

COMPANY REGISTRATION NO.

03426471

DAZN MEDIA SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2020



DAZN MEDIA SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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DAZN MEDIA SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

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DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT

The Directors, in preparing this Strategic Report for DAZN Media Services Limited ("the Company"), have complied with s414C of the Companies Act 2006. The Company is part of the group of companies owned by DAZN Group Limited ("the Group").

Principal activities

The principal activity of the Company is to provide services to other companies within the Group, including staffing, technical, operational and administrative services, which are charged on an arm's length basis. The Company's staff continue to undertake research and development activities around the DAZN platform on behalf of other Group companies. Revenues are also earned through services provided to other Group companies for the benefit of products provided by those Group companies, subscription-based products and technology and production.

The Company also generates technology and production revenues from a range of clients through event transmission; ingesting, encoding and streaming live and on demand content on behalf of sports rights holders and broadcasters.

The Directors do not foresee any material changes in the principal activity of the Company.

Financial review and key performance indicators

The Company had cash balances of £1.5 million (2019: £3.7 million) at the year end and net current liabilities of £296.3 million (2019: £277.1 million).

Revenue for the year to 31 December 2020 was £217.6 million, a decrease of 19% on the prior year (2019: £268.8 million). Operating loss increased by £720.1 million to £740.9 million (2019: operating loss of £20.8 million). This is mainly due to the impairment to investments in subsidiaries of £708.6 million recognised during the current financial year.

Operating costs, which are considered a key indicator for the Company's performance as a service entity, decreased by 17% to £255.5 million (2019: £309.5 million). Net interest expenses increased to £36.7 million (2019: £12.0 million).

The Company received dividend income of £7.6 million in the year (2019: £281.0 million).

Issuance of share capital

During the current financial year, the Company issued 3 ordinary £1 shares to DAZN Sports Media Limited, its immediate parent, in exchange for \$275.0 million (£213.0 million) in cash.

Impairment of investment in subsidiaries

During the current year the Company recognised impairments to investments in subsidiaries totalling £708.6 million (2019: £nil). An impairment of £704.4 million was recognised over the investment in DAZN Media Channels Limited, due to the impact of the coronavirus pandemic on sporting events in 2020 and the consequential impact on the subscriber numbers of the Company's subsidiaries, contributing to lower than forecast revenues. As part of the Footballco sale an impairment was recognised on the investment held in Voetbalzone BV of £2.2 million. Following the Footballco sale transaction and the further sale of the Sporting News business by other indirect subsidiaries within the DAZN Group the investment in DAZN Media Australia Pty Limited was recognised to have no further value in use and was fully impaired by £2.0 million to a carrying value of nil.

Principal risks and uncertainties

The principal risks and uncertainties relevant to DAZN Media Channels Limited during the current and prior year are detailed below.

<i>Risk</i>	<i>Impact and mitigating actions</i>
Dependency on digital technologies and communications networks	The Company is dependent on third-party internet, mobile and other technology and service providers to deliver its products and services. However, the ultimate control of these platforms and technologies is outside of Management's control. The Group constantly monitors changes in technological trends which could affect the sustainability, usability and economic viability of its products and services to minimise the adverse impact that may result.
Liquidity risk	The Company is reliant upon the continued funding and investment passed down from its immediate parent in order to then pass on investments into its immediate subsidiary DAZN Media Channels Limited and to meet its own cash flow requirements. The Company will be dependent on the continued support of its parent to fund its operations. Refer to the going concern section of the Directors' report and note 1.

DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

<i>Risk</i>	<i>Impact and mitigating actions</i>
Exchange risk	<p>A significant portion of the Company's costs are in Euros and Dollars and the Company is increasingly exposed to trading in other currencies. Management prepare cash flow forecasts by currency and attempt, where appropriate to do so, to naturally hedge the Company's cash flow. Management will continue to carefully monitor the Company's cash flow and consider alternative arrangements if there is a material unhedged exposure.</p>
Brexit	<p>The Company generated 99.7% (2019: 99.5%) of revenue from the United Kingdom, which continues to experience political, regulatory, economic and market uncertainty following its exit from the European Union in January 2020, commonly referred to as 'Brexit'. While the United Kingdom and the European Union have entered into a trade and co-operation agreement, which provides a framework for the United Kingdom's future relationship with the European Union, significant political and economic uncertainty remains.</p>
COVID-19 and access to sports content	<p>In early 2020, a new coronavirus (COVID-19) was discovered and on 11 March 2020 the World Health Organisation characterised the COVID-19 outbreak as a pandemic. Global responses to COVID-19 were driven on a country by country basis but were typified by varying levels of restrictions to both national and international movements of people and control over mass gatherings.</p> <p>Within 2020, measures to restrict the spread of the coronavirus have had a significant impact on the global sporting industry, with events initially being performed behind closed doors in late February and early March 2020, with a swift escalation to the suspension of sporting seasons across numerous sports. Despite the pandemic continuing to have a global impact, sport returned in the second half of the year and almost all leagues and events have resumed with increased health and safety restrictions.</p> <p>The Group continues to follow the local government and health authority guidelines in response to coronavirus in all regions in which it operates.</p> <p>Following the return of live sport in the second half of 2020, new measures have been put in place with regards to safeguarding players, support staff and fans, including secure bio-bubbles around sporting events, vaccinating players and crowds, regular COVID-19 testing regimes across different sporting codes and, where necessary, the restriction of fans within stadiums based on national and regional guidelines. This has allowed for the continuation of the majority of sporting events, with the return of supporters to stadiums in most locations, based on local COVID guidance and protocols. Staff were able to return from furlough during the second half of the year.</p> <p>Although live sport has not been significantly affected since the first wave of the pandemic, and the majority of the impacts on the industry have been mitigated with vaccinations and additional precautions around social distancing and testing, the full impact of the pandemic is not yet known and the macroeconomic environment is likely to remain uncertain and unpredictable for a period of time. There is still a risk that a resurgence of infections or new variants could result in further disruption to live sport.</p>

DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement

As a member of the DAZN Group, the Directors of the Company have had regard to a variety of stakeholders other than the Company's shareholders when making strategic business decisions. The Directors are committed to engaging and reflecting on stakeholder needs through regular dialogue and communication. The Directors recognise the unique nature of relationships with different key stakeholders and the dependencies of different elements of the business upon them. Relationships with key stakeholders are managed through relevant engagement activities in order to inform the board in their decision making and delivery of strategy.

The key stakeholder groups and mechanisms of engagement for the Company are set out below.

<i>Stakeholder</i>	<i>Relationship and engagement activities</i>
Employees	<p>As at 31 December 2020 the Company and its subsidiaries have approximately 2,600 employees operating in countries around the world. Maintaining an engaged and motivated workforce driven by the desire to change how people consume sport is a key priority for the Board. Through recruiting and retaining exceptional talent the Company and its subsidiaries aim to build industry leading teams at the forefront of technology, content and production, media, operations and commercial, and business development.</p> <p>Management maintains active communication with employees, through a series of written/video communications and live events, culminating in the 2020 DAZN Vision conference for all employees. DAZN also entered an agreement with a new employee engagement and feedback partner, Peakon, to provide key input into the people planning process operated by the Board which is rolled out in each operational area of the Group.</p> <p>DAZN is committed to being an inclusive, global company, promoting diversity and equity within the workplace, in addition to creating a more inclusive sports media industry. The business appointed its first Head of Diversity, Equity and Inclusion (DEI) and established Employee Resource Groups (ERGs) as part of the new DEI strategy.</p> <p>Health and Safety is a main focus for the board, with the Group operating a Health and Safety policy across all global facilities, including a strong focus on COVID-19 safety measures for those working on site, and wellbeing support for all employees. Continued training and development is also offered to staff through the DAZN Learning Portal and industry-focused Brown Bag teaching sessions run internally.</p>
Community	<p>A dedicated DEI (diversity, equity, and inclusion) function within the People business function is essential in the implementation of employee-related DEI priorities. In 2020 this included demonstrating company-wide commitment to DEI via minority recruitment network partnerships, diverse interview panels, job specification language updates, candidate surveys and AB testing, a first-of-its-kind global employee diversity snapshot survey, and first ever global mentorship program inclusive of global C-suite mentorship of diverse junior level employees.</p> <p>To better amplify voices of employees from a diverse set of backgrounds, ERGs (employee resource groups) are voluntary, employee-led groups company-wide across all regions which aim to foster a diverse, inclusive workplace, consisting of over 150 employees across 10+ markets as of the end of 2020. The groups exist to help employees contribute to how the business evolves with an increased focus around diversity, provide support and inclusion for personal and/or career development, and create forums to tackle social-related issues. For example, the UK held a series of workshops during National Inclusion Week and Black History Month enabling a kick-start to a number of important conversations within the business, while Italy ran a series of creative and engaging talks and workshops for working parents.</p> <p>The Company and its subsidiaries continue to work with PLAN International, having reached over 30,000 children and young people in India and Brazil as part of their partnership since 2013. This includes its Empowerment through Sports programme in Brazil and harnessing the power of sports to increase school attendance in India.</p>

DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement (continued)

Environment	<p>As a business focused on the delivery and broadcast of live sports events, the Directors recognise the significance of the environment on the Company's operations, in addition to the impacts that the Company has upon the environment. Climate change and the associated impacts to global and local weather systems will have a direct impact on how people play and experience live sport, which will in turn effect how it is broadcasted.</p> <p>As a global business, the Directors are aware of the carbon footprint of the Company as a result of work-related travel, in addition to the significant energy outlays required to operate data centres to support OTT streaming and Media platforms, and production.</p> <p>The Company operates a flexible working policy and as a result of the COVID-19 pandemic has followed local guidelines in moving a large proportion of employees to a work from home capacity. These restrictions have led to further reductions in commuting by Company employees during the year.</p> <p>Data centres are an integral part to the Company's operations, facilitating the storage and transfer of broadcast data underpinning the OTT and Media platforms. This is recognised as a key area of energy consumption within the business, and as part of the global data centre network DAZN utilises sites in London where 100% of power is generated from sustainable resources including water, wind and solar.</p>
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The Directors of the Company as part of the DAZN Group take into account the interests of its stakeholders during key decision as part of their duty to promote the success of the Company. The Directors act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefits of its members as a whole, and in doing so have regard to the following factors in relation to Section 172(1);

- (a) The likely consequences of any decision in the long term;
- (b) The interests of the Company's employees;
- (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 as between members.

The board approach to Section 172 and decision making

Culture	<p>In 2020 the Board issued the following Statement of Intent on Diversity, Equity and Inclusion:</p> <p>Sports fans are the lifeblood of DAZN and the very reason we exist. In order to best serve them, our global workforce must reflect the diversity of sports fans all around the world. We recognize that having the strongest workforce possible means hiring and developing the best people across all races, ethnicities, religions, age groups, sexual orientations, gender identities and all abilities. We are committed to fostering an inclusive environment, both inside and outside of our walls, that values equality and diversity - where everyone can contribute at the highest level and their voices can be heard.</p>
Training	<p>As a result of COVID-19 restrictions in the current year, the Enabling and Engaging People to Perform (EEPP) program which delivered face to face classroom-based training ceased. In immediate response to this the Group launched the Learning Zone, an online resource to provide learning, development and support content to all employees. This included a managers' hub, providing guidance, advice and tools, as well as enabling all staff to access content relating to homeworking, diversity equity and inclusion, and mandatory training for digital safety and security awareness. The Learning Zone has now evolved to link to an additional self-development environment called the e-learning hub, containing over 2,000 aggregated learning and development resources to enable self-paced growth.</p> <p>Separately a new online starter training programme was also implemented so as to support new joiners to the Group.</p>

DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

The board approach to Section 172 and decision making (continued)

A selection of key Board decisions made during the year and the impact of the considerations made above have been detailed in the following table.

Board Matter	Disclosure of the Board's considerations
Approval of the sale of the Footballco business	<p>In early 2020 the DAZN Group, including the direct and indirect subsidiaries of the Company, entered into negotiations to sell part of its Media division, comprising three subcomponents; the football news websites Goal.com; Spox; and Voetbalzone, to US-based investment firm TPG. The Group undertook various restructuring activities to form a new group ("Footballco Group") prior to the sale. On 19 October 2020, the sale completed and a majority stake in the Footballco Group was sold to Digital Media GoalCo LLC, TPG's acquiring entity, for cash consideration of \$70 million. DAZN retained a 31.9% interest in the Footballco Group, with the remaining shareholders comprising Digital Media GoalCo LLC and Footballco Group management.</p> <p>In making this decision, the Board remained aware of the commitment to customers as key stakeholders, both through the renewed focus and investment in the DAZN OTT platform through the sale and its proceeds, but also in recognising the benefit in aggregating Goal.com, Spox and Voetbalzone as complementary interests in the football content and media business. The interests of employees were also key to the decision-making process, leading to an in-depth review of staff allocation and involvement throughout the restructuring of the Group's businesses prior to the transaction, in addition to establishing a Transitional Service Agreement (TSA) to ensure a smooth transition following the sale.</p>

Future developments

The Company expects to continue to provide services to other companies within the Group, as well as acting as an investment holding company, raising further funds through issuance of equity or through borrowing from other entities in the wider DAZN Group in order to provide funds to meet cash flow requirements of direct and indirect subsidiaries of the Company as they seek to scale up their trading activities.

Events after reporting period

Since the end of the year, the Company issued nine ordinary shares to its immediate parent DAZN Sports Media Limited in exchange for consideration of £1,962 million. Since the end of the year, the Company has in turn invested £1,962 million into DAZN Media Channels Limited in exchange for the issue of nine ordinary shares. The Company also completed the sale of direct subsidiary Activaweb SAS and indirect subsidiary Mackolik Internet Hizmetleri Ticaret A.S for \$20 million, both of which had been classified as held for sale at year end.

The Strategic report has been approved by the Board of Directors and signed on behalf of the Board by;

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Neil Colligan

Director

20 April 2022

DAZN MEDIA SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

Going concern

DAZN Media Services Limited provides services to other companies within the DAZN Group, including staffing, technical, operational and administrative services, as well as acting as a holding company within the Group. The majority of revenue generated by the entity is in the form of services provided to other Group entities. It also acts to receive funding passed from its immediate parent DAZN Sports Media Limited, which is then in turn invested into its immediate subsidiary DAZN Media Channels Limited, or used to meet its own working capital needs. As such, the Company is reliant upon the continuing funding and operation of the wider DAZN Group.

The Company had cash balances of £1.5 million (2019: £3.7 million) at the year end and net current liabilities of £296.3 million (2019: £277.1 million).

The Group has prepared a detailed financial forecast for the five-year period to the end of 2025. These forecasts indicate that, based on management's assumptions, the Group is likely to require significant additional funding during this period in order to discharge all obligations as they fall due.

Having reviewed cash flow forecasts and budgets and having considered the financial support that the Group's principal shareholder, Access Industries ("Access") has confirmed it intends to provide to the Group (including the Company), the Directors have a reasonable expectation that the Company will have access to sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. As in prior periods, Access is not legally obligated to provide financial support. The Directors have considered a range of factors in order to make their going concern assessment, including expected future demand for services provided by the Company's direct and indirect subsidiaries, the revenue growth trends of the business, the history of continued financial support from Access, including throughout the COVID-19 pandemic and during 2021 and 2022 to date, and recent discussions with the current shareholders, who are also represented on the board of the Company's parent DAZN Group Limited, on the Group's cash flows forecast, and budgets for the period to 2025, including forecast funding requirements. This assessment has included consideration of the risk of further disruption from the COVID-19 pandemic on the Group's business and its resulting impact on future revenues, results from operations and cash flows. For further details refer to note 1.

The Group's principal shareholder, Al Perform Holdings LLP, has confirmed its intention to continue to provide financial support to the Group (including the Company) to enable the Company to ensure that they are able to meet their liabilities as they fall due and therefore to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. In the period between the year end and the signing of the accounts Access has provided \$1.53 billion of funding to the DAZN Group.

On 29 December 2021, the DAZN Group, its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares in DAZN Group Limited. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the DAZN Group's borrowings, amounting to \$3.3 billion.

Having assessed the above, the Directors of the Company have a reasonable expectation that the Company will have access to sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

Directors

The Directors who held office during the year and thereafter, except as noted, were as follows:

Neil Colligan
Paul Chesworth (resigned 18 September 2020)
Simon Denyer (resigned 29 June 2020)
Stuart Epstein (resigned 5 April 2022)
Shaun Conning (appointed 16 February 2021)
Darren Waterman (appointed 5 April 2022)

Directors' indemnities

DAZN Group Limited has made qualifying third-party indemnity provisions for the benefit of Directors of all Group companies, which were made during the year and remain in force at the date of this report.

DAZN MEDIA SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

Dividends

During the year the Company did not declare a dividend (2019: £160.1 million to its immediate parent DAZN Sports Media Limited).

During the current year the Company received dividend income of £7.6 million (2019: 281.0 million).

Political contributions

No political contributions were made during the year (2019: £nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. If members of staff become disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement and consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal communications throughout the year. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. For further information refer to the stakeholder engagement section of the Strategic Report.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company attempts wherever possible to naturally hedge those risks.

Foreign exchange risk

The Company is exposed to currency exchange rates from entering into contracts with a transactional currency that differs from their functional currency. The Company's policy is to review the level of revenues and costs denominated in various key currencies and to naturally hedge wherever possible.

Credit risk

The Company's principal financial assets are bank balances and cash and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables, largely in relation to balances due from other Group entities. The Company recognises a loss allowance based on the financial asset's lifetime expected credit loss and historical loss rates are adjusted to reflect current and forward-looking information.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company has no other significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Company mitigates liquidity risk by ensuring that sufficient funds are available for ongoing operations and future developments. Refer to further detail on going concern above and in note 1.

Business relationships

The Company is committed to fostering strong business relationships with suppliers, customers and others. For further information refer to the stakeholder engagement section of the Strategic Report.

DAZN MEDIA SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

Energy and carbon reporting

The Company complies with the statutory disclosure requirements in relation to UK energy use and carbon emissions, as detailed below, with further reference made in the Section 172 disclosure in the Strategic report.

The emissions and energy utilisation of the DAZN Media Services Limited for the year ended 31 December 2020 are set out below.

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport	1,214 tn	7,560 tn
A figure, in MWh, which is the aggregate of the annual quantity of energy consumed from the purchase of electricity by the Company for its own use, including for the purposes of transport	8,752 MWh	30,668 MWh
Total tonnes of carbon dioxide equivalent produced per each million dollars of revenue recognised during the year	5.6 tn	28.1 tn
Total MWh consumed per each million dollars of revenue recognised during the year	40.2 MWh	114.1 MWh

As per the Greenhouse Gas Protocol (GHG), emissions are divided into 3 scopes. Scope 1 encompasses emissions from activities owned or controlled by an organisation that release emissions into the atmosphere, these are direct emissions. Scope 2 covers emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of an organisation's activities, but which occur at a source that the organisation does not own or control. Scope 3 emissions arise as a consequence of an organisation's actions, which occur at sources which the organisation does not own or control and which are not classified as Scope 2. These are upstream and downstream value chain emissions, as well as business travel by means not owned or controlled by an organisation.

The Company is required to report on Scope 1 and Scope 2 emissions within the UK and offshore area, as well as Scope 3 emissions in relation to business travel by means not controlled by the Company.

The Energy and Carbon emissions calculations have been completed with reference to outputs from UK office locations (Scope 1 and Scope 2), UK and rest of the world data centres (Scope 2) and all global travel by way of road, rail, air and hotel nights (Scope 3). The production activities of the Company within the UK are deemed to be included within outputs for UK office locations. Overseas production outputs as a non-UK Scope 3 output have not been reported. Upstream and downstream value chain emissions deemed to be Scope 3 have also not been reported.

All information used to produce the reporting above has been generated from internal information provided by the facilities team alongside third party information provided for data centres and travel management partners. Direct reference has been made to the UK Government Greenhouse Gas factors for conversion factors when calculating carbon dioxide equivalent emissions and kWh energy consumption.

The annual quantity of carbon dioxide equivalent emissions and MWh have fallen year on year, predominantly as a result in the significant decrease in global travel by air, road and rail, in addition to hotel night stays as a result of COVID-19 restrictions, leading to a fall in Scope 3 emissions.

Corporate governance arrangements

The Directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of their section 172 duties under the Companies Act 2006. The Board understands their primary duties under the Companies Act 2006 and broader regulatory responsibilities (including but not limited to: data protection; anti-money laundering; and anti-bribery and corruption) and governance policies are maintained and reviewed regularly to support these primary duties and broader regulatory requirements.

The Company has not formally applied a corporate governance code but has a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business.

DAZN MEDIA SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic report and form part of this report by cross-reference.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Company has appointed Deloitte LLP as statutory auditor during the period. Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



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Neil Colligan

Director

20 April 2022

DAZN MEDIA SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Generally Accepted Accounting Practice has been followed; 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DAZN MEDIA SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAZN MEDIA SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of DAZN Media Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. 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 in this regard.

DAZN MEDIA SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAZN MEDIA SERVICES LIMITED (CONTINUED)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

DAZN MEDIA SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAZN MEDIA SERVICES LIMITED (CONTINUED)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Hadleigh Shekle, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

20 April 2022

DAZN MEDIA SERVICES LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000 Restated
Revenue	3	217,602	268,827
Other income	4	6,947	9,952
Operating costs	2,5	(255,547)	(309,452)
Expected credit loss provision movement		(740)	586
Gain on disposal of subsidiaries	10	4,085	9,293
Impairment to investment in subsidiary	15	(708,570)	-
Change in fair value of investments classified as fair value through profit and loss	16	(4,713)	-
Operating loss		(740,936)	(20,794)
Finance income	7	3,393	6,252
Finance costs	8	(40,095)	(18,228)
Dividends received	9	7,597	280,969
(Loss)/profit before taxation		(770,041)	248,199
Taxation	11	1,798	2,397
(Loss)/profit for the year		(768,243)	250,596

There were no other gains or losses during the current and prior year other than those set out in the Income statement above and hence no statement of comprehensive income has been presented.

DAZN MEDIA SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000 Restated	2018 £'000 Restated
Non-current assets				
Property, plant and equipment	12	9,203	10,983	10,332
Intangible assets	13	9,693	15,394	11,170
Right of use asset	14	17,888	21,075	-
Investments in subsidiaries	15	1,626,683	2,132,064	1,872,225
Investment in Footballco preference shares	16	23,824	-	-
Trade and other receivables	17	320,693	368,699	205,486
Deferred tax asset	11	9,450	7,659	4,842
		2,017,434	2,555,874	2,104,055
Current assets				
Trade and other receivables	17	15,288	28,890	16,435
Cash and cash equivalents		1,510	3,676	2,587
		16,798	32,566	19,022
Assets held for sale	15	10,062	-	-
		26,860	32,566	19,022
Total assets		2,044,294	2,588,440	2,123,077
Current liabilities				
Trade and other payables	18	(320,395)	(307,168)	(552,591)
Lease liability	14	(2,763)	(2,502)	-
		(323,158)	(309,670)	(552,591)
Net current liabilities		(296,298)	(277,104)	(533,569)
Non-current liabilities				
Lease liability	14	(16,629)	(18,820)	-
Provisions	19	(1,377)	(1,643)	-
		(18,006)	(20,463)	-
Total liabilities		(341,164)	(330,133)	(552,591)
Net assets		1,703,130	2,258,307	1,570,486

DAZN MEDIA SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000 Restated	2018 £'000 Restated
Equity				
Called-up share capital	20	2,238	2,238	2,238
Share premium	20	1,884,977	1,672,010	1,078,442
Accumulated deficit / retained earnings	2	(184,085)	584,059	489,806
Total equity		1,703,130	2,258,307	1,570,486

The financial statements of DAZN Media Services Limited registered number 3426471 were approved and authorised for issue by the Board of Directors on 20 April 2022.

Signed on behalf of the Board of Directors

ns colligan

ns colligan (Apr 20, 2022 17:41 GMT+1)

Neil Colligan

Director

DAZN MEDIA SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Accumulated deficit / Retained earnings</i>	<i>Total equity</i>
	<i>£'000 (note 20)</i>	<i>£'000 (note 20)</i>	<i>£'000</i>	<i>£'000</i>
As at 1 January 2019	2,238	1,078,442	497,753	1,578,433
Restatement of opening reserves	-	-	(7,947)	(7,947)
As at 1 January 2019 (restated)	2,238	1,078,442	489,806	1,570,486
Restatement for initial impact of IFRS 16	-	-	3,656	3,656
As at 1 January 2019 (restated)	2,238	1,078,442	493,462	1,574,142
Profit for the year and total comprehensive income for the year (note 2) (restated)	-	-	250,596	250,596
Issue of share capital (note 20)	-	593,568	-	593,568
Dividend distribution (note 21)	-	-	(160,100)	(160,100)
Capital contribution for share based payment charge (note 22)	-	-	101	101
At 31 December 2019	2,238	1,672,010	584,059	2,258,307
Loss for the year and total comprehensive loss for the year	-	-	(768,243)	(768,243)
Issue of share capital (note 20)	-	212,967	-	212,967
Capital contribution for share based payment charge (note 22)	-	-	99	99
At 31 December 2020	2,238	1,884,977	(184,085)	1,703,130

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. *Accounting policies*

DAZN Media Services Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales.

The address of the registered office is Hanover House, Plane Tree Crescent, Feltham, Middlesex, England TW13 7HE. The nature of the Company's operations and its principal activities are set out in the strategic report.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The Company's accounts present information about it as an individual undertaking and not as a group. The Company has taken advantage of the exemption offered by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is a wholly owned subsidiary of DAZN Group Limited which prepares consolidated financial statements that are publicly available.

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

The financial statements have been prepared on the historical cost basis, at the end of each reporting period, with the exception of certain items which are held at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, revenue, standards not yet effective and related party transactions on the grounds that the Company is a wholly owned subsidiary undertaking of DAZN Group Limited whose accounts are publicly available.

Adoption of new and revised standards

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standard Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020 as follows:

<i>Standard</i>	<i>Description</i>	<i>Effective Date</i>
Amendments to IFRS 3	Definition of a business	1 January 2020
Amendments to references to the Conceptual Framework in IFRS standards	Conceptual framework	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark rate reform	1 January 2020

The adoption of the above Standards has not had any material impact on the disclosures or on the amounts reported in these financial statements.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. *Accounting policies (continued)*

Going concern

DAZN Media Services Limited provides services to other companies within the DAZN Group, including staffing, technical, operational and administrative services, as well as acting as a holding company within the Group. The majority of revenue generated by the entity is in the form of services provided to other Group entities. It also acts to receive funding passed from its immediate parent DAZN Sports Media Limited which are then in turn invested into its immediate subsidiary DAZN Media Channels Limited, or used to meet its own working capital needs. As such, the Company is reliant upon the continuing funding and operation of the wider DAZN Group.

The Company had cash balances of £1.5 million (2019: £3.7 million) at the year end and net current liabilities of £296.3 million (2019: £277.1 million).

The Group has prepared a detailed financial forecast for the five-year period to the end of 2025. These forecasts indicate that, based on management's assumptions, the Group is likely to require significant additional funding during this period in order to discharge all obligations as they fall due.

Having reviewed cash flow forecasts and budgets and having considered the financial support that the Group's principal shareholder, Access Industries ("Access") has confirmed it intends to provide to the Group (including the Company), the Directors have a reasonable expectation that the Company will have access to sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. As in prior periods, Access is not legally obligated to provide financial support. The Directors have considered a range of factors in order to make their going concern assessment, including expected future demand for services provided by the Company's direct and indirect subsidiaries, the revenue growth trends of the business, the history of continued financial support from Access, including throughout the COVID-19 pandemic and during 2021 and 2022 to date, and recent discussions with the current shareholders, who are also represented on the board of the Company's parent DAZN Group Limited, on the Group's cash flows forecast, and budgets for the period to 2025, including forecast funding requirements. This assessment has included consideration of the risk of further disruption from the COVID-19 pandemic on the Group's business and its resulting impact on future revenues, results from operations and cash flows. For further details refer to note 1.

The Group's principal shareholder, AI Perform Holdings LLP, has confirmed its intention to continue to provide financial support to the Group (including the Company) to enable the Company to ensure that they are able to meet their liabilities as they fall due and therefore to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. In the period between the year end and the signing of the accounts Access has provided \$1.53 billion of funding to the DAZN Group.

On 29 December 2021, the DAZN Group, its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares in DAZN Group Limited. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the DAZN Group's borrowings, amounting to \$3.3 billion.

Having assessed the above, the Directors of the Company have a reasonable expectation that the Company will have access to sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

Critical accounting judgements in applying the Company's accounting policies

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

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

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. *Accounting policies (continued)*

Critical accounting judgements in applying the Company's accounting policies (continued)

The items below are critical judgements that the Directors believe have a significant effect on the amounts recognised in these financial statements:

Internally generated software and research

Management monitors progress of internal software development projects by using a project management system. Significant judgement is required in distinguishing whether such development should be recognised as an expense or capitalised. Development costs are recognised as an asset when all the relevant criteria are met. Where this is not the case costs are not capitalised and are written off as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems or developments after the time of recognition. Refer to note 13 for further details.

There are no other critical accounting judgements to disclose.

Key sources of estimation uncertainty

The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of investments in subsidiaries

As at 31 December 2020 the Company held investments in subsidiaries of £1.6 billion (2019: £2.1 billion) in addition to non-current receivables from Group undertakings of £320.7 million (2019: £368.7 million). As at the reporting date an impairment review of investments in subsidiaries was performed using discounted cash flow forecasts to assess the recoverable amount. The determination of the recoverable amount involves significant judgement in estimating the future cash flows, the terminal growth rate and the discount rate to apply. These inputs require significant judgement from management. The recoverability of non-current receivables due from Group undertakings is analysed following the analysis of discounted future cashflows, with additional management judgement required over cashflow inputs, discount rates and long-term growth rates.

Revenue recognition

Revenue represents amounts derived from the provision of services, after the deduction of value added tax.

Service fees generated from the ongoing provision of website servicing, maintenance and hosting to customers are recognised in line with the service delivery to the customer, which is usually evenly across a contractual period.

Fees arising from the building of products for customers or for structural enhancements to existing customer products are recognised in line with contractual milestones (which reflect the stage of completion) during the contractual build period.

Sales directly to customers of online subscription products, mobile downloads, online pay per view transactions and SMS alerts are recognised on a gross basis, net of value added tax, evenly over the period in which service is provided by the Company. Where a distributor is used, the accounting treatment for commission to the distributor depends upon whether the distributor is acting as a principal or an agent. Where the Company is acting as an agent, revenue is recognised on a net basis. Where the Company is acting as a principal, revenue is recognised on a gross basis.

Services provided to other Group entities on an arm's length basis are recognised in line with the intercompany contracts.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is recognised as an operating cost and provided on all property, plant and equipment (other than freehold land) at rates calculated to write each asset down to its residual value, using the straight-line method, over its expected useful life as follows:

Freehold land – indefinite life

Internet hosting platform – three years

Office furniture and equipment – three years

Leasehold improvements – three years

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. *Accounting policies (continued)*

Internally-generated intangible assets – research and development expenditure and computer software development

Development costs (including directly attributable overheads) are capitalised only when it is probable that future economic benefit will result from the project and the following criteria are met:

- the technical feasibility of the product has been ascertained;
- adequate technical, financial and other resources are available to complete and sell or use the intangible asset;
- the Company can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated;
- it is the intention of management to complete the intangible asset and use it or sell it; and
- the development costs can be measured reliably.

Where these criteria are not met, development costs are charged to the Income Statement as incurred.

Amortisation is recognised as an operating cost and provided on computer software development at a rate calculated to write each asset down to its estimated residual value (assumed to be nil), using the straight-line method, over three years.

Intangible assets – other

Other intangibles consist of purchased computer software. Amortisation is recognised as an operating cost and provided at a rate calculated to write each asset down to its estimated residual value (assumed to be nil), using the straight-line method, over three years.

Impairment of tangible and intangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets and intangible assets not yet available for use to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit/product to which the asset belongs.

Recoverable amount is the higher of the fair value, less costs to sell, and the value in use. In assessing value in use, the estimated future cash flows, which are based on budgeted figures, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Investments

Investments are shown at cost less provision, if any, for impairment.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liability and equity

Financial liability and equity instruments are classified according to the substance of the contractual arrangements entered into. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Trade receivables and other receivable financial assets

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. Where trade receivables and financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows they are carried at amortised cost under the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Trade receivables and other receivable financial assets (continued)

The Company has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but recognises a loss allowance based on the financial asset's lifetime expected credit loss. The historical loss rates are adjusted to reflect current and forward-looking information. Balances are written off when the possibility of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are also included as a component of cash and cash equivalents where offset conditions are met.

Trade and other payables

Trade payables are not interest bearing and are stated at their fair value on initial recognition (plus transaction costs if any) and carried at amortised cost. The fair value of trade and other payables has not been disclosed as, due to their short duration, Management considers the carrying values recognised in the balance sheet to be a reasonable approximation of their fair value.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period and tax withheld from income. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor accounting profit.

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they:

- (i) relate to income taxes levied by the same taxation authority and
- (ii) the Company intends to settle its current tax assets and liabilities on a net basis.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered that there may be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. *Accounting policies (continued)*

Foreign exchange

The functional currency of the Company is GBP. Transactions in currencies other than the Company's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the current financial period.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. *Accounting policies (continued)*

The Company as lessee (continued)

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Pension costs

The Company makes contributions on behalf of employees to an independent, defined contribution pension scheme. The Company has no further legal obligation to pay contributions after the payment of its fixed contribution that is matched by an employee. These contributions are recognised as an expense in the period the relevant employee services are received.

Long term incentive schemes

The share-based long term incentive scheme exists at a DAZN Group level, with any share-based payment charge associated with the Company's employees being recorded as a capital contribution in the Company. The valuation of a contingent cash-settled share-based payment scheme is based on the expected probability of the form of settlement at the election of scheme participants.

Where the expected probability of settlement is via equity, the fair value at the grant date of the scheme is expensed on a straight-line basis over the vesting period, based on the estimate of equity instruments that will eventually vest. At each balance sheet date, the estimate of the number of equity instruments expected to vest is revised as a result of the non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate.

Where the expected probability of settlement is via cash, the fair value is determined with reference to cash settlements made to good or neutral scheme leavers, based on the estimate of the value of the instrument. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the non-market based vesting conditions.

At each balance sheet date, the Company revises its estimate of the probability of cash or equity settlement for the scheme.

For long-term cash-based payments, a liability is recognised in the Company for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured with any changes in fair value recognised in profit or loss for the year.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. *Accounting policies (continued)*

Short-term and other long-term employee benefits (continued)

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Dilapidation provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Legal and commercial disputes

Provisions for settlements associated with legal or commercial disputes are recognised when there is a probable future outflow. Provisions are measured with reference to the directors' best estimate of the future outcome of the legal dispute, or where a commercial settlement is likely, the best estimate of the amounts payable in order to reach a mutually agreeable outcome.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the income statement on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants for the Coronavirus Job Retention Scheme or its overseas equivalents are recognised as deferred income upon receipt of grant and are transferred to profit or loss on a systematic basis over the agreed furlough duration for employees alongside the payroll expense.

2. *Restatement of prior year figures*

Following a review of the financial statements, the Directors have decided to change the presentation of the Company's profit and loss account to Format 2 of the Companies Act as it more appropriately reflects the nature of the business and eliminates potentially subjective judgements around allocation of costs. The change results in financial statements that provide more reliable and relevant information about the effects of transactions. Therefore, the prior year financial statements have been restated for a change in the profit and loss classification. The following costs have now been reclassified:

- costs of £107.1 million classified as operating costs which were previously classified as costs of sales;
- costs of £194.7 million classified as operating costs which were previously classified as administrative expenses; and
- a credit of £0.6 million classified as expected credit loss provision movement, previously presented as administrative expenses.

