

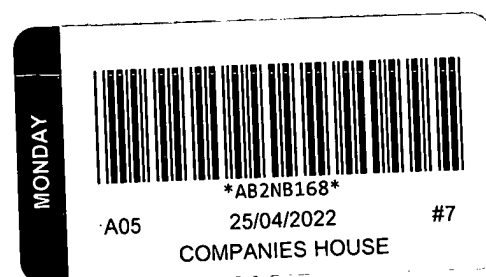
COMPANY REGISTRATION NO.

9676399

DAZN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2020



DAZN LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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DAZN LIMITED

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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

The principal activity of DAZN Limited (the “Company”) is the utilisation and commercialisation of sports rights, content and services primarily on its direct-to-consumer Over The Top (“OTT”) media platform ‘DAZN’.

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 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.

Business review

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 a growth in underlying subscriber bases in established markets in addition to the 2019 launches in Spain and Brazil and the launch of the global platform in 2020, taking the number of active countries and territories to more than 200. The continued cash expenditure has been funded by capital injections from the DAZN Group. The Company continues to invest in research and development around the DAZN platform, including the DAZN 2.0 application, which will allow greater support scalability, application performance and flexibility, and greater customer experience.

Merger with DAZN Italy

Effective from 1 January 2020, DAZN Limited merged with its former wholly-owned direct subsidiary, DAZN Italy Srl. The merger resulted in the dissolution and elimination, without liquidation, of DAZN Italy Srl and the transfer of all its assets and liabilities in whole to DAZN Limited, which were entirely assigned to the Italian branch of DAZN Limited.

This merger has been accounted for prospectively, and therefore from 1 January 2020 the assets and liabilities of the Italian branch are included within DAZN Limited’s assets and liabilities (at previous carrying value) in its separate financial statements.

Financial review and key performance indicators

Revenue for the year to 31 December 2020 increased by 28.0% to £561.6 million (2019: £438.8 million), which is considered a key indicator of the Company’s performance. This follows the fourth full year of DAZN trading in mature markets DACH and Japan, the second full year of Italy and the USA, and the first full year of Spain. Revenue growth in 2020 was impacted by the COVID-19 pandemic, with most sporting events being significantly reduced or cancelled during the initial few months of the pandemic. When sports content resumed in the latter half of the year the Company saw improved subscriber and revenue growth.

The total comprehensive loss for the year to 31 December 2020 was £1,001.1 million (2019: £1,622.2 million) reflecting the continued investment during the launch phase of the DAZN platform, including the introduction of the global platform. The fall in the loss for the year was mainly due to a decrease in rights costs to £879.1 million (2019: £1,314.3 million).

The Company had cash balances of £106.8 million (2019: £27.1 million) at the year end and net current liabilities of £3,610.3 million (2019 net current liabilities: £1,803.7 million).

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

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, particularly across mobile devices. The licensing of sports rights is critical to the success of the business. Such rights are usually licensed for periods of between three to five years. The majority of the Company's revenue relates to the OTT business, where consumer subscription periods are significantly shorter than the Company's rights obligations.

Risk

Impact and mitigating actions

Liquidity risk

The Company has made significant losses in the current financial year and until such time as the OTT 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 OTT business. While in the medium term the Company 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.

Dependency on digital technologies and communications networks

The Company is dependent on third-party internet, mobile and other technology and service providers to deliver its products and services. However, the ultimate control of these platforms and technologies is outside of Management's control. The Company constantly monitors changes in technological trends which could affect the sustainability, usability and economic viability of its products and services to minimise the adverse impact that may result.

Rights costs and margin

There is strong competition from third parties for certain rights, therefore, there is a risk that the 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.

Protection of the Company's content, brands and intellectual property

The digital ecosystem brings with it an inherent risk of content piracy and rights/IP infringement. If substantial piracy of certain of the Company's content were to occur this may diminish demand for, or the value of, some of the Company's services. The Company monitors infringement of its content, brands and intellectual property rights and continues to develop a range of strategies with which to respond where required.

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

| Risk | Impact and mitigating actions |
|-------------------|--|
| Personal data | The Company controls increasing quantities of personal data which requires adequate protection and management to ensure compliance with applicable laws. The Company continues to invest in the legal and regulatory compliance function and ensure it is in compliance with the General Data Protection Regulation. Management regularly assess the legal and regulatory requirements of the Company and adjust the level of resource as necessary. |
| Exchange risk | A significant portion of the Company's revenue and costs are in 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. |
| Content liability | The Company may be subject to legal or regulatory proceedings if an item of content that the Company produces or handles breaches a third-party's rights, law or regulation. The Company requires that its editorial staff abide by the relevant editorial code of practice. Content produced is reviewed against that code by its senior and managing editors prior to publication to ensure suitability for each geographical market it is published in. |
| Products | Constant technological and user behaviour changes necessitate that the Company engages in continuous and sometimes rapid product development. Management are highly focussed 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 | <p>In the ordinary course of business, the Company could be involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the rights and obligations under contractual agreements. The Company could also be involved, from time to time, in investigations and regulatory proceedings, certain of which could result in adverse judgments, settlements, fines and other outcomes. The financial impacts of legal risks might be considerable but are difficult to estimate or quantify, so that amounts eventually paid may exceed the amount of provisions set aside to cover such risks.</p> <p>In August 2020, the Company terminated a license agreement for the broadcast of specified sports rights with a South American counterparty. The counterparty disputes the termination and in April 2021 commenced proceedings against the Company. The proceedings have been stayed pending contractually mandated pre-action discussions between the parties.</p> <p>In May 2020, the Company terminated a licence agreement for the broadcast by the Company of specified sports rights with an English counterparty on the basis of force majeure arising from the Covid-19 pandemic. In response, a member of the counterparty's group withheld certain payments which the Company considers to be payable under a separate share purchase deed. The Company continues to recognise the full amount unpaid that it believes to be receivable under the share purchase deed.</p> <p>The Company does not currently believe any present lawsuits, arbitrations or dispute resolution procedures (actual or threatened) would lead to a material adverse effect on its business, financial condition or results of operations or could cause significant reputational harm.</p> |

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

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

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 OTT Platform the Company has access to customers in over 200 territories following the launch of the global offering, providing over 516 million hours of streamed content and generating original signal for over 32,000 sporting events in 2020.</p> <p>The Company has completed over a billion customer communications in 2020, initialising in app communications, push notifications, paid media, message centre and email. The Company has now developed a Customer Relationship Management (CRM) platform which is fully scalable over 200+ territories and operational in multiple languages.</p> <p>As part of the aim of becoming the best in class for its one-to-one relationship with customers, the Company has also completed over half a million surveys with customers, moving towards improved survey automation and expanding the current number of countries and territories surveyed in 2020 using 4 core surveys available in 17 different languages.</p> |
| Employees | <p>As at 31 December 2020 the Company and its subsidiaries have over 400 employees operating in countries around the world. Maintaining an engaged and motivated workforce driven by the desire to change how people consume sport is a key priority for the Board. Through recruiting and retaining exceptional talent the Company and its subsidiaries aim to build industry leading teams at the forefront of technology, content and production, media, operations and commercial, and business development.</p> <p>The Board maintains active communication with employees, through a series of written/video communications and live events, culminating in the 2020 DAZN Vision conference for all employees. DAZN also entered an agreement with a new employee engagement and feedback partner, Peakon, to provide key input into the people planning process operated by the Board which is rolled out in each operational area of the Group.</p> <p>DAZN is committed to being an inclusive, global company, promoting diversity and equity within the workplace, in addition to creating a more inclusive sports media industry. The business appointed its first Head of Diversity, Equity and Inclusion (DEI) and established Employee Resource Groups (ERGs) as part of the new DEI strategy.</p> <p>Health and Safety is a main focus for the board, with the Group operating a Health and Safety policy across all global facilities, including a strong focus on COVID-19 safety measures for those working on site, and wellbeing support for all employees. Continued training and development is also offered to staff through the DAZN Learning Portal and industry-focused Brown Bag teaching sessions run internally.</p> |

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement (continued)

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

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

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 Company is to make live sport more accessible and affordable. This has a customer centric focus, with the aim of bringing sports content to fans across the globe. The Board undertakes continued reviews of customer and non-customer feedback alongside customer data to identify rights for the Company to acquire and retain, while maintaining close working relationships with rights holders. Additionally, the Board reviews and approves the long-term forecasts for the Company, analysing future cashflows and rights expenses in order to approve budgets and future strategic decisions.</p> |
| Training | <p>As a result of COVID-19 restrictions in the current year, the Enabling and Engaging People to Perform (EEPP) program which delivered face to face classroom-based training ceased. In immediate response to this the Company as part of the DAZN Group launched the Learning Zone, an online resource to provide learning, development and support content to all employees. This included a managers' hub, providing guidance, advice and tools, as well as enabling all staff to access content relating to homeworking, diversity equity and inclusion, and mandatory training for digital safety and security awareness. The Learning Zone has now evolved to link to an additional self-development environment called the e-learning hub, containing over 2,000 aggregated learning and development resources to enable self-paced growth.</p> <p>Separately a new online starter training programme was also implemented so as to support new joiners to the Company.</p> |

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Section 172 - Stakeholder engagement (continued)

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

| | |
|---------|---|
| Culture | <p>In 2020 the Board issued the following Statement of Intent on Diversity, Equity and Inclusion.</p> <p>Sports fans are the lifeblood of DAZN and the very reason we exist. In order to best serve them, our global workforce must reflect the diversity of sports fans all around the world. We recognize that having the strongest workforce possible means hiring and developing the best people across all races, ethnicities, religions, age groups, sexual orientations, gender identities and all abilities. We are committed to fostering an inclusive environment, both inside and outside of our walls, that values equality and diversity - where everyone can contribute at the highest level and their voices can be heard.</p> |
|---------|---|

An example of a key Board decision made during the year and the impact of the considerations made above has been detailed in the following table.

| Board Matter | Disclosure of the Board's considerations |
|--|---|
| Approval of the launch of the DAZN OTT Global Offering | <p>On 1 December 2020 DAZN launched the Global Offering of the DAZN OTT platform, delivering its live and on-demand streaming service in over 200 countries and territories.</p> <p>In making this decision the Board remained conscious of the needs and expectations of its customers on a global scale as well as leveraging the strong relationships with rights holders to ensure access to premium live and archived content, in addition to developing a focus on internally generated unique content.</p> |

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 2021 and 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 all of Serie A in Italy from 2021 to 2024 and confirming a four year deal for worldwide UEFA Women's Champions League Rights.

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

DAZN LIMITED

STRATEGIC REPORT (CONTINUED)

Events after the balance sheet date

Financing

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 balances due to other Group undertakings. Subsequently during 2021 the Company has issued a further 8 ordinary shares to DAZN Media Channels Limited in exchange for consideration of £700.0 million of cash.

The Company has also received further funding in the form of intercompany loans from DAZN Group Limited of \$535.0 million which attract interest at 30% are unsecured and repayable on demand.

Rights commitments

Post year end significant new material rights contracts have been entered into for approximately £2.6 billion during the period up to the end of 2028.

Details of significant events since the balance sheet date are contained in note 24 to the financial statements.

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



James Rushton

Director

21 April 2022

DAZN LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2020.

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 Company had cash balances of £106.8 million (2019: £27.1 million) at the year end, net current liabilities of £3,610.3 million (2019: net current liabilities: £1,803.7 million) and net liabilities of £3,449.5 million (2019: £2,487.3 million).

The Group has prepared a detailed financial forecast for the five-year period to the end of 2025. These forecasts indicate that, based on management's assumptions, the Group is likely to require significant additional funding during this period in order to discharge all obligations as they fall due. The directors assumptions include there being no intention to recall intercompany balances across the group for a period of at least 12 months from the date of signing the financial statements.

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 (including the Company), the Directors 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. 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 services provided by the Company's direct and indirect subsidiaries, the revenue growth trends of the business, the history of continued financial support from Access, including throughout the COVID-19 pandemic and during 2021 and 2022 to date, and recent discussions with the current shareholders, who are also represented on the board of the Company's parent DAZN Group Limited, on the Group's cash flows forecast, and budgets for the period to 2025, including forecast funding requirements. This assessment has included consideration of the risk of further disruption from the COVID-19 pandemic on the Group's business and its resulting impact on future revenues, results from operations and cash flows.

The Group's principal shareholder, Al Perform Holdings LLP, 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 \$1.53 billion of funding to the DAZN Group.

On 29 December 2021, the DAZN Group, its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares in DAZN Group Limited. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the DAZN Group's borrowings, amounting to \$3.3 billion.

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:

James Rushton

Jacopo Tonoli

John Gleasure

Simon Denyer, resigned as Director on 29 June 2020.

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.

Dividend

The Directors do not recommend the payment of a dividend in respect of 2020 (2019: £nil).

Political contributions

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

DAZN LIMITED

DIRECTORS' REPORT (CONTINUED)

Financial risk management objectives and policies

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

Foreign exchange risk

The Company is exposed to currency exchange rates from entering into contracts with a transactional currency that differs from their functional currency. The Company's policy is to review the level of revenues and costs denominated in various key currencies and to naturally hedge wherever possible.

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.

DAZN LIMITED

DIRECTORS' REPORT (CONTINUED)

Energy and carbon reporting

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

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

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|---|--|--------------------------------|
| The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport | 1,149 tn | 7,346 tn |
| A figure, in MWh, which is the aggregate of the annual quantity of energy consumed from the purchase of electricity by the Company for its own use, including for the purposes of transport | 8,434 MWh | 29,828 MWh |
| Total tonnes of carbon dioxide equivalent produced per each million dollars of revenue recognised during the year | 2.0 tn | 16.7 tn |
| Total MWh consumed per each million dollars of revenue recognised during the year | 15.0 MWh | 68.0 MWh |

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

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

The Energy and Carbon emissions calculations have been completed with reference to outputs from UK office locations (Scope 2), UK and rest of the world data centres (Scope 2), all of which are operated by DAZN Media Services Limited, a fellow subsidiary entity within the DAZN Group. The production activities of the Company within the UK are deemