

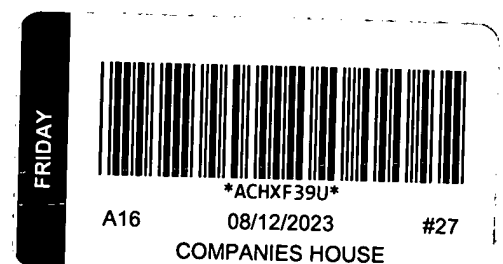
COMPANY REGISTRATION NO.

6324278

DAZN GROUP LIMITED

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2022



DAZN GROUP LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2022

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DAZN GROUP LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2022

OFFICERS AND PROFESSIONAL ADVISERS

Directors

Lincoln Benet
Guillaume D'Hauteville
John Gleasure
Andrea Radrizzani
Shay Segev

Registered Office

12 Hammersmith Grove
London
England
W6 7AP
United Kingdom

Solicitors

Freshfields Bruckhaus Deringer LLP
100 Bishopsgate
London
EC2P 2SR
United Kingdom

Wiggin LLP
10th Floor, Met Building
22 Percy Street
London
W1T 2BU
United Kingdom

Dorsey & Whitney LLP
199 Bishopsgate
London
EC2M 3UT
United Kingdom

Bird & Bird LLP
12 New Fetter Lane
London
EC4A 1JP
United Kingdom

Latham & Watkins LLP
99 Bishopsgate
London
EC2M 3XF
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
RG1 3BD
United Kingdom

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").

DAZN's vision

There are billions of sports fans around the world supporting a sports eco-system across television, advertising, merchandise, apparel, betting, ticketing, and other sports activities worth hundreds of billions of dollars.

DAZN's vision is to be the global destination platform for sports fans to engage daily with a wide selection of sports content and experiences.

DAZN is also becoming a distribution partner of choice for sports rights holders. DAZN uniquely offers global reach, direct relationship with fans of all generations, and a broader monetisation model for sports engagement.

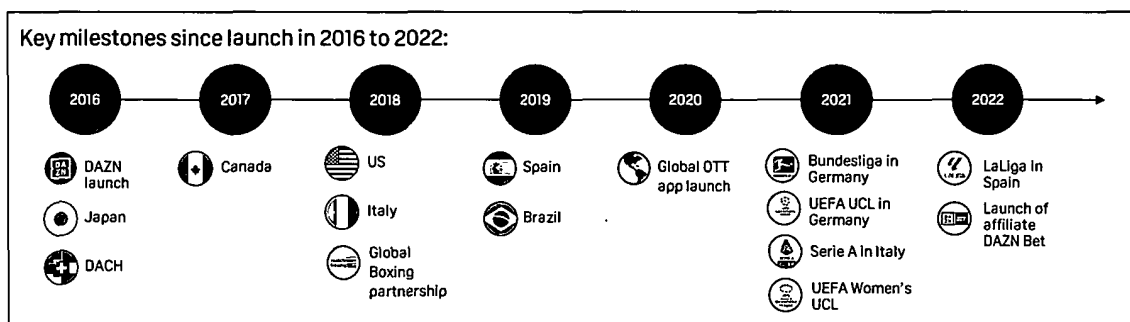
DAZN is using technology to build a scalable global digital platform that aggregates today's fragmented fan experience with a personalised experience for every user.

This is a unique proposition and DAZN is the global leader driving the digitisation of sport.

History and Current developments

Founded in 2016, DAZN is a global player in the sports entertainment industry. DAZN's sports channels and over-the-top (OTT) live streaming service are available to customers worldwide.

Since inception DAZN has been scaling its service geographically and growing its investment in sports content. In 2021-2022 DAZN significantly deepened its offering of the most popular local sports in Germany, Italy and Spain.



In 2023 DAZN is continuing to deepen its geographic presence with the acquisition of Eleven Sports adding Belgium, Portugal and Taiwan, and a localised launch in France including domestic football from Ligue Un. At a global level, from the start of the 2023/24 season, DAZN became the NFL's strategic partner to deliver the NFL Game Pass International, exclusively to customers around the world.

In addition to providing a world class sports streaming service, DAZN is focused on expanding its product services, with the launch of DAZN Bet, a venture established with IBID Investment Ltd with the results fully consolidated into DAZN Group. The Company also has announced important partnerships with licensed sporting merchandise provider Fanatics, and ticketing platform Daimani. These will bring more sports experiences to DAZN's platform over time.

DAZN is proud to be a major investor in Women's Football. DAZN obtained the rights for the UEFA Women's Champions League from the 2021/22 season and continues to invest in more global content. DAZN offers a wide-ranging portfolio of women's football from Spain, Germany, England and the US on a worldwide basis. Supporting the growth of Women's Football is a long-term strategic priority.

Business and Financial Progress

DAZN's business is driven by its portfolio of sports content which is enhanced by a unique digital customer experience. DAZN has long-standing relationships with rights owners that have enabled it to increase investment in content which in turn attracts more customers to DAZN's platform. DAZN generates revenue from customers, with subscriptions and advertising, and is continually investing in its product and technology to improve user experience and deepen engagement with its customers.

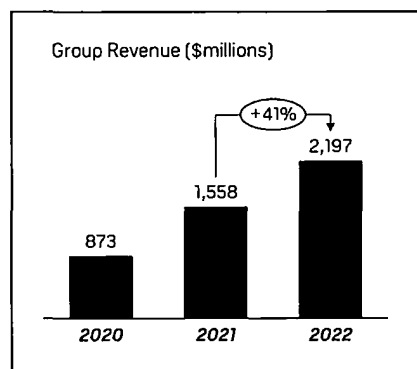
DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

In 2022, DAZN's revenue was \$2,197.3 million, an increase of \$639.1 or 41.0% compared to 2021.

This increase includes the impact of foreign exchange movements. DAZN receives its revenue in foreign currencies with the majority in Euros. In 2023 the US Dollar strengthened against most currencies and in particular the Euro (about 6%) which is the currency for the majority of DAZN's receipts. If normalised for currency movements, DAZN's revenue growth would have been higher.

In addition, the 2022 Qatar FIFA World Cup took place, uniquely, during the winter period in Europe and led to a longer winter break in European football seasons. This impacted revenue and the recognition of rights costs in 2022, as there were less games taking place in the European domestic leagues in 2022 and more matches in 2023.



DAZN historically has two statutory reporting segments. Revenue from DAZN's direct to Consumer business increased by \$659.0 million to \$2,122.6 million (2021: \$1,463.6 million) while in its Broadcast partnerships segment fell by \$19.9 million to \$74.7 million (2021: \$94.6 million) reflecting competition cyclicality. In DAZN's Consumer business the increase in revenue reflects DAZN's progress and success in three core areas:

i) Adding new content: For the start of the 2021/22 football season, DAZN added major new content to its services in Germany (*Bundesliga/UEFA Champions League*) and Italy (*Serie A*) and, for the 2022/23 season, in Spain (*La Liga*). This new content drove an increase in the subscriber base, high levels of engagement and higher pricing for DAZN's subscription offerings. The addition of new content is reflected in DAZN's investment in sports rights. Rights costs in 2022 were \$2,366.5 million, an increase of \$442.2 million or 23% compared to 2021.

ii) Pricing and Proposition: DAZN's continued investment in its subscription product enabled the launch of a range of new customer offerings including three subscription formats: annual pay upfront, annual pay monthly and pay monthly, content tiers with customers being able to choose a package of content matching their sporting interests, and pay-per-view offers for some of the biggest one-off sporting events. This investment helped DAZN grow the revenue from subscribers.

iii) Advertising: DAZN customers are a highly valuable demographic for brands and advertisers. In 2022 DAZN invested to develop its advertising product, enabling its digital advertising serving technology across more end-customer devices, and scaling its advertising sales operation. The company believes advertising will grow to become a core proposition and important element of monetisation over time.

In addition, DAZN benefited from economies of scale reflecting operational efficiency. DAZN delivered more content across multiple markets without additional operating costs. Operating Costs excluding Rights costs were broadly flat at \$893.9 million in 2022 falling by \$85.7 million or 8.7% compared to 2021.

DAZN's progress growing revenues led to an improvement in financial performance in 2022 reflecting the operational leverage in the business. DAZN's Operating margin improved significantly by +38.6%pts to (48.4%) in 2022 compared to (87%) in 2021.

With continued opportunity to grow subscription and advertising revenues and to diversify revenue sources with the addition of new services including DAZN Bet, the Company is expected to continue growing and making strong progress towards profitability.

Through 2022 the Company continued to receive support from its majority shareholder, AI Perform Holdings LLP, which provided \$730.0 million in ordinary and preference share funding. Post the Balance Sheet Date, through 2023, DAZN received \$240.0 million of additional preference share funding as at the end of September 2023. The Company's net Finance costs fell by \$891.9 million to \$41.5 million compared to \$933.4 million in 2021. This change is a result of DAZN capitalising loans in 2021 which has reduced the Company's debt and interest charges in 2022.

The Group holds investments in joint ventures and associates. The fair value of these investments is assessed each year to account for changing business and market conditions. This resulted in a combined fair value downward adjustment in 2022 of \$45.1 million (2021: \$5.1 million). The Group also has Growth Preference Shares which are accounted for as compound instruments. In 2022, a downward fair value adjustment of \$51.0 million was recognised (2021: \$nil).

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

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 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.

Risk	Impact and mitigating actions
Liquidity risk	<p>The Group has made significant losses in the current financial year and, at present, remains 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 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. The Group regularly forecasts cash flows and takes appropriate actions to improve working capital, minimising the need for shareholder funding and ensuring that it has sufficient funds to meet its liabilities as they fall due. This has included securing a new external funding facility worth \$100 million during 2023. Refer to the going concern section of the Directors' report and note 1.</p>
Cyber risk and personal data	<p>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, 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.</p> <p>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.</p>
Dependency on digital technologies and communications networks	<p>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.</p>

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

Risk	Impact and mitigating actions
Rights costs and margin	Acquiring rights usually takes place through competitive tender processes. Therefore, the outcome of rights renewals/acquisitions is uncertain. There is a risk that the Group will experience higher costs for rights it renews/acquires, or 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.
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 given the territories in which it operates. Management prepares cash flow forecasts by currency to identify currency exposures, which are reviewed and reported on a weekly basis. Where it is appropriate to do so, attempts are made to naturally hedge the Group's exposures. Where this is not possible, management consider whether an appropriate derivative instrument should be utilised to mitigate the risk.
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.
Cost of living crisis and economic uncertainty	<p>In recent times, the cost of living has increased due to high levels of inflation across the US and Europe. The increased cost of living and high levels of economic uncertainty are likely to lead to customers in core markets having less disposable income, which in turn could impact subscriber numbers.</p> <p>Despite these challenges, the 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.</p>

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement

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

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

Stakeholder	Relationship and engagement activities
Customers	<p>The DAZN business has customers in over 200 territories. DAZN engages with its customers principally through its digital application which is available in app stores, smart TVs, mobile devices, streaming media players, internet enabled set-top-boxes, and on the internet. Customers can register, subscribe and engage with DAZN services through this application. DAZN's customers are highly engaged with DAZN's services reflecting the weekly recurrence of live sports.</p> <p>DAZN has an active Customer Relationship Management (CRM) strategy, which notifies customers about new and upcoming content on a weekly basis through email, notifications in the application. Customers can also contact DAZN through self-service customer service engaging with DAZN's customer service agents.</p>
Employees	<p>As at 31 December 2022 the DAZN Group has approximately 2,500 employees operating around the world. DAZN aims to maintain an engaged and motivated workforce to deliver the best service for its customers. Through recruiting and retaining exceptional talent the Group aims to build industry leading teams at the forefront of technology, content and production, media, operations and commercial, and business development.</p> <p>The DAZN management team maintains active communication with employees, through regular written/video communications and events, including regular global updates from the CEO and employee town halls held physically and virtually.</p> <p>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.</p>

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 – Stakeholder engagement (continued)

