

Deutsche Welle Anstalt des öffentlichen Rechts, Bonn

Notes to the annual financial statements for the financial year from 01 January 2020 to 31 December 2020

A. General disclosures

Deutsche Welle ("DW") is a broadcasting corporation under German public law being registered as a public benefit institution under public law.

DW is based both in Bonn and Berlin. The Director General's office and its related administration as well as the registered office relevant for the place of jurisdiction are located in Bonn.

The annual financial statements of Deutsche Welle have been prepared in accordance with the Deutsche Welle Act (Deutsche Welle Gesetz - DWG), which entered into force on 1 January 2005. The income statement has been adapted to the classification used in the economic plan in order to enhance the clarity of presentation.

Pursuant to Section 55 DWG, the annual accounts shall comprise the statement of net worth (balance sheet), the profit plan (profit-and-loss account), the cash flow statement (sources-and-application-of-funds statement), an account of the income and the expenditures conforming to the Bund's budget system, and the annual report to explain occurrences of particular importance.

In order to improve the information provided, the annual financial statements have been supplemented by notes to the financial statements, and the business report has been prepared in the form of a management report in accordance with the German Commercial Code (Handelsgesetzbuch - HGB).

The balance sheet, the income statement as well as the notes to the financial statements and management report are always prepared in accordance with the regulations applicable to large corporations under German commercial law. The special characteristics of broadcasting corporations are taken into account in particular by adjustment of the statutory classifications.

B. Essential accounting policy and measurement methods

Assets:

Tangible assets and intangible assets acquired for consideration are recognised at acquisition or production cost, less scheduled depreciation.

The straight-line depreciation method has been applied, based on useful lives specified for broadcast (principles of the consortium of public broadcasters in Germany - ARD). Low-value assets of up to 800.00 EUR each are written off in the year of acquisition and shown as disposals in the fixed asset movement schedule of the subsequent year.

Shares in affiliated companies and investments are recognised at acquisition costs or at their lower fair values.

Other loans are measured at nominal values.

The compensation claim against the German Federal Government was established for the portion of pension provisions, early retirement provisions as well as for other benefit obligations not covered by reinsurance policies. The compensation claim is indirectly recoverable on the basis of the finance guarantee set out in Section 44 DWG.

Television programme assets (contract productions and acquired licenses) are recognised at acquisition costs after deduction of depreciation (year of first broadcast: 90 %; subsequent year: 10 %). Radio programme assets are exclusively recognised in a memo item due to their current character.

Inventories of raw materials, consumables and supplies are recognised at acquisition costs. Write-downs for inventory risks resulting from the duration of storage or reduced usability are accounted for by a 10 % marketability discount.

Receivables and other assets are recognized at nominal values after deduction of necessary write-downs. Reinsurance policies reported as other assets are measured at the fair value of the actuarial reserve.

Cash-in-hand and bank balances are recognised at par values.

Expenses incurred prior to the balance sheet date were recognised as prepaid expenses, to the extent that they relate to a certain period after that date.

Equity and Liabilities:

Equity was reported at par values.

Pension provisions were determined using actuarial methods on the basis of the "2018 G Reference Tables" by Professor Dr. Klaus Heubeck, Cologne, i.e. applying the Projected Unit Credit (PUC) Method. Pursuant to Section 253 (2) sentence 1 HGB, the interest rate is calculated as a ten-year average. The interest rate applied as at the balance sheet date amounts to 2.30 % (p.y. 2.71 %). Salary and pension increases expected in the future are taken into account in the calculation of the obligation. The calculation is based on pension commitments according to the old pension agreement (VsTV, commitments until 3/1993) with annual adjustment of 2.0% for remuneration, and 1.0% for pensions. Pension commitments for the ARD pension regulations (VTV) are based on expected increases in remuneration of 2.1 % (2021) and 2.0 % (2022 and subsequent years) and increases in pensions of 1.32 % (2021) and 1.22 % (2022 and subsequent years). A rate of employee turnover of 0.0 % to 3.8 % specific to company, gender and age is factored into the calculation. Pension commitments, the amount of which is determined exclusively by the fair value of a reinsurance claim, are measured as a benefit-congruent, reinsured pension commitments pursuant to Section 253 (1) sentence 3 HGB at the fair value of the reinsurance claim. As a result, the pension commitments for the employees of Deutsche Welle and the former employees of RIAS were measured at EUR 620.4 million (p.y. EUR 591.9 million).

The difference between the recognised provisions using the seven-year average and the ten-year average rate amounts to EUR 61.7 million (p.y. EUR 59.7 million).

Tax provisions and other provisions take account of all discernible risks and other contingent liabilities and were measured at the amount required on the basis of prudent business judgement to settle payment obligations.

Early retirement provisions, provisions for benefits and for anniversary bonuses payable in the future are calculated using actuarial methods on the basis of the "2018 G Reference Tables" by Heubeck-RichttafelGmbH, Cologne, i.e. applying the Projected Unit Credit (PUC) Method; for benefits the Present Value Method is applied. Here an interest rate of 1.60 % (p.y. 1.97 %) was taken as a basis for other long-service benefits and benefit obligations and of 0.42 % (p.y. 0.59 %) for early retirement provisions. In determining the obligations, salary or benefit increases of 2.0 % (p.y. 2.0) expected in the future were taken into account. The measurement of the benefit and other long-service benefit obligations considers a rate of employee turnover of 1.0 % up to an age of 55 years. The provision for benefits was calculated on the basis of the average benefits to pensioners granted within the last five years.

Liabilities were recognised at the amounts required to settle them.

Income accrued prior to the balance sheet date was recognised as deferred income, to the extent that it relates to a certain period after that date.

Foreign currency translation

Receivables and payables denominated in foreign currency, with residual terms of up to one year, are translated using the average spot rate at the balance sheet date. The currency translation of foreign currency receivables and payables with residual terms of more than one year is based on the exchange rate applicable at the point at which the receivable or liability originated. In the case of changes in exchange rates prior to the balance sheet date, the valuation is, as a matter of principle, based on the exchange rate prevailing at the balance sheet date by observing the lower of cost or market principle on the assets side and the higher of cost or market principle on the liabilities side.

C. Notes to the balance sheet**1. Fixed assets**

The movement of assets is shown in the annex to the notes.

2. List of shareholdings

Deutsche Welle directly holds at least one fifth of the shares in the following companies:

Name of company, domicile	Share of in %	Equity 31/12/2020 in KEUR	Profit/loss 2020 in KEUR
Pro-Funk Gesellschaft für Rundfunkförderung im In- und Ausland mbH, Bonn	100.00	1,507	0 1)
DW-Media Services GmbH, Bonn	100.00	127	0.3
Internationale Beethovenfeste Bonn gGmbH, Bonn	33.33	595	74 2)
Deutsche Welle Pakistan (Private) Limited, Islamabad/Pakistan	100.00	7	0 3)

1) Result after compensation by DW pursuant to Section 3b of the lease contract for an operating unit (Betriebsverpachtungsvertrag).

2) Figures from the 2020 draft financial statements

3) Equity as of 31/12/2020: PKR 1,000,000, book value DW EUR 7,391.36, equity incl. incidental acquisition costs PKR 1,134,750

3. Receivables and other assets

Receivables and other assets have the following remaining terms:

	Total	With a residual term		
		within 1 year	1 to 5 years	after > 5 years
	EUR	EUR	EUR	EUR
- Trade receivables	819,926.75	819,926.75	0.00	0.00
- Receivables from companies in which participations are held	113,000.00	113,000.00	0.00	0.00
- Other assets	138,102,492.63	6,507,517.07	0.00	131,594,975.56
	139,035,419.38	7,440,443.82	0.00	131,594,975.56

Other assets include reinsurance claims in the amount of EUR 131.6 million (p.y. EUR 117.6 million) which were measured at their fair values pursuant to Section 253 (1) sentence 4 HGB.

4. Other provisions

Other provisions mostly include other benefit obligations (EUR 76.7 million, p.y. EUR 75.3 million), settlement obligations towards shared facilities of public broadcasters (EUR 7.9 million, p.y. EUR 7.7 million), holidays not taken by own staff (EUR 4.9 million, p.y. EUR 4.3 million), and early retirement obligations (EUR 1.0 million, p.y. EUR 2.3 million).

5. Liabilities

As in the prior year, all liabilities are due within one year. This includes liabilities from taxes in the amount of EUR 7.3 million (p.y. EUR 5.3 million). Social security liabilities amount to EUR 1.9 million (p.y. EUR 1.3 million).

D. Notes to the statement of profit and loss

1. Revenue

In the financial year 2020, sales amount to EUR 5.7 million (p.y. EUR 5.3 million). Significant items are advertising income in the amount of EUR 2.4 million (p.y. EUR 1.0 million), income from commercial licensing in the amount of EUR 1.3 million (p.y. EUR 1.4 million) and income from subscription fees in the amount of EUR 1.0 million (p.y. EUR 0.9 million).

2. Other operating income

As in the prior year, the difference of the equalisation claim on the German federal government (BKM) was reported in other operating income.

3. Prior-year income and expenses

Income not attributable to the financial year mainly resulted from the reversal of provisions in the amount of EUR 0.7 million (p.y. EUR 0.3 million).

4. Compounding and discounting of provisions

Interest and similar expenses in the amount of approx. EUR 16.8 million (p.y. EUR 18.9 million) relate to expenses on compounding provisions.

E. Other disclosures

1. Commitments and contingencies

As of 31 December 2020, contingencies requiring disclosure did not exist.

Total other financial obligations (accumulated from 2021 to 2025) amount to EUR 70.9 million (p.y. EUR 69.9 million) as of the balance sheet date. The obligations included herein, which are significant for assessing the financial position, relate to the lease of satellites (EUR 57.8 million) and obligations under rental contracts (EUR 13.1 million).

2. Professional fees for services of the auditors

The annual financial statements include expenses for financial statement audit services in the amount of EUR 36k and for other assurance services in the amount of EUR 12k.

3. Company bodies

In calendar year 2020, the executive bodies of Deutsche Welle have the following members:

Members of the Administrative Board:

- Mr. Peter Clever (Chairman), resigned Member of the Confederation of German Employers' Associations (BDA) (with the consent of the German Chamber of Commerce and Industry (DIHK))
- Mr. Ulrich Silberbach (Deputy Chairman), Chairman of the German Civil Service Federation (dbb Beamtenbund und Tarifunion)
- Mr. Volker Kauder, Member of the German Bundestag
- Mr. Herzs Krymalowski, Member of the German Jewish Central Committee in Germany
- Prof. Dr. phil. habil. Claudia Mast, University Stuttgart-Hohenheim, Communications Sciences, German Rectors' Conference
- Mr. Wolfgang Schmidt, State Secretary at the Federal Ministry of Finance
- Dr. Mark Speich, State Secretary for Federal, European and International Affairs of North Rhine-Westphalia, Plenipotentiary of the State at the German Bundesrat

Members of the Broadcasting Board:

- Prelate Dr. Karl Jüsten (Chairman), Commissioner of the German Catholic Bishops Conference, Catholic office in Berlin
- Ms. Dagmar Freitag (Deputy Chairperson) Member of the German Bundestag, Deputy Foreign Policy Spokesperson of the SPD Parliamentary Group
- Mr. Norbert Barthle, Member of the German Bundestag, Parliamentary State Secretary at the Federal Ministry for Economic Cooperation and Development
- Ms. Tanja Gönner, German Society for International Cooperation (GIZ), Board Spokesperson
- Ms. Ulrike Hiller, resigned State Councillor
- Dr. Susanne Keuchel, Director of the Academy of Arts Education of Germany and of the German federal state of North Rhine-Westphalia, President of the German Cultural Council (Deutscher Kulturrat)
- Mr. Frank Kopania, Executive Director Global Ministries, Evangelical Church in Germany (EKD)
- Prof. Dr. Dieter Lenzen, President of the University of Hamburg
- Ms. Elisabeth Motschmann, Member of the German Bundestag (CDU), Cultural and Media Affairs Spokesperson for the CDU/CSU Parliamentary Group, nominated by the German Bundestag (Chairman of the Distribution Board)
- Ms. Michelle Müntefering, Member of the German Bundestag (SPD), Minister of State at the Federal Foreign Office
- Prof. Dr. Klaus Reichert, Honorary President of the German Academy for Language and Poetry (Deutsche Akademie für Sprache und Dichtung)
- Ms. Vera Szackamer, Member of the Board of Directors of the Jewish Central Council in Germany (Chairman of the committee of the DW Akademie)
- Mr. Frank Thewes, German Chambers of Industry and Commerce (DIHK), director of communication
- Dr. Petra Tzschoppe, Vice President of the German Olympic Sports Confederation (DOSB)
- Dr. Wolfgang Uellenberg-van Dawen, resigned Head of the Politics and Planning Division at the trade union ver.di (Chairman of the Program Board)
- Mr. Markus Ulbig, resigned Member of the Saxony Regional Parliament (CDU)
- Dr. Günter Winands, resigned State Secretary, Ministerial Director with the Federal Government Commissioner for Culture and the Media

In 2020, the members of the executive bodies received representation allowances totalling EUR 177k.

Director General

The person appointed Director General of Deutsche Welle was:

- Mr. Peter Limbourg

Remuneration is not disclosed pursuant to section 286 (4) HGB.

The pension obligations recorded for former directors general amount to EUR 4,549k. Pensions paid to this pension group amounted to EUR 498k in the reporting year.

4. Number of staff

On an annual average, the number of staff members (head count, including executives and part-time employees as well as apprentices and trainees) was:

	2020	2019
Directorate General	76	89
Business Administration	173	161
Distribution, Marketing and Technology	509	495
Programming	693	683
DW Akademie	147	137
Average number of staff members	1,598	1,565
Director General and Managing Directors	5	4
Trainees + apprentices	70	69
Total:	1,668	1,634

F. Events after the balance sheet date

After the end of the financial year as of 31 December 2020, there have been no other events of particular significance that would still have an effect on the 2020 annual financial statements and would require reporting here.

Bonn, 07 May 2021

Deutsche Welle Anstalt des öffentlichen Rechts

Peter Limbourg

Director General