand Castle Pictures Limited | UK | 100% |
| Fincayra Productions Limited | UK | 100% |
| Hidden Heart Productions Limited | UK | 100% |
| Asgard Productions III Pty Limited | Australia | 100% |
| Mukiri Productions Pty Limited | Australia | 100% |
| Slingshot Pictures Pty. Limited | Australia | 100% |
| Touchstone Productions Pty Limited | Australia | 100% |
| Woozle Productions Pty Limited | Australia | 100% |
| Awesome Post Production Pty Ltd. | Australia | 100% |
| Channel Cross Productions Pty. Ltd | Australia | 100% |
| Freelance Restorations Pty Ltd. | Australia | 100% |
| LFL Productions (AU) Pty. Ltd. | Australia | 100% |
| Disney Trading Denmark, Filial Af Disney Trading B.V., Holland | Denmark | 100% |
| Walt Disney Participations S.A.S. | France | 100% |
| Euro Disneyland Imagineering SARL | France | 100% |
| The Walt Disney Company (France) S.A.S. | France | 100% |
| Disney Hachette Presse SNC | France | 51% |
| The Walt Disney Company Licensing (EMEA) S.A.S. | France | 100% |
| The Disney Store (France) S.A.S. | France | 100% |
| The Disney Store Germany GmbH | Germany | 100% |
| Buena Vista International Film Production (Germany) GmbH | Germany | 100% |
| TDS Disney Ireland Limited | Ireland | 100% |
| Lollipop Productions Limited | Israel | 100% |
| The Disney Store Italia Srl | Italy | 100% |
| TV 10 B.V. | Netherlands | 50% |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

16 Investments (continued)

Indirect Subsidiaries and Associates (continued)

| | | |
|---|----------|--------|
| The Disney Store Spain S.L. - Sucural em Portugal | Portugal | 100% |
| Fox Networks Group Portugal LDA | Portugal | 100% |
| The Disney Store Spain S.L. | Spain | 100% |
| Sociedad Gestora de Television Net T.V. SA | Spain | 20% |
| Pulsa Media Consulting | Portugal | 51.13% |
| Disney Trading (Sweden) Filial | Sweden | 100% |
| Disney Televizyon Yayincilik AS | Turkey | 100% |
| Disney XD Televizyon Yayincilik AS | Turkey | 100% |
| TV 10 Holdings LLC | USA | 50% |
| Walt Disney Imagineering (Shanghai) Company Limited | China | 100% |
| Shanghai International Theme Park and Resort Management Company Limited | China | 33% |
| Shanghai International Theme Park Company Limited | China | 20% |
| Shanghai International Theme Park Associated Facilities Company Limited | China | 20% |
| Ante Productions Limited | UK | 100% |
| Arctic Fox Productions Limited | UK | 100% |
| Dog Paddle Productions Limited | UK | 100% |
| Hours Productions Limited | UK | 100% |
| Memory Tree Productions Limited | UK | 100% |
| Never Grow Up Productions Limited | UK | 100% |
| Take The Lift Production Limited | UK | 100% |
| Water Bug Productions Limited | UK | 100% |
| NGC Overseas Holdings Limited | UK | 100% |
| NGC Europe Limited | UK | 100% |
| Alliance Yapim Limited Sirketi | Turkey | 100% |
| Fox Crime Medya Hizmetleri Anonim Sirketi | Turkey | 100% |
| National Geographic Channel Wild Medya Hizmetleri Anonim Sirketi | Turkey | 100% |
| 24 Kitchen Medya Hizmetleri A.S. | Turkey | 100% |
| Fox Life Medya Hizmetleri Anonim Sirket | Turkey | 100% |
| FX Medya Hizmetleri A.S | Turkey | 100% |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

16 Investments (continued)

Indirect Subsidiaries and Associates (continued)

| | | |
|---|-------------|------|
| National Geographic Channel Medya Hizmetleri Anonim Sirketi | Turkey | 100% |
| National Geographic Channel Adventure Medya Hizmetleri A.S. | Turkey | 100% |
| NGC Netherlands BV | Netherlands | 100% |
| NGC Denmark Aps | Denmark | 100% |
| NGC Denmark Norway Branch | Norway | 100% |
| NGC Network (Australia) Pty Limited | Australia | 100% |
| NGC Israel Limited Partnership | Israel | 100% |

Branches

| | | |
|---------------------------------|---------|------|
| The Walt Disney Company Limited | Dubai | 100% |
| The Walt Disney Company Limited | Ireland | 100% |

17 Inventories

| | 2 October 2021 £ 000 | 3 October 2020 £ 000 |
|-------------------------------------|----------------------------|----------------------------|
| Finished goods and goods for resale | <u>4,410</u> | <u>5,329</u> |

There is no material difference between the carrying amount of inventory and the replacement cost.

Inventories are stated after provisions for impairment of £612,000 (2020: £760,000).

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

18 Debtors

| | 2 October 2021 £ 000 | 3 October 2020 £ 000 (As restated) |
|---|----------------------------|---|
| Trade debtors | 130,188 | 129,766 |
| Provision for impairment of trade debtors | <u>(2,706)</u> | <u>(11,416)</u> |
| Net trade debtors | 127,482 | 118,350 |
| Amounts owed by group undertakings | 1,033,554 | 922,695 |
| Corporation tax | 27,586 | 20,276 |
| Deferred tax asset (see note 20) | 63,403 | 7,879 |
| Prepayments and accrued income | <u>181,919</u> | <u>153,389</u> |
| | <u>1,433,944</u> | <u>1,222,589</u> |

Included within amounts owed by group undertakings are loans to group undertakings for £205,648,193 (2020: £493,786,831). These loans are unsecured, repayable on demand and interest bearing. The deferred tax asset is expected to be realised after more than one year.

19 Creditors

| | 2 October 2021 £ 000 | 3 October 2020 £ 000 (As restated) |
|--|----------------------------|---|
| Amounts falling due within one year | | |
| Trade creditors | 68,762 | 43,368 |
| Amounts owed to group undertakings | 839,534 | 516,936 |
| Taxation and social security | 40,672 | 39,200 |
| Other creditors | 347 | 808 |
| Accruals and deferred income | <u>393,609</u> | <u>246,491</u> |
| | <u>1,342,924</u> | <u>846,803</u> |

Amounts owed to group undertakings are unsecured, repayable on demand and are not interest bearing.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

19 Creditors (continued)

| | 2 October 2021 £ 000 | 3 October 2020 £ 000 |
|---|----------------------------|----------------------------|
| Amounts falling due after more than one year | | |
| Amounts owed to group undertakings | <u>1,153,683</u> | <u>1,225,788</u> |

Amounts owed to group undertakings are unsecured, interest bearing and comprised of the following:

| Counter party | Issue date | Maturity date | Principal £ | | Interest rate |
|---|-------------------|-------------------|---------------|---------------|---------------|
| | | | 2021 £ 000 | 2020 £ 000 | |
| Disney FTC Services (Singapore) Pte. Ltd. | 13 August 2009 | 15 December 2024 | 287,645 | 305,623 | 5.50% |
| Disney FTC Services (Singapore) Pte. Ltd. | 07 August 2014 | 20 November 2024 | 157,993 | 167,686 | 5.50% |
| Disney FTC Services (Singapore) Pte. Ltd. | 22 September 2014 | 20 November 2024 | 30,091 | 30,091 | 5.50% |
| Disney FTC Services (Singapore) Pte. Ltd. | 26 September 2014 | 26 September 2024 | 677,954 | 722,388 | 6.50% |

20 Provisions for liabilities

| | Property related provision £ 000 | Deferred tax asset £ 000 |
|----------------------------|---|--------------------------------|
| At 4 October 2020 | 2,218 | 7,879 |
| Utilised in the period | (2,218) | - |
| Provided during the period | <u>-</u> | <u>55,524</u> |
| At 2 October 2021 | <u>-</u> | <u>63,403</u> |

The property-related provision was utilised as the lease was terminated in the current period.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

20 Provisions for liabilities (continued)

Deferred tax

Deferred taxation provided for at 25% (2020: 19%) in the financial statements is set out below:

Deferred tax assets and liabilities:

| | 2 October 2021 | 3 October 2020 |
|--|-----------------------|-----------------------|
| | £ 000 | £ 000 |
| Accelerated capital allowances | 3,320 | (861) |
| Short term timing differences | 4,809 | 2,602 |
| Tax losses | 55,274 | 6,138 |
| Undiscounted deferred tax asset | 63,403 | 7,879 |
| | Period ended | Period ended |
| | 2 October 2021 | 3 October 2020 |
| | £ 000 | £ 000 |
| Net deferred tax asset at the start of period | 7,879 | 9,415 |
| Amount credited/(charged) to profit and loss | 35,671 | (2,646) |
| Prior period under provision | 3,555 | 2 |
| Tax rate change - current year adjustment | 13,811 | - |
| Tax rate change - prior year adjustment | 2,487 | 1,108 |
| Net deferred tax asset at end of period | 63,403 | 7,879 |

The enactment of The Finance Bill 2021 has increased the rate at which deferred tax will be recognised at from 19% to 25%.

A deferred tax asset of £63,403,421 relating to trading losses carried forward, accelerated capital allowances, expense adjustments and share scheme adjustments has been recognised on the basis that the directors are of the opinion that it will be recoverable against future taxable profits and deferred tax liabilities.

A deferred tax asset of £8,064,126 on losses relating to an acquired channel which are streamed against profits of the same channel has been de-recognised in the period on the basis that it is not likely to be recoverable against future profits.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

21 Financial instruments

| | | 2 October 2021 £ 000 | 3 October 2020 £ 000 (As restated) |
|---|-------------|----------------------------|---|
| Financial assets measured at amortised cost: | Note | | |
| Trade debtors | 18 | 130,188 | 129,766 |
| Provision for impairment of debtors | | <u>(2,706)</u> | <u>(11,416)</u> |
| Net trade debtors | 18 | 127,482 | 118,350 |
| Amounts owed by group undertakings | 18 | 1,033,554 | 922,695 |
| Cash at bank and in hand | | <u>130,506</u> | <u>79,603</u> |
| | | <u>1,291,542</u> | <u>1,120,648</u> |

| | | 2 October 2021 £ 000 | 3 October 2020 £ 000 (As restated) |
|---|-------------|----------------------------|---|
| Financial liabilities measured at amortised cost: | Note | | |
| Trade creditors | 19 | 68,762 | 43,368 |
| Amounts owed to group undertakings | 19 | 839,534 | 516,936 |
| Amounts owed to group undertakings after more than one year | 19 | 1,153,683 | 1,225,788 |
| Accrued expenses | 19 | <u>185,343</u> | <u>138,376</u> |
| | | <u>2,247,322</u> | <u>1,924,468</u> |

22 Called up share capital and reserves

Allotted and fully paid

| | 2 October 2021 | | 3 October 2020 | |
|----------------------------|----------------|--------------|----------------|--------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>1,051</u> | <u>1,051</u> | <u>1,051</u> | <u>1,051</u> |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

22 Called up share capital and reserves (continued)

Reserves

Profit and loss account

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

Share premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Merger reserve

The merger reserve represents a non-distributable amount reserved due to the fair value of shares purchased in a group reconstruction transaction being higher than the book value of net assets acquired.