Stakeholder	Relationship and engagement activities
Suppliers and Rights Holders	<p>The Group's primary suppliers are rights holders providing content for the 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.</p> <p>The Board remains committed to securing live sporting rights and highlights, often on an exclusive basis. Securing and utilising rights is recognised as a collaborative process, creating open and communicative relationships to develop and maintain global multi-year relationships.</p> <p>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.</p>
Community	<p>A dedicated DEI (diversity, equity, and inclusion) function within the People business function is essential in the implementation of employee-related DEI priorities. In 2022, the Group continued to evolve its efforts including enhancing parental leave packages and women's health policies, setting up minority recruitment network partnerships that focus on removing barriers to entry and the gender skills gap, and creating year-round bite sized learning content on key inclusion topics.</p> <p>To better amplify voices of employees from a diverse set of backgrounds, ERGs (employee resource groups) were set up which are employee-led groups which aim to foster a diverse, inclusive workplace. These help employees contribute to how the business evolves with an increased focus around diversity, provide support and inclusion for personal and/or career development, and create forums to tackle social-related issues.</p> <p>During the year, the Group produced a series of short features honouring key awareness calendar moments, including Black History Month and International Women's Day.</p>
Environment	<p>As a business focused on the delivery and broadcast of live sports events, the Directors recognise the significance of the environment on the DAZN Group's operations, in addition to the impacts that the Group has upon the environment. Climate change and the associated impacts to global and local weather systems will have a direct impact on how people play and experience live sport, which will in turn affect how it is broadcasted.</p> <p>As a global business, the Directors are aware of the carbon footprint of the DAZN Group as a result of work-related travel, in addition to the significant energy outlays required to operate data centres to support the DAZN streaming platform and production.</p> <p>Data centres are an integral part to the DAZN Group's operations, facilitating the storage and transfer of broadcast data underpinning the DAZN platform. This is recognised as a key area of energy consumption within the business, and as part of the global data centre network, DAZN utilises sites in London where 100% of power is generated from sustainable resources including water, wind and solar.</p> <p>In 2022, the further relaxation of COVID-19 restrictions worldwide resulted in the Group's energy usage increasing (as per the Energy and Carbon reporting in the Directors' report). However, the use of cloud-based remote commentary continued to increase with 35% of all DAZN consumer and broadcast partnership events utilising remote commentary. The use of remote editing has also increased by 30% from 2021, with 68% of all edits remote in 2022 which reduces the travel requirements and associated environmental impact of the events. Finally, since October 2022, UK boxing broadcasts from DAZN's partner Matchroom have all been certified by ALBERT as being carbon neutral productions.</p>

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

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	<p>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.</p>										
Policies and practices	<p>The Board undertakes the delegation of policies and practices among the senior leadership team and the areas of the business they have responsibility for, as well as acting as sponsors for specific initiatives within the business. In the current financial year the senior leadership team comprised the following roles:</p> <table><tr><td>- Executive Chairman</td><td>- Chief Legal Officer & General Counsel</td></tr><tr><td>- Chief Executive Officer</td><td>- Chief Marketing Officer</td></tr><tr><td>- Chief Financial Officer</td><td>- Chief Operating Officer</td></tr><tr><td>- Chief Technology Officer</td><td>- Chief Delivery Officer</td></tr><tr><td>- Chief Commercial Officer</td><td></td></tr></table> <p>After the balance sheet date there were further changes to the leadership team, including Kevin Mayer departing as Executive Chairman and Marc Watson joining as Chief Commercial Officer.</p>	- Executive Chairman	- Chief Legal Officer & General Counsel	- Chief Executive Officer	- Chief Marketing Officer	- Chief Financial Officer	- Chief Operating Officer	- Chief Technology Officer	- Chief Delivery Officer	- Chief Commercial Officer	
- Executive Chairman	- Chief Legal Officer & General Counsel										
- Chief Executive Officer	- Chief Marketing Officer										
- Chief Financial Officer	- Chief Operating Officer										
- Chief Technology Officer	- Chief Delivery Officer										
- Chief Commercial Officer											
Training	<p>Targeted face to face management and leadership development sessions have been delivered in multiple territories including the UK, Netherlands and Japan. The manager support community on the Group's intranet, "Managers' Pitstop", continues to provide support in a number of areas including learning, engagement and for key global initiatives. A dedicated online learning plan for Management and Leadership Development has also been developed, together with a "Manager's Hub" to provide a range of resources and information to support their ability to manage their people and teams.</p> <p>The Group have focused on bringing as much learning as possible in-house following a partnership with an aggregated online learning content provider, Open Sesame. This has significantly reduced 3rd party supplier costs and allowed for targeted, functional learning to specialist teams around DAZN. This included Security Awareness which enabled targeting of specific audiences to ensure increased levels of completion of our mandatory Security and Privacy Training.</p> <p>New Starter training has evolved through additional content to help a new starter get up to speed as quickly as possible in their new role, including the creation of a New Starter Hub to provide additional resources and information beyond the New Starter Training Plan.</p>										

DAZN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 – Stakeholder engagement (continued)

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

Culture	<p>In 2022 the Board updated the following Statement of Intent on Diversity, Equity, and Inclusion with reference to levelling the playing field for all prospective employees:</p> <p>“Sports fans are the lifeblood of DAZN and the very reason we exist. To best serve them, our global workforce must reflect the diversity of sports fans all around the world. We recognize that having the strongest workforce possible means hiring and developing the best people across all races, ethnicities, religions, age groups, sexual orientations, gender identities and all abilities. We are committed to fostering an inclusive environment, both inside and outside of our walls, that values equality and diversity - where everyone can contribute at the highest level and their voices can be heard.”</p> <p>Our aim is to make our hiring processes as accessible for everyone as possible. We continue to do our best to accommodate adjustments for interviews.</p>
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Future developments

Details of significant events since the balance sheet date are discussed above.

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



Shay Segev

Director

13 November 2023

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 2022.

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

The Group had cash balances of \$289.2 million (2021: \$157.7 million) and borrowings of \$272.7 million (2021: \$172.0 million) at the year end, resulting in a net cash position of \$16.5 million (2021: net debt of \$14.3 million). The Group had net current liabilities of \$291.4 million (2021: \$119.3 million net current assets), net liabilities of \$430.2 million (2021: \$114.4 million net assets) and made a loss after tax of \$1,252.0 million (2021: \$2,331.1 million). The Group's total cashflow from operating activities is a cash outflow of \$492.0 million (2021: \$1,231.1 million). The Group had future rights commitments of \$7.6 billion (2021: \$6.4 billion) at 31 December 2022 that are not recognised in the statement of financial position. Refer to note 25 for further detail on the timing of the payments relating to future rights commitments.

Having reviewed cash flow forecasts and budgets and having considered the financial support that the Group's principal shareholder, Access Industries ("Access") has confirmed it intends to provide to the Group through its fully owned subsidiary AI Perform Holdings LLP, the Directors have a reasonable expectation that the Group will have access to sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. As in prior periods, Access is not legally obligated to provide financial support. The Directors have considered a range of factors in order to make their going concern assessment, including expected future demand for the Group's services, the revenue growth trends of the business, the history of continued financial support from Access, throughout the financial year and during 2022 to date, and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2027, including forecast funding requirements. This assessment has included consideration of the recent cost of living crisis, and its resulting impact on future revenues, results from operations and cash flows. The directors have also considered Access' ability to provide funding and concluded that Access have sufficient funds to provide support to the Group where required. For further details refer to note 1.

The Group continues its strategy of rights acquisitions in order to support the ongoing growth of DAZN, 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 additional funding during this period in order to discharge all obligations as they fall due.

The Group's principal shareholder, AI Perform Holdings LLP (a member of the Access Industries group), has confirmed its intention to continue to provide financial support to the Group to enable the Group to ensure that they are able to meet their liabilities as they fall due and therefore to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. In the period between the year end and the signing of the accounts Access has provided \$240.0 million of cash funding to DAZN, in exchange for ordinary and growth 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. 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.

DAZN GROUP LIMITED

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 2022 (2021: \$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 – resigned as Director on 1 March 2023;
- Mitsuyuki Nakamura – appointed as Director on 22 July 2022, resigned as Director on 30 November 2022;
- Andrea Radrizzani – appointed as Director on 15 February 2023;
- Shay Segev – appointed as Director on 30 November 2022;
- John Skipper – resigned as Director on 13 May 2022;
- Paul Walker – resigned as Director on 1 January 2023.

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 (2021: \$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. Employees 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 years ended 31 December 2022 and 2021 are set out below.

	2022	2021
Scope 2 emissions		
Annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity by the Group for its own use	578 tn	804 tn
A figure, in MWh, which is the aggregate of the annual quantity of energy consumed	5,435 MWh	6,669 MWh
Scope 3 emissions		
Annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from indirect activities	2,667 tn	1,115 tn
A figure, in MWh, which is the aggregate of the annual quantity of energy consumed	10,464 MWh	4,618 MWh
Overall		
Total tonnes of carbon dioxide equivalent produced per each million dollars of revenue recognised during the year	1.5 tn	1.2 tn
Total MWh consumed per each million dollars of revenue recognised during the year	7.2 MWh	7.2 MWh

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

The DAZN Group is required to report on Scope 1 and Scope 2 emissions within the UK and offshore area, as well as Scope 3 emissions in relation to business travel by means not controlled by the Group. Emissions from entities acquired by the Group during the year are not material so have not been included in the reporting.

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.

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 increased year on year. The further relaxation of the COVID-19 restrictions and increase in international travel 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 (as a result of various measures including reducing floor space), production facilities and data centres (Scope 2 emissions) have fallen slightly, partially 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

13 November 2023

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 2022 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards 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 29 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, United Kingdom adopted international accounting standards 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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

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 legislations in the group's various jurisdictions; and
- we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team 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 revenue related to the accuracy of a certain distribution agreement, and our procedures performed to address it are described below:

- we critically assessed the judgments made by management in the assessment of the accounting implications of the distribution agreement;
- critically assessed how the distribution agreement should be accounted for under the IFRS 15 step model; and
- critically assessed the new service commitment clause including the accounting implications regarding its revenue recognition.

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:

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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

13 November 2023

DAZN GROUP LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$'m	2021 \$'m
Revenue	2	2,197.3	1,558.2
Other income		2.6	3.3
Operating costs	3	(3,260.4)	(2,903.9)
Share of results of joint ventures and associates	23	(3.3)	(12.9)
Group operating loss		(1,063.8)	(1,355.3)
<i>Operating margin</i>		<i>(48.4%)</i>	<i>(87.0%)</i>
Finance income	5	3.5	1.3
Finance costs	6	(45.0)	(934.7)
Change in fair value of investments classified as fair value through profit and loss	23	(45.1)	(5.1)
Change in fair value of preference shares classified as debt		(51.0)	-
Loss on disposal of subsidiaries and operations		-	(12.1)
Group loss before tax		(1,201.4)	(2,305.9)
Taxation charge	7	(50.6)	(25.2)
Group loss for the year		(1,252.0)	(2,331.1)
<i>Group loss attributable to:</i>			
Owners of the Parent		(1,235.9)	(2,331.1)
Non-controlling interests		(16.1)	-

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$'m	2021 \$'m
Group loss for the year		(1,252.0)	(2,331.1)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(10.7)	122.4
Share of other comprehensive loss of joint ventures and associates	23	-	(0.5)
Reclassification of foreign exchange (losses)/gains on disposal		-	25.5
Other comprehensive income/(loss), net of tax		(10.7)	147.4
Total comprehensive loss for the year		(1,262.7)	(2,183.7)
<i>Total comprehensive loss for the year attributable to:</i>			
Owners of the Parent		(1,246.6)	(2,183.7)
Non-controlling interests		(16.1)	-

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 \$'m	2021 \$'m
Non-current assets			
Goodwill	8	8.2	8.2
Other intangible assets	9	75.5	64.3
Property, plant and equipment	10	14.5	17.6
Right of use assets	11	44.2	53.1
Investment in sublease	11	12.6	13.1
Other receivables	12	4.7	4.7
Deferred tax asset	19	23.6	24.1
Investments in financial assets	18	1.9	1.9
Interests in joint ventures and associates	23	1.5	1.6
Investments in preference shares of associates	23	9.4	52.9
Total non-current assets		196.1	241.5
Current assets			
Investment in sublease	11	1.6	2.1
Trade and other receivables	12	377.7	181.0
Inventory		2.5	7.5
Prepayments and accrued income	13	363.7	480.1
Cash and cash equivalents	14	289.2	157.7
Total current assets		1,034.7	828.4
Total assets		1,230.8	1,069.9
Current liabilities			
Lease liability	11	(10.6)	(9.9)
Trade and other payables	15	(1,232.3)	(635.5)
Provisions	16	(27.5)	(34.1)
Current tax liabilities		(55.7)	(29.6)
Total current liabilities		(1,326.1)	(709.1)
Net current assets/(liabilities)		(291.4)	119.3
Non-current liabilities			
Lease liability	11	(54.8)	(65.3)
Borrowings	17	(272.7)	(172.0)
Provisions	16	(5.9)	(9.1)
Deferred tax liability	19	(1.5)	-
Total non-current liabilities		(334.9)	(246.4)
Total liabilities		(1,661.0)	(955.5)
Net assets/(liabilities)		(430.2)	114.4

DAZN GROUP LIMITED


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

	Notes	2022 \$'m	2021 \$'m
Equity			
Called-up share capital	21	39.7	35.6
Share premium	21	6,612.5	5,838.0
Own shares	21	(1.3)	(1.4)
Merger relief reserve		126.3	142.9
Capital redemption reserve		51.8	62.2
Capital contribution reserve		63.9	64.5
Share-based payment reserve	22	42.6	24.4
Accumulated deficit		(7,283.7)	(6,032.3)
Foreign exchange reserve		(65.7)	(19.5)
Non-controlling interest		(16.3)	-
Total shareholder deficit		(430.2)	114.4

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 13/11/2023.

Signed on behalf of the Board of Directors



Shay Segev

Director

13 November 2023

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Called-up share capital (note 21)	Share premium (note 21)	Own shares (note 21)	Merger relief reserve ¹	Capital redemption reserve ²	Capital contribution reserve ³	Share-based payment reserve ⁵ (note 22)	Accumulated deficit	Foreign exchange Reserve ⁴	Equity attributable to owners of the Parent \$'m
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
At 31 December 2020	17.7	2,536.4	(1.4)	142.9	62.2	47.3	-	(3,701.2)	(166.9)	(1,063.0)
Loss for the year	-	-	-	-	-	-	-	(2,331.1)	-	(2,331.1)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
FX on translating foreign operations	-	-	-	-	-	-	-	-	122.4	122.4
Reclassification of exchange differences on disposal	-	-	-	-	-	-	-	-	25.5	25.5
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	(0.5)	(0.5)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(2,331.1)	147.4	(2,183.7)
Share capital/premium issued	17.9	3,301.6	-	-	-	-	-	-	-	3,319.5
Capital contribution	-	-	-	-	-	17.2	-	-	-	17.2
Equity-settled share based payment scheme charge	-	-	-	-	-	-	24.4	-	-	24.4
As at 31 December 2021	35.6	5,838.0	(1.4)	142.9	62.2	64.5	24.4	(6,032.3)	(19.5)	114.4

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 presentational currency.

⁵ Share-based payment reserve relates to equity-settled incentive schemes issued in the previous financial year, refer to note 22.

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2022

	Called-up share capital (note 21)	Share premium (note 21)	Own shares (note 21)	Merger relief reserve ¹	Capital redemption reserve ¹	Capital contribution reserve ²	Share-based payment reserve ⁴ (note 22)	Accumulated deficit	Foreign exchange Reserve ³	Non – controlling interest ⁵	Equity attributable to owners of the Parent
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
At 31 December 2021	35.6	5,838.0	(1.4)	142.9	62.2	64.5	24.4	(6,032.3)	(19.5)	-	114.4
Impact of functional currency change ³	1.3	77.9	0.1	(16.6)	(10.4)	(0.6)	(0.7)	(15.5)	(35.5)	-	-
At 1 January 2021	36.9	5,915.9	(1.3)	126.3	51.8	63.9	23.7	(6,047.8)	(55.0)	-	114.4
Acquisition of DAZNBET	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)
Loss for the year	-	-	-	-	-	-	-	(1,235.9)	-	(16.1)	(1,252.0)
FX on translating foreign operations	-	-	-	-	-	-	-	-	(10.7)	-	(10.7)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(1,235.9)	(10.7)	(16.1)	(1,262.7)
Share capital/premium issued	2.8	696.6	-	-	-	-	-	-	-	-	699.4
Equity-settled share based payment scheme charge	-	-	-	-	-	-	18.9	-	-	-	18.9
As at 31 December 2022	39.7	6,612.5	(1.3)	126.3	51.8	63.9	42.6	(7,283.7)	(65.7)	(16.3)	(430.2)

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. 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. The Group was de-listed in December 2014.

² 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.

³ The foreign exchange reserve represents the accumulated exchange differences on translating foreign operations into the DAZN Group presentational currency. During 2022, the functional currency of DAZN Group Limited changed from GBP to USD. See note 1 for details.

⁴ Share-based payment reserve relates to equity-settled incentive schemes issued in the current financial year, refer to note 22.

⁵ A non-controlling interest has arisen in DAZN Bet. See note 1 for details.

DAZN GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$'m	2021 \$'m
Operating activities			
Total loss for the year		(1,252.0)	(2,331.1)
Finance costs (net)	5,6	41.5	933.4
Tax expense (net)	7	50.6	25.2
Depreciation and amortisation (including acquisition intangible amortisation)	9-11	58.8	72.9
Change in fair value of investments at fair value through profit and loss	23	45.1	5.1
Change in fair value of preference shares classified as debt		51.0	-
Share of results of joint ventures and associates	23	3.3	12.9
Non-cash IFRS 2 charge	22	30.5	24.3
Loss on disposal	24	-	12.1
Unrealised foreign exchange movements		(47.3)	(47.8)
Operating cash flow movements before working capital		(1,018.5)	(1,293.0)
Increase in trade and other receivables and prepayments		(53.0)	(54.2)
Increase in trade and other payables		594.2	149.7
Decrease/(Increase) in inventories		5.0	(7.5)
Increase/(Decrease) in provisions		(9.8)	(20.3)
Cash used by operations		(482.1)	(1,225.3)
Corporation tax payments		(9.9)	(5.8)
Cash flow used in operating activities		(492.0)	(1,231.1)
Investing activities			
Purchases of property, plant and equipment		(5.3)	(6.6)
Expenditure on intangible assets		(38.7)	(33.9)
Issue of external loan receivable	28	(39.1)	-
Acquisitions and disposals of subsidiaries and operations	24	-	16.1
Sublease income	11	2.2	0.6
Interest income	5	3.5	1.2
Cash flow from investing activities		(77.4)	(22.6)
Financing activities			
Proceeds from borrowings	17	-	1,100.0
Repayment of lease principal	11	(9.1)	(11.6)
Repayment of lease interest	11	(6.2)	(7.0)
Proceeds from issues of shares	17	730.0	150.0
Interest expense, bank fees and related charges paid		(0.7)	(0.8)
Cash flow from financing activities		714.0	1,230.6
Net (decrease)/increase in cash and cash equivalents in the year		144.6	(23.1)
Cash and cash equivalents at start of year		157.7	186.0
Effect of foreign currency exchange rates		(13.1)	(5.2)
Cash and cash equivalents at end of year	14	289.2	157.7

DAZN GROUP LIMITED

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

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 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, the parent Company changed its functional currency from Pound Sterling to US Dollars 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 2022 as follows:

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

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

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

DAZN GROUP LIMITED

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

1. Accounting policies (continued)

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

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.

Audit exemptions

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
DAZN Media Channels Limited	05645564
DAZN Production Services Limited	13844882
DAZN PFL Holdco Limited	14434195

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.

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 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.

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

1. Accounting policies (continued)

Basis of consolidation (continued)

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 considers 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.

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. The Company's share of the profit or loss of the subsidiaries is recognised in the consolidated income statement. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

(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.

DAZN GROUP LIMITED

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

1. Accounting policies (continued)

Basis of consolidation (continued)

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.

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.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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.

Going concern

The Group had cash balances of \$289.2 million (2021: \$157.7 million) and borrowings of \$272.7 million (2021: \$172.0 million) at the year end, resulting in a net cash position of \$16.5 million (2021: net debt of \$14.3 million). The Group had net current liabilities of \$291.4 million (2021: \$119.3 million net current assets), net liabilities of \$430.2 million (2021: \$114.4 million net assets) and made a loss after tax of \$1,252.0 million (2021: \$2,331.1 million). The Group's total cashflow from operating activities is a cash outflow of \$492.0 million (2021: \$1,231.1 million). The Group had future rights commitments of \$7.6 billion (2021: \$6.4 billion) at 31 December 2022 that are not recognised in the statement of financial position. Refer to note 25 for further detail on the timing of the payments relating to future rights commitments.

DAZN GROUP LIMITED

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

1. Accounting policies (continued)

Going Concern (continued)

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 and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2027, including forecast funding requirements. This assessment has included consideration of the recent cost of living crisis, and its resulting impact on future revenues, results from operations and cash flows. The directors have also considered Access' ability to provide funding and concluded that Access have sufficient funds to provide support to the Group where required.

The Group continued the expansion of its DAZN Consumer 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 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 \$240.0 million of funding to DAZN, in exchange for ordinary and preference shares, to support its investment and growth plans.

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.

DAZN GROUP LIMITED

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

1. Accounting policies (continued)

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.

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 business

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. Variable consideration exists in certain markets due to the potential for future performance obligations or cash outflows in relation to Consumer business revenue. The Group has constrained this variable consideration and recognised revenue only to the extent that it is highly probable that there will not be a significant reversal of revenue in the future. The Group has estimated the amount of revenue for which it is highly probable that there will not be a significant reversal by evaluating the potential future obligations or cash outflows and the estimated likelihood of these eventualities to occur. The estimate of revenue that has been deferred in contract liabilities due to the constraint outlined above will be subject to reassessment at each reporting date and may change as additional information regarding the likelihood of a revenue reversal becomes available.

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.

DAZN GROUP LIMITED

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

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.

DAZN GROUP LIMITED

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

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.

DAZN GROUP LIMITED

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

1. Accounting policies (continued)

Leases (continued)

The Group as lessee (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.

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.

DAZN GROUP LIMITED

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

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 changed in the year from Pound Sterling to US Dollars.

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.

DAZN GROUP LIMITED

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

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

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 at a rate calculated to write each asset down to its estimated residual value (assumed to be nil), using the straight-line method, over three years.

DAZN GROUP LIMITED

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

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. If there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity, the asset is regarded as having indefinite useful life. This applies to the licences obtained on acquisition of DAZNBET (see note 24). For all other assets, 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 are 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 business (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.

DAZN GROUP LIMITED

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

1. Accounting policies (continued)

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.

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.

DAZN GROUP LIMITED

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

1. Accounting policies (continued)

Trade and other payables

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

Long-term incentive schemes

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).

DAZN GROUP LIMITED

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

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 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.

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.

DAZN GROUP LIMITED

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

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 2022 these commitments total \$7.6 billion (2021: \$6.4 billion). The Directors do not consider this commitment to be a financial liability as this commitment relates to future payments for future sporting events that the Group has acquired the right to stream. For this reason, and as the organiser declares it waives the exercise of its own rights to stream the sport, the Group does not consider it meets the criteria for recognition of an intangible asset nor does it consider it has a financial liability in accordance with IFRS 9 until the sporting event has been delivered.

Accounting for 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.

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. During 2022, an additional \$365.0 million Growth Preference Shares were issued.

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 \$253.4 million.

DAZN GROUP LIMITED

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

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 29% 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 23 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 19. During the year the Group recognised \$17.9 million loss on the fair value remeasurement of the Footballco preference shares and a loss of \$24.4 million on the fair value remeasurement of the ordinary and preference shares in Peak Jersey Topco Ltd.

Measurement of Growth Preference Shares classified as debt

The Growth Preference Shares are treated as a compound financial instrument with the debt portion being measured at fair value through profit and loss. 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 equity volatility of DAZN and the risk-free rate. If the volatility were to increase by 10%, the impact would reduce the preference share value by \$19.7 million. If the risk-free rate were to increase by 2% the preference share value at yearend would decrease by \$7.1 million.

Uncertain tax provision

The Group is potentially subject to tax audits in many jurisdictions which may often be complex and could take a significant period of time to be agreed with the tax authorities. The Group applies management judgment in assessing the position expected to be taken by each tax authority based on the interpretation of country-specific tax legislation and the likelihood of settlement and therefore provides for uncertain tax positions. As at 31 December 2022, the Group had recognised provisions of \$55.2m (2021: \$22.3m) on the balance sheet, the most material of which was \$40.1m (2021: \$12.3m).

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

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 Partnership divisions. The below disaggregation of revenue is consistent with the revenue information that is disclosed for each division as detailed below.

	2022	2021
	\$'m	\$'m
<i>Revenue from contracts with customers</i>		
DAZN Consumer business	2,122.6	1,463.6
Broadcast Partnerships	74.7	94.6
Total revenue from contracts with customers	2,197.3	1,558.2

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.

For contracts that existed at the year end, there is \$2,811.5 million (2021: \$1,845.8 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 2022 due to a number of deals being signed with minimum guarantees. In the next reporting period 41% (2021: 46%) of the transaction price allocated to partially unsatisfied performance obligations will be recognised as revenue. This excludes any future income from partnership deals which are based primarily on profit-share, where the revenue is constrained due to the uncertainty around future variable profits.

DAZN GROUP LIMITED

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

2. Revenue (continued)

Geographical revenue analysis

Geographical revenue information for the years ended 31 December 2022 and 2021 is presented below:

	Europe, Middle East and Africa \$'m	Asia Pacific \$'m	Americas \$'m	Total \$'m
2022				
DAZN Consumer business	1,604.3	266.0	252.3	2,122.6
Broadcast Partnerships	50.2	-	24.5	74.7
Total revenue	1,654.5	266.0	276.8	2,197.3

	Europe, Middle East and Africa \$'m	Asia Pacific \$'m	Americas \$'m	Total \$'m
2021				
DAZN Consumer business	1,033.0	238.2	192.4	1,463.6
Broadcast Partnerships	46.3	3.2	45.1	94.6
Total revenue	1,079.3	241.4	237.5	1,558.2

DAZN GROUP LIMITED

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

3. Operating costs

Loss for the year has been arrived at after charging:

	2022 \$'m	2021 \$'m
Rights costs	2,366.5	1,924.3
Other content and marketing costs	462.2	509.6
Legal and professional fees	16.7	30.3
Staff and contractors	201.8	191.6
(Gain)/ Loss on foreign exchange	(15.4)	20.3
Provisions raised (note 16)	8.1	34.7
Equity-settled share based payment charge (note 22)	30.5	24.4
Expected credit loss recognised	5.2	2.5
Other costs	184.8	166.2
Total operating costs	3,260.4	2,903.9
<i>Total operating costs excluding Rights costs</i>	<i>893.9</i>	<i>979.6</i>

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 9, 10 and 11 respectively. Also included within other costs are research and development costs of \$72.7 million (2021: \$56.7 million).

The 2022 Qatar FIFA World Cup took place during the winter period in Europe. This led to a longer winter break in European football seasons impacting revenue and recognition of rights costs. In 2022 there were less games taking place in European domestic leagues with more matches in 2023. In 2022 this resulted in \$181.7m of rights costs that would have normally been recognised in the year being recognised in 2023.

The analysis of auditor's remuneration is as follows:

	2022 \$'m	2021 \$'m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	2.9	2.6
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	0.1	0.1
Fees payable to the Company's auditor for overruns on the audit of the Company's prior year annual accounts	0.4	0.6
Total audit fees	3.4	3.3
<i>Fees payable to the Group's auditors for other services:</i>		
Tax compliance services	-	-
Other assurance services	0.1	0.1
Total non-audit fees	0.1	0.1
Total fees payable to the Group's auditor	3.5	3.4

DAZN GROUP LIMITED

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

4. Staff costs

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

	2022 Nos.	2021 Nos.
Business development and sales	43	46
Account management and marketing	290	264
Production	805	754
Technology	889	766
Administration and management	499	483
Total	2,526	2,313

Employee costs (including Executive Directors) were:

	2022 \$'m	2021 \$'m
Wages and salaries	220.0	184.8
Social security costs	29.5	23.1
Pension costs	7.3	11.6
Contingent cash settled share-based payment scheme	2.9	14.7
Long-term incentive schemes, cash-settled	30.5	(0.6)
Total	290.2	233.6

Of the total staff costs of \$290.2 million (2021: \$233.6 million), \$27.1 million (2021: \$24.1 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 9.

In addition to the above employee costs, the Group recognised an expense of \$18.9 million (2021: \$24.4 million) in relation to an equity-settled share scheme and \$10.5 million (2021: \$3.3 million) in relation to cash-settled share schemes. The contingent cash settled share-based payment scheme, for which the expense is shown in the table above, was settled in cash in full (for \$4.4 million) in April 2022.

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

	2022 \$'m	2021 \$'m
Wages and salaries	25.7	29.9
Social security costs	2.0	2.6
Pension costs	0.3	0.4
Terminations	1.0	-
Charge for long-term share and cash-settled schemes	-	0.1
Contingent cash settled share-based payment scheme	1.9	6.8
Total	30.9	39.8

During 2022 the Directors considered 29 individuals to be key management personnel (2021: 21) (including Executive and Non-Executive Directors).

Directors' remuneration was:	2022 \$'m	2021 \$'m
Emoluments	8.4	7.9
Company contributions to defined contribution pension schemes	0.1	-
Total	8.5	7.9

DAZN GROUP LIMITED

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

4. Staff costs (continued)

	2022 Nos.	2021 Nos.
The number of Directors who:		
Are members of a defined contribution pension scheme	1	1
	2022 \$'m	2021 \$'m
Remuneration of the highest paid Director:		
Emoluments	3.3	3.2
Total	3.3	3.2

5. Finance income

	2022 \$'m	2021 \$'m
Financial instruments measured at amortised cost		
Interest income from loan to external debtors	1.6	-
Interest income from subleasing right of use assets (note 11)	1.2	1.1
Other interest income	0.7	0.2
Total finance income	3.5	1.3

Interest income on external debtors of \$1.6 million relates to loans extended to parties in advance of completing acquisitions.

6. Finance costs

	2022 \$'m	2021 \$'m
Interest on shareholder loans	-	737.6
Amortisation of arrangement fees and other bank charges and finance costs	2.2	6.4
Removal of conversion option on convertible loan	-	20.4
Interest expense on lease liabilities	6.2	7.0
Unwind on dilapidation provisions	0.1	-
Foreign exchange losses on financing items	36.5	163.3
Total finance costs	45.0	934.7

Interest on shareholder loans in the prior year was \$737.6 million, including \$24.1 million relating to the fair value adjustment for the below market interest rate element on shareholder loans.

DAZN GROUP LIMITED

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

7. Taxation

	2022 \$'m	2021 \$'m
Current tax:		
UK current tax charge at 19% (2021: 19%)	0.6	0.8
Adjustment in respect of prior years	-	(0.1)
Foreign tax:		
Overseas current tax charge	30.2	31.3
Adjustment in respect of prior years	11.3	(0.9)
Withholding tax	9.1	1.8
Deferred tax:		
Origination or reversal of temporary differences	0.2	(3.9)
Impact of changes in tax rates	(0.1)	(4.0)
Adjustment in respect of prior years	(0.7)	0.2
Tax charge for the year	50.6	25.2

UK corporation tax is calculated at 19% (2021: 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:

	2022 \$'m	2021 \$'m
Loss before tax	(1,201.4)	(2,305.9)
Tax at weighted average UK corporation tax rate of 19% (2021: 19%)	(228.3)	(438.1)
Effects of:		
Amounts not deductible in determining taxable profit	40.1	129.6
Non-taxable income	0.8	(4.4)
Non-deductible hybrid mismatches	186.2	314.3
Prior year adjustments	10.6	(0.8)
Change in UK tax rate on deferred tax balances	(0.2)	(4.0)
Different tax rates of subsidiaries operating in other jurisdictions	9.1	3.0
Overseas tax	0.0	(0.0)
Non-recognition of losses	27.0	8.1
Other unrecognised deferred tax	5.3	15.8
UK group relief	0.0	(0.1)
Withholding tax	-	1.8
Tax charge	50.6	25.2

On 24 May 2021, an increase to the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted.

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

DAZN GROUP LIMITED

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

8. Goodwill

	\$'m
Cost	
At 31 December 2020	1.6
Acquisition of Texel	8.2
At 31 December 2021	9.8
At 31 December 2022	9.8
Accumulated impairment losses	
At 31 December 2020	(1.6)
Impairment of goodwill	-
At 31 December 2021	(1.6)
Impairment of goodwill	-
At 31 December 2022	(1.6)
Carrying amount	
At 31 December 2022	8.2
At 31 December 2021	8.2

The Group has historically identified two cash generating units ("CGUs"), being DAZN and Broadcast Partnerships. During 2021, the Group acquired Texel Live Limited ("Texel"), resulting in \$8.2m of goodwill being recorded on acquisition which was allocated to the DAZN CGU.

DAZN GROUP LIMITED

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

9. Other intangible assets

Cost	Computer software development \$'m	Licenses \$'m	Total \$'m
At 31 December 2020	138.1	-	138.1
Additions	35.7	-	35.7
Disposals	(15.3)	-	(15.3)
Effect of movement in foreign exchange	(8.9)	-	(8.9)
At 31 December 2021	149.6	-	149.6
Additions	42.7	-	42.7
Acquisition of subsidiary	0.1	13.6	13.7
Disposals	(50.2)	-	(50.2)
Effect of movement in foreign exchange	(9.3)	-	(9.3)
At 31 December 2022	132.9	13.6	146.5
Accumulated amortisation			
At 1 January 2021	64.1	-	64.1
Charge for the year	41.5	-	41.5
Disposals	(15.2)	-	(15.2)
Effect of movement in foreign exchange	(5.1)	-	(5.1)
At 31 December 2021	85.3	-	85.3
Charge for the year	40.8	-	40.8
Disposals	(50.2)	-	(50.2)
Effect of movement in foreign exchange	(4.9)	-	(4.9)
At 31 December 2022	71.0	-	71.0
Net book value			
At 31 December 2022	61.9	13.6	75.5
At 31 December 2021	64.3	-	64.3

Computer software development relates to costs incurred to improve and develop the DAZN platform in order to deliver content to customers. Amortisation of \$40.8 million (2021: \$41.5 million) is included as part of the operating costs.

DAZN GROUP LIMITED

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

10. Property, plant and equipment

	Freehold land \$'m	Technical and production equipment \$'m	Office furniture and equipment \$'m	Leasehold improvements \$'m	Total \$'m
Cost					
At 1 January 2021	0.4	30.2	1.1	33.5	65.2
Additions	-	3.9	0.2	1.7	5.8
Disposals	-	(16.0)	(0.4)	(7.0)	(23.4)
Effect of movement in foreign exchange	-	(1.2)	(0.1)	(1.4)	(2.7)
At 31 December 2021	0.4	16.9	0.8	26.8	44.9
Additions	-	3.7	0.6	1.4	5.7
Acquisition of subsidiary	-	0.8	0.3	0.5	1.6
Disposals	-	(8.6)	(0.4)	(17.6)	(26.6)
Effect of movement in foreign exchange	-	(0.3)	-	(0.6)	(0.9)
At 31 December 2022	0.4	12.5	1.3	10.5	24.7
Accumulated depreciation					
At 1 January 2021	-	17.3	0.6	16.3	34.2
Charge for the year	-	8.7	0.3	9.6	18.6
Disposals	-	(16.0)	(0.4)	(7.0)	(23.4)
Effect of movement in foreign exchange	-	(1.0)	-	(1.1)	(2.1)
At 31 December 2021	-	9.0	0.5	17.8	27.3
Charge for the year	-	4.7	0.2	4.2	9.1
Disposals	-	(8.6)	(0.4)	(17.6)	(26.6)
Effect of movement in foreign exchange	-	0.3	0.1	-	0.4
At 31 December 2022	-	5.4	0.4	4.4	10.2
Net book value					
At 31 December 2022	0.4	7.1	0.9	6.1	14.5
At 31 December 2021	0.4	7.9	0.3	9.0	17.6

DAZN GROUP LIMITED

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

11. Leases

a) Right of use assets

	Offices and Data Centres \$'m
Cost	
At 1 January 2021	98.4
Additions	6.5
Disposals	(25.2)
Effect of movement in foreign exchange	(4.0)
At 31 December 2021	75.7
Additions	6.1
Disposals	(2.7)
Effect of movement in foreign exchange	(6.3)
At 31 December 2022	72.8
Accumulated depreciation	
At 1 January 2021	23.4
Charge for the year	12.6
Effect of movement in foreign exchange	(12.4)
Disposals	(1.0)
At 31 December 2021	22.6
Charge for the year	9.2
Disposals	(1.2)
Effect of movement in foreign exchange	(2.0)
At 31 December 2022	28.6
Net book value	
At 31 December 2022	44.2
At 31 December 2021	53.1

The Group holds right of use assets in respect of office buildings and data storage space leases. The average lease term is 2.5 years (2021: 3.2 years).

b) Investment in sub-lease

	2022 \$'m	2021 \$'m
At 1 January 2022	15.2	1.6
Additions	-	13.0
Finance income on sub-lease	1.2	1.1
Payments received	(2.2)	(0.5)
At 31 December 2022	14.2	15.2

DAZN GROUP LIMITED

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

11. Leases (continued)

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

	Minimum sublease payments	Present value of sublease asset	Minimum sublease payments	Present value of sublease asset
	2022 \$'m	2022 \$'m	2021 \$'m	2021 \$'m
Year 1	2.7	1.6	2.3	2.1
Year 2	2.5	1.6	2.7	2.4
Year 3	2.5	1.6	2.5	2.0
Year 4	2.7	2.0	2.5	1.9
Year 5	2.8	2.3	2.7	1.9
Onwards	5.4	5.1	8.2	4.9
Less: Future finance income	(4.4)		(5.7)	
Present value of investment in sub lease	14.2	14.2	15.2	15.2

Analysed as:

	2022 \$'m	2021 \$'m
Current	1.6	2.1
Non-current	12.6	13.1
As at 31 December	14.2	15.2

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

c) Amounts recognised in profit and loss

	2022 \$'m	2021 \$'m
Depreciation of right-of-use asset	(9.2)	(12.6)
Finance costs on lease liabilities (note 6)	(6.2)	(7.0)
Unwind of dilapidation provision (note 6)	(0.1)	(0.0)
Expense relating to short-term leases	-	(0.1)
Finance income on sub-lease (note 5)	1.2	1.1

The total cash outflow for leases in 2022 amounted to \$15.2 million (2021: \$18.6 million), of which \$9.1 million (2021: \$11.6 million) was used to settle the principal portion of the lease and \$6.2 million (2021: \$7.0 million) to settle interest. As at 31 December 2022, the Group is committed to \$nil for short term leases (2021: \$0.1 million). There are no variable lease payments.

DAZN GROUP LIMITED

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

11. Leases (continued)

d) Lease liability

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

	Minimum sublease payments	Present value of sublease asset	Minimum sublease payments	Present value of sublease asset
	2022 \$'m	2022 \$'m	2021 \$'m	2021 \$'m
Year 1	16.1	10.5	16.2	9.9
Year 2	14.4	9.6	16.6	11.0
Year 3	12.5	8.4	14.7	10.0
Year 4	11.4	8.1	12.7	8.7
Year 5	9.7	7.2	11.4	8.3
Year 6 and onwards	26.5	21.6	35.0	27.3
Less: Future finance charges	(25.2)	-	(31.4)	-
Present value of lease liability	65.4	65.4	75.2	75.2

Analysed as:

	2022 \$'m	2021 \$'m
Current	10.6	9.9
Non-current	54.8	65.3
As at 31 December	65.4	75.2

Movement in lease liability during the year

	2022 \$'m	2021 \$'m
As at 1 January	75.2	84.3
Payments made	(15.3)	(18.6)
Additions	5.8	6.5
Disposals	(1.8)	(0.8)
Finance costs on lease liabilities	6.2	7.0
FX revaluation of lease liabilities	(4.7)	(3.2)
As at 31 December	65.4	75.2

DAZN GROUP LIMITED

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

12. Trade and other receivables

	2022 \$'m	2021 \$'m
Non-current		
Other receivables	4.7	4.7
Current		
Gross trade receivables	277.4	119.4
Loss allowance	(8.9)	(5.8)
Net trade receivables	268.5	113.6
Other receivables	109.2	67.4
Total current trade and other receivables	377.7	181.0

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 current 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 and external loan receivables.

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:

	2022 \$'m	2021 \$'m
At 1 January	5.8	3.0
Net remeasurement of loss allowance	5.3	2.5
Amounts written off	(1.4)	-
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	-	0.2
Effect of movement in foreign exchange	(0.8)	0.1
As at 31 December	8.9	5.8

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.

DAZN GROUP LIMITED

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

12. Trade and other receivables (continued)

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

	2022 \$'m	2021 \$'m
Not yet due	229.5	36.3
Not more than three months	6.9	17.7
More than three months but not more than six months	6.0	5.5
More than six months but not more than a year	-	10.0
More than one year	26.1	44.1
Total	268.5	113.6

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

13. Prepayments and accrued income

Prepayments and accrued income balances are set out below:

	2022 \$'m	2021 \$'m
Current		
Prepayments for acquiring content and rights	280.7	409.4
Contract assets	67.4	49.7
Other prepaid cost	15.6	21.0
As at 31 December	363.7	480.1

Other prepaid costs include \$6.8 million (2021: \$10.2 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 increase in contract assets is due to the timings of payments received from distribution partners.

14. Cash and cash equivalents

	2022 \$'m	2021 \$'m
Cash and cash equivalents	289.2	157.7

Cash was held in a variety of interest-bearing accounts. This balance includes \$1.9 million (2021: \$nil) of restricted customer funds.

15. Trade and other payables

	2022 \$'m	2021 \$'m
Trade payables	111.7	60.9
Rights accrual	195.8	119.9
Accruals	153.3	140.2
Contract liabilities	707.9	285.5
Taxation and social security	8.0	9.0
Other creditors	55.6	20.0
As at 31 December	1,232.3	635.5

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.

DAZN GROUP LIMITED

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

15. 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 2022, all balances have been recognised in profit and loss in the year other than \$1.9 million in relation to the Broadcast Partnerships division. Of the increase in contract liabilities in 2022, \$620.5 million relates to upfront payments received on large distribution deals with the remaining balance due to direct consumer revenue that has been constrained in line with DAZN's revenue recognition policy outlined in Note 1.

Other creditors consist of liabilities in relation to revenue shares and VAT liabilities. The Directors consider that the carrying amount of other creditors approximates to their fair value.

16. Provisions

	Dilapidations	Rights	Onerous contracts	Legal	Other	Total
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
At 1 January 2021	4.7	39.8	14.3	4.5	0.2	63.5
Additions	-	5.0	11.4	18.3	-	34.7
Finance expense on unwind	-	(39.8)	(6.8)	-	-	(46.6)
Disposals	-	-	-	-	-	-
Transfer to assets held for sale	-	-	(3.5)	(4.5)	(0.2)	(8.2)
Effect of movement in foreign exchange	(0.2)	-	-	-	-	(0.2)
At 31 December 2021	4.5	5.0	15.4	18.3	-	43.2
Additions	0.4	-	-	7.7	-	8.1
Utilisation	-	(5.0)	(8.7)	-	-	(13.7)
Finance expense on unwind	0.1	-	-	-	-	0.1
Disposals	(0.1)	-	-	-	-	(0.1)
Releases	-	-	-	(2.7)	-	(2.7)
Effect of movement in foreign exchange	(0.4)	-	(0.6)	(0.5)	-	(1.5)
At 31 December 2022	4.5	-	6.1	22.8	-	33.4

Of the \$22.8 million (2021: \$18.3 million) relating to legal or regulatory matters, \$15.0 million has been settled after year end and \$7.8 million relates to regulatory fines that have been appealed.

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

	2022 \$'m	2021 \$'m
Current	27.5	34.1
Non-current	5.9	9.1
As at 31 December	33.4	43.2

DAZN GROUP LIMITED

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

17. Borrowings

	2022 \$'m	2021 \$'m
Non-current borrowings	272.7	172.0
As at 31 December	272.7	172.0

In 2022 \$730.0 million of funding was received in exchange for \$365.0 million of A ordinary shares and \$365.0 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 \$253.4 million.

The net assets acquired when DAZN took control of DAZNBET in April 2022 included a \$19.3 million loan from IBID. This incurs interest at a rate of 2%, see note 26 for details.

DAZN GROUP LIMITED

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

18. 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:

	2022 \$'m	2021 \$'m
Financial assets at amortised cost		
Cash and cash equivalents (note 14)	289.2	157.7
Current trade and other receivables (note 12)	377.7	181.0
Contract assets (note 13)	67.4	49.7
Non-current trade and other receivables (note 12)	4.7	4.7
Financial assets at fair value through profit and loss		
Investment in Stats Perform preference shares (note 23)	-	25.6
Investment in Footballco preference shares (note 23)	9.4	27.4
Investment in Meadowlark	1.9	1.9
Financial liabilities at amortised cost		
Trade and other payables (excluding contract liabilities) (note 15)	(524.4)	(350.0)
Current borrowings (note 17)	-	-
Non-current borrowings (note 17)	(19.3)	-
Financial liabilities at fair value through profit and loss		
Non-current borrowings (note 17)	(253.4)	(172.0)

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.

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. Post year-end, the Group received external debt financing. Refer to note 29 for further details.

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.

DAZN GROUP LIMITED

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

18. 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 \$'m	GBP \$'m	JPY \$'m	USD \$'m	Other \$'m	Total \$'m
2022						
Financial assets	79.5	50.2	39.1	161.9	30.0	360.7
Financial liabilities	(19.5)	(124.9)	(59.5)	(209.3)	(2.9)	(416.1)
Net exposure	(60.0)	(74.7)	(20.4)	(47.4)	27.1	(55.4)
2021						
Financial assets	40.9	28.3	25.2	149.8	5.9	250.1
Financial liabilities	(117.5)	(16.2)	(52.0)	(113.2)	(11.8)	(310.7)
Net exposure	(76.6)	12.1	(26.8)	36.6	(5.9)	(60.6)

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 \$'m	GBP \$'m	JPY \$'m	USD \$'m	Total \$'m
2022					
Profit or loss (i)	14.9	(8.3)	(1.1)	16.2	21.7
Other equity (ii)	-	-	-	-	-
2021					
Profit or loss	(3.6)	1.8	(10.3)	35.5	23.4
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 EUR following the change in functional currency of the main trading entity DAZN Ltd to EUR from GBP. This is due to the majority of the Group's liabilities being denominated in EUR.

DAZN GROUP LIMITED

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

18. 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.

Of the trade receivables balance at the end of the year, \$188.5 million is due in total from the two largest customers in relation to distribution deals in our European markets. Apart from this, the Group does not have significant credit risk exposure to any 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 related to our two largest customers do not individually exceed 20 per cent of gross monetary. Concentration of credit risk to any other counterparty did not exceed 5 per cent of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

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 2022 and 2021, the Group's undiscounted non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current within 6 months \$'m	Current 6 to 12 months \$'m	Non-current 1 to 5 years \$'m
31 December 2022			
Trade and other payables (excluding contract liabilities) (note 15)	524.4	-	-
Interest and principal of debt portion of preference shares	-	-	272.7
Total	524.4	-	272.7
	Current within 6 months \$'m	Current 6 to 12 months \$'m	Non-current 1 to 5 years \$'m
31 December 2021			
Trade and other payables (excluding contract liabilities) (note 15)	350.0	-	-
Interest and principal of debt portion of preference shares	-	-	172.0
Total	350.0	-	172.0

DAZN GROUP LIMITED

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

18. 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 approximately 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 23. The preference shares in Peak Jersey Topco Ltd have been classified as an equity instrument, measured at fair value through profit and loss. The preference shares have a cumulative dividend of 9% per annum.

At the reporting date a fair value assessment was performed based on the projected future cash flows of the Stats Perform business, discounted at an applicable rate. This resulted in a fair value loss of \$24.4 million on the preference shares (2021: \$nil) which has been reflected within the profit and loss for the period. 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 23 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 23. 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 \$17.9 million (2021: \$5.1 million fair value loss) 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 23 for a reconciliation of the carrying value of the investments in Footballco.

DAZN GROUP LIMITED

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

18. 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.

Growth Preference Shares

As described in note 17, 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 \$253.4 million (2021: \$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.

DAZN GROUP LIMITED

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

19. Deferred tax

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

	2022 \$'m	2021 \$'m
Deferred tax assets	23.6	24.1
Deferred tax liabilities	(1.5)	-
	22.1	24.1
Deferred tax movement		
1 January	24.1	16.4
Credit to income statement	(0.5)	7.7
Effect of movement in foreign exchange	(1.5)	(0.0)
As at 31 December	22.1	24.1
	2022 \$'m	2021 \$'m
Analysis of deferred tax		
Temporary differences arising on property, plant and equipment	14.2	16.4
Other	7.9	7.7
Total	22.1	24.1

In addition to the amounts set out above the Group has an unrecognised deferred tax asset at 31 December 2022 of \$787.0 million (2021: \$811.0 million) relating to trading losses of \$767.2 million (2021: \$778.8 million), and \$19.8 million in relation to other items (2021: \$32.1 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 2022 no deferred tax assets in respect of losses have been recognised (2021: \$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.

DAZN GROUP LIMITED

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

20. Changes in liabilities from financing activities

	1 January 2022 \$'m	Financing cashflows ⁽ⁱ⁾ \$'m	Non-cash settlement of borrowings \$'m	New leases \$'m	Change in FX rates \$'m	Fair value adjustments \$'m	Other changes ⁽ⁱⁱ⁾ \$'m	31 December 2022 \$'m
Interest and repayment of debt portion of preference shares (note 17)	172.0	19.3	-	-	-	81.4	-	272.7
Lease liability (note 11)	75.2	(15.3)	-	5.8	(4.7)	-	4.4	65.4
	247.2	4.0	-	5.8	(4.7)	81.4	4.4	338.1
	1 January 2021 \$'m	Financing cashflows ⁽ⁱ⁾ \$'m	Non-cash settlement of borrowings \$'m	New leases \$'m	Change in FX rates \$'m	Fair value adjustments \$'m	Other changes ⁽ⁱⁱ⁾ \$'m	31 December 2021 \$'m
Interest and repayment of Shareholder loan (note 17)	1,479.9	1,100.0	(3,169.5)	-	-	172.0	589.6	172.0
Derivative financial liability	15.5	(15.5)	-	-	-	-	-	-
Lease liability (note 11)	84.3	(18.6)	-	6.5	(3.2)	-	6.2	75.2
	1,579.7	1,065.9	(3,169.5)	6.5	(3.2)	172.0	595.8	247.2

⁽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 and the disposal of lease liabilities. The derivative was released against finance costs in the prior year.

21. Share capital

	2022 \$'m	2021 \$'m
Authorised, issued, allotted and fully paid		
A Ordinary shares of 3 389/600 US cents each	34.6	30.6
M Ordinary shares of 3 389/600 US cents each	1.3	1.3
Z Ordinary shares of 3 389/600 US cents each	1.5	1.5
Deferred shares of 3 389/600 US cents each	1.4	1.4
Growth preference shares of 3.64 cents each	0.9	0.8
	39.7	35.6

DAZN GROUP LIMITED

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

21. Share capital (continued)

	2022 'm	2021 'm
Number of shares		
Authorised, issued, allotted and fully paid		
A Ordinary shares of 3 389/600 US cents each	912.5	838.0
M Ordinary shares of 3 389/600 US cents each	36.6	36.6
Z Ordinary shares 3 389/600 US cents each	40.3	40.3
Deferred Shares 3 389/600 US cents each	39.6	39.6
Growth preference shares of 3.64 cents each	25.9	22.3
	1,054.9	976.8

All 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 86.50% of the equity share capital of the Company (2021: 85.79%).

M shares are held by members of management, employees and other shareholders, who at 31 December 2022, represented approximately 3.47% of the equity share capital of the Company (2021: 3.75%).

Z shares are held by the Z Shareholder who at 31 December 2022 represented approximately 3.82% of the equity share capital of the Company (2021: 4.13%).

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 2022 represented approximately 2.46% of the equity share capital of the Company (2021: 2.28%).

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.

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 \$1.3 million (2021: \$1.4 million).

Growth preference shares

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

DAZN GROUP LIMITED

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

22. Long-term incentive schemes

(a) Cash-settled long-term incentive schemes

The long-term incentive scheme based upon the financial performance from 2019 to 2021 was settled in April 2022 for \$4.4 million, paid in cash. In the current year, a credit to the income statement of \$0.9 million (2021: \$0.6 million credit) was recorded in respect of this scheme.

(b) Long-term incentive plans

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

LTIP Warrants

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.

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

	2022	2021
	Number of share warrants	Number of share warrants
Outstanding at the beginning of year	3	-
Granted during the year	-	3
Outstanding at the end of the year	3	3
Exercisable at the end of the year	-	-

The warrants outstanding at 31 December 2022 had a weighted average remaining contractual life of 2.4 years (2021: 3.3 years). The aggregate of the estimated fair values of the warrants granted is \$91.5 million (2021: \$92.8 million). The inputs (or range of inputs) into the Black-Scholes warrant pricing model are as follows:

DAZN GROUP LIMITED

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

22. Long-term incentive schemes (continued)

(b) Long-term incentive plans (continued)

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 warrant value. Risk-free rate and expected life vary depending on the grant date of the warrant. The Group recognised total expenses of \$18.9 million related to equity-settled share-based payment transactions in 2022 (2021: \$24.4 million).

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

	\$'m
Balance at 1 January 2022	24.4
Impact of functional currency change of DAZN Group Limited	(0.7)
Credit to equity for equity-settled share-based payments	18.9
Balance at 31 December 2022	42.6

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.

Cash-settled long term incentive plans

There are several cash-settled long-term incentive plans in place. The split of the long-term incentive liability between these schemes is as follows:

Scheme	31 December 2022 liability (\$ million)	31 December 2021 liability (\$ million)
2021 Long-term incentive plan	8.9	2.7
2022 Long-term incentive plan	4.1	-
2022 Backstop Long-term incentive plan	1.1	-
	<u>14.1</u>	<u>2.7</u>

Each of these schemes has been set out in further detail below.

2021 Long-term incentive plan

Certain members of management at DAZN were enrolled in a long-term incentive plan in 2021. 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. The value of the award received by employees is adjusted based on the ratio between the enterprise value of the Group and invested capital at the time of settlement.

The vesting period is from the date of communication to employees (1 April 2021) to the end of the vesting period (31 December 2023).

DAZN GROUP LIMITED

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

22. Long-term incentive schemes (continued)

(b) Long-term incentive plans (continued)

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 \$8.9 million (2021: \$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:

	2022	2021
	Number of share options	Number of share options
Outstanding at the beginning of year	28	-
Granted during the year	8	31
Forfeited during the year	(1)	(3)
Outstanding at the end of the year	35	28
Exercisable at the end of the year	-	-

2022 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. The value of the award received by employees is adjusted based on the ratio between the enterprise value of the Group and invested capital at the time of settlement. Additionally, the value of the awards received by employees will be increased by 20% if certain revenue targets are met.

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

The 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 \$4.1 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:

	2022
	Number of share options
Outstanding at the beginning of year	-
Granted during the year	54
Forfeited during the year	-
Outstanding at the end of the year	54
Exercisable at the end of the year	-

DAZN GROUP LIMITED

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

22. Long-term incentive schemes (continued)

(b) Long-term incentive plans (continued)

2022 Long-term incentive plan with backstop

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

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

The obligation has been recorded as a liability, on the basis that no exit event is anticipated before the employees' longstop dates. This will be re-assessed at each reporting date prior to settlement. The total liability recorded at the reporting date is \$1.1 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:

	2022
	Number of share options
Outstanding at the beginning of year	-
Granted during the year	4
Forfeited during the year	-
Outstanding at the end of the year	4
Exercisable at the end of the year	-

DAZN GROUP LIMITED

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

23. 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

Summarised balance sheet

	31 December 2022 \$'m	31 December 2021 \$'m
Non-current assets		-
Current assets		
Cash and cash equivalents	3.7	1.6
Trade and other receivables	1.9	2.2
Total current assets	5.6	3.8
Current liabilities		
Trade and other payables	(0.2)	(1.8)
Accruals	(6.3)	(1.4)
Total current liabilities	(6.5)	(3.2)
Net assets/(liabilities)	(0.9)	0.6

Included within the current liabilities above are current financial liabilities (excluding trade and other payables and provisions) of \$6.3 million (2021: \$1.4 million).

DAZN GROUP LIMITED

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

23. Interest in joint ventures and associates (continued)

Matchroom USA LLC (continued)

Summarised statement of comprehensive income

	2022 \$'m	2021 \$'m
Revenue	135.9	92.8
Operating costs	(132.1)	(90.4)
Profit for the period	3.8	2.4
Distributions in the period	(5.2)	(5.2)
Total movement in net assets in the period	(1.4)	(2.8)

Included within the loss for the year was depreciation and amortisation expenses of \$nil (2021: \$nil), finance income of \$nil (2021: \$nil) and a tax credit of \$nil (2021: \$nil).

(b) Reconciliation to carrying amounts

	31 December 2022 \$'m	31 December 2021 \$'m
Net assets (100%)	(0.9)	0.5
Add back net (contributions)/distributions	5.6	4.2
Adjusted net assets	4.7	4.7
Group's share of net assets (40%)	1.9	1.9
Less expected withholding tax	(0.4)	(0.4)
Investment in joint venture	1.5	1.5
(Loss)/profit for period (100%)	3.8	2.4
Matchroom Holdco entitlement	(3.8)	(2.4)
(Loss)/profit available for joint distribution	-	-
Group's share of (loss)/profit (40%) *	-	-
Withholding tax for partnership	-	-
Share of joint venture (loss)/income recognised	-	-
Carrying amount of interest in Matchroom USA LLC	1.5	1.5

* 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.

DAZN GROUP LIMITED

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

23. 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

Summarised balance sheet

	31 December 2022 \$'m	31 December 2021 \$'m
Non-current assets	-	-
Current assets		
Cash and cash equivalents	0.9	0.9
Trade and other receivables	0.2	0.0
Total current assets	1.1	0.9
Current liabilities		
Trade and other payables	(1.3)	(0.8)
Other current liabilities	(0.1)	(0.0)
Total current liabilities	(1.4)	(0.8)
Non-current liabilities	-	-
Net assets	(0.3)	0.1

Summarised statement of comprehensive income

	2022 \$'m	2021 \$'m
Revenue	3.4	3.6
(Loss)/ Profit for the period	(0.1)	0.2
Other comprehensive income	-	-

DAZN GROUP LIMITED

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

23. Interest in joint ventures and associates (continued)

Matchroom Boxing Global LLP (continued)

(b) Reconciliation to carrying amounts

	31 December 2022		31 December 2021	
	\$'m	\$'m	\$'m	\$'m
Investment in Matchroom Boxing Global LLP		0.1		-
(Loss)/ Profit for the period	(0.1)		0.2	
Group's share of (loss)/profit (40%)*	(0.1)		0.1	
Share of joint venture (loss)/income recognised		(0.1)		0.1
Carrying amount of interest in Matchroom Boxing Global LLP		0.0		0.1

* The Group is only entitled when distributions made to Matchroom Boxing Limited exceed a specific threshold per year per the agreement for the joint venture.

DAZN GROUP LIMITED

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

23. 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 a 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 2022 \$'m	31 December 2021 \$'m
Non-current assets		
Goodwill	512.0	512.0
Acquisition intangibles	267.9	316.2
Other non-current assets	116.6	110.8
Total non-current assets	896.5	939.0
Current assets		
Cash and cash equivalents	44.6	16.7
Trade and other receivables	59.5	39.2
Prepayments and accrued income	83.8	53.3
Derivative asset	8.4	-
Total current assets	196.3	109.2
Current liabilities		
Trade and other payables	(112.5)	(74.8)
Other current liabilities	(19.9)	(52.5)
Total current liabilities	(132.4)	(127.3)
Non-current liabilities	(2,020.5)	(1,973.6)
Net liabilities	(1,060.1)	(1,052.7)

Included within the other current liabilities and non-current liabilities above are financial liabilities of \$19.8 million (2021: \$26.2 million) and \$692.9 million (2021: \$611.2 million) respectively.

DAZN GROUP LIMITED

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

23. Interest in joint ventures and associates (continued)

Peak Jersey Topco Ltd (Stats Perform) (continued)

Summarised statement of comprehensive income

	2022 \$'m	2021 \$'m
Revenue	397.6	396.5
Profit/(Loss) for the period	6.9	(155.2)
Other comprehensive loss for the period	(11.6)	(0.7)

The above loss includes \$31.9 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 (2021: \$100.5 million, including losses relating to the period prior to acquisition).

Included within the loss for the year was depreciation and amortisation expenses of \$79.5 million (2021: \$79.6 million), finance income of \$191.9 million (2021: \$22.5 million), finance expenses of \$56.3 million (2021: \$45.0 million) and a tax credit of \$24.1 million (2021: \$7.2 million).

(b) Reconciliation to carrying amounts – investment in associate

	31 December 2022 \$'m	31 December 2021 \$'m
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

DAZN GROUP LIMITED

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

23. 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 2022	31 December 2021
	\$'m	\$'m	\$'m
Investment in preference shares as at 1 January 2022/ 1 January 2021		25.6	36.5
Fair value loss 9% cumulative preference shares		(24.4)	-
Loss for the period (100%)	(13.4)		(53.9)
Restatement to prior period loss	(4.1)		-
Group's share of loss (20%)	(3.5)		(10.8)
Group's share of loss allocated to B ordinary shares	-		-
Loss allocated to preference shares investment		(1.2)	(10.8)
Other comprehensive income for the period (100%)	(11.6)		(0.7)
Restatement to prior year other comprehensive income	(0.2)		-
Group's share of other comprehensive income (20%)		(0.0)	(0.1)
Carrying amount preference share investment in Stats Perform		-	25.6

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

DAZN GROUP LIMITED

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

23. 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. 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. On 30 May 2022, the remainder of the loan due worth \$1,931,754 was exchanged for 1,924,169 A Preferences shares and 151,708 B Ordinary Shares in Footballco Media Limited.

The Group's investment consists of 29.17% 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 2022 \$'m	31 December 2021 \$'m
Non-current assets		
Intangible assets	111.1	106.9
Other non-current assets	4.3	7.8
Total non-current assets	115.4	114.7
Current assets		
Cash and cash equivalents	9.7	8.7
Trade and other receivables	24.4	18.6
Prepayments and accrued income	5.9	4.3
Total current assets	40.0	31.6
Current liabilities		
Trade and other payables	(6.3)	(6.3)
Other current liabilities	(13.5)	(14.1)
Total current liabilities	(19.8)	(20.4)
Non-current liabilities	(1.1)	(17.1)
Net assets	134.5	108.8

DAZN GROUP LIMITED

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

23. Interest in joint ventures and associates (continued)

Footballco Media Limited (Footballco) (continued)

	31 December 2022	31 December 2021
	\$'m	\$'m
Summarised statement of comprehensive income		
Revenue	68.9	52.6
Loss for the period	(7.0)	(7.3)
Other comprehensive loss for the period	(0.0)	(1.0)

(b) Reconciliation to carrying amounts – investment in associate

	31 December 2022	31 December 2021
	\$'m	\$'m
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 2022	31 December 2021
	\$'m	\$'m
Fair value on 1 January 2022 / 1 January 2021	27.3	32.3
Acquisition of shares on 30 May 2023/ 19 July 2021	1.9	2.6
Fair value loss on preference shares	(17.9)	(5.1)
Loss for the year	(7.0)	(7.3)
Group's share of loss (30%)	(1.9)	(2.2)
Group's share of loss allocated to ordinary shares	-	-
Loss allocated to preference shares investment	(1.9)	(2.2)
Other comprehensive income for the year	(0.1)	(1.0)
Group share of other comprehensive income (30%)	(0.0)	(0.3)
Carrying amount preference share investment in Footballco	9.4	27.3

Included within the loss for the year was depreciation and amortisation expenses of \$5.7 million (2021: \$5.7 million), finance income of \$nil (2021: \$nil), finance expenses of \$2.5 million (2021: \$nil) and a tax credit of \$nil (2021: \$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.

DAZN GROUP LIMITED

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

24. Acquisition of subsidiaries

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. Subsequently, in 2022, 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 \$'m
Property, plant and equipment	0.2
Right of use assets	0.7
Cash and cash equivalents	0.9
Trade and other receivables	0.2
Prepayments and accrued income	-
Trade and other payables	(4.9)
Lease liability	(0.7)
Total identifiable assets acquired and liabilities assumed	(3.6)
Goodwill (note 8)	8.2
Total consideration	4.6
Satisfied by:	
Cash	4.1
Deferred cash	0.5
Total consideration transferred	4.6
Cash consideration	4.1
Less: cash and cash equivalent balances acquired	(0.9)
Net cash outflow arising on acquisition	3.2

DAZNBET

DZBT Holdings (Gibraltar) Limited ("DAZN Bet") was established jointly between the Group and IBID Investments Limited ("IBID") on 20 April 2022, incorporated in Gibraltar with a registered office of Madison Building, Midtown, Queensway GX11 1AA, Gibraltar. DAZN Bet is structured as a separate vehicle. Management has concluded that the Group controls DAZN Bet in accordance with IFRS 10, since it has an option to purchase DAZN Bet at future market rates.

DAZN Bet seeks to refresh the casual betting market by creating a more recreational, sociable, and relevant experience for today's sports fan, and is on a mission to create a product that is integrated into DAZN's sports streaming service.

The accounting for an investment with a purchase option depends upon whether the investor has in-substance ownership of the investment. Given that the option to purchase DAZN Bet does not result in an in-substance ownership for the Group (and therefore the purchase option does not represent consideration), and the Group did not provide any other initial upfront investment to DAZN Bet, the consideration for the acquisition is nil.

The non-controlling interests of DAZN Bet are apportioned relative to the brand & marketing fee receivable by DAZN and the remaining DAZN Bet profit. In the current year, given that there is no brand & marketing fee receivable by DAZN, 100% of DAZN Bet's net assets have been recognised as non-controlling assets.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The intangible assets relate to licences obtained to enter certain betting markets.

DAZN GROUP LIMITED

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

24. Acquisition of subsidiaries (continued)

DAZNBET (continued)

	2022 \$'m
Intangible assets	15.4
Property, plant and equipment	0.3
Cash and cash equivalents	23.4
Trade and other receivables	1.3
Prepayments and accrued income	0.2
Trade and other payables	(40.8)
Total identifiable assets acquired and liabilities assumed	(0.2)
Non-controlling interests	0.2
Total consideration	-
Cash and cash equivalent balances acquired	23.4
Net cash inflow arising on acquisition	23.4

25. Commitments

Rights commitments

As at 31 December 2022, the continuing operation had total outstanding commitments to acquire sports content rights as follows:

	2022 \$'m	2021 \$'m
Within one year	2,333.8	1,890.7
In the second to fifth years inclusive	5,115.3	4,079.5
After five years	179.7	434.6
As at 31 December	7,628.8	6,404.8

DAZN GROUP LIMITED

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

26. 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 17 and 21.

- **Stats Perform Group**

During the years ended 31 December 2022 and 31 December 2021 the DAZN Group entered into transactions with the Stats Perform Group, an associate of the Group. These transactions are detailed below.

	2022 \$'m	2021 \$'m
Sub-licencing revenues	1.3	2.0
Broadcast Partnership revenues	17.6	17.3
Licencing expenses	(11.0)	(8.4)

As at the end of the year \$5.4 million (2021: \$6.1 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 2022 and 31 December 2021 the DAZN Group entered into transactions with Matchroom Boxing Global LLP, a joint venture of the Group. These transactions are detailed below.

	2022 \$'m	2021 \$'m
Broadcast license fee charged from Matchroom Global to DAZN	(2.5)	(2.8)

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.

- **Matchroom USA LLC**

During the years ended 31 December 2022 and 31 December 2021 the DAZN Group entered into transactions with Matchroom USA LLC, a joint venture of the Group. These transactions are detailed below.

	2022 \$'m	2021 \$'m
Matchroom licence fee charged from Matchroom to DAZN	(94.5)	(74.0)
Broadcast fee charged from Matchroom to DAZN	(1.3)	(1.3)
Other costs recharged from Matchroom to DAZN	(1.7)	(0.4)
Total	(97.5)	(75.7)

As at the end of the year \$1.1 million (2021: \$1.0 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.

DAZN GROUP LIMITED

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

26. Related parties (continued)

• Footballco Media Limited

During the years ended 31 December 2022 and 31 December 2021 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.

	2022 \$'m	2021 \$'m
TSA Arrangements serviced by the DAZN Group on behalf of Footballco Group	1.0	2.5
TSA arrangements serviced by Footballco Group on behalf of the DAZN Group	-	(0.1)
Costs paid by the DAZN Group recharged to Footballco	-	4.0
Costs paid by Footballco recharged to DAZN	-	(4.1)

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. On 30 May 2022, the remainder of the loan due worth \$1,931,754 was exchanged for 1,924,169 A Preferences shares and 151,708 B Ordinary Shares in Footballco Media Limited. See Note 23 for further details.

As at the end of the year \$0.5 million (2021: \$1.9 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.

• IBID

DAZNbet was provided with a \$19.3 million loan from IBID prior to the Group obtaining control on 20 April 2022. This accrues interest of 2% per annum.

• Access Management fee

Commencing 29 December 2021, in consideration for advisory services relating to strategic planning, marketing and financial oversight of the operations of members of the DAZN Group, DAZN have agreed to pay to Access an annual fee. This fee is the greater of (a) 0.25% of DAZN Group revenue and (b) 1% of EBITDA, and is payable until an IPO or sale of the DAZN Group shares by Access.

	2022 \$'m	2021 \$'m
Management fee	5.7	-

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 4.

27. 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.

DAZN GROUP LIMITED

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

28. Post balance sheet acquisitions

Eleven

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 transaction completed on 14 February 2023, and significantly expands the offering on the DAZN Consumer business 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 provides the Group with a new revenue stream in social media via Eleven's subsidiary Team Whistle.

The fair value of the ordinary and Growth Preference Shares issued as part of the consideration paid for Eleven was determined on the basis of the DAZN Group valuation.

In 2022, DAZN provided loans totalling EUR 35 million (\$39.1 million) to Aser Investments Ltd, the immediate parent company of Eleven. These loans accrued interest at 14% per annum. Upon completion of the acquisition of Eleven from Aser Investments Limited on 14th February 2023, the loan and any interest accrued was settled by way of novation of the payable balance from Aser to Eleven. As such it is accordingly considered to be consideration for the acquisition of Eleven.

The initial accounting for the acquisition of Eleven has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of Eleven's assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely tax values. The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. It is anticipated that a significant proportion of the amounts provisionally shown as goodwill will be attributed to acquired intangible assets which are yet to be identified and valued. Additionally, the balance sheet will be updated in future reporting periods to reflect any further fair value adjustments.

	2023 \$'m
Property, plant and equipment	0.8
Right of use assets	2.5
Other receivables	4.1
Investments in financial assets	0.1
Investment in sublease	0.6
Trade and other receivables	30.6
Prepayments and accrued income	24.2
Cash and cash equivalents	4.7
Lease liability	(4.2)
Trade and other payables	(105.0)
Current tax liabilities	(1.2)
Borrowings	(99.2)
Deferred tax liability	(9.7)
Total identifiable assets acquired and liabilities assumed	(151.7)
Goodwill	585.4
Total consideration	433.7
Satisfied by:	
Ordinary and Growth Preference Shares	391.5
Novation of loan	42.2
Total consideration transferred	433.7
Cash and cash equivalent balances acquired	4.7
Cash inflow arising on acquisition	4.7

On 7th August 2023 DAZN acquired Atalanta Media LLC ("ATA") to further our progress in supporting the growth of Women's Football.

DAZN GROUP LIMITED

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

29. Other 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 February 2023 \$60.0 million of funding was received in exchange for \$60.0 million of growth preference shares.
- On 31 March 2023 \$20.0 million of funding was received in exchange for \$20.0 million of growth preference shares.
- On 28 April 2023 \$20.0 million of funding was received in exchange for \$20.0 million of growth preference shares.
- On 30 May 2023 \$20.0 million of funding was received in exchange for \$20.0 million of growth preference shares.
- On 30 June 2023 \$20.0 million of funding was received in exchange for \$20.0 million of growth preference shares.
- On 31 July 2023 \$20.0 million of funding was received in exchange for \$20.0 million of growth preference shares.
- On 31 August 2023 \$20.0 million of funding was received in exchange for \$20.0 million of growth preference shares.
- On 30 September 2023 \$60.0 million of funding was received in exchange for \$60.0 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.

Additionally, on 28 April 2023, DAZN Limited signed an external debt financing agreement. This agreement provides the Group with a credit facility of \$100.0 million, repayable in 3 years. The loan accrues interest at the higher of (a) the 3-month Secured Overnight Financing Rate (SOFR) or (b) 2.5%, plus 7.75%. On 29 September 2023, an amendment was made to the financing agreement to draw down an additional \$31.9 million and add Corrum Capital to the agreement as a lending party in order to restructure the Group's financing facilities.

- **Rights commitments**

Post year end significant new material rights contracts have been entered into for approximately \$5.6 billion during the period up to the end of 2033.

DAZN GROUP LIMITED

PARENT COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	2022 \$'m	2021 \$'m Restated ¹	2020 \$'m Restated ¹
Non-current assets				
Intangible fixed assets		2.4	-	-
Investments in subsidiaries	2/3	6,530.1	5,606.8	2,962.9
Investments in associate	4	0.2	0.2	0.2
Investments in Stats Perform preference shares	4	47.4	71.8	71.8
Trade and other receivables	5	37.0	176.2	1,607.8
		6,617.1	5,855.0	4,642.7
Current assets				
Trade and other receivables	5	39.2	0.2	0.2
Cash and cash equivalents		0.2	0.3	0.2
		39.4	0.5	0.4
Total assets		6,656.5	5,855.5	4,643.1
Current liabilities				
Trade and other payables	6	(318.5)	(253.6)	(201.4)
Borrowings	7	-	-	(1,479.9)
Derivative liability				(15.5)
		(318.5)	(253.6)	(1,696.8)
Net current liabilities		(279.1)	(253.1)	(1,696.4)
Non-current liabilities				
Borrowings	7	(253.4)	(172.0)	-
Total liabilities		(571.9)	(425.6)	(1,696.8)
Net assets		6,084.6	5,429.9	2,946.3
Equity				
Called-up share capital	8	39.7	35.6	17.7
Share premium	8	6,612.6	5,838.0	2,536.4
Own shares		(1.3)	(1.4)	(1.4)
Share based payment reserve		42.6	24.4	-
Merger relief reserve		126.3	142.9	142.9
Capital redemption reserve		51.8	62.2	62.2
Capital contribution reserve		63.9	64.5	47.3
Accumulated deficit		(851.0)	(765.1)	110.8
Translation reserve		-	28.8	30.4
Equity attributable to owners of the Company		6,084.6	5,429.9	2,946.3

¹This has arisen due to the incorrect foreign exchange rate being used when converting the investment in subsidiary balance. See notes 2 and 3 for further details.

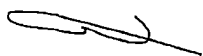
The Company had a loss for the year of \$63.6 million (2021: loss of \$875.9 million). The financial statements of DAZN Group Limited, registered number 6324278, were approved by the Board of Directors and authorised for issue on 13/11/2023.