Further analysis of the Company's operating costs, including comparative information, is presented in note 5. These restatements had no impact on net assets or the Company's reported profit.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Restatement of prior year figures

During the current year the cumulative impact of restatements to prior period comparatives are as follows:

	Previously reported	Other income reclassification	G-shares charge	Foreign exchange translation of intercompany balances	Intercompany receivables reclassified as non- current	After restatement
	2019					2019
	£'000	£'000	£'000	£'000	£'000	£'000
Income Statement						
Other income	-	9,952				9,952
Operating costs	(302,341)	(9,952)	1,139	1,702	-	(309,452)
Finance income	3,121	-	-	3,131	-	6,252
Profit for the year after tax	244,624	-	1,139	4,833	-	250,596
Statement of Financial Position						
Trade and other receivables – non-current	-	-	-	-	368,699	368,699
Trade and other receivables – current	403,184	-	-	(5,595)	(368,699)	28,890
Trade and other payables	(309,649)	-	-	2,481	-	(307,168)
Net assets	2,261,421	-	-	(3,114)	-	2,258,307
Retained earnings	587,173	-	-	(3,114)	-	584,059
Total equity	2,261,421	-	-	(3,114)	-	2,258,307

During the current year the cumulative impact of restatements to 2018 comparatives are as follows:

	Previously reported	Foreign exchange translation of intercompany balances	Intercompany receivables reclassified as non- current	After restatement
	2018			2018
	£'000	£'000	£'000	£'000
Statement of Financial Position				
Trade and other receivables – non-current	-	-	205,486	205,486
Trade and other receivables – current	234,289	(12,368)	(205,486)	16,435
Trade and other payables	(557,012)	4,421	-	(552,591)
Net assets	1,578,433	(7,947)	-	1,570,486
Retained earnings	497,753	(7,947)	-	489,806
Total equity	1,578,433	(7,947)	-	1,570,486

Other income reclassification

The prior period comparative balances have been restated in order to reclassify income earned under transitional services agreements (TSAs) of £10.0 million previously recorded as a reduction to operating costs to other income. This has no net impact on the profit after tax or the net assets reported in the prior period comparative balances.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. *Restatement of prior year figures (continued)*

G-shares share-based payment charge recognition

Following review of the contractual documentation pertaining to the growth shares ("G-shares"), management reassessed their historic judgement that the DAZN Group Limited's share-based payment arrangement for G-shares issued to employees was equity-settled and have determined based on its terms that it is more accurately accounted for as a contingent cash-settled scheme. Following the review of the vesting assumptions in 2019, the charge allocated for the employees of DAZN Media Services Limited who were members of the scheme fell by £1.1 million, reducing the operating costs and increasing profit before tax. The capital contribution recognised from DAZN Group Limited was also reduced by £1.1 million to a figure of £0.1 million as a movement within retained earnings. There was no impact to the net assets of the Company.

Correction of intercompany balances

Management identified errors relating to prior periods on intercompany balances due to foreign exchange gains and losses on transactions in a currency other than the functional currency of the entity not being recognised in the Income statement in addition to other intercompany corrections also made through the income statement. Therefore, the opening retained earnings as at 1 January 2020 were restated to reflect a £3.1 million reduction due to historic foreign exchange movements and intercompany corrections which should have been recognised through the income statement prior to 1 January 2020. The comparative 2019 income statement was restated to recognise an increase in operating costs of £1.7 million, relating to corrections to intercompany balances and an increase of £3.1 million for foreign exchange gains not recorded in the prior period. The statement of financial position was adjusted so as to recognise a reduction in the value of trade and other receivables by £5.6 million and a decrease in trade and other payables by £2.5 million, due to the restatements of balances due from and due to other Group undertakings. The net impact of these restatements on the prior period comparatives was an increase in the profit after tax by £4.8 million and a decrease in closing net assets by £3.1 million.

The comparative 2018 statement of financial position was restated so as to reflect a decrease in trade and other receivables by £12.4 million and a decrease in trade and other payables by £4.4 million, resulting in a net decrease of the 2018 closing net assets by £7.9 million.

Reclassification of intercompany receivables from current to non-current assets

Upon review of the timing of expected settlement on balances due from Group undertakings, management formed the judgement that amounts owed by Group undertakings were non-current assets as opposed to current assets receivable. As a result all balances due from Group undertakings were reclassified and recognised as being non-current.

3. *Revenue*

Revenue represents amounts derived from the Company's business activities, stated net of value added tax.

An analysis of the Company's revenue by geographical location is set out below:

	2020 £'000	2019 £'000
United Kingdom	216,981	267,601
Europe	337	1,221
Rest of the World	284	5
	217,602	268,827

Of the total revenue above, £213.1 million (2019: £260.2 million) was derived from services rendered to other Group companies.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Other income

Other income consists of government grant income and income derived from Transitional Services Agreements ('TSAs') for the provision of services between the DAZN Media Services Limited and certain related parties.

	2020 £'000	2019 £'000
Government grant income	2,096	-
TSA income	4,851	9,952
Total	6,947	9,952

During the current year, the Group has received £2.1 million of furlough related government grant income (2019: £ nil) for support of the business operation and retention of staff who were unable to work as a result of restrictions arising from measures implemented to restrict the spread of COVID 19.

During the current year £4.5 million of TSA income was derived from services provided to the STATS Perform Group (2019: £10.0 million) and £0.4 million from services provided to the Footballco Group (2019: £ nil).

5. Operating costs

	2020 £'000	2019 £'000 Restated
Recharge of expenses from Group undertakings	43,497	41,647
Production costs	10,787	12,119
Rights costs	45	2
Content distribution and delivery	60,380	58,233
Sales and marketing	945	815
Staff and contractors	82,055	85,646
Other costs	40,188	73,111
Loss on foreign exchange	1,299	20,468
Amortisation	7,279	6,446
Depreciation	5,822	6,779
Depreciation of right of use assets	3,250	4,186
Total operating costs	255,547	309,452

Recharge of expenses from Group undertakings relates to operating costs incurred by other entities within the DAZN Group and recharged to DAZN Media Services Limited.

Other costs include £22.9 million of restructuring costs (2019: £28.1 million) and £22,000 payable to Deloitte LLP for the audit of the Company's annual accounts (2019: £22,000). No fees were payable for other services.

During the current year the Company incurred research and development costs of £20.9 million (2019: £21.8 million).

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. *Employee costs and Directors' remuneration*

The average number of employees during the year was 1,062 (2019: 1,144), all of whom were employed as per below.

	2020 No.	2019 No.
Production	409	402
Technology	305	385
Business development and sales	17	20
Administration and management	195	195
Accounts management and marketing	136	142
	1,062	1,144

The aggregate payroll costs are as follows:

	2020 £'000	2019 £'000
Aggregate wages and salaries	69,887	67,125
Social security costs	7,289	7,338
Pension	3,276	3,284
Cash settled, long-term incentive schemes	1,229	2,098
Contingent cash settled share-based payment scheme	99	1,240
	81,780	81,085

None of the Directors received any emoluments during the year (2019: Nil) for their services to the Company. The Directors of the Company are paid by DAZN Group Limited and DAZN Media Inc.

7. *Finance income*

	2020 £'000	2019 £'000
Bank interest receivable	1	3
Intercompany interest receivable	3,392	3,118
Foreign exchange gain on balances due to and from other Group undertakings	-	3,131
Total	3,393	6,252

The Company received interest on balances due from other Group undertakings at fixed and floating rates. Balances due from Group undertakings incur interest at a range from 9.5% to 2% plus LIBOR. Foreign exchange gain on financing items arises on balances due and from Group undertakings not denominated in pounds sterling.

8. *Finance costs*

	2020 £'000	2019 £'000
Intercompany interest payable	19,087	16,146
Interest expense on lease liabilities	1,633	1,869
Unwinding of discount on dilapidation provision	10	11
Bank interest payable and charges	29	202
Foreign exchange loss on balances due to and from other Group undertakings	19,336	-
Total	40,095	18,228

The Company paid interest on balances due to other Group undertakings at fixed and floating rates. Balances payable to Group undertakings incur interest at a range from 9.5% to 2% plus LIBOR. Foreign exchange losses on financing items arises on balances due and from Group undertakings not denominated in pounds sterling.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Dividends received

	2020 £'000	2019 £'000
Dividends received	7,597	280,969
Total	7,597	280,969

During the current year the Company received a distribution from Voetbalzone B.V, a subsidiary that was later disposed of as part of the Footballco sale. The distribution was in the form of 100% of the share capital of DAZN Media Netherlands BV with a fair value £6.2 million, which was recorded as dividend income (£34,000 per share). A further distribution of £1.4 million was received from DAZN Media Asia Pte Ltd (£14 per share).

During the prior year dividend income was received from Perform Content Limited and Perform Content Services, in addition to DAZN Media Channels. Perform Content Limited issued a dividend of 18.03p per share during the prior year and Perform Content Services Limited issued a dividend of 86.35p per share in the same period. As part of the disposal of the Perform Content Businesses by the DAZN Group, DAZN Media Channels Limited issued a dividend in specie in the form of a £135.0 million of intermediate loan notes to the Company. On 30 December 2019, the Company received a dividend in specie from its immediate subsidiary DAZN Media Channels. This took the form of 160 of the 1000 £1 ordinary shares of DAZN Limited.

10. Gain on disposal of subsidiaries

Footballco

	2020 £'000
Consideration	16,128
Carrying amount of subsidiaries disposed	(12,043)
Gain on disposal of subsidiaries	4,085

During the current financial year the DAZN Group completed the disposal of the Footballco Group, including a number of the direct and indirect subsidiaries of the Company. As part of the restructuring of the DAZN Group, the Company disposed of subsidiary entities with an investment value of £12.0 million including Mediasports Digital GmbH, DAZN Media Services (Nigeria) Limited, DAZN Group South Africa Pty Limited, Voetbalzone BV and DAZN Media Asia Pte Ltd in exchange for loan notes of £16.1 million, which were subsequently exchanged for cash and the issue of share capital in newly formed subsidiary Footballco Media Limited.

Perform Content

On 12 July 2019 the Company exchanged the share capital of Perform Content Limited and Perform Content Services Limited for cash of £565.9 million in addition to an intermediate loan note of £25.1 million from Peak Jersey Intermediate Holdco 2 Limited, recognizing a gain on disposal of £9.3 million.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Tax on (loss)/profit

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on (loss)/profit of the year	-	33
Corporation tax – prior year adjustment	(34)	386
Withholding tax	27	-
Deferred tax		
Origination and reversal of timing differences	(1,239)	(1,343)
Effect of changes in tax rates	(891)	145
Adjustment in respect of prior years	339	(1,618)
Tax credit for the year	(1,798)	(2,397)

UK corporation tax is calculated at 19% (2019: 19%) of the estimated assessable (loss)/profit for the year.

The tax credit for the year can be reconciled to the (loss)/profit before tax in the Income Statement as follows:

	2020 £'000	2019 £'000
(Loss)/profit before tax (restated)	(770,041)	248,199
(Loss)/profit multiplied by standard rate of tax – 19% (2019: 19%)	(146,308)	47,158
Effects of:		
Non-taxable income	(2,563)	(55,485)
Group relief for nil consideration	(16,803)	(4,280)
Tax effects of expenses not deductible for tax purposes	135,881	11,513
Effect of change in UK tax rate	(891)	145
Other unrecognised deferred tax	-	(216)
Non-deductible hybrid mismatches	28,553	-
Withholding tax	27	-
Prior year adjustment	306	(1,232)
Tax credit for the year	(1,798)	(2,397)

On 17 March 2020 the UK corporation tax rate of 19% (effective from 1 April 2020) was substantively enacted. Subsequent to year end (June 2021) a further change was substantively enacted such that the UK corporation tax rate will increase to 25% from 1 April 2023. No adjustment has been made in respect of this post balance sheet event. No adjustment has been made in respect of this post balance sheet event.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Tax on (loss)/profit (continued)

An analysis and reconciliation of the Company's deferred tax asset is presented below:

	2020 £'000	2019 £'000
At 1 January	7,659	4,842
Effect of change in UK tax rate	891	(145)
Capital allowances	1,102	1,289
Long-term incentive scheme – cash settled	(92)	54
Adjustments in respect of prior periods	(339)	1,618
Other short term timing differences	229	1
At 31 December	9,450	7,659

	2020 £'000	2019 £'000
The deferred tax asset is comprised as follows:		
Share based payments	322	531
Capital allowances	8,899	7,128
Other short term timing differences and provisions	229	-
Total deferred tax asset	9,450	7,659

The Company does not have any unrecognised deferred tax liabilities or asset (2019: £nil).

DAZN MEDIA SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Property, plant and equipment

	<i>Land £'000</i>	<i>Internet hosting platform £'000</i>	<i>Office furniture and equipment £'000</i>	<i>Leasehold improvements £'000</i>	<i>Total £'000</i>
Cost					
<i>At 1 January 2019</i>	290	30,842	220	1,118	32,470
Additions	-	3,391	133	3,906	7,430
<i>At 1 January 2020</i>	290	34,233	353	5,024	39,900
Additions	-	2,831	23	1,190	4,044
Disposals	-	-	-	(8)	(8)
<i>At 31 December 2020</i>	290	37,064	376	6,206	43,936
Accumulated depreciation					
<i>At 1 January 2019</i>	-	21,286	130	722	22,138
Charge for the year	-	5,685	79	1,015	6,779
<i>At 1 January 2020</i>	-	26,971	209	1,737	28,917
Charge for the year	-	4,226	70	1,526	5,822
Disposals	-	-	-	(6)	(6)
<i>At 31 December 2020</i>	-	31,197	279	3,257	34,733
Net book value					
<i>At 31 December 2020</i>	290	5,867	97	2,949	9,203
<i>At 31 December 2019</i>	290	7,262	144	3,287	10,983

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. *Intangible fixed assets*

	Computer software development £'000	Other intangible assets £'000	Total £'000
Cost			
<i>At 1 January 2019</i>	14,692	3,296	17,988
Additions	10,157	513	10,670
Disposals	-	-	-
<i>At 1 January 2020</i>	24,849	3,809	28,658
Additions	2,652	-	2,652
Disposals	(2,501)	-	(2,501)
<i>At 31 December 2020</i>	25,000	3,809	28,809
Accumulated amortisation			
<i>At 1 January 2019</i>	5,055	1,763	6,818
Charge for the year	6,288	158	6,446
Disposals	-	-	-
<i>At 1 January 2020</i>	11,343	1,921	13,264
Charge for the year	7,048	231	7,279
Disposals	(1,427)	-	(1,427)
<i>At 31 December 2020</i>	16,964	2,152	19,116
Net book value			
<i>At 31 December 2020</i>	8,036	1,657	9,693
At 31 December 2019	13,506	1,888	15,394

Computer software development assets comprise both internal and external development costs. Included within additions to computer software development in 2020 is £nil million (2019: £0.5 million) of capitalised internal staff costs.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Leases

a) Right of use assets

	<i>Right of use assets - Buildings £'000</i>
<i>Cost</i>	
<i>At 1 January 2019 and 1 January 2020</i>	<i>25,261</i>
<i>Additions</i>	<i>63</i>
<i>31 December 2020</i>	<i>25,324</i>
<i>Accumulated depreciation</i>	
<i>At 1 January 2019</i>	<i>-</i>
<i>Charge for the year</i>	<i>(4,186)</i>
<i>At 1 January 2020</i>	<i>(4,186)</i>
<i>Charge for the year</i>	<i>(3,250)</i>
<i>At 31 December 2020</i>	<i>(7,436)</i>
<i>Net book value</i>	
<i>At 31 December 2020</i>	<i>17,888</i>
<i>At 31 December 2019</i>	<i>21,075</i>

The Company holds right of use assets in respect of office buildings and data storage space leases. The average lease term is 3.1 years.

b) Amounts recognised in profit and loss

	<i>2020 £'000</i>	<i>2019 £'000</i>
Depreciation of right-of-use asset	<i>3,250</i>	<i>4,186</i>
Finance costs on lease liabilities (note 8)	<i>1,633</i>	<i>1,869</i>
Unwind of discount on dilapidations provision (note 8)	<i>10</i>	<i>11</i>
Foreign exchange loss on lease liability	<i>-</i>	<i>3</i>

The total cash outflow for leases in 2020 amounted to £3.6 million (2019: £4.2 million), of which £2.0 million (2019: £2.4 million) was used to settle the principal portion of the lease and £1.6 million (2019: £1.8 million) to settle interest. There are no variable lease payments.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Leases (continued)

c) Lease liability

The maturity analysis of the lease liability is set out below:

	<i>Minimum lease payments</i>	<i>Present value of lease liability</i>	<i>Minimum lease payments</i>	<i>Present value of lease liability</i>
	<i>2020 £'000</i>	<i>2020 £'000</i>	<i>2019 £'000</i>	<i>2019 £'000</i>
Year 1	4,230	2,763	4,237	2,502
Year 2	3,623	2,333	4,011	2,491
Year 3	3,589	2,480	3,623	2,275
Year 4	3,285	2,364	3,589	2,421
Year 5	3,184	2,447	3,285	2,305
Year 6 and onwards	8,899	7,005	12,288	9,328
Less: Unearned interest	(7,418)	-	(9,711)	-
Present value of lease obligations	19,392	19,392	21,322	21,322

Analysed as:

	<i>2020 £'000</i>	<i>2019 £'000</i>
Current	2,763	2,502
Non-current	16,629	18,820
As at 31 December	19,392	21,322

The Company does not face a significant liquidity risk with regard to its lease liabilities.

Movement in lease liability during the year

	<i>2020 £'000</i>	<i>2019 £'000</i>
As at 1 January	21,322	23,633
Payments made	(3,626)	(4,179)
Additions	63	-
Finance costs on lease liabilities	1,633	1,869
Foreign exchange revaluation of lease liabilities	-	(1)
As at 31 December	19,392	21,322

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Investments in subsidiaries

	2020 £'000	2019 £'000
Cost and carrying value at 1 January	2,132,064	1,872,225
Additions	225,294	857,217
Disposals	(12,043)	(597,378)
Transfer to assets held for sale	(10,062)	-
Impairment	(708,570)	-
Cost and carrying value at 31 December	1,626,683	2,132,064

Investments in the current year include £213.0 million of capital contributions made to DAZN Media Channels in relation to the conversion of loan funding.

As part of the restructuring of the DAZN Group prior to the Footballco sale transaction, additional investments were made in a number of existing subsidiary entities including Mediasports Digital GmbH (£4.6 million), DAZN Japan GK (£1.3 million), and DAZN Media Services (Nigeria) Limited (£0.1 million). During the current year the Company received a distribution from Voetbalzone BV in the form of 100% of the share capital of DAZN Media Netherlands BV (£6.2 million).

Investments in the prior year include \$750 million (£593.6 million) of capital contributions made to DAZN Media Channels by way of the novation of intercompany loan balances due from DAZN Limited, £263.5 million cash contribution utilising the proceeds from the disposal of Perform Content Services Limited and Perform Content Limited, in addition to a £189,000 investment in DAZN Uruguay SA (formerly known as Enforel SA). The entity also received an investment in 160 of the 1,000 ordinary shares of DAZN Limited by way of dividend in specie from DAZN Media Channels Limited.

As part of the Footballco transaction, an impairment was recognised against the carrying value of the investment held in Voetbalzone BV of £2.2 million, which was subsequently disposed of at a carrying amount of £4.2 million. As part of the completion of the Footballco transaction, disposals of a number of subsidiaries were completed, including Mediasports Digital GmbH (£7.6 million), DAZN Media Services (Nigeria) Limited (£0.2 million), DAZN Group South Africa Pty Limited and DAZN Media Asia Pte Ltd.

The disposals in the prior year relate to the disposal of Perform Content Limited (carrying value £404.1 million) and Perform Content Services Limited (carrying value £138.2 million), in addition to other investments in entities disposed of as part of the reorganisation of the DAZN Group structure and subsequent sale of the Perform Content Group of businesses.

During the year the Company entered into negotiations to sell its investment in Activaweb SAS, which was classified as an asset held for sale as 12 December 2020. The sale completed post year end in September 2021. As the carrying amount is lower than the estimated selling price, the held for sale asset has been measured at the carrying amount of the investment in Activaweb SAS of £10.1 million.

On 31 December 2020 management of the Company undertook an impairment analysis for the investments in subsidiaries held by the Company. The recoverable amount of the investment in subsidiaries was estimated using a value in use calculation based on forecast future cashflows from subsidiary entities, less outstanding balances due from subsidiaries. The recoverable amount was found to be less than the carrying amount for its investments in DAZN Media Channels Limited and therefore an impairment of £701.4 million (2019: Nil) was recognised. The impairment was due to the impact of the coronavirus on sport events in 2020 and the consequential impact on subscriber numbers, contributing to lower than forecast revenues. Following the Footballco sale transaction and the further sale of the Sporting News business by other indirect subsidiaries within the DAZN Group, the investment in DAZN Media Australia Pty Limited was recognised to have no further value in use and was fully impaired by £2.0 million to a carrying value of nil.

Details of the Company's subsidiaries at 31 December 2020 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee. Proportion of all classes of issued share capital owned by the Company and the proportion of voting rights held is the same as the proportion of shares held.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Investments in subsidiaries (continued)

<i>Subsidiaries</i>	<i>Share capital owned*</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Registered office</i>
Direct holdings of the Company				
Activaweb SAS	100%	France	Digital sports media	6 Place de la Madeleine 75008 Paris
DAZN Media Inc.	100%	United States	Digital sports media	United Corporate Service, Inc., 10 Bank Street, Suite 560, White Plains, New York, 10606, USA
DAZN Spain SL (formerly DAZN Spain SLU)	100%	Spain	Digital sports media	Avenida General Perón, 38, 6° Puerta 3, 28020 Madrid, Spain
DAZN Media Services SRL	100%	Italy	Digital sports media	Piazza S. Babila n. 3, Milan, Italy
DSN Holdco Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Media Australia Pty Ltd	100%	Australia	Digital sports media	Level 28, 161 Castlereagh St, Sydney, NSW 2000, Australia.
DAZN Digital Media Canada Inc	100%	Canada	Digital sports media	99 Bank Street, Suite 1420, Ottawa, Ontario, K1P 1H4, Canada
Perform Sports and Culture Development (Shanghai) Company Limited	100%	China	Digital sports media	Room 750, 7/F, No. 2, Block 2, 999 Huaihai Road Middle, Xuhui District, Shanghai
DAZN Media Poland Sp Zoo	100%	Poland	Digital sports media	ul. Żelazna 4 40-851 Katowice, Poland.
DAZN Media Services DACH GmbH	100%	Germany	Digital sports media	Beta-Straße 9a, 85774 Unterföhring
DAZN SCA	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ ('Hanover House')
DAZN Media India Private Limited	100%	India	Digital sports media	2nd Floor North Block Soorya, InfraTech, Melkar Cross Road Melkar, Dakshina Kannada Karnataka, India 574153
DAZN Japan GK	100%	Japan	Digital sports media	4F Cross Place Hamamatsucho, 1-7-6 Shibakoen, Minato-ku, Tokyo 105-0011, Japan ('Cross Place')
DAZN Media Sales Limited	100%	United Kingdom	Online advertising and sponsorship sales	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Media Channels	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Holdco 2 Limited (formerly DAZN Group Limited)	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Uruguay SA	100%	Uruguay	Digital sports media	Colonia numero 810, oficina 403, Montevideo.
DAZN Holdco 1 Limited (formerly DAZN Limited)	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
Sportal India Private Ltd	100%	India	Digital sports media	1st Floor Siddhi Vinayak Chambers, R. P. MARG, OPP. M.I.G. Cricket Club, Bandra East, Mumbai, Maharashtra, India 400051

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Investments in subsidiaries (continued)

<i>Subsidiaries</i>	<i>Share capital owned*</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Registered office</i>
Indirect holdings of the Company				
DAZN Media Netherlands BV	100%	Netherlands	Digital sports media	Huidekoperstraat 26, 1017 ZM, Amsterdam, The Netherlands
Goal.com (HoldCo) SA	100%	Luxembourg	Digital sports media	25b Boulevard Royal, L-2449 Luxembourg
Mackolik Internet Hizmetleri Ticaret A.S.	100%	Turkey	Digital sports media	Zühtüpaşa mahk. Şefik Bey Sokak No:1 Kadıköy, İstanbul
DAZN Media Brasil Servicos Limitada	100%	Brazil	Digital sports media	Rua Joaquim Floriano, no 243, cj.113 Itaim Bibi, Sao Paulo - SP, 04534010
DAZN Holdco 1 Limited (formerly Sporting News Limited)	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
Perform South America Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
Goal.com North America Inc.	100%	United States	Digital sports media	One World Trade Center, Floor 72, New York, NY, 10007
Sporting News Midco Inc.	100%	United States	Holding company	c/o United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904
DAZN Vehicle 1 LLC (formerly Sporting News (1) LLC)	100%	United States	Digital sports media	c/o United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904
DAZN Vehicle 2 LLC formerly Sporting News (2) LLC)	100%	United States	Digital sports media	c/o United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904
DAZN Limited	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Japan Holdco Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Japan Investment KK	100%	Japan	Digital sports media	9F Ark Hills South Tower 1-4-5 Roppongi, Minato-ku, Tokyo 106-0032
DAZN DACH Holdco Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN DACH GmbH	100%	Germany	Digital sports media	Münchener Str. 101, 85737 Ismaning, Germany
DAZN North America Inc.	100%	United States	Digital sports media	1209 Orange Street, County of New Castle, Wilmington, Delaware, 19801, USA
DAZN USA LLC	100%	United States	Digital sports media	United Corporate Services, Inc., 874 Walker Road, Suite C, County of Kent, Dover, Delaware, 19904, USA

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Investments in subsidiaries (continued)

<i>Subsidiaries</i>	<i>Share capital owned*</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Registered office</i>
<i>Indirect holdings of the company (continued)</i>				
DAZN MR Holdco (formerly Perform MR Holdco Limited)	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
Matchroom Boxing Italy 2018 LLP	40%	United Kingdom	Digital sports media	Mascalls Mascalls Lane, Great Warley, Brentwood, Essex, CM14 5LJ
Matchroom Boxing USA LLC	40%	United States	Digital sports media	United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904

16. Investment in Footballco preference shares

	2020
<i>Reconciliation to carrying amounts – investment in preference shares</i>	£'000
<i>As at 1 January</i>	-
Initial recognition 19 October 2020	29,853
Day one fair value adjustment	(3,905)
Deemed disposal of 1% interest on 5 November 2020	(808)
Loss on foreign exchange	(1,316)
<i>As at 31 December</i>	23,824

In early 2020 the DAZN Group entered into negotiations to sell its part of its Media division, comprising three subcomponents; the football news website Goal.com; Spox; and Voetbalzone, to US-based investment firm TPG. DAZN Media Services Limited as a member of the DAZN Group undertook various restructuring activities to form a new group ("Footballco Group") prior to the sale. On 19 October 2020, the sale completed and a majority stake in the Footballco Group was sold to Digital Media GoalCo LLC, TPG's acquiring entity, for a cash consideration of \$70 million. DAZN Media Services Limited retained a 31.9% interest in the ordinary and preference share capital of the Footballco Group, with the remaining shareholders comprising Digital Media GoalCo LLC and Footballco Group management.

The Company's investment consists of 30.93% of the ordinary shares and cumulative preference shares. The preference shares have a cumulative return of 10% per annum. The investment in associate is stated at cost less provision for impairment. The ordinary shares have a negligible value and therefore have not been subject to any impairment test.

The preference shares in Footballco have been classified as an equity instrument as they represent a residual interest in the assets of the Footballco Group after deducting those liabilities related directly to the preference shares. These are measured at fair value through profit and loss.

The Company recognised the 31.9% retained interest in the preference shares at an initial fair value of £25.9 million, resulting in a £3.9 million day 1 fair value loss. On 5 November 2020, a further 1% of the Company's shareholding was distributed to Footballco Group management in accordance with the sale agreement, resulting in a deemed disposal of £0.8 million. Therefore, a £4.7 million fair value loss has been recorded in profit and loss in relation to the remeasurement of preference shares.

At the reporting date there were no further changes to the fair value of the preference shares.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17. Trade and other receivables

	2020 £'000	2019 £'000 Restated
<i>Amounts falling due in more than one year:</i>		
Amounts owed by Group undertakings	320,693	368,699
Total non-current trade and other receivables	320,693	368,699
<i>Amounts falling due in less than one year:</i>		
Trade receivables	8,229	19,527
Prepayments	3,112	7,198
Contract assets	171	172
VAT	3,677	1,680
Corporation tax	99	313
Total current trade and other receivables	15,288	28,890

Balances due from other group undertakings are unsecured and repayable on demand, attracting interest at a range from 9.5% to 2% plus LIBOR. All Group entities are wholly owned by DAZN Group Limited

18. Trade and other payables

Amounts falling due within one year:

	2020 £'000	2019 £'000 Restated
Trade payables	22,478	10,783
Amounts owed to Group undertakings	267,921	267,931
Accruals	29,996	28,454
As at 31 December	320,395	307,168

Balances due to other group undertakings are unsecured and repayable on demand, attracting interest at a range from 9.5% to 2% plus LIBOR. All Group entities are wholly owned by DAZN Group Limited

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Provisions

	2020 £'000	2019 £'000
Dilapidation provision		
Non-Current	1,377	1,643
	2020 £'000	2019 £'000
As at 1 January 2020	1,643	1,628
Unwinding of discount	10	11
Foreign exchange movement	-	4
Disposal	(276)	-
As at 31 December	1,377	1,643

The dilapidation provision has been recognised in relation to leasehold properties.

20. Called up share capital

	2020 £'000	2019 £'000
Authorised		
2,494,416 Ordinary shares of £1 each	2,494	2,494
588,400 B Ordinary shares of 1p each	6	6
Total	2,500	2,500
	2020 No.	2019 No.
Number of shares		
Allotted, called-up and fully paid		
Ordinary shares of £1 each (restated)	2,333,217	2,233,217
B Ordinary shares of 1p each	584,822	584,822
	2020 £'000	2019 £'000
Allotted, called-up and fully paid		
Ordinary shares of £1 each	2,233	2,233
B Ordinary shares of 1p each	5	5
Total	2,238	2,238

The Company has two classes of ordinary shares, both of which are equal and carry no right to income.

Issuance of share capital

During the current financial year, the Company issued 3 ordinary £1 shares to DAZN Sports Media Limited, its immediate parent, in exchange for £213.0 million. The excess over the nominal value of the shares issued was recognised as share premium.

During the prior financial year, the Company issued 6 ordinary £1 shares to DAZN Sports Media Limited, its immediate parent, in exchange for the novation of intercompany loan receivables of \$750.0 million (£593.6 million). The excess over the nominal value of the shares issued was recognised as share premium.

On 19 December 2019 DAZN Sports Media Limited contributed to the Company of \$1,078.2 million of intercompany loan receivables due from DAZN Limited, a 100% indirectly owned subsidiary of the Company, in exchange for one £1 ordinary share.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21. Dividend distribution

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the year	-	160,100
On 12 July 2019 the Company issued a dividend in specie of £71.69 per share to its immediate parent DAZN Sports Media Limited which held all of the Ordinary shares in issue.		

22. Long term incentive schemes

(a) Cash settled schemes

A total charge relating to the Company's long-term cash settled incentive schemes of £1.2 million (2019: £2.1 million) has been included in the income statement for the year ended 31 December 2020.

(b) Growth shares

On 17 July 2018, the Board of Directors of DAZN Group Limited approved the grant of Growth Shares ("G Shares") to key management of the Group for nil consideration, which included employees of DAZN Media Services Limited. The shares were awarded on 24 September 2018 and 29 October 2018 respectively.

The vesting of the G Shares is contingent upon a 20% growth in share price measured over a 4-year period from the date of issue. An award will not vest if the DAZN Group Limited share price at the date of vesting is below a particular "hurdle price" specified at the respective date of issue. The hurdle price is currently \$10.09 (\$13.14) per ordinary G Share (reflecting a 20% hurdle on the share price of \$8.41) in respect of the issuances on 24 September 2018 and 29 October 2018.

On 9 October 2019, a further 4,757,709 G shares were issued to the members of key management. The vesting terms and hurdle price are still to be confirmed and management has estimated the fair value of the shares with reference to settlements with good and neutral leavers in the current and prior periods.

Following review of the contractual documentation pertaining to the G-shares, management reassessed their historic judgement around the Group's share-based payment arrangement for growth shares ("G-shares") issued to employees was equity-settled and have determined based on its terms that it is more accurately accounted for as a contingent cash-settled scheme, and have also identified an error in the application of the vesting conditions to the charge calculated for 2018.

Management also performed a review of the vesting assumptions in 2019, resulting in the G-shares scheme which was formerly treated as an equity-settled share-based payment scheme, now being treated as a contingent cash-settled share-based payment scheme and assessed at each period end using the most probable outcome assessment whether the scheme will be equity or cash-settled. As such the historic accounting for the scheme has been restated, which is further detailed in note 2. In the current and prior year, the G-shares scheme is recognised as being a contingent cash-settled scheme.

During the current year there have been a number of participants who have exited the scheme who were judged to be 'good leavers' and therefore have exercised their vested shares with all outstanding unvested shares having lapsed. The good leavers transferred G shares to the employee benefit trust for a price per share equal to the higher of cost or the fair value per share as at their termination date. In the prior year, participants leaving the scheme were recognised as neutral or bad leavers. Per the terms of the scheme bad leavers are required to transfer their G shares to the employee benefit trust for the lower of cost and the fair value per share at the termination date. Neutral leavers transferred G shares to the employee benefit trust for a price per share equal to the higher of cost or the fair value per share as at their termination date.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. Long term incentive schemes (continued)

(b) Growth shares (continued)

(i) The following conditional share awards granted to staff are outstanding:

<i>Date of grant</i>	<i>Number of options originally granted</i>	<i>Exercised</i>	<i>Lapsed / forfeited</i>	<i>Options outstanding as at 31 December 2020</i>
	Restated			
24 September 2018	1,594,960	-	-	1,594,960
29 October 2018	5,582,359	(795,023)	(814,412)	3,972,924
9 October 2019	2,962,347	(22,012)	(67,756)	2,872,579
Total	10,139,666	(817,035)	(882,168)	8,440,463

The following conditional share awards granted to Directors and staff are outstanding:

	<i>2020 No.</i>	<i>2019 No.</i>
		Restated
24 September 2018	1,594,960	1,594,960
29 October 2018	3,972,924	3,987,399
9 October 2019	2,872,579	2,962,347
Total	8,440,463	8,544,706

(ii) The following share-based expenses charged in the year are included within operating costs:

	<i>2020 £'000</i>	<i>2019 £'000</i>
		Restated
Contingent cash settled share based payment expense	99	101

23. Related party transactions

The Company has taken the available exemption under FRS 101 'Reduced Disclosure Framework' from disclosing transactions with fellow 100% held subsidiaries of DAZN Group Limited.

• STATS Perform Group

During the year ended 31 December 2020 (2019: period from 12 July 2019 to 31 December 2019) the Company entered into transactions with the STATS Perform Group, an associate of DAZN Group Limited. These transactions are detailed below, including Transitional Services Agreements (TSAs) for the provision of transitional services between the Company and STATS Perform Group following the sale transaction of 12 July 2019.

	<i>2020 £'000</i>	<i>2019 £'000</i>
TSAs serviced by the Company on behalf of the STATS Perform Group	4,463	9,952
TSAs serviced by the STATS Perform Group on behalf of the Company	(257)	(476)

Purchases were made at market price and amounts outstanding are unsecured and will be settled in cash.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

23. Related party transactions (continued)

- Footballco Media Limited

During the year ended 31 December 2020 the Company entered into transactions with the Footballco Group, an associate of the DAZN Group. These transactions are detailed below, including TSAs for the provision of transitional services between the Company and Footballco Group following the sale transaction of 19 October 2020.

	2020 £'000
TSA Arrangements serviced by the Company on behalf of Footballco Group	388
Costs paid by the Company recharged to Footballco	467
TSA arrangements serviced by Footballco Group on behalf of the Company	(36)
Costs paid by Footballco recharged to the Company	(816)
Total	3

There were no transactions with any of the Directors of the Company during the year (2019: £nil).

24. Post balance sheet events

Issue of share capital and investments in subsidiaries

Since the end of the year the Company issued nine ordinary shares to its immediate parent DAZN Sports Media Limited in exchange for consideration of £1,962 million in the form of intercompany loans receivables due from DAZN Limited, an indirect subsidiary within the DAZN Group. On the same dates, the Company novated the intercompany loans receivables due from DAZN Limited to its immediate subsidiary DAZN Media Channels Limited in exchange for the issue of nine ordinary shares.

Sale and dissolution of subsidiaries

Subsequent to the balance sheet date the following indirect subsidiaries of the Company were dissolved or sold:

Company name	Dissolved or sold	Effective date
DAZN Brands Limited	Dissolved	27/04/2021
Activaweb SAS	Sold	02/09/2021
Mackolik Internet Hizmetleri Ticaret A.Ş.	Sold	02/09/2021
Perform South America Limited	Dissolved	13/12/2021

There were no other significant post balance sheet events to disclose.

25. Contingent liabilities

There were no material contingent liabilities at the year-end (2019: £nil).

26. Parent undertaking

The immediate parent undertaking of the Company is DAZN Sports Media Limited, a Company incorporated in the United Kingdom. DAZN Group Limited, a Company incorporated in the United Kingdom, is the smallest parent undertaking for which group financial statements are drawn up and of which the Company is a member.

Copies of DAZN Group Limited financial statements are available from Hanover House, Plane Tree Crescent, Feltham, United Kingdom, TW13 7BZ.

AI Perform Holdings LLP, an entity incorporated in the United Kingdom with a registered address at 6th Floor, Marble Arch House, 66 Seymour Street, London, W1H 5BT, is the largest group for which consolidated financial statements are drawn up. AI Perform Holdings LLP and the Company are ultimately controlled by Sir Len Blavatnik.

Copies of AI Perform Holdings LLP consolidated financial statements will be available from Companies House.