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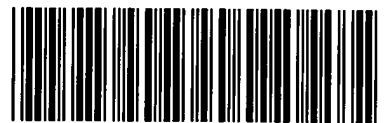
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DAZN MEDIA SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2022

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DAZN MEDIA SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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DAZN MEDIA SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

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Sandeep Tiku

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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.

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 £27.3 million (2021: £9.6 million) at the year end, net current liabilities of £709.5 million (2021: £611.8 million) and net assets of £5,039.2 million (2021: £3,772.7 million).

Revenue for the year to 31 December 2022 was £308.0 million, an increase of 33.3% on the prior year (2021: £231.0 million). The operating profit has increased to £535.1 million compared to a profit of £114.1 million in 2021. This has been driven by the reversal of an impairment to investments in subsidiaries of £517.5 million (compared to a reversal of impairment of £180.6 million recognised during the previous financial year) and a foreign exchange gain of £43.7 million (2021: gain of £9.0 million). Net interest expenses increased to £25.7 million (2021: £19.8 million).

The Company received £0.2 million of dividend income in the year (2021: £nil).

Issuance of share capital

During the current financial year, the Company issued one share with a nominal value of £1 to its immediate parent DAZN Sports Media Limited in exchange for consideration of £753.5 million in the form of intercompany loan receivables due from DAZN Limited, an indirect subsidiary within the DAZN Group (2021: nine ordinary shares for £1,961.6 million).

On the same day, the Company exchanged the intercompany loan receivable and accrued interest with a total of £753.5 million for one share in DAZN Media Channels Limited, its direct subsidiary.

DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

The principal risks and uncertainties relevant to DAZN Media Services Limited during the current year and going forward are detailed below.

Risk	Impact and mitigating actions
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 Company constantly monitors changes in technological trends which could affect the sustainability, usability and economic viability of its products and services to minimise and mitigate the adverse impact that may result. The Company has also experienced occasional service interruptions of varying severity as a result of third-party or internal technological issues. The Company invests in technology and resources to ensure these outages are isolated and, where applicable, offers refunds to customers impacted.
Liquidity risk	The DAZN Group, which DAZN Media Services Limited is part of, has made significant losses in the current financial year and until such time as the business is fully established, the Group will be dependent on the continued support of its shareholders to fund its operations. The Group also has high fixed costs, such as commitments to acquire rights in the DAZN Consumer Platform business. While in the medium term the Group expects to fund these rights from operating cash flows, there are significant short-term funding requirements in order to maintain and grow the business. Refer to the going concern section of the Directors' report and note 1.
Exchange risk	A significant portion of the Company's revenue and costs are in Sterling, Euros, Dollars and Yen and the Company is increasingly exposed to trading in other currencies given the territories in which it operates. Management prepare cash flow forecasts by currency to identify currency exposures, which are reviewed and reported on a weekly basis. Where it is appropriate to do so, attempts are made to naturally hedge the Company's exposures. Where this is not possible, management consider whether an appropriate derivative instrument should be utilised to mitigate the risk.
Cyber risk and personal data	<p>The Company's operations rely on the secure processing, storage and transmission of confidential and other information in our IT systems and networks. Although the Company takes protective measures and endeavours to modify them as circumstances warrant, IT systems, software and networks may be vulnerable to intrusion or other security breaches, sabotage, hacking, denial of service attacks, viruses or cybercrime (both internally and by third parties). If one or more of such events occur, this potentially could jeopardize the Company's clients' confidential and other information processed and stored in, and transmitted through, computer systems and networks, or otherwise cause interruptions or malfunctions in operations, which could result in significant losses, regulatory censure and reputational damage. Where the information constitutes personal data, such as customer or employee data, this could expose the Company to fines imposed by data protection authorities or legal action.</p> <p>The Company regularly works with clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities where possible. The Company continues to invest in the legal and regulatory compliance function and ensure compliance with the General Data Protection Regulation. The Company limits the storage of personal data where possible and does not hold any customer payment data.</p>
Protection of the Company's content, brands and intellectual property	The digital ecosystem brings with it an inherent risk of content piracy and rights/IP infringement. If substantial piracy of certain of the Company's content were to occur this may diminish demand for, or the value of, some of the Company's services. The Company monitors infringement of its content, brands and intellectual property rights and continues to develop a range of strategies with which to respond where required.

DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

Risk	Impact and mitigating actions
Products	<p>Constant technological and user behaviour changes necessitate that the Company engages in continuous and sometimes rapid product development. Management are highly focused on ensuring that the Company makes maximum progress in this respect, but the Company's strategy or its product innovations may not be successful or may take longer to deliver to the market or monetise than anticipated. This could impact the Company's economic performance.</p>
Litigation risk	<p>In the ordinary course of business, the Company could be involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the rights and obligations under contractual agreements. The Company could also be involved, from time to time, in investigations and regulatory proceedings, certain of which could result in adverse judgments, settlements, fines and other outcomes. The financial impacts of legal risks might be considerable but are difficult to estimate or quantify, so that amounts eventually paid may exceed the amount of provisions set aside to cover such risks. The Company does not currently believe any present lawsuits, arbitrations or dispute resolution procedures (actual or threatened) would lead to a material adverse effect on its business, financial condition or results of operations or could cause significant reputational harm.</p>
Cost of living crisis and economic uncertainty	<p>In recent times, the cost of living has increased due to high levels of inflation across the US and Europe. The increased cost of living and high levels of economic uncertainty are likely to lead to customers in core markets having less disposable income, which in turn could impact subscriber numbers.</p> <p>Despite these challenges, the Company expects revenue growth to continue given the large portfolio of high-profile rights, the relatively inelastic demand profile of sports fans, and the comparatively low price point for the product compared to average household expenditure. The Company has also secured several long-term contracts with distributors across Europe, many of which have minimum guaranteed revenues that could help protect the Company's revenues from potential demand fluctuations.</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.