During 2021, a merger reserve has been created due to the transfer of trade and assets of NGC Europe Limited ("NGCE"). NGCE is one of the subsidiaries of NGC Network. The trade and assets were transferred at book value (£15,585,735) in exchange for cash consideration. The merger reserve value (£87,467,711) represents the difference between the fair value of the trade and assets acquired (£103,053,446) and the price paid for net book value of transferred assets. Refer to note 2 for further information.

The merger reserve is being written back to Retained Earnings (Profit and loss account) over a period of 5.5 years. This period will be reviewed annually to best reflect the length of time when future economic benefits from the NatGeo business assets will continue to accrue.

| | Merger reserve £ 000 |
|--|-------------------------|
| At 29 September 2019 | - |
| Additions | - |
| Movement in reserve | - |
| At 3 October 2020 | - |
| At 3 October 2020 | - |
| Addition | (87,467) |
| Release to Retained Earnings (profit & loss account) | 7,952 |
| At 2 October 2021 | (79,515) |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

23 Commitments and contingencies

Operating leases

The Company has the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

| | 2 October | 3 October |
|----------------------------|------------------|------------------|
| | 2021 | 2020 |
| | £ 000 | £ 000 |
| Within one year | 580 | 2,726 |
| Between two and five years | 440 | 378 |
| | <u>1,020</u> | <u>3,104</u> |

24 Share-based payments

Under the Disney Discretionary Stock Option Scheme, certain employees of the Company may be granted options to acquire shares of stock in the ultimate parent Company, The Walt Disney Company, at exercise prices equal to or exceeding the market price at the date of grant. Options are exercisable ratably over a three-year period from the grant date (exercisable ratably over a four-year period from the grant date prior to fiscal 2021). Restricted stock units (RSUs) generally vest ratably over three years (four years for grants prior to fiscal 2021) and Performance RSUs generally fully vest after three years, subject to achieving market or performance conditions. Certain RSUs awarded to senior executives vest based upon the achievement of performance conditions. The share options are settled using the equity instruments of the Company's ultimate parent Company, The Walt Disney Company. The share-based payment expense for the period is £10.8m (2020: £8.3m).

25 Pensions

Defined contribution scheme

Pension benefits for employees are provided under The Walt Disney Retirement Savings Plan (the 'Plan'). The Plan is a defined contribution arrangement with contributions being made by members and the Company on an age-related basis.

The pension cost charge represents the contribution payable by the Company under the rules of the Plan. Pension costs incurred by the Company for the period amounted to £9,355,000 (2020: £8,667,000).

Amounts prepaid in relation to the pension scheme at period ended 2 October 2021 were £nil (3 October 2020: £nil). Amounts outstanding in relation to the pension scheme at period ended 2 October 2021 were £nil (3 October 2020: £nil).

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

25 Pensions (continued)

Defined benefit scheme

On 25 Feb 2021, the Company agreed to undertake a Pensions Reorganisation with the Trustees of the Twentieth Century Fox Film Pension scheme. The Company agreed to become a participating employer of this scheme and all liabilities of each previous participating employer have been apportioned to The Walt Disney Company Limited.

Current employees do not earn any further benefits in this scheme, as it closed to earning any further benefits in 2015.

The Company recognises the net defined benefit cost of the scheme in full in its financial statements as it is the sponsoring employer of the defined benefit scheme.

The most recent actuarial estimation of scheme assets and the present value of the defined benefit obligation were carried out at 2 October 2021 by Mercer, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The significant actuarial assumptions used for the respective valuations are detailed on page 72.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

| | 2 October 2021 £ 000 | As at transfer 25 February 2021 £ 000 |
|--|----------------------------|--|
| Fair value of scheme assets | 142,602 | 127,705 |
| Present value of defined benefit obligation | <u>(139,573)</u> | <u>(129,866)</u> |
| Defined benefit pension scheme surplus/(deficit) | <u>3,029</u> | <u>(2,161)</u> |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

25 Pensions (continued)

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

| | 2021 £ 000 |
|---|----------------|
| Fair value at the date of transfer (25 February 2021) | 127,705 |
| Interest income | 1,727 |
| Employer contributions | 4,859 |
| Benefits paid | (1,463) |
| Administrative expenses paid from plan assets | (250) |
| Return on plan assets (excluding interest income) | 10,024 |
| Fair value at end of period | <u>142,602</u> |

Analysis of assets

The major categories of scheme assets are as follows:

| | 2 October 2021 £ 000 | As at transfer 25 February 2021 £ 000 |
|---------------------------|----------------------------|--|
| Cash and cash equivalents | 2,300 | 1,649 |
| Equity instruments | 31,254 | 30,295 |
| Debt instruments | 90,993 | 82,866 |
| Property | 5,272 | 4,357 |
| Other | 12,783 | 8,538 |
| | <u>142,602</u> | <u>127,705</u> |

Return on scheme assets

| | 25 February to 2 October 2021 £ 000 |
|-------------------------|--|
| Return on scheme assets | <u>11,751</u> |

The pension scheme has not directly invested in any of the Company's own financial instruments or in properties or other assets used by the Company or the Group.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

25 Pensions (continued)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

| | 2021 £ 000 |
|--|----------------|
| Present value at the date of transfer (25 February 2021) | 129,866 |
| Interest expense | 1,705 |
| Benefits paid | (1,463) |
| Effect of changes in assumptions | 9,909 |
| Effect of experience adjustments | (444) |
| Present value at end of period | <u>139,573</u> |

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

| | 2 October 2021 % | As at transfer 25 February 2021 % |
|-------------------------------------|------------------------|--|
| Discount rate | 2.03 | 2.20 |
| Future salary increases | 4.84 | 4.68 |
| RPI inflation | 3.34 | 3.18 |
| CPI inflation | 2.84 | 2.68 |
| Pension increases in payment | | |
| - RPI inflation capped at 5% p.a. | 3.15 | 3.00 |
| - RPI inflation capped at 2.5% p.a. | 2.05 | 2.05 |
| - CPI inflation capped at 3% p.a. | 2.15 | 2.10 |

Mortality assumptions

| | 2 October 2021 | As at transfer 25 February 2021 |
|---------|-------------------|---------------------------------------|
| Males | 86.00 | 86.00 |
| Females | 92.00 | 92.00 |

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

25 Pensions (continued)

Cost relating to the defined benefit plan

| | 25 February to 2 October 2021 £ 000 |
|--|--|
| Cost (excluding interest) | |
| Total cost | <u>-</u> |
| Net interest cost | |
| Interest expense on obligation | 1,705 |
| Income on plan assets | <u>(1,727)</u> |
| Total net interest cost | (22) |
| Administrative expenses and/or taxes (not reserved within obligation) | <u>250</u> |
| Cost relating to defined benefit plans included in the profit and loss account | <u>228</u> |
| Remeasurements (recognised in other comprehensive income) | |
| Effect of changes in assumptions | 9,909 |
| Effect of experience adjustments | (444) |
| (Return) on plan assets (excluding interest income) | <u>(10,024)</u> |
| Total measurements included in other comprehensive income | <u>(559)</u> |
| Total costs related to defined benefit plans recognised in the profit loss account and other comprehensive income | <u><u>(331)</u></u> |

26 Related party transactions

The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited whose ultimate parent undertaking and controlling party is The Walt Disney Company. Consequently the Company utilises the exemption contained in paragraph 33.1A of FRS 102, 'Related party disclosures', not to disclose any transactions with entities that are included in the consolidated financial statements of The Walt Disney Company. The address at which the consolidated financial statements of the ultimate parent Company are publicly available is included in note 27.

The Company has taken advantage of the exemption from providing certain related party transaction disclosures as mentioned in the accounting policy.

Key management includes the Directors and members of senior management. The Company has taken the exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

26 Related party transactions (continued)

Ultimate parent

The Walt Disney Company Limited is a wholly owned subsidiary of Wedco EMEA Ventures Limited whose ultimate parent is The Walt Disney Company, incorporated in the United States of America.

27 Parent and ultimate parent undertaking

Parent undertaking

The largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member is as follows:

| | |
|--|--|
| Name (Tax ID Number) | The Walt Disney Company (83-0940635) |
| Country of incorporation | United States of America |
| Address from where copies of the group financial statements can be obtained | 500 South Buena Vista St. Burbank, California 91521-9722 USA |

The ultimate parent undertaking at the period-end date was The Walt Disney Company incorporated in the United States of America.

The Company's related undertakings including direct and indirect subsidiaries and associates, and branches are disclosed in note 16.

28 Post balance sheet events

TWDC Bulgaria

On 29 April 2022, it was agreed that Wedco International Holdings Inc. would transfer its entire shareholding in The Walt Disney Company Bulgaria ("TWDC Bulgaria") to the Company for the fair market value of £92,018,644 (USD 114,900,000). Following this on 1 May 2022, TWDC Bulgaria sold all its content rights and programming assets to the Company for £49,273,902 (EUR 58,700,000). On 1 May 2022, the Company and TWDC Bulgaria entered into a new distribution agreement to provide TWDC Bulgaria access to Disney intellectual property and TWDC Bulgaria began operating as a distributor for the Company.

On the 21 September 2022 it was approved TWDC Bulgaria would lend the Company £78,869,882 (EUR 90,000,000).

The Walt Disney Company Limited

Notes to the financial statements

For the period from 4 October 2020 to 2 October 2021 (continued)

28 Post balance sheet events (continued)

TWDC Middle East

On 20 December 2021 TFCF International Channels (US) Inc sold its shares in The Walt Disney Company Middle East FZ-LLC ("Disney ME") for a fair market value of £410,260 (USD 543,000).

On 24 April 2022, NGC Networks Middle East FZ LLC ("NGC ME") and Disney Networks Group Middle East FZ LLC ("DNG ME") sold and transferred their programming content assets (and associated liabilities) to Disney ME. The Company also transferred its assets and employees from its Dubai Branch to Disney ME. The Company made a capital injection into Disney Middle East FZ-LLC ("Disney ME") to enable it to fund an acquisition of the local trade and assets of each of DNG ME, NGC ME and also the Company's branch in Dubai.

On 1 May 2022, the Company and Disney ME entered into a distribution agreement to provide Disney ME access to Disney intellectual property and Disney ME began operating as a distributor for the Company.

On the 8 September 2022 the Company loaned £8,707,009 (USD 10,000,000) to Disney ME to help fund its expenses.

Other restructuring

As part of the restructuring of the wider Group on 26 September 2022 the Company sold its shares in Walt Disney International France S.A.S. for the fair market value of £296,879,192 (EUR 332,000,000).

Dividend paid

On 22 September 2022 a dividend of £425,000,000 was paid to the Company's immediate Parent, Wedco EMEA Ventures Limited.

Termination of the cost share agreement

Effective as of 1 April 2022 the cost sharing arrangement between Wedco International Holdings Inc. ("WIHI") and the Company was terminated by mutual agreement. The Company will continue to own, fully, all legacy cost shared content. In respect to the work in progress titles it was agreed that the Company will continue to cost share in those titles that were more than 50% complete but would sell all rights to titles that were less than 50% complete for fair market value consideration, determined as £554,321,065 (USD 727,962,139).

Disney+ programming assets and content rights

In line with Disney's global policy of ownership of Disney+ content in the US, the Company sold all Disney+ programming assets and content rights as at 30 September 2022 to Buena Vista International, Inc, for fair market value.

Business segment restructure

On 8 February 2023, our group CEO Bob Iger, announced a change to the group's core business segments, being: Disney Entertainment, ESPN, and Disney Parks, Experiences and Products. At the date the financial statements are approved there are no material or known impacts of this decision on the Company.