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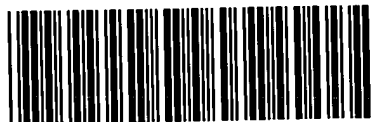
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DAZN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

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DAZN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2021

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DAZN LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

Shay Segev
Jacopo Tonoli
Darren Waterman

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 LIMITED

STRATEGIC REPORT

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

Principal activities and business review

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

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

During the current financial year, the Company has extended its strategy of rights acquisitions in order to support the ongoing growth of the DAZN platform, driving growth in underlying subscriber bases in established markets and the wider global platform, with a total number of active countries and territories of more than 200. The Company has continued to expand its rights portfolio including acquiring rights to broadcast Serie A in Italy from the 2021/22 to 2023/24 seasons, expanding the partnership with Matchroom in a 5 year deal to bring boxing to its UK fanbase, and confirming a four year deal for worldwide UEFA Women's Champions League rights. The continued cash expenditure has been funded by capital injections from the DAZN Group.

Financial review and key performance indicators

Revenue for the year to 31 December 2021 increased by 71.4% to £962.7 million (2020: £561.6 million), which is considered a key indicator of the Company's performance. All seven of the core DAZN markets experienced positive growth, in particular the European markets where strategic rights acquisitions and new distribution deals resulted in significant growth in both subscribers and revenue.

The total comprehensive loss for the year to 31 December 2021 was £970.6 million, down from £1,001.1 million in 2020 and the Company continued to invest in sports content, with rights costs increasing 47.6% to £1,297.2 million (2020: £879.1 million) as a result of a wider coverage of rights in FY21, in particular due to large rights acquisitions in core markets such as Serie A in Italy.

The Company had cash balances of £87.1 million (2020: £106.8 million) at the year end, net current liabilities of £74.7 million (2020: net current liabilities: £3,610.3 million) and net assets of £14.8 million (2020: net liabilities of £3,449.5 million). The movement in the balance sheet from a liability position in 2020 to an asset position in 2021 is largely due to the forgiveness of £3,734.1 million of loan balances due from DAZN Limited to DAZN Media Channels Limited in exchange for 1 ordinary share. See note 17 for further details.

Principal risks and uncertainties

The Directors believe that the Company's continuing success in creating value from its digital rights, its broad product offering, the length and nature of existing contracts and its international customer base will protect and grow future revenues. In order to deliver and expand its range of services the Company needs to invest continuously in software development and technical hardware. This investment ensures that the Company remains able to provide an innovative, scalable technical platform and to deliver new and improved products to the market and its customers. The Company 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 Company's revenue relates to the DAZN Consumer Platform business, where consumer subscription periods are significantly shorter than the Company's rights obligations. Where the Company is the principal in Broadcast Partnerships deals, rights obligations of the Company are generally longer than its broadcasting agreements with customers, with the Company 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.

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

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 year end and going forwards.

Risk	Impact and mitigating actions
Liquidity risk	<p>The Company has made significant losses in the current financial year and until such time as the business is fully established, the Company will be dependent on the continued support of its shareholders to fund its operations. The Company also has high fixed costs, such as commitments to acquire rights in the DAZN Consumer Platform business. While in the medium term the Group expects to fund these rights from operating cash flows, there are significant short-term funding requirements in order to maintain and grow the business. Refer to the going concern section of the Directors' report and note 1.</p>
Cyber risk and personal data	<p>The Company's operations rely on the secure processing, storage and transmission of confidential and other information in our IT systems and networks. Although the Company takes protective measures and endeavours to modify them as circumstances warrant, IT systems, software and networks may be vulnerable to intrusion or other security breaches, sabotage, hacking, denial of service attacks, viruses or cybercrime (both internally and by third parties). If one or more of such events occur, this potentially could jeopardize the Company's clients' confidential and other information processed and stored in, and transmitted through, computer systems and networks, or otherwise cause interruptions or malfunctions in operations, which could result in significant losses, regulatory censure and reputational damage. Where the information constitutes personal data, such as customer or employee data, this could expose the Company to fines imposed by data protection authorities or legal action.</p> <p>The Company regularly works with clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities where possible. The Company continues to invest in the legal and regulatory compliance function and ensure compliance with the General Data Protection Regulation. The Company limits the storage of personal data where possible and does not hold any customer payment data.</p>
Dependency on digital technologies and communications networks	<p>The Company is dependent on third-party internet, mobile and other technology and service providers to deliver its products and services. However, the ultimate control of these platforms and technologies is outside of Management's control. The Company constantly monitors changes in technological trends which could affect the sustainability, usability and economic viability of its products and services to minimise and mitigate the adverse impact that may result. The Company has also experienced occasional service interruptions of varying severity as a result of third-party or internal technological issues. The Company invests in technology and resources to ensure these outages are isolated and, where applicable, offers refunds to customers impacted.</p>
Rights costs and margin	<p>There is strong competition from third parties for certain rights. Therefore, there is a risk that the Company will experience increased costs for those rights it acquires or either the Company is outbid for or chooses not to acquire or renew certain rights it would like. The Company has a specific team focused on the acquisition and management of rights. Management continuously assesses the Company'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 Company 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.</p>
Protection of the Company's content, brands and intellectual property	<p>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.</p>

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Risk	Impact and mitigating actions
Exchange risk	A significant portion of the Company's revenue and costs are in Sterling, Euros, Dollars and Yen and the Company is increasingly exposed to trading in other currencies. Management prepare cash flow forecasts by currency and attempt, where appropriate to do so, to naturally hedge the Company's cash flow. Management will continue to carefully monitor the Company's cash flow and consider alternative arrangements if there is a material unhedged exposure.
Broadcast regulatory	The Company 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 Company 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 Company engages in continuous and sometimes rapid product development. Management are highly focused on ensuring that the Company makes maximum progress in this respect, but the Company's strategy or its product innovations may not be successful or may take longer to deliver to the market or monetise than anticipated. This could impact the Company's economic performance.
Litigation risk	In the ordinary course of business the Company could be involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the rights and obligations under contractual agreements. The Company could also be involved, from time to time, in investigations and regulatory proceedings, certain of which could result in adverse judgments, settlements, fines and other outcomes. The financial impacts of legal risks might be considerable but are difficult to estimate or quantify, so that amounts eventually paid may exceed the amount of provisions set aside to cover such risks. The Company does not currently believe any present lawsuits, arbitrations or dispute resolution procedures (actual or threatened) would lead to a material adverse effect on its business, financial condition or results of operations or could cause significant reputational harm.
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, largely driven by an energy crisis linked to Russia's invasion of Ukraine. The increased cost of living and high levels of economic uncertainty are likely to lead to customers in core markets having less disposable income, which in turn could impact subscriber numbers.</p> <p>Despite these challenges, the Company expects revenue growth to continue given the large portfolio of high-profile rights, the relatively inelastic demand profile of sports fans, and the comparatively low price point for the product compared to average household expenditure. The Company has also secured several long-term contracts with distributors across Europe, many of which have minimum guaranteed revenues that could help protect the Company's revenues from potential demand fluctuations.</p>

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement

As a member of the DAZN Group, the Directors of the Company have had regard to a variety of stakeholders other than the Company's shareholders when making strategic business decisions. Management 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 for the Company are set out below.

Stakeholder	Relationship and engagement activities
Customers	<p>Through the operation of the DAZN platform, the business has access to customers in over 200 territories following the launch of the global offering, providing over 1 billion hours of live sports content in 2021 to over 100 million connected devices.</p> <p>Using the internally developed Customer Relationship Management (CRM) platform, the Group has responded to over 61,000 comments on social media platforms in the year, with over 80% of responses within 30 minutes. Other social media activity includes 7.8 billion impressions in the year and 2.4 billion video views.</p> <p>As part of the aim of becoming the best in class for its one to one relationship with customers, the Group implemented daily survey automation of 6 of their core surveys in 2021. These surveys cover the 4 main stages of the customer life stage (partial, new, active and churned), a trigger-based journey experience survey and a trigger-based stream rating survey based on content watched and are translated into 17 different languages. This has led to the completion of over 650k surveys with customers in 2021 across more than 100 countries and territories.</p>
Employees	<p>As at 31 December 2021 the Company and its subsidiaries have 120 employees operating in countries around the world. Maintaining an engaged and motivated workforce driven by the desire to change how people consume sport is a key priority for the Board. Through recruiting and retaining exceptional talent the Group aims to build industry leading teams at the forefront of technology, content and production, media, operations and commercial, and business development.</p> <p>The Board maintains active communication with employees, through a series of written/video communications and live events, including regular global updates from our CEO and Exec. DAZN also hold local town hall sessions with open Q&A for employees, both physical and virtual.</p> <p>DAZN is committed to being an inclusive, global company, promoting diversity, 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 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, as well as investing in impactful original programming. Securing and utilising rights is recognised as a collaborative process, creating open and communicative relationships to develop and maintain global multi-year relationships.</p> <p>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 2021, the Group evolved their initial efforts in this area by demonstrating their company-wide commitment via minority recruitment network partnerships that focus on removing barriers to entry and the gender skills gap, job specification language updates, global employee diversity snapshot survey, updates to employee policy handbooks and year-round bite sized learning content on key inclusion topics.</p> <p>To better amplify voices of employees from a diverse set of backgrounds, ERGs (employee resource groups) are voluntary, employee-led groups company-wide across all regions which aim to foster a diverse, inclusive workplace, consisting of over 150 employees across 10+ markets as of the end of 2021. The groups exist to help employees contribute to how the business evolves with an increased focus around diversity, provide support and inclusion for personal and/or career development, and create forums to tackle social-related issues. In 2021, the Group evolved them to include identity networks for our women, LGBTQ+, parents and disabled communities.</p> <p>During the year, the Group produced a series of compelling short features honouring key awareness calendar moments, such as (but not limited to) Black History Month and International Women's Day. Most notably, the Group partnered with Muhammad Ali's estate for U.S. Black History Month to create a poignant feature that centred around the duty the current generation of boxers have in advocating for social justice and racial equality – just as boxer and civil rights activist Muhammad Ali was most noted for.</p> <p>The Group also continued to work with PLAN International, having reached over 30,000 children and young people in India and Brazil as part of their partnership since 2013. This includes its Empowerment through Sports programme in Brazil and harnessing the power of sports to increase school attendance in India.</p>

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement (continued)

Stakeholder	Relationship and engagement activities
Environment	<p>As a business focused on the delivery and broadcast of live sports events, the Directors recognise the significance of the environment on the DAZN Group's operations, in addition to the impacts that the Group has upon the environment. Climate change and the associated impacts to global and local weather systems will have a direct impact on how people play and experience live sport, which will in turn affect how it is broadcasted.</p> <p>As a global business, the Directors are aware of the carbon footprint of the DAZN Group as a result of work-related travel, in addition to the significant energy outlays required to operate data centres to support DAZN streaming and Media platforms, and production.</p> <p>Data centres are an integral part to the DAZN Group's operations, facilitating the storage and transfer of broadcast data underpinning the DAZN and Media platforms. This is recognised as a key area of energy consumption within the business, and as part of the global data centre network, DAZN utilises sites in London where 100% of power is generated from sustainable resources including water, wind and solar.</p> <p>In 2021 DAZN increased the roll-out of cloud-based remote production commentary, which eliminated the travel requirements of commentators for a number of sporting events across Europe. This resulted in 23% of DAZN Platform and broadcast partnership events using cloud-based remote commentary, which is expected to continue to increase in 2022. In addition, 82% of editing in UK and Spain in 2021 was done using cloud remote production, which reduced both travel and on-premises energy usage.</p>

The Directors of the Company as part of the DAZN Group take into account the interests of its stakeholders during key decision as part of their duty to promote the success of the Group. The Directors act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefits of its members as a whole, and in doing so have regard to the following factors in relation to Section 172(1);

- (a) The likely consequences of any decision in the long term;
- (b) The interests of the Company's employees;
- (c) The need to foster the Company's business relationships with suppliers, customers and others;
- (d) The impact of the Company's operations on the community and the environment;
- (e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) The need to act fairly as between members.

The Board approach to Section 172 and decision making

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>
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DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement (continued)

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

Training

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

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

Culture

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

"Sports fans are the lifeblood of DAZN and the very reason we exist. In order to best serve them, our global workforce must reflect the diversity of sports fans all around the world. We recognize that having the strongest workforce possible means hiring and developing the best people across all races, ethnicities, religions, age groups, sexual orientations, gender identities and all abilities. We are committed to fostering an inclusive environment, both inside and outside of our walls, that values equality and diversity - where everyone can contribute at the highest level and their voices can be heard."

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

Future developments

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

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

During 2022, in order to continue to fund operations, the Company received \$730.0 million (£606.3 million) in the form of loans from an indirect parent company, DAZN Group Limited. These loans accrued interest based on the Secured Overnight Financing Rate (SOFR) plus a margin of 2.05%. On 30 November 2022, intercompany loans received to date with a value of \$900.5 million (£753.5 million) including accrued interest, were novated to the Company's immediate parent company, DAZN Media Channels, and settled in exchange for the issue of 1 share with a nominal value of £0.001. The difference between the nominal and total value was recorded as share premium.

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



Darren Waterman

Director

24/03/2023

DAZN LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 December 2021.

Future developments and events after the balance sheet date

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

Going concern

DAZN Limited is a company within the DAZN Group. The primary activity of the entity is the utilisation and commercialisation of sports rights, content and services primarily on its direct-to-consumer OTT media platform 'DAZN'. The Company is currently reliant upon the continuing funding and operation of the wider DAZN Group ("the Group").

Having reviewed cash flow forecasts and budgets and having considered the financial support that the Group's principal shareholder, Access Industries ("Access") has confirmed it intends to provide to the Group through its fully owned subsidiary AI Perform Holdings LLP, the Directors have a reasonable expectation that the Group will have access to sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. As in prior periods, Access is not legally obligated to provide financial support. The Directors have considered a range of factors in order to make their going concern assessment, including expected future demand for the Group's services, the revenue growth trends of the business, the history of continued financial support from Access, throughout the financial year and during 2022 and 2023 to date, and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2026, including forecast funding requirements. This assessment has included consideration of the risk of further disruption from the COVID-19 pandemic on the Group's business as well as the recent cost of living crisis, and its resulting impact on future revenues, results from operations and cash flows. The directors have also considered Access' ability to provide funding and concluded that Access have sufficient funds to provide support to the Group where required.

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

The Company had cash balances of £87.1 million (2020: £106.8 million) at the year end, net current liabilities of £74.7 million (2020: net current liabilities: £3,610.3 million) and net assets of £14.8 million (2020: net liabilities of £3,449.5 million).

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

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

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

Directors

The Directors, who served throughout the year and until the date of this report were as follows:

- Shay Segev – appointed on 25 April 2022;
- Jacopo Tonoli;
- Darren Waterman – appointed on 20 April 2022;
- John Gleasure, resigned as a Director on 3 November 2022;
- James Rushton, resigned as a Director on 26 July 2022.

Directors' Indemnities

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

DAZN LIMITED

DIRECTORS' REPORT (CONTINUED)

Dividend

The Directors do not recommend the payment of a dividend in respect of 2021 (2020: £nil).

Political contributions

No political contributions were made during the year (2020: £nil).

Financial risk management objectives and policies

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

Cash flow risk

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

Credit risk

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

The Company's credit risk is primarily attributable to its trade receivables. The Company recognises a loss allowance based on the financial asset's lifetime expected credit loss and historical loss rates are adjusted to reflect current and forward-looking information.

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

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

Liquidity risk

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

Disabled employees

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

Employee engagement and consultation

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

Business relationships

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

Energy and carbon reporting

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

Research and development activities

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

DAZN 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 Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves 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 their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



Darren Waterman

Director

24/03/2023

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Generally Accepted Accounting Practice has been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of DAZN Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the accounting policies in note 1; and
- the related notes 2 to 23.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the General Data Protection Regulations and regulatory requirements relating to the company's broadcasting licences in those principal markets where it is required to hold a licence.

We discussed among the audit engagement team, including relevant internal specialists including tax, valuation, and IT specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

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

- enquiring of management and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



Mark Tolley FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

24 March 2023

DAZN LIMITED

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

	Notes	2021 €'000	2020 €'000
Revenue	2	962,723	561,573
Operating costs	3	(1,912,686)	(1,362,696)
Operating loss		(949,963)	(801,123)
Finance income	4	8,887	101,362
Finance costs	5	(84,000)	(300,785)
Dividend income	6	436	128
Loss before taxation		(1,024,640)	(1,000,418)
Taxation charge	8	(3,517)	(1,867)
Total loss for the year		(1,028,157)	(1,002,285)
Other comprehensive income			
Exchange difference on translating foreign branches, net of tax		57,594	1,171
Total comprehensive loss for the year		(970,563)	(1,001,114)

DAZN LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	9	40,159	44,088
Property, plant and equipment	10	1,454	4,574
Investments in subsidiaries	11	3,402	24
Investments in financial assets		1,400	-
Right of use asset	12	2,352	558
Trade and other receivables	13	40,613	114,777
Deferred tax asset	8	1,917	-
		91,297	164,021
Current assets			
Trade and other receivables	13	69,527	71,581
Prepayments and accrued income	14	294,504	285,159
Inventory		5,583	-
Cash and cash equivalents		87,113	106,823
		456,727	463,563
Total assets		548,024	627,584
Current liabilities			
Trade and other payables	15	(510,667)	(393,137)
Lease liability	12	(881)	(585)
Provisions	16	(19,891)	(39,846)
Borrowings	17	-	(3,640,312)
		(531,439)	(4,073,880)
Net current liabilities		(74,712)	(3,610,317)
Non-current liabilities			
Lease liability	12	(1,506)	-
Non-current provisions	16	(279)	(3,202)
Total non-current liabilities		(1,785)	(3,202)
Total liabilities		(533,224)	(4,077,082)
Net assets/ (liabilities)		14,800	(3,449,498)

DAZN LIMITED

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

		2021 £'000	2020 £'000
	Note		
Equity			
Called-up share capital	18	-	-
Share premium		4,434,861	-
Capital contribution reserve		37,202	37,202
Merger reserve		1,692	1,692
Foreign exchange reserve		58,765	1,171
Accumulated deficit		(4,517,720)	(3,489,563)
Total funds/(deficit)		14,800	(3,449,498)

The financial statements of DAZN Limited, registered number 9676399, were approved and authorised for issue by the Board of Directors on 24 March 2023.

Signed on behalf of the Board of Directors



Darren Waterman

Director

24/03/2023

DAZN LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called-up share capital £'000 (note 18)	Share premium £'000	Capital contribution reserve £'000	Merger reserve £'000	Foreign exchange reserve* £'000	Accumulated deficit £'000	Total deficit £'000
At 31 December 2019	-	-	-	-	-	(2,487,278)	(2,487,278)
Loss for the year	-	-	-	-	-	(1,002,285)	(1,002,285)
Other comprehensive income							
Exchange difference on translating foreign branches	-	-	-	-	1,171	-	1,171
Total comprehensive loss for the year	-	-	-	-	1,171	(1,002,285)	(1,001,114)
Merger reserve created	-	-	-	1,692	-	-	1,692
Capital contribution	-	-	37,202	-	-	-	37,202
At 31 December 2020	-	-	37,202	1,692	1,171	(3,489,563)	(3,449,498)
Loss for the year	-	-	-	-	-	(1,028,157)	(1,028,157)
Other comprehensive income							
Exchange difference on translating foreign balances	-	-	-	-	57,594	-	57,594
Total comprehensive loss for the year	-	-	-	-	57,594	(1,028,157)	(970,563)
Issue of new share capital	4,434,861	-	-	-	-	-	4,434,861
At 31 December 2021	-	4,434,861	37,202	1,692	58,765	(4,517,720)	14,800

* Foreign exchange reserve represents the accumulated exchange differences on translating the operations into the presentational currency of Pounds Sterling.

DAZN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

DAZN Limited is a company incorporated in the United Kingdom on 8 July 2015 under the Companies Act 2006. The Company is a private company 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. The nature of the Company's operations and its principal activities are set out in the Strategic report.

The functional currency of DAZN Limited changed compared to the prior period from Pounds Sterling to Euros to reflect the economic environment that the entity operates in. However, the presentational currency of these financial statements continues to be in Pounds Sterling. Foreign operations are included in accordance with the policies set out below.

Basis of preparation

The Company's financial statements present information about it as an individual undertaking, including its foreign branch, and not as a group. Refer to the policy on foreign currencies below for further information on the inclusion of the foreign branch within the Company's financial statements. The Company has taken advantage of the exemption offered by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is a wholly owned subsidiary of DAZN Group Limited which prepares consolidated financial statements that are publicly available. The registered office of DAZN Group Limited is 12 Hammersmith Grove, London, England, W6 7AP, United Kingdom.

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

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, revenue and related party transactions on the grounds that the Company is a wholly owned subsidiary undertaking of DAZN Group Limited whose financial statements are publicly available.

Adoption of new and revised standards

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standard Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021 as follows:

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

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

DAZN LIMITED

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

1. Accounting policies (continued)

New and Revised IFRSs in issue but not yet effective

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

Standard	Description	Effective Date
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, plant and equipment – proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual improvements to IFRS standards 2018-2020 cycle	Amendments to IFRS 1 first time adoption of international financial reporting standards, IFRS 9 financial instruments, IFRS 16 leases and IAS 41 agriculture	1 January 2022
Amendments to IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet determined

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

Going concern

DAZN Limited is a company within the DAZN Group. The primary activity of the entity is the utilisation and commercialisation of sports rights, content and services primarily on its direct-to-consumer OTT media platform 'DAZN'. The Company is currently reliant upon the continuing funding and operation of the wider DAZN Group ("the Group").

Having reviewed cash flow forecasts and budgets and having considered the financial support that the Group's principal shareholder, Access Industries ("Access") has confirmed it intends to provide to the Group through its fully owned subsidiary AI Perform Holdings LLP, the Directors have a reasonable expectation that the Group will have access to sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. As in prior periods, Access is not legally obligated to provide financial support. The Directors have considered a range of factors in order to make their going concern assessment, including expected future demand for the Group's services, the revenue growth trends of the business, the history of continued financial support from Access, throughout the financial year and during 2022 and 2023 to date, and recent discussions with the current shareholders, who are also represented on the Group's board, on the Group's cash flows forecast, and budgets for the period to 2026, including forecast funding requirements. This assessment has included consideration of the risk of further disruption from the COVID-19 pandemic on the Group's business as well as the recent cost of living crisis, and its resulting impact on future revenues, results from operations and cash flows. The directors have also considered Access' ability to provide funding and concluded that Access have sufficient funds to provide support to the Group where required.

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

DAZN LIMITED

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

1. Accounting policies (continued)

Going concern (continued)

The Company had cash balances of £87.1 million (2020: £106.8 million) at the year end, net current liabilities of £74.7 million (2020: net current liabilities: £3,610.3 million) and net assets of £14.8 million (2020: net liabilities of £3,449.5 million).

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

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

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

Revenue recognition

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

DAZN Consumer Platform

Subscription revenues are recognised rateably over the subscription period. Revenues are presented net of the taxes that are collected from subscribers and remitted to governmental authorities. Contract liabilities consist of subscription fees billed that have not been recognised as revenue.

The Company 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 Company 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 Company 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 Company 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 Company expects the total number of subscribers to exceed the minimum guarantee. Where the Company 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 Company 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 LIMITED

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

1. Accounting policies (continued)

Revenue recognition (continued)

The Company 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 Company 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 Company 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 Company records revenue based on the net amount received from the advertising agency (i.e. the agency's commission is netted against revenue).

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 Company 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 Company is considered to be the principal as the Company 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 Company 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 Company will recognise a prepayment) or arrears (and as such the Company will recognise an accrual). The Company recognises the expense for sports streaming rights based on the pattern of consumption of economic benefits over the contract term. The Company 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.

Leases

The Company as lessee

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

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

DAZN LIMITED

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

1. Accounting policies (continued)

Leases (continued)

The Company as lessee (continued)

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

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

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

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

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

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

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

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

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

DAZN LIMITED

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

1. Accounting policies (continued)

Leases (continued)

The Company as lessee (continued)

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 Company as lessor

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

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

Amounts due from lessees under finance leases are recognised as receivables at the amount of the 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 Company applies IFRS 15 to allocate the consideration under the contract to each component.

Foreign currencies

The functional currency of the Company changed from Pound Sterling to Euros during the period, to reflect the shift in economic environment in which the Company operates. Where the Company has branches registered outside of the UK an assessment is made as to the level of autonomy of that branch, and consequently, whether that branch has a different functional currency from that of the Company. It has been determined that the functional currency of the Italian branch is Euros, the same as the company.

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.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

DAZN LIMITED

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

1. Accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Company 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.

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 Company intends to settle its current tax assets and liabilities on a net basis.

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

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:

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 Company can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated;
- it is the intention of management to complete the intangible asset and use it or sell it; and
- the development costs can be measured reliably.

DAZN LIMITED

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

1. Accounting policies (continued)

Intangible assets – computer software development (continued)

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

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

Impairment of tangible and intangible assets

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

Inventory

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

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

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

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 Company 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 Company derecognises financial liabilities when, and only when, the Company'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.

DAZN LIMITED

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

1. Accounting policies (continued)

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

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

Financial 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.

Cash and cash equivalents

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

Trade and other payables

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

Investments in subsidiaries

Fixed asset investments are shown at cost less provision, if any, for impairment. The carrying values of investments are periodically reviewed for impairment and adjusted if events or changes in circumstances indicate the carrying value may not be recoverable.

Provisions

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

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

Legal and commercial disputes

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

DAZN LIMITED

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

1. Accounting policies (continued)

Onerous commitments

Present obligations arising under onerous commitments are recognised and measured as provisions. An onerous contract is considered to exist where the Company 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 judgements in applying the Company's accounting policies

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

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

The items below are critical judgements that the Directors have made in applying the Company's accounting policies, which have a significant effect on the amounts recognised in these financial statements.

Commitment to acquire content rights

The Company has commitments to acquire sports content rights. As at 31 December 2021 these commitments total £4,500.3 million (2020: £3,387.8 million). 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 Company 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 Company does not consider it meets the criteria for recognition of an intangible asset nor does it consider it has a financial liability in accordance with IFRS 9 until the sporting event has been delivered.

Accounting for contract revenue in distribution agreements

The Company has entered into partnership agreements with third parties to provide the DAZN service directly to customers or through broadcast channels. The Company 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 Company'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 Company 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 Company is exchanging services with a customer rather than providing services in exchange for cash consideration, the Company has applied an accounting policy to record both revenue and a related cost. Judgement has been applied in determining the value of the services provided. Note 2 provides detail on the quantification and disaggregation of revenues.

DAZN LIMITED

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

2. Revenue

Revenue represents amounts derived from the Company's subscription based digital over the top service and sublicence agreements. All revenue is stated net of value added tax.

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

	2021 £'000	2020 £'000
United Kingdom	68,293	15,157
Europe	598,970	289,920
Rest of the World	295,460	256,496
Total	962,723	561,573

3. Operating costs

	2021 £'000	2020 £'000
Recharge of expenses from Group undertakings	329,742	294,818
Rights costs	1,297,150	879,111
Production costs	33,642	32,232
Distribution and delivery costs	82,081	69,105
Sales and marketing costs	77,839	50,437
Staff and contractor costs	8,092	5,682
Expected credit loss provision movement	44,448	(295)
Other costs	22,070	30,672
Loss on foreign exchange	17,622	934
Total operating costs	1,912,686	1,362,696

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

The expected credit loss provision has increased due to the impairment of intercompany receivables that were due from entities in the group that no longer have core operating businesses and are not expected to be able to repay the debts.

£31,200 was payable to Deloitte LLP for the audit of the Company's annual accounts (2020: £45,000). £8,900 was payable for other services (2020: £16,000).

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 12 respectively. During the current year, £17.5 million (2020: £13.7 million) of OTT platform development costs recharged from other Group undertakings were capitalised as intangible assets. See note 9 for further details.

DAZN LIMITED

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

4. Finance income

	2021 £'000	2020 £'000
Bank interest receivable	-	267
Intercompany financing foreign exchange gain	-	93,231
Intercompany interest receivable	8,887	7,864
	8,887	101,362

The Company undertaking receives an interest comprised of a fixed and floating portion. Balances due from Group undertakings incur interest at 2% plus LIBOR. Foreign exchange gain on financing items arises on balances due to and from Group undertakings not denominated in pounds sterling.

5. Finance costs

	2021 £'000	2020 £'000
Interest on shareholder loan	382	32,179
Intercompany interest payable	32,148	268,538
Interest expense on lease liabilities	84	40
Bank charges and similar	136	28
Intercompany financing foreign exchange loss	51,250	-
	84,000	300,785

The Company incurs interest on balances due to other Group undertakings at fixed and floating rates. Balances payable to Group undertakings incur interest at a range from 9.5% to 2% plus LIBOR.

Foreign exchange loss on financing items arises on balances due and from Group undertakings not denominated in pounds sterling.

6. Dividend income

	2021 £'000	2020 £'000
Dividend income	436	128

During the current year dividend income was received from DAZN Japan Holdco Limited (2020: Nil). No dividend income was received from DAZN MR Holdco Limited in 2021 (2020: £128,000).

DAZN LIMITED

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

7. Employee costs

The average monthly number of employees, none of whom were Directors, was:

	2021 Nos	2020 Nos
Account management and marketing	16	19
Production	59	41
Technology	5	1
Administration and management	17	19
Total	97	80

Employees of DAZN Media Services Limited undertook activities on behalf of the Company during the current and prior year, for which costs are recharged to DAZN Limited.

The aggregate payroll costs are as follows:

	2021 £'000	2020 £'000
Wages and salaries	5,254	3,801
Social security costs	1,002	1,063
Pension costs	816	371
Total	7,072	5,235

The Directors of the Company, who are considered to be the Key Management Personnel, are employees of and paid via the payroll of DAZN Media Services Limited and DAZN Group Limited. None of the Directors receive any emoluments or remuneration during the period for their services to the Company.

DAZN LIMITED

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

8. Taxation

	2021 £'000	2020 £'000
Current tax		
UK current tax – current year	432	378
UK current tax - prior year adjustment	-	(73)
Withholding tax	1,062	428
Overseas current tax – current year	3,615	1,275
Overseas current tax – prior year adjustment	374	(141)
Deferred tax		
Origination and reversal of timing differences	(1,535)	-
Adjustment in respect of prior years	(431)	-
Tax charge for the year	3,517	1,867

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable loss for the year. The charge for the year can be reconciled to the loss before tax in the Income Statement as follows:

	2021 £'000	2020 £'000
Loss before tax	(1,024,640)	(1,000,418)
Loss multiplied by standard rate of tax – 19% (2020: 19%)	(194,682)	(190,079)
<i>Effects of:</i>		
Other timing differences on which no deferred tax is recognised	12,069	1,203
Non-recognition of losses	8,859	29,386
Tax effect of amounts not deductible in determining taxable profit	8,412	(1,304)
Prior year adjustments	(57)	(214)
Withholding tax	1,062	428
Group relief	29,519	57,175
Non-deductible hybrid mismatches	137,692	104,865
Effects of difference on tax rates from operating in other jurisdictions	643	407
Tax charge for the year	3,517	1,867

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

At the balance sheet date, the Company has unused tax losses of £2,298.5 million (2020: £2,425.0 million) available for offset against future profits. The Company has not recognised a deferred tax asset on timing differences relating to capital allowances totally £29.5 million or on corporate interest restricted amounts of £53.5 million.

DAZN LIMITED

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

8. Taxation (continued)

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

	2021 £'000	2020 £'000
At 1 January	-	-
Adjustments in respect of prior periods	431	-
Other short term timing differences	1,535	-
Effect of movement in foreign exchange	(49)	-
At 31 December	1,917	-

	2021 £'000	2020 £'000
The deferred tax asset is comprised as follows:		
Other short term timing differences and provisions	1,917	-
Total deferred tax asset	1,917	-

DAZN LIMITED

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

9. Intangible assets

	Computer software development £'000
Cost	
At 1 January 2020	102,092
Additions	19,028
Disposals	(41,592)
At 31 December 2020	79,528
Additions	22,284
Disposals	(3,821)
Effect of movement in foreign exchange	(5,425)
At 31 December 2021	92,566
Accumulated amortisation	
At 1 January 2020	57,275
Charge for the year	19,757
Disposals	(41,592)
At 31 December 2020	35,440
Charge for the year	23,523
Disposals	(3,821)
Effect of movement in foreign exchange	(2,735)
At 31 December 2021	52,407
Net book value	
At 31 December 2021	40,159
At 31 December 2020	44,088

Computer software development relates to costs incurred to improve and develop the DAZN platform in order to deliver content to customers. Included within additions to research and development in 2021 is £17.5 million (2020: £13.7 million) of capitalised internal staff costs recharged from other DAZN Group undertakings.

DAZN LIMITED

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

10. Property, plant and equipment

	Technical and production equipment £'000	Office furniture and equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2020	15,438	223	10,871	26,532
Additions	1,485	-	-	1,485
Assets assumed on merger	61	13	654	728
Disposals	(9,615)	(22)	(6,518)	(16,155)
Effect of movement in foreign exchange	3	1	37	41
As at 31 December 2020	7,372	215	5,044	12,631
Additions	507	-	-	507
Disposals	(3,767)	(59)	(5,082)	(8,908)
Effect of movement in foreign exchange	26	8	164	198
As at 31 December 2021	4,138	164	126	4,428
Accumulated depreciation				
At 1 January 2020	10,557	55	6,812	17,424
Charge for the year	3,456	87	3,238	6,781
Disposals	(9,615)	(22)	(6,518)	(16,155)
Effect of movement in foreign exchange	1	-	6	7
As at 31 December 2020	4,399	120	3,538	8,057
Charge for the year	2,061	62	1,496	3,619
Disposals	(3,767)	(59)	(5,082)	(8,908)
Effect of movement in foreign exchange	26	9	171	206
As at 31 December 2021	2,719	132	123	2,974
Net book value				
At 31 December 2021	1,419	32	3	1,454
At 31 December 2020	2,973	95	1,506	4,574

DAZN LIMITED

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

11. Investments in subsidiaries

	2021 £'000	2020 £'000
Investment in subsidiaries as at 1 January	24	33
Elimination of investment upon merger with DAZN Italy Srl	-	(9)
Additions in the year	3,378	-
Investment in subsidiaries as at 31 December	3,402	24

The investments in subsidiaries are all stated at cost.

On 9 November 2021, the Company acquired 100% of the issued share capital of technology company Texel Live Limited ("Texel") for £3.4 million. Texel was acquired to develop the functionality of the DAZN consumer platform with a focus on developing interactive and engaging content layers for customers. Subsequent to year end, this entity was renamed DAZN Media Israel.

Details of the Company's subsidiaries at 31 December 2021 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

	Proportion of all classes of issued share capital owned by the Company	Country of incorporation	Principal activity	Registered office
Direct holdings of the Company				
DAZN Japan Holdco Limited	100%	United Kingdom	Holding company	12 Hammersmith Grove, London, England, W6 7AP
DAZN DACH Holdco Limited	100%	United Kingdom	Holding company	12 Hammersmith Grove, London, England, W6 7AP
DAZN North America Inc	100%	United States	Cost centre for the DAZN business in North America	1209 Orange Street, County of New Castle, Wilmington, Delaware, 19801, USA
DAZN US LLC	100%	United States	Digital sports media	United Corporate Services, Inc., 874 Walker Road, Suite C, County of Kent, Dover, Delaware, 19904, USA ('United Corporate Services')
DAZN MR Holdco Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
DAZN Newco Limited	100%	United Kingdom	Digital sports media	12 Hammersmith Grove, London, England, W6 7AP
Texel Live Limited	100%	Israel	Digital sports media	11 Aryeh Shenkar St., Herzliya Pituach, 4672511

DAZN LIMITED

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

11. 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				
DAZN Japan Investment GK	100%	Japan	Digital sports media	9F Ark Hills South Tower 1-4-5 Roppongi, Minato- ku, Tokyo 106-0032
DAZN DACH GmbH	100%	Germany	Digital sports media	Münchener Str. 101, 85737 Ismaning, Germany
Matchroom Boxing USA LLC	40%	United States	Digital sports media	United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904
Matchroom Boxing Global LLP	40%	United Kingdom	Digital sports media	Mascalls, Mascalls Lane, Great Warley, Brentwood, Essex, CM14 5LJ

DAZN LIMITED

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

12. Leases

a) Right of use assets

	Offices £'000
Cost	
At 1 January 2020	-
Assets assumed on merger	1,434
Effect of movement in foreign exchange	81
At 31 December 2020	1,515
Additions in the year	2,813
Disposals in the year	(1,405)
Effect of movement in foreign exchange	(171)
At 31 December 2021	2,752
Accumulated depreciation	
At 1 January 2020	-
Charge for the year	943
Effect of movement in foreign exchange	14
At 31 December 2020	957
Charge for the year	942
Disposals in the year	(1,405)
Effect of movement in foreign exchange	(94)
At 31 December 2021	400
Net book value	
At 31 December 2020	558
At 31 December 2021	2,352

The entity holds right of use assets in respect of office building leases. The average lease term is 3.5 years (2020: 0.6 years).

b) Amounts recognised in Statement of comprehensive income

	2021 £'000	2020 £'000
Depreciation of right-of-use asset	942	943
Finance costs on lease liabilities	84	40

DAZN LIMITED

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

12. Leases (continued)

c) Lease liability

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

	Minimum sublease payments 2021 £'000	Present value of sublease asset 2021 £'000	Minimum sublease payments 2020 £'000	Present value of sublease asset 2020 £'000
Year 1	1,013	881	591	585
Year 2	1,013	944	-	-
Year 3 onwards	570	562	-	-
Less: Future finance charges	(209)	-	(6)	-
Present value of lease liability	2,387	2,387	585	585

Analysed as:

	2021 £'000	2020 £'000
Current	881	585
Non-current	1,506	-
As at 31 December	2,387	585

Movement in lease liability during the year

	2021 £'000	2020 £'000
As at 1 January	585	-
Liabilities assumed on merger	-	1,469
Payments made	(1,016)	(1,007)
Additions	2,813	-
Finance costs on lease liabilities	85	40
FX revaluation of lease liabilities	(80)	83
As at 31 December	2,387	585

DAZN LIMITED

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

13. Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due in more than one year:		
Amounts owed by Group undertakings	40,613	114,777
Total non-current trade and other receivables	40,613	114,777
Amounts falling due in less than one year:		
Trade receivables	69,527	71,581
Total current trade and other receivables	69,527	71,581

Balances due from other Group undertakings are unsecured and repayable on demand. All Company entities are wholly owned by DAZN Group Limited.

