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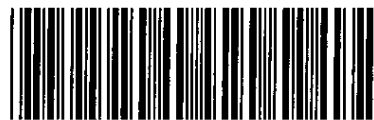
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DAZN GROUP LIMITED

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2020

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DAZN GROUP LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2020

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DAZN GROUP LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2020

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DAZN GROUP LIMITED

STRATEGIC REPORT

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

This Strategic report has been prepared for the DAZN Group as a whole and therefore gives greater emphasis to those matters which are significant to DAZN Group Limited ("the Company") and its subsidiary undertakings when viewed as a whole (the "DAZN Group", the "Group").

Review of the business

A summary of the Group's business activities is given below. Further details can be found on the Group's website at: <https://media.dazn.com>. On 19 August 2019 the Company changed name from Perform Group Limited to DAZN Group Limited and by reference the Group changed from the "Perform Group" to the "DAZN Group". This followed the split and rebranding of the DAZN and Perform Content brands of the Group in September 2018 and subsequent sale of the Perform Content business of the Group on 12 July 2019.

The Group is a global market leader in the commercialisation of multimedia sports content across multiple internet-enabled digital platforms. The Group uses proprietary content collection, production and distribution capabilities, alongside industry-leading digital products, to generate revenue through a mix of licensing content and media (advertising and sponsorship), as well as delivery direct to consumers via its subscription based digital over the top ("OTT") service.

The Group's portfolio of digital sports media rights serves as the basis for its revenue generating activities. The Group seeks to use long-standing relationships with rights owners to acquire rights to a broad portfolio of sporting leagues, tournaments and events with differing schedules to drive its business.

During the current financial year, the Group has extended 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 markets in addition to the 2019 launches in Spain and Brazil and the launch of the global platform in 2020, taking the number of active countries and territories to more than 200. The continued cash expenditure has been funded by capital injections from the ultimate parent of the Group, Access Industries, via loans.

Following the disposal of the Perform Content business in 2019, during the 2020 financial year the Group disposed of several investments, subsidiaries and assets in order to further streamline operations and focus on the core OTT business. The following sales occurred during the 2020 financial year:

- A majority stake in the Footballco Group, comprising the news websites Goal.com, Spox, and Voetbalzone, was sold to TPG for \$70.0 million on 19 October 2020. The Group retained a 31% stake in the newly formed group.
- The Group's 50% share in PIMGSA LLP (FC Diez) joint venture was sold on 20 March 2020 for \$37.0 million consideration. This investment had previously been classified as held for sale as at 31 December 2019.
- The Sporting News business was disposed of on 11 December 2020 as part of an asset sale to Pax Holdings Limited for \$10.5 million.

OTT ('DAZN')

In response to rapid changes in the consumption of sports and media content (for example, the shift from analogue and pay TV platforms to a range of digital devices, including smartphones, tablets and smart TVs) and increasing consumer demand for streamed sporting content, the Group launched its direct-to-consumer media subscription platform 'DAZN' in August 2016. During 2016 the Group launched DAZN in Germany, Switzerland, Austria ("DACH") and Japan. Further to this DAZN was launched in Canada in August 2017, Italy and the USA in 2018, and Spain in early 2019. In December 2020 DAZN launched its global platform, expanding into more than 200 countries and territories. The Group continues to invest in research and development around the DAZN platform, including the DAZN 2.0 application which will allow greater support scalability, application performance and flexibility, and greater customer experience.

DAZN Media

The Group generates revenue from advertising inventory that is sold to sit alongside leading video and editorial sports content acquired or created by the Group. In 2018 DAZN Media also launched advertising on the DAZN platform, completing its first full year of operations in 2019 in addition to new launches in Spain and the USA.

Prior to the sale of the majority of the Group's own branded websites, revenue was generated through display and video advertising and sponsorship through the sale of advertisements across websites and mobile products, as well as third-party digital sports products. Video advertising is delivered on the Group's DAZN Player, an embeddable sports video-on-demand platform. Subsequent to the sale of the Sporting News and Footballco businesses, the majority of the Group's Media revenue relates to sale of advertising on the DAZN platform.

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Ventures

Our Ventures business represents long-term agreements with rights holders where we have a significant input on overall strategy, production, distribution and marketing. For the majority of these partnerships, we act as a provider of services to the rights holders to facilitate the broadcasting of the content associated with the related rights to multiple territories. There is one arrangement where we licence the rights from the rights holder for direct sale to broadcasters. Each partnership will have varying degrees of involvement based on the individual agreements and run for differing lengths of time.

Financing

During 2020, the Group's immediate parent company, AI Perform Holdings LLP, extended an additional \$1.05 billion in funding through the following facilities:

- On 7 January 2020, DAZN Group Limited entered into a loan commitment with AI Perform Holdings LLP. DAZN Group Limited can utilise the commitment by drawing down in tranches of at least \$10.0 million up to a total commitment of \$250.0 million. The first \$100.0 million was drawn down on 8 January 2020, with a further \$150.0 million drawn down on 27 January 2020. These first tranches attracted interest at a rate of 10% and incurred an arrangement fee of \$3.8 million.
- On 25 February 2020 the commitment was increased to \$450.0 million, and a final tranche of \$200.0 million was drawn down on 27 February 2020. The final tranche attracted interest at a rate of 30%.
- On 24 July 2020, the Group entered into a new loan agreement with AI Perform Holdings LLP for a total of \$200.0 million. The agreement was split across two drawdowns: \$125.0 million on 24 July, with the balancing \$75.0 million drawn on 27 August 2020. The loan attracted interest at a rate of 30%.
- On 17 September 2020, the Group entered into an additional new loan agreement with AI Perform Holdings LLP for a total of \$200.0 million. The agreement was split across three drawdowns: \$65.0 million on 17 September, \$70.0m on 29 September with the balancing \$65.0 million drawn on 21 October 2020. The loan attracted interest at a rate of 30%.
- During the year the lending parties to the Group were changed. On 30 October 2020 AI Perform Holdings LLP was released and discharged as the lender of \$650.0 million of loan facilities entered into in 2020, which were replaced with new loan agreements on identical terms with Perform DAZN Holdings 3 LLC and Perform DAZN Holdings 4 LLC, both members of the Access Industries Group. On the same date AI Perform Holdings LLP was released and discharged as the lender to the 17 September 2020 \$200.0 million facility, which was replaced with a new loan agreement on identical terms with Perform DAZN Holdings 4 LLC. On the same date AI Perform Holdings LLP was released and discharged as the lender to the October 2019 \$275.0 million convertible loan facility agreement, which was replaced with a new loan agreement on identical terms with Perform DAZN Holdings 2 LLC.
- On 19 November 2020, the Group extended the September facility with Perform DAZN Holdings 4 LLC by a total of \$200.0 million on the same terms. \$75.0 million was drawn down on that date and \$125.0 million was drawn down on 29 December 2020. The loan attracted interest at a rate of 30%.

Post year end DAZN Group Limited entered into further loan agreements of \$1.1 billion with Access Industries in order to fund ongoing activities.

- The September loan facility was increased several times, in addition to the original facility of \$400.0 million in 2020 ('Facility A'), on 25 January 2021 the agreement was increased by \$275.0 million, with \$125.0 million drawn down on the same day and \$150.0 million drawn down on 16 February 2021 ('Facility B').
- On 9 March 2021 Facility B was increased further by \$325.0 million, with \$175.0 million drawn down on the day and \$150.0 million drawn down on 6 April 2021. On 30 April 2021 an additional \$150.0 million was extended under Facility B, which was drawn down on 4 May 2021.
- On 18 May 2021 the convertible loan that was originally extended in October 2019 was amended to increase the interest rate from 10% to 30% and to remove the conversion right in consideration for a fee of \$35.9 million. On this same date the January 2020 loan was amended to increase interest on the first tranches of \$250.0 million from 10% to 30%.
- On 14 June 2021, an additional \$250.0 million was extended under Facility B, with \$150.0 million drawn down on 15 June 2021 and a further \$100.0 million drawn down on 26 July 2021.
- On 8 September 2021 Facility B was extended by an additional \$100.0 million, of which \$65.0 million was drawn down on the same day and \$35.0 million was drawn down on 26 October 2021.

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Financing (continued)

On 29 December 2021, the Group and its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year-end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the Group's borrowings, amounting to \$3.3 billion, and the issuance of \$1.2 billion of A ordinary shares and \$2.1 billion of new growth preference shares. Additionally, \$150.0 million of funding was received on 29 December 2021, in exchange for \$75.0 million of A ordinary shares and \$75.0 million of growth preference shares.

The terms attached to the growth preference shares issued are set out in the Company's Articles of Association. The growth preference shares have no fixed repayment date but carry rights to preferential settlement in the event of certain contingent events including sale of the Company's shares, and will automatically convert into ordinary shares in certain circumstances, including in the event that the Company's shareholders holding the greatest number of growth preference shares and Z ordinary shares agree to serve a conversion notice on the Company.

Financial review and key performance indicators

Revenue

	2020 \$'000	2019 \$'000 Restated	Movement \$'000	Movement %
OTT	724,049	601,038	123,011	20.5
Media	101,381	101,467	(86)	(0.1)
Ventures	46,406	116,550	(70,144)	(60.2)
	871,836	819,055	52,781	6.4

The Group's revenue has increased \$52.8 million (6.4%) to \$871.8 million (2019: \$819.1 million).

OTT revenue totalled \$724.0 million (2019: \$601.0 million) following the fourth full year of DAZN trading in mature markets like DACH and Japan, the second full year of Italy and the USA, and the first full year of Spain. Revenue growth in 2020 was impacted by the COVID-19 pandemic, with most sporting events being significantly reduced or cancelled during the initial few months of the pandemic. When sports content resumed in the latter half of the year, the Group saw improved subscriber and revenue growth. This has resulted in a significant 20.5% increase in OTT revenue, despite the challenges of the global pandemic.

Media revenue remained constant at \$101.4 million (2019: \$101.5 million). Similar to the trend in OTT revenue, media and advertising revenue reduced over the months impacted most by the COVID-19 pandemic but saw a recovery in the latter part of the financial year.

Ventures revenue decreased by \$70.1 million to \$46.4 million (2019: \$116.6 million), largely due to disruptions to sporting events caused by the COVID-19 pandemic. In addition, the revenue from certain partnership deals such as the International Basketball Federation ("FIBA") is cyclical in nature, which has contributed towards the decline in the current financial year.

Other income

Other income fell from \$12.8 million to \$11.0 million during the current financial year. This was driven by a fall in income from Transitional Services Agreements from \$12.8 million to \$6.6 million, which has been partially offset by the receipt of \$4.4 million of government grant income in relation to COVID related support.

Share in results of joint ventures and associates

During the current year the Group included its share in the result of three separate joint ventures and associates:

- Matchroom USA LLC is a joint venture established in 23 March 2018 in which the Group has joint control and 40% ownership interest. During the current year the Group recognised its share of losses of \$0.7 million (2019: profit of \$2.1 million). As at 31 December 2020 the carrying amount for the investment in Matchroom USA LLC was \$1.5 million (2019: \$2.1 million);

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Financial review and key performance indicators (continued)

Share in results of joint ventures and associates (continued)

- Peak Jersey Topco Ltd is the ultimate parent entity of the STATS Perform Group, which DAZN acquired a minority share of as part of the sale of the Perform Content businesses in 2019. This investment consisted of a 20% share of the ordinary and preference shares of STATS Perform. During the current year the Group has recognised its share of losses of \$19.3 million (2019: \$12.8 million) and its further share of losses through other comprehensive income of \$0.9 million (2019: \$2.5 million). A loss on remeasurement to fair value of the preference shares of \$114.1 million was recognised (2019: \$14.4 million). As at year end the carrying amount for the investment in associate and the investment in preference shares is \$36.5 million (2019: \$170.8 million).
- Footballco Media Ltd is the parent entity of the Footballco Group, which DAZN retained a 31% stake in following the sale of the majority interest in the group in October 2020. This investment consisted of a 31% share of the ordinary and preference shares of the Footballco Group and was initially recognised at its fair value of \$33.5 million. In November, the Group disposed of an additional 1% of the investment to management of the Footballco Group, resulting in a decrease in the carrying amount of \$1.0 million. During the current year, the Group has recognised a share in losses of \$0.1 million for the period post-acquisition. As at year end the carrying amount for the investment in associate and the investment in preference shares is \$32.3 million.

Operating costs

	2020 \$'000	2019 \$'000 Restated	Movement \$'000	Movement %
Rights costs	1,198,610	1,707,990	(509,380)	(29.8)
Production costs	53,899	37,259	16,640	44.7
Content distribution and delivery	191,285	192,810	(1,525)	(0.8)
Sales and marketing	149,090	321,582	(172,492)	(53.6)
Staff costs	207,322	204,912	2,410	1.2
Other costs	125,800	143,354	(17,554)	(12.2)
Loss on foreign exchange	12,613	40,619	(28,006)	(68.9)
Amortisation	35,270	52,029	(16,759)	(32.2)
Amortisation on acquisition intangibles	1,025	3,405	(2,380)	(69.9)
Depreciation of right of use assets	14,126	16,741	(2,615)	(15.6)
Depreciation	22,786	27,545	(4,759)	(17.3)
Goodwill impairment	512	1,139	(627)	(55.0)
Acquisition intangibles impairment	-	535	(535)	(100.0)
	2,012,338	2,749,920	(737,582)	(26.8)

The Group's operating costs have fallen by 27% from \$2,750.0 million to \$2,012.3 million. The operating loss fell by \$774.5 million from \$(1,924.6) million to \$(1,150.1) million, with a current year operating margin of (131.9)% (2019: (235.0)%).

Rights costs fell in the year from \$1,708.0 million to \$1,198.6 million as a result of rebates received and the termination of rights deals relating to the impacts of COVID 19 on the prevalence of live sport. Production costs increased by \$16.6 million to \$53.9 million as the Group continued to develop its production activities and the generation of original content. Sales and marketing costs fell by \$172.5 million to \$149.1 million in the year associated with the reduction in OTT marketing spend following COVID restrictions on live sports content. Content distribution and delivery costs remained static year on year.

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Financial review and key performance indicators (continued)

Operating costs

Exceptional items are included within other costs above and increased by \$33.8 million to \$84.5 million (2019: \$50.7 million) and include the following in 2020:

- Restructuring costs of \$59.4 million in the current year include \$42.0 million (2019: \$ nil) in relation to the settlement of rights contracts following the restructuring of the Group's rights portfolio, \$9.9 million incurred in relation to the Footballco sale transaction (2019: \$28.2 million in relation to the Perform Content sale) and a further \$4.2 million (2019: \$ nil) in relation to advice received in relation to the impacts of Coronavirus;
- Exceptional legal costs of \$7.0 million in the current year include \$4.5 million in relation to provisions for disputes and professional investigations (2019: \$0.1 million);
- Exceptional costs in relation to Group funding of \$3.1 million (2019: \$7.9 million) relate to professional fees from third parties operating in an advisory capacity to the Group; and
- \$15.0 million of onerous contract expenses recognised as a result of internal assessments on rights contracts (2019: \$ nil).

Net finance costs

Net finance costs (excluding remeasurement of options) increased \$97.0 million to \$142.3 million (2019: \$45.3 million) due to the following:

- interest, bank fees and related charges (including the amortisation of arrangement fees) due on the Group's senior secured notes and revolving credit facility of \$4.2 million (2019: \$18.6 million);
- interest on shareholder loan of \$194.7 million (2019: \$18.1 million);
- finance expenses on lease liabilities of \$7.1 million (2019: \$7.0 million), offset by \$0.2 million (2019: \$0.1 million) of finance income from an investment in a sublease;
- a decrease in bank interest receivable of \$0.9 million to \$0.7 million (2019: \$1.7 million); and
- net foreign exchange gains of \$62.6 million on financial instruments (2019: net gains of \$8.3 million).

During the year a \$0.4 million gain was recognised for the revaluation of the option to convert loan instruments to equity. In the prior period the initial derivative value of \$15.9 million was recognised directly through equity.

Taxation

The tax charge for the continuing operations for the year is \$9.7 million (2019: \$2.1 million charge). This includes a current tax charge of \$13.6 million (2019: \$7.8 million charge) and a deferred tax credit of \$3.9 million (2019: \$5.6 million credit). The current tax charge has increased in comparison with the prior year. The deferred tax credit primarily arises from recognising deferred tax in respect of the origination and reversal of timing differences of \$3.5 million (2019: \$4.8 million). The tax charge for discontinued operations in the prior year was \$0.7 million charge.

Loss after tax

Loss after tax for the continuing operations for the year is \$1,304.9 million (2019: \$1,986.4 million). This loss derives from an operating loss for the year of \$1,150.1 million from continuing operations (2019: \$1,924.6 million loss), a tax charge for the year of \$6.7 million for continuing operations (2019: \$2.1 million charge), net finance costs of \$142.3 million from continuing operations (2019: \$45.3 million), and a fair value loss on remeasurement of STATS Perform preference shares of \$114.1 million (2019: \$14.4 million). This has been offset by the gain on disposals during the year of \$110.7 million (2019: \$nil), consisting of a gain of \$75.3 million from the Footballco sale, \$31.6 million from the FC Diez sale and \$3.8 million from the Sporting News sale.

Cash outflow from operating activities

Cash outflows from operating activities decreased by \$486.0 million to a \$968.0 million outflow (2019: \$1,454.0 million outflow). This was caused by a \$743.3 million reduction in operating cash outflows before working capital to a \$1,048.6 million net outflow (2019: \$1,791.9 million net outflow).

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Financial review and key performance indicators (continued)

Financing activities

Cash inflow from financing activities decreased by \$15.8 million to an inflow of \$1,031.0 million (2019: \$1,046.8 million inflow). This was driven by further proceeds from borrowings of \$1,050.0 million (2019: \$750.1 million) following investments from Access Industries during the current year, in addition to the repayment of interest charges and lease payments totalling \$19.0 million (2019: \$31.0 million).

Investing activities

Cash from investing activities decreased by \$220.2 million from a cash inflow of \$261.2 million in the prior year to a \$41.0 million cash inflow during the current year. \$77.8 million related to the cash proceeds from the sale of the Footballco business. Cash outflows from the purchase of intangible assets fell by \$22.1 million to \$34.4 million in the current year, and cash outflows from the purchase of property plant and equipment decreased by \$32.6 million to \$3.6 million.

Debt and liquidity

As at 31 December 2020 the Group had net debt of \$1,293.9 million (2019: \$199.8 million) representing cash of \$186.0 million (2019: \$79.0 million) offset by borrowings of \$1,479.9 million (2019: \$278.8 million).

Fixed assets

During the year the Group continued to capitalise expenditure on additions and improvements to its technical software as new updates were developed. Total intangible asset additions were \$30.1 million (2019: \$55.7 million), which included capitalised internal staff costs of \$18.7 million (2019: \$13.5 million) and capitalised external development and software costs of \$11.4 million (2019: \$42.2 million).

The Group continued its investment programme to update and improve the equipment used to support its technical hardware platform including continued investment in the live video delivery platform and invested \$4.9 million during the current year (2019: \$9.9 million). In addition, the Group invested \$1.7 million in leasehold improvements and furniture and fittings (2019: \$21.6 million).

Principal risks and uncertainties

The Directors believe that the Group's continuing success in creating value from its digital rights, its broad product offering, the length and nature of existing contracts and its international customer base will protect and grow future revenues. In order to deliver and expand its range of services the Group needs to invest continuously in software development and technical hardware. This investment ensures that the Group remains able to provide an innovative, scalable technical platform and to deliver new and improved products to the market and its customers. The Group plans to maintain this investment to deliver new products and services, particularly across mobile devices. The licensing of sports rights is critical to the success of the business. Such rights are usually licensed for periods of between three to five years. The majority of the Group's revenue relates to the OTT business, where consumer subscription periods are significantly shorter than the Group's rights obligations. Where the Group is principal in Ventures partnership deals, rights obligations of the Group are generally longer than its broadcasting agreements with customers, with the Group re-contracting broadcasters or entering new agreements over time. In these instances, the Directors monitor the level of this contract exposure and endeavour, wherever possible, to progress revenue contract renewal negotiations well before the contracts are due to terminate, thus limiting the financial risk of such exposure.

In addition to the risks set out above, additional risks are set out in the table below, all of which were considered risks at the prior year end.

Risk	Impact and mitigating actions
Liquidity risk	The Group has made significant losses in the current financial year and until such time as the OTT 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 OTT 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.

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

Risk	Impact and mitigating actions
Dependency on digital technologies and communications networks	The Group is dependent on third-party internet, mobile and other technology and service providers to deliver its products and services. However, the ultimate control of these platforms and technologies is outside of Management's control. The Group constantly monitors changes in technological trends which could affect the sustainability, usability and economic viability of its products and services to minimise the adverse impact that may result.
Rights costs and margin	There is strong competition from third parties for certain rights. Therefore, there is a risk that the Group will experience increased costs for those rights it acquires or either the Group is outbid for or chooses not to acquire or renew certain rights it would like. The Group has a specific team focused on the acquisition and management of rights. Management continuously assesses the Group's requirements for rights-cleared content (including careful assessment of the economic viability of each set of rights) in order to ensure that it makes strategically appropriate and economically informed decisions. The Group has a highly developed approach to the selection of rights and the scheduling of content in its services to ensure that value is derived from the rights purchases it makes.
Protection of the Group'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 Group's content were to occur this may diminish demand for, or the value of, some of the Group's services. The Group monitors infringement of its content, brands and intellectual property rights and continues to develop a range of strategies with which to respond where required.
Personal data	The Group controls increasing quantities of personal data which requires adequate protection and management to ensure compliance with applicable laws. The Group continues to invest in the legal and regulatory compliance function and ensure we are in compliance with the General Data Protection Regulation. Management regularly assess the legal and regulatory requirements of the Group and adjust the level of resource as necessary.
Exchange risk	A significant portion of the Group's revenue and costs are in Sterling, Euros, Dollars and Yen and the Group is increasingly exposed to trading in other currencies. Management prepare cash flow forecasts by currency and attempt, where appropriate to do so, to naturally hedge the Group's cash flow. Management will continue to carefully monitor the Group's cash flow and consider alternative arrangements if there is a material unhedged exposure.
Tax	Adverse changes in taxation could affect the Group's results and the Group could be exposed to a variety of tax risks in various countries. Management work closely with external tax advisers on an ongoing basis to mitigate tax risks.
Content liability	The Group may be subject to legal or regulatory proceedings if an item of content that the Group produces or handles breaches a third-party's rights, law or regulation. The Group requires that its editorial staff abide by the relevant editorial code of practice. Content produced is reviewed against that code by its senior and managing editors prior to publication to ensure suitability for each geographical market it is published in.
Products	Constant technological and user behaviour changes necessitate that the Group engages in continuous and sometimes rapid product development. Management are highly focussed on ensuring that the Group makes maximum progress in this respect, but the Group'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 Group's economic performance.

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

Risk	Impact and mitigating actions
Litigation risk	<p>In the ordinary course of business, the Group 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 Group 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 Group 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>
COVID-19 and access to sports content	<p>In early 2020, a new coronavirus (COVID-19) was discovered and on 11 March 2020 the World Health Organisation characterised the COVID-19 outbreak as a pandemic. Global responses to COVID-19 were driven on a country by country basis but were typified by varying levels of restrictions to both national and international movements of people and control over mass gatherings.</p> <p>Within 2020, measures to restrict the spread of the coronavirus have had a significant impact on the global sporting industry, with events initially being performed behind closed doors in late February and early March 2020, with a swift escalation to the suspension of sporting seasons across numerous sports. Despite the pandemic continuing to have a global impact, sport returned in the second half of the year and almost all leagues and events have resumed with increased health and safety restrictions. During the months between March and June/July when sport started to return, there was a significant reduction in the amount of live sport available to customers on the DAZN OTT platform, resulting in a reduction in subscribers and revenue. The Group took various mitigating actions during this time to reduce the impact on the business and its stakeholders, including producing original and innovative content to provide to subscribers in place of live sport and engaging in conversations with rights holders to temporarily pause payments while content was unavailable. The Group continues to follow the local government and health authority guidelines in response to coronavirus in all regions in which it operates.</p> <p>Following the return of live sport in the second half of 2020, new measures have been put in place with regards to safeguarding players, support staff and fans, including secure bio-bubbles around sporting events, vaccinating players and crowds, regular COVID-19 testing regimes across different sporting codes and, where necessary, the restriction of fans within stadiums based on national and regional guidelines. This has allowed for the continuation of the majority of sporting events, with the return of supporters to stadiums in most locations, based on local COVID guidance and protocols.</p> <p>Although live sport has not been significantly affected since the first wave of the pandemic, and the majority of the impacts on the industry have been mitigated with vaccinations and additional precautions around social distancing and testing, the full impact of the pandemic is not yet known and the macroeconomic environment is likely to remain uncertain and unpredictable for a period of time. There is still a risk that a resurgence of infections or new variants could result in further disruption to live sport.</p>
Brexit	<p>The Group generated 5% (2019: 7%) of revenue from the United Kingdom, which continues to experience political, regulatory, economic and market uncertainty following its exit from the European Union in January 2020, commonly referred to as 'Brexit'. While the United Kingdom and the European Union have entered into a trade and co-operation agreement, which provides a framework for the United Kingdom's future relationship with the European Union, significant political and economic uncertainty remains.</p>

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement

The Directors have had regard to a variety of stakeholders other than the Group's shareholders when making strategic business decisions. The Group is 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 are set out below.