Stakeholder	Relationship and engagement activities
Suppliers	The Company follows a procurement framework to ensure appropriate governance, control and engagement processes are adopted across key third-party supplier relationships, alongside a third-party code of conduct. Additionally, DAZN operates a Brand Safety policy to ensure all advertising on DAZN platforms minimises the risk of ad misplacement and aligns with white and black lists to protect both clients and publisher partners.
Employees	<p>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 aims to build industry leading teams at the forefront of technology, content and production, media, operations and commercial, and business development.</p> <p>The Board maintains active communication with employees, through a series of written/video communications and live events, including regular global updates from our CEO and Exec. DAZN also hold local town hall sessions with open Q&A for employees, both physical and virtual.</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 has a dedicated Head of Diversity, Equity and Inclusion (DEI) and has several established Employee Resource Groups (ERGs) and partnerships with external support organisations as part of the DEI strategy.</p>
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 DAZN Group's operations, in addition to the impacts that the Group 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 affect how it is broadcasted.</p> <p>As a global business, the Directors are aware of the carbon footprint of the DAZN Group as a result of work-related travel, in addition to the significant energy outlays required to operate data centres to support DAZN streaming and Media platforms, and production.</p> <p>Data centres are an integral part to the DAZN Group's operations, facilitating the storage and transfer of broadcast data underpinning the DAZN 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> <p>In 2022, the use of cloud-based remote commentary continued to increase with 35% of all DAZN Platform and broadcast partnership events utilising remote commentary. The use of remote editing has also increased by 30% from 2021, with 68% of all edits remote in 2022 which reduces the travel requirements and associated environmental impact of the events. Finally, since October 2022, UK boxing broadcasts from DAZN's partner Matchroom have all been certified by ALBERT as being carbon neutral productions.</p>

DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement (continued)

Stakeholder	Relationship and engagement activities
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 2022, the Company continued to evolve its efforts including enhancing parental leave packages and women's health policies, setting up minority recruitment network partnerships that focus on removing barriers to entry and the gender skills gap, and creating year-round bite sized learning content on key inclusion topics.</p> <p>To better amplify voices of employees from a diverse set of backgrounds, ERGs (employee resource groups) were set up which are employee-led groups which aim to foster a diverse, inclusive workplace. These 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.</p> <p>During the year, the Company produced a series of short features honouring key awareness calendar moments, including Black History Month and International Women's Day.</p>

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.

DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

The board approach to Section 172 and decision making

Strategy	<p>The aim of the direct and indirect subsidiaries of the Company is to make live sport more accessible and affordable. This has a customer centric focus, with the aim of bringing sports content to fans across the globe. The Board undertakes continued reviews of customer and non-customer feedback alongside customer data to identify rights for the Group to acquire and retain, while maintaining close working relationships with rights holders. Additionally, the Board reviews and approves the long-term forecasts for the Group, analysing future cashflows and rights expenses in order to approve budgets and future strategic decisions.</p>
Training	<p>Targeted face to face management and leadership development sessions have been delivered in multiple territories including the UK, Netherlands and Japan. The manager support community on the Group's intranet, "Managers' Pitstop", continues to provide support in a number of areas including learning, engagement and for key global initiatives. A dedicated online learning plan for Management and Leadership Development has also been developed, together with a "Manager's Hub" to provide a range of resources and information to support their ability to manage their people and teams.</p> <p>The Group have focused on bringing as much learning as possible in-house following a partnership with an aggregated online learning content provider, Open Sesame. This has significantly reduced 3rd party supplier costs and allowed for targeted, functional learning to specialist teams around DAZN. This included Security Awareness which enabled targeting of specific audiences to ensure increased levels of completion of our mandatory Security and Privacy Training.</p> <p>New Starter training has evolved through additional content to help a new starter get up to speed as quickly as possible in their new role, including the creation of a New Starter Hub to provide additional resources and information beyond the New Starter Training Plan.</p>
Culture	<p>In 2022 the Board updated the following Statement of Intent on Diversity, Equity, and Inclusion with reference to levelling the playing field for all prospective employees:</p> <p>"Sports fans are the lifeblood of DAZN and the very reason we exist. 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> <p>Our aim is to make our hiring processes as accessible for everyone as possible. We continue to do our best to accommodate adjustments for interviews.</p>

DAZN MEDIA SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

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

On 28 February 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$60.0 million (£49.7 million). The difference between the nominal and total value was recorded as share premium.

On 31 March 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£16.1 million). The difference between the nominal and total value was recorded as share premium.

On 28 April 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£16.0 million). The difference between the nominal and total value was recorded as share premium.

On 30 May 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£16.2 million). The difference between the nominal and total value was recorded as share premium.

On 30 June 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£15.9 million). The difference between the nominal and total value was recorded as share premium.

On 31 July 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£15.6 million). The difference between the nominal and total value was recorded as share premium.

On 31 August 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£15.7 million). The difference between the nominal and total value was recorded as share premium.

On 30 September 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$60.0 million (£49.2 million). The difference between the nominal and total value was recorded as share premium.

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



Darren Waterman

Director

13 December 2023

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 2022.

Going concern

DAZN Media Services Limited provides services to other companies within the DAZN Group ("the 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.

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 through its fully owned subsidiary AI Perform Holdings LLP, the Directors have a reasonable expectation that the Group 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 the Group's services, the revenue growth trends of the business, the history of continued financial support from Access, throughout the financial year and during 2022 to date, and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2027, including forecast funding requirements. This assessment has included consideration of the recent cost of living crisis, and its resulting impact on future revenues, results from operations and cash flows. The directors have also considered Access' ability to provide funding and concluded that Access have sufficient funds to provide support to the Group where required. For further details refer to note 1.

The Company had cash balances of £27.3 million (2021: £9.6 million) at the year end, net current liabilities of £709.5 million (2021: £611.8 million) and net assets of £5,039.2 million (2021: £3,772.7 million).

The Group has prepared a detailed financial forecast for the 12 months following approval of these financial statements. 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.

The Group's principal shareholder, AI Perform Holdings LLP (a member of the Access Industries group), has confirmed its intention to continue to provide financial support to the Group to enable the Group 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 \$240.0 million of cash funding to DAZN, in exchange for ordinary and preference shares, to support its investment and growth plans.

