COMPANY REGISTRATION NO.

6324278

DAZN GROUP LIMITED

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

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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 that 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.

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 growth in underlying subscriber bases in established markets and the wider global platform, with a total number of active countries and territories of more than 200. The Group has continued to expand its rights portfolio including acquiring rights to broadcast top tier Italian football league Serie A from the 2021/22 to 2023/24 seasons, expanding the partnership with Matchroom in a 5 year deal to bring boxing to its UK fanbase, and confirming a four year deal for worldwide UEFA Women's Champions League rights. The continued cash expenditure has been funded by capital injections from the ultimate parent of the Group, Access Industries ("Access"), via loans extended during the year that were later converted to ordinary and growth preference shares.

In 2021 the Group disposed of the last of its online sports portals business, completing on the sale of Mackolik Internet Hozmetleri Tocaret Anonim Sirketi ("Mackolik") and Activaweb SAS ("Activaweb") in September and the business assets of the DAZN Player ("D Player") business in June. This follows on from the sale of Footballco and Sporting News in 2020, further contributing to the Group's strategy of focusing on core DAZN platform operations.

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

DAZN Consumer Platform ('DAZN')

The Group operates a direct-to-consumer sports media subscription platform 'DAZN', which streams live and original sporting content across a range of digital devices including smartphones, tablets and smart TVs. DAZN operates in seven core markets; DACH (Germany, Switzerland and Austria), Japan, Italy, Spain, Canada, USA, and the UK, in addition to offering a global service which gives the Group a presence in over 200 countries and territories. The Group continues to invest in research and development around the DAZN platform, focusing on optimising support scalability, application performance and flexibility, platform stability, and customer experience.

The Group also generates revenue from advertising offered on the DAZN Platform, which offers video advertising alongside the live and original content streamed on the DAZN Platform.

Broadcast Partnerships

Our Broadcast Partnerships business represents long-term agreements with rights holders where we have a significant input to 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 periods of time.

Acquisition of Texel

On 9 November 2021, the Group acquired 100% of the issued share capital of technology company Texel Live Limited ("Texel"). Texel was acquired to develop the functionality of the DAZN consumer platform with a focus on developing interactive and engaging content layers for customers. Subsequent to year end, this entity was renamed DAZN Media Israel and referred to internally as the 'DAZN X' innovation hub.

Financing

During 2021, the Group's immediate parent company, AI Perform Holdings LLP, extended an additional $1.1 billion in loan funding through the following facilities:

- An existing loan facility from September 2020 was increased several times, in addition to the original facility of $400.0 million extended 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.

On 29 December 2021, the Group, its shareholders and Access in its capacity as lender undertook certain steps resulting in the $1.5 billion borrowings that existed at the 2020 year-end, as well as an additional $1.1 billion of borrowings extended in 2021, together with accrued interest, being released in consideration for the issue of ordinary and growth preference shares. In addition, previously issued 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.

As a result of these steps the Group is in a positive net asset value position of $115.9 million at year end (2020: $1,063.1 million net liabilities). Post year end, the Group received an additional $730.0 million in funding from AI Perform Holdings LLP in exchange for $365.0 million of A ordinary shares and $365.0 million of growth preference shares.

Financial review and key performance indicators

Revenue

	2021 $'000	2020 $'000	Movement $'000	Movement %
DAZN Consumer Platform*	**1,463,633**	825,430	638,203	77%
Broadcast Partnerships	**94,604**	46,406	48,198	104%
Total	**1,558,237**	871,836	686,401	79%

*Note that Media, which was a separate segment in 2020, has now been subsumed within DAZN Consumer Platform following the sale of the last of the Media portals business in the current financial year. Revenue of $101.4 million was reported in the Media segment in the prior year, which consisted of portals revenue and DAZN advertising revenue

The Group's revenue has increased $686.4 million (79%) to $1,558.2 million (2020: $871.8 million).

DAZN Consumer Platform revenue increased to $1,463.6 million (2020: $825.4 million) following a strong recovery after the COVID-19 downturn in 2020. All seven of the core DAZN markets experienced positive growth, in particular the European markets where strategic rights acquisitions and new distribution deals resulted in significant growth in both subscribers and revenue.

Financial review and key performance indicators (continued)

Broadcast Partnerships revenue increased by $48.2 million to $94.6 million (2020: $46.4 million), largely due to COVID-19 recovery after cancellations of events and rebates granted to customers impacted revenue in 2020.

Other income

Other income fell from $11.0 million in 2020 to $3.3 million during the current financial year. This was driven by a $3.3 million fall in income from Transitional Services Agreements as these arrangements continued to unwind during the year, as well as a reduction in government grant income of $4.4 million relating to COVID-19 furlough schemes only applicable in the 2020 financial year.

Share in results of joint ventures and associates

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

- Matchroom USA LLC is a joint venture established on 23 March 2018 in which the Group has joint control and 40% ownership interest. During the current year the Group recognised $nil profit or loss (2020: loss of $0.7 million). As at 31 December 2021 the carrying amount for the investment in Matchroom USA LLC was $1.5 million (2020: $1.5 million). There is also a separate joint venture named Matchroom Boxing Global LLP, which was established on 8 November 2018, over which the Group has joint control and a 40% ownership interest. A share of profits of $0 million (2020: $0 million) was recognised, which is equal to the carrying amount of the investment at 31 December 2021;
- 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 $10.8 million (2020: $19.3 million) and its further share of losses through other comprehensive income of $0.2 million (2020: $0.9 million). There has been no change in the fair value of the preference shares recognised in the year (2020: loss of $114.1 million). As at year end the carrying amount for the investment in associate and the investment in preference shares is $25.6 million (2020: $36.5 million).
- Footballco Media Ltd is the parent entity of the Footballco Group, which DAZN retained a 31.9% 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 2020, 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, DAZN completed the sale of D Player with Footballco Media Ltd, recognising a gain on disposal of $3.8m. The loan note created on sale of D Player was later partially converted into $2.6 million of ordinary and preference shares. The Group has recognised a share in losses of $2.2 million (2020: $0.1 million loss for the period post-acquisition) and its share of losses through other comprehensive income of $0.3 million (2020: $nil). There has been a loss on remeasurement to fair value of preferences shares of $5.1 million (2020: $nil). As at year end the carrying amount for the investment in associate and the investment in preference shares is $27.4 million (2020: $32.3 million).

Operating costs

	2021 $'000	2020 $'000	Movement $'000	Movement %
Rights costs	**1,924,310**	1,198,610	725,700	61%
Other content and marketing costs	**509,555**	390,961	118,594	30%
Legal and professional fees	**30,250**	31,515	(1,265)	(4%)
Staff and contractors	**191,580**	186,719	4,861	3%
Loss on foreign exchange	**20,298**	12,613	7,685	61%
Provisions raised	**34,650**	58,696	(24,046)	(41%)
Other costs	**166,373**	132,712	33,661	25%
Share-based payments (equity settled)	**24,387**	-	24,387	100%
Goodwill impairment	**-**	512	(512)	(100%)
	2,901,403	2,012,338	889,065	44%

Financial review and key performance indicators (continued)

Operating costs (continued)

The Group's operating costs have risen by 44% from $2,012.3 million to $2,901.4 million. The operating loss increased by $205.2 million from $1,150.1 million to $1,355.3 million, with a current year operating margin of (87.0)% (2020: (131.9)%).

Rights costs increased in the year from $1,198.6 million to $1,924.3 million as a result of a wider coverage of rights in FY21, in particular due to large rights acquisitions in core markets such as Serie A in Italy. Content and marketing costs increased by $118.6 million to $509.6 million as the Group continued to develop its production activities, generate original content, and increase customer numbers and drive revenue growth.

The net loss on foreign exchange of $20.3 million includes realised losses of $68.2 million and unrealised gains on remeasurement of monetary assets and liabilities of $47.9 million.

Provisions raised during the year comprised of $11.3 million for onerous contracts, $5.0 million for the estimated settlement payable on early termination of a rights contracts and $18.3 million for the settlement of legal disputes.

Loss on disposal of subsidiaries and operations

During the current financial year, the Group disposed of several subsidiaries and assets in order to continue to streamline operations and focus on the core DAZN platform business. The following disposals occurred during the 2021 financial year, result in a net loss on disposal of $12.1 million recorded in profit or loss:

- Mackolik and Activaweb were sold in September 2021 for $27.5 million consideration. This had previously been classified as held for sale as at 31 December 2020 and the sale resulted in a loss of $15.9 million, largely due to reclassification of foreign exchange losses on sale.
- The legal and beneficial interest in the business assets for DAZN Player ("D Player") was sold to Footballco Media Limited on 30 June 2021 for consideration of a loan note with a fair value of $3.8 million. Given that no assets were recorded on-balance sheet prior to this sale, the resulting gain on disposal was also $3.8 million.

Net finance costs

Net finance costs (excluding remeasurement of options) increased $791.2 million to $933.5 million (2020: $142.3 million) due to the following:

- an increase of $2.2 million in interest, bank fees and related charges due on the Group's senior secured notes and revolving credit facility from $4.2 million in 2020 to $6.4 million in the current year;
- an increase in interest on shareholder loans of $542.9 million to $737.6 million (2020: $194.7 million);
- a decrease of $0.1 million in finance expenses on lease liabilities to $7.0 million (2020: $7.1 million), offset by $0.9 million increase in finance income from an investment in a sublease to $1.1 million (2020: $0.2 million);
- a decrease in bank interest receivable of $0.7 million to $0 million (2020: $0.7 million);
- a movement in net unrealised foreign exchange loss of $225.8 million to $163.2 million loss on financial instruments (2020: net gains of $62.6 million); and
- a loss of $20.4 million relating to the removal of the option to convert loan instruments to equity. This loss represents the difference between the derivative liability at 31 December 2020 of $15.5 million and the fee to remove the conversion option of $35.9 million.

Taxation

The tax charge for the continuing operations for the year is $25.2 million (2020: $9.7 million). This includes a current tax charge of $32.9 million (2020: $13.6 million charge) and a deferred tax credit of $7.7 million (2020: $3.9 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 $3.9m million (2020: $3.5 million) and a future change in the UK tax rate resulting in a deferred tax credit of $4.0m (2020: $1.1 million).

Loss after tax

Loss after tax for the year is $2,331.1 million (2020: $1,304.9 million). This loss derives from an operating loss for the year of $1,355.3 million from continuing operations (2020: $1,150.1 million loss), a tax charge for the year of $25.2 million for continuing operations (2020: $9.7 million) and net finance costs of $933.5 million from continuing operations (2020: $142.3 million).

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Financial review and key performance indicators (continued)

Cash outflow from operating activities

Cash outflows from operating activities increased by $263.1 million to a $1,231.1 million outflow (2020: $968.0 million outflow). This was caused by a $244.4 million increase in operating cash outflows before working capital to a $1,293.0 million net outflow (2020: $1,048.6 million net outflow).

Financing activities

Cash inflow from financing activities increased by $199.6 million to an inflow of $1,230.6 million (2020: $1,031.0 million inflow). This was driven by further proceeds from borrowings of $1,100 million (2020: $1,050.0 million) following investments from Access Industries during the current year and $150.0 million proceeds for issuance of shares. There were additional financing outflows of $19.4 million (2020: $19.0 million) for the repayment of interest charges and lease payments.

Investing activities

Cash from investing activities decreased by $63.6 million from a cash inflow of $41.0 million in the prior year to a $22.6 million cash outflow during the current year. $21.2 million related to the cash proceeds from the sale of Activaweb and Mackolik and $5.1m related to the acquisitions of Texel and Meadowlark. Cash outflows from the purchase of intangible assets decreased by $0.5 million to $33.9 million in the current year, and cash outflows from the purchase of property plant and equipment increased by $3.0 million to $6.6 million.

Debt and liquidity

As at 31 December 2021 the Group had net debt of $14.3 million (2020: net debt of $1,293.9 million) representing cash of $157.7 million (2020: $186.0 million) offset by borrowings (relating to Growth Preference Shares) of $172.0 million (2020: $1,479.9 million).

Intangible assets and property, plant and equipment

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 $35.7 million (2020: $30.1 million), which included capitalised internal staff costs of $23.7 million (2020: $18.7 million) and capitalised external development and software costs of $12.0 million (2020: $11.4 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 $3.9 million during the current year (2020: $4.9 million). In addition, the Group invested $1.9 million in leasehold improvements and furniture and fittings (2020: $1.7 million).

Principal risks and uncertainties

The Directors believe that the Group's strategic focus, 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 and robust 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.

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 DAZN Consumer Platform business, where consumer subscription periods are significantly shorter than the Group's rights obligations. Where the Group is the principal in Broadcast Partnerships 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 principal risks are set out in the table below, all of which were considered risks at the prior year end.

Principal risks and uncertainties (continued)

Risk	Impact and mitigating actions
Liquidity risk	The Group has made significant losses in the current financial year and until such time as the business is fully established, the Group will be dependent on the continued support of its shareholders to fund its operations. The Group also has high fixed costs, such as commitments to acquire rights in the DAZN Consumer Platform business. While in the medium term the Group expects to fund these rights from operating cash flows, there are significant short-term funding requirements in order to maintain and grow the business. Refer to the going concern section of the Directors' report and note 1.
Cyber risk and personal data	The Group's operations rely on the secure processing, storage and transmission of confidential and other information in our IT systems and networks. Although the Group takes protective measures and endeavours to modify them as circumstances warrant, IT systems, software and networks may be vulnerable to intrusion or other security breaches, sabotage, hacking, denial of service attacks, viruses or cybercrime (both internally and by third parties). If one or more of such events occur, this potentially could jeopardize the Group's clients' confidential and other information processed and stored in, and transmitted through, computer systems and networks, or otherwise cause interruptions or malfunctions in operations, which could result in significant losses, regulatory censure and reputational damage. Where the information constitutes personal data, such as customer or employee data, this could expose the Group to fines imposed by data protection authorities or legal action. The Group regularly works with clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities where possible. The Group continues to invest in the legal and regulatory compliance function and ensure compliance with the General Data Protection Regulation. The Group limits the storage of personal data where possible and does not hold any customer payment data.
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 and mitigate the adverse impact that may result. The Group has also experienced occasional service interruptions of varying severity as a result of third-party or internal technological issues. The Group invests in technology and resources to ensure these outages are isolated and, where applicable, offers refunds to customers impacted.
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 elements 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.

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STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

Risk	**Impact and mitigating actions**
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.
Broadcast regulatory	*The Group may be prohibited from operating its DAZN platform service and any linear* channels in key markets if it does not hold the applicable broadcast regulatory licence(s) from the appropriate regulator. The Group has put in place experienced compliance teams who keep a watching brief on the nature and type of regulatory licences required, and who ensure that the content on our service complies with the applicable broadcasting codes.
Products	Constant technological and user behaviour changes necessitate that the Group engages in *continuous and sometimes rapid product development. Management are highly focused 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.
Litigation risk	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.
Cost of living crisis and economic uncertainty	In recent times, the cost of living has increased due to high levels of inflation across the US and Europe, largely driven by an energy crisis linked to Russia's invasion of Ukraine. The increased cost of living and high levels of economic uncertainty are likely to lead to customers in core markets having less disposable income, which in turn could impact subscriber numbers. Despite these challenges, the Group expects revenue growth to continue given the large portfolio of high-profile rights, the relatively inelastic demand profile of sports fans, and the comparatively low price point for the product compared to average household expenditure. The Group has also secured several long-term contracts with distributors across Europe, many of which have minimum guaranteed revenues that could help protect the Group's revenues from potential demand fluctuations.

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	Through the operation of the DAZN platform, the business has access to customers in over 200 territories following the launch of the global offering, providing over 1 billion hours of live sports content in 2021 to over 100 million connected devices. Using the internally developed Customer Relationship Management (CRM) platform, the Group has responded to over 61,000 comments on social media platforms in the year, with over 80% of responses within 30 minutes. Other social media activity includes 7.8bn impressions in the year and 2.4 billion video views. As part of the aim of becoming the best in class for its one to one relationship with customers, the Group implemented daily survey automation of 6 of their core surveys in 2021. These surveys cover the 4 main stages of the customer life stage (partial, new, active and churned), a trigger-based journey experience survey and a trigger-based stream rating survey based on content watched and are translated into 17 different languages. This has led to the completion of over 650k surveys with customers in 2021 across more than 100 countries and territories.
Employees	As at 31 December 2021 the DAZN Group has approximately 2,400 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. The Board maintains active communication with employees, through a series of written/video communications and live events, including regular global updates from our CEO and Exec. DAZN also hold local town hall sessions with open Q&A for employees, both physical and virtual. DAZN is committed to being an inclusive, global company, promoting diversity, inclusion and equity within the workplace, in addition to creating a more inclusive sports media industry. The business has a dedicated Head of Diversity, Equity and Inclusion (DEI) and has several established Employee Resource Groups (ERGs) and partnerships with external support organisations as part of the DEI strategy.

Section 172 - Stakeholder engagement (continued)

Stakeholder	Relationship and engagement activities
Suppliers and Rights Holders	The Group's primary suppliers are rights holders providing content for the DAZN platform, 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. 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. The Group follows a procurement framework to ensure appropriate governance, control and engagement processes are adopted across key third-party supplier relationships, alongside a third-party code of conduct. Additionally, DAZN operates a Brand Safety policy to ensure all advertising on DAZN platforms minimises the risk of ad misplacement and aligns with white and black lists to protect both clients and publisher partners.
Community	A dedicated DEI (diversity, equity, and inclusion) function within the People business function is essential in the implementation of employee-related DEI priorities. In 2021, the Group evolved their initial efforts in this area by demonstrating their company-wide commitment via minority recruitment network partnerships that focus on removing barriers to entry and the gender skills gap, job specification language updates, global employee diversity snapshot survey, updates to employee policy handbooks and year-round bite sized learning content on key inclusion topics. 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 2021. The groups exist to help employees contribute to how the business evolves with an increased focus around diversity, provide support and inclusion for personal and/or career development, and create forums to tackle social-related issues. In 2021, the Group evolved them to include identity networks for our women, LGBTQ+, parents and disabled communities. During the year, the Group produced a series of compelling short features honouring key awareness calendar moments, such as (but not limited to) Black History Month and International Women's Day. Most notably, the Group partnered with Muhammad Ali's estate for U.S. Black History Month to create a poignant feature that centred around the duty the current generation of boxers have in advocating for social justice and racial equality – just as boxer and civil rights activist Muhammad Ali was most noted for. The Group also continued 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.

Section 172 - Stakeholder engagement (continued)

Stakeholder	Relationship and engagement activities
Environment	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. As a global business, the Directors are aware of the carbon footprint of the DAZN Group as a result of work-related travel, in addition to the significant energy outlays required to operate data centres to support DAZN streaming and Media platforms, and production. Data centres are an integral part to the DAZN Group's operations, facilitating the storage and transfer of broadcast data underpinning the DAZN and Media platforms. This is recognised as a key area of energy consumption within the business, and as part of the global data centre network, DAZN utilises sites in London where 100% of power is generated from sustainable resources including water, wind and solar. In 2021 DAZN increased the roll-out of cloud-based remote production commentary, which eliminated the travel requirements of commentators for a number of sporting events across Europe. This resulted in 23% of DAZN Platform and broadcast partnership events using cloud-based remote commentary, which is expected to continue to increase in 2022. In addition, 82% of editing in UK and Spain in 2021 was done using cloud remote production, which reduced both travel and on-premises energy usage.

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.

Section 172 - Stakeholder engagement (continued)

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

Policies and practices

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 financial year the senior leadership team comprised the following roles:

- *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

After the balance sheet date there were further changes to the leadership team, including Shay Segev being confirmed as sole CEO (previously co-CEO), Darren Waterman joining as CFO, and the senior team being expanded to include country leads in core DAZN markets.

Training

With the continuing impact of COVID-19 restrictions, training continued to be provided remotely for most of the year. From October, where regulations permitted, some face to face manager training sessions did take place in the UK, predominantly focused on supporting new or less experienced managers in core skills development. Following the earlier launch of the Learning Zone, a new virtual support community was created to support all managers and leaders across the business, enabling the delivery of live support and online learning via Microsoft Teams.

Mandatory Digital Safety and Security Awareness training was expanded with the introduction of a new platform available to all employees called Living Security. This enabled the creation of dedicated campaigns and events aligned to the Information Security Cultural Change agenda, also increasing reporting capability and enabling our Information Security teams to view data relating to information security risk across the business. In addition, the new starter training programme has been expanded to provide mandatory Health and Safety and Diversity, Equity and Inclusion learning.

Culture

In 2021 the Board updated the following Statement of Intent on Diversity, Equity and Inclusion with reference to accessible efforts for the disabled community in the interview stage:

"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."

Our aim is to make our hiring processes as accessible for everyone as possible. We continue to do our best to accommodate adjustments for interviews.

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 2022, sustaining increases in both subscribers and revenue. Post year end the Group has continued to expand its rights portfolio including acquiring rights to broadcast La Liga in Spain from the 2022/23 season to the 2026/27 season and signing a long-term global partnership and ambassador deal with Anthony Joshua. The Group also continued to expand its distribution deals in Spain partnering with Telefonica and Orange, as well as launching Pay Per View functionality in April ahead of the record-breaking Canelo v Bivol fight in May.

The group has also signed an agreement to purchase 100% of the shares in Eleven Sports Network Limited ("Eleven"), in exchange for 5% of DAZN Group Limited's ordinary shares and 5% of DAZN Group Limited's Growth Preference Shares. This transaction, which is subject to regulatory approval and other closing conditions, will significantly expand the offering on the DAZN Consumer Platform by providing the Group with the rights to top football leagues in Portugal and Belgium, as well as a market presence in Taiwan and other Southeast Asian markets.

DAZN Group Limited received further funding of $730.0 million from Access Industries in the form of A Ordinary and growth preference shares in order to fund ongoing activity.

Details of significant events since the balance sheet date are further detailed in note 31 to the consolidated financial statements.

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

Shay Segev

Director

20 December 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 2021.

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

Having reviewed cash flow forecasts and budgets and having considered the financial support that the Group's principal shareholder, Access Industries ("Access") has confirmed it intends to provide to the Group through its fully owned subsidiary AI Perform Holdings LLP, the Directors have a reasonable expectation that the Group will have access to sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. As in prior periods, Access is not legally obligated to provide financial support. The Directors have considered a range of factors in order to make their going concern assessment, including expected future demand for the Group's services, the revenue growth trends of the business, the history of continued financial support from Access, throughout the financial year and during 2022 to date, and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2026, 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 as well as the recent cost of living crisis, and its resulting impact on future revenues, results from operations and cash flows. The directors have also considered Access' ability to provide funding and concluded that Access have sufficient funds to provide support to the Group where required. For further details refer to note 1.

The Group had cash balances of $157.7 million (2020: $186.0 million) and debts of $172.0 million (2020: $1,479.9 million) at the year end, resulting in a net debt position of $14.3 million (2020: net debt of $1,293 million). The Group had net current assets of $119.2 million (2020: $1,254.5 million net current liabilities), net assets of $114.3 million (2020: $1,063.1 million net liabilities) and made a loss after tax of $2,331.1 million (2020: $1,304.9 million). The Group's total cashflow from operating activities is a cash outflow of $1,231.1 million (2020: $968.0 million). The Group had future rights commitments of $6.4 billion (2020: $5.0 billion) at 31 December 2021 that are not recognised in the statement of financial position. Refer to note 27 for further detail on the timing of the payments relating to future rights commitments.

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

The Group has prepared a detailed financial forecast for the 12 months following approval of these financial statements. These forecasts indicate that, based on management's assumptions, the Group is likely to require significant additional funding during this period in order to discharge all obligations as they fall due.

The Group's principal shareholder, AI Perform Holdings LLP (a member of the Access Industries group), has confirmed its intention to continue to provide financial support to the Group to enable the Group to ensure that they are able to meet their liabilities as they fall due and therefore to continue as a going concern for a period of at least 12 months *from the date of approval of these financial statements. In the period between the year end and the signing of the* accounts Access has provided $730.0 million of cash funding to DAZN, in exchange for ordinary and preference shares, to support its investment and growth plans.

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.

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.

DIRECTORS' REPORT (CONTINUED)

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 2021 (2020: $nil).

Directors

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

- Lincoln Benet;
- Guillaume D'Hauteville;
- Simon Denyer – resigned as Director on 24 August 2022;
- Stuart Epstein – resigned as Director on 30 June 2022;
- John Gleasure;
- Kevin Mayer – appointed as Director on 3 March 2021;
- Jörg Mohaupt – resigned as Director on 22 February 2021;
- Kiyoshi Nakamura – resigned as Director on 31 December 2021;
- *Mitsuyuki Nakamura – appointed as Director on 22 July 2022, resigned as Director on 30 November 2022;*
- Shay Segev – appointed as Director on 30 November 2022
- John Skipper – resigned as Director on 13 May 2022;
- Paul Walker

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 (2020: $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.

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.

Research and development activities

The Group undertakes various research and development activities to create and develop new products and technology. For further information refer to the Strategic report.

DAZN GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

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 2021 are set out below.

	2021	2020 (Restated)
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	**1,919 tn**	2,038 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	**11,286 MWh**	12,630 MWh
Total tonnes of carbon dioxide equivalent produced per each million dollars of revenue recognised during the year	**1.2 tn**	2.3 tn
Total MWh consumed per each million dollars of revenue recognised during the year	**7.2 MWh**	14.5 MWh

The 2020 figures in the table above have been restated due to updated reporting available from data warehouse suppliers which was not provided in previous financial years. This resulted in a restatement of the annual quantity of emissions to 2,038 tonnes of carbon dioxide (previously reported 1,214 tn) and annual quantity of MWh consumed to 12,630 MWh (previously reported 8,752 MWh). The metrics per million dollars of revenue have also been restated accordingly.

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 has decreased slightly year on year. The relaxation of the COVID-19 restrictions has resulted in a significant increase in global travel by Group employees by air, road and rail, in addition to hotel nights, leading to an increase in Scope 3 emissions. However, the Groups' energy usage in offices, production facilities and data centres (Scope 1 and 2 emissions) have fallen, offsetting this increase.

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.

Shay Segev

Director

20 December 2022

DAZN GROUP LIMITED

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 United Kingdom 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 2021 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 31 of the group financial statements and the related notes 1 to 12 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. 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.

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

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 and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the accuracy and classification of TIM revenue, and our specific procedures performed to address it are described below:

- we critically assessed the judgments made by management in the assessment of the accounting implications of new TIM revenue contract;
- we assessed whether the revenue should be accounted for gross or net and how the agreement should be accounted for under the IFRS 15 step model; and
- we assessed the marketing commitment elements of the arrangement to determine whether these elements resulted in revenue being generated by the company or whether there is any non-cash consideration associated with the arrangement.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

Mark Tolley FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

20 December 2022

DAZN GROUP LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000
Revenue	2	**1,558,237**	871,836
Other income	3	**3,266**	11,045
Operating costs	4	**(2,901,403)**	(2,012,338)
Expected credit loss recognised	13	**(2,462)**	(479)
Share of results of joint ventures and associates	24	**(12,919)**	(20,125)
Group operating loss		**(1,355,281)**	(1,150,061)
Finance income	6	**1,229**	63,779
Finance costs	7	**(934,716)**	(206,059)
Revaluation of convertible loan option	19	**-**	392
Change in fair value of investments classified as fair value through profit and loss	24	**(5,066)**	(114,091)
(Loss)/gain on disposal of subsidiaries and operations	25	**(12,061)**	110,771
Group loss before tax		**(2,305,895)**	(1,295,269)
Taxation charge	8	**(25,169)**	(9,670)
Group loss for the year		**(2,331,064)**	(1,304,939)
Group loss attributable to:			
Owners of the Parent		**(2,331,064)**	(1,304,939)

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000
Group loss for the year		**(2,331,064)**	(1,304,939)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**122,405**	(69,024)
Reclassification of foreign exchange (losses)/gains on disposal	25	**25,475**	(8,401)
Share of other comprehensive loss of joint ventures and associates	24	**(458)**	(901)
Other comprehensive income/(loss), net of tax		**147,422**	(78,326)
Total comprehensive loss for the year		**(2,183,642)**	(1,383,265)
Total comprehensive loss for the year attributable to:			
Owners of the Parent		**(2,183,642)**	(1,383,265)

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000
Non-current assets			
Goodwill	9	**8,182**	-
Other intangible assets	10	**64,343**	73,952
Property, plant and equipment	11	**17,616**	30,948
Right of use assets	12	**53,125**	74,955
Investment in sublease	12	**13,104**	1,129
Other receivables	13	**4,684**	5,605
Investments in financial assets	19	**1,891**	-
Deferred tax asset	20	**24,127**	16,430
Interests in joint ventures and associates	24	**1,558**	1,462
Investments in preference shares of associates	24	**52,925**	68,845
Total non-current assets		**241,555**	273,326
Current assets			
Investment in sublease	12	**2,075**	436
Trade and other receivables	13	**180,994**	148,193
Inventory		**7,539**	-
Prepayments and accrued income	14	**480,073**	457,774
Cash and cash equivalents	15	**157,708**	186,000
		828,389	792,403
Assets held for sale	25	-	11,211
Total current assets		**828,389**	803,614
Total assets		**1,069,944**	1,076,940
Current liabilities			
Trade and other payables	16	**(635,633)**	(488,419)
Borrowings	18	-	(1,479,876)
Derivative liability	19	-	(15,465)
Lease liability	12	**(9,860)**	(11,641)
Provisions	17	**(34,086)**	(54,310)
Current tax liabilities		**(29,635)**	(7,223)
		(709,214)	(2,056,934)
Liabilities directly associated with assets held for sale	25	-	(1,185)
Total current liabilities		**(709,214)**	(2,058,119)
Net current assets/(liabilities)		**119,175**	(1,254,505)
Non-current liabilities			
Borrowings	18	**(171,999)**	-
Lease liability	12	**(65,325)**	(72,675)
Provisions	17	**(9,119)**	(9,236)
Total non-current liabilities		**(246,443)**	(81,911)
Total liabilities		**(955,657)**	(2,140,030)
Net assets/(liabilities)		**114,287**	(1,063,090)

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000
Equity			
Called-up share capital	22	**35,556**	17,698
Share premium	22	**5,837,954**	2,536,363
Own shares	22	**(1,442)**	(1,442)
Merger relief reserve		**142,891**	142,891
Capital redemption reserve		**62,176**	62,176
Capital contribution reserve		**64,527**	47,344
Share-based payment reserve	23	**24,387**	-
Accumulated deficit		**(6,032,284)**	(3,701,220)
Foreign exchange reserve		**(19,478)**	(166,900)
Equity attributable to owners of the Parent		**114,287**	(1,063,090)

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 20 December 2022.

Signed on behalf of the Board of Directors

Shay Segev

Director

20 December 2022

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Called-up share capital (note 22)	Share premium (note 22)	Own shares (note 22)	Merger relief reserve[1]	*Capital* redemption reserve[2]	*Capital* contribution reserve[3]	Accumulated deficit	Foreign exchange Reserve[4]	Equity attributable to owners of the Parent
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2020	17,698	2,536,363	(1,442)	142,891	62,176	-	(2,396,281)	(88,574)	272,831
Loss for the year	-	-	-	-	-	-	(1,304,939)	-	(1,304,939)
Other comprehensive income			-						
FX on translating foreign operations	-	-	-	-	-	-	-	(69,024)	(69,024)
Reclassification of exchange differences on disposal (note 26)	-	-	-	-	-	-	-	(8,401)	(8,401)
Share of other comprehensive *income of associates*	-	-	-	-	-	-	-	(901)	(901)
Total comprehensive loss for the year	-	-	-	-	-	-	(1,304,939)	(78,326)	(1,383,265)
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)

1 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.

2 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.

3 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 18 for further information.

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

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

	Called-up share capital (note 22)	Share premium (note 22)	Own shares (note 22)	Merger relief reserve[1]	Capital redemption reserve [2]	Capital contribution reserve[3]	Share-based payment reserve[5] (note 23)	Accumulated deficit	Foreign exchange Reserve[4]	Equity attributable to owners of the Parent
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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)**
Loss for the year	-	-	-	-	-	-	-	(2,331,064)	-	(2,331,064)
Other comprehensive income			-							
FX on translating foreign operations	-	-	-	-	-	-	-	-	122,405	122,405
Reclassification of exchange differences on disposal (note 25)	-	-	-	-	-	-	-	-	25,475	25,475
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	(458)	(458)
Total comprehensive loss for the year	-	-	-	-	-	-	-	**(2,331,064)**	**147,422**	**(2,183,642)**
Share capital/premium issued	17,858	3,301,591	-	-	-	-	-	-	-	3,319,450
Capital contribution	-	-	-	-	-	17,183	-	-	-	17,183
Equity-settled share based payment scheme charge	-	-	-	-	-	-	24,387	-	-	24,387
As at 31 December 2021	**35,556**	**5,837,954**	**(1,442)**	**142,891**	**62,176**	**64,527**	**24,387**	**(6,032,284)**	**(19,478)**	**114,287**

1 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.

2 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.

3 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.

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

5 Share-based payment reserve relates to equity-settled incentive schemes issued in the current financial year, refer to note 23.

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000
Operating activities			
Total loss for the year		**(2,331,064)**	(1,304,939)
Finance costs (net)	6,7	**933,487**	142,280
Tax expense (net)	8	**25,169**	9,670
Goodwill impairment	9	**-**	512
Depreciation and amortisation (including acquisition intangible amortisation)	10-12	**72,921**	73,207
Revaluation of convertible loan option	19	**-**	(392)
Change in fair value of investments at fair value through profit and loss	24	**5,066**	114,091
Share of results of joint ventures and associates	24	**12,919**	20,125
Non-cash IFRS 2 charge	23	**24,387**	-
Loss/(gain) on disposal	25	**12,061**	(110,771)
Unrealised foreign exchange movements		**(47,942)**	7,626
Operating cash flow movements before working capital		**(1,292,996)**	(1,048,591)
(Increase)/decrease in trade and other receivables and prepayments		**(54,179)**	98,213
Increase/(decrease) in trade and other payables		**149,755**	(14,515)
Increase in inventories		**(7,539)**	-
Decrease in provisions		**(20,341)**	-
Cash used by operations		**(1,225,300)**	(964,893)
Corporation tax payments		**(5,803)**	(3,076)
Cash flow used in operating activities		**(1,231,103)**	(967,969)
Investing activities			
Purchases of property, plant and equipment		**(6,583)**	(3,594)
Expenditure on internally developed intangible assets		**(33,850)**	(34,380)
Acquisitions and disposals of subsidiaries and operations	25	**16,070**	77,821
Sublease income	12	**550**	-
Investment income	6	**1,229**	1,193
Cash flow from investing activities		**(22,584)**	41,040
Financing activities			
Proceeds from borrowings	18	**1,100,000**	1,050,000
Repayment of lease principal	12	**(11,636)**	(10,348)
Repayment of lease interest	12	**(6,966)**	(7,135)
Proceeds from issues of shares (net of professional fees)	22	**150,000**	-
Interest expense, bank fees and related charges paid		**(791)**	(1,481)
Cash flow from financing activities		**1,230,607**	1,031,036
Net (decrease)/increase in cash and cash equivalents in the year		**(23,080)**	104,107
Cash and cash equivalents at start of year		**186,000**	79,037
Less cash included within assets held for sale	25	**-**	(877)
Effect of foreign currency exchange rates		**(5,212)**	3,733
Cash and cash equivalents at end of year	15	**157,708**	186,000

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 12 Hammersmith Grove, London, England, W6 7AP, United Kingdom. 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 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 or via distribution partners. The Group's operations based on the commercialisation of multimedia sports content across multiple internet-enabled digital platforms have been disposed of within the prior and current financial years.

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. During the current financial year one of the Group's subsidiaries, DAZN Limited, changed its functional currency from Pound Sterling to Euros in order to reflect the change in economic environment that the entity operates in. There have been no other 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 2021 as follows:

Standard	Description	Effective Date
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021

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
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

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) and in conformity with the requirements of the Companies Act 2006.

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.

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated balance sheet.

(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 associates or joint ventures 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. 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.

1. Accounting policies (continued)

Basis of consolidation (continued)

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.

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 through its fully owned subsidiary AI Perform Holdings LLP, the Directors have a reasonable expectation that the Group will have access to sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. As in prior periods, Access is not legally obligated to provide financial support. The Directors have considered a range of factors in order to make their going concern assessment, including expected future demand for the Group's services, the revenue growth trends of the business, the history of continued financial support from Access, including throughout the COVID-19 pandemic and during 2022 to date, and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2026, including forecast funding requirements. This assessment has included consideration of the recent cost of living crisis, and its resulting impact on future revenues, results from operations and cash flows. The directors have also considered Access' ability to provide funding and concluded that Access have sufficient funds to provide support to the Group where required.

The Group had cash balances of $157.7 million (2020: $186.0 million) at the year end, net current assets of $119.2 million (2020: $1,254.5 million net current liabilities), net assets of $114.3 million (2020: $1,063.1 million net liabilities), and made a loss after tax of $2,331.1 million (2020: $1,304.9 million). The Group's total cashflow from operating activities is a cash outflow of $1,231.1 million (2020: $968.0 million). The Group had future rights commitments of $6.4 billion (2020: $5.0 billion) at 31 December 2021 that are not recognised in the statement of financial position. Refer to note 27 for further detail on the timing of the payments relating to future rights commitments.

The Group continued the expansion of its DAZN Consumer Platform business during the current year, acquiring several key rights in core markets and expanding subscriber numbers. 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 12 months following approval of these financial statements. These forecasts indicate that, based on management's assumptions, the Group is likely to require significant additional funding during this period in order to discharge all obligations as they fall due.

The Group's principal shareholder, AI Perform Holdings LLP (a member of the Access Industries group), has confirmed its intention to continue to provide financial support to the Group to enable the Group to ensure that they are able to meet their liabilities as they fall due and therefore to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. In the period between the year end and the signing of these accounts Access has provided $730.0 million of funding to DAZN, in exchange for ordinary and preference shares, to support its investment and growth plans.

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, including the impacts of the COVID-19 pandemic. In the previous financial 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 2020 when sport started to return, there was a significant reduction in the amount of live sport available to customers on the DAZN 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 mitigating actions including suspension of rights payments while content was not available.

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. Notwithstanding the 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.

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.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1. Accounting policies (continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. 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. This impairment loss, 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.

- **DAZN Consumer Platform**

  Subscription revenues are recognised rateably over the 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.

  The Group has some distribution arrangements in which subscribers sign up to pay for DAZN services via a third party distributor. 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 subscriber. Typically, this is based on assessing which party has primary responsibility to the subscriber for the DAZN services. If the Group has primary responsibility to the subscriber, it regards the subscriber as its customer, and revenues are measured based on what the subscriber pays, with any amounts retained by the distributor being recognised as an expense. Conversely, if the third party distributor has primary responsibility, the Group regards the distributor as its customer, and revenues are measured based on the net amount receivable from the distributor.

  Where a distribution arrangement has a minimum guaranteed number of subscribers for which DAZN will be paid by the distributor, the accounting depends upon whether the Group expects the total number of subscribers to exceed the minimum guarantee. Where the Group does not expect to exceed the minimum guarantee, then the minimum guarantee is taken as the transaction price, which is recognised on a straight-line basis over the contract period. Conversely, where DAZN does expect to exceed the minimum guarantee, this represents variable consideration which is typically constrained based on actual subscriber numbers.

  Revenues related to the sub-licensing of content obtained by the DAZN business are recognised over the course of the contract, as the content is provided to the customer. This may not be on a straight-line basis, for example where the sub-licensed content is seasonal. The method for determining the measure of progress is as set out in the *Content Costs* accounting policy. 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 provided distribution rights to third parties in return for content rights as a substitute for cash consideration. Whilst non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers are outside the scope of IFRS 15, the IFRS 15 Basis for Conclusions clarifies that this applies to the exchange of homogenous products, in line also with the guidance in the corresponding US GAAP standard (ASC 606). The application of judgement is necessary to determine whether the services exchanged in these non-monetary transactions are inherently different.

1. **Accounting policies (continued)**

Revenue recognition (continued)

The Group has determined that the agreements entered qualify for revenue recognition on the basis that the services exchanged are different, and recorded the fair value of the services exchanged as both revenue and cost. The fair value of the revenue transaction is typically determined with reference to the fair value of the rights costs exchanged and received from the third parties. Revenue is recorded on a straight-line over the contract period (i.e. on the same basis as other fixed-fee distribution deals), and the associated cost is recorded in accordance with the *Content Costs* accounting policy.

The Group generates revenue from displaying advertisements on the DAZN platform, both directly and via an advertising agency. Revenue is recorded over time, as the advertising is provided. Where an advertising agency is used, the Group assesses whether the agency is acting as an agent or a principal in the transaction with the end-company buying the advertising space. Typically, the advertising agency contracts with the end-customer buying the advertising space and is responsible for the service provided to the end-customer, and therefore is acting as a principal in this arrangement. Where this is the case, the Group records revenue based on the net amount received from the advertising agency (i.e. the agency's commission is netted against revenue).

- ***Broadcast Partnerships***

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 content shown on the DAZN platform includes live sports matches, weekly programming, and sports documentaries. DAZN's accounting policy differs for each of these types of content, on the basis that the viewing patterns, and therefore DAZN's consumption of the future economic benefits associated with the content, differ significantly. The Group typically licences the right (from sports associations, sports bodies, leagues or their agents or partners) to supply live sports content for its DAZN business. For one of the Broadcast Partnerships 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.

Live sports matches or highlights are generally viewed significantly less as time passes after the original event, and the time period in question is very short. DAZN 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 DAZN from such video-on-demand offerings are minimal. Similarly, for weekly programming, the viewership generally decreases significantly over a very short timeframe, and therefore no asset is capitalised in respect of any costs incurred.

1. Accounting policies (continued)

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.

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

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.

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.

1. Accounting policies (continued)

Leases (continued)

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.

The Group as lessee (continued)

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

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

Where the 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.

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 the DAZN Group Limited entity is Pound Sterling. During the period, DAZN Limited (DAZN Group Limited's indirect subsidiary) had a change in functional currency from Pound Sterling to Euros.

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.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill arising on the acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing rate.

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.

Deferred tax liabilities are recognised for temporary differences arising on investments in subsidiaries, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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.

1. Accounting policies (continued)

Taxation (continued)

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 and accumulated impairment loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is recognised as an operating cost and provided on all property, plant and equipment at rates calculated to write each asset down to its residual value, using the straight-line method, over its expected useful life as follows:

Freehold land – indefinite life

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

Right of use assets

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

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.

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.

Inventories

The Group has classified two categories of asset as inventory, being set top boxes and original content. Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out ('FIFO') method. Net realisable value represents the estimated selling price less all estimated costs of completion (for set top boxes this primarily relates to transportation).

Set top boxes are sold to customers as a means of accessing the DAZN content. The cost of set top boxes comprises manufacturing and transportation expenses, which are both outsourced to external providers.

Original content is content produced by DAZN, to be displayed on the DAZN Consumer Platform (primarily documentaries).

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

Financial liability and equity

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

1. Accounting policies (continued)

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.

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" in accordance with IFRS 9. 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.

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 transaction price of the related revenue, unless the receivables contain a significant financing component, in which case 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 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.

1. Accounting policies (continued)

Long-term incentive schemes

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

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

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

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).

1. **Accounting policies (continued)**

Provisions (continued)

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.

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.

Critical accounting judgements and key sources of estimation uncertainty

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

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

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.

Additionally, where the distributor provides marketing services to its customers, typically the Group is unable to direct these marketing activities or specify how they should be conducted beyond the general principles set out in the contract. Therefore, an accounting judgement has been made that the distributor's marketing service would not be a distinct service that has value to DAZN outside of the contract with the distributor, and consequently, this should not be included in the overall transaction price as non-cash consideration.

Where there is a barter element to distribution deals, i.e. where the Group is exchanging services with a customer rather than providing services in exchange for cash consideration, the Group has applied an accounting policy to record both revenue and a related cost. Note 2 provides detail on the quantification and disaggregation of revenues.

1. **Accounting policies (continued)**

Critical accounting judgements (continued)

Commitment to acquire content rights

The Group has commitments to acquire sports content rights As at 31 December 2021 these commitments total $6.4 billion (2020: $5.0 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 Broadcast Partnerships agreements

The Group's Broadcast Partnerships 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 Broadcast Partnership 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. Note 2 provides detail on the quantification and disaggregation of revenues.

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 $1.1 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 2021, as detailed in note 18. In May 2021 the existing convertible loan was amended to remove the conversion option and rebase the interest rate applicable on the borrowings from 10% to a market rate of 30%. Other historic funding facilities which were previously accruing interest at 10% per annum were amended in May 21 to match the 30% arm's length interest rate. Prior to rebasing the interest rate to a market rate of 30% in May 2021, the loan was measured at fair value, with the difference recognised as a capital contribution of $17.2 million and leading to an additional interest charge of $24.1 million in the current year.

Classification of Growth Preference Shares

On 29 December 2021, the Group's borrowings due to its parent, Access, were released in consideration for the issue of ordinary and preference shares. 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.

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.

The Growth Preference Shares have been accounted for as a compound instrument, which comprises both an equity component and a financial liability to reflect the Company's obligation to deliver a variable number of its own ordinary shares if the conversion notice is exercised. It has been determined that this liability meets the definition of 'held for trading' and therefore is recognised at fair value through profit or loss. The value of the liability at year-end is $172.0 million.

DAZN GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

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.

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 30% 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 24 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 20. During the year the Group recognised $5.1 million loss on the fair value remeasurement of the Footballco preference shares.

Valuation of equity-settled share based payment schemes

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

The LTIP Warrants are settled in ordinary shares upon an IPO. Upon a change in control, the Group has a choice as to whether to settle the LTIP Warrants in cash or ordinary shares. The LTIP Warrants have been classified as an equity-settled share-based payment on the basis that the cash obligation upon a sale is the obligation of a potential future acquirer, rather than DAZN. Further details can be found in note 23.

2. 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 DAZN and Broadcast Partnerships divisions. The below disaggregation of revenue is consistent with the revenue information that is disclosed for each division as detailed below.

	2021 **$'000**	2020 $'000
Revenue from contracts with customers		
DAZN Consumer Platform*	**1,463,633**	825,430
Broadcast Partnerships	**94,604**	46,406
Total revenue from contracts with customers	**1,558,237**	871,836

*Note that Media, which was a separate segment in 2020, has now been subsumed within DAZN Consumer Platform following the sale of the last of the Media portals business in the current financial year. Revenue of $101.4 million was reported in the Media segment in the prior year, which consisted of portals revenue and DAZN advertising revenue.

The majority of the Group's revenue comprises subscription revenue, which is earned over a short period of time (usually monthly) based on the subscriber profile. DAZN revenue also comprises sub-licence and commercial premises revenue, which is earned over time as the services are provided.

Where subscription revenue is received via a third party distributor, and that third party is determined to be the principal in the transaction, DAZN's customer is the distributor, and therefore revenue is recognised over the contract period as the performance obligation to the third party distributor 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.

Broadcast Partnerships 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 Broadcast Partnership arrangements, is the rights holder.

The Group has chosen to measure progress using the output method for each of the Broadcast Partnerships 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 Broadcast Partnerships arrangements the broadcaster is the customer for the Group as unlike the other arrangements where the rightsholders 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 Broadcast Partnerships 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 $1,845.8 million (2020: $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. This has increased significantly in 2021 due to a number of deals being signed with large minimum guarantees. Almost half (46% 2020: 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.

2. Revenue (continued)

Geographical revenue analysis

Geographical revenue information for the years ended 31 December 2021 and 2020 is presented below:

	Europe, Middle East and Africa $'000	Asia Pacific $'000	Americas $'000	Total $'000
2021				
DAZN Consumer Platform	**1,033,000**	**238,236**	**192,397**	**1,463,633**
Broadcast Partnerships	**46,276**	**3,192**	**45,136**	**94,604**
Total revenue	**1,079,276**	**241,428**	**237,533**	**1,558,237**

	Europe, Middle East and Africa $'000	Asia Pacific $'000	Americas $'000	Total $'000
2020				
DAZN Consumer Platform	476,537	218,399	130,494	825,430
Broadcast Partnerships	26,623	3,262	16,521	46,406
Total revenue	503,160	221,661	147,015	871,836

3. 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.

	2021 $'000	2020 $'000
Government grant income	-	4,436
TSA income	**3,266**	6,609
Total	**3,266**	11,045

During the current year, the Group did not receive any furlough related government grant income (2020: $4.4 million). $2.5 million of TSA income was derived from services provided to Footballco Group (2020: $0.5 million), $nil was derived from services provided to the Stats Perform Group (2020: $6.1 million) and $0.7 million from services provided to the Sporting News (2020: $nil). Refer to note 28 for further details on related party transactions.

4. Operating costs

Loss for the year has been arrived at after charging:

	2021 $'000	2020 $'000
Rights costs	**1,924,310**	1,198,610
Other content and marketing costs	**509,555**	390,961
Legal and professional fees	**30,250**	31,515
Staff and contractors	**191,580**	186,719
Loss on foreign exchange	**20,298**	12,613
Provisions raised (note 17)	**34,650**	58,696
Equity-settled share based payment charge (note 23)	**24,387**	-
Goodwill impairment	**-**	512
Other costs	**166,373**	132,712
Total operating costs	**2,901,403**	2,012,338

Amortisation of intangibles, depreciation on property, plant and equipment and depreciation on right-of-use assets are included within other costs. The amounts recorded as an expense in the period has been disclosed *in notes 10, 11 and 12 respectively. Also included within other costs are research and development costs of* $56.7 million (2020: $24.9 million).

The analysis of auditor's remuneration is as follows:

	2021 $'000	2020 $'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**2,517**	2,619
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	**137**	71
Fees payable to the Company's auditor for overruns on the audit of the Company's prior year annual accounts	**688**	-
Total audit fees	**3,342**	2,690
Fees payable to the Group's auditors for other services:		
Tax compliance services	**6**	-
Other assurance services	**60**	63
Total non-audit fees	***66***	*63*
Total fees payable to the Group's auditor	**3,408**	2,753

5. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2021 Nos.	2020 Nos.
Business development and sales	**46**	89
Account management and marketing	**264**	366
Production	**754**	959
Technology	**766**	686
Administration and management	**483**	508
Total	**2,313**	2,608

Employee costs (including Executive Directors) were:

	2021 $'000	2020 $'000
Wages and salaries	**184,842**	188,139
Social security costs	**22,981**	24,598
Pension costs	**11,631**	6,859
Contingent cash settled share-based payment scheme	**14,667**	(498)
Long-term incentive schemes, cash-settled	**(570)**	1,663
Total	**233,551**	220,761

Of the total staff costs of $233.6 million (2020: $220.8 million), $24.1 million (2020: $18.7 million) was subsequently credited and recorded as an intangible asset for the capitalisation of staff time. This is included as part of the computer software development asset in note 10. In the current year termination costs of $nil (2020: $4.6 million) were recognised.

In addition to the above employee costs, the Group recognised an expense of $24.4 million (2020: nil) in relation to an equity-settled share scheme and $3.3 million (2020: $1.7 million) in relation to cash-settled share schemes. For the contingent cash settled share-based payment scheme, for which the cash payment is shown in the table above, an expense of nil (2020: $0.5 million) was recognised in the period.

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

	2021 $'000	2020 $'000
Wages and salaries	**29,934**	11,138
Social security costs	**2,623**	1,436
Pension costs	**359**	288
Terminations	**-**	2,736
Charge for long-term share and cash-settled schemes	**71**	87
Contingent cash settled share-based payment scheme	**6,847**	(351)
Total	**39,834**	15,334

5. Staff costs (continued)

During 2021 the Directors considered 21 individuals to be key management personnel (2020: 19) (including Executive and Non-Executive Directors).

Directors' remuneration was:	**2021 $'000**	2020 $'000
Emoluments	**7,858**	4,632
Compensation for loss of office	**-**	1,999
Company contributions to defined contribution pension schemes	**24**	52
Total	**7,882**	6,683

The number of Directors who:	**2021 Nos.**	2020 Nos.
Are members of a defined contribution pension scheme	**1**	2

Remuneration of the highest paid Director:	**2021 $'000**	2020 $'000
Emoluments	**3,238**	1,803
Total	**3,238**	1,803

6. Finance income

	2021 $'000	2020 $'000
Financial instruments measured at amortised cost		
Bank interest receivable	-	721
Interest income from subleasing right of use assets (note 12)	**1,119**	151
Other interest income	**110**	321
Foreign exchange gains on financing items	**-**	62,586
Total finance income	**1,229**	63,779

7. Finance costs

	2021 $'000	2020 $'000
Interest on shareholder loans	**737,643**	194,685
Amortisation of arrangement fees and other bank charges and finance costs	**6,437**	4,206
Removal of conversion option on convertible loan	**20,447**	-
Interest expense on lease liabilities	**6,966**	7,135
Unwind on dilapidation provisions	**24**	33
Foreign exchange losses on financing items	**163,199**	-
Total finance costs	**934,716**	206,059

Total finance costs of $934.7 million were recognised in the year (2020: $206.1 million) relating to the following:

- interest on shareholder loans of $737.6 million (2020: $194.7 million), including $24.1 million in the current year (2020: $40.4 million) relating to the fair value adjustment for the below market interest rate element on shareholder loans, refer to notes 18 and 19 for further details;

7. Finance costs (continued)

- interest on lease liabilities recognised under IFRS 16 of $7.0 million (2020: $7.1 million), refer to note 12 for further details;
- interest, amortisation of arrangement fees, bank fees and related charges of $6.4 million (2020: $4.2 million);
- fees relating to the removal of a conversion option on a shareholder loan of $35.9 million, offset by the derecognition of a $15.5 million derivative associated with the conversion option to give a net expense of $20.4 million (refer to note 19 for further details).

8. Taxation

	2021 **$'000**	2020 $'000
Current tax:		
UK current tax charge at 19% (2020: 19%)	**829**	2,226
Adjustment in respect of prior years	**(59)**	1,323
Foreign tax:		
Overseas current tax charge	**31,250**	12,500
Adjustment in respect of prior years	**(943)**	(2,940)
Withholding tax	**1,836**	478
Deferred tax:		
Origination or reversal of temporary differences	**(3,932)**	(3,469)
Impact of changes in tax rates	**(4,027)**	(1,144)
Adjustment in respect of prior years	**215**	696
Tax charge for the year	**25,169**	9,670

UK corporation tax is calculated at 19% (2020: 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:

	2021 **$'000**	2020 $'000
Loss before tax	**(2,305,895)**	(1,295,269)
Tax at weighted average UK corporation tax rate of 19% (2020: 19%)	**(438,120)**	(246,101)
Effects of:		
Amounts not deductible in determining taxable profit	**129,684**	74,292
Non-taxable income	**(4,442)**	(18,724)
Non-deductible hybrid mismatches	**314,277**	177,237
Prior year adjustments	**(787)**	(921)
Change in UK tax rate on deferred tax balances	**(4,045)**	(1,144)
Different tax rates of subsidiaries operating in other jurisdictions	**2,964**	3,143
Overseas tax	**(2)**	-
Non-recognition of losses	**8,128**	19,722
Other unrecognised deferred tax	**15,768**	1,688
UK group relief	**(92)**	-
Withholding tax	**1,836**	478
Tax charge	**25,169**	9,670

On 24 May 2021, an increase to the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted. The effect of this increase to corporate tax rate has been reflected as a P&L tax credit and increase to deferred tax assets held.

9. Goodwill

	$'000
Cost	
At 1 January 2020	**24,009**
Disposal of goodwill as part of Footballco and Sporting News sales (note 25)	(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**
Acquisition of Texel	8,182
At 31 December 2021	**9,833**
Accumulated impairment losses	
At 1 January 2020	**(1,139)**
Impairment of goodwill (note 4)	(512)
At 31 December 2020	**(1,651)**
Impairment of goodwill (note 4)	-
At 31 December 2021	**(1,651)**
Carrying amount	
At 31 December 2021	**8,182**
At 31 December 2020	**-**

The Group has historically identified three cash generating units ("CGUs"), being Media, DAZN (previously named 'OTT') and Broadcast Partnerships (previously named 'Ventures'). In 2021, given that Mackolik and Activaweb have now been disposed, the remaining Media revenue relates to advertising on the DAZN platform, for which the cashflows are not largely independent from the DAZN subscription revenue. Therefore, from 2021 the Group have identified two CGUs, being DAZN and Broadcast Partnerships.

As at 1 January 2021, goodwill was fully impaired. During the year, the Group acquired Texel Live Limited ("Texel"), resulting in $8.2m of goodwill, which is not expected to be deductible for tax purposes, being recorded on acquisition. Refer to Note 26 for further details. This goodwill has been allocated to the DAZN CGU, given that the purpose of the acquisition of Texel is to utilise the technology capabilities of the Texel staff to develop the functionality of the DAZN platform.

10. Other intangible assets

	Computer software development $'000
Cost	
At 1 January 2020	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**
Additions	**35,694**
Disposals	**(15,252)**
Effect of movement in foreign exchange	**(8,906)**
At 31 December 2021	**149,602**
Accumulated amortisation	
At 1 January 2020	148,422
Charge for the year	35,270
Disposals	(127,112)
Effect of movement in foreign exchange	7,534
At 31 December 2020	**64,114**
Charge for the year	**41,465**
Disposals	**(15,156)**
Effect of movement in foreign exchange	**(5,164)**
At 31 December 2021	**85,259**
Net book value	
At 31 December 2021	**64,343**
At 31 December 2020	*73,952*

Computer software development relates to costs incurred to improve and develop the DAZN platform in order to deliver content to customers. Amortisation of $41.5 million (2020: $35.3 million) is included as part of the operating costs.

11. Property, plant and equipment

	Freehold land $'000	Technical and production equipment $'000	Office furniture and equipment $'000	Leasehold improvements $'000	Total $'000
Cost					
At 1 January 2020	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
Additions	-	**3,938**	**225**	**1,661**	**5,824**
Disposals	-	**(15,986)**	**(400)**	**(7,057)**	**(23,443)**
Effect of movement in foreign exchange	**(4)**	**(1,245)**	**(68)**	**(1,409)**	**(2,726)**
At 31 December 2021	**391**	**16,920**	**809**	**26,685**	**44,805**
Accumulated depreciation					
At 1 January 2020	-	84,670	3,880	26,850	115,400
Charge for the year	-	11,528	385	10,873	22,786
Disposals	-	(83,030)	(3,961)	(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
Charge for the year	-	**8,650**	**333**	**9,609**	**18,592**
Disposals	-	**(15,986)**	**(400)**	**(7,057)**	**(23,443)**
Effect of movement in foreign exchange	-	**(1,138)**	**(72)**	**(952)**	**(2,162)**
At 31 December 2021	-	**8,852**	**510**	**17,827**	**27,189**
Net book value					
At 31 December 2021	**391**	**8,068**	**299**	**8,858**	**17,616**
At 31 December 2020	395	12,887	403	17,263	30,948

12. Leases

a) Right of use assets

	Offices and Data Centres $'000
Cost	
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
Additions	**6,538**
Disposals	**(25,197)**
Effect of movement in foreign exchange	**(3,982)**
At 31 December 2021	**75,740**
Accumulated depreciation	
At 1 January 2020	16,741
Charge for the year	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
Charge for the year (note 5)	**12,600**
Disposals	**(12,356)**
Effect of movement in foreign exchange	**(1,055)**
At 31 December 2021	**22,615**
Net book value	
At 31 December 2021	**53,125**
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 3.2 years (2020: 3.9 years). The disposals in the year of $25.2 million primarily relate to the sublease of an entire floor of one of the Group's office buildings. Given that this is a finance sublease, the subleased portion of the right of use asset (being $16.0 million) was derecognised.

b) Investment in sub-lease

	2021 $'000	2020 $'000
At 1 January 2021	**1,565**	2,147
Additions	**13,045**	-
Finance income on sub-lease	**1,119**	151
Payments received	**(550)**	(733)
At 31 December 2021	**15,179**	1,565

During the year, the Group agreed to sublease an entire floor of one of its leased office buildings. Given that this floor is a separate lease component, and it is being subleased for the entire remaining lease term, this sublease has been classified as a financing sublease. Consequently, upon the inception of the sublease, an investment in sublease of $13.0 million was recorded.

12. Leases (continued)

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

	Minimum sublease payments 2021 $'000	**Present value of sublease asset 2021 $'000**	Minimum sublease payments 2020 $'000	Present value of sublease asset 2020 $'000
Year 1	**2,273**	**2,075**	550	436
Year 2	**2,726**	**2,393**	550	475
Year 3	**2,529**	**2,051**	550	518
Year 4	**2,500**	**1,858**	139	136
Year 5	**2,716**	**1,874**	-	-
Onwards	**8,229**	**4,927**	-	-
Less: Future finance income	**(5,795)**		(224)	
Present value of investment in sub lease	**15,178**	**15,178**	1,565	1,565

Analysed as:

	2021 $'000	2020 $'000
Current	**2,075**	436
Non-current	**13,104**	1,129
As at 31 December	**15,179**	1,565

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

c) Amounts recognised in profit and loss

	2021 $'000	2020 $'000
Depreciation of right-of-use asset	**(12,600)**	(14,126)
Finance costs on lease liabilities (note 7)	**(6,966)**	(7,135)
Unwind of dilapidation provision (note 7)	**(24)**	(33)
Expense relating to short-term leases	**(144)**	(591)
Finance income on sub-lease (note 6)	**1,119**	151
Expense on sublease recognition	-	-

The total cash outflow for leases in 2021 amounted to $18.6 million (2020: $17.5 million), of which $11.6 million *(2020: $10.3 million) was used to settle the principal portion of the lease and $7.0 million (2020: $7.1 million)* to settle interest. As at 31 December 2021, the Group is committed to $68,000 for short term leases (2020: $68,000). There are no variable lease payments.

12. Leases (continued)

d) Lease liability

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

	Minimum sublease payments 2021 $'000	**Present value of sublease asset 2021 $'000**	Minimum sublease payments 2020 $'000	Present value of sublease asset 2020 $'000
Year 1	**16,175**	**9,860**	18,520	11,641
Year 2	**16,553**	**11,035**	14,964	8,758
Year 3	**14,727**	**10,053**	14,843	9,316
Year 4	**12,650**	**8,721**	13,724	8,923
Year 5	**11,410**	**8,208**	12,837	8,757
Year 6 and onwards	**35,046**	**27,308**	48,427	36,921
Less: Future finance charges	**(31,376)**	**-**	(38,999)	-
Present value of lease liability	**75,185**	**75,185**	84,316	84,316

Analysed as:

	2021 $'000	2020 $'000
Current	**9,860**	11,641
Non-current	**65,325**	72,675
As at 31 December	**75,185**	84,316

Movement in lease liability during the year

	2021 $'000	2020 $'000
As at 1 January	**84,316**	84,280
Payments made	**(18,603)**	(17,483)
Additions	**6,538**	7,258
Disposals	**(827)**	(523)
Transfer to assets held for sale	**-**	(42)
Finance costs on lease liabilities	**6,966**	7,135
FX revaluation of lease liabilities	**(3,205)**	3,691
As at 31 December	**75,185**	84,316

13. Trade and other receivables

	2021 $'000	2020 $'000
Non-current		
Other receivables	**4,684**	5,605
Current		
Gross trade receivables	**119,431**	119,527
Loss allowance	**(5,787)**	(2,993)
Net trade receivables	**113,644**	116,534
Other receivables	**67,350**	31,659
Total current trade and other receivables	**180,994**	148,193

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 (for example where the receivable is from a payment provider who is not DAZN's direct customer) 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.

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 below, as the remaining balance consists of a large number of receivables from various customers.

Movements in expected credit loss are as follows:

	2021 $'000	2020 $'000
At 1 January	**2,993**	5,626
Net remeasurement of loss allowance	**2,462**	479
Transferred to asset held for sale	-	(449)
Disposal	-	(127)
Amounts written off	-	(2,552)
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	**263**	-
Effect of movement in foreign exchange	**69**	16
As at 31 December	**5,787**	2,993

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. This has increased in the year as a result of a large overdue balance within one of the Polish entities.

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 more than one year past due, they are expected to be recovered once the dispute is resolved and hence no expected loss has been recognised. These balances are included within 'More than one year' in the ageing table below.

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

13. Trade and other receivables (continued)

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

	2021 **$'000**	2020 $'000
Not yet due	**36,310**	39,753
Not more than three months	**17,756**	6,524
More than three months but not more than six months	**5,461**	10,404
More than six months but not more than a year	**9,984**	48,138
More than one year	**44,133**	11,715
Total	**113,644**	116,534

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

14. Prepayments and accrued income

Prepayments and accrued income balances are set out below:

	2021 **$'000**	2020 $'000
Current		
Prepayments for acquiring content and rights	**409,378**	374,501
Contract assets	**49,667**	68,465
Other prepaid cost	**21,028**	14,808
As at 31 December	**480,073**	457,774

Other prepaid costs include $10.2 million (2020: $8.0 million) of IT prepayments, in addition to prepayments relating to marketing, 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 decrease in contract assets is due to the timings of payments received from distribution partners.

15. Cash and cash equivalents

	2021 **$'000**	2020 $'000
Cash and cash equivalents	**157,708**	186,000

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

16. Trade and other payables

	2021 **$'000**	2020 $'000
Trade payables	**60,897**	50,151
Rights accrual	**119,889**	112,713
Accruals	**140,304**	137,067
Contract liabilities	**285,487**	168,383
Other creditors	**29,056**	20,105
As at 31 December	**635,633**	488,419

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.

16. Trade and other payables (continued)

Contract liabilities consist of subscription fees billed and collected that have not been recognised as revenue. Of the contract liabilities brought forward as at 1 January 2021, all balances have been recognised in profit and loss in the year other than $4.2 million in relation to the DAZN division. The increase in contract liabilities relates to upfront payments received on large distribution deals.

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

17. Provisions

	Dilapidations	Rights	Onerous contracts	Legal	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2020	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
Additions	-	**5,000**	**11,325**	**18,325**	-	**34,650**
Utilisation	-	**(39,842)**	**(6,780)**	-	-	**(46,622)**
Finance expense on unwind	**24**	-	-	-	-	**24**
Disposals	-	-	-	-	-	-
Releases	-	-	**(3,490)**	**(4,500)**	**(185)**	**(8,175)**
Effect of movement in foreign exchange	**(218)**	-	-	-	-	**(218)**
At 31 December 2021	**4,519**	**5,000**	**15,361**	**18,325**	-	**43,205**

Provisions consist of $4.5 million (2020 $4.7 million) in relation to dilapidations for leased right of use assets, $5.0 million (2020: $39.8 million) in relation to rights contracts terminations, $15.4 million in relation to onerous contracts (2020: $14.3 million) and $18.3 million (2020: $4.5 million) relating to legal matters. The legal provision raised in the current financial year relates to ongoing disputes over terminated licence agreements.

The analysis of provisions balances between current and non-current is detailed below:

	2021	2020
	$'000	$'000
Current	**34,086**	54,310
Non-current	**9,119**	9,236
As at 31 December	**43,205**	63,546

18. Borrowings

	2021 **$'000**	2020 $'000
Current borrowings	-	1,479,876
Non-current borrowings	**171,999**	-
As at 31 December	**171,999**	1,479,876

During 2021, the Group's immediate parent company, AI Perform Holdings LLP, extended the Loan agreements dated 17 September 2020 with the agreement of the Parties to create a new loan facility (September loan Facility B) and recognise Perform DAZN Holdings 5 LLP as an additional lender.

On 25 January 2021, the Group entered into the new loan facility (Facility B) under the existing September Loan agreement with Perform DAZN Holdings 5 LLC as the lender, an immediate and wholly owned subsidiary of AI Perform Holdings LLP, for a total commitment of $275 million. $125 million was drawn down on this date with a further $150 million drawn down on 16 February 2021. The loan attracted interest at a rate of 30%.

On 9 March 2021, the Group extended Facility B with Perform DAZN Holdings 5 LLC by a total of $325 million on the same terms. $175 million was drawn down on this date with a further $150 million drawn down on 6 April 2021.

On 30 April 2021, the Group extended Facility B with Perform DAZN Holdings 5 LLC by a total of $150 million on the same terms. $150 million was drawn down on 4 May 2021.

In May 2021 the existing convertible loan was amended to remove the conversion option and rebase the interest rate applicable on the borrowings from 10% to a market rate of 30%. Other historic funding facilities which were previously accruing interest at 10% per annum were amended in May 21 to match the 30% arm's length interest rate.

On 14 June 2021, the Group extended Facility B with Perform DAZN Holdings 5 LLC by a total of $250 million on the same terms. $150 million was drawn down on this date with a further $100 million drawn down on 26 July 2021.

On 8 September 2021, the Group extended Facility B with Perform DAZN Holdings 5 LLC by a total of $100 million on the same terms. $65 million was drawn down on this date with a further $35 million drawn down on 26 October 2021 to bring the total amount received from Perform DAZN Holdings 5 LLC under the September Loan Facility B in the year to $1.1 billion.

On 29 December 2021, the Group, its shareholders and lenders undertook certain steps resulting in the $1.5 billion borrowings that existed at the 2020 year-end, as well as the additional $1.1 billion of borrowings drawn in FY21, 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 preference shares (the "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.

The Growth Preference Shares have been accounted for as a compound instrument, which comprises both an equity component and a financial liability to reflect the Company's obligation to deliver a variable number of its own ordinary shares if the conversion notice is exercised. It has been determined that this liability meets the definition of 'held for trading' and therefore is recognised at fair value through profit or loss. The value of the liability at year-end is $172.0 million.

19. 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:

	2021 $'000	2020 $'000
Financial assets at amortised cost		
Cash and cash equivalents (note 15)	**157,708**	186,000
Current trade and other receivables (note 13)	**180,994**	148,193
Contract assets (note 14)	**49,667**	68,465
Non-current trade and other receivables (note 13)	**4,684**	5,605
Financial assets at fair value through profit and loss		
Investment in Stats Perform preference shares (note 24)	**25,556**	36,496
Investment in Footballco preference shares (note 24)	**27,370**	32,349
Investment in Meadowlark	**1,891**	-
Financial liabilities at amortised cost		
Trade and other payables (excluding contract liabilities) (note 16)	**(350,146)**	(320,036)
Current borrowings (note 18)	**-**	(1,479,876)
Financial liabilities at fair value through profit and loss		
Derivative liability	**-**	(15,465)
Non-current borrowings (note 18)	**(171,999)**	-

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.

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.

Following the recapitalisation on 29 December 2021, at year-end the Group was financed by a combination of debt and equity, comprising issued capital, reserves, retained earnings and a financial liability relating to the Growth Preference Shares.

The primary reason for the Group to raise debt or equity is to finance investment in rights and other costs relating to the DAZN 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.

19. Financial instruments (continued)

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
2021						
Financial assets	**40,941**	**28,303**	**25,210**	**149,839**	**5,898**	**250,191**
Financial liabilities	**(117,496)**	**(16,167)**	**(51,981)**	**(113,160)**	**(11,812)**	**(310,616)**
Net exposure	**(76,555)**	**12,136**	**(26,771)**	**36,679**	**(5,914)**	**(60,425)**
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)

Foreign currency sensitivity analysis

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

The following table details the Group's sensitivity to a 15% increase and decrease in EUR, GBP, JPY and USD against the functional currency of the underlying entity. 15% 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% 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% against the relevant functional currency of the entity. For a 15% weakening of the transaction currency, there would be a comparable impact on the profit and other equity, and the balances below would be inversed.

	EUR $'000	GBP $'000	JPY $'000	USD $'000	Total $'000
2021					
Profit or loss (i)	**(3,619)**	**1,817**	**(10,331)**	**35,496**	**23,363**
Other equity (ii)	**-**	**-**	**-**	**-**	**-**
2020					
Profit or loss	(1,542)	1,748	365	(235,803)	(235,232)
Other equity	-	-	-	-	-

(i) this is mostly attributable to the exposure outstanding on 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 decreased during the current year mainly due to a lower exposure in USD following the capitalisation of borrowings however this reduced exposure has been offset by an increase in payables held in euros resulting in higher euro denominated liabilities.

19. Financial instruments (continued)

e) Interest rate risk

The Group is not exposed to interest rate risk as the interest that is accrued on all external debt and equity balances is at a fixed rate.

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.

As at 31 December 2021 and 2020, the Group's undiscounted non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

31 December 2021	**Current within 6 months $'000**	**Current 6 to 12 months $'000**	**Non-current 1 to 5 years $'000**
Trade and other payables (excluding contract liabilities) (note 16)	**350,146**	-	-
Interest and principal of Shareholder Loan	-	-	**171,999**
Total	**350,146**	-	**171,999**

31 December 2020	Current within 6 months $'000	Current 6 to 12 months $'000	Non-current 1 to 5 years $'000
Trade and other payables (excluding contract liabilities) (note 16)	319,777	-	-
Interest and principal of Shareholder Loan	1,479,876	-	-
Total	1,799,653	-	-

19. Financial instruments (continued)

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 24. 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 no fair value adjustment on the preference shares (2020: loss of $114.1 million). The projected future cashflows of the Stats Perform business and the discount rate used to discount these cash flows form the key inputs for the fair value assessment of the investment in associate.

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 24 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 24. 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 a fair value loss of $5.1 million which has been reflected within the profit and loss for the period. The projected future cashflows of the Footballco business and the discount rate used to discount these cash flows form the key inputs for the fair value assessment of the investment in associate.

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 24 for a reconciliation of the carrying value of the investments in Footballco.

19. Financial instruments (continued)

h) *Financial instruments fair value (continued)*

Investment in Meadowlark

On 18 March 2021, DAZN Limited acquired $1.9 million of preference shares in Meadowlark Media Inc ("Meadowlark"). These preference shares do not provide Meadowlark with an unavoidable obligation to deliver cash (or a variable number of shares), and therefore the Group has classified these preference shares as an equity investment. This investment has been classified as a financial asset measured at fair value through profit or loss, given that DAZN Limited has not have significant influence over Meadowlark, and the Group is not eligible to receive discretionary dividends.

The fair value of the investment is assessed at each reporting date, based upon investor information received from Meadowlark. Given that this assessment is not based on quoted or observable market data, this investment is classified as level 3 in the fair value measurement hierarchy.

Derivative liability – conversion option

On 31 October 2019, DAZN Group Limited entered into a convertible loan facility agreement with its immediate parent, AI 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.

During the year, this conversion option was removed from the loan, in exchange for a fee of $35.9 million. Consequently, the derivative was derecognised from the balance sheet, and the difference between the carrying value derecognised of $15.5 million and the $35.9 million fee was recognised as an expense (of $20.4 million) within finance costs. The table below is a reconciliation of the derivative measurements for the year ended 31 December 2021:

	2021	2020
	$'000	$'000
Opening balance	**15,465**	15,857
Revaluation of convertible loan option	**-**	(392)
Removal of conversion option and release of derivative	**(15,465)**	-
Closing balance	**-**	15,465

Growth Preference Shares

As described in note 18, the Growth Preference Shares have been accounted for as a compound instrument, which comprises both an equity component and a financial liability. The financial liability relates to the conversion of the Growth Preference Shares into ordinary shares 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. The financial liability is recognised at fair value through profit or loss and had a value of $172.0 million at the reporting date.

The valuation of this liability is calculated by reference to the value of ordinary shares that would be issued upon conversion, taking into account the fixed return on the Growth Preference Shares of 30% per annum. The key assumptions that are used in the calculation of the liability are the probability of exercise of a conversion notice, the expected exercise date of this conversion, and the discount rate.

20. Deferred tax

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

	2021 $'000	2020 $'000
Deferred tax assets	**24,127**	16,430
	24,127	16,430
Deferred tax movement		
1 January	**16,430**	7,462
Credit to income statement	**7,743**	3,917
Effect of movement in foreign exchange	**(46)**	770
Shown as Held for Sale	**-**	523
Disposed of during the year	**-**	3,758
As at 31 December	**24,127**	16,430

	2021 $'000	2020 $'000
Analysis of deferred tax		
Temporary differences arising on property, plant and equipment	**16,366**	11,367
Share-based payments	**-**	562
Other	**7,761**	4,501
Total	**24,127**	16,430

In addition to the amounts set out above the Group has an unrecognised deferred tax asset at 31 December 2021 of $811.0 million (2020: $573.8 million) relating to trading losses of $778.8 million, and $32.1 million in relation to other items (2020: $13.9 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 2021 no deferred tax assets in respect of losses have been recognised (2020: $nil) as it is not considered probable that there will be future taxable profits available.

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.*

21. Changes in liabilities from financing activities

	1 January 2021 $'000	Financing cashflows(i) $'000	Non-cash settlement of borrowings $'000	New leases $'000	Change in FX rates $'000	Other changes(ii) $'000	31 December 2021 $'000
Interest and repayment of Shareholder loan (note 18)	**1,479,876**	**1,100,000**	**(3,169,450)**	-	-	**761,573**	**171,999**
Derivative financial liability	**15,465**	**(15,465)**	-	-	-	-	-
Lease liability (note 12)	**84,316**	**(18,603)**	-	**6,538**	**(3,205)**	**6,139**	**75,185**
	1,579,657	***1,065,932***	***(3,169,450)***	***6,538***	***(3,205)***	***767,712***	***247,184***

	1 January 2020 $'000	*Financing* cashflows(i) $'000	Remeasure-ment of *derivative* liability $'000	New leases $'000	*Change in* FX rates $'000	*Other* changes(ii) $'000	31 *December* 2020 $'000
Interest and *repayment of* Shareholder loan (note 18)	278,778	1,050,000	-	-	-	151,098	1,479,876
Derivative financial liability	15,857	-	(392)	-	-	-	15,465
Lease liability (note 12)	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

(i) The cash flows from 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)*Other changes include interest accruals, fair value adjustments for the below market interest element on* shareholder loans and the disposal of lease liabilities. The derivative was released against finance costs in the current year, refer to note 7 for further details.

22. Share capital

	2021 $'000	2020 $'000
Authorised, issued, allotted and fully paid		
A Ordinary shares of 3 389/600 US cents each	**30,503**	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
Deferred shares of 3 389/600 US cents each	**1,442**	-
Convertible preference shares of 3.64 cents each	-	274
Growth preference shares of 3.64 cents each	**810**	-
	35,556	17,698

22. Share capital (continued)

Number of shares	2021 '000	2020 '000
Authorised, issued, allotted and fully paid		
A Ordinary shares of 3 389/600 US cents each	**837,996**	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
Deferred Shares 3 389/600 US cents each	**39,647**	-
Convertible preference shares of 3.64 cents each	-	7,530
Growth preference shares of 3.64 cents each	**22,253**	-
	976,799	486,185

AI Perform Holdings LLP, a portfolio company of Access Industries, and a number of its wholly owned subsidiary holdings being Perform DAZN Holdings 2 LLC, Perform DAZN Holdings 3 LLC, Perform DAZN Holdings 4 LLC and Perform DAZN Holdings 5 LLC held all of the A shares and preference shares which represent approximately 85.79% of the equity share capital of the Company (2020: 76.03%).

M shares are held by members of management, employees and other shareholders, who at 31 December 2021, represented approximately 3.75% of the equity share capital of the Company (2020: 7.53%).

Z shares are held by the Z Shareholder who at 31 December 2021 represented approximately 4.13% of the equity share capital of the Company (2020: 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 2021 represented approximately 2.28% of the equity share capital of the Company (2020: 8.15%). Further details of the G-shares scheme are shown in note 23.

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.

G shares / Deferred shares

On 9 October 2019, 4,757,709 G shares were issued to Directors under the Group's share option scheme at par. This scheme has subsequently been settled, and these shares are now held as deferred shares. See note 23 for further details.

Own shares

The G shares issued in 2018 and 2019 were held by an employee benefit trust on behalf of the participants of the G shares scheme. Following the settlement of the G shares as referenced above, the shares are still held by the Trust, but have been converted into deferred shares.

The Trust is controlled by DAZN Group Limited and as such the deferred shares it holds are recognised as own shares. The value of deferred shares held by the Trust as at the close of the financial year was $1.4 million (2020: $1.4 million).

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.

22. Share capital (continued)

Convertible preference shares

The convertible preference shares previously issued by the Company were converted into ordinary shares as part of the 29 December 2021 steps detailed above.

23. 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.

During the period, 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 as deferred shares. The G shares were determined to have a fair value of nil at the date of transfer (based on the share options not meeting the required vesting conditions), resulting in no cash settlement being paid to holders. Given that the share-based payment liability was nil at 31 December 2020, and no cash was paid upon settlement, no accounting entry was required upon cancellation of the scheme.

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

During the current year the Group had 1 live cash-settled scheme (2020: 2 schemes). This long-term incentive scheme is based upon the financial performance from 2019 to 2021.

The expense recognised in the current year for the cash-settled long-term incentive schemes is $0.6 million (2020: $1.7 million). The liability recorded on the balance sheet at year-end was $4.4 million (2020: $5.6 million).

Post year-end, in April 2022, this scheme was settled in cash.

(c) Other long-term incentive plans

During the current year, four different incentive plans were granted to management at DAZN, for which the terms have been set out below. The terms of this scheme are still subject to board approval and have not yet been legally finalised. These schemes are as follows:

LTIP Warrants

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

The LTIP Warrants will vest upon the earlier of an IPO, sale, or the end of the prescribed vesting period (this vesting period varies for each member of management, but is a maximum of 4 years).

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

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

At the end of the vesting period, if neither an IPO nor a sale has occurred, management are able to exercise their LTIP Warrants and receive ordinary shares. One member of management has the right to sell their ordinary shares back to DAZN at 31 December 2030 for their intrinsic value, if a listing has not occurred by that point.

The LTIP Warrants have been classified as an equity-settled share-based payment on the basis that the cash obligation upon a sale is an obligation of a potential future acquirer, rather than DAZN.

23. Long-term incentive schemes (continued)

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

Details of the share options outstanding during the year are as follows:

	2021 Number of share options
Outstanding at the beginning of year	-
Granted during the year	3
Outstanding at the end of the year	3
Exercisable at the end of the year	-

The options outstanding at 31 December 2021 had a weighted average remaining contractual life of 3.3 years. The aggregate of the estimated fair values of the options granted in 2021 is $92.8 million. The inputs (or range of inputs) into the Black-Scholes option pricing model are as follows:

	2021
Weighted average share price	$95.3 million
Weighted average exercise price	$95.3 million
Expected volatility	33-40%
Expected life	4-6.5 years
Risk-free rate	0.2-0.4%
Expected dividend yields	0.0%

Expected volatility was determined based on comparative companies with a high and low case volatility weighted evenly to determine the option value. Risk-free rate and expected life vary depending on the grant date of the option.

The Group recognised total expenses of $24.4 million related to equity-settled share-based payment transactions in 2021.

The reconciliation of the opening and closing share-based payment reserve is as follows:

	2021 $'000
Balance at 1 January 2021	-
Credit to equity for equity-settled share-based payments	24,387
Balance at 31 December 2021	24,387

2021 Long-term incentive plan

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

Employees will receive ordinary shares in the event of an IPO and cash in all other circumstances. For some of these awards there was only a verbal non-binding commitment in place at the reporting date, and therefore it has been determined that no accounting entries will be recorded on the basis that the Group does not have *a present obligation at the reporting date. For other awards, the value of the awards was communicated to* employees in a letter (issued on 1 April 2021). In these instances, the Group has determined that an obligation exists and therefore accounting entries have been recorded to reflect this obligation.

23. Long-term incentive schemes (continued)

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

Although the service condition attached to the incentives commences on 1 January 2021, given that the Group's obligation was on issuance of the letters, the Group has used a 33-month vesting period (from 1 April 2021 up to the end of the service period at 31 December 2023).

The obligation has been recorded as a liability, on the basis that a cash settlement is considered more likely than an equity settlement. This will be re-assessed at each reporting date prior to settlement. The total liability recorded at the reporting date is $2.7 million, which has been calculated based upon the value of the awards communicated to employees, adjusted for the expected number of leavers and pro-rated based on the vesting period.

Details of the incentives outstanding during the year are as follows:

	2021
	Number of share options
Outstanding at the beginning of year	-
Granted during the year	**31**
Forfeited during the year	**(3)**
Outstanding at the end of the year	**28**
Exercisable at the end of the year	-

Value Warrants

One member of key management at DAZN was granted warrants to acquire shares in DAZN Group Limited, whereby the value of shares received depends upon by how much the enterprise value exceeds invested capital (the "Value Warrants"). The vesting of the Value Warrants is contingent on both an IPO or change of control happening prior to 31 December 2024, and a service condition.

No accounting entries have been recorded in the year for the Value Warrants on the basis that vesting is contingent on an IPO or change of control prior to 31 December 2024, which is not considered to be probable. This assumption is a performance condition and therefore will be reassessed at each subsequent reporting date.

IPO Warrants

One member of key management at DAZN was granted warrants which were exercisable if an IPO took place during the year (the "IPO Warrants"). No accounting entries were recorded for the IPO Warrants, on the basis that the probability of an IPO during the year was considered to be remote. These IPO Warrants have now expired give that no IPO occurred.

24. 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 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 which is measured using the equity method of accounting as set out in the Group's accounting policies in note 1.

An amendment to the joint venture agreement was made on 30 June 2021 which included DAZN obtaining a 'Put option' to sell its shares in the joint venture if desired. If this option were to be exercised, the sale would be at fair market value.

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

(a) Summarised financial information of Matchroom USA LLC

	31 December 2021 $'000	31 December 2020 $'000
Non-current assets	**-**	-
Current assets		
Cash and cash equivalents	**1,562**	9,523
Trade and other receivables	**2,222**	460
Total current assets	**3,784**	9,983
Current liabilities		
Trade and other payables	**(1,833)**	(1,256)
Contract liabilities	**-**	-
Accruals	**(1,403)**	(5,406)
Total current liabilities	**(3,236)**	(6,662)
Non-current liabilities	**-**	-
Net assets	**548**	3,321

Included within the current liabilities above are current financial liabilities (excluding trade and other payables and provisions) of $1.4 million (2020: $5.4 million).

24. Interest in joint ventures and associates (continued)

Matchroom USA LLC (continued)

Summarised statement of comprehensive income

	2021 **$'000**	2020 $'000
Revenue	**92,786**	65,409
Operating costs	**(90,345)**	(67,551)
Finance expense	**(10)**	(37)
Profit/(Loss) for the period	**2,431**	(2,179)
Distributions in the period (excluding withholding tax)	**(5,205)**	(5,494)
Total movement in net assets in the period	**(2,774)**	(7,673)

Included within the loss for the year was depreciation and amortisation expenses of $nil (2020: $nil), finance income of $nil (2020: $nil) and a tax credit of $nil (2020: $nil).

Reconciliation to carrying amounts

		31 December 2021		31 December 2020
	$'000	**$'000**	$'000	$'000
Net assets (100%)	548		3,321	
Add back net (contributions)/distributions	4,184		1,415	
Adjusted net assets	4,732		4,736	
Group's share of net assets (40%)	1,893		1,894	
Less expected withholding tax	(432)		(432)	
Investment in joint venture		**1,462**		1,462
(Loss)/profit for period (100%)	2,431		(2,179)	
Matchroom Holdco entitlement	(2,431)		-	
(Loss)/profit available for joint distribution	-		(2,179)	
Group's share of (loss)/profit (40%) *		-		(872)
Withholding tax for partnership		-		211
Share of joint venture (loss)/income recognised		-		(661)
Carrying amount of interest in Matchroom USA		**1,462**		1,462

* The Group is not entitled to distributions until the cumulative amount of distributions made to Matchroom Holdco has crossed a specific threshold per year as per the agreement for the joint venture. This threshold has not been crossed so the Group is not entitled to a share of the profit for the period. The share of income from the joint venture is also calculated after deducting estimated withholding tax.

24. Interest in joint ventures and associates (*continued*)

Matchroom Boxing Global LLP

Matchroom Boxing Global LLP is a joint venture established 8 November 2018, incorporated in the UK with a registered office of Mascalls Lane, Great Warley, Brentwood, Essex, CM14 5LJ. The group has a 40% ownership interest, through a subsidiary company, DAZN MR Holdco Ltd. The venture will produce and distribute professional boxing events on an exclusive basis. In previous years, the value of DAZN's stake has been trivial so it has not been disclosed in the financial statements. The entity was previously called Matchroom Boxing Italy 2018 LLP, but changed its name to Matchroom Boxing Global LLP on 31 January 2022.

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

(a) Summarised financial information of Matchroom Boxing Global LLP

	31 December 2021 $'000
Non-current assets	-
Current assets	
Cash and cash equivalents	878
Trade and other receivables	47
Total current assets	925
Current liabilities	
Trade and other payables	(781)
Other current liabilities	(18)
Total current liabilities	(799)
Non-current liabilities	-
Net assets	126

Summarised statement of comprehensive income

	2021 $'000
Revenue	3,565
Profit for the period	169
Other comprehensive income	-

Reconciliation to carrying amounts

	$'000	31 December 2021 $'000
Investment in Matchroom Boxing Global LLP at 1 January 2021		-
Profit for the period	169	
Group's share of (loss)/profit (40%)	68	
Share of joint venture (loss)/income recognised		68
Carrying amount of interest in Matchroom Boxing Global LLP		68

24. 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 2021 $'000	31 December 2020 $'000
Non-current assets		
Goodwill	**512,000**	525,900
Acquisition intangibles	**316,200**	366,300
Other non-current assets	**110,800**	120,100
Total non-current assets	**939,000**	1,012,300
Current assets		
Cash and cash equivalents	**16,700**	36,500
Trade and other receivables	**39,200**	31,400
Prepayments and accrued income	**53,300**	38,900
Total current assets	**109,200**	106,800
Current liabilities		
Trade and other payables	**(74,800)**	(74,800)
Other current liabilities	**(52,500)**	(23,800)
Total current liabilities	**(127,300)**	(98,600)
Non-current liabilities	**(1,973,600)**	(1,908,100)
Net liabilities	**(1,052,700)**	(887,600)

Included within the other current liabilities and non-current liabilities above are financial liabilities of $26.2 million (2020: $19.2 million) and $611.2 million (2020: $623.8 million) respectively.

24. Interest in joint ventures and associates (continued)

Peak Jersey Topco Ltd (Stats Perform) (continued)

Summarised statement of comprehensive income

	2021	2020
	$'000	$'000
Revenue	**396,500**	306,600
Loss for the period	**(155,200)**	(246,900)
Other comprehensive (loss)/income for the period	**(800)**	4,300

The above loss includes $100.5 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 (2020: $150.2 million, including losses relating to the period prior to acquisition).

Included within the loss for the year was depreciation and amortisation expenses of $79.6 million (2020: $75.1 million), finance income of $22.5 million (2020: $nil), finance expenses of $45.0 million (2020: $59.5 million) and a tax credit of $7.2 million (2020: $9.8 million).

(b) Reconciliation to carrying amounts – investment in associate

		31 December 2021		31 December 2020
	$'000	**$'000**	$'000	$'000
Investment in B ordinary shares as at 1 January 2021/12 July 2019		-		-
Loss allocated to B ordinary shares *	-	-	-	-
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

24. 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 2021		31 December 2020
	$'000	**$'000**	$'000	$'000
Investment in preference shares as at 1 January 2021/12 July 2019		***36,496***		170,828
Fair value loss 9% cumulative preference shares		-		(114,091)
Loss for the period (100%)	**(53,900)**		(96,700)	
Group's share of loss (20%)	**(10,780)**		(19,340)	
Group's share of loss allocated to B ordinary shares	**-**		-	
Loss allocated to preference shares investment		**(10,780)**		(19,340)
Other comprehensive income for the period (100%)	**(800)**		4,300	
Restatement to prior year other comprehensive	**-**		(8,806)	
Group's share of other comprehensive income (20%)		**(160)**		(901)
Carrying amount preference share investment in Stats Perform		**25,556**		36,496

Losses have been recognised on the combined investment by first reducing the ordinary investment and then subsequently reducing the value of the preference shares.

24. 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 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.

As detailed in Note 25, on 30 June 2021, the DAZN Group completed the D Player sale with Footballco Media Limited, recognising a gain on disposal of $3.8 million. On 30 June 2021 DAZN Media Services received a loan note from Footballco Media Limited for $4.3 million, which attracts interest at 10% per annum. On 19 July 2021 DAZN Media Services Limited converted $2,593,516.95 of the outstanding loan note due from Footballco Media Limited in exchange for 203,679 B Ordinary Shares and 2,583,333 A Preference shares in Footballco Media Limited.

The Group's investment consists of 30.32% 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 2021 $'000	31 December 2020 $'000
Non-current assets		
Intangible assets	**106,937**	89,627
Other non-current assets	**7,832**	458
Total non-current assets	**114,769**	90,085
Current assets		
Cash and cash equivalents	**8,672**	9,042
Trade and other receivables	**18,552**	4,988
Prepayments and accrued income	**4,357**	6,877
Total current assets	**31,581**	20,907
Current liabilities		
Trade and other payables	**(6,302)**	(5,865)
Other current liabilities	**(14,140)**	-
Total current liabilities	**(20,442)**	(5,865)
Non-current liabilities	**(17,148)**	-
Net assets	**108,760**	105,127

24. Interest in joint ventures and associates (continued)

Footballco Media Limited (Footballco) (continued)

	31 December 2021	31 December 2020
Summarised statement of comprehensive income	**$'000**	$'000
Revenue	**52,594**	10,271
Loss for the period	**(7,284)**	(400)
Other comprehensive loss for the period	**(984)**	-

(b) Reconciliation to carrying amounts – investment in associate

	31 December 2021	31 December 2020
	$'000	$'000
Fair value on initial recognition 19 October 2020*	-	-
Acquisition of shares on 19 July 2021	-	-
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 2021		**31 December 2020**
	$'000	**$'000**	$'000	**$'000**
Fair value on 1 January 2021 / 19 October 2020		**32,349**		**33,509**
Acquisition of shares on 19 July 2021		**2,594**		
Fair value loss on preference shares		**(5,066)**		
Disposal of 1% interest on 5 November 2020		-		**(1,036)**
Loss for the year	(7,284)		(400)	
Group's share of loss (30%)	(2,209)		(124)	
Group's share of loss allocated to ordinary shares	-		-	
Loss allocated to preference shares investment		**(2,209)**		**(124)**
Other comprehensive income for the year	(984)			
Group share of other comprehensive income (30%)		**(298)**		
Carrying amount preference share investment in Footballco		**27,370**		**32,349**

Included within the loss for the year was depreciation and amortisation expenses of $5.7 million (2020: $1 million), finance income of $nil (2020: $nil), finance expenses of $nil (2020: $nil) and a tax credit of $nil (2020: $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 the value of the investment in preference shares.

25. Disposal of subsidiaries and operations

During the current financial year, the Group disposed of several subsidiaries and assets in order to streamline operations and focus on the core DAZN business. The following sales occurred during the 2021 financial year, resulting in a total loss on disposal of $12.1 million recorded in profit or loss:

- Mackolik Internet Hozmetleri Tocaret Anonim Sirketi ("Mackolik") and Activaweb SAS ("Activaweb") were sold in September 2021 for $27.5 million consideration. This had previously been classified as held for sale as at 31 December 2020 and the sale resulted in a loss of $15.9 million.
- The legal and beneficial interest in the business assets for DAZN Player ("D Player") was sold to *Footballco Media Limited on 30 June 2021 for consideration of a loan note with a face value of $3.8* million. Given that no assets were recorded on-balance sheet prior to this sale, the resulting gain on disposal was also $3.8 million.

Further details of each disposal are outlined below.

During the prior year, the Group recorded a gain on disposal of $110.4 million relating to the disposals of PIMGSA LLP ("FC Diez"), Footballco and Sporting News. The details of these disposals are also set out below.

During the year, on 27 April 2021, DAZN Brands Limited, was dissolved as part of ongoing activities to simplify the DAZN Group structure.

Mackolik and Activaweb

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

- Activaweb - a company registered in France which owns and operates the online sports portal Matchendirect.com
- 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 were classified as assets held for sale and on 2 September 2021 the transaction completed for a consideration of $20.0 million in cash and a deferred payment of $7.5 million that was settled 3 months after the completion date.

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

	2 September 2021 $'000
Goodwill	6,231
Acquisition intangibles	2,169
Other non current assets	42
Trade and other receivables	1,892
Cash and cash equivalents	877
Trade and other payables	(1,185)
Net assets	**10,026**

(b) Loss on disposal

	2 September 2021 $'000
Consideration received	27,480
Assets held for sale in prior year and recognised at fair value	(10,026)
Cash and other assets not previously classified as held for sale	(7,209)
Recycle of foreign exchange reserves upon disposal	(25,475)
Disposal costs	(622)
Loss on disposal	**(15,852)**

25. Disposal of subsidiaries and operations (continued)

Mackolik and Activaweb (continued)

(c) Net cash inflow arising on disposal

	2 September 2021 $'000
Consideration received	27,480
Cash and cash equivalents disposed	(6,294)
Net cash inflow arising on disposal	**21,186**

Disposal of DAZN Player assets

On 30 June 2021, DAZN Media Services Limited entered into an agreement with Footballco Media Limited for the sale of the legal and beneficial interest in the Business Assets for DAZN Player ("D Player") in exchange for total consideration of $3,835,000. Consideration was issued by way of a loan note, which attracts interest at 10% per annum. Footballco Media Limited is recognised as an associate of the DAZN Group and this sale is recognised as a related party transaction.

The total value of the net assets disposed of within the DAZN Player transaction was $nil, with costs of disposal incurred of $45,000. The total gain on disposal recognised was therefore $3.8 million.

The following table summarises the gain on disposal recognised for the D Player sale transaction:

(a) Gain on disposal

	2021 $'000
Consideration received and to be received	**3,835**
Assets disposed of as at date of sale	**-**
Disposal costs	**(45)**
Gain on disposal	**3,790**

On 19 July 2021 DAZN Media Services Limited converted $2,593,516.95 of the outstanding loan note due from Footballco Media Limited in exchange for 203,679 B Ordinary Shares and 2,583,333 A Preference shares in Footballco Media Limited.

As at 31 December 2021 a total balance of $1.8 million was still outstanding on the loan note from Footballco Media Limited, representing principal and unpaid accrued interest. The interest income recognised on the loan note during the current financial year was $0.1 million.

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:

25. Disposal of subsidiaries and operations (continued)

(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

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:

(b) 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

25. Disposal of subsidiaries and operations (continued)

(c) 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 24)	(1,036)
Total *gain on disposal*	75,315

(d) 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

25. Disposal of subsidiaries and operations (continued)

Sporting News (continued)

(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

26. Acquisition of Texel

On 9 November 2021, the Group acquired 100% of the issued share capital of Texel Live Limited ("Texel"), obtaining control of Texel. Texel is a technology company and qualifies as a business as defined in IFRS 3. Texel was acquired to develop the functionality of the DAZN platform. Subsequent to year end, this entity was renamed DAZN Media Israel and referred to internally as the 'DAZN X' business.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	2021 **$'000**
Property, plant and equipment	**192**
Right of use assets	**701**
Cash and cash equivalents	**861**
Trade and other receivables	**226**
Prepayments and accrued income	**10**
Trade and other payables	**(4,885)**
Lease liability	**(701)**
Total identifiable assets acquired and liabilities assumed	**(3,596)**
Goodwill (note 9)	**8,182**
Total consideration	**4,586**
Satisfied by:	
Cash	**4,086**
Deferred cash	**500**
Total consideration transferred	**4,586**
Cash consideration	**4,086**
Less: cash and cash equivalent balances acquired	**(861)**
Net cash outflow arising on acquisition	**3,225**

27. Commitments

Rights commitments

As at 31 December 2021, the continuing operation had total outstanding commitments to acquire sports content rights as follows:

	2021 **$'000**	2020 $'000
Within one year	**1,890,674**	1,091,570
In the second to fifth years inclusive	**4,079,485**	3,242,872
After five years	**434,684**	651,625
As at 31 December	**6,404,843**	4,986,067

28. *Related parties*

Related party transactions in the year are as follows:

- **Shareholder funding**

  Shareholder funding from the immediate parent undertaking and other members of the Access Industries group has been detailed in note 18 and 22.

- **Stats Perform Group**

  During the years ended 31 December 2021 and 31 December 2020 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.

	2021 **$'000**	2020 $'000
Sub-licencing revenues from the DAZN Group to the STATS Perform Group	**1,953**	8,937
Licencing expenses from the Stats Perform Group to the DAZN Group	**(8,445)**	(13,608)
TSAs serviced by the DAZN Group on behalf of the Stats Perform Group	-	6,080
TSAs serviced by the Stats Perform Group on behalf of the DAZN Group	-	(350)

As at the end of the year $6.1 million (2020: $0.5 million payable) 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.

- **Matchroom Boxing Global LLP**

  During the years ended 31 December 2021 and 31 December 2020 the DAZN Group entered into transactions with Matchroom Boxing Global LLP, a joint venture of the Group. These transactions are detailed below.

	2021 **$'000**	2020 $'000
Broadcast license fee charged from Matchroom Global to DAZN	**(2,758)**	(391)

There was no balance payable or receivable to the DAZN Group by Matchroom Boxing Global LLP. Purchases were made at market price and amounts outstanding are unsecured and will be settled in cash.

28. Related parties (continued)

- **Matchroom USA LLC**

During the years ended 31 December 2021 and 31 December 2020 the DAZN Group entered into transactions with Matchroom USA LLC, a joint venture of the Group. These transactions are detailed below.

	2021 **$'000**	*2020* $'000
Matchroom licence fee charged from Matchroom to DAZN	**(74,057)**	(56,675)
Broadcast fee charged from Matchroom to DAZN	**(1,260)**	(741)
Other costs recharged from Matchroom to DAZN	**(370)**	(293)
Total	**(75,687)**	(57,709)
Payments settled by DAZN on behalf of joint venture	-	(775)

As at the end of the year $1 million (2020: $0.3 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.

- **Footballco Media Limited**

During the years ended 31 December 2021 and 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.

	2021 $'000	**2020 $'000**
TSA Arrangements serviced by the DAZN Group on behalf of Footballco Group	**2,532**	529
Costs paid by the DAZN Group recharged to Footballco	**4,044**	636
TSA arrangements serviced by Footballco Group on behalf of the DAZN Group	**(85)**	(50)
Costs paid by Footballco recharged to DAZN	**(4,065)**	(1,112)

During the current year, $0.5 million of rental income was recognised by the DAZN Group for the use of shared office facilities by members of the Footballco Group. As detailed in Note 27, on 30 June 2021, the DAZN Group completed the D Player sale with Footballco Media Limited, recognising a gain on disposal of $3.8 million.

On 30 June 2021 DAZN Media Services received a loan note from Footballco Media Limited for $4.3 million, with attracts interest at 10% per annum. On 19 July 2021 DAZN Media Services Limited converted $2.6 million of the outstanding loan note due from Footballco Media Limited in exchange for 203,679 B Ordinary Shares and 2,583,333 A Preference shares in Footballco Media Limited. See Note 24 for further details.

As at the end of the year $1.9 million (2020: $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.

28. 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 year ended 31 December 2020 the DAZN Group entered into an agreement to deliver content to A Serial LLC, and also receives marketing services and translation services.

	2021 $'000	2020 $'000
Content licence agreement services provided by DAZN Group	-	200
Marketing and translation services provided by A Serial LLC	-	(200)

As at the end of the year $nil (2020: $nil) was outstanding between either party.

- ***Directors' loans***

As detailed in note 23, 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.

In prior years the Group issued loans to the value of $2.5 million to cover the estimated personal tax liability on the issue of G shares. The loans attract a rate of interest between 2.5% and 3.06% depending on the jurisdiction and were repayable before or at the time the G shares are sold.

As detailed in note 24, the G share scheme was closed in the current financial year, resulting in the full $2.5 million of associated tax loans to Directors being forgiven. Prior to the scheme closure, the loans to Directors incurred interest of $15,000 (2020: $73,000) and repayments of nil (2020: $43,000) were made against these balances. As at 31 December 2021 there were no balances outstanding on loans to Directors in relation to G-shares (2020: $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.

29. Contingent liabilities

There are no contingent liabilities in the current financial year. In the prior year the Group was involved in the various legal disputes regarding contract terminations where an outflow was considered possible but not probable and a contingent liability was disclosed. These disputes were ongoing at year end but a settlement was considered probable and a provision was raised (refer to note 17).

30. 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.

31. Post balance sheet events

- **Financing**

Post year end DAZN Group Limited received additional funding from Access Industries in order to fund ongoing activity in exchange for shares.

- On 28 January 2022 $100.0 million of funding was received in exchange for $50.0 million of A ordinary shares and $50.0 million of growth preference shares.
- On 14 February 2022 $100.0 million of funding was received in exchange for $50.0 million of A ordinary shares and $50.0 million of growth preference shares.
- On 28 February 2022 $110.0 million of funding was received in exchange for $55.0 million of A ordinary shares and $55.0 million of growth preference shares.
- On 16 March 2022 $75.0 million of funding was received in exchange for $37.5 million of A ordinary shares and $37.5 million of growth preference shares.
- On 28 April 2022 $145.0 million of funding was received in exchange for $72.5 million of A ordinary shares and $72.5 million of growth preference shares.
- On 1 July 2022 $100.0 million of funding was received in exchange for $50.0 million of A ordinary shares and $50.0 million of growth preference shares.
- On 25 July 2022 $100.0 million of funding was received 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.

- **Rights commitments**

Post year end significant new material rights contracts have been entered into for approximately $3.2 billion during the period up to the end of 2028.

- **Settlement of long-term incentive scheme**

In April 2022, a $4.4 million payment was made to settle the long-term incentive scheme liability that the Group recognised at year end.

- **Acquisition of Eleven Sports**

On 26 September 2022, DAZN Group Limited signed an agreement to purchase 100% of the shares in Eleven Sports Network Limited ("Eleven"), in exchange for 5% of DAZN Group Limited's ordinary shares and 5% of DAZN Group Limited's Growth Preference Shares. This agreement is subject to regulatory approval and other closing conditions. The transaction, when completed, will significantly expand the offering on the DAZN Consumer Platform by providing the Group with the rights to top football leagues in Portugal and Belgium, as well as a market presence in Taiwan and other Southeast Asian markets. In addition, this transaction will provide the Group with a new revenue stream in social media via Eleven's subsidiary Team Whistle.

The Group has committed to provide €35.0 million of funding to Eleven, which Eleven are able to draw down subject to the agreed terms. This facility has a repayment date of 22 July 2023 and accrues interest at 14% per annum. To date, Eleven have drawn down the full €35.0 million of available funding. On 2 December 2022, an additional €5.0 million of cash was paid to a subsidiary of the Eleven Group as a prepayment relating to a distribution agreement in Italy.

- **Contingent liabilities**

In 2022, the Federation of German Consumer Organisations ("VZBV") brought an action in the Munich District Court against DAZN Limited in relation to certain German terms and conditions which it considers to be invalid. The Group has submitted a statement of defence in the pending court case, arguing the validity of the terms and conditions. At the date of signing of the financial statements, the outcome and financial impact could not be reliably estimated.

DAZN GROUP LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000 Restated
Non-current assets			
Investments in subsidiaries	2	**5,385,421**	2,660,171
Investments in associate	3	**219**	219
Investments in Stats Perform preference shares	3	**71,800**	71,800
Trade and other receivables	4	**176,067**	1,607,768
		5,633,507	4,339,958
Current assets			
Trade and other receivables	4	**232**	244
Cash and cash equivalents		**340**	168
		572	412
Total assets		**5,634,079**	4,340,370
Current liabilities			
Trade and other payables	5	**(253,645)**	(201,521)
Borrowings	6	**-**	(1,479,876)
Derivative liability	7	**-**	(15,465)
		(253,645)	(1,696,862)
Net current liabilities		**(253,073)**	(1,696,450)
Non-current liabilities			
Borrowings	6	**(171,999)**	-
		(171,999)	-
Total liabilities		**(425,644)**	(1,696,862)
Net assets		**5,208,435**	2,643,508
Equity			
Called-up share capital	8	**35,556**	17,698
Share premium	8	**5,837,954**	2,536,363
Own shares		**(1,442)**	(1,442)
Share based payment reserve		**24,387**	-
Merger relief reserve		**142,891**	142,891
Capital redemption reserve		**62,176**	62,176
Capital contribution reserve		**64,527**	47,344
Accumulated deficit		**(996,661)**	(120,893)
Translation reserve		**39,147**	(40,629)
Equity attributable to owners of the Company		**5,208,435**	2,643,508

The Company had a loss for the year of $875.9 million (2020: $360.4 million).

The financial statements of DAZN Group Limited, registered number 6324278, were approved by the Board of Directors and authorised for issue on 20 December 2022.

Signed on behalf of the Board of Directors

Shay Segev

Director

20 December 2022

DAZN GROUP LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Issued share capital $'000 (note 8)	Share Premium $'000 (note 8)	Own shares $'000	Merger relief reserve[1] $'000	Capital redemption reserve[2] $'000	Capital contribution reserve[3] $'000	Share based payment reserve $'000	(Accumulated deficit) / retained earnings $'000	FX reserve $'000	Total equity $'000
At 1 January 2020	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**
Loss for the year	-	-	-	-	-	-	4,043	(875,868)	79,776	(792,050)
Total comprehensive loss for the year	-	-	-	-	-	-	4,043	(875,868)	79,776	(792,050)
Issue of share capital	17,858	3,301,591	-	-	-	-	-	-	-	3,319,450
Capital contribution	-	-	-	-	-	17,183	20,344	-	-	37,527
At 31 December 2021	**35,556**	**5,837,994**	**(1,442)**	**142,891**	**62,176**	**64,527**	**24,387**	**(996,761)**	**39,147**	**5,208,435**

[1]*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.

[2]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.

[3]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 2021

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

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 $875.8 million (2020: loss of $360.4 million). The Company received no dividend income in the year (2020: nil).

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 2022 to date, and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2026, 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 detailed refer to note 1 of the consolidated financial statements.

The Group has prepared a detailed financial forecast for the 12 months following the approval of these accounts. 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, 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 $730.0 million of funding to DAZN, in exchange for ordinary and preference shares, to support its investment and growth plans.

1. Accounting policies (continued)

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.

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 19 to the consolidated financial statements.

Valuation of equity-settled share based payment schemes

Refer to note 23 to the consolidated financial statements.

2. Investments in subsidiaries

	2021 $'000	2020 $'000
Investment in subsidiaries as at 1 January	**2,660,171**	2,704,587
Additions	**8,065,705**	142,441
Disposals	**(5,362,938)**	-
Capital contribution for IFRS 2 charge	**22,483**	284
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	**5,385,421**	2,660,171

During the current year, additions of $2.7 billion 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 (2020: $142.4 million). Subsequently, on 30th December 2021, the Company contributed its investment of $5.4 billion in DAZN Sports Media Limited to DAZCAY Limited in exchange for 100% of the share capital of DAZCAY Limited. Additions above include the additional share capital issued in DAZN Sports Media, as well as the recognition of the entire value of DAZCAY Limited with a carrying value equal to the previous value of the DAZN Sports Media investment. The investments in subsidiaries of the Company at the end of the current year represent its shareholding in DAZCAY Limited.

The Company made capital contributions of $22.5 million (2020: $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 previous 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 prior year.

On 31 December 2021 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 net selling price method based on a recent valuation of the business. The recoverable amount was found to be greater than the carrying amount for its investments in DAZCAY Limited and therefore no impairment charge has been recognised (2020: charge of $231.8 million).

2. Investments in subsidiaries (continued)

Details of the Company's subsidiaries at 31 December 2021 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				
DAZCAY Limited	100%	Grand Cayman	Holding company	190 Elgin Avenue, George Town, Grand Cayman, KY1-9008
Indirect holdings of the Company				
DAZN Sports Media Limited	100%	United Kingdom	Holding company	12 Hammersmith Grove, London, England, W6 7AP
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	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
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	12 Hammersmith Grove, London, England, W6 7AP
DAZN Japan Investment GK	100%	Japan	Digital sports media	9F Ark Hills South Tower 1-4-5 Roppongi, Minato-ku, Tokyo 106-0032
DAZN Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
DAZN Media 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	12 Hammersmith Grove, London, England, W6 7AP

2. **Investments in subsidiaries (continued)**

Subsidiaries:	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Indirect holdings of the Company				
DAZN Media Holdco Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
DAZN Media Inc.	100%	United States	Digital sports media	United Corporate Service, Inc., 10 Bank Street, Suite 560, White Plains, New York, 10606, USA
DAZN Media India Private Limited	100%	India	Digital sports media	Merican Consultants Private Limited, 33, Pattalamma Temple Street, Basavanagudi, Bengaluru, Karnataka 560004
DAZN Media Netherlands BV	100%	The Netherlands	Digital sports media	Huidekoperstraat 26, 1017 ZM, Amsterdam, The Netherlands
DAZN Media Poland Sp Zoo	100%	Poland	Digital sports media	ul. Żelazna 4 40-851 Katowice, Poland.
DAZN Media Sales Limited	100%	United Kingdom	Online advertising and sponsorship sales	12 Hammersmith Grove, London, England, W6 7AP
DAZN Media Services DACH GmbH	100%	Germany	Digital sports media.	Münchener Str. 101, 85737 Ismaning, Germany
DAZN Media Services Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
DAZN Media Services SRL	100%	Italy	Digital sports media	Piazza S. Babila n. 3, Milan, Italy
DAZN 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 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

2. 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 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	12 Hammersmith Grove, London, England, W6 7AP
DAZN Spain SL	100%	Spain	Digital sports media	Avenida General Perón, 38, 6° Puerta 3, 28020 Madrid, Spain
DAZN 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	100%	United States	Digital sports media	c/o United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904
DAZN Vehicle (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	12 Hammersmith Grove, London, England, W6 7AP
Goal.com (HoldCo) SA	100%	Luxembourg	Digital sports media	25b Boulevard Royal, L-2449 Luxembourg
Goal.com North America Inc.	100%	United States	Digital sports media	One World Trade Center, Floor 72, New York, NY, 10007
Sportal India Private Ltd	100%	India	Digital sports media	1st Floor Siddhi Vinayak Chambers, R. P. MARG, OPP. M.I.G. Cricket Club, Bandra East, Mumbai, Maharashtra, India 400051
Texel Live Limited	100%	Israel	Digital sports media	11 Aryeh Shenkar St., Herzliya Pituach, 4672511
DAZN Brand Licensing Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, W6 7AP
DAZN Newco Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, W6 7AP

2. Investments in subsidiaries (continued)

Indirect holdings of the Company in Joint Ventures	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
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

Indirect holdings of the Company in Associates	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Footballco Media Limited	30.32%	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 11 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 in the current (and previous) reporting period 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 Brand Licensing Limited	13572068
DAZN Holdco 1 Limited	08426667

3. 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 no fair value adjustment was recorded on the preference shares (2020: $114.1 million).

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:

	2021	2020
	$'000	$'000
Opening investment in Stats Perform B ordinary shares as at 1 January	**219**	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	**71,800**	185,891
Fair value adjustment on 9% cumulative preference shares	**-**	(114,091)
Investment in Stats Perform preference shares as at 31 December	**71,800**	71,800
Carrying amount of total interest in Stats Perform at 31 December	**72,019**	72,019

4. Trade and other receivables

	2021	2020
	$'000	$'000
Non-current		
Amounts owed by Group undertakings*	**176,067**	1,607,768
Current		
Other receivables	**-**	2
Prepayments and accrued income	**232**	242
As at 31 December	**232**	244

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

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.

5. Trade and other payables

	2021 $'000	2020 $'000
Current		
Trade creditors	**1,592**	173
Amounts owed to Group undertakings*	**239,110**	195,017
Accruals	**9,828**	3,745
Other taxes and social security	**3,115**	2,586
As at 31 December	**425,644**	201,521

*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.

6. Borrowings

	2021 $'000	2020 $'000
Current borrowings	**-**	1,479,876
Non-current borrowings	**171,999**	-

The borrowings recognised at 31 December 2021 are detailed in note 18 of the consolidated financial statements.

7. Derivative liability

The release of the derivative liability within the current financial year is detailed in section g of note 19 to the consolidated financial statements.

8. Share capital

Share capital is disclosed in note 22 to the consolidated financial statements.

9. Employee and Director costs

The average monthly number of employees was 7 (2020: 9), which is comprised entirely of Directors and key management personnel. Employee costs were as follows:

	2021 $'000	2020 $'000
Wages and salaries	**14,735**	6,325
Social security costs	**1,182**	683
Pension costs	**209**	176
Contingent cash settled share-based payment scheme	**-**	(782)
Total	**16,126**	6,402

During the year termination expenses of $nil million (2020: $2.7 million) were recognised. Remuneration of the highest paid Director is disclosed in note 5 of the consolidated financial statements.

10. Long-term incentive schemes

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.

During the period, 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 as deferred shares. The G shares were determined to have a fair value of nil at the date of transfer (based on the share options not meeting the required vesting conditions), resulting in no cash settlement being paid to holders. Given that the share-based payment liability was nil at 31 December 2020, and no cash was paid upon settlement, no accounting entry was required upon cancellation of the scheme.

The LTIP Warrants, Value Warrants and IPO Warrants described in note 23 to the consolidated financial statements would all be settled by an issuance of shares by the Company. As described in note 23, a share-based payment reserve has only been recorded in respect of the LTIP Warrants. Of the three employees granted LTIP Warrants, one is contracted with the Company and the other two are employed by subsidiaries of the Company. The Company will not be reimbursed for issuing shares on behalf of its subsidiaries, and therefore the share-based payment reserve relating to employees of the Company's subsidiaries represents a capital contribution.

Therefore, the company recorded a share-based payment expense of $5.2 million, in respect of the employee contracted by the Company, and an investment in subsidiary of $22.5 million in respect of the employees contracted by subsidiaries of the Company. The Company will record a share-based payment reserve of $24.4 million and an accrual of $3.3 million for the share based payment liability (which is consistent with the share-based payment reserve recorded by the Group).

Refer to note 23 to the consolidated financial statements for further details on the inputs and assumptions used in determining the share-based payment charge.

11. Subsequent events

Subsequent events are disclosed in note 31 to the consolidated financial statements.

12. Ultimate controlling party

The ultimate controlling party is disclosed in note 30 to the consolidated financial statements.