Stakeholder	Relationship and engagement activities
Customers	<p>Through the operation of the DAZN OTT Platform, the business has access to customers in over 200 territories following the launch of the global offering, providing over 516 million hours of streamed content and generating original signal for over 32,000 sporting events in 2020.</p> <p>The Group has completed over a billion customer communications in 2020, initialising in app communications, push notifications, paid media, message centre and email. The Group has now developed a Customer Relationship Management (CRM) platform which is fully scalable over the Group's 200+ territories and operational in multiple languages.</p> <p>As part of the aim of becoming the best in class for its one to one relationship with customers, the Group has also completed over half a million surveys with customers, moving towards improved survey automation and expanding the current number of countries and territories surveyed in 2020 using 4 core surveys available in 17 different languages.</p>
Employees	<p>As at 31 December 2020 the DAZN Group has approximately 2,600 employees operating in countries around the world. Maintaining an engaged and motivated workforce driven by the desire to change how people consume sport is a key priority for the Board. Through recruiting and retaining exceptional talent the Group 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, culminating in the 2020 DAZN Vision conference for all employees. DAZN also entered an agreement with a new employee engagement and feedback partner, Peakon, to provide key input into the people planning process operated by the Board which is rolled out in each operational area of the Group.</p> <p>DAZN is committed to being an inclusive, global company, promoting diversity and equity within the workplace, in addition to creating a more inclusive sports media industry. The business appointed its first Head of Diversity, Equity and Inclusion (DEI) and established Employee Resource Groups (ERGs) as part of the new DEI strategy.</p> <p>Health and Safety is a main focus for the board, with the Group operating a Health and Safety policy across all global facilities, including a strong focus on COVID-19 safety measures for those working on site, and wellbeing support for all employees. Continued training and development is also offered to staff through the DAZN Learning Portal and industry-focused Brown Bag teaching sessions run internally.</p>

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement (continued)

Stakeholder	Relationship and engagement activities
Suppliers and Rights Holders	<p>The Group's primary suppliers are rights holders providing content for the OTT service, with DAZN rapidly becoming one of the largest acquirers of sports rights utilising over a decade of experience in sports rights across almost every sport globally.</p> <p>The Board remains committed to securing live sporting rights and highlights, often on an exclusive basis, as well as investing in impactful original programming. Securing and utilising rights is recognised as a collaborative process, creating open and communicative relationships to develop and maintain global multi-year relationships.</p> <p>During 2020 the Group has worked collaboratively with rights holder partners to manage the effects of the COVID-19 pandemic and the related cessation of live sport during the period. The Group has engaged directly in restructuring and renegotiations, showing the strength of the relationship with its rights holders and receptiveness to the needs of licensees. This has included the suspension of payment obligations and recognition of rebates for changes to competition formats during the period.</p> <p>The Group follows a procurement framework to ensure a structured and transparent process to supplier engagement, 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.</p>
Community	<p>A dedicated DEI (diversity, equity, and inclusion) function within the People business function is essential in the implementation of employee-related DEI priorities. In 2020, this included demonstrating company-wide commitment to DEI via minority recruitment network partnerships, diverse interview panels, job specification language updates, candidate surveys and AB testing, first-of-its-kind global employee diversity snapshot survey, and first ever global mentorship program inclusive of global C-suite mentorship of diverse junior level employees.</p> <p>To better amplify voices of employees from a diverse set of backgrounds, ERGs (employee resource groups) are voluntary, employee-led groups company-wide across all regions which aim to foster a diverse, inclusive workplace, consisting of over 150 employees across 10+ markets as of the end of 2020. The groups exist to help employees contribute to how the business evolves with an increased focus around diversity, provides support and inclusion for personal and/or career development, and creates forums to tackle social-related issues. For example, the UK held a series of workshops during National Inclusion Week and Black History Month enabling a kick-start to a number of important conversations within the business, while Italy ran a series of creative and engaging talks and workshops for working parents.</p> <p>During the year the Group produced first-of-its-kind content recognizing and commemorating the Tulsa Race Massacre. This coincided with a DAZN boxing event taking place in the streets of Tulsa and was produced and aired during the live boxing broadcast, as well as on our social channels. Monetary support was provided to help a local female black and Native American owned boxing gym to expand and further its mission to grow the sport by providing an avenue for local kids and adults alike in Tulsa.</p> <p>The Group has also engaged in a collaborative and affiliate relationship with USA Boxing to educate and prepare aspiring fighters on life beyond sports and giving back to the community, which activates locally in each market that DAZN has a boxing event in.</p> <p>The DAZN Group continues to work with PLAN International, having reached over 30,000 children and young people in India and Brazil as part of their partnership since 2013. This includes its Empowerment through Sports programme in Brazil and harnessing the power of sports to increase school attendance in India.</p>

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement (continued)

Stakeholder	Relationship and engagement activities
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 OTT streaming and Media platforms, and production.</p> <p>The Group operates a flexible working policy and as a result of the COVID-19 pandemic has followed local guidelines in moving a large proportion of employees to a work from home capacity. These restrictions have led to further reductions in commuting by Group employees during the year.</p> <p>Data centres are an integral part to the DAZN Group's operations, facilitating the storage and transfer of broadcast data underpinning the OTT and Media platforms. This is recognised as a key area of energy consumption within the business, and as part of the global data centre network, DAZN utilises sites in London where 100% of power is generated from sustainable resources including water, wind and solar.</p>

The Board takes into account the interests of its stakeholders during key decisions as part of their duty to promote the success of the Group. The Directors act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit 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 Group's employees;
- (c) The need to foster the Group's business relationships with suppliers, customers and others;
- (d) The impact of the Group's operations on the community and the environment;
- (e) The desirability of the Group maintaining a reputation for high standards of business conduct; and
- (f) The need to act fairly as between members of the Group.

The board approach to Section 172 and decision making

Strategy	The aim of the DAZN Group 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.
Policies and practices	<p>The Board undertakes the delegation of policies and practices among the senior leadership team and the areas of the business they have responsibility for, as well as acting as sponsors for specific initiatives within the business. In the current year there has been a restructuring within the senior leadership team to create a new structure including the following roles:</p> <ul style="list-style-type: none"> - Executive Chairman - Executive Vice Chairman - Chief Executive Officer - Chief Customer and Innovation Officer - Chief Operating Officer - Chief Commercial Officer - Chief Development and Delivery Officer - Chief Revenue Officer - Chief Subscription Officer - Chief People Officer - Chief Communications Officer - Chief Financial Officer - Chief Legal Officer & General Counsel

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement (continued)

The board approach to Section 172 and decision making

Training	<p>As a result of COVID-19 restrictions in the current year, the Enabling and Engaging People to Perform (EEPP) program which delivered face to face classroom-based training ceased. In immediate response to this the Group launched the Learning Zone, an online resource to provide learning, development and support content to all employees. This included a managers' hub, providing guidance, advice and tools, as well as enabling all staff to access content relating to homeworking, diversity equity and inclusion, and mandatory training for digital safety and security awareness. The Learning Zone has now evolved to link to an additional self-development environment called the e-learning hub, containing over 2000 aggregated learning and development resources to enable self-paced growth.</p> <p>Separately a new online starter training programme was also implemented so as to support new joiners to the Group.</p>
Culture	<p>In 2020 the Board issued the following Statement of Intent on Diversity, Equity and Inclusion.</p> <p>Sports fans are the lifeblood of DAZN and the very reason we exist. In order to best serve them, our global workforce must reflect the diversity of sports fans all around the world. We recognize that having the strongest workforce possible means hiring and developing the best people across all races, ethnicities, religions, age groups, sexual orientations, gender identities and all abilities. We are committed to fostering an inclusive environment, both inside and outside of our walls, that values equality and diversity - where everyone can contribute at the highest level and their voices can be heard.</p>

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

Board Matter	Disclosure of the Board's considerations
Approval of the sale of the Footballco business	<p>In early 2020 the Group entered into negotiations to sell part of its Media division, comprising three subcomponents; the football news websites Goal.com; Spox; and Voetbalzone, to US-based investment firm TPG. The Group undertook various restructuring activities to form a new group ("Footballco Group") prior to the sale. On 19 October 2020, the sale completed and a majority stake in the Footballco Group was sold to Digital Media GoalCo LLC, TPG's acquiring entity, for cash consideration of \$70 million. DAZN retained a 31.9% interest in the Footballco Group, with the remaining shareholders comprising Digital Media GoalCo LLC and Footballco Group management.</p> <p>In making this decision, the Board remained aware of the commitment to customers as key stakeholders, both through the renewed focus and investment in the DAZN OTT platform through the sale and its proceeds, but also in recognising the benefit in aggregating Goal.com, Spox and Voetbalzone as complementary interests in the football content and media business. The interests of employees were also key to the decision-making process, leading to an in-depth review of staff allocation and involvement throughout the restructuring of the Group's businesses prior to the transaction, in addition to establishing a Transitional Service Agreement (TSA) to ensure a smooth transition following the sale.</p>
Approval of the launch of the DAZN OTT Global Offering	<p>On 1 December 2020 the Group launched the Global Offering of the DAZN OTT platform, delivering its live and on-demand streaming service in over 200 countries and territories.</p> <p>In making this decision the Board remained conscious of the needs and expectations of its customers on a global scale as well as leveraging the strong relationships with rights holders to ensure access to premium live and archived content, in addition to developing a focus on internally generated unique content.</p>

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Future developments

The Group is confident that demand for its products and services will continue to increase, supported by structural growth drivers and through the Group's own growth strategy.

The Group has continued its growth plan in 2021, sustaining increases in both subscribers and revenue. Post year end the Group has continued to expand its rights portfolio including acquiring rights to broadcast all of Serie A in Italy from 2021 to 2024 and confirming a four year deal for worldwide UEFA Women's Champions League Rights. DAZN Group Limited also entered into further loan agreements of \$1.1 billion with Access Industries in order to fund ongoing activity. Additionally, \$150.0 million of funding was received on 29 December 2021, in exchange for \$75.0 million of A ordinary shares and \$75.0 million of growth preference shares. A further \$100.0 million of funding was received on 27 January 2022 in exchange for \$50.0 million of A ordinary shares and \$50.0 million of growth preference shares.

The Group has also seen changes to the executive leadership team including the addition of Shay Segev as CEO and Darren Waterman as CFO, in addition to Kevin Mayer being appointed as the new chairman of the Board of Directors.

Refer to the Directors' Report and note 1 for further details on the response to COVID-19.

Details of significant events since the balance sheet date are further detailed in note 33 to the consolidated financial statements.

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



Stuart Epstein

Director

14 February 2022

DAZN GROUP LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2020.

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.

Going concern and COVID-19

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, 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, including throughout the COVID-19 pandemic and during 2021 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 2025, including forecast funding requirements. This assessment has included consideration of the risk of further disruption from the COVID-19 pandemic on the Company's business and its resulting impact on future revenues, results from operations and cash flows. For further details refer to note 1.

The Group had cash balances of \$186.0 million (2019: \$79.0 million) at the year end, net current liabilities of \$1,254.5 million (2019: \$85.3 million net current liabilities) and net liabilities of \$1,063.1 million (2019: \$272.8 million net assets). The Group had future rights commitments of \$5.0 billion (2019: \$4.4 billion) at 31 December 2020 that are not recognised in the statement of financial position.

The Group continued the expansion of its OTT business during the current year, launching the global platform in December 2020 expanding into more than 200 countries and territories. The Group continues to invest in technology and 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.

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

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 \$1.35 billion of funding to DAZN, of which \$1.1 billion is in the form of loans and \$250.0 million in ordinary and preference shares, to support its investment and growth plans.

On 29 December 2021, the Group and its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the Group's borrowings, amounting to \$3.3 billion, and the issuance of \$1.2 billion of A ordinary shares and \$2.1 billion of new growth preference shares. Additionally, \$150.0 million of funding was received on 29 December 2021, in exchange for \$75.0 million of A ordinary shares and \$75.0 million of growth preference shares. A further \$100.0 million of funding was received on 27 January 2022 in exchange for \$50.0 million of A ordinary shares and \$50.0 million of growth preference shares. The terms attached to the growth preference shares issued are set out in the Company's Articles of Association. The growth preference shares have no fixed repayment date but carry rights to preferential settlement in the event of certain contingent events including sale of the Company's shares, and will automatically convert into ordinary shares in certain circumstances, including in the event that the Company's shareholders holding the greatest number of growth preference shares and Z ordinary shares agree to serve a conversion notice on the Company.

Financial risk management objectives and policies

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

DAZN GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

Cash flow risk

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

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments.

The Group's credit risk is primarily attributable to its trade receivables. The Group 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 Group has no other significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group 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.

Dividends

The Directors have not recommended the payment of a dividend in respect of 2020 (2019: \$nil).

Directors

The Directors, who served throughout the year and to the date of signing, except as noted, were as follows:

- Guillaume D'Hauterville – appointed as Director on 30 March 2020;
- John Gleasure;
- John Skipper;
- Jörg Mohaupt – terminated as Director on 22 February 2021;
- Kevin Mayer – appointed as Director on 3 March 2021;
- Kiyoshi Nakamura – terminated as Director on 31 December 2021;
- Lincoln Benet;
- Paul Walker;
- Simon Denyer; and
- Stuart Epstein

Directors' indemnities

The Group 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.

Political contributions

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

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. If members of staff become disabled, every effort is made to ensure that their employment with the 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 Group 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 Group. 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.

DAZN GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

Business relationships

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

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

	Year ended 31 December 2020	Year ended 31 December 2019
The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity by the Group for its own use, including for the purposes of transport	1,214 tn	7,560 tn
A figure, in MWh, which is the aggregate of the annual quantity of energy consumed from the purchase of electricity by the Group for its own use, including for the purposes of transport	8,752 MWh	30,668 MWh
Total tonnes of carbon dioxide equivalent produced per each million dollars of revenue recognised during the year	1.4 tn	9.2 tn
Total MWh consumed per each million dollars of revenue recognised during the year	10.0 MWh	37.4 MWh

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

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

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

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

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

DAZN GROUP 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 he 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.



Stuart Epstein

Director

14 February 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the 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 Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the Parent Company 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 the Parent Company 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.
- In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- assess the Company's ability to continue as a going concern.

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAZN GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of DAZN Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- *the consolidated and parent company statement of financial position;*
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- *the related notes 1 to 33 of the group financial statements and the related notes 1 to 13 to the parent company financial statements.*

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements 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 Group and the Parent 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 Group's and Parent 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAZN GROUP LIMITED

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.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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 Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Group 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. This included the 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 group's ability to operate or to avoid a material penalty. These included the General Data Protection Regulations and regulatory requirements relating to the Group's broadcasting licences in those principal markets where it is required to hold a licence.

We discussed among the audit engagement team including relevant internal specialists including tax, valuation, IT and forensic 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.

As a result of performing the above, we identified the greatest potential for fraud in the accounting for modifications of sports rights, and our specific procedures performed to address it are described below:

- we obtained evidence for recorded revisions to rights costs by examining revised agreements with rights holders as well as reading the terms of the original rights agreements;
- we assessed whether the revision should be accounted for in the year or prospectively; and
- we checked whether the amount recorded by the Group agreed to the revised agreement if recorded as a current year credit to the income statement, or whether the current year charge had been revised from the date of the revision where the accounting was assessed to be required to be accounted for prospectively.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAZN GROUP LIMITED

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

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Hadleigh Shekle FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

14 February 2022

DAZN GROUP LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$'000	2019 \$'000 Restated
Continuing operations:			
Revenue	3	871,836	819,055
Other income	4	11,045	12,760
Operating costs	5	(2,012,338)	(2,749,920)
Expected credit loss recognised	15	(479)	(1,039)
Share of results of joint ventures and associates	26	(20,125)	(5,428)
Group operating loss		(1,150,061)	(1,924,572)
Finance income	7	63,779	10,014
Finance costs	8	(206,059)	(55,269)
Revaluation of convertible loan option	21	392	-
Change in fair value of investments classified as fair value through profit and loss	26	(114,091)	(14,425)
Gain on disposal	28	110,771	-
Group loss before tax		(1,295,269)	(1,984,252)
Taxation charge	9	(9,670)	(2,130)
Group loss for the year from continuing operations		(1,304,939)	(1,986,382)
Discontinued operations:			
Profit for the year	28	-	551,274
Total loss for the year		(1,304,939)	(1,435,108)
<i>Group loss attributable to:</i>			
Owners of the Parent		(1,304,939)	(1,435,108)

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$'000	2019 \$'000 Restated
Group loss for the year		(1,304,939)	(1,435,108)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(69,024)	39,259
Reclassification of foreign exchange (losses)/gains on disposal		(8,401)	13,016
Share of other comprehensive loss of joint ventures and associates	26	(901)	(2,459)
Other comprehensive (loss)/income, net of tax		(78,326)	49,816
Total comprehensive loss for the year		(1,383,265)	(1,385,292)
Total comprehensive loss for the year attributable to:			
Owners of the Parent		(1,383,265)	(1,385,292)
Total comprehensive gain from discontinued operations attributable to:			
Owners of the Parent		-	551,274

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		2020 \$'000	2019 \$'000 Restated	2018 \$'000 Restated
	Notes			
Non-current assets				
Goodwill	10	-	22,870	24,854
Acquisition intangibles	11	-	17,412	21,716
Other intangible assets	12	73,952	78,615	73,605
Property, plant and equipment	13	30,948	50,337	44,460
Right of use assets	14	74,955	79,277	-
Investment in sublease	14	1,129	1,564	-
Trade and other receivables	15	5,605	5,503	-
Deferred tax asset	22	16,430	12,072	7,411
Interests in joint ventures and associates	26	1,462	2,123	-
Investments in preference shares of associates	26	68,845	170,828	-
Total non-current assets		273,326	440,601	172,046
Current assets				
Investment in sublease	14	436	583	-
Trade and other receivables	15	148,193	115,527	93,444
Prepayments and accrued income	16	457,774	588,574	726,725
Cash and cash equivalents	17	186,000	79,037	219,129
		792,403	783,721	1,039,298
Assets held for sale	27	11,211	5,272	364,425
Total current assets		803,614	788,993	1,403,723
Total assets		1,076,940	1,229,594	1,575,769
Current liabilities				
Trade and other payables	18	(488,419)	(563,369)	(331,557)
Borrowings	20	(1,479,876)	(278,778)	(2,900)
Derivative liability	21	(15,465)	(15,857)	-
Lease liability	14	(11,641)	(11,191)	-
Provisions	19	(54,310)	(1,403)	-
Current tax liabilities		(7,223)	(3,728)	(5,042)
		(2,056,934)	(874,326)	(339,499)
Liabilities directly associated with assets held for sale	27	(1,185)	-	(43,172)
Total current liabilities		(2,058,119)	(874,326)	(382,671)
Net current (liabilities)/assets		(1,254,505)	(85,333)	1,021,052
Non-current liabilities				
Borrowings		-	-	(265,627)
Lease liability	14	(72,675)	(73,089)	-
Provisions	21	(9,236)	(4,738)	(171)
Deferred tax liability	22	-	(4,610)	(9,353)
Total non-current liabilities		(81,911)	(82,437)	(275,151)
Total liabilities		(2,140,030)	(956,763)	(657,822)
Net (liabilities)/assets		(1,063,090)	272,831	917,947

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	Notes	2020 \$'000	2019 \$'000 Restated	2018 \$'000 Restated
Equity				
Called-up share capital	24	17,698	17,698	17,251
Share premium	24	2,536,363	2,536,363	1,783,651
Own shares	24	(1,442)	(1,442)	(1,269)
Merger relief reserve		142,891	142,891	142,891
Capital redemption reserve		62,176	62,176	62,176
Capital contribution reserve		47,344	-	-
Accumulated deficit		(3,701,220)	(2,396,281)	(948,363)
Foreign exchange reserve		(166,900)	(88,574)	(138,390)
Equity attributable to owners of the Parent		(1,063,090)	272,831	917,947

The financial statements are to be read in conjunction with the accompanying notes to the financial statements.

The financial statements of DAZN Group Limited, registered number 6324278, were approved by the Board of Directors and authorised for issue on 14 February 2022.

Signed on behalf of the Board of Directors



Stuart Epstein

Director

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

	Called-up share capital (note 24)	Share premium (note 24)	Own shares (note 24)	Merger relief reserve*	Capital redemption reserve **	Capital contribution reserve**** (note 20)	Accumulated deficit	Foreign exchange reserve ***	Equity attributable to owners of the Parent \$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			Restated				Restated		Restated
At 1 January 2019	17,251	1,783,651	-	142,891	62,176	-	(968,944)	(123,361)	913,664
Restatement of opening reserves	-	-	(1,269)	-	-	-	20,581	(15,029)	4,283
At 1 January 2019 (restated)	17,251	1,783,651	(1,269)	142,891	62,176	-	(948,363)	(138,390)	917,947
Restatement for initial application of IFRS 16	-	-	-	-	-	-	7,079	-	7,079
At 1 January 2019 (restated)	17,251	1,783,651	(1,269)	142,891	62,176	-	(941,284)	(138,390)	925,026
Loss for the year	-	-	-	-	-	-	(1,435,108)	-	(1,435,108)
Other comprehensive income									
FX on translating foreign operations	-	-	-	-	-	-	-	39,259	39,259
Release of FX reserves on disposal (note 28)	-	-	-	-	-	-	-	13,016	13,016
Share of other comprehensive income of associates	-	-	-	-	-	-	-	(2,459)	(2,459)
Total comprehensive loss for the year	-	-	-	-	-	-	(1,435,108)	49,816	(1,385,292)
Share capital issued (note 24)	447	752,712	(173)	-	-	-	-	-	752,986
Recognition of option to convert loan to equity (note 21)	-	-	-	-	-	-	(15,857)	-	(15,857)
Share-based payments (note 2)	-	-	-	-	-	-	(4,032)	-	(4,032)
At 31 December 2019 (restated)	17,698	2,536,363	(1,442)	142,891	62,176	-	(2,396,281)	(88,574)	272,831

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

	Called-up share capital (note 24)	Share premium (note 24)	Own shares (note 24)	Merger relief reserve*	Capital redemption reserve**	Capital contribution reserve**** (note 20)	Accumulated deficit	Foreign exchange reserve ***	Equity attributable to owners of the Parent \$'000 Restated
	\$'000	\$'000	\$'000 Restated	\$'000	\$'000	\$'000	\$'000 Restated	\$'000	\$'000 Restated
At 31 December 2019 (restated)	17,698	2,536,363	(1,442)	142,891	62,176	-	(2,396,281)	(88,574)	272,931
Loss for the year	-	-	-	-	-	-	(1,304,939)	-	(1,304,939)
Other comprehensive income	-	-	-	-	-	-	-	-	-
FX on translating foreign operations	-	-	-	-	-	-	-	(59,024)	(59,024)
Release of FX reserves on disposal (note 28)	-	-	-	-	-	-	-	(8,401)	(8,401)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	(901)	(901)
Total comprehensive loss for the year	-	-	-	-	-	-	(1,304,939)	(78,326)	(1,383,255)
Capital contribution (****)	-	-	-	-	-	47,344	-	-	47,344
As at 31 December 2020	17,698	2,536,363	(1,442)	142,891	62,176	47,344	(3,701,220)	(166,900)	(1,063,090)

* The merger relief reserve was created in 2012 in order to record the excess over nominal value on the issue of shares to the sellers of the Runningball business as part of this historic acquisition.

** The capital redemption reserve was created in June 2011 following the cancellation of deferred shares created on the historic listing of the Group on the London Stock Exchange. Following a change in control the Group was de-listed in December 2014.

*** The foreign exchange reserve represents the accumulated exchange differences on translating foreign operations into the DAZN Group presentation currency.

**** The capital contribution reserve was created in 2020 following the issue of borrowings from entities within the Access Industries Group to DAZN Group Limited, which contained a below-market interest element that was recognised as a capital contribution to the Company. See note 20 for further information.

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$'000	2019 \$'000
Operating activities			Restated
Total loss for the year		(1,304,939)	(1,435,108)
Finance costs (net)	7,8	142,280	45,198
Tax expense (net)	9	9,670	6,364
Goodwill impairment	10	512	1,139
Acquisition intangibles impairment	11	-	535
Depreciation and amortisation (including acquisition intangible amortisation)	11-14	73,207	99,720
Revaluation of convertible loan option	21	(392)	-
Change in fair value of investments at fair value through profit and loss	26	114,091	14,425
Share of results of joint ventures and associates	26	20,125	5,428
Gain on disposal	28	(110,771)	(533,914)
Unrealised foreign exchange movements		7,626	4,342
Operating cash flow movements before working capital		(1,048,591)	(1,791,871)
Decrease in trade and other receivables and prepayments		98,213	80,494
(Decrease)/increase in trade and other payables		(14,515)	261,626
Cash used by operations		(964,893)	(1,449,751)
Corporation tax payments		(3,076)	(4,263)
Cash flow used in operating activities		(967,969)	(1,454,014)
Investing activities			
Purchases of property, plant and equipment		(3,594)	(36,211)
Expenditure on internally developed intangible assets		(34,380)	(56,448)
Business disposals	28	77,821	354,383
Loan to related parties	30	-	(2,273)
Investment income		1,193	1,763
Cash flow from investing activities		41,040	261,214
Financing activities			
Repayment of borrowings	20	-	(425,167)
Proceeds from borrowings	20	1,050,000	750,116
Repayment of lease principal	14	(10,348)	(6,953)
Repayment of lease interest	14	(7,135)	(8,116)
Proceeds from issues of shares (net of professional fees)	24	-	752,919
Interest expense, bank fees and related charges paid		(1,481)	(15,977)
Cash flow from financing activities		1,031,036	1,046,822
Net increase/(decrease) in cash and cash equivalents in the year		104,107	(145,978)
Cash and cash equivalents at start of year		79,037	224,008
Less cash included within assets held for sale	27	(877)	-
Effect of foreign currency exchange rates		3,733	1,007
Cash and cash equivalents at end of year	17	186,000	79,037

Cash flows in the above table for 2019 include cash flows from discontinued operations, as disclosed in note 28.