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 - resigned 29 July 2022;
- Stuart Epstein - resigned 5 April 2022;
- Shaun Conning - resigned 14 October 2022;
- Darren Waterman - appointed 5 April 2022;
- Sandeep Tiku - appointed 29 July 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.

Dividends

During the year the Company did not declare a dividend (2021: nil).

During the current year the Company received £0.2 million dividend income (2021: £nil).

Political contributions

No political contributions were made during the year (2021: £nil).

DAZN MEDIA SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

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 Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training opportunities, career development and promotion of disabled persons should, as far as possible, be equitable 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, foreign exchange 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. The Company attempts wherever possible to naturally hedge those risks.

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.

Energy and carbon reporting

The DAZN Group Limited accounts include the energy and carbon reporting disclosure for the whole DAZN Group, which includes DAZN Media Services Limited.

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.

Research and development activities

The Company undertakes various research and development activities to create and develop new products and technology. The Company continues to invest in research and development around the DAZN platform, focusing on optimising support scalability, application performance and flexibility, platform stability, and customer experience.

DAZN MEDIA SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

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's auditor is Deloitte LLP. Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the forthcoming meeting of the Board.

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



Darren Waterman

Director

13 December 2023

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2022 and of its profit 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;
- the related notes 1 to 22.

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 a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

DAZN MEDIA SERVICES LIMITED

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

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 and the directors 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 including relevant internal specialists including tax, valuation, and IT specialists 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 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.

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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

DAZN MEDIA SERVICES LIMITED

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

- the strategic report and the directors' report have 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 or the 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.



Federico Acanfora, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

13 December 2023

DAZN MEDIA SERVICES LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Revenue	2	307,985	230,984
Other income	3	2,073	2,360
Operating costs	4	(280,335)	(297,324)
Reversal of impairment	13	517,503	180,610
Gain on disposal of subsidiaries	8	-	933
Change in fair value of investments classified as fair value through profit and loss	14	(12,174)	(3,488)
Operating profit		535,052	114,075
Finance income	6	3,497	1,495
Finance costs	7	(28,976)	(21,316)
Dividends received		158	-
Profit before taxation		509,731	94,254
Taxation	9	(485)	3,720
Profit for the year		509,246	97,974

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 2022**

	Notes	2022 £'000	2021 £'000
Non-current assets			
Property, plant and equipment	10	3,669	6,261
Intangible assets	11	6,850	6,428
Right of use asset	12	11,213	15,021
Investments in subsidiaries	13	5,042,365	3,768,881
Investment in Footballco preference shares	14	11,572	22,220
Trade and other receivables	15	672,214	568,098
Deferred tax asset	9	12,792	13,269
		5,760,675	4,400,178
Current assets			
Trade and other receivables	15	27,140	22,738
Cash and cash equivalents		27,298	9,574
		54,438	32,312
Total assets		5,815,113	4,432,490
Current liabilities			
Trade and other payables	16	(761,741)	(641,798)
Lease liability	12	(2,173)	(2,333)
		(763,914)	(644,131)
Net current liabilities		(709,476)	(611,819)
Non-current liabilities			
Lease liability	12	(10,635)	(14,296)
Provisions	17	(1,397)	(1,387)
		(12,032)	(15,683)
Total liabilities		(775,946)	(659,814)
Net assets		5,039,167	3,772,676

DAZN MEDIA SERVICES LIMITED

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022**

	Notes	2022 £'000	2021 £'000
Equity			
Called-up share capital	18	2,239	2,239
Share premium		4,600,097	3,846,565
Accumulated surplus/(deficit)		436,831	(76,128)
Total equity		5,039,167	3,772,676

The financial statements of DAZN Media Services Limited registered number 03426471 were approved and authorised for issue by the Board of Directors on 13 December 2023.

Signed on behalf of the Board of Directors



Darren Waterman

Director

13 December 2023

DAZN MEDIA SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called-up share capital	Share premium account	Accumulated (deficit)/ surplus	Total equity
	£'000 (note 18)	£'000 (note 18)	£'000	£'000
As at 1 January 2021	2,239	1,884,977	(184,086)	1,703,130
Profit for the year and total comprehensive income for the year	-	-	97,974	97,974
Issue of share capital	-	1,961,588	-	1,961,588
Capital contribution for share based payment charge			9,984	9,984
At 31 December 2021	2,239	3,846,565	(76,128)	3,772,676
Profit for the year and total comprehensive income for the year	-	-	509,246	509,246
Issue of share capital (note 18)	-	753,532	-	753,532
Capital Contribution for Share based payment charge (note 19)	-	-	3,713	3,713
At 31 December 2022	2,239	4,600,097	436,831	5,039,167

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 12 Hammersmith Grove, London, W6 7AP. 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.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

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, share-based payments 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 2022 as follows:

Standard	Description	Effective Date
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, plant and equipment – proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual improvements to IFRS standards 2018-2020 cycle	Amendments to IFRS 1 first time adoption of international financial reporting standards, IFRS 9 financial instruments, IFRS 16 leases and IAS 41 agriculture	1 January 2022

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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

New and Revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective at the reporting date:

Standard	Description	Effective Date
Amendments to IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 17 – Comparative Information	Comparative information on initial application of IFRS 17	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

The Directors do not expect that the adoptions of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Going concern

DAZN Media Services Limited provides services to other companies within the DAZN Group ("the 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.

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 through its fully owned subsidiary AI Perform Holdings LLP, the Directors have a reasonable expectation that the Group 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 the Group's services, the revenue growth trends of the business, the history of continued financial support from Access, throughout the financial year and during 2022 to date, and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2027, including forecast funding requirements. This assessment has included consideration of the recent cost of living crisis, and its resulting impact on future revenues, results from operations and cash flows. The Directors have also considered Access' ability to provide funding and concluded that Access have sufficient funds to provide support to the Group where required. For further details refer to note 1.

The Company had cash balances of £27.3 million (2021: £9.6 million) at the year end, net current liabilities of £709.5 million (2021: £611.8 million) and net assets of £5,039.2 million (2021: £3,772.7 million).

The Group continues its strategy of rights acquisitions in order to support the ongoing growth of the DAZN platform, driving a growth in underlying subscriber bases in established and new markets, as well as continuing to invest in technology.

The Group has prepared a detailed financial forecast for the 12 months following approval of these financial statements. 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.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

Going concern (continued)

The Group's principal shareholder, AI Perform Holdings LLP, has confirmed its intention to continue to provide financial support to the Group to enable the Group 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 \$240.0 million of cash funding to DAZN, in exchange for ordinary and preference shares, to support its investment and growth plans.

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.

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 11 for further details.

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 2022 the Company held investments in subsidiaries of £5.0 billion (2021: £3.8 billion) in addition to non-current receivables from Group undertakings of £672.2 million (2021: £568.1 million). As at the reporting date an impairment review of investments in subsidiaries was performed using the higher of fair value less costs to sell and value in use. The recoverable amount of the investment in subsidiaries was estimated based on the net selling price (fair value less cost to sell) method following a recent valuation of the DAZN business, as well as value in use assessments to attribute value to other subsidiaries within the Group. Where value in use was used in determining the recoverable amount, a discounted cash flow analysis was performed with the key inputs including the discount rates (weighted average cost of capital) and the associated cash flows of that subsidiary. This review resulted in the reversal of previous impairments that had been recognised of £517.5 million (note 13).

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued) Key sources of estimation uncertainty (continued)

Measurement of equity instruments held at fair value through profit and loss

The Company held an investment in the preference shares of an associates during the current year. This consists of 31% investment in the ordinary and preference shares of the Footballco Group which were acquired in 2020. These preference shares have been classified as equity instruments, measured at fair value through profit and loss. At the reporting date, a fair value assessment for this investment was performed based on discounted cash flow valuations. This valuation involved significant estimates of future cash flows and the appropriate discount rate. As these inputs were not based on quoted or observable market data, these investments are classified as level 3 in the fair value measurement hierarchy. During the year the Group recognised \$17.9 million (£ 12.2 million) loss on the fair value remeasurement of the Footballco preference shares.

Measurement of share-based payment expense

Certain key management personnel employed by the Company were granted warrants to acquire shares in DAZN Group Limited (the "LTIP Warrants"). Each member of management that was granted an LTIP Warrant is, upon vesting, entitled to a fixed percentage of the enterprise value of DAZN Group less invested capital. These LTIP Warrants have an attached service condition, i.e. the exercise of the warrants is dependent upon management being employed by the Company at the time of vesting. The Company records a share-based payment expense and a corresponding capital contribution (given that the shares are provided by the Company's parent, DAZN Group Limited). The valuation of the share-based payment scheme is a key source of estimation uncertainty.

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.

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 and accumulated impairment loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is recognised as an operating cost and provided on all property, plant and equipment 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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

Intangible assets – 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

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 assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

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.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

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.

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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

Foreign exchange

The functional currency of the Company is GBP. Transactions in currencies other than the entity'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 retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated. 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.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Company and the lease does not benefit from a guarantee from the Company.

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.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

Leases (continued)

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.

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.

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.

The Group as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Where the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

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.

Share-based payment schemes are classified as equity- or cash-settled based upon the expected settlement. Where the Group has an obligation to settle the incentives in cash, the Group classifies the scheme as cash-settled and records a liability. Otherwise, the scheme is equity-settled and a share-based payment reserve is recorded within equity.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

Long term incentive schemes (continued)

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of 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, with a corresponding adjustment to reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, 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.

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.

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.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2. 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:

	2022 £'000	2021 £'000
United Kingdom	218,993	205,310
Europe	83,045	25,502
Rest of the World	5,947	172
	307,985	230,984

Of the total revenue above, £216.6 million (2021: £203.9 million) was derived from services rendered to other Group companies.

3. Other income

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

	2022 £'000	2021 £'000
TSA income	1,002	2,360
Other income	1,071	-
Total	2,073	2,360

£0.7 million of the TSA income was derived from services provided to FootballCo Group (2021: £1.8 million) and £0.3 million was derived from services provided to Sporting News (2021: £0.6 million).

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4. Operating costs

	2022 £'000	2021 £'000
Recharge of expenses from Group undertakings	39,887	37,086
Production costs	23,297	19,115
Content distribution and delivery	72,468	61,856
Sales and marketing	11,037	1,238
Staff and contractors	104,420	89,640
Other costs	48,063	56,136
Expected credit loss provision recognised	24,877	41,297
Gain on foreign exchange	(43,714)	(9,044)
Total operating costs	280,335	297,324

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

The total expected credit loss for intercompany receivables recognised in 2022 is £23.9 million (2021: £41.4 million). The expense represents an impairment charge on intercompany receivables that were due from entities in the group that no longer have core operating businesses and are not expected to be able to repay the debts.

Amortisation of intangibles, depreciation on property, plant and equipment and depreciation on right-of-use assets are included within other costs. The amounts recorded as an expense in the period have been disclosed in notes 10, 11 and 12 respectively. Also included within operating costs are research and development costs of £57.6 million (2021: £35.6 million).

£34,000 was payable to Deloitte LLP for the audit of the Company's annual accounts (2021: £31,200).

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5. Employee costs and Directors' remuneration

The average monthly number of employees during the year was 1,114 (2021: 1,056), all of whom were employed as per below.

	2022 No.	2021 No.
Production	304	313
Technology	452	405
Business development and sales	2	5
Administration and management	227	228
Accounts management and marketing	129	105
Total	1,114	1,056

The aggregate payroll costs are as follows:

	2022 £'000	2021 £'000
Wages and salaries	86,148	72,562
Social security costs	10,424	6,639
Pension	3,666	6,399
Cash settled, long-term incentive schemes	4,182	3,680
Total	104,420	89,280

In addition to the above employee costs, the Company recognised an expense of £nil (2021: £9.2 million) in relation to an equity-settled share scheme and £3.7 million (2021: £0.8 million) in relation to other long term incentive plans. See note 19 for further details.