Signed on behalf of the Board of Directors

Shay Segev

Director

13 November 2023



DAZN GROUP LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022

	Issued share capital \$'m (note 8)	Share Premium \$'m (note 8)	Own shares \$'m	Merger relief reserve ¹ \$'m	Capital redemption reserve ² \$'m	Capital contribution reserve ³ \$'m	Share based payment reserve \$'m	(Accumulated deficit) / retained earnings \$'m	FX reserve \$'m	Total equity \$'m
At 31 December 2020	17.7	2,536.4	(1.4)	142.9	62.2	47.3	-	(121.0)	(40.6)	2,643.5
Restatement relating to FY20 ⁵	-	-	-	-	-	-	-	231.8	71.0	302.8
Revised figure as at 31 December 2020	17.7	2,536.4	(1.4)	142.9	62.2	47.3	-	110.8	30.4	2,946.3
Loss for the year	-	-	-	-	-	-	4.0	(875.9)	79.8	(792.1)
Total comprehensive loss for the year	-	-	-	-	-	-	4.0	(875.9)	79.8	(792.1)
Issue of share capital	17.9	3,301.6	-	-	-	-	-	-	-	3,319.5
Capital contribution	-	-	-	-	-	17.2	20.4	-	-	37.6
At 31 December 2021	35.6	5,838.0	(1.4)	142.9	62.2	64.5	24.4	(765.1)	110.2	5,511.3
Restatement relating to FY21 ⁵	-	-	-	-	-	-	-	-	(81.4)	(81.4)
Revised figure at 31 December 2021	35.6	5,838.0	(1.4)	142.9	62.2	64.5	24.4	(765.1)	28.8	5,429.9
FX impact of functional currency change ⁴	1.3	78.0	0.1	(16.6)	(10.4)	(0.6)	(0.7)	(22.3)	(28.8)	-
Loss for the year	-	-	-	-	-	-	-	(63.6)	-	(63.6)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(63.6)	-	(63.6)
Issue of share capital	2.8	696.6	-	-	-	-	-	-	-	699.4
Capital contribution	-	-	-	-	-	-	18.9	-	-	18.9
At 31 December 2022	39.7	6,612.6	(1.3)	126.3	51.8	63.9	42.6	(851.0)	-	6,084.6

¹The 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.

²The 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.

³The 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.

⁴On 1 January 2022, the functional currency of the Company changed from Pound Sterling to US Dollars. As a result of the functional currency and presentational currency being the same, there is no longer an FX reserve.

⁵This restatement relates to the FX translation of the investment balances in the 2020 and 2021 financial statements. See note 2.

DAZN GROUP LIMITED

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

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 changed in the year from Pounds Sterling to US Dollars to reflect the change in economic environment that the entity operates in.

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 \$63.6 million (2021: loss of \$875.8 million). The Company received no dividend income in the year (2021: 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, and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2027, including forecast funding requirements. 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 \$240.0 million of funding to DAZN, in exchange for ordinary and preference shares, to support its investment and growth plans.

DAZN GROUP LIMITED

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

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 18 to the consolidated financial statements.

Valuation of equity-settled share based payment schemes

Refer to note 22 to the consolidated financial statements.

DAZN GROUP LIMITED

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

2. Restatement of prior year figures

Following a review of the 2020 and 2021 financial statements, it has been noted that the incorrect foreign exchange rate was used to convert the investment in subsidiaries balance from GBP (the ledger currency) into USD (the presentational currency). When the functional currency and the presentational currency are different, IAS 21 states that the assets and liabilities are translated at the closing rate at the date of that statement of financial position. In 2020 and 2021, they were converted at the historic USD/GBP rates.

In FY20 the investment in subsidiaries balance was subject to impairment. The conversion of foreign cashflows in the long term forecast which supported the value of investments was performed at incorrect rates, resulting in the impairment charge being overstated in the FY20 accounts. Correction of this error results in the retained earnings impact in FY20 adjusted below.

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

	Investment in subsidiaries \$'m	Net Assets \$'m	Retained Earnings \$'m	Translation reserve \$'m	Total capital and reserves \$'m
Previously reporting in 2020	2,660.1	2,643.5	(121.0)	(40.6)	2,643.5
FX adjustment	302.8	302.8	231.8	71.0	302.8
Restated 2020 value	2,962.9	2,946.3	110.8	30.4	2,946.3

	Investment in subsidiaries \$'m	Net Assets \$'m	Retained Earnings \$'m	Translation reserve \$'m	Total capital and reserves \$'m
Previously reporting in 2021	5,385.4	5,208.5	(996.9)	39.2	5,208.5
2020 FX adjustment	302.8	302.8	231.8	71.0	302.8
2021 FX adjustment	(81.4)	(81.4)		(81.4)	(81.4)
Restated 2021 value	5,606.8	5,429.9	(765.1)	28.8	5,429.9

DAZN GROUP LIMITED

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

3. Investments in subsidiaries

	2022 \$'m	2021 \$'m Restated
Investment in subsidiaries as at 1 January	5,606.8	2,962.9
Additions	900.5	8,065.7
Disposals	-	(5,362.9)
Capital contribution for IFRS 2 charge	22.8	22.5
Foreign exchange	-	(81.4)
Investments in subsidiaries as at 31 December	6,530.1	5,606.8

For information about the prior year restatement, see note 2.

During the current year, additions of \$900.5 million were recognised for additional issues of share capital in DAZCAY Limited during the current year in exchange for the novation of inter-Group loans (2021: \$2.7 billion). In the prior year 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, with the carrying value of DAZCAY Limited assumed to be equal to the previous value of the DAZN Sports Media investment.

The Company made capital contributions of \$22.9 million (2021: \$22.0 million) in relation to share-based payment expenses recorded in subsidiary entities within the DAZN Group.

On 31 December 2022 management of the Company undertook an impairment analysis for the investments in subsidiaries held by the Company. The recoverable amount of the investment in subsidiaries was referenced from a fair value less costs to sell 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 (2021: no impairment).

During the year, the Company obtained control of DAZN Bet. See note 24. The consideration in the transaction was deemed to be nil. Therefore, there are no accounting entries within the parent financial statements.

DAZN GROUP LIMITED

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

3. Investments in subsidiaries (continued)

Details of the Company's subsidiaries at 31 December 2022 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Subsidiaries:				
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	12 Hammersmith Grove, London, England, W6 7AP
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 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
DAZN Software Private Limited	99.98%	India	Digital sports media	P.No-1, SY No - 83/1, Floor 17, Wing A&B, Galaxy, Hyderabad Knowledge City, RAIDURGAM Hyderabad- 500081, Telangana, India

DAZN GROUP LIMITED

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

3. Investments in subsidiaries (continued)

	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Subsidiaries:				
Indirect holdings of the Company				
DAZN Media 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 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

DAZN GROUP LIMITED

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

3. Investments in subsidiaries (continued)

	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Indirect holdings of the Company (continued)				
DAZN 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 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	1 st Floor Siddhi Vinayak Chambers, R. P. MARG, OPP. M.I.G. Cricket Club, Bandra East, Mumbai, Maharashtra, India 400051
DAZN Media Israel Limited	100%	Israel	Digital sports media	11 Aryeh Shenkar St., Herzliya Pituach, 4672511
DAZN Brand Licensing Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, W6 7AP
DAZN Production Services Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, W6 7AP
DAZN PFL Holdco Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, W6 7AP

DAZN GROUP LIMITED

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

3. Investments in subsidiaries (continued)

	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered Office
Indirect holdings of the Company (continued)				
DZBT Holding (Gibraltar) Limited	0%	Gibraltar	Gambling	Madison Building, Queensway, GX11 1AA
DZBT Limited	0%	Malta	Gambling	Nouv, MRO Frank Galea Street
DZBT Holdings (Malta) Limited	0%	Malta	Holding company	Nouv, MRO Frank Galea Street
DZBT Marketing Limited	0%	Gibraltar	Gambling	Madison Building, Queensway, GX11 1AA
DZBT Services (UK) Limited	0%	United Kingdom	Gambling	12 New Fetter Lane, London, United Kingdom, EC4A 1JP
BetClass Italia SRL	0%	Italy	Gambling	Piazzale Luigi Sturzo 15, Rome, RM 1476042
One Click Marketing Limited	0%	Gibraltar	Gambling	Madison Building, Queensway, GX11 1AA
IBID Malta Limited	0%	Malta	Gambling	Nouv, MRO Frank Galea Street
DZBT Deportes SAU	0%	Spain	Gambling	Paseo de las Palmeras 4, 51001 Ceuta
DZBT Services (Malta) Limited	0%	Malta	Gambling	Nouv, MRO Frank Galea Street
DZBT (MT) Limited	0%	Malta	Gambling	Nouv, MRO Frank Galea Street
Indirect holdings of the Company in Joint Ventures				
Matchroom Boxing Global LLP	40%	United Kingdom	Digital sports media	Mascalls, Mascalls Lane, Great Warley, Brentwood, Essex, CM14 5LJ
Matchroom Boxing USA LLC	40%	United States	Digital sports media	United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904
PFL Europe LLP	15%	United Kingdom	Digital sports media	Oak House, Tanshire Park, Shackelford Road, Elstead, Surrey, England, GU8 6LB
Indirect holdings of the Company in Associates				
Footballco Media Limited	29.17%	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.

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:

DAZN GROUP LIMITED

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

3. Investments in subsidiaries (continued)

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
DAZN Media Channels Limited	05645564
DAZN Production Services Limited	13844882
DAZN PFL Holdco Limited	14434195

DAZN GROUP LIMITED

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

4. Investment in Stats Perform

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

The preference shares in Peak Jersey Topco Ltd have been classified as an equity instrument, measured at fair value through profit and loss. At the reporting date a fair value assessment was performed, a fair value loss of \$24.4 million was recorded in relation to the preference shares. (2021: \$nil 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:

	2022 \$'m	2021 \$'m
Opening investment in Stats Perform B ordinary shares as at 1 January	0.2	0.2
Investment in Stats Perform B ordinary shares as at 31 December	0.2	0.2
Opening investment in Stats Perform preference shares as at 1 January	71.8	71.8
Fair value adjustment on 9% cumulative preference shares	(24.4)	-
Investment in Stats Perform preference shares as at 31 December	47.4	71.8
Carrying amount of total interest in Stats Perform at 31 December	47.6	72.0

5. Trade and other receivables

	2022 \$'m	2021 \$'m
Non-current		
Amounts owed by Group undertakings*	37.0	176.2
Current		
External loan receivable	39.1	-
Prepayments and accrued income	0.1	0.2
As at 31 December	39.2	0.2

*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 a range from 9.5% to SONIA plus 2%. All Group undertakings are 100% owned subsidiaries within the DAZN Group.

The external loan receivable is due to Aser Investments Ltd, the immediate parent company of Eleven and accrue interest at 14% per annum. Upon completion of the acquisition of Eleven from Aser Investments Limited on 14th February 2023, the loan and any interest accrued was settled by way of novation of the payable balance from Aser to Eleven

DAZN GROUP LIMITED

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

6. Trade and other payables

	2022 \$'m	2021 \$'m
Current		
Trade creditors	0.9	1.6
Amounts owed to Group undertakings*	299.2	239.1
Accruals	17.9	9.8
Other taxes and social security	0.5	3.1
As at 31 December	318.5	253.6

*Amounts owed to Group undertakings are unsecured, repayable on demand and incur interest at a range from 9.5% to SONIA plus 2%. All Group undertakings are 100% owned within the DAZN Group.

7. Borrowings

	2022 \$'m	2021 \$'m
Non-current borrowings	253.4	172.0

The borrowings recognised at 31 December 2022 are detailed in note 17 of the consolidated financial statements.

8. Share capital

Share capital is disclosed in note 21 to the consolidated financial statements.

9. Employee and Director costs

The average monthly number of employees was 7 (2021: 7), which is comprised entirely of Directors and key management personnel. Employee costs were as follows:

	2022 \$'m	2021 \$'m
Wages and salaries	9.6	14.7
Social security costs	0.9	1.2
Pension costs	0.2	0.2
Contingent cash settled share-based payment scheme	-	-
Total	10.7	16.1

Remuneration of the highest paid Director is disclosed in note 4 of the consolidated financial statements.

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

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 2021, 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 22 to the consolidated financial statements would all be settled by an issuance of shares by the Company. As described in note 22, 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, in respect of the equity-settled scheme, the company recorded a share-based payment expense during the period of \$2.9 million, in respect of the employee contracted by the Company, and an investment in subsidiary of \$16.0 million in respect of the employees contracted by subsidiaries of the Company. The Company will record a share-based payment reserve of \$42.6 million (which is consistent with the share-based payment reserve recorded by the Group)

In respect of the cash-settled scheme, the Company recorded an accrual of \$14.1 million for a share based payment liability.

Refer to note 22 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 29 to the consolidated financial statements.

12. Ultimate controlling party

The ultimate controlling party is disclosed in note 27 to the consolidated financial statements.