DAZN GROUP LIMITED

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

1. Accounting policies

General information

DAZN Group Limited (the Company) is a private company incorporated in the United Kingdom under the Companies Act 2006. The Company is limited by shares and is registered in England and Wales. The address of the registered office is Hanover House, Plane Tree Crescent, Feltham, Middlesex TW13 7BZ. Copies of the Group accounts are publicly available at the registered address or online from Companies House.

The Group uses proprietary content collection, production and distribution capabilities, alongside digital products, to generate revenue through a mix of licensing sporting content and media (advertising and sponsorship), as well as delivery direct to consumers via its subscription-based digital over the top ("OTT") service. During the current year the Group's operations based on the commercialisation of multimedia sports content across multiple internet-enabled digital platforms have been disposed or held for sale as at the close of the current financial year.

These financial statements are presented in US Dollars because that is the currency in which the Group has received funding and capital investment throughout the current financial period. There have been no changes to the functional currencies of individual Group entities. Foreign operations are included in accordance with the policies set out below.

Adoption of new and revised standards

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

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

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

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 were not effective at the reporting date:

Standard	Description	Effective Date
Amendment to IFRS 16	COVID-19-Related Rent Concessions	1 June 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
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
Amendments to IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

New and Revised IFRSs in issue but not yet effective (continued)

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 IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet determined

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

Basis of accounting

The Group's consolidated financial statements have been prepared and approved by the Directors in accordance with applicable International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Expenses within the consolidated Income statement have been analysed by nature during the current year.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out as follows.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considered all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

DAZN GROUP LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(a) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

(b) Joint ventures

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated balance sheet. The Group has an interest in one joint venture at year end, details of which are set out in note 26. A further joint venture was disposed of during the year. The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results, assets and liabilities of an associate are incorporated in the financial statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Basis of consolidation (continued)

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

When a Group entity transacts with an associate or a joint venture of the Group for the sale or purchase of assets, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. When a Group entity interacts with an associate or joint venture under a service agreement not involving the transfer of assets, the related income or expenditure is recognised in the Group's consolidated earnings from the associate or joint venture.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment.

Going concern

Having reviewed cash flow forecasts and budgets and having considered the financial support that the Group's principal shareholder, AI Perform Holdings LLP has confirmed it intends to provide to the Group, 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, including throughout the COVID-19 pandemic and during 2021 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 2025, including forecast funding requirements. This assessment has included consideration of the risk of further disruption from the COVID-19 pandemic on the Company's business and its resulting impact on future revenues, results from operations and cash flows.

The Group had cash balances of \$186.0 million (2019: \$79.0 million) at the year end, net current liabilities of \$1,254.5 million (2019: \$85.3 million net current liabilities) and net liabilities of \$1,063.1 million (2019: \$272.8 million net assets). The Group had future rights commitments of \$5.0 billion (2019: \$4.4 billion) at 31 December 2020 that are not recognised in the statement of financial position.

The Group continued the expansion of its OTT business during the current year, launching the global platform in December 2020 expanding into more than 200 countries and territories. The Group continues to invest in technology and 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.

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

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Going concern (continued)

The Group's principal shareholder, Access Industries (or one of its subsidiaries) ("Access"), 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 \$1.35 billion of funding to DAZN, of which \$1.1 billion is in the form of loans and \$250.0 million in ordinary and preference shares, to support its investment and growth plans.

On 29 December 2021, the Group and its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year-end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the Group's borrowings, amounting to \$3.3 billion, and the issuance of \$1.2 billion of A ordinary shares and \$2.1 billion of new growth preference shares. Additionally, \$150.0 million of funding was received on 29 December 2021, in exchange for \$75.0 million of A ordinary shares and \$75.0 million of growth preference shares. A further \$100.0 million of funding was received on 27 January 2022 in exchange for \$50.0 million of A ordinary shares and \$50.0 million of growth preference shares.

The terms attached to the growth preference shares issued are set out in the Company's Articles of Association. The growth preference shares have no fixed repayment date but carry rights to preferential settlement in the event of certain contingent events including sale of the Company's shares, and will automatically convert into ordinary shares in certain circumstances, including in the event that the Company's shareholders holding the greatest number of growth preference shares and Z ordinary shares agree to serve a conversion notice on the Company.

In addition to the Group specific matters discussed above, the Directors also consider the wider macro political, economic and social environments which may have an impact on the Group's future revenues, costs and cash flows.

Despite a strong recovery in the latter part of the year, the Group's financial performance was materially impacted by the COVID-19 pandemic and associated lockdown measures. During the months between March and June/July when sport started to return, there was a significant reduction in the amount of live sport available to customers on the DAZN OTT platform, resulting in a reduction in subscribers and revenue. The Group was able to mobilise quickly to respond to the pandemic in early 2020, taking the following mitigating actions:

- *Corporate governance:* A COVID-19 sub-committee was immediately formed to assess the ongoing risks brought on by the pandemic and the Group's response to the evolving global situation.
- *Early and precautionary action on costs:* The Group reacted quickly to the onset of the pandemic and took pre-emptive action to reduce the cost base and preserve cash. Such actions included deferring cash bonuses and pay rises, reducing headcount and associated costs, and cutting discretionary expenditure.
- *Negotiations with rights holders:* During the months where there was no live sport, the Group was able to negotiate with rights holders to defer rights payments in order to manage cash flows during the period of uncertainty. These payments resumed when sport resumed, or the Group negotiated rebates from rights holders where events or competitions had to be cancelled or reduced.
- *Alternative content offered to customers:* The Group produced original and innovative content to provide to subscribers in place of live sport in the initial months of the pandemic.
- *Government support packages:* Government authorities across multiple key markets have announced substantial and unprecedented support packages to both business and individuals. The Group was able to qualify for support packages for various employees that were put on 'furlough' or similar schemes during the initial phases of the pandemic.
- *Employee health and safety:* The Group immediately instigated a work-from-home model for most employees in order to reduce the spread of the virus in the workplace. Support was offered to staff to ensure they were able to continue to work effectively and remain safe.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Going concern (continued)

Although live sport has not been significantly affected since the first wave of the pandemic, and the majority of the impacts on the industry have been mitigated with vaccinations and additional precautions around social distancing and testing, the full impact of the pandemic is not yet known and the macroeconomic environment is likely to remain uncertain and unpredictable for a period of time. There is still a risk that a resurgence of infections or new variants could result in further disruption to live sport.

The Directors have considered the potential impact of the pandemic on the Group's business and its future prospects, as outlined in the Principal Risk and Uncertainties section of the Strategic report. Notwithstanding these potential risks, having considered the latest available information and having prepared detailed forecasts, the Directors believe the Group is well placed to mitigate these risks and to minimise any potential impact.

Taking into account the cash flow forecasts and the expected availability of funding, including support by Access as required, the Directors consider that the Group can meet its liabilities as they fall due for the foreseeable future. On this basis, the Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future, being at least 12 months from the date of signing these financial statements, and accordingly have continued to adopt the going concern basis in preparing the financial statements.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Acquisition-related costs are recognised in profit or loss as incurred.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of other comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative year. The results of the discontinued operations are presented separately in the consolidated income statement.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities available for immediate sale in their present condition, are classified as held for sale if it is highly probable that their carrying amount will be recovered primarily through sale rather than through continuing use and Management are committed to the sale with the expectation it will be completed within a year. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, or deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for sale distributions and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

When the Group is committed to a sale plan involving disposal of an investment in associate or joint venture, the investment that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or joint venture that has not been classified as held for sale continues to be accounted for using the equity method.

Revenue recognition

Revenue represents amounts derived from the provision of services after the deduction of value added tax. Revenue is measured at the transaction price agreed under the contract.

• OTT

Subscription revenues are recognized rateably over each monthly subscription period. Revenues are presented net of the taxes that are collected from subscribers and remitted to governmental authorities. Contract liabilities consist of subscription fees billed that have not been recognised as revenue. Revenue shares to third parties payable under distribution agreements related to subscription revenues are shown within operating costs, as the Group is the principal in these transactions and therefore revenue is reported gross.

The Group has some arrangements in which end consumers sign up to pay for DAZN services via a third party and, in addition, sign up to DAZN's terms and conditions. In these scenarios, in order to determine which party is its customer, the Group assesses whether the third party is acting as an agent or as a principal in relation to the services received by the end consumer. Typically, this is based on assessing which party has primary responsibility to the end consumer for the DAZN services. If the Group has primary responsibility to the end consumer, it regards the end consumer as its customer, and revenues are measured based on what the end consumer pays, with any amounts retained by the third party being recognised as a cost of sale expense. Conversely, if the third party has primary responsibility, the Group regards the third party as its customer, and revenues are measured based on the net amount receivable from the third party as the performance obligation to the third party is satisfied.

Revenues related to the sub-licensing of content obtained by the OTT Business are recognised on a straight-line basis over the course of the contract. Any sub-licensing monies received in advance of the contract commencing are recognised in current liabilities as contract liabilities.

The Group has entered into agreements where it has licenced the rights to show content to a third party in return for media value as a substitute for cash consideration. In such instances, as the goods exchanged are dissimilar in nature, the associated revenue and costs are measured at fair value of the goods or services received and recognised according to the delivery of the consideration over a period not exceeding the contractual term.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Revenue recognition (continued)

• DAZN Media

Revenue generated from display and video advertising is recognised over time based on the number of advertising impressions or streams delivered compared to the required number of advertising impressions or streams included within a contract agreed with either a brand or an advertising agency.

Revenue related to sponsorship activity is recognised in line with the services delivered compared to the services specified within a contract agreed with an advertiser.

Where the Group is selling advertising to a third-party website, revenue is recognised on a gross basis as the Company is the principal in these transactions the client's shares of such revenues are shown within operating costs.

• Ventures

Broadcast revenue is recognised on partnership deals based on whether the Group is acting as an agent or principal. Where the Group is acting as principal and enters into contracts directly with broadcasters, revenue is recognised on a gross basis as the Group is the principal. In determining the recognition of broadcast revenues, the Group recognises revenue in line with the services delivered to the customer (i.e. the broadcaster) either on an event, competition or seasonal basis, depending on the contractual terms agreed with the customer.

The amount of revenue recognised can usually be determined by reference to the contract with the customer, which includes a detailed pricing schedule per event, competition or season, indicating the value of each of those services to the customer.

Where the Group is acting as an agent, revenue is recognised on a net basis based on the partnership's contractual profit-sharing mechanism, in addition to any amounts due for reimbursed costs. Where the transaction price is variable based on profit share, revenue is estimated based on the future contracted revenue of the partnership and the resulting profit share due to DAZN over the life of the contract. Revenue is recognised only to the extent that it is highly probable there will not be a reversal of revenue in the future. In determining the recognition of revenue, the Group recognises revenue in each period in line with the services delivered to the customer based on an event, competition or seasonal basis.

Content costs

The Group typically licences the right (from sports associations, sports bodies, leagues or their agents or partners) to supply live sports content for its OTT business. For one of the Ventures arrangements the Group is considered to be the principal as the Group acts as a global broadcast media partner in relation to its strategic partnership and licences the rights from the associated sports body in order to contract with broadcasters in local territories worldwide. Revenues are calculated through a revenue share agreement with the associated sports body.

The rights the Group licences are for a fixed period of time, over a number of years. The rights are generally paid in instalments over the length of the contract, either in advance (and as such the Group will recognise a prepayment) or arrears (and as such the Group will recognise an accrual). The Group recognises the expense for sports streaming rights based on the pattern of consumption of economic benefits over the contract term. The Group recognises an expense for content costs either on the date of the event for one-off competitions and event-based combat sports, or on a straight-line basis over the season for contracts that span multiple seasons or competitions.

Where disruptions to sports as a result of the COVID-19 pandemic have resulted in a delay or cancellation of events or matches, no expense has been recognised for the period where there was no sport being broadcast. Where disruptions to sports due to the COVID-19 pandemic resulted in a delay or cancellation of events or matches, and there was a reduction in the associated rights costs provided by the rights holder, the reduction in expense has been accounted for in the period affected, including where the rights holder agreed to a reduction in future payments due under the rights agreement, where the Group has a contractual right to enforce such terms.

In the case of rights for live events or highlights that are generally viewed live or very soon after the event, unlike film or TV programming, they are generally viewed significantly less as time passes after the original event. The Group has considered whether there is any residual value to such video-on-demand offerings and concluded that any value would be minimal and not material.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Exceptional items

The Group highlights in the notes to the financial statements items which in the Directors' view are required to be separately disclosed by virtue of their size or nature to enable a full understanding of the Group's performance.

Items which may be included within this category include:

- reorganisation and restructuring costs including disposal costs, dual-running costs, contracts identified as onerous as a consequence of reorganisation or restructuring decisions, redundancy, and project management and related restructuring costs (which may include those of employed staff specifically engaged for a limited period of time to assist the management of reorganisations and restructures);
- those directly relating to acquisition activity including earn-out related incentive arrangements classified as remuneration, changes to the assessment of acquisition-related financial liabilities, consultancy, legal, finance and other professional adviser costs that otherwise would not have been incurred had the acquisition not occurred;
- acquisition integration costs including dual-running costs, contracts identified as onerous as a consequence of integration decisions, consultancy, redundancy, and project management and related costs (which may include those of employed staff specifically engaged to assist the integration of acquisitions);
- significant gains/losses arising on foreign exchange assets or liabilities relating to non-trading items such as contingent consideration or bank loans; and
- other particularly significant or unusual items that are not considered by the directors to be representative of the Group's underlying trading performance, which may include but are not limited to profits or losses on disposal or termination of operations or assets, litigation costs and settlements.

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group 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 Group 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 by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

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

The lease liability is presented as a separate line in the consolidated 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.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Leases (continued)

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

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

The Group 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 day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group 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 Group 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 consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of 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

Where the Group 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 Group'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 Group's net investment outstanding in respect of the leases.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates. The functional currency of DAZN Group Limited parent company is Pound Sterling. In preparing the financial statements of the individual companies, 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 re-translated 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. Non-monetary 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to US Dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Goodwill arising on the acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing rate. The Group elects to treat goodwill arising on acquisitions before the date of transition to IFRS as Sterling-denominated assets and liabilities.

Borrowings

Borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with an interest expense recognised on an effective interest basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Borrowings are recognised as a current liability when the balance outstanding is due to be settled within 12 months after the reporting period or the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. All other liabilities are classified as non-current.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 Group'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.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 and current 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 and current 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:

- (i) they relate to income taxes levied by the same taxation authority; and
- (ii) the Group 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.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. 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

Technical and production equipment – three years

Office furniture and equipment – three years

Motor vehicles – three years

Leasehold improvements – three years or the lease term, depending on the nature of the improvement

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 Group 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 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.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Intangible assets – other

Identifiable intangible assets acquired as part of business combinations, that meet the conditions for recognition under IFRS 3, are recognised at their fair value at the acquisition date. Amortisation is recognised as an operating cost and charged, on a straight-line basis, over their useful economic life on the following basis:

Trademarks and domain names – twenty years

Customer relationships – three to twelve years

Information technology architecture – three to twelve years

Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its goodwill, tangible and intangible assets, intangible assets not yet available for use and right of use assets 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 Group estimates the recoverable amount of the cash generating unit/product to which the asset belongs. A cash generating unit is the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

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.

Financial instruments

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

Financial liability and equity

Financial liability and equity instruments are classified according to the substance of the contractual arrangements entered into. Equity instruments issued are recorded at the proceeds received, net of direct issue costs. Own shares represent the shares of the parent company, DAZN Group Limited, that are held by the Employee Benefit Trust. These shares are recorded at cost and deducted from equity.

Financial instruments at fair value through profit and loss

Financial instruments classified as fair value through profit and loss, including equity instruments, are initially measured at fair value with subsequent changes in the fair value recognised in profit and loss.

Derivative financial instruments

Derivatives embedded in other financial instruments are carried on the balance sheet at fair value from the inception of the host contract. The Group has identified certain embedded derivatives, described as "derivatives over own equity" under IFRS 9 Financial Instruments: Recognition & Measurement ("IFRS 9 Financial Instruments"). These derivatives are held at fair value from the date on which a derivative contract is entered into and subsequently remeasured at each balance sheet date.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of the derivative is calculated by discounting the maximum derivative value by a return on equity discount factor.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Derivative financial instruments (continued)

Changes in the fair values of these derivatives are recognised immediately in the income statement. The Group does not hold or issue derivatives for speculative purposes.

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 Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Therefore, the Group 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. Current and forward-looking information is also used in order to determine as to whether an asset is credit impaired. 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 Group'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, the Directors consider the carrying values recognised in the balance sheet to be a reasonable approximation of their fair value.

Long-term incentive schemes

The valuation of a contingent cash-settled share-based payment scheme is based on the expected probability of the form of settlement at the election of scheme participants.

Where the expected probability of settlement is via equity, the fair value at the grant date of the scheme is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. A share-based payment reserve is created within the retained earnings as part of the Group's equity as at the reporting date. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Where the expected probability of settlement is via cash, the fair value is determined with reference to cash settlements made to good or neutral scheme leavers, based on the Group's estimate of the value of the instrument. A share-based payment liability is recognised on the statement of financial position for the outstanding obligation as at the reporting date. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment liability.

At each balance sheet date, the Group revises its estimate of the probability of cash or equity settlement for the scheme. Where there is a change in the expected form of settlement from equity to cash settlement, the share-based payment reserve is released through the income statement.

For long-term cash-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability.

At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured with any changes in fair value recognised in profit or loss for the year.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Employee benefit trust

The Group has an employee benefit trust which holds shares in DAZN Group Limited as part of the Group's long term incentive schemes. DAZN Group Limited is recognised as the sponsoring entity and has control of the Trust which is consolidated as part of the entity's results. Shares held by the Trust are recognised at cost as own shares and deducted from equity.

Pension

The Group makes contributions on behalf of employees to an independent, defined contribution pension scheme. The Group 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.

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 Group in respect of services provided by employees up to the reporting date.

Provisions

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

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

Dilapidation provisions

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

Legal and commercial disputes

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

Onerous commitments

Present obligations arising under onerous commitments are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the commitments under the contract exceed the economic benefits expected to be received under it.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued) Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants for the Coronavirus Job Retention Scheme or its overseas equivalents are recognised as deferred income upon receipt of grant and are transferred to profit or loss on a systematic basis over the agreed (unless duration for employees alongside the payroll expense).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, 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 have made in applying the Group's accounting policies, which have a significant effect on the amounts recognised in these financial statements.

Critical accounting judgements

Commitment to acquire content rights

The Group has commitments to acquire sports content rights. As at 31 December 2020 these commitments total \$5.0 billion (2019: \$4.4 billion). The Directors do not consider this commitment to be a financial liability as this commitment relates to future payments for future sporting events that the Group has acquired the right to stream. For this reason, and as the organiser declares it waives the exercise of its own rights to stream the sport, the Group does not consider it meets the criteria for recognition of an intangible asset nor does it consider it has a financial liability in accordance with IFRS 9 until the sporting event has been delivered.

Accounting for contract revenue in distribution agreements

The Group has entered into partnership agreements with third parties to provide the DAZN service directly to customers or through broadcast channels. The Group has applied IFRS 15 to determine the revenue recognition treatment of the contract revenue for these subscribers. In applying these principles, there is judgement as to whether DAZN acts as the agent or principal in the arrangement and whether revenue should be recognised based on a contract directly with the customer or with the third party. The Group's management have analysed the contractual legal terms in detail and considered the commercial reality of the partnership deals in order to make this judgement.

Accruing for ventures agreements

The Group's Ventures business includes long-term agreements with rights holders where the Group either provide services to the rights holders to facilitate the broadcasting of the content associated with the related rights to multiple territories, or licence the rights from the rights holder for direct sale to broadcasters. The conclusion on whether the contractual terms between the Group, the broadcasters and the rights holders provide the Group with a performance obligation to the broadcasters or to the rights holder influences whether the Group recognises revenues associated with each arrangement gross or net. Where the Group is the principal, revenue is recognised gross; where the Group is agent, revenue is recognised net. The contractual arrangements are complex and therefore the Group is required to make a critical accounting judgement in respect of their performance obligations for each Ventures arrangement and how revenue should be calculated and recognised. This includes determining the manner in which the progress against satisfaction of that performance obligation is measured.

Recognition of contingent liabilities for legal disputes

The Group was involved in certain legal disputes during the year. Management exercised judgement in determining whether the likelihood of an unfavourable outcome was probable, possible or remote. This assessment was performed on a case-by-case basis and involved an assessment of the key facts and discussions with external legal counsel where applicable. Where the Group determined a future obligation was possible, but not probable, a contingent liability has been disclosed.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Critical accounting judgements (continued)

Internally generated software

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. See note 11 to the consolidated financial statements.

Contingently cash-settled share-based payments

As detailed in note 2, management have reassessed their historic judgement that the Group's share-based payment arrangement for growth shares ("G-shares") issued to employees was equity-settled and have determined based on its terms that it is more appropriately accounted for as a contingent cash-settled scheme, because of the right given to holders to sell the vested awards back to the Company, unless there is an event that results in equity settlement. The scheme is now treated as a contingent cash-settled share-based payment scheme and assessed at each period end using management's assessment of most probable outcome as to whether the scheme will be equity or cash-settled.

Determination of the fair value of related party loans

The Group enters into related party loans with the Group's immediate parent company, AI Perform Holdings LLP, and other entities within the Access Industries Group. During the year, an additional \$1.05 billion in funding was extended to the Group. Management have exercised judgement in assessing whether the interest rate charged on related party loans is consistent with the fair market rate of interest.

A fair market rate of interest was 30% for all funding received in 2020, as detailed in note 20. The \$250.0 million loan commitment drawn down in January 2020 at a 10% interest rate was a low interest loan. Therefore, the loan was initially measured at fair value, with the difference recognised as a capital contribution of \$47.3 million and leading to an additional interest charge of \$40.4 million in the current year.

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.

Recognition profile of content rights costs

The recognition of content rights costs for the OTT business is based upon an estimate of the expected pattern of consumption of benefits, over a period not exceeding the contractual period. While the majority of the estimate of the pattern of consumption of benefits is based on the contractual terms, management has applied some judgement when estimating the season relevant to each rights contract, which impacts the spread of rights recognised throughout the year.

The Group amortises its payments for sports streaming rights based on the pattern of consumption of benefits, over a period not exceeding the contractual period. The Group's content agreements provide the Group with broadcast rights for live sporting events in different geographies. In contrast to television programme or film rights, the agreements do not result in the recognition of inventory or an intangible asset due to the live nature of the event for broadcast.

In the case of rights for live events or highlights that are generally viewed live or very soon after the event, unlike film or TV programming, they are generally viewed significantly less as time passes after the original event and the time period in question is very short. The Group has considered whether an asset should be recognised for its video-on-demand offerings, which include replays of the sports events broadcast live, and concluded that such content does not give rise to an asset as any future economic benefits that flow to the Group from such video-on-demand offerings are minimal.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Key sources of estimation uncertainty (continued)

Provision for onerous contracts

A provision of \$15.0 million has been recognised in relation to onerous rights contracts as the future benefits of those contracts are not expected to exceed the associated costs. The Group estimated this provision by taking into account all future rights costs payable under these contracts, as there was limited measurable benefits associated with these rights.

Measurement of derivative liability

A derivative liability of \$15.5 million (2019: \$15.8 million) has been recognised in relation to a conversion option in the \$275.0 million convertible debt facility entered into during 2019 with Access Industries. This option allows Access to convert the loan into equity shares at a 10% discount upon the occurrence of future contingent events. The derivative valuation incorporated estimates of the time period and probability of the contingent event arising that would trigger the conversion right. At year end the Group's management reassessed the likelihood of conversion and determined that there was a 40% likelihood of conversion within the 2022 financial year (2019: 50% likelihood of conversion).

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

The Group held an investment in the preference shares of two of its associates during the current year. In 2019, the Group invested in 20% of the ordinary and preference shares in Peak Jersey Topco Ltd as part of the acquisition of a minority stake in the Stats Perform business. In the current financial year, the Group retained a 31% investment in the ordinary and preference shares of the Footballco Group.

These preference shares have both been classified as equity instruments, measured at fair value through profit and loss. Refer to note 26 for further details.

At the reporting date, fair value assessments for these investments were performed based on discounted cash flow valuations. These valuations involved significant estimates of future cash flows and appropriate discount rates. 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 in note 21. During the year the Group recognised \$114.1 million loss on the fair value remeasurement of Stats Perform preference shares.

2. Restatement of prior year figures

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

- costs of \$734.0 million which were previously classified as administrative expenses, and costs of \$1,983.2 million which were previously classified as cost of sales are now presented as operating costs; and
- income of \$4.3 million relating to foreign exchange gains on financial instruments that were previously recognised as administrative expenses are presented as finance income.

Further analysis of the Group's operating costs, including comparative information, is presented in note 5. This presentation change had no impact on net assets or the Group's reported loss.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2. Restatement of prior year figures (continued)

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

		Restatements:					
	Previously reported				Foreign exchange translation of intercompany balances		After restatement
	2019 \$'000	Ventures \$'000	Rights costs \$'000	G shares charge \$'000		Other \$'000	2019 \$'000
Consolidated Income Statement *							
<i>Continuing operations</i>							
Revenue	877,659	(54,578)	-	-	-	(4,026)	819,055
Operating costs	(2,721,406)	80,033	(93,238)	9,442	(8,887)	(15,864)	(2,749,920)
Other income	-					12,760	12,760
Finance income	6,098				3,916		10,014
<i>Discontinued operations</i>							
Profit for the year	555,405	-	-	-		(4,131)	551,274
Total loss for the year – continued and discontinued operations	(1,360,535)	25,455	(93,238)	9,442	(4,971)	(11,261)	(1,435,108)
Consolidated Statement of Other Comprehensive Income							
Exchange differences on translating foreign operations	34,353	-	(52)	228	4,971	(241)	39,259
Consolidated Statement of Financial Position							
Trade and other receivables	117,363	-	-	-	-	(1,836)	115,527
Prepayments and accrued income	616,832	1,635	(25,758)	-	-	(4,135)	588,574
Trade and other payables	(522,443)	27,935	(67,532)	(498)	-	(831)	(563,369)
Provisions (current)	-	-	-	-	-	(1,403)	(1,403)
Provisions (Non-current)	-	-	-	-	-	(4,738)	(4,738)
Net assets	349,992	29,570	(93,290)	(498)	-	(12,943)	272,831
Own shares	-	-	-	-	-	(1,442)	(1,442)
Accumulated deficit	(2,330,685)	29,570	(93,238)	(726)	10,058	(11,260)	(2,396,281)
Foreign currency translation reserve	(78,451)	-	(52)	228	(10,058)	(241)	(88,574)
Total equity	349,992	29,570	(93,290)	(498)	-	(12,943)	272,831

* Following a review of the financial statements, the Directors have decided to change the presentation of the Group's profit and loss account to Format 2 of the Companies Act as it more appropriately reflects the nature of the business and eliminates potentially subjective judgements around allocation of costs. This is further detailed on the previous page.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2. Restatement of prior year figures (continued)

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

	Previously reported	Restatements:				After restatement
	31 December 2018		G shares charge	Other	Foreign exchange translation of intercompany balances	31 December 2018
	Ventures					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Statement of Financial Position						
Trade and other receivables	93,276	-	1,437	(1,269)	-	93,444
Prepayments and accrued income	730,310	(3,585)	-	-	-	726,725
Trade and other payables	(339,428)	7,700	-	171	-	(331,557)
Provisions (Non-current)	-	-	-	(171)	-	(171)
Net assets	913,664	4,115	1,437	(1,269)	-	917,947
Own shares	-	-	-	(1,269)	-	(1,269)
Accumulated deficit	(968,944)	4,115	1,437	-	15,029	(948,363)
Foreign currency translation reserve	(123,361)	-	-	-	(15,029)	(138,390)
Total equity	913,664	4,115	1,437	(1,269)	-	917,947

These individual restatements are detailed as follows:

Ventures revenue recognition

Following a review of Ventures contracts, management reassessed their view as to how revenue should be recognised by considering who the customer for the Group in the arrangement is, what the performance obligation of the Group is to that customer, the length of time that that performance obligation is satisfied over, and how satisfaction is measured. Restatements were made to reflect changes in each of these areas after the reassessment.

In several key contracts, management restated the revenue to reflect the Group acting as an agent in these arrangements as on further analysis for certain contracts the Group is providing services to the sports rights holder rather than controlling the sports rights and acting as principal in the arrangement with broadcasters. This resulted in revenue being recognised on a net basis in line with the contract's profit-sharing mechanism.

In addition to this, for some of the arrangements there was a change in respect of the identified performance obligations of the Group as the previous accounting either identified an incorrect performance obligation with the same party or identified the wrong customer for the Group in the contractual arrangements. This meant that for some of the arrangements the length of the performance obligation has been revised, with revenue generated from the arrangement now being recognised over either a longer or shorter period of time than in the prior year financial results.

Finally, for some of the Ventures arrangements management reassessed their view as to how progress against the updated performance obligations should be measured, either due to a reconsideration as to how the accounting standards should be applied where the performance obligations were unchanged or due to the fact that a change in the length of the performance obligation resulted in a reassessment of the level of progress made against the performance obligation at the previous balance sheet date.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2. Restatement of prior year figures (continued)

Ventures revenue recognition (continued)

As a result of the restatement, certain prior year comparative line items have been amended in the Group consolidated income statement and consolidated statement of financial position. Revenue was decreased by \$54.6 million to reflect the changes outlined above in respect of gross and net revenue recognition, changes to performance obligations and changes to the method of measuring progress against those performance obligations. Operating costs decreased by \$80.0 million to reflect the removal of rights and other costs associated with the partnership as a result of the change from gross to net accounting on some of the Ventures arrangements.

The statement of financial position was impacted by the removal of rights-related balances and contract assets and liabilities which were reduced to reflect the net revenue treatment. Accrued income increased by \$1.6 million, rights accruals decreased by \$23.7 million, and deferred income decreased by \$4.2 million. Included within this was a balance sheet restatement of \$2.5 million as a result of a Ventures debtor balance that was incorrectly grossed up in accrued income and deferred income when it should have been recorded on a net basis.

Opening retained earnings were increased by \$4.1 million reflecting the impact of the change in recognition on prior periods. Within the 2018 comparative statement of financial position accrued income has increased by \$2.3 million, rights prepayments decreased by \$5.9 million, deferred income decreased by \$7.9 million and rights accruals increased by \$0.2 million.

Rights costs recognition

The Group's accounting policy for content costs is to recognise an expense based on the pattern of consumption of economic benefits over the contract term. Upon review of certain rights contracts in 2020, it was discovered that the phasing of these costs had been incorrectly calculated in the prior year. This resulted in an additional rights cost of \$93.2 million being recognised in the 2019 financial year. The balance sheet impact resulted in a decrease in rights prepayments of \$25.8 million, an increase in rights accruals of \$67.5 million. There was no impact on 2019 opening reserves.

G-shares share-based payment charge recognition

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

As a result of this change in vesting assumptions, the share-based payment charge recognised in 2018 was increased from \$1.4 million to \$4.0 million, which increased the share-based payment reserve through equity by an equal and opposite amount. A further balance of \$1.4 million was recognised in trade and other receivables in relation to the loan extended to the Employee Benefit Trust ("EBT") for the initial purchase of shares. This has separately been adjusted by the Employee Benefit Trust adjustment within the 'Other' restatements section to this note recognising that the loans EBT should have been eliminated upon consolidation of the Group results.

Following the review of the vesting assumptions in 2019, the G-shares scheme which was formerly treated as an equity-settled share-based payment scheme, is now treated as a contingent cash-settled share-based payment scheme and assessed at each period end using the most probable outcome assessment whether the scheme will be equity or cash-settled. For the year-ended 31 December 2019, the most probable outcome assessment was that the scheme would be cash-settled and the previous charge of \$5.9 million for the year ended 31 December 2019 and the 2018 closing share-based payment reserve of \$4.0 million have been reversed as these reflected the prior treatment of the scheme as an equity-settled scheme. This has been replaced by the recognition corresponding \$0.5 million cash-settled share-based payment liability recognised on the statement of financial position as at 31 December 2019.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2. Restatement of prior year figures (continued)

Foreign exchange translation of intercompany balances

Management identified errors relating to prior periods on intercompany balances with foreign exchange gains and losses on intercompany transactions in a currency other than the functional currency of the entity having been incorrectly recorded in the foreign currency translation reserve rather than the profit and loss account of the entity in question. In addition to foreign exchange gains and losses being incorrectly recognised, there were found to be intercompany errors relating from mismatched balances within the group that were incorrectly recorded in the foreign currency translation reserve.

For the 2019 comparatives this resulted in a \$8.9 million increase in operating costs in relation to intercompany errors recognised in the income statement and a \$3.9 million increase in relation to foreign exchange gains that survived the consolidation process recognised in finance income. This was offset by a gain of \$5.0 million recognised on exchange differences on translating foreign operations through the statement of other comprehensive income.

The 2018 accumulated deficit was decreased by \$15.0 million, reflecting corrections to intercompany balances and foreign exchange gains arising on those corrected balances which survived the consolidation process prior to 1 January 2019. This was offset by an equal and opposite decrease in the foreign translation reserve of \$15.0 million for the historic exchange differences on translating foreign operations. There is no impact to the net assets of the DAZN Group in either the 2019 or 2018 comparatives.

An additional loss of \$10.4 million was recognised on exchange differences on translation foreign operations through other comprehensive income. An increase of \$10.1 million was recorded in opening retained earnings and an increase of \$0.3 million in the foreign currency translation reserve resulting from errors prior to 2019.

Other

A number of other restatements have been recognised relating to prior reporting periods, which in aggregate are material. These adjustments include the following restatements:

- Restatement to recognise the overstatement of revenue by \$4.0 million in relation to the OTT division, removing \$4.0 million from revenue, \$4.1 million from accrued income and the difference impacting the foreign currency translation reserve;
- Restatement to reclassify income earned under transitional services agreements (TSA) of \$12.8 million previously recorded as a reduction to operating costs to other income;
- Restatement to record \$1.4 million own shares held by the EBT which was previously not consolidated into the group in prior financial years. This resulted in a reduction trade and other receivables of \$1.4 million as at 31 December 2019 (31 December 2018: \$1.3 million) in relation to loans with the EBT that are eliminated on consolidation and the recognition of own shares as a debit to equity for the cost of shares subscribed for by the EBT;
- Restatement to recognise a liability of \$3.8 million included as part of the Perform Content disposal balance sheet which was, in fact, retained by the DAZN Group, as well as derecognition of a debtor of \$0.4 million that formed part of the disposal balance sheet but was incorrectly excluded. These adjustments reduced the gain on disposal by \$4.1 million, with the difference impacting the foreign currency translation reserve; and
- Restatement to recognise \$3.1 million of understated accruals, for which additional operating costs of \$3.1 million were recognised.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time as services are rendered in the OTT, Media and Ventures divisions. The below disaggregation of revenue is consistent with the revenue information that is disclosed for each division as detailed below.

	2020 \$'000	2019 \$'000 Restated
<i>Revenue from contracts with customers</i>		
OTT	724,049	601,038
Media	101,381	101,467
Ventures	46,406	116,550
Total revenue from contracts with customers	871,836	819,055

The majority of the Group's OTT revenue comprises subscription revenue, which is earned over a short period of time (usually monthly) based on the subscriber profile. OTT revenue also comprises sub-licence and commercial premises revenue, which is earned over time on a straight-line basis over the course of the contract.

Where subscription revenue is received via a third party, and DAZN is determined to be the agent in the transaction, revenue is recognised over the contract period as the performance obligation to the third party is satisfied. When the transaction price is dependent on a variable number of subscribers over the contract period, revenue may be constrained unless it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Media and Ventures revenue is usually based on longer-term contracts with third parties and is recognised over time as the performance obligations under the contract are satisfied. The Group has applied judgement in determining the transaction price when the revenue under the contracts is variable, particularly for broadcast partnership deals that span multiple years, where revenue earned under the contract incorporates an element of profit share. In determining the recognition of broadcast revenues, the Group recognises revenue in line with the services delivered to the customer, who, for the majority of the Ventures arrangements, is the rights holder.

The Group has chosen to measure progress using the output method for each of the Ventures arrangements. Where the services provided by the Group are equivalent in each accounting period the Group consider that the value delivered to their customer is the same in each accounting period which means that under the output method progress is linear over the duration of the contract. Where the services provided by the Group differ in each accounting period, due to the events associated with the contract differing between accounting periods, the measure of progress is not linear under the output method and more value is allocated to the years in which the customer derives the most value from the services performed by the Group. As the customer for the Group for these arrangements is the rights holder rather than a broadcaster these contracts are accounted for net, with the Group recognising as revenue the profit share receivable from the rights holder which is generally calculated through revenue share models agreed between both parties outlined in the associated contracts.

For one of the Ventures arrangements the broadcaster is the customer for the Group as unlike the other arrangements where the rights holders contract with the broadcasters, for this arrangement the Group contract directly with the broadcasters instead. This means that the accounting for this arrangement is different to the other Ventures agreements and the contract is accounted for gross, with amounts earned from the broadcasters recognised as revenue and amounts payable to the rights holder recognised as costs.

For contracts that existed at the year end, there is \$302.8 million of the total transaction price allocated to partially unsatisfied performance obligations across all revenue streams, for contracts where the variable revenue is not constrained. Although there are several longer-term contracts relating to broadcast partnerships and sub-licence revenue, management expects that the majority (64%) of the transaction price allocated to partially unsatisfied performance obligations will be recognised as revenue during the next reporting period. This excludes any future income from partnership deals which are based primarily on profit-share, where the revenue is constrained due to the uncertainty around future variable profits.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3. Revenue (continued)

Geographical revenue analysis

Geographical revenue information for the years ended 31 December 2020 and 2019 (as restated) is presented below:

	United Kingdom \$'000	Europe \$'000	Asia Pacific \$'000	Americas \$'000	Middle East and Africa \$'000	Total \$'000
2020						
OTT	557	400,112	205,341	118,039	-	724,049
Media	30,063	43,895	13,058	12,455	1,910	101,381
Ventures	17,290	8,169	3,262	16,521	1,164	46,406
Total revenue	47,910	452,176	221,661	147,015	3,074	871,836

	United Kingdom \$'000	Europe \$'000	Asia Pacific \$'000	Americas \$'000	Middle East and Africa \$'000	Total \$'000
2019 (restated)						
OTT	-	292,108	195,266	113,664	-	601,038
Media	14,864	49,219	14,693	17,811	4,880	101,467
Ventures	39,830	54,108	-	18,611	4,001	116,550
Total revenue	54,694	395,435	209,959	150,086	8,881	819,055

4. Other income

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

	2020 \$'000	2019 \$'000
Government grant income	4,436	-
TSA income	6,609	12,760
Total	11,045	12,760

During the current year, the Group has received \$4.4 million of furlough related government grant income (2019: \$ nil) for support of the business operation and retention of staff who were unable to work as a result of restrictions arising from measures implemented to restrict the spread of COVID 19.

During the current year \$6.1 million of TSA income was derived from services provided to the STATS Perform Group (2019: \$12.8 million) and \$0.5 million from services provided to the Footballco Group (2019: \$nil). Refer to note 30 for further details on related party transactions.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5. Operating costs

	2020 \$'000	2019 \$'000 Restated
Rights costs	1,198,610	1,707,990
Production costs	53,899	37,259
Content distribution and delivery	191,285	192,810
Sales and marketing	149,090	321,582
Staff and contractors	207,322	204,912
Other costs	125,800	143,354
Loss on foreign exchange	12,613	40,619
Amortisation	35,270	52,029
Amortisation on acquisition intangibles	1,025	3,405
Depreciation of right of use assets	14,126	16,741
Depreciation	22,786	27,545
Goodwill impairment	512	1,139
Acquisition intangibles impairment	-	535
Total	2,012,338	2,749,920

During the current year the Group has impaired \$0.5 million of goodwill relating to the Media division. Following the Footballco and Sporting News sales (see note 28), alongside the recognition of Activaweb and Mackolik as being held for sale (see note 27), the remaining goodwill in Media division was assessed to have no recoverable value and was impaired to nil. For further details see note 10.

In the current year termination costs of \$4.6 million (2019: \$1.4 million) were recognised within the staff and contractors costs of \$207.3 million (2019: \$204.9 million). For further details see note 6.

During the current financial year research costs of \$24.9 million were incurred (2019: \$51.9 million).

Exceptional items	2020 \$'000	2019 \$'000
Exceptional items included within operating expenses		
Exceptional restructuring costs	59,421	31,077
Exceptional costs in relation to Group funding	3,107	7,936
Exceptional legal costs	6,993	83
Onerous contracts	15,015	-
Other exceptional costs	-	73
Total exceptional items included within operating expenses	84,536	39,169
Exceptional items included within finance costs (note 8)	-	11,548
Total exceptional items	84,536	50,717

Exceptional items increased \$33.8 million to \$84.5 million (2019: \$50.7 million) and include the following in 2020:

- Restructuring costs in the current year include \$42.0 million (2019: \$ nil) in relation to the settlement of rights contracts following the restructuring of the Group's rights portfolio, \$9.9 million incurred in relation to the Footballco sale transaction (2019: \$28.2 million in relation to the Perform Content sale) and a further \$4.2 million (2019: \$nil) in relation to advice received in relation to the impacts of Coronavirus;
- Exceptional costs in relation to Group funding of \$3.1 million (2019: \$7.9 million) relate to professional fees from third parties operating in an advisory capacity to the Group;
- Exceptional legal costs of \$7.0 million in the current year include \$4.5 million in relation to provisions for disputes (2019: \$ nil) and fees for professional investigations of \$2.5 million (2019: \$0.1 million); and
- \$15.0 million of onerous contract expenses recognised as a result of internal assessments on rights contracts (2019: \$ nil).

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5. Operating costs (continued)

The analysis of auditor's remuneration is as follows:

	2020 \$'000	2019 \$'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	2,619	1,865
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	71	91
Fees payable to the Company's auditor for overruns on the audit of the Company's prior year annual accounts	-	96
Total audit fees	2,690	2,052
<i>Fees payable to the Group's auditors for other services:</i>		
Tax compliance services	-	6
Other assurance services	63	60
Other services including due diligence	-	447
Total non-audit fees	63	513
Total fees payable to the Group's auditor	2,753	2,565

6. Staff costs

The average monthly number of employees in both continued and discontinued operations (including Executive Directors) was:

	2020 Nos.	2019 Nos.
Business development and sales	89	89
Account management and marketing	366	435
Production	959	1,343
Technology	686	872
Administration and management	508	566
Total	2,608	3,305

Employee costs (including Executive Directors) were:

	2020 \$'000	2019 \$'000
		Restated
Wages and salaries	188,139	179,479
Social security costs	24,598	24,614
Pension costs	6,859	6,591
Contingent cash settled share-based payment scheme	(498)	(3,534)
Long-term incentive schemes, cash-settled	1,663	2,014
Total	220,761	209,164

Of the total Staff and contractors costs of \$207.3 million (2019: \$204.9 million), a credit of \$18.7 million (2019: \$13.5 million) was recognised for the capitalisation of staff time in addition to \$3.0 million (2019: \$ 8.0 million) of expenses related to contractors, casual and consultancy expenses. Additionally, in the current year termination costs of \$4.6 million (2019: \$1.4 million) were recognised.

The contingent cash settled share-based payment scheme figure has been restated for the prior period following the reassessment of the accounting treatment for the G shares. This is further detailed in notes 2 and 25.

DAZN GROUP LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Staff costs (continued)

Key management personnel costs (including Executive and Non-Executive Directors) were:

	2020 \$'000	2019 \$'000 Restated
Wages and salaries	11,138	9,199
Social security costs	1,436	1,084
Pension costs	288	234
Terminations	2,736	-
Charge for long-term share and cash-settled schemes	87	560
Contingent cash settled share-based payment scheme	(351)	(2,315)
Total	15,334	8,762

During 2020 the Directors considered 19 individuals to be key management personnel (2019: 14) (including Executive and Non-Executive Directors).

Directors' remuneration was:	2020 \$'000	2019 \$'000
Emoluments	4,632	6,482
Compensation for loss of office	1,999	-
Company contributions to defined contribution pension schemes	52	95
Total	6,683	6,577

The number of Directors who:	2020 Nos.	2019 Nos.
Are members of a defined contribution pension scheme	2	3

Remuneration of the highest paid Director:	2020 \$'000	2019 \$'000
Emoluments	1,803	2,264
Company contributions to money purchase pension schemes	-	1

7. Finance income

	2020 \$'000	2019 \$'000
Financial instruments measured at amortised cost		
Bank interest receivable	721	1,657
Interest income from subleasing right of use assets (note 14)	151	106
Interest income on overdue consideration (note 28)	321	-
Foreign exchange gains on financing items	62,586	8,251
Total finance income	63,779	10,014

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8. Finance costs

	2020 \$'000	2019 \$'000
Interest on bank overdrafts and loans	-	15,162
Interest on shareholder loans	194,685	18,110
Amortisation of arrangement fees and other bank charges and finance costs	4,206	3,452
Interest expense on lease liabilities	7,135	6,953
Unwind on dilapidation provisions	33	44
Total interest expense for financial liabilities not classified as at FVTPL	206,059	43,721

Exceptional finance costs

Termination fees on bank overdrafts and loans (note 5)	-	11,548
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Total finance costs	206,059	55,269
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Total finance costs of \$206.1 million were recognised in the year (2019: \$55.3 million) relating to the following:

- interest on shareholder loans of \$194.7 million (2019: \$18.1 million), including \$40.4 million in the current year (2019: \$nil) relating to the fair value adjustment for the below market interest rate element on shareholder loans, refer to notes 20 and 21 for further details;
- interest on lease liabilities recognised under IFRS 16 of \$7.1 million (2019: \$7.0 million), refer to note 14 for further details;
- interest, amortisation of arrangement fees, bank fees and related charges of \$4.2 million, decreased from \$18.6 million including the amortisation of arrangement fees due on the Group's senior secured notes and revolving credit facility;
- exceptional finance costs in the prior year of \$11.6 million related to the early repayment and termination of the RCF and Senior Secured notes following the sale of the Perform Content business on 12 July 2019, which were recognised at amortised cost.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9. Taxation

	2020 \$'000	2019 \$'000
Current tax:		
UK current tax charge at 19% (2019: 19%)	2,226	542
Adjustment in respect of prior years	1,323	501
Foreign tax:		
Overseas current tax charge	12,500	6,535
Adjustment in respect of prior years	(2,940)	(30)
Withholding tax	478	220
Deferred tax:		
Origination or reversal of temporary differences	(3,469)	(4,786)
Impact of changes in tax rates	(1,144)	96
Adjustment in respect of prior years	696	(948)
Tax charge for the year	9,670	2,130

UK corporation tax is calculated at 19% (2019: 19%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions. The charge for the year can be reconciled to the loss before tax in the Consolidated Income Statement as follows:

	2020 \$'000	2019 \$'000 Restated
Loss before tax	(1,295,269)	(1,984,252)
Tax at weighted average UK corporation tax rate of 19% (2019: 19%)	(246,101)	(377,008)
Effects of:		
Amounts not deductible in determining taxable profit	74,292	15,666
Non-taxable income	(18,724)	(6,436)
Non-deductible hybrid mismatches	177,237	-
Prior year adjustments	(921)	(477)
Change in UK tax rate on deferred tax balances	(1,144)	178
Different tax rates of subsidiaries operating in other jurisdictions	3,143	(328)
Non-recognition of losses	19,722	364,213
Other unrecognised deferred tax	1,688	3,981
UK group relief	-	2,121
Withholding tax	478	220
Tax charge	9,670	2,130

On 17 March 2020 the UK corporation tax rate of 19% (effective from 1 April 2020) was substantively enacted. Subsequent to year end (June 2021) a further change was substantively enacted such that the UK corporation tax rate will increase to 25% from 1 April 2023. No adjustment has been made in respect of this post balance sheet event. However, the impact to deferred tax would amount to an approximate \$4.0 million increase to the deferred tax assets held.

On 1 July 2021 German legislation was introduced to implement recommendations set out by the Organisation for Economic Co-Operation and Development to neutralise the effects of hybrid mismatch arrangements. These rules are stated as having retrospective effect from 1 January 2020, albeit there remains some uncertainty over this retrospective application. Notwithstanding this uncertainty, no adjustment has been made in the financial statements in respect of this post balance sheet event given this legislation was not substantively enacted at the balance sheet date. However, the impact to the current tax charge may be an approximate \$8.7 million increase, if certain expenses (totalling \$31 million for the year ended 31 December 2020) are treated as non-deductible for German corporate income tax purposes.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Goodwill

\$'000

Cost

At 1 January 2019	24,854
Retranslation of goodwill of foreign operations	(845)
At 31 December 2019	24,009
Disposal of goodwill as part of Footballco and Sporting News sales (note 28)	(16,330)
Transfer of goodwill to assets held for sale	(6,231)
Retranslation of goodwill of foreign operations	203
At 31 December 2020	1,651

Accumulated impairment losses

At 1 January 2019	-
Impairment of goodwill (note 5)	(1,139)
At 31 December 2019	(1,139)
Impairment of goodwill (note 5)	(512)
At 31 December 2020	(1,651)

Carrying amount

At 31 December 2020	-
At 31 December 2019	22,870

The Group has identified three cash generating units ("CGUs") in the current year, being Media, OTT and Ventures. Media is the only CGU to which goodwill has historically been allocated.

During the current financial year, \$16.3 million of goodwill has been disposed of as part of the sales of Footballco and Sporting News (refer to note 28). Additionally, \$6.2 million of goodwill allocated to the Mackolik and Activaweb businesses was transferred to assets held for sale during the year (refer to note 28). As at the close of the current financial year, the Directors recognised that the operations of the Media division were either held for sale or had been disposed during the year. Therefore, the remaining goodwill associated with Media CGU of \$512,000 was impaired in the year.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11. Acquisition intangibles

	Trademarks and domain names \$'000	Information technology architecture \$'000	Customer relationships \$'000	Other \$'000	Total \$'000
Cost					
At 1 January 2019	25,474	1,578	4,110	3,234	34,396
Effect of movement in foreign exchange	135	(90)	(215)	(69)	(239)
At 31 December 2019	25,609	1,488	3,895	3,165	34,157
Effect of movement in foreign exchange	(166)	(134)	(327)	212	(415)
Disposals	-	-	(719)	-	(719)
Transfer to assets held for sale	(25,443)	(1,354)	(2,849)	(3,377)	(33,023)
At 31 December 2020	-	-	-	-	-
Accumulated amortisation					
At 1 January 2019	7,746	1,166	2,583	1,185	12,680
Charge for the year	2,689	116	382	218	3,405
Impairment charge* (note 5)	-	-	535	-	535
Effect of movement in foreign exchange	341	(107)	(85)	(24)	125
At 31 December 2019	10,776	1,175	3,415	1,379	16,745
Charge for the year (note 5)	579	74	217	155	1,025
Effect of movement in foreign exchange	3	(115)	(283)	58	(337)
Disposals	-	-	(772)	-	(772)
Transfer to assets held for sale	(11,358)	(1,134)	(2,577)	(1,592)	(16,661)
At 31 December 2020	-	-	-	-	-
Net book value					
At 31 December 2020	-	-	-	-	-
At 31 December 2019	14,833	313	480	1,786	17,412

Individually significant acquisition related intangibles include:

- Goal.com trademarks and domain names which had an opening carrying value of \$7.0 million (2019: opening carrying value of \$8.9 million) and were transferred to assets held for sale at a carrying value of \$5.8 million as part of the Footballco disposal, which completed in the year. The remaining useful economic life was 12 years (2019: 13 years); and
- \$4.3 million of individually significant acquisition intangibles relating to Sporting News trademarks and domain names were transferred to assets held for sale in advance of the sale of the Sporting News business which completed in the year. The remaining useful economic life was 12 years (2019: 13 years).

During the current year acquisition intangibles in relation to Goal.com, Voetbalzone, Spox and Sportal with a total net book value of \$9.9 million were transferred to assets held for sale and subsequently disposed as part of the Footballco sale.

Acquisition intangibles in relation to Match en Direct and Mackolik were transferred to assets held for sale as at the close of the current financial year and recognised as such on the statement of financial position as at the reporting date.

Amortisation of \$1.0 million (2019: \$3.4 million) is included in operating costs in the income statement.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12. Other intangible assets

	Computer software development \$'000
Cost	
At 1 January 2019	171,357
Additions	55,680
At 31 December 2019	227,037
Additions	30,067
Transfer to assets held for sale	(28)
Disposals	(127,771)
Effect of movement in foreign exchange	8,761
At 31 December 2020	138,066
Accumulated amortisation	
At 1 January 2019	97,752
Charge for the year	52,029
Effect of movement in foreign exchange	(1,359)
At 31 December 2019	148,422
Charge for the year (note 5)	35,270
Transfer to assets held for sale	-
Disposals	(127,112)
Effect of movement in foreign exchange	7,534
At 31 December 2020	64,114
Net book value	
At 31 December 2020	73,952
At 31 December 2019	78,615

Included within additions to computer software development in 2020 is \$18.7 million (2019: \$13.5 million) of capitalised internal staff costs. Amortisation of \$35.3 million (2019: \$52.0 million) is included as part of the operating costs.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Property, plant and equipment

	Freehold land \$'000	Technical and production equipment \$'000	Office furniture and equipment \$'000	Leasehold improvements \$'000	Motor vehicles \$'000	Total \$'000
Cost						
At 1 January 2019	368	91,317	4,124	33,317	32	129,158
Additions	-	9,940	525	21,613	-	32,078
Effect of movement in foreign exchange	12	3,066	61	1,484	-	4,623
Disposals	-	(90)	-	-	(32)	(122)
At 31 December 2019	380	104,233	4,710	56,414	-	165,737
Additions	-	4,865	45	1,699	-	6,609
Transfer to assets held for sale	-	(13)	-	-	-	(13)
Disposals	-	(83,073)	(4,001)	(26,397)	-	(113,471)
Effect of movement in foreign exchange	15	4,201	298	1,774	-	6,288
At 31 December 2020	395	30,213	1,052	33,490	-	65,150
Accumulated depreciation						
At 1 January 2019	-	65,856	3,197	15,613	32	84,698
Charge for the year (note 5)	-	16,138	564	10,843	-	27,545
Effect of movement in foreign exchange	-	2,729	119	394	-	3,242
Disposals	-	(53)	-	-	(32)	(85)
At 31 December 2019	-	84,670	3,880	26,850	-	115,400
Charge for the year (note 5)	-	11,528	385	10,873	-	22,786
Transfer to assets held for sale	-	-	-	-	-	-
Disposals	-	(83,030)	(3,951)	(23,394)	-	(110,385)
Effect of movement in foreign exchange	-	4,158	345	1,898	-	6,401
At 31 December 2020	-	17,326	649	16,227	-	34,202
Net book value						
At 31 December 2020	395	12,887	403	17,263	-	30,948
At 31 December 2019	380	19,563	830	29,564	-	50,337

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14. Leases

a) Right of use assets

	Offices and Data Centres \$'000
Cost	
At 1 January 2019	85,489
Additions	12,748
Disposals	(2,222)
Effect of movement in foreign exchange	3
At 1 January 2020	96,018
Additions	7,306
Disposals	(8,219)
Transfer to assets held for sale	(118)
Effect of movement in foreign exchange	3,394
At 31 December 2020	98,381
Accumulated depreciation	
At 1 January 2019	-
Charge for the year (note 5)	16,741
At 1 January 2020	16,741
Charge for the year (note 5)	14,126
Effect of movement in foreign exchange	313
Transfer to assets held for sale	(68)
Disposals	(7,686)
At 31 December 2020	23,426
Net book value	
At 31 December 2019	79,277
At 31 December 2020	74,955

The Group holds right of use assets in respect of office buildings and data storage space leases. The average lease term is 3.9 years (2019: 3.5 years).

During the prior year the Group entered into a sublease for one of its leased properties. The right of use asset in relation to this property was therefore derecognised and an investment in sublease was recognised, resulting in a charge of \$181,000 being recognised in the income statement.

b) Investment in sub-lease

	2020 \$'000	2019 \$'000
At 1 January	2,147	-
Additions	-	2,041
Finance income on sub-lease	151	106
Payments received	(733)	-
At 31 December	1,565	2,147

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Leases (continued)

The maturity analysis of the investment in sub lease is set out below:

	Minimum sublease payments	Present value of sublease asset	Minimum sublease payments	Present value of sublease asset
	2020 \$'000	2020 \$'000	2019 \$'000	2019 \$'000
Year 1	550	436	732	582
Year 2	550	475	550	436
Year 3	550	518	550	475
Year 4	139	136	550	518
Year 5	-	-	139	136
Less: Future finance income	(224)	-	(374)	-
Present value of investment in sub lease	1,565	1,565	2,147	2,147

Analysed as:

	2020 \$'000	2019 \$'000
Current	436	583
Non-current	1,129	1,564
As at 31 December	1,565	2,147

The Group does not face a significant liquidity risk with regard to its investment in sublease.

c) Amounts recognised in profit and loss

	2020 \$'000	2019 \$'000
Depreciation of right-of-use asset (note 5)	(14,126)	(16,741)
Finance costs on lease liabilities (note 8)	(7,135)	(6,953)
Unwind of dilapidation provision (note 8)	(33)	(44)
Expense relating to short-term leases	(591)	(5,826)
Finance income on sub-lease (note 7)	151	106
Expense on sublease recognition	-	(179)

The total cash outflow for leases in 2020 amounted to \$17.5 million (2019: \$15.1 million), of which \$10.3 million (2019: \$8.1 million) was used to settle the principal portion of the lease and \$7.1 million (2019: \$7.0 million) to settle interest. As at 31 December 2020, the Group is committed to \$68,000 for short term leases (2019: \$54,000). There are no variable lease payments.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Leases (continued)

d) Lease liability

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

	Minimum sublease payments 2020 \$'000	Present value of sublease asset 2020 \$'000	Minimum sublease payments 2019 \$'000	Present value of sublease asset 2019 \$'000
Year 1	18,520	11,641	17,944	11,191
Year 2	14,964	8,758	15,400	9,291
Year 3	14,843	9,316	13,812	8,327
Year 4	13,724	8,923	13,287	8,431
Year 5	12,837	8,757	12,080	7,875
Year 6 and onwards	48,427	36,921	53,044	39,165
Less: Future finance charges	(38,999)	-	(41,287)	-
Present value of lease liability	84,316	84,316	84,280	84,280

Analysed as:

	2020 \$'000	2019 \$'000
Current	11,641	11,191
Non-current	72,675	73,089
As at 31 December	84,316	84,280

Movement in lease liability during the year

	2020 \$'000	2019 \$'000
As at 1 January	84,280	80,104
Payments made	(17,483)	(15,069)
Additions	7,258	12,190
Disposals	(523)	-
Transfer to assets held for sale	(42)	-
Finance costs on lease liabilities	7,135	6,953
FX revaluation of lease liabilities	3,691	102
As at 31 December	84,316	84,280

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15. Trade and other receivables

	2020 \$'000	2019 \$'000 Restated
Non-current		
Other receivables	5,605	5,503
Current		
Gross trade receivables	119,527	85,545
Loss allowance	(2,993)	(5,626)
Net trade receivables	116,534	79,919
Other receivables	31,659	35,608
Total current trade and other receivables	148,193	115,527

Gross trade receivables are held at amortised cost and relate to balances arising from contracts with customers. Net trade receivables are presented following the reduction for the expected credit loss allowance.

Other receivables relate to subscription payments associated with revenue from contracts with customers collected by third parties on the Group's behalf and withholding tax balances. Based on the credit risk assessment of these balances, no expected credit loss allowance is recognised with respect to other receivables.

Non-current other receivables relate to facilities deposits.

The due date for trade receivables will vary depending on the jurisdiction and product but is typically between 30 and 90 days. Trade receivables do not bear any interest. There are several balances with counterparties where there are ongoing legal or commercial disputes resulting in a suspension of payments while discussions or legal proceedings are underway. Although these balances are past due, they are expected to be recovered once the dispute is resolved and hence no expected loss has been recognised.

All trade receivables are subject to credit risk exposure, however, the Group has not identified specific concentration of credit risk with regards to trade receivables aside from the balances mentioned above, as the remaining balance consists of a large number of receivables from various customers.

Movements in expected credit loss are as follows:

	2020 \$'000	2019 \$'000
At 1 January	5,626	4,776
Net remeasurement of loss allowance	479	1,039
Transferred to asset held for sale	(449)	-
Disposal	(127)	-
Amounts written off	(2,552)	(107)
Effect of movement in foreign exchange	16	(82)
As at 31 December	2,993	5,626

Net remeasurement of the loss allowance has been included in the Consolidated Income Statement. The Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Therefore, the Group 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.

The write off of balances in the current financial year of \$2.6 million consists of \$1.2 million pertaining to the Media division and \$1.4 million from the Ventures division.

The other classes within trade and other receivables do not contain impaired assets.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15. Trade and other receivables (continued)

Financial assets not contributing to the remeasurement of the loss allowance are shown below:

	2020 \$'000	2019 \$'000
Not yet due	39,753	38,904
Not more than three months	6,524	38,014
More than three months but not more than six months	10,404	2,472
More than six months but not more than a year	48,138	224
More than one year	11,715	305
Total	116,534	79,919

The Directors consider that the carrying value of trade and other receivables approximates to their fair value.

16. Prepayments and accrued income

Prepayments and accrued income balances are set out below:

	2020 \$'000	2019 \$'000 Restated
Current		
Prepayments for acquiring content and rights	374,501	519,558
Contract assets	68,465	49,437
Other prepaid costs	14,808	19,579
As at 31 December	457,774	588,574

Other prepaid costs include \$8.0 million (2019: \$7.5 million) of IT prepayments, \$4.8 million (2019: \$3.7 million) of marketing prepayments and \$1.3 million (2019: \$1.1 million) of prepayments pertaining to insurance and professional services.

Contract assets comprise unbilled advertising, distribution and technology related revenues where the Group has provided services to customers over time. The increase in contract assets during the current financial period is due to increases in unbilled balances in relation to contracts with distribution partners within the OTT division.

17. Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash and cash equivalents	186,000	79,037

Cash was held in a variety of interest-bearing accounts.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

18. Trade and other payables

	2020 \$'000	2019 \$'000 Restated
Trade payables	50,151	43,891
Rights accrual	112,713	199,279
Accruals	137,067	132,078
Contract liabilities	168,383	168,012
Other creditors	20,105	20,109
As at 31 December	488,419	563,369

The Directors consider that the carrying amount of trade payables approximates to their fair value. For most suppliers no interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Contract liabilities consist of subscription fees billed that have not been recognized. Of the contract liabilities brought forward as at 1 January 2020, all balances have been recognised in profit and loss in the year other than \$8.1 million in relation to the OTT Division and a further \$12.6 million from broadcast partnerships. The increase in contract liabilities relates to the obligations recognised under contracts held within the broadcast ventures division.

Other creditors consist of liabilities in relation to revenue and publisher shares, in addition to payroll creditors and VAT liabilities.

The prior period comparatives for rights accruals, accruals and contract liabilities have been restated in the financial statements, which is further detailed in note 2.

19. Provisions

	Dilapidations \$'000	Rights \$'000	Onerous contracts \$'000	Legal \$'000	Other \$'000	Total \$'000
At 1 January 2019	-	-	-	-	171	171
Initial recognition under IFRS 16	5,385	-	-	-	-	5,385
Additions	557	-	-	-	-	557
Finance expense on unwind	44	-	-	-	-	44
Effect of movement in foreign exchange	(22)	-	-	-	6	(16)
At 31 December 2019	5,964	-	-	-	177	6,141
Additions	48	39,842	14,306	4,500	-	58,696
Finance expense on unwind	33	-	-	-	-	33
Disposals	(25)	-	-	-	-	(25)
Releases	(1,436)	-	-	-	-	(1,436)
Transfer to assets held for sale	(30)	-	-	-	-	(30)
Effect of movement in foreign exchange	159	-	-	-	8	167
At 31 December 2020	4,713	39,842	14,306	4,500	185	63,546

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19. Provisions (continued)

Provisions consist of \$4.7 million (2019 \$6.0 million) in relation to dilapidations for leased right of use assets, \$39.8 million (2019: \$nil) in relation to rights contracts terminations, \$14.3 million in relation to onerous contracts (2019: \$nil) and \$4.5 million (2019: \$nil) relating to legal matters. The analysis of provisions balances between current and non-current is detailed below:

	2020 \$'000	2019 \$'000
Current	54,310	1,403
Non-current	9,236	4,738
As at 31 December	63,546	6,141

20. Borrowings

	2020 \$'000	2019 \$'000
Current borrowings	1,479,876	278,778
Non-current borrowings	-	-
As at 31 December	1,479,876	278,778

On 31 October 2019, DAZN Group Limited entered into a convertible loan facility agreement ("the Facility") with its immediate parent AI Perform Holdings LLP, an entity in the Access Industries group. DAZN Group Limited can utilise the Facility by drawing down in tranches of at least \$10.0 million up to a total commitment of \$275.0 million. The first \$150.0 million was drawn down at 31 October 2019, with a further \$100.0 million drawn down on 22 November 2019, and a final tranche of \$25.0 million drawn down on 20 December 2019. The amount drawn down has been presented within current borrowings. The Facility attracts an annual interest rate of 10%, and accrued interest of \$29.4 million (2019: \$3.8 million) has been included within the current borrowings on the balance sheet. Refer to note 21 for further details of the derivative instrument identified from the convertible loan transaction, in addition to note 33 for additional financing events which occurred after the balance sheet date.

During 2020, the Group's immediate parent company, AI Perform Holdings LLP, extended an additional \$1.05 billion in funding through the following facilities:

- On 7 January 2020, DAZN Group Limited entered into a loan commitment with AI Perform Holdings LLP. DAZN Group Limited can utilise the commitment by drawing down in tranches of at least \$10.0 million up to a total commitment of \$250.0 million. The first \$100.0 million was drawn down at 8 January 2020, with a further \$150.0 million drawn down on 27 January 2020. These first tranches attract interest at a rate of 10% and incurred an arrangement fee of \$3.8 million.
- On 25 February 2020 the commitment was increased to \$450.0 million, and a final tranche of \$200.0 million drawn down on 27 February 2020. The final tranche attracts interest at a rate of 30%.
- On 24 July 2020, the Group entered into a new loan agreement with AI Perform Holdings LLP for a total of \$200.0 million. The agreement was split across two drawdowns: \$125.0 million on 24 July, with the balancing \$75.0 million drawn on 27 August 2020. The loan attracts interest at a rate of 30%.
- On 17 September 2020, the Group entered into an additional new loan agreement with AI Perform Holdings LLP for a total of \$200.0 million. The agreement was split across three drawdowns: \$65.0 million on 17 September, \$70.0m on 29 September with the balancing \$65.0 million drawn on 21 October 2020. The loan attracts interest at a rate of 30%.
- On 19 November 2020, the Group extended the September facility with AI Perform Holdings LLP by a total of \$200.0 million on the same terms. \$75.0 million was drawn down on that date and \$125.0 million was drawn down on 29 December 2020. The loan attracts interest at a rate of 30%.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20. Borrowings (continued)

On 29 December 2021, the Group and its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year-end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the Group's borrowings, amounting to \$3.3 billion, and the issuance of \$1.2 billion of A ordinary shares and \$2.1 billion of new growth preference shares. Additionally, \$150.0 million of funding was received on 29 December 2021, in exchange for \$75.0 million of A ordinary shares and \$75.0 million of growth preference shares. A further \$100.0 million of funding was received on 27 January 2022 in exchange for \$50.0 million of A ordinary shares and \$50.0 million of growth preference shares.

The fair market rate of interest was 30% for all funding received in 2020. This was assessed by management to be a fair market rate when benchmarking against similar instruments. Therefore the \$250.0 million loan commitment drawn down in January 2020 is recognised at fair value, with the difference recognised as a capital contribution of \$47.3 million and leading to an additional interest charge of \$40.4 million in the current year.

21. Financial instruments

a) Categories of financial instruments and their fair values

The fair value of the Group's financial assets and liabilities is as follows:

	2020 \$'000	2019 \$'000
Financial assets at amortised cost		Restated
Cash and cash equivalents (note 17)	186,000	79,037
Current trade and other receivables (note 15)	148,193	115,527
Contract assets (note 16)	68,465	49,437
Non-current trade and other receivables (note 15)	5,605	5,503
Financial assets at fair value through profit and loss		
Investment in STATS Perform preference shares (note 26)	36,496	170,828
Investment in Futbolico preference shares (note 26)	32,349	-
Financial liabilities at amortised cost		
Trade and other payables (excluding contract liabilities) (note 18)	(319,777)	(395,357)
Current borrowings (note 20)	(1,479,876)	(278,778)
Non-current borrowings (note 20)	-	-
Financial liabilities at fair value through profit and loss		
Derivative liability	(15,465)	(15,857)

b) Financial risk management

The Group's activities expose it to a variety of financial risks. The main financial risks faced by the Group relate to capital risk, foreign exchange rates, interest rate risks, the risk of default by counterparties to financial transactions and liquidity risk. These risks are managed as described below.

The Group's financial risk management is co-ordinated at its headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21. Financial instruments (continued)

c) Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst having enough capital to continue its acquisition strategy and sustain future product development. The Group will continue to seek to maximise the return to shareholders through the optimisation of the debt and equity balance although this is a longer-term aspiration. The Group's overall strategy has not changed in the last year.

The capital structure of the Group consists of net debt, which includes cash and cash equivalents after deducting the borrowings disclosed in note 20, and equity of the Group, comprising issued capital, reserves and retained earnings.

The primary reason for the Group to raise debt or equity is to finance investment in its QTT offering.

The Group's Directors review the capital structure on an ad-hoc basis and consider the impact any acquisitions and new products (and how they are financed) have on the Group's capital structure before completing any acquisition (or financing). The Group currently does not envisage paying a dividend in the short term.

d) Currency risk

Exposures to currency exchange rates arise from the entities within the Group entering into contracts with a transactional currency that differs from their functional currency. The Group's sales and purchases are primarily denominated in Euros, US dollars and Japanese yen. The Group's policy is to review the level of revenues and costs denominated in various key currencies and to naturally hedge wherever possible.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities that are designated in a currency other than the functional currency of the entity in question at the reporting date are as follows:

	EUR \$'000	GBP \$'000	JPY \$'000	USD \$'000	Other \$'000	Total \$'000
2020						
Financial assets	38,690	6,110	16,122	129,001	16,559	206,482
Financial liabilities	(92,973)	(704)	(13,717)	(1,600,328)	(2,309)	(1,710,031)
Net exposure	(54,283)	5,406	2,405	(1,471,327)	14,250	(1,503,549)
2019						
Financial assets	25,912	6,718	15,344	52,020	11,587	111,581
Financial liabilities	(76,644)	(17,953)	(17,850)	(397,921)	(12,755)	(523,123)
Net exposure	(50,732)	(11,235)	(2,506)	(345,901)	(1,168)	(411,542)

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of EUR, GBP, JPY and USD.

The following table details the Group's sensitivity to a 15 per cent increase and decrease in EUR, GBP, JPY and USD against the functional currency of the underlying entity. 15 per cent represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 15 per cent change in foreign currency rates.

The sensitivity analysis includes related party loans where the denomination of the loan is in a currency other than the functional currency of the borrower. A positive number below indicates an increase in profit and other equity where the transaction currency strengthens 15 per cent against the relevant functional currency of the entity. For a 15 per cent weakening of the transaction currency, there would be a comparable impact on the profit and other equity, and the balances below would be inverted.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21. Financial instruments (continued)

d) Currency risk (continued)

	EUR \$'000	GBP \$'000	JPY \$'000	USD \$'000	Total \$'000
2020					
Profit or loss (i)	(1,542)	1,748	365	(235,803)	(235,232)
Other equity (ii)	-	-	-	-	-
2019					
Profit or loss	(1,465)	(6,617)	(327)	(45,118)	(53,527)
Other equity	-	-	-	-	-

(i) this is mostly attributable to the exposure outstanding on funding provided in USD and EUR payables in the Group at the reporting date

(ii) the Group does not apply any foreign exchange hedges so there would be no impact of a movement in exchange rates against USD on equity

The Group's sensitivity to foreign currency has increased during the current year mainly due to increased funding provided in USD compared to the prior year. In addition, there has also been an increase in rights accruals held in Euros resulting in higher EUR denominated liabilities.

In management's opinion, the sensitivity analysis is representative of the inherent foreign exchange risk as the year end exposure reflects the exposure during the year.

e) Interest rate risk

The Group is not exposed to interest rate risk as it only holds borrowing facilities with fixed interest rates issued by members of the Access Industries group. Refer to note 20 for further details on borrowings.

The Group's exposure to interest rates on financial assets and liabilities is detailed in the liquidity risk management section of this note.

f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to assess the creditworthiness of counterparties. The Group continually monitors its exposure to counterparties and the aggregate value of transactions concluded is spread amongst approved counterparties.

Cash held by counterparties is presented to the Board on a monthly basis. The credit risk on these funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The Group does not have any significant credit risk exposure to any other single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any counterparty, excluding those where there are ongoing legal disputes, did not exceed 5% of financial assets at any time during the year.

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

g) Liquidity risk

Liquidity risk is managed by short and long-term cash flow forecasts. The Group receives funding through parent company loans or equity investments, which takes into account the short and long-term cash requirements of the Group, ensuring that sufficient cash reserves are held to meet short-term working capital requirements. The Group is satisfied that parent company funding will continue to be available in the future, refer to note 1 for further details on going concern.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21. Financial instruments (continued)

g) Liquidity risk (continued)

As at 31 December 2020 and 2019, the Group's undiscounted non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current within 6 months \$'000	Current 6 to 12 months \$'000	Non-current 1 to 5 years \$'000
31 December 2020			
Trade and other payables (excluding contract liabilities) (note 18)	319,777	-	-
Interest and principal of Shareholder Loan	1,479,876	-	-
Total	1,799,653	-	-
<hr/>			
	Current within 6 months \$'000	Current 6 to 12 months \$'000	Non-current 1 to 5 years \$'000
31 December 2019			
Trade and other payables (excluding contract liabilities) (note 18)	395,357	-	-
Interest and principal of Shareholder Loan	-	278,778	-
Total	395,357	278,778	-

h) Financial instruments fair value

Financial instruments that are measured at fair value in the consolidated financial statements require disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair values of financial assets and liabilities are based on quoted market prices where available. Where the market value is not available, the Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate.

The Directors consider that the carrying values of trade receivables, other receivable assets, trade payables, other payables, and borrowings recorded at amortised cost in the consolidated financial statements are appropriately equal to their fair value.

Investment in STATS Perform preference shares

On 12 July 2019 as part of the sale of the Perform Content business to STATS LLC, DAZN received a 20% minority share of the newly formed Peak Jersey Topco Ltd for £160.1 million (\$200.5 million) consideration. This investment consisted of 20% of the B ordinary shares for consideration of \$0.2 million, as well as 20% of the cumulative preference shares in Peak Jersey Topco Ltd for \$200.3 million.

The ordinary shares have been classified as an investment in associate and detailed in note 26. The preference shares in Peak Jersey Topco Ltd have been classified as an equity instrument, measured at fair value through profit and loss. The preference shares have a cumulative dividend of 9% per annum.

At the reporting date a fair value assessment was performed based on the projected future cash flows of the STATS Perform business, discounted at an applicable rate. This resulted in a fair value loss on the preference shares of \$114.1 million (2019: \$14.4 million), which has been reflected in profit and loss for the period. The projected future cashflows of the STATS Perform business form the key input for the fair value assessment of the investment in associate, specifically the projected impacts of COVID-19 on anticipated growth plans, anticipated synergies and the delay of new projects.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21. Financial instruments (continued)

h) Financial instruments fair value (continued)

As these inputs were not based on quoted or observable market data, this investment is classified as level 3 in the fair value measurement hierarchy. Refer to note 26 for a reconciliation of the carrying value of the investments in STATS Perform.

Investment in Footballco preference shares

On 19 October 2020 as part of the sale of the Footballco business to TPG, the Group retained a 31% minority share of the Footballco Group. This investment consisted of 31% of the ordinary shares, as well as 31% of the cumulative preference shares in Footballco Media Ltd. The retained interest was recognised at a fair value of \$33.5 million on the sale date.

The ordinary shares have been classified as an investment in associate and detailed in note 26. The preference shares in Footballco Media Ltd have been classified as an equity instrument, measured at fair value through profit and loss. The preference shares have a cumulative dividend of 10% per annum.

At the reporting date a fair value assessment was performed based on the initial fair value at the transaction date, adjusted for any changes in assumptions between this date and the year end. This resulted in no movement in the fair value of the preference shares at 31 December 2020. The key inputs to the fair value assessment of the investment in associate at the transaction date and at year end are the initial transaction date fair value, growth rate, the forecast lifespan of underlying cashflows, and the rate used to discount these cash flows.

As these inputs were not based on quoted or observable market data, this investment is classified as level 3 in the fair value measurement hierarchy. Refer to note 26 for a reconciliation of the carrying value of the investments in Footballco.

Derivative liability

On 31 October 2019, DAZN Group Limited entered into a convertible loan facility agreement with its immediate parent, Al Perform Holdings LLP. The Facility was for a total commitment of \$275.0 million, which was drawn down in full between October and December 2019. The terms of the facility included an option for the holder to convert the loan into ordinary shares in DAZN Group Limited in the event of certain conversion triggers. These conversion shares would be issued at a 10% discount, resulting in the recognition of a derivative liability for the option to convert the loan to equity. The Group has accounted for the initial fair value of the derivative as a current liability, with a corresponding debit being recorded in equity, within the accumulated deficit account. Any subsequent revaluation of the derivative liability is recorded through the profit and loss account.

The derivative was measured with reference to the contractual maximum potential discount that would be received in the event of conversion, multiplied by a probability of the conversion events occurring and the assumption for the timing of that conversion. The probability of conversion events occurring is the key input assumption for the derivative valuation. At year end the Group's management reassessed the likelihood of conversion and determined that there was a 40% likelihood of conversion within the 2022 financial year (2019: 50% likelihood of conversion). The probability was based on management estimate of the likelihood of conversion, resulting in the recognition of \$15.9 million derivative liability in 2019. In 2020, the derivative liability decreased by \$0.4 million to \$15.5 million. Given these inputs were not based on quoted or observable market data, this investment is classified as level 3 in the fair value measurement hierarchy.

The table below is a reconciliation of the derivative measurements for the year ended 31 December 2020:

	2020 \$'000	2019 \$'000
Opening balance	15,857	-
Issuance of option to convert loan to equity	-	15,857
Revaluation of convertible loan option	(392)	-
Closing balance	15,465	15,857

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

22. Deferred tax

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020 \$'000	2019 \$'000
Deferred tax assets	16,430	12,072
Deferred tax liabilities	-	(4,610)
	16,430	7,462
Deferred tax movement		
1 January	7,462	(1,942)
Credit to income statement	3,917	5,638
Effect of movement in foreign exchange	770	69
Shown as Held for Sale	523	-
Transfer to discontinued operations	-	3,697
Disposed of during the year	3,758	-
As at 31 December	16,430	7,462
	2020 \$'000	2019 \$'000
Analysis of deferred tax		
Temporary differences arising on property, plant and equipment	11,367	8,354
Share-based payments	562	1,074
Acquisition intangibles	-	(4,688)
Other	4,501	2,722
Total	16,430	7,462

In addition to the amounts set out above the Group has an unrecognised deferred tax asset at 31 December 2020 of \$573.8 million (2019: \$485.2 million) relating to trading losses of \$3 billion, \$9 million relating to capital losses of \$47.6 million (2019: \$7.9 million), and \$13.9 million in relation to other items (2019: \$14.6 million). The Directors have considered cash flow forecasts and budgets for future years showing profitability and top line growth for the UK entities within the Group. As at 31 December 2020 no deferred tax assets in respect of losses have been recognised (2019: \$nil) as it is not considered probable that there will be future taxable profits available.

As stated in note 9, on 1 July 2021 German legislation was introduced to implement recommendations set out by the Organisation for Economic Co-Operation and Development to neutralise the effects of hybrid mismatch arrangements for which no adjustment has been made in the financial statements. This legislation, if it has effect from 1 January 2020, may impact the quantum of the unrecognised deferred tax asset, as a deduction would then be available in respect of certain expenses (totalling \$31 million) currently being treated as non-deductible for UK corporation tax purposes. The impact of this would be to increase the quantum of the unrecognised deferred tax asset by \$6 million, to reflect these expenses as actually being deductible for UK corporation tax purposes, thereby generating a greater quantum of trading losses upon which no deferred tax asset is recognised.

The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, for which deferred tax liabilities have not been recognised, is not required to be disclosed on the basis that this is not practicably determinable.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

23. Changes in liabilities from financing activities

	1 January 2020	Financing cashflows (i)	Non-cash settlement of borrowings (ii)	Remeasure- ment of derivative liability	New leases (iii)	Change in foreign exchange rates	Other changes (iv)	31 December 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest and repayment of Shareholder loan (note 20)	278,778	1,050,000	-	-	-	-	151,098	1,479,876
Derivative financial liability	15,857	-	-	(392)	-	-	-	15,465
Lease liability (iii) (note 14)	84,280	(17,483)	-	-	7,258	(3,691)	13,952	84,316
Other	-	-	-	-	-	-	-	-
	378,915	1,032,517	-	(392)	7,258	(3,691)	165,050	1,579,657

	1 January 2019	Financing cashflows (i)	Non-cash settlement of borrowings (ii)	Remeasure- ment of derivative liability	New leases (iii)	Change in foreign exchange rates	Other changes (ii)	31 December 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Senior secured notes (note 20)	268,998	-	(278,239)	-	-	(3,675)	12,916	-
Revolving credit facility (note 20)	(479)	63,885	(63,445)	-	-	39	-	-
Interest and repayment of Shareholder loan (note 20)	-	261,065	-	-	-	-	17,713	278,778
Derivative financial liability	-	-	-	15,857	-	-	-	15,857
Lease liability (iii) (note 14)	80,104	(15,069)	-	-	12,190	(102)	7,157	84,280
Other	6	-	-	-	-	-	(6)	-
	348,629	309,881	(341,684)	15,857	12,190	(3,738)	37,780	378,915

(i) The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) As part of the sale of Content, \$341.7 million of the consideration was used to directly settle existing borrowings. Refer to note 28 for further details.

(iii) Lease liabilities were recognised on 1 January 2019 following the adoption of IFRS 16.

(iv) Other changes include interest accruals, fair value adjustments for the below market interest element on shareholder loans and the disposal of lease liabilities.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

24. Share capital

	2020 \$'000	2019 \$'000
Authorised, issued, allotted and fully paid		
A Ordinary shares of 3 389/600 US cents each	13,181	13,181
M Ordinary shares of 3 389/600 US cents each	1,333	1,333
Z Ordinary shares of 3 389/600 US cents each	1,468	1,468
G shares of 3 389/600 US cents each	1,442	1,442
Convertible preference shares of 3.64 cents each	274	274
	17,698	17,698
Number of shares	2020 '000	2019 '000
Authorised, issued, allotted and fully paid		
A Ordinary shares of 3 389/600 US cents each	362,105	362,105
M Ordinary shares of 3 389/600 US cents each	36,586	36,586
Z Ordinary shares 3 389/600 US cents each	40,317	40,317
G Shares 3 389/600 US cents each	39,647	39,647
Convertible preference shares of 3.64 cents each	7,530	7,530
	486,185	486,185

AI Perform Holdings LLP, a portfolio company of Access Industries, held all of the A shares and preference shares which represent approximately 76.03% of the equity share capital of the Company (2019: 76.03%).

M shares are held by members of management, employees and other shareholders, who at 31 December 2020, represented approximately 7.53% of the equity share capital of the Company (2019: 7.53%).

Z shares are held by the Z Shareholder who at 31 December 2020 represented approximately 8.29% of the equity share capital of the Company (2019: 8.29%).

Growth shares ('G Shares') are held by an Employee Benefit Trust (EBT) on behalf of Directors and key management staff of the DAZN Group, who at 31 December represented approximately 8.15% of the equity share capital of the Company (2019: 8.15%). Further details of the G-shares scheme are shown in note 25.

Each holder of an A Share, M Share, Z share and G shares is entitled to receive notice of the general meetings of the Company, holders of A Shares, M Shares and Z shares are entitled to vote at general meetings.

Issue of Convertible preference shares

The Company adopted new articles of association with effect from 6 June 2019, introducing convertible preference shares as a new class of share. Each share has a nominal value of 3.64 cents and has a cumulative preferential return per annum at a rate of 10% of the issue value of each convertible preference share, to be settled only in conversion shares. The convertible preference shares hold no right to receive notice of or speak at any general meeting, nor do they confer the right to vote upon any resolution. The convertible preference shares are not redeemable by the Company or the preference shareholder without the occurrence of a conversion event. The convertible preference shares are convertible into conversion shares upon the earliest of the following conversion events; a third party issuance, a new equity issuance, or any step or action being taken by the Company in connection with a Distribution Issuance, as defined in the Company's Articles of Association. The number of applicable conversion shares to be issued on the conversion of the preference shares shall be determined by dividing the aggregate value of the preference shares being converted plus any accrued preferential return on the preference shares by the conversion price.

In April 2019 DAZN Group Limited entered into a facility with AI Perform Holdings LLP for a loan of \$200.0 million at an interest rate of 10% annually, with an additional \$150.0 million accordion agreement which was signed in May 2019. On 6 June 2019, it was agreed with AI Perform Holdings LLP to convert the original loan, accordion loan and outstanding interest balance totalling \$353.0 million in exchange for 3,529,861 convertible preference shares.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

24. Share capital (continued)

Issue of convertible preference shares (continued)

On 20 June 2019 DAZN Group Limited issued 1,000,000 convertible preference shares to AI Perform Holdings LLP in exchange for \$100.0 million. On 22 July 2019 DAZN Group Limited issued 1,750,000 convertible preference shares to AI Perform Holdings LLP in exchange for \$175.0 million. On 23 August 2019 DAZN Group Limited issued 750,000 convertible preference shares to AI Perform Holdings LLP in exchange for \$75.0 million. On 11 September 2019 DAZN Group Limited issued 500,000 convertible preference shares to AI Perform Holdings LLP in exchange for \$50.0 million.

Preferential return on convertible preference shares

The convertible preference shares have a cumulative preferential return per annum at a rate of 10% of the issue value of each convertible preference share (the 'preferential return').

Issue of G shares

On 9 October 2019, 4,757,709 G shares were issued to Directors under the Group's share option scheme at par. See note 25 for further details.

Own shares

The G shares issued in 2018 and 2019 are held by an employee benefit trust on behalf of the participants of the G shares scheme. The Trust falls under the control of DAZN Group Limited and as such the G shares it holds are recognised as own shares. The value of G shares held by the Trust as at the close of the financial year was \$1.4 million (2019: \$1.4 million).

25. Long-term incentive schemes

(a) Growth shares

On 17 July 2018, the Board of Directors approved the grant of Growth Shares ("G Shares") to Executive Directors of the Group for nil consideration. The shares were awarded on 24 September 2018 and 29 October 2018 respectively.

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

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

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

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

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

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

25. Long-term incentive schemes (continued)

(a) Growth shares (continued)

A reconciliation of the movements in the G share awards can be summarised as follows:

Date of grant	Number of options originally granted	Exercised	Lapsed / forfeited	Options outstanding as at 31 December 2020
24 September 2018	25,572,601	(4,461,518)	(4,709,500)	16,401,583
29 October 2018	9,317,142	(1,042,187)	(1,549,622)	6,725,333
9 October 2019	4,757,709	(22,012)	(67,756)	4,667,941
Total	39,647,452	(5,525,717)	(6,326,878)	27,794,857

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

	2020 No.	2019 No.
24 September 2018	16,401,583	25,572,601
29 October 2018	6,725,333	8,722,431
9 October 2019	4,667,941	4,757,709
Total	27,794,857	39,052,741

The following share-based payments charge/(credit) in the year is included within operating costs.:

	2020 \$'000	2019 \$'000
		Restated
IFRS 2 charge	489	498
Release of share-based payment reserve	-	(4,032)
Release of share-based payment liability	(987)	-
Total	(498)	(3,534)

The reconciliation of the share-based payment liability is detailed as follows:

	2020 \$'000	2019 \$'000
		Restated
As at 1 January	498	-
IFRS 2 charge	489	498
Release of share-based payment liability	(987)	-
As at 31 December	-	498

During the current and the prior period, the G shares scheme has been recognised as a cash-settled share-based payment scheme based as the most probable settlement mechanism. The fair value of the G share options has been determined using the settlements made to good and neutral leavers in the current and prior year, with the fair value recognised as £ nil per share in the current year (2019: £ 0.06 per share).

(b) Other cash-settled long-term incentive schemes

During the current year the Group had 2 live cash-settled schemes (2019: 3 schemes). These long-term incentive schemes run over a series of 3 consecutive financial years and are then settled in cash in the April following the final year of each scheme. The final settlement figure is based on the financial performance of the Group in each of the three financial years that make up each scheme. The expense recognised in the current year for the cash-settled long-term incentive schemes is \$1.7 million (FY19: \$2.0 million). The liability recorded on the balance sheet was \$5.6 million (2019: \$7.9 million).

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

26. Interest in joint ventures and associates

Matchroom USA LLC

Matchroom USA LLC ("Matchroom") is a joint venture established on 23 March 2018, incorporated in the USA with a registered office care of United Corporate Services, Inc., 874 Walker Road., Suite C, Dover, Delaware 19904. The Group has joint control via a 40% ownership interest and equal representation and voting rights through the composition of the Board. The venture produces and distributes professional boxing events on an exclusive basis. Most boxing events take place in the United States and the events are distributed via an online streaming and linear programming service to customers in the United States and globally. Matchroom is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in Matchroom as a joint venture and is measured using the equity method of accounting as set out in the Group's accounting policies in note 1.

In addition, the Group also has joint control of Matchroom Boxing Italy 2018 LLP with a 40% ownership interest. The initial investment and the carrying value of the investment at the end of 2020 are trivial so they have not been separately disclosed below.

The following table summarises the financial information of Matchroom as included in its own financial statements, based on Group accounting policies. The accounting policies of the Group and both Matchroom USA LLC and Matchroom Boxing Italy 2018 LLP are consistent, with no adjustment required to align accounting policies.

(a) Summarised financial information of Matchroom USA LLC

	31 December 2020 \$'000	31 December 2019 \$'000
Non-current assets	-	-
Current assets		
Cash and cash equivalents	9,523	5,236
Trade and other receivables	460	8,656
Total current assets	9,983	13,892
Current liabilities		
Trade and other payables	(1,256)	(796)
Contract liabilities	-	(11)
Accruals	(5,406)	(2,091)
Total current liabilities	(6,662)	(2,898)
Non-current liabilities	-	-
Net assets	3,321	10,994

Included within the current liabilities above are current financial liabilities (excluding trade and other payables and provisions) of \$5.4 million (2019: \$2.1 million).

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

26. Interest in joint ventures and associates (continued)

Matchroom USA LLC (continued)

Summarised statement of comprehensive income

	2020 \$'000	2019 \$'000
Revenue	65,409	121,744
Operating costs	(67,551)	(103,854)
Finance expense	(37)	(24)
(Loss)/profit for the period	(2,179)	17,866
Distributions in the period	(5,494)	-
Total movement in reserves in the period	(7,673)	17,866

Included within the loss for the year was depreciation and amortisation expenses of \$nil (2019: \$nil), finance income of \$nil (2019: \$nil) and a tax credit of \$nil (2019: \$nil).

Reconciliation to carrying amounts

	31 December 2020 \$'000	31 December 2019 \$'000
Net assets (100%)	3,321	10,994
Add back net (contributions)/distributions	1,415	-
Adjusted net assets	4,736	10,994
Group's share of net assets (40%)	1,894	4,398
Group's share of historic losses	-	(2,275)
Less expected withholding tax	(432)	-
Investment in joint venture	1,462	2,123
(Loss)/profit for period (100%)	(2,179)	17,866
Matchroom Holdco entitlement	-	(7,125)
(Loss)/profit available for joint distribution	(2,179)	10,741
Group's share of (loss)/profit (40%) *	(872)	4,296
Withholding tax for partnership	211	(2,173)
Share of joint venture (loss)/income recognised	(661)	2,123
Carrying amount of interest in Matchroom USA LLC	1,462	2,123

* The Group was not entitled to distributions until the cumulative amount of distributions made to Matchroom Holdco has crossed a specific threshold as per the agreement for the joint venture. When this threshold was crossed in the prior period the Group was then entitled to a share of the profit for the period equal the Group's ownership percentage of the joint venture. The share of income from the joint venture is also calculated after deducting estimated withholding tax.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

26. Interest in joint ventures and associates (continued)

Peak Jersey Topco Ltd (STATS Perform)

On 12 July 2019 DAZN Group sold the Perform Content business to STATS LLC. As part of the sale DAZN received a 20% non-controlling interest share of the newly formed Peak Jersey Topco Ltd for \$200.5 million (\$160.1 million) consideration. Peak Jersey Topco Ltd is company incorporated in Jersey whose registered office is at 22 Grenville Street, St Helier, Jersey JE4 8PX. It is the ultimate parent entity of the STATS Perform Group, a global sports content provider, under the Stats Perform brand, with products including data, sports news, live and on-demand video, scores, information, statistics and editorial content. The STATS Perform Group is a sports content source for several key markets, such as professional sports, broadcast production, online bookmakers, social media and technology, cable networks, interactive television and print media, including the leverage of its broad sports rights portfolio. This investment consisted of 20% of the B ordinary shares for consideration of \$0.2 million, as well as 20% of the cumulative preference shares in Peak Jersey Topco Ltd for \$200.3 million. As DAZN exerts significant influence over the entity, the investment has been treated as an associate and has subsequently been equity accounted in line with IAS 28.

The preference shares in Peak Jersey Topco Ltd have been classified as an equity instrument as they represent a residual interest in the assets of the STATS Perform Group after deducting those liabilities related directly to the preference shares. These are measured at fair value through profit and loss. For the purposes of allocating losses from STATS Perform, the preference shares are considered a long-term interest that, in substance, forms part of the Group's net investment in an associate.

The following table summarises the consolidated financial information of STATS Perform as included in its own financial statements:

(a) Summarised financial information of STATS Perform

Summarised balance sheet

	31 December 2020 \$'000	31 December 2019 \$'000
Non-current assets	1,012,300	1,045,700
Current assets		
Cash and cash equivalents	36,500	49,500
Trade and other receivables	31,400	38,900
Prepayments and accrued income	38,900	41,100
Total current assets	106,800	129,500
Current liabilities		
Trade and other payables	(74,800)	(54,400)
Other current liabilities	(23,800)	(15,700)
Total current liabilities	(98,600)	(70,100)
Non-current liabilities	(1,908,100)	(1,750,100)
Net liabilities	(887,600)	(645,000)

Included within the other current liabilities and non-current liabilities above are financial liabilities of \$19.2 million and \$623.8 million respectively.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

26. Interest in joint ventures and associates (continued)

Peak Jersey Topco Ltd (STATS Perform) (continued)

Summarised statement of comprehensive income

	2020 \$'000	2019 \$'000 Restated
Revenue	306,600	194,900
Loss for the period	(246,900)	(195,500)
Other comprehensive income for the period	4,300	(21,100)

The above loss includes \$150.2 million of interest and foreign exchange losses on preference shares held by the Group that are removed from the Group's share of consolidated losses below (2019: \$131.4 million, including losses relating to the period prior to acquisition).

Included within the loss for the year was depreciation and amortisation expenses of \$75.1 million (2019: \$46.0 million), finance income of \$nil (2019: \$13 million), finance expenses of \$59.5 million (2019: \$49 million) and a tax credit of \$9.8 million (2019: \$nil).

(b) Reconciliation to carrying amounts – investment in associate

	31 December 2020 \$'000	31 December 2019 \$'000
Investment in B ordinary shares as at 1 January 2020/12 July 2019	-	219
Loss for the period (100%)	(96,700)	(64,117)
Group's share of loss (20%)	(19,340)	(12,823)
Loss allocated to B ordinary shares *	-	(219)
Carrying amount B ordinary shares investment in STATS Perform	-	-

*As the ordinary investment has nil value, no losses have been allocated to the B ordinary shares. Any excess of the loss is then allocated to the investment in preference shares as detailed in the following table

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

26. Interest in joint ventures and associates (continued)

Peak Jersey Topco Ltd (STATS Perform) (continued)

(c) Reconciliation to carrying amounts – investment in preference shares

		31 December 2020 \$'000		31 December 2019 \$'000
		\$'000	\$'000	\$'000
Investment in preference shares as at 1 January 2020/12 July 2019		170,828		200,316
Fair value loss 9% cumulative preference shares		(114,091)		(14,425)
Loss for the period (100%)	(96,700)		(64,117)	
Group's share of loss (20%)	(19,340)		(12,823)	
Group's share of loss allocated to B ordinary shares	-		219	
Loss allocated to preference shares investment		(19,340)		(12,604)
Other comprehensive income for the period (100%)	4,300		(12,294)	
Restatement to prior year other comprehensive income	(8,806)			
Group's share of other comprehensive income (20%)		(901)		(2,459)
Carrying amount preference share investment in STATS Perform		36,496		170,828

The Group has recognised a proportionate share of the losses from the acquisition to the year-end plus the initial investment as the total carrying value. Losses have been recognised on the combined investment by first reducing the ordinary investment and then subsequently reducing value of the preference shares.

Peak Jersey Topco Ltd restated their 2019 other comprehensive income due to an error in foreign exchange losses on intercompany balances. This has been included the Group's current year share of other comprehensive income as the directors have assessed that the impact on the Group's share of other comprehensive income is immaterial.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

26. Interest in joint ventures and associates (continued)

Footballco Media Limited (Footballco)

In early 2020 the 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. The Group undertook various restructuring activities to form a new group ("Footballco Group") prior to the sale. On 19 October 2020, the sale completed and a majority stake in the Footballco Group was sold to Digital Media GoalCo LLC, TPG's acquiring entity, for a cash consideration of \$70 million. DAZN retained a 31.9% interest in the Footballco Group, with the remaining shareholders comprising Digital Media GoalCo LLC and Footballco Group management.

The Group recognised the 31.9% retained interest at a fair value of \$33.5 million. On 5 November 2020, a further 1% of the Group's shareholding was distributed to Footballco Group management in accordance with the sale agreement, resulting in a deemed disposal of \$1.0 million.

The Group's investment consists of 30.93% of the ordinary shares and cumulative preference shares. The preference shares have a cumulative return of 10% per annum. As DAZN exerts significant influence over the entity, the investment in ordinary shares has been treated as an investment in an associate and has subsequently been equity accounted in line with IAS 28.

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. For the purposes of allocating losses from Footballco, the preference shares are considered a long-term interest that, in substance, forms part of the Group's net investment in an associate.

The following table summarises the consolidated financial information of Footballco Group:

(a) Summarised financial information of Footballco

Summarised balance sheet	31 December 2020 \$'000
Non-current assets	90,085
Current assets	
Cash and cash equivalents	9,042
Trade and other receivables	4,988
Prepayments and accrued income	6,877
Total current assets	20,907
Current liabilities	
Trade and other payables	(5,865)
Other current liabilities	-
Total current liabilities	(5,865)
Non-current liabilities	-
Net assets	105,127

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

26. Interest in joint ventures and associates (continued)

Footballco Media Limited (Footballco) (continued)

	31 December 2020
Summarised statement of comprehensive income	\$'000
Revenue	10,271
Loss for the period	(400)
Other comprehensive income for the period	-

(b) Reconciliation to carrying amounts – investment in associate

	31 December 2020
	\$'000
Fair value on initial recognition 19 October 2020*	-
Loss allocated to ordinary shares	-
Carrying amount of ordinary share investment in Footballco	-
*Initial recognition of the fair value for the investment in ordinary shares was assessed to be nil as the full value was associated with the preference shares investment.	

(c) Reconciliation to carrying amounts – investment in preference shares

	31 December 2020
	\$'000
Fair value on initial recognition 19 October 2020	33,509
Disposal of 1% interest on 5 November 2020	(1,036)
Loss for the year	(400)
Group's share of loss (31%)	(124)
Group's share of loss allocated to ordinary shares	-
Loss allocated to preference shares investment	(124)
Carrying amount preference share investment in Footballco	32,349

Included within the loss for the year was depreciation and amortisation expenses of \$1 million, finance income of \$nil, finance expenses of \$nil and a tax credit of \$nil.

The Group has recognised a proportionate share of the losses from the acquisition to the year-end plus the initial investment as the total carrying value. Losses have been recognised on the combined investment by first reducing the investment in ordinary shares, for which the balance is nil, and then subsequently reducing value of the investment in preference shares.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

27. Assets held for sale

Activaweb SAS and Mackolik Internet Hizmetleri Ticaret A.S.

During 2020, DAZN entered into negotiations to sell the following two entities as the Group looks to streamline its service offerings in order to focus on the core OTT business:

- Activaweb SAS ("Activaweb") - a company registered in France which owns and operates the online sports portal Matchendirect.com
- Mackolik Internet Hizmetleri Ticaret Anonim Sirketi ("Mackolik") - a company registered in Turkey which owns and operates the online sports portals, Mackolik.com and Sahadan.com

As at 12 December 2020 they have been classified as assets held for sale. The sale completed post year end in September 2021.

As the carrying amount is significantly lower than the estimated selling price, they have been measured at the carrying amount. The following tables show a summary of the financial information of the assets held for sale as included in the Group accounts.

Summarised balance sheet

	31 December 2020 \$'000
Non-current assets	
Goodwill	6,231
Acquisition intangibles	2,169
Other non-current assets	42
Non-current assets	8,442
Current assets	
Cash and cash equivalents	877
Trade and other receivables	1,892
Total current assets	2,769
Total assets held for sale	11,211
Current liabilities	
Trade and other payables	(1,185)
Total current liabilities	(1,185)
Non-current liabilities	
Total liabilities held for sale	(1,185)
Net assets	10,026

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

28. Disposal of subsidiaries and operations

During the 2020 financial year, the Group disposed of several investments, subsidiaries and assets in order to streamline operations and focus on the core OTT business. The following sales occurred during the 2020 financial year, resulting in a total gain on disposal of \$110.4 million recorded in profit and loss:

- PIMGSA LLP (FC Diez) joint venture was sold on 20 March 2020 for \$37 million consideration. This investment had previously been classified as held for sale as at 31 December 2019 and the sale resulted in a profit on sale of \$31.6 million.
- A majority stake in the Footballco Group, comprising the news website Goal.com, Spox, and Voetbalzone, was sold to TPG for \$70 million on 19 October 2020, resulting in a total profit on sale of \$75.0 million.
- The Sporting News business was disposed of on 11 December 2020 as part of an asset sale to Pax Holdings Limited for \$10.5 million, resulting in a profit on sale of \$3.8 million.

In July 2019 the Group disposed of the Content business for a profit on sale of \$538 million. Further details of each disposal are outlined below.

PIMGSA LLP

PIMGSA LLP ("FC Diez") was established in 19 March 2018 as a joint venture, in which the Group had joint control and 50% ownership interest. FC Diez was structured as a separate vehicle and the Group had a residual interest in its net assets. The venture provides consultancy and commercialisation services to the South American Football Confederation. Accordingly, the Group has previously classified its interest in FC Diez as a joint venture.

In late 2019 DAZN began to negotiate a buyout of their 50% stake in FC Diez by IMG, the other joint venture partner, subsequently concluding in a sale agreement signed on 20 March 2020 for \$37 million consideration. No cash was received in relation to the sale, but rather the consideration was recognised as a receivable to be offset against a number of future rights payments that would be paid by the buyer on behalf of the Group. During the current financial year \$0.3 million of interest was earned on this deferred consideration.

The investment in FC Diez had been classified as an asset held for sale at 31 December 2019 and recorded at carrying value. There has been no remeasurement of the held for sale asset up until the sale date.

The following tables summarises the gain on disposal and the financial information of FC Diez while classified as an investment in joint venture:

(a) Gain on disposal

	2020 \$'000
Consideration received and to be received	37,000
Assets disposed of as at date of sale	(5,272)
Disposal costs	(104)
Gain on disposal	31,624

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

28. Disposal of subsidiaries and operations (continued)

Footballco

In early 2020 the 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. The Group undertook various restructuring activities to form a new group ("Footballco Group") prior to the sale. On 19 October 2020, the sale completed and a majority stake in the Footballco Group (including all subsidiaries) was sold to Digital Media GoalCo LLC, TPG's acquiring entity, for a cash consideration of \$70 million. Immediately after the sale, DAZN retained a 31.9% interest in the Footballco Group, with the remaining shareholders comprising Digital Media GoalCo LLC and Footballco Group management.

The Group recognised the 31.9% retained interest at a fair value of \$33.5 million. On 5 November 2020, a further 1% of the Group's shareholding was distributed to Footballco Group management in accordance with the sale agreement, resulting in a loss on disposal of \$1.04 million.

The following table summarises the results of the Footballco Group up to the date of sale:

(a) The major classes of assets and liabilities disposed of are as follows:

	19 October 2020 \$'000
Goodwill	13,576
Acquisition intangibles	10,118
Property, plant and equipment	462
Other intangible assets	511
Trade and other receivables	2,827
Prepayments and accrued income	5,201
Cash and cash equivalents	2,679
Deferred tax liability	(2,575)
Current tax liabilities	(2,868)
Trade and other payables	(4,312)
Net assets	25,619

(b) Gain on disposal

	2020 \$'000
Consideration received	70,000
Net assets derecognised	(25,619)
Recycle of foreign exchange reserves upon disposal	8,401
Disposal costs	(9,940)
Fair value of retained 31.92% investment	33,509
Gain on disposal	76,351
Loss on deemed disposal of 1% to management on 5 November 2020 (note 25)	(1,036)
Total gain on disposal	75,315

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

28. Disposal of subsidiaries and operations (continued)

Footballco (continued)

(c) Net cash inflow arising on disposal

	2020 \$'000
Consideration received	70,000
Cash and cash equivalents disposed of	(2,679)
Net cash inflow arising on disposal	67,321

Sporting News

On 11 December 2020, an asset purchase agreement was completed between the DAZN Group and the newly formed 'Sporting News Holdings' group which is ultimately owned by Pax Holdings Limited. The agreement was structured as a sale of the underlying assets of the Sporting News business in exchange for consideration of \$10.5 million received in cash.

(a) The major classes of assets and liabilities disposed of are as follows:

	11 December 2020 \$'000
Goodwill	2,754
Acquisition intangibles	4,314
Property, plant and equipment	35
Other intangible assets	422
Deferred tax liability	(1,122)
Net assets	6,403

(b) Gain on disposal

	2020 \$'000
Consideration received	10,500
Net assets derecognised	(6,403)
Disposal costs	(265)
Gain on disposal	3,832

(c) Net cash inflow arising on disposal

	2020 \$'000
Consideration received	10,500
Cash and cash equivalents disposed of	-
Net cash inflow arising on disposal	10,500

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

28. Disposal of subsidiaries and operations (continued)

Perform Content

In September 2018, it was announced that the Perform Group was to be rebranded as DAZN Group, and consolidated into two distinct brands, DAZN and Perform Content, to place greater focus on the Group's key competencies. On 12 July 2019, the Perform Content business was sold to US-based STATS and the cash proceeds from the disposal were used to settle existing debt and adviser costs within the DAZN Group.

The results from the disposal group were disclosed separately as a discontinued operation. The following table summarises the results of the Perform Content business up to the date of sale.

a) Results of discontinued operations up to the date of the sale

	2019 \$'000
Revenue	142,475
Expenses	(124,463)
Operating profit for the year	18,012
Income tax	(652)
Profit for the year, net of tax	17,360

The profit from the discontinued operations of \$17.4 million is attributable entirely to the owners of the Group. The total tax charge from discontinued operations is a lower effective tax rate compared to what would be expected at the UK corporation tax rate of 19%. This is due to the tax benefit of certain costs / group relief available to be taken by the discontinued operations from other parts of the business and also the taxation of profits arising in other jurisdiction where the tax rates are below the UK tax rate.

Cash flows from discontinued operations

	2019 \$'000
Net cash used in operating activities	10,211
Net cash from investing activities	(4,096)
Net cash flows for the year	6,115

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

28. Disposal of subsidiaries and operations (continued)

Disposal of Perform Content business (continued)

b) The major classes of assets and liabilities comprising the operations disposed of are as follows:

	12 July 2019 \$'000 Restated
Goodwill	244,395
Acquisition intangibles	29,263
Property, plant and equipment	8,511
Other intangible assets	12,202
Deferred tax asset	3,788
Trade and other receivables	50,464
Prepayments and accrued income	46,377
Cash and cash equivalents	10,993
Current tax liabilities	(3,933)
Trade and other payables	(62,900)
Current borrowings	(4,185)
Net assets	334,975

c) Gain on disposal

	2019 \$'000 Restated
Consideration received	910,026
Net assets derecognised	(334,975)
Recycle of foreign exchange reserves upon disposal	(13,016)
Disposal costs	(28,121)
Gain on disposal	533,914

The gain on disposal of the Content subsidiaries is recorded as part of remeasurement of held for sale asset in the statement of profit or loss and other comprehensive income. This is presented as part of the profit from discontinued operations on the face of the consolidated income statement.

Total consideration received consisted of cash of \$707.1 million, a 20% interest in Peak Jersey Topco Limited made up of investments in preference shares and ordinary shares with an initial fair value of \$200.5 million (see note 26 for further details), and the offset of \$2.4 million for liabilities due from DAZN to the Perform Content business.

The gain on disposal was restated in 2020 to account for an overstatement to accruals of \$3.7 million that was incorrectly included in the net assets on disposal.

d) Net cash inflow arising on disposal

	2019 \$'000
Consideration received	707,060
Consideration used to directly settle borrowings	(341,684)
Cash and cash equivalents disposed of	(10,993)
Net cash inflow arising on disposal	354,383

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

29. Commitments

Rights commitments

As at 31 December 2020, the continuing operation had total outstanding commitments to acquire sports content rights as follows:

	2020 \$'000	2019 \$'000
Within one year	1,091,570	1,478,494
In the second to fifth years inclusive	3,242,872	2,389,664
After five years	651,625	536,570
As at 31 December	4,986,067	4,404,728

30. Related parties

Related party transactions in the year are as follows:

a) Shareholder funding

Shareholder funding from the immediate parent undertaking and other members of the Access Industries group has been detailed in note 20.

• STATS Perform Group

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

	2020 \$'000	2019 \$'000
Sub-licencing revenues from the DAZN Group to the STATS Perform Group	8,937	8,671
Licencing expenses from the STATS Perform Group to the DAZN Group	(13,608)	(4,000)
TSAs serviced by the DAZN Group on behalf of the STATS Perform Group	6,080	12,760
TSAs serviced by the STATS Perform Group on behalf of the DAZN Group	(350)	(601)

As at the end of the year \$4.7 million (2019: \$6.7 million) was receivable by the DAZN Group from the STATS Perform Group.

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

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

30. Related parties (continued)

• Matchroom USA LLC

During the years ended 31 December 2020 and 31 December 2019 the DAZN Group entered into transactions with Matchroom USA LLC, a joint venture of the Group. These transactions are detailed below.

	2020 \$'000	2019 \$'000
Matchroom licence fee charged from Matchroom to DAZN	(56,675)	(128,305)
Broadcast fee charged from Matchroom to DAZN	(741)	(953)
Other costs recharged from Matchroom to DAZN	(293)	(203)
Total	(57,709)	(129,461)

Payments settled by DAZN on behalf of joint venture	(775)	22,000
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During the year ended 31 December 2019 DAZN settled payment of \$22.0 million on behalf of the Joint Venture.

As at the end of the year \$0.3 million (2019: \$4.7 million) was payable by the DAZN Group to Matchroom USA LLC.

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

• Matchroom Boxing Italy 2018 LLP

During the year ended 31 December 2020 the DAZN Group entered into transactions with Matchroom Boxing Italy 2018 LLP, a joint venture of the Group. These transactions are detailed below.

	2020 \$'000	2019 \$'000
Broadcast license fee charged from Matchroom Italy to DAZN	(391)	-
Total	(391)	-

There was no balance payable or receivable to the DAZN Group by Matchroom Boxing Italy 2018 LLP.

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

• Footballco Media Limited

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

	2020 \$'000
TSA Arrangements serviced by the DAZN Group on behalf of Footballco Group	529
Costs paid by the DAZN Group recharged to Footballco	636
TSA arrangements serviced by Footballco Group on behalf of the DAZN Group	(50)
Costs paid by Footballco recharged to DAZN	(1,112)
Total	3

As at the end of the year \$5.7 million was payable by the DAZN Group to the Footballco Group.

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

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

30. Related parties (continued)

- **A Serial LLC**

A Serial LLC is a company incorporated and existing under the laws of Russia, which also falls under the control of the same ultimate controlling party as the DAZN Group. In the current year the DAZN Group entered into an agreement to deliver content to A Serial LLC, and also receives marketing services and translation services.

	2020 \$'000
Content licence agreement services provided by DAZN Group	200
Marketing and translation services provided by A Serial LLC	(200)
Total	-

As at the end of the year \$nil was outstanding between either party.

- **Directors' loans**

As detailed in note 25, on 17 July 2018, the Board of Directors approved the grant of Growth Shares ("G Shares") to Executive Directors of the Group for nil consideration. The shares were awarded on 24 September 2018 and 29 October 2018 respectively.

On 9 January 2019, the Group issued a further \$2.3 million to cover the estimated personal tax liability on the issue of G shares (2018: \$0.2 million). The loans attract a rate of interest between 2.5% and 3.06% depending on the jurisdiction and are repayable before or at the time the G shares are sold.

In the current year the loans to Directors have incurred interest of \$73,000 (2019: \$75,000) and repayments of \$43,000 (2019: \$46,000) have been made against these balances. As at 31 December 2020 the total balance outstanding on loans to Directors in relation to G-shares was \$2.5 million (2019: \$2.5 million).

There are no additional related party transactions to disclose, with the exception of those in relation to key management personnel which are presented in note 5.

31. Contingent liabilities

The Group is involved in the following legal disputes regarding contract terminations by the Group with rightsholders. The Group considers that the terminations were correctly executed in accordance with the provisions of the rights agreements and that no further amounts are due. As a result, the Group has not provided for any amounts due in respect of these disputes. Although the Group is confident in its position, given the inherent uncertainties associated with disputes and their ultimate resolution (whether by litigation or otherwise), there is a possibility of future outflows in relation to these matters.

Licence agreement litigation (England)

In May 2020, the Group terminated a licence agreement for the broadcast by the Group of specified sports rights with an English counterparty on the basis of force majeure arising from the Covid-19 pandemic. In response, a member of the counterparty's group withheld certain payments which the Group considers to be payable under a separate share purchase deed. The Group continues to recognise the full amount unpaid that it believes to be receivable under the share purchase deed.

In December 2020, the Group issued a claim against the counterparty and certain of its group companies in the courts of England and Wales. The claim seeks declarations that the termination of the licence agreement was valid and an order that a sum in the region of \$19.7 million owed under the share purchase deed be paid to the Group. The counterparty filed and served its defence and counterclaim to these proceedings in April 2021 which seeks, among other things, damages for wrongful termination of the licence agreement in the region of \$11.6 million.

Licence agreement arbitration (Switzerland)

In August 2020, the Group terminated a licence agreement for the broadcast by the Group of specified sports rights with a South American counterparty on the basis of force majeure arising from the Covid-19 pandemic. The counterparty disputes the termination and in April 2021 commenced proceedings against the Group under the relevant agreements seeking, among other things, declarations that the Group's termination of the licence agreement was invalid and an order that the remaining fees in the region of \$69.0 million be paid by the Group. The proceedings have been stayed pending contractually mandated pre-action discussions between the parties.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

31. Contingent liabilities (continued)

The Group is robustly defending its position in respect of these matters. The timing of the resolution of these matters is highly uncertain and will be dependent on court and/or tribunal judgments, including any rights of appeal, or alternatively the negotiation of a settlement between the parties.

32. Ultimate controlling party

The immediate holding company of DAZN Group Limited is AI Perform Holdings LLP, an entity incorporated in the UK and registered in England and Wales, which is the parent undertaking of the smallest and largest group for which consolidated financial statements are drawn up and of which DAZN Group Limited is a member. AI Perform Holdings LLP and DAZN Group Limited are ultimately controlled by Sir Len Blavatnik.

The registered office of AI Perform Holdings LLP is 6th Floor, Marble Arch House, 66 Seymour Street, London, W1H 5BT. Copies of AI Perform Holdings LLP consolidated financial statements will be available from Companies House or the registered office.

33. Post balance sheet events

• Financing

Post year end DAZN Group Limited entered into further loan agreements of \$1.1 billion with Access Industries in order to fund ongoing activity. The September loan facility was increased several times, in addition to the original facility of \$400.0 million in 2020 ('Facility A'), on 25 January 2021 the agreement was increased by \$275.0 million, with \$125.0 million drawn down on the same day and \$150.0 million drawn down on 16 February 2021 ('Facility B').

On 9 March 2021 Facility B was increased further by \$325.0 million, with \$175.0 million drawn down on the day and \$150.0 million drawn down on 6 April 2021. On 30 April 2021 an additional \$150.0 million was extended under Facility B, which was drawn down on 4 May 2021.

On 18 May 2021 the convertible loan that was originally extended in October 2019 was amended to increase the interest rate from 10% to 30% and to remove the conversion right in consideration for a fee of \$35.9 million. This resulted in the removal of the derivative that was recognised in the 2020 financial statements. On this same date the January 2020 loan was amended to increase interest on the first tranches of \$250.0 million from 10% to 30%.

On 14 June 2021, an additional \$250.0 million was extended under Facility B, with \$150.0 million drawn down on 15 June 2021 and a further \$100.0 million drawn down on 26 July 2021.

On 8 September 2021 Facility B was extended by an additional \$100.0 million, of which \$65.0 million was drawn down on the same day and \$35.0 million was drawn down on 26 October 2021.

On 29 December 2021, the Group and its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year-end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the Group's borrowings, amounting to \$3.3 billion, and the issuance of \$1.2 billion of A ordinary shares and \$2.1 billion of new growth preference shares. Additionally, \$150.0 million of funding was received on 29 December 2021, in exchange for \$75.0 million of A ordinary shares and \$75.0 million of growth preference shares. A further \$100.0 million of funding was received on 27 January 2022 in exchange for \$50.0 million of A ordinary shares and \$50.0 million of growth preference shares.

The terms attached to the growth preference shares issued are set out in the Company's Articles of Association. The growth preference shares have no fixed repayment date but carry rights to preferential settlement in the event of certain contingent events including sale of the Company's shares, and will automatically convert into ordinary shares in certain circumstances, including in the event that the Company's shareholders holding the greatest number of growth preference shares and Z ordinary shares agree to serve a conversion notice on the Company.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

33. Post balance sheet events (continued)

- **Sale of Mackolik and Activaweb**

During 2020, the Group entered into negotiations to sell the following two entities:

- Activaweb SAS ("Activaweb") – a company registered in France which owns and operates the online sports portal Matchendirect.com
- Mackolik Internet Hizmetleri Ticaret Anonim Sirketi ("Mackolik") – a company registered in Turkey which owns and operates the online sports portals, Mackolik.com and Sahadan.com

As at 31 December 2020 they have been classified as assets held for sale. The transaction completed on 2 September 2021 for a consideration of \$20.0 million in cash and a deferred payment, which is expected to be \$7.5 million due to be settled within 3 months after the completion date.

- **Sale of DAZN Player**

On 30 June 2021, the Group completed an agreement for the sale of assets to the Footballco Group, comprised of intellectual property, employees and contracts associated with the DAZN Player business. The purchase price was \$3.8 million, settled by way of a loan note.

- **Rights commitments**

Post year end significant new material rights contracts have been entered into for approximately \$3.5 billion during the period up to the end of 2028.

- **Long term incentive schemes**

Post year end the Group decided to close the G Share incentive scheme resulting in all 27,794,857 outstanding shares being transferred back to the Employee Benefit Trust. The G shares were determined to have a fair value of nil at the date of transfer, resulting in no cash settlement being paid to holders.

DAZN GROUP LIMITED


PARENT COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 \$'000	2019 \$'000 Restated	2018 \$'000 Restated
Non-current assets				
Investments in subsidiaries	3	2,660,171	2,704,587	1,953,967
Investments in associate	4	219	219	-
Investments in STATS Perform preference shares	4	71,800	185,891	-
Deferred tax asset		-	54	52
Trade and other receivables	5	1,607,768	547,778	232,255
		4,339,958	3,438,529	2,186,274
Current assets				
Trade and other receivables	5	244	920	101
Cash and cash equivalents		168	174	79
		412	1,094	180
Total assets		4,340,370	3,439,623	2,186,454
Current liabilities				
Trade and other payables	6	(201,521)	(174,063)	(47,860)
Borrowings	7	(1,479,876)	(278,778)	-
Derivative liability	8	(15,465)	(15,857)	-
		(1,696,862)	(468,698)	(47,860)
Net current liabilities		(1,696,450)	(467,604)	(47,680)
Total liabilities		(1,696,862)	(468,698)	(47,860)
Net assets		2,643,508	2,970,925	2,138,594
Equity				
Called-up share capital	9	17,698	17,698	17,251
Share premium	9	2,536,363	2,536,363	1,783,651
Own shares		(1,442)	(1,442)	(1,269)
Merger relief reserve		142,891	142,891	142,891
Capital redemption reserve		62,176	62,176	62,176
Capital contribution reserve		47,344	-	-
(Accumulated deficit) / retained earnings		(120,893)	239,519	203,594
Translation reserve		(40,629)	(26,280)	(69,700)
Equity attributable to owners of the Company		2,643,508	2,970,925	2,138,594

The Company had a loss for the year of \$360.4 million (2019: \$55.8 million profit).

The financial statements of DAZN Group Limited, registered number 6324278, were approved by the Board of Directors and authorised for issue on 14 February 2022.

Signed on behalf of the Board of Directors


Stuart Epstein
Director

DAZN GROUP LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2020

	Issued share capital	Share Premium	Own shares	Merger relief reserve*	Capital redemption reserve**	Capital contribution reserve**	(Accumulated deficit) / retained earnings	FX reserve	Total equity
	\$'000 (note 9)	\$'000 (note 9)	\$'000 Restated	\$'000	\$'000	\$'000	\$'000 Restated	\$'000 Restated	\$'000 Restated
At 1 January 2019 (as previously reported)	17,251	1,783,651	-	142,891	62,176	-	177,347	(68,586)	2,114,730
Restatement of opening reserves (note 1)	-	-	(1,269)	-	-	-	26,247	(1,114)	23,864
At 1 January 2019	17,251	1,783,651	(1,269)	142,891	62,176	-	203,594	(69,700)	2,138,594
Profit for the year	-	-	-	-	-	-	55,814	43,420	99,234
Issue of share capital (note 9)	447	752,712	(173)	-	-	-	-	-	752,986
Recognition of option to convert loan to equity (note 8)	-	-	-	-	-	-	(15,857)	-	(15,857)
Value of employee service in respect of share option schemes and share awards (note 11)	-	-	-	-	-	-	(4,032)	-	(4,032)
At 31 December 2019	17,698	2,536,363	(1,442)	142,891	62,176	-	239,519	(26,280)	2,970,925
Loss for the year	-	-	-	-	-	-	(360,412)	(14,349)	(374,761)
Total comprehensive loss for the year	-	-	-	-	-	-	(360,412)	(14,349)	(374,761)
Capital contribution	-	-	-	-	-	47,344	-	-	47,344
At 31 December 2020	17,698	2,536,363	(1,442)	142,891	62,176	47,344	(120,893)	(40,629)	2,643,508

* The merger relief reserve was created in 2012 in order to record the excess over nominal value on the issue of shares to the sellers of the Runningball business as part of this historic acquisition transaction.

** The capital redemption reserve was created in June 2011 following the cancellation of deferred shares created on the historic listing of the Group on the London Stock Exchange. Following a change in control the Group was de-listed in December 2014.

*** The capital contribution reserve was created in 2020 following the issue of borrowings from Access Industries to DAZN Group Limited contained a below market interest element which was recognised as a capital contribution to the Company. See note 7 of the consolidated financial statements for further information.

DAZN GROUP LIMITED

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

1. Accounting policies

General Information

DAZN Group Limited (the Company) is a private company incorporated in the United Kingdom under the Companies Act 2006. The Company is limited by shares and is registered in England and Wales.

The address of the registered office is Hanover House, Plane Tree Crescent, Feltham, Middlesex TW13 7BZ.

These financial statements are presented in US Dollars because that is the currency in which the Company's principal shareholder elected to provide funding to the Company in the year in the form of borrowings. The functional currency of the Company remains Pounds Sterling.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These Company financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

These Company financial statements form part of the consolidated financial statements prepared under IFRS which can be found at the front of this document.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management and presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the Group accounts of DAZN Group Limited.

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and Company law.

The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

Exemptions

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

The Company had a loss for the year of \$360.4 million (2019: profit of \$55.8 million restated). The Company received no dividend income in the year (2019: dividend income of \$ 209.9 million received).

Going concern

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, 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, including throughout the COVID-19 pandemic and during 2021 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 2025, including forecast funding requirements. This assessment has included consideration of the risk of further disruption from the COVID-19 pandemic on the Company's business and its resulting impact on future revenues, results from operations and cash flows. For further details refer to note 1 of the consolidated financial statements.

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

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Going concern (continued)

The Group's principal shareholder, Access Industries (or one of its subsidiaries) ("Access"), 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 \$1.25 billion of funding to DAZN, of which \$1.1 billion is in the form of loans and \$150.0 million in ordinary and preference shares, to support its investment and growth plans. A further \$100.0 million of funding was received on 27 January 2022 in exchange for \$50.0 million of A ordinary shares and \$50.0 million of growth preference shares.

On 29 December 2021, the Group and its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year-end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the Group's borrowings, amounting to \$3.3 billion, and the issuance of \$1.2 billion of A ordinary shares and \$2.1 billion of new growth preference shares. Additionally, \$150.0 million of funding was received on 29 December 2021, in exchange for \$75.0 million of A ordinary shares and \$75.0 million of growth preference shares.

The terms attached to the growth preference shares issued are set out in the Company's Articles of Association. The growth preference shares have no fixed repayment date but carry rights to preferential settlement in the event of certain contingent events including sale of the Company's shares, and will automatically convert into ordinary shares in certain circumstances, including in the event that the Company's shareholders holding the greatest number of growth preference shares and Z ordinary shares agree to serve a conversion notice on the Company.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are shown at cost less provision, if any, for impairment.

Critical accounting judgements and key sources of estimation uncertainty

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.

Recoverability of investments in subsidiaries and intercompany receivables

As at 31 December 2020 the Company held investments in subsidiaries of \$2.7 billion (2019: \$2.7 billion) in addition to non-current receivables from Group undertakings of \$1.6 billion (2019: \$0.5 billion). As at the reporting date an impairment review of investments in subsidiaries was performed using discounted cash flow forecasts to assess the recoverable amount. The determination of the recoverable amount involves significant judgement in estimating the future cash flows, the terminal growth rate and the discount rate to apply. These inputs require significant judgement from management. The recoverability of current receivables due from Group undertakings is analysed following the analysis of discounted future cashflows, with additional management judgement required over cashflow inputs, discount rates and long-term growth rates.

Contingently cash-settled share-based payments

As detailed in note 2 to the consolidated financial statements, management have reassessed their historic judgement that the Group's share-based payment arrangement for growth shares ("G-shares") issued to employees was equity-settled and have determined based on its terms that it is more appropriately accounted for as a contingent cash-settled scheme. The scheme is now treated as a contingent cash-settled share-based payment scheme and assessed at each period end using management's assessment of most probable outcome as to whether the scheme will be equity or cash-settled.

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

No other critical accounting judgements have been taken during the current financial period.

The key sources of estimation uncertainty that the Directors believe have a significant effect on the amounts recognised in these financial statements, 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.

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

The Company held an investment in 20% of the ordinary and preference shares of in Peak Jersey Topco Ltd during the current year. These preference shares have both been classified as equity instruments, measured at fair value through profit and loss.

At the reporting date a fair value assessment for these investments was performed based on discounted cash flow valuations. This valuation involved significant estimates of future cash flows and appropriate discount rates. As these inputs were not based on quoted or observable market data, this investment is classified as level 3 in the fair value measurement hierarchy, as detailed in note 21 to the consolidated financial statements.

Measurement of derivative liability

A derivative liability of \$15.5 million (2019: \$15.8 million) has been recognised in relation to a conversion option in the \$275.0 million convertible debt facility entered into during 2019 with Access Industries. This option allows Access to convert the loan into equity shares at a 10% discount upon the occurrence of future contingent events. The derivative valuation incorporated estimates of the time period and probability of the contingent event arising that would trigger the conversion right. At year end the Group's management reassessed the likelihood of conversion and determined that there was a 40% likelihood of conversion within the 2022 financial year (2019: 50% likelihood of conversion).

2. Restatement of prior year figures

Restatements presented within the current year financial statements are presented as follows;

	Previously reported	Restatements					After restatements
	2019 \$'000	G shares charge \$'000	Employee benefit trust \$'000	Finance income \$'000	Correction of intercompany balances \$'000	Reclassify intercompany receivables to non-current \$'000	2019 \$'000
Statement of financial position							
Investment in subsidiaries	2,705,634	(1,047)	-	-	-	-	2,704,587
Trade and other receivables (Non-current)	142,441	-	-	-	-	405,337	547,778
Trade and other receivables (Current)	407,680	-	(1,442)	1,028	(1,009)	(405,337)	920
Trade and other payables	(178,855)	(498)	-	-	5,290	-	(174,063)
Net assets	2,968,603	(1,545)	(1,442)	1,028	4,281	-	2,970,925
Own Shares	-	-	(1,442)	-	-	-	(1,442)
Retained earnings	235,096	(1,767)	-	1,028	5,162	-	239,519
Translation reserve	(25,621)	222	-	-	(881)	-	(26,280)
Total equity	2,968,603	(1,545)	(1,442)	1,028	4,281	-	2,970,925

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2. Restatement of prior year figures (continued)

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

	Previously reported	Restatements					After restatements
	2018 \$'000	G shares charge \$'000	Employee benefit trust \$'000	Finance income \$'000	Correction of intercompany balances \$'000	Reclassify intercompany receivables to non-current \$'000	2018 \$'000
Statement of financial position							
Investment in subsidiaries	1,951,824	2,143	-	-	-	-	1,953,967
Trade and other receivables (Non-current)	183,910	-	-	-	-	48,345	232,255
Trade and other receivables (Current)	105,112	1,442	(1,269)	-	(56,839)	(48,345)	101
Trade and other payables	(126,247)	-	-	-	78,387	-	(47,860)
Net assets	2,114,730	3,585	(1,269)	-	21,548	-	2,138,594
Own Shares	-	-	(1,269)	-	-	-	(1,269)
Retained earnings	177,347	3,585	-	-	22,662	-	203,594
Translation reserve	(68,586)	-	-	-	(1,114)	-	(69,700)
Total equity	2,114,730	3,585	(1,269)	-	21,548	-	2,138,594

G-shares share-based payment charge recognition

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

As a result of this change in vesting assumptions, the Company's investment in subsidiaries increased by \$2.1 million due to the increase in the total share-based payment charge recognised within subsidiary entities. The Company additionally recognised trade and other receivables of \$1.4 million in relation to loan balances due from the Employee Benefit Trust. This is then further adjusted as per the Employee Benefit Trust section of this note.

Following the review of the vesting assumptions in 2019, the G-shares scheme which was formerly treated as an equity-settled share-based payment scheme, is now treated as a contingent cash-settled share-based payment scheme and assessed at each period end using the most probable outcome assessment whether the scheme will be equity or cash-settled. As a result, following the release of the share based payment reserve. As a result of the decrease in the share based payment expense incurred by other subsidiary entities of the Company, the total value for investments in subsidiaries recognised fell by \$1.0 million. The Company recognised a share based payment liability of \$0.5 million within the statement of financial position, following the release in full of the share-based

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Restatement of prior year figures (continued)

Employee benefit trust

Following a review of the contractual documentation for arrangements with the Employee benefit trust ('the trust') holding the G shares, it was recognised that DAZN Group Limited has control over the trust and therefore the results should have been historically consolidated from the point at which the G shares were issued in 2018 and 2019. Historically the Company recognised a trade receivable in relation to loan balances outstanding from the trust which had been used to acquire G shares, which is recognised as a presentational error in the prior periods. The trust should have been consolidated as part of the Company's results, with the loan balance receivable from the trust eliminating against the loan balance payable by the trust on the Statement of financial position for DAZN Group Limited. The investment in G shares held by the trust is therefore restated and recognised as own shares within the equity of DAZN Group Limited. A balance of \$1.3 million has been restated from current trade and other receivables to own shares in the 2018 comparatives and a balance of \$1.4 million restated in the 2019 comparatives.

Understatement of interest on amounts due from Group undertakings

As part of a review of the intercompany loan agreements, it was identified that interest accruing on balances receivable from DAZN Limited, an indirect subsidiary of the Company, had not been recognised in the prior year in error. Therefore, finance income and trade receivables had been understated by \$1.0 million. These have been restated in the prior period comparatives.

Correction of intercompany balances

Management identified errors relating to prior periods on intercompany balances with foreign exchange gains and losses on intercompany transactions in a currency other than the functional currency of the entity having been incorrectly recorded in the foreign currency translation reserve rather than the profit and loss account of the entity in question. In addition to foreign exchange gains and losses being incorrectly recognised, there were found to be intercompany errors relating from mismatched balances within the group that were incorrectly recorded in the foreign currency translation reserve.

Within the 2019 comparative figures the retained earnings were corrected having been understated by \$5.2 million in relation to the historic impact of unrecognised FX gains and losses and other intercompany adjustments now corrected through the income statement, the translation reserve was also debited having been overstated by \$0.9 million. The corresponding balance sheet adjustments were a decrease in trade and other receivables of \$1.0 million and a decrease in trade and other payables of \$5.3 million, with a net impact of an increase in net assets by \$4.3 million as at 31 December 2019.

The 2018 comparative figures for retained earnings were increased by \$22.7 million, in relation to the historic impact of unrecognised FX losses and the correction of errors in the recording of intercompany transactions affecting both intercompany receivables and payables prior to 1 January 2019. The translation reserve was decreased by \$1.1 million, trade and other receivables were reduced by \$56.8 million and trade and other payables were reduced by \$78.4 million. This resulted in a net increase of \$21.5 million in net assets as at 31 December 2018.

Reclassification of intercompany receivables from current to non-current assets

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

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2. Investments in subsidiaries

	2020 \$'000	2019 \$'000 Restated
Investments in subsidiaries as at 1 January	2,704,587	1,951,824
Restatement for IFRS 2 adjustment	-	2,143
Investment in subsidiaries as at 1 January (restated)	2,704,587	1,953,967
Additions	142,441	750,331
Capital contribution for IFRS 2 charge	284	289
Capital contribution for below market interest element on loan to subsidiary	47,344	-
Release for IFRS 2 capital contribution	(2,716)	-
Impairment	(231,769)	-
Investments in subsidiaries as at 31 December	2,660,171	2,704,587

During the current year, additions of \$142.4 million were recognised for additional issues of share capital in DAZN Sports Media Limited during the current year in exchange for the novation of inter-Group loans (2019: \$ 750.3 million).

The Company made capital contributions of \$0.3 million (2019: \$0.3 million) in relation to share-based payment expenses recorded in subsidiary entities within the DAZN Group. Following the re-evaluation of the share-based payment scheme and the subsequent release of the share-based payment liability in the current financial year, the value of all capital contributions made in relation to the G-shares scheme was released in the current year.

During January 2020 the Company issued \$250.0 million of loans to DAZN Limited, an indirect subsidiary. The loans were issued with an interest rate of 10%, but were assessed by management to have a fair market rate of interest at 30% when benchmarked against similar instruments. Therefore the \$250.0 million loan receivable is recognised at fair value, with the difference recognised as an investment in subsidiary by way of a capital contribution of \$47.3 million in the current year.

On 31 December 2020 management of the Company undertook an impairment analysis for the investments in subsidiaries held by the Company. The recoverable amount of the investment in subsidiaries was referenced from a value in use calculation based on forecast future cashflows from subsidiary entities, less outstanding balances due from subsidiaries. The recoverable amount was found to be less than the carrying amount for its investments in DAZN Sports Media Limited and therefore an impairment of \$231.8 million (2019: \$nil) was recognised. The impairment was due to the impact of the coronavirus on sport events in 2020 and the consequential impact on the group's subscriber numbers, contributing to lower than forecast revenues.

As disclosed in the accounting policies note 1 above, the cash flows used within the impairment model, the long-term growth rate and the discount rate are sources of estimation uncertainty and comparatively small movements in these assumptions could lead to further impairment. Management performed the following sensitivities using reasonably possible changes to the key assumptions with the impact of each of the changes as follows:

- a reduction to the long-term growth rate of 100 basis points would result in an additional impairment of c. \$393 million;
- an increase to the pre-tax discount rate of 20 basis points would result in an additional impairment of c. \$121 million;
- an adverse variance of 2% in the cash flows in each of the five years included in the forecast would result in an additional impairment of c. \$105 million.

Should all three changes occur simultaneously, an additional impairment charge of c. \$590 million would be recorded.

Following review of the contractual documentation pertaining to the G-shares, management reassessed their historic judgement around the Group's share-based payment arrangement for growth shares ("G-shares") issued to employees was equity-settled and have determined based on its terms that it is more accurately accounted for as a contingent cash-settled scheme, and have also identified an error in the application of the vesting conditions to the charge to be calculated for 2018. As a result, the opening value for the prior year comparative investments in subsidiaries figure has been restated, in addition to the comparative 2019 capital contributions recognised in relation to the IFRS 2 charges recognised in subsidiaries. See note 2 of the single entity financial statements for further details.

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3. Investments in subsidiaries (continued)

Details of the Company's subsidiaries at 31 December 2020 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

Subsidiaries	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Direct holdings of the Company				
DAZN Sports Media Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
Indirect holdings of the Company				
Activaweb SAS	100%	France	Digital sports media	6 Place de la Madeleine 75008 Paris
DAZN Brands Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN DACH GmbH	100%	Germany	Digital sports media	Münchener Str. 101, 85737 Ismaning, Germany
DAZN DACH Holdco Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Digital Media Canada Inc	100%	Canada	Digital sports media	99 Bank Street, Suite 1420, Ottawa, Ontario, K1P 1H4, Canada
DAZN Holdco 1 Limited (formerly Sporting News Limited)	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Japan GK	100%	Japan	Digital sports media	9F Ark Hills South Tower 1-4-5 Roppongi, Minato-ku, Tokyo 106-0032
DAZN Japan Holdco Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Japan Investment GK (formerly DAZN Japan Investment KK)	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	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3. Investments in subsidiaries (continued)

	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Subsidiaries:				
Indirect holdings of the Company				
DAZN Media Australia Pty Ltd	100%	Australia	Digital sports media	58 Gipps Street, Collingwood, Victoria 3066, Australia.
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 Media Channels Limited	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Media Holdco Limited	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
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	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Media Services DACH GmbH	100%	Germany	Digital sports media	Münchener Str. 101, 85737 Ismaning, Germany
DAZN Media Services Limited	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Media Services SRL	100%	Italy	Digital sports media	Piazza S. Babila n. 3, Milan, Italy
DAZN Midco Inc. (formerly Sporting News Midco Inc.)	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')

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3. Investments in subsidiaries (continued)

	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Indirect holdings of the Company (continued)				
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 SCA Limited	100%	United Kingdom	Digital sports media	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
DAZN Spain SL (formerly DAZN Spain SLU)	100%	Spain	Digital sports media	Avenida General Perón, 38, 6º Puerta 3, 28020 Madrid, Spain
DAZN Sports and Culture Development (Shanghai) Company Limited (formerly Perform Sports and Culture Development (Shanghai) Company Limited)	100%	China	Digital sports media	Rm 1101-05, 11F, No. 331 North Cao Xi Road, Xuhui District, Shanghai
DAZN Uruguay SA	100%	Uruguay	Digital sports media	Colonia numero 810, oficina 403, Montevideo
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')
DAZN Vehicle (1) LLC (formerly Sporting News (1) LLC)	100%	United States	Digital sports media	c/o United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904
DAZN Vehicle (2) LLC (formerly Sporting News (2) LLC)	100%	United States	Digital sports media	c/o United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904
DSN Holdco Limited	100%	United Kingdom	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ
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
Mackolik İnternet Hizmetleri Ticaret A.Ş.	100%	Turkey	Digital sports media	Zühtüpaşa mahk. Şefik Bey Sokak No:1 Kadıköy, İstanbul, Turkey

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3. Investments in subsidiaries (continued)

	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Indirect holdings of the Company in Joint Ventures				
Perform South America Limited	100%	United Kingdom	Digital sports media	UHY HACKER YOUNG LLP, Quadrant House 4 Thomas More Square, London, E1W 1YW
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
Matchroom Boxing Italy 2018 LLP	40%	United Kingdom	Digital sports media	Mascalls, Mascalls Lane, Great Warley, Brentwood, Essex, CM14 5LJ
Matchroom Boxing USA LLC	40%	United States	Digital sports media	United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904

	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Indirect holdings of the Company in Associates				
Footballco Media Limited	30.77%	United Kingdom	Digital sports media	72 Dean Street, London, W1D 3SG

The proportion of voting rights held is the same as the proportion of shares held. Subsequent to the year end a number of entities have been sold or dissolved, which is further detailed in note 12 to the single entity financial statements.

The following subsidiaries, all of which are incorporated in England and Wales and are all included above are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act:

Company name	Company registration number
DAZN DACH Holdco Limited	10110432
DAZN Japan Holdco Limited	10110436
DAZN Media Holdco Limited	13074409
DAZN Media Sales Limited	5160606
DAZN MR Holdco Limited	11252400
DAZN SCA Limited	9675485
DSN Holdco Limited	9479148

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4. Investment in STATS Perform

On 12 July 2019 DAZN Group received a 20% minority share of the newly formed Peak Jersey Topco Ltd for \$160.1 million (\$200.5 million) consideration. Peak Jersey Topco Ltd is the ultimate parent entity of the STATS Perform Group. This investment consisted of 20% of the B ordinary shares for consideration of \$0.2 million, as well as 20% of the cumulative preference shares in Peak Jersey Topco Ltd for \$200.3 million. The investment in associate is stated at cost less provision for impairment.

The preference shares in Peak Jersey Topco Ltd have been classified as an equity instrument, measured at fair value through profit and loss. At the reporting date a fair value assessment was performed, and the preference shares were revalued down by \$114.1 million (2019: \$14.4 million), with the adjustment to the fair value in the investment is reflected in profit and loss for the period.

Reconciliation of the value of the investment in STATS Perform between 20% of the B ordinary shares, as well as 20% of the cumulative preference shares in Peak Jersey Topco Ltd is shown below:

	2020 \$'000	2019 \$'000
Opening investment in STATS Perform B ordinary shares as at 1 January	219	-
Investment in STATS Perform B ordinary shares as at 12 July	-	219
Investment in STATS Perform B ordinary shares as at 31 December	219	219
Opening investment in STATS Perform preference shares as at 1 January	185,891	-
Investment in STATS Perform preference shares as at 12 July	-	200,316
Fair value adjustment on 9% cumulative preference shares	(114,091)	(14,425)
Investment in STATS Perform preference shares as at 31 December	71,800	185,891
Carrying amount of total interest in STATS Perform at 31 December	72,019	186,110

5. Trade and other receivables

	2020 \$'000	2019 \$'000 Restated
Non-current		
Amounts owed by Group undertakings*	1,607,768	547,778
Current		
Other receivables	2	470
Prepayments and accrued income	242	45
Other taxes	-	405
As at 31 December	244	920

*Amounts owed by Group undertakings are held with 100% owned subsidiaries within the DAZN Group.

In the prior year the Company recognised a lifetime expected credit loss of \$132.6 million on outstanding non-current intercompany loan balances due from DAZN Limited of \$275.0 million. In January 2020 these loan balances were transferred to DAZN Sports Media Limited, an immediate subsidiary, in exchange for the issue of share capital (see note 3).

Balances due from Group undertakings as part of the Group intercompany agreement are unsecured, repayable on demand and incur interest at LIBOR + 2%. Intercompany funding agreements with DAZN Limited, an indirect subsidiary, accrue interest from 9.5% to 30%. All Group undertakings are 100% owned subsidiaries within the DAZN Group.

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6. Trade and other payables

	2020 \$'000	2019 \$'000
Current		Restated
Trade creditors	173	2,413
Amounts owed to Group undertakings*	195,017	167,878
Accruals	3,745	3,274
Other taxes and social security	2,586	-
Other creditors	-	498
As at 31 December	201,521	174,063

*Amounts owed to Group undertakings are unsecured, repayable on demand and incur interest at 2% + LIBOR. All Group undertakings are 100% owned within the DAZN Group.

Following the review of the vesting assumptions in 2019, the G-shares scheme which was formerly treated as an equity-settled share-based payment scheme, is now treated as a contingent cash-settled share-based payment scheme and assessed at each period end using the most probable outcome assessment whether the scheme will be equity or cash-settled. As a result the 2019 comparatives have been restated in order to recognise a share based payment liability of \$0.5 million. See note 2 for further details.

7. Borrowings

	2020 \$'000	2019 \$'000
Current borrowings	1,479,876	278,778

The borrowings recognised at 31 December 2020 are detailed in note 20 of the consolidated financial statements.

8. Derivative liability

The derivative liability recognised at 31 December 2020 is detailed in section h of note 21 to the consolidated financial statements.

9. Share capital

Share capital is disclosed in note 24 to the consolidated financial statements.

10. Employee and Director costs

The average monthly number of employees was 9 (2019: 9), which is comprised entirely of Directors and key management personnel. Employee costs were as follows:

	2020 \$'000	2019 \$'000
		Restated
Wages and salaries	6,325	5,908
Social security costs	683	475
Pension costs	176	218
Contingent cash settled share-based payment scheme	(782)	(3,824)
Total	6,402	2,777

During the year termination expenses of \$2.7 million (2019: \$nil) were recognised. Remuneration of the highest paid Director is disclosed in note 6 of the consolidated financial statements.

During the current year a credit was recognised for the contingent cash settled share-based payment scheme, following the release of the share-based payment liability into the income statement following the review of the fair value of the scheme options in the current financial year. The prior year comparative figure for the contingent cash settlement share-based payment scheme was restated following a review of the scheme's vesting assumptions, resulting in a credit being recognised in the prior period comparatives for the release of the share based payment reserve. See note 2 for further details.

DAZN GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11. Long-term incentive schemes

During the year the Company recognised a debit of \$0.2 million (2019: \$0.2 million restated) for the recognition of the IFRS 2 expense in relation to the share-based payment liability incurred for 7 employees of the entity (2019: 7 employees). Following a re-evaluation of the scheme options the share based payment liability was released to the income statement in full in the current period, recognising a credit of \$1.0 million through the income statement (2019: \$4.0 million credit for the release of the share based payment reserve). A debit to investments in subsidiaries of \$0.3 million was recognised for capital contributions to subsidiaries with employees as members of the scheme (2019: \$0.3 million restated). Subsequent to the re-evaluation of the scheme in the current year, an amount \$2.7 million of capital contributions recognised in investments in subsidiaries was released to the income statement (2019: \$nil).

Following review of the contractual documentation pertaining to the G-shares, management reassessed their historic judgement around the Group's share-based payment arrangement for growth shares ("G-shares") issued to employees was equity-settled and have determined based on its terms that it is more accurately accounted for as a contingent cash-settled scheme, and have also identified an error in the application of the vesting conditions to the charge to be calculated for 2018. Following the review of the vesting assumptions in 2019, the G-shares scheme which was formerly treated as an equity-settled share-based payment scheme, is now treated as a contingent cash-settled share-based payment scheme and assessed at each period end using the most probable outcome assessment whether the scheme will be equity or cash-settled. See note 2 for further details.

During the current year \$nil (2019: \$nil) was paid to or receivable by Directors in relation to long term incentive schemes in respect of qualifying services.

12. Subsequent events

Subsequent events are disclosed in note 33 to the consolidated financial statements, other than that detailed below.

Sale and dissolution of subsidiaries

Subsequent to the balance sheet date on 27 April 2021, DAZN Brands Limited, an indirect subsidiary was dissolved as part of ongoing activities to simplify the DAZN Group structure.

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

Change in direct holdings of the Company

On 30 December 2020, DAZN Group Limited contributed all of its 100% shareholding in immediate subsidiary DAZN Sports Media Limited to DAZCAY Ltd. In exchange DAZCAY Ltd issued 1,000 shares to DAZN Group Limited, of a total of 1,000 shares in issue. DAZCAY Ltd is a company incorporated in the Cayman Islands and has a registered office care of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.

13. Ultimate controlling party

The ultimate controlling party is disclosed in note 32 to the consolidated financial statements.