Key management personnel costs were:

	2022 £'000	2021 £'000
Wages and salaries	5,753	3,683
Social security costs	800	509
Pension	51	112
Charge for long-term share and cash-settled schemes	415	1,183
Total	7,019	5,487

Two of the Directors who held office in the year received remuneration through the Company in 2022 (FY21: none), with the other three remunerated by DAZN Group Limited and DAZN Media Inc. Total directors' remuneration was:

	2022 £'000	2021 £'000
Emoluments	3,352	-
Total	3,352	-

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6. Finance income

	2022 £'000	2021 £'000
Bank interest receivable	301	76
Intercompany interest receivable	3,196	1,419
Total	3,497	1,495

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

7. Finance costs

	2022 £'000	2021 £'000
Intercompany interest payable	27,662	19,764
Bank interest payable and charges	83	73
IFRS 16 interest expense	1,261	1,467
Foreign exchange (gain)/loss on balances due to and from other Group undertakings	(30)	12
Total	28,976	21,316

The Company paid interest on loan balances due to other Group undertakings at fixed and floating rates. Loan balances payable to Group undertakings incur interest at a range from 9.5% to SONIA plus 2%. 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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8. Gain on disposal of subsidiaries

	2022 £'000	2021 £'000
Gain on disposal	-	933

The 2021 gain relates to the disposal recognised for the D Player and Activaweb sale transactions:

D Player	2021 £'000
Consideration	586
Disposal costs	(32)
Gain on disposal of subsidiaries	554

Activaweb	2021 £'000
Consideration	10,441
Carrying amount of subsidiaries disposed	(10,062)
Gain on disposal of subsidiaries	379

On 30 June 2021, DAZN completed the sale of D Player with Footballco Media Ltd, recognising a gain on disposal of £0.6 million. The loan note created on sale of D Player was later partially converted into £1.8 million of ordinary and preference shares. The total value of the net assets disposed of within the DAZN Player transaction was \$nil, with costs of disposal incurred of £33,000.

In 2021 the Group disposed of the last of its online sports portals business, completing on the sale of Mackolik Internet Hizmetleri Töaret Anonim Sirketi ("Mackolik") and Activaweb SAS ("Activaweb") in September. The investment in Activaweb held by the Company was sold for a consideration of £10.4m. This had previously been classified as held for sale as at 31 December 2020 and the sale resulted in a gain on disposal of £0.4 million.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Tax on profit

	2022 £'000	2021 £'000
Current tax		
Corporation tax – prior year adjustment	-	76
Withholding tax	1	22
Deferred tax		
Origination and reversal of timing differences	(658)	(460)
Effect of changes in tax rates	(208)	(2,923)
Adjustment in respect of prior years	1,350	(435)
Tax credit for the year	485	(3,720)

UK corporation tax is calculated at 19% (2021: 19%) of the estimated assessable loss for the year.

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

	2022 £'000	2021 £'000
Profit before tax	509,731	94,254
Profit multiplied by standard rate of tax – 19% (2021: 19%)	96,849	17,908
<i>Effects of:</i>		
Non-taxable income	(30)	(72)
Group relief for nil consideration	(18,905)	(17,354)
Tax effects of expenses not deductible for tax purposes	(90,726)	(21,145)
Effect of change in UK tax rate	(208)	(2,924)
Foreign taxation	-	(8)
Other unrecognised deferred tax	478	-
Non-deductible hybrid mismatches	11,676	20,213
Withholding tax	-	22
Effects of different tax rates of subsidiaries operating in different jurisdictions	1	-
Prior year adjustment	1,350	(360)
Tax credit for the year	485	(3,720)

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. This will increase future current tax charges accordingly. On 11 July 2023, the UK Finance (No.2) Act 2023 was enacted, this includes legislation applicable to large multinational groups in relation to a new tax framework (part of the OECD Base Erosion and Profit Shifting (BEPS) initiative), which introduces a global minimum corporate tax rate of 15% effective for accounting periods beginning on or after 31 December 2023. The Group monitors income tax developments in the territories in which it operates, as well as the applicable accounting standards, to understand their potential future impacts.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9. Tax on profit (continued)

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

	2022 £'000	2021 £'000
At 1 January	13,269	9,450
Effect of change in UK tax rate	208	2,924
Capital allowances	658	1,012
Long-term incentive scheme – cash settled		(552)
Other short term timing differences	7	-
Adjustments in respect of prior periods	(1,350)	435
At 31 December	12,792	13,269

	2022 £'000	2021 £'000
The deferred tax asset is comprised as follows:		
Capital allowances	12,792	13,269
Total deferred tax asset	12,792	13,269

The Company does not have any unrecognised deferred tax liabilities or asset (2021: Nil).

DAZN MEDIA SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Property, plant and equipment

	Freehold land £'000	Internet hosting platform £'000	Office furniture and equipment £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 January 2021	290	37,064	376	6,206	43,936
Additions	-	1,838	16	533	2,387
Disposals	-	(6,773)	(42)	(153)	(6,968)
At 31 December 2021	290	32,129	350	6,586	39,355
Additions	-	696	96	141	933
Disposals	-	(3,654)	(117)	(3,753)	(7,524)
At 31 December 2022	290	29,171	329	2,974	32,764
Accumulated depreciation					
At 1 January 2021	-	31,197	279	3,257	34,733
Charge for the year	-	3,672	54	1,603	5,329
Disposals	-	(6,773)	(42)	(153)	(6,968)
At 31 December 2021	-	28,096	291	4,707	33,094
Charge for the year	-	2,260	38	1,227	3,525
Disposals	-	(3,654)	(117)	(3,753)	(7,524)
At 31 December 2022	-	26,702	212	2,181	29,095
Net book value					
At 31 December 2022	290	2,469	117	793	3,669
At 31 December 2021	290	4,033	59	1,879	6,261

DAZN MEDIA SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Intangible assets

	Computer software development £'000	Other intangible assets £'000	Total £'000
Cost			
At 1 January 2021	25,000	3,809	28,809
Additions	2,700	-	2,700
Disposals	(1,271)	-	(1,271)
At 31 December 2021	26,429	3,809	30,238
Additions	5,119	-	5,119
Disposals	(10,011)	(228)	(10,239)
At 31 December 2022	21,537	3,581	25,118
Accumulated amortisation			
At 1 January 2021	16,964	2,152	19,116
Charge for the year	4,963	1,002	5,965
Disposals	(1,271)	-	(1,271)
At 31 December 2021	20,656	3,154	23,810
Charge for the year	4,602	95	4,697
Disposals	(10,011)	(228)	(10,239)
At 31 December 2022	15,247	3,021	18,268
Net book value			
At 31 December 2022	6,290	560	6,850
At 31 December 2021	5,773	655	6,428

Computer software development assets comprise both internal and external development costs. Included within additions to computer software development in 2022 is £nil million (2021: £nil) of capitalised internal staff costs.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12. Leases

a) Right of use assets

	Offices and Data Centres €'000
Cost	
At 1 January 2021	25,324
Additions	-
At 31 December 2021	25,324
Additions in the year	-
Disposals	(2,392)
At 31 December 2022	22,932
Accumulated depreciation	
At 1 January 2021	(7,436)
Charge for the year	(2,867)
At 31 December 2021	(10,303)
Charge for the year	(2,473)
Disposals	1,057
At 31 December 2022	(11,719)
Net book value	
At 31 December 2021	15,021
At 31 December 2022	11,213

The Company holds right of use assets in respect of office buildings and data storage space leases. The average lease term is 4.1 years.

b) Amounts recognised in profit and loss

	2022 €'000	2021 €'000
Depreciation of right-of-use asset	2,473	2,867
Finance costs on lease liabilities (note 7)	1,261	1,467
Unwind of discount on dilapidation provision	10	10
Gain on disposal of lease	223	-

The total cash outflow for leases in 2022 amounted to €3.5 million (2021: €4.2 million), of which €2.3 million (2021: €2.7 million) was used to settle the principal portion of the lease and €1.3 million (2021: €1.5 million) to settle interest. There are no variable lease payments.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Leases (continued)

c) Lease liability

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

	Minimum lease payments	Present value of lease liability	Minimum lease payments	Present value of lease liability
	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Year 1	3,180	2,173	3,623	2,333
Year 2	2,876	2,034	3,589	2,479
Year 3	2,775	2,092	3,285	2,364
Year 4	2,775	2,262	3,184	2,447
Year 5	1,297	941	3,184	2,645
Year 6 and onwards	4,304	3,306	5,715	4,361
Less: Unearned interest	(4,399)	-	(5,951)	-
Present value of lease obligations	12,808	12,808	16,629	16,629

Analysed as:

	2022 £'000	2021 £'000
Current	2,173	2,333
Non-current	10,635	14,296
As at 31 December	12,808	16,629

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

Movement in lease liability during the year

	2022 £'000	2021 £'000
As at 1 January	16,629	19,392
Payments made	(3,522)	(4,230)
Additions	-	-
Finance costs on lease liabilities	1,261	1,467
Disposals	(1,560)	-
As at 31 December	12,808	16,629

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries

	2022 £'000	2021 £'000
Investment in subsidiaries as at 1 January	3,768,881	1,626,683
Additions	755,981	1,961,588
Impairment	(6,247)	-
Reversal of impairment	523,750	180,610
Investment in subsidiaries as at 31 December	5,042,365	3,768,881

Investments in the current year include £753.5 million (2021: £1,962.0 million) of capital contributions made to DAZN Media Channels in relation to the conversion of loan funding. An investment was also made in DAZN Software Private Limited worth £2.5 million.

On 31 December 2022 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 referenced from a fair value less costs to sell based on a valuation of the DAZN Group that was agreed as part of the recapitalisation of certain borrowings held by DAZN Group on 29 December 2021. The recoverable amount was found to be greater than the carrying amount, which resulted in a reversal of previous impairments that had been recognised of £523.8 million, resulting in a cumulative impairment of £nil. Separately, an investment the Company held in DAZN Media Netherlands BV was assessed as being impaired which resulted in an impairment charge of £6.2 million.

Details of the Company's subsidiaries at 31 December 2022 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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (continued)

Subsidiaries	Share capital owned	Country of incorporation	Principal activity	Registered office
Direct holdings of the Company				
DAZN Digital Media Canada Inc	100%	Canada	Digital sports media	99 Bank Street, Suite 1420, Ottawa, Ontario, K1P 1H4, Canada
DAZN Media Australia Pty Ltd	100%	Australia	Digital sports media	58 Gipps Street, Collingwood, Victoria 3066, Australia.
DAZN Media Channels Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
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 Media India Private Limited	100%	India	Digital sports media	Merican Consultants Private Limited, 33, Pattalamma Temple Street, Basavanagudi, Bengaluru, Karnataka 560004
DAZN Media Netherlands BV	100%	The Netherlands	Digital sports media	Huidekoperstraat 26, 1017 ZM, Amsterdam, The Netherlands
DAZN Media Poland Sp Zoo	100%	Poland	Digital sports media	ul. Żelazna 4 40-851 Katowice, Poland.
DAZN Media Sales Limited	100%	United Kingdom	Online advertising and sponsorship sales	12 Hammersmith Grove, London, England, W6 7AP
DAZN Media Services SRL	100%	Italy	Digital sports media	Piazza S. Babila n. 3, Milan, Italy
DAZN SCA Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
DAZN Spain SL	100%	Spain	Digital sports media	Avenida General Perón, 38, 6° Puerta 3, 28020 Madrid, Spain
DAZN Software Private Limited	99.98%	India	Digital sports media	P.No-1, SY No - 83/1, Floor 17, Wing A&B, Galaxy, Hyderabad Knowledge City, RAIDURGAM Hyderabad-500081, Telangana, India
DAZN Uruguay SA	100%	Uruguay	Digital sports media	Colonia numero 810, oficina 403, Montevideo
DAZN Brand Licensing Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, W6 7AP
Indirect holdings of the Company				
DAZN DACH GmbH	100%	Germany	Digital sports media	Münchener Str. 101, 85737 Ismaning, Germany
DAZN DACH Holdco Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (continued)

Subsidiaries	Share capital owned	Country of incorporation	Principal activity	Registered office
Indirect holdings of the Company (continued)				
DAZN Japan Holdco Limited	100%	United Kingdom	Holding company	12 Hammersmith Grove, London, England, W6 7AP
DAZN Japan Investment GK	100%	Japan	Digital sports media	9F Ark Hills South Tower 1-4-5 Roppongi, Minato-ku, Tokyo 106-0032
DAZN Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
DAZN Media Brasil Servicos Limitada	100%	Brazil	Digital sports media	Rua Fidêncio Ramos, 308, conjuntos 41 e 43, Torre A, Cidade de São Paulo, Estado de São Paulo, CEP 04551-010
DAZN Production Services Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
DAZN MR Holdco Limited	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Netherlands B.V.	100%	The Netherlands	Holding company	Huidekoperstraat 26, 1017 ZM, Amsterdam, The Netherlands
DAZN North America Inc.	100%	United States	Digital sports media	1209 Orange Street, County of New Castle, Wilmington, Delaware, 19801, USA
DAZN US LLC	100%	United States	Digital sports media	United Corporate Services, Inc., 874 Walker Road, Suite C, County of Kent, Dover, Delaware, 19904, USA ('United Corporate Services')
Goal.com (HoldCo) SA	100%	Luxembourg	Digital sports media	25b Boulevard Royal, L-2449 Luxembourg
Goal.com North America Inc.	100%	United States	Digital sports media	One World Trade Center, Floor 72, New York, NY, 10007
Sportal India Private Ltd	100%	India	Digital sports media	1 st Floor Siddhi Vinayak Chambers, R. P. MARG, OPP. M.I.G. Cricket Club, Bandra East, Mumbai, Maharashtra, India 400051
DAZN Media Israel Limited	100%	Israel	Digital sports media	11 Aryeh Shenkar St., Herzliya Pituach, 4672511
DAZN PFL Holdco Limited	100%	United Kingdom	Holding company	12 Hammersmith Grove, London, England, W6 7AP

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (continued)

Subsidiaries	Share capital owned	Country of incorporation	Principal activity	Registered office
Indirect holdings of the company in Joint Ventures				
Matchroom Boxing Global 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
Indirect holdings of the Company in Associates				
Footballco Media Limited	29.17%	United Kingdom	Digital sports media	72 Dean Street, London, W1D 3SG
PFL Europe LLP	15%	United Kingdom	Digital sports media	Oak House, Tanshire Park, Shackelford Road, Elstead, Surrey, England, GU8 6LB

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14. Investment in Footballco preference shares

Reconciliation to carrying amounts – investment in preference shares	£'000
As at 31 December 2020	23,824
Acquisition of shares on 19 July 2021	1,884
Fair value adjustment	(3,488)
As at 31 December 2021	22,220
Acquisition of shares on 26 May 2022	1,526
Fair value adjustment	(12,174)
As at 31 December 2022	11,572

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 registered place of business of the Footballco Group is the United Kingdom.

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.

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 ownership of 30.9% at 31 December 2020.

On 8 April 2021 a further 0.2% of the Company's shareholding was distributed to Footballco Group management in accordance with the sale agreement, resulting in ownership falling to 30.7%.

On 30 June 2021, DAZN completed the sale of D Player with Footballco Media Ltd, recognising a gain on disposal recorded in the profit and loss (see note 8). The loan note created on sale of D Player was later partially converted on 19th July 2021 into £1.9 million of ordinary and preference shares, resulting in ownership falling to 30.3%.

On 31 December 2021, a fair value assessment was performed, based on a discounted cash flow valuation, which resulted in a fair value loss of £3.5 million being recorded in profit and loss in FY21.

On 26 May 2022, the remainder of the loan note created on sale of D Player was converted into £1.5 million of ordinary and preference shares, with the ownership percentage falling to 29.2%.

On 31 December 2022, a fair value assessment was performed, based on a discounted cash flow valuation, which resulted in a fair value loss of £12.2 million being recorded in profit and loss in FY22.

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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

15. Trade and other receivables

	2022 £'000	2021 £'000
Amounts falling due in more than one year:		
Amounts owed by Group undertakings	672,214	568,098
Total non-current trade and other receivables	672,214	568,098
Amounts falling due in less than one year:		
Trade receivables	10,009	3,040
Prepayments	5,076	4,900
Contract assets	8,217	11,551
VAT	3,839	3,225
Corporation tax	(1)	22
Total current trade and other receivables	27,140	22,738

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

Contract assets comprise unbilled advertising, distribution and technology related revenues where the Company has provided services to customers over time.

16. Trade and other payables

Amounts falling due within one year:

	2022 £'000	2021 £'000
Trade payables	23,941	11,958
Amounts owed to Group undertakings	698,190	601,833
Taxation and social security	3,631	3,660
Contract liabilities	583	-
Accruals	35,396	24,347
As at 31 December	761,741	641,798

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

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17. Provisions

	2022 £'000	2021 £'000
Dilapidation provision Non-Current	1,397	1,387
As at 1 January	1,387	1,377
Unwinding of discount	10	10
As at 31 December	1,397	1,387

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

18. Called up share capital

	2022 £'000	2021 £'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
Number of shares	2022 No.	2021 No.
Allotted, called-up and fully paid		
Ordinary shares of £1 each	2,233,231	2,233,230
B Ordinary shares of 1p each	584,822	584,822
Allotted, called-up and fully paid	2022 £'000	2021 £'000
Ordinary shares of £1 each	2,233	2,233
B Ordinary shares of 1p each	6	6
Total	2,239	2,239

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 year, the Company issued 1 (2021: 9) ordinary £1 shares to DAZN Sports Media Limited, its immediate parent, in exchange for the novation of intercompany loan receivables of £753.5 million (2021: £1,961.6 million). The excess over the nominal value of the shares issued was recognised as share premium.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19. Long term incentive schemes

(a) Cash settled schemes

A total charge relating to the Company's long-term cash settled incentive schemes of £nil (2021: £3.7 million) has been included in the income statement for the year ended 31 December 2022.