The Company undertaking receives an interest at a rate of 2% plus LIBOR.

14. Prepayments and accrued income

	2021 £'000	2020 £'000
Prepayments for acquiring rights	273,861	252,077
Contract assets	12,774	25,422
Other prepaid costs	7,869	7,660
As at 31 December	294,504	285,159

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

15. Trade and other payables

Amounts falling due within one year:

	2021 £'000	2020 £'000
Trade payables	22,787	11,181
Amounts due to Group undertakings	183,712	164,464
Accruals	120,144	104,888
Contract liabilities	169,165	99,631
Other taxes and social security	6,669	8,890
Other creditors	8,190	4,083
Total trade and other payables	510,667	393,137

Balances due to other Group undertakings are unsecured and repayable on demand. All Group entities are wholly owned by DAZN Group Limited.

Balances due to other Group undertakings are unsecured and repayable on demand, attracting interest at a range from 9.5% to 2% plus LIBOR.

Contract liabilities consist of subscription fees billed that have not been recognized. Of the contract liabilities brought forward as at 1 January 2021, all balances have been recognized in the Statement of comprehensive income in the year other than £2.6 million in relation to the OTT operations (2020: £6.0 million).

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

16. Provisions

	Rights £'000	Onerous contracts £'000	Legal £'000	Total £'000
At 31 December 2019	-	-	-	-
Additions	29,244	10,501	3,303	43,048
At 31 December 2020	29,244	10,501	3,303	43,048
Additions	3,704	-	13,573	17,277
Utilisation	(29,244)	(5,022)	-	(34,266)
Releases	-	(2,586)	(3,303)	(5,889)
At 31 December 2021	3,704	2,893	13,573	20,170

Provisions consist of £3.7 million (2020: £29.2 million) in relation to rights contracts terminations, £2.9 million in relation to onerous contracts (2020: £10.5 million) and £13.6 million (2020: £3.3 million) relating to legal matters. The analysis of provisions balances between current and non-current is detailed below:

	2021 £'000	2020 £'000
Current	19,891	39,846
Non-current	279	3,202
As at 31 December	20,170	43,048

17. Borrowings

	2021 £'000	2020 £'000
Current borrowings	-	3,640,312
Total borrowings	-	3,640,312

On 31 January 2021 the Company issued 1 ordinary share to its immediate parent DAZN Media Channels Limited in exchange for the forgiveness of £3,734.1 million of loan balances due from DAZN Limited to DAZN Media Channels Limited. All additional funding received in FY21 has been issued in exchange for equity. Refer to note 18 for additional details.

18. Called-up share capital

	2021 No.	2020 No.
Authorised		
1,009 ordinary shares of £0.001 each	1	1
Allotted, called-up and fully paid	£	£
1,009 ordinary shares of £0.001 each	1	1

The Company has one class of ordinary shares which carry no right to income.

Issuance of share capital

During the current financial year, the Company issued nine ordinary £0.001 shares to DAZN Media Channels Limited in exchange for the novation of intercompany loan receivables of £4.4 billion. The excess over the nominal value of the shares issued was recognised as share premium.

DAZN LIMITED

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

19. Related party transactions

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

20. Commitments

At 31 December 2021 the Company had had total outstanding commitments to acquire sports content rights as follows:

	2021 £'000	2020 £'000
Within one year	1,270,647	718,680
In the second to fifth years inclusive	2,907,727	2,201,875
After five years	321,949	467,283
	4,500,323	3,387,838

21. Contingent liabilities

There are no contingent liabilities in the current financial year. In the prior year the Company was involved in the various legal disputes regarding contract terminations where an outflow was considered possible but not probable and a contingent liability was disclosed. These disputes were ongoing at year end but a settlement was considered probable and a provision was raised (refer to note 16).

22. Events after the balance sheet date

Financing

After the balance sheet date, the Company received \$730.0 million (£606.3 million) in the form of loans from an indirect parent company, DAZN Group Limited, in order to fund operations in 2022. These loans accrued interest based on the Secured Overnight Financing Rate (SOFR) plus a margin of 2.05%. On 30 November 2022, intercompany loans received to date with a value of \$900.5 million (£753.5 million) including accrued interest, were novated to the Company's immediate parent company, DAZN Media Channels, and settled in exchange for the issue of 1 share with a nominal value of £0.001. The difference between the nominal and total value was recorded as share premium.

Rights commitments

Post year end significant new material rights contracts have been entered into for approximately £0.1 billion during the period up to the end of 2028.

Contingent liabilities

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

Investment in subsidiaries

On 12 January 2022, the Company subscribed to 100% of the ordinary share capital in DAZN Production Services Limited.

On 21 October 2022, the Company subscribed to 100% of the ordinary share capital in DAZN PFL Holdco Limited, an entity which has been incorporated to hold the Company's 15% investment in PFL Europe LLP.

Effective 1 January 2022, DAZN Media Services GmbH was merged into DAZN DACH GmbH which is a subsidiary of DAZN Limited.

On 2 August 2022, DAZN Newco Limited was dissolved.

DAZN LIMITED

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

23. Parent undertaking

The immediate controlling parent undertaking of the Company is DAZN Media Channels Limited.

DAZN Group Limited, a company incorporated in the United Kingdom, is the smallest parent undertaking for which Group financial statements are drawn up and of which the Company is a member. Copies of DAZN Group Limited financial statements are available from the registered office at 12 Hammersmith Grove, London, England, W6 7AP, United Kingdom.

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

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