(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.

During the year, the Group decided to close the G Share incentive scheme resulting in all outstanding shares being transferred back to the Employee Benefit Trust as deferred shares. The G shares were determined to have a fair value of nil at the date of transfer (based on the share options not meeting the required vesting conditions), resulting in no cash settlement being paid to holders. Given that the share-based payment liability was nil at 31 December 2020, and no cash was paid upon settlement, no accounting entry was required upon cancellation of the scheme.

(c) Other long-term incentive plans

During the year, two incentive plans were granted to management at DAZN, for which the terms have been set out below. Three incentive plans granted in 2021 are still in existence and no settlement (either in the form of cash or equity) has been made

LTIP Warrants

One member of key management at DAZN Media Services Limited was granted warrants to acquire shares in DAZN Group Limited (the "LTIP Warrants"). This member of management is, upon vesting, entitled to a fixed percentage of the enterprise value of DAZN Group less invested capital. These LTIP Warrants have an attached service condition, i.e. the exercise of the warrants is dependent upon management being employed by DAZN at the time of vesting.

The LTIP Warrants will vest upon the earlier of an IPO, sale, or the end of the 2-year vesting period.

If an IPO takes place before the end of the vesting period, management will receive ordinary shares, and the value received will be pro-rated based on the amount of time that has passed.

If a sale takes place before the end of the vesting period, DAZN has a choice as to whether to settle the LTIP Warrants in cash or ordinary shares. The value received by management will not be pro-rated, and management will receive the full value that was granted in their employment agreements.

At the end of the vesting period, if neither an IPO nor a sale has occurred, management are able to exercise their LTIP Warrants and receive ordinary shares.

The incentive plan would be settled by an issuance of shares in DAZN Group Limited, and therefore DAZN Media Services Limited has recognised a share-based payment expense of £nil million and a corresponding capital contribution reserve within equity.

2021 Long-term incentive plan

Certain members of management at DAZN Media Services Limited were enrolled in a long-term incentive plan during the year. Employees have been communicated a cash value which vests over a 3-year period and is paid upon an IPO or exit event (such as a sale).

Employees will receive ordinary shares in the event of an IPO and cash in all other circumstances. For some of these awards there was only a verbal non-binding commitment in place at the reporting date, and therefore it has been determined that no accounting entries will be recorded on the basis that the Company does not have a present obligation at the reporting date. For other awards, the value of the awards was communicated to employees in a letter. In these instances, the Company has determined that an obligation exists and therefore accounting entries have been recorded to reflect this obligation.

The incentive plan would be settled in cash by DAZN Group Limited, and therefore DAZN Media Services Limited has recognised the share-based payment expense of £2.1 million and a corresponding capital contribution reserve within equity. This has been calculated based upon the value of the awards communicated to employees, adjusted for the expected number of leavers and pro-rated based on the 3-year vesting period.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19. Long term incentive schemes (continued)

(c) Other long-term incentive plans (continued)

2022 Long-term incentive plan

Certain members of management at DAZN Media Services Limited were enrolled in a long-term incentive plan during the year. Employees have been communicated a cash value which vests over a 3-year period and is paid upon an IPO or exit event (such as a sale).

Employees will receive ordinary shares in the event of an IPO and cash in all other circumstances. The value of the awards received by employees is adjusted based on the ratio between the enterprise value of the Group and invested capital at the time of settlement. Additionally, the value of the awards received by employees will be increased by 20% if certain revenue targets are met.

The vesting period is from the date of communication to employees (16 September 2022) to the end of the vesting period (31 December 2024).

The incentive plan would be settled in cash by DAZN Group Limited, and therefore DAZN Media Services Limited has recognised the share-based payment expense of £1.3 million and a corresponding capital contribution reserve within equity. This has been calculated based upon the value of the awards communicated to employees, adjusted for the expected number of leavers and pro-rated based on the 3-year vesting period.

2022 Long-term incentive plan with backstop

Certain members of management at DAZN were enrolled in a long-term incentive plan during the year. Employees have been communicated a cash value which vests over a period two-year period from the date of communication to employees. Each award has a longstop date, a year after the end of the vesting period.

If an exit event takes place prior to an employee's longstop date, the employee will receive equity in the case of an IPO and cash in the case of a sale. If, at the employee's longstop date no exit event has occurred, the employee will receive cash.

The incentive plan would be settled by DAZN Group Limited, and therefore DAZN Media Services Limited has recognised the share-based payment expense of £0.3 million and a corresponding capital contribution reserve within equity. The value has been calculated based upon the value of the awards communicated to employees, adjusted for the expected number of leavers and pro-rated based on the vesting period.

DAZN MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20. Post balance sheet events

Financing

On 28 February 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$60.0 million (£49.7 million). The difference between the nominal and total value was recorded as share premium.

On 31 March 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£16.1 million). The difference between the nominal and total value was recorded as share premium.

On 28 April 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£16.0 million). The difference between the nominal and total value was recorded as share premium.

On 30 May 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£16.2 million). The difference between the nominal and total value was recorded as share premium.

On 30 June 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£15.9 million). The difference between the nominal and total value was recorded as share premium.

On 31 July 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£15.6 million). The difference between the nominal and total value was recorded as share premium.

On 31 August 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£15.7 million). The difference between the nominal and total value was recorded as share premium.

On 30 September 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$60.0 million (£49.2 million). The difference between the nominal and total value was recorded as share premium.

21. Contingent liabilities

There were no material contingent liabilities at the year-end (2021: £nil).

22. 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 12 Hammersmith Grove, London, W6 7AP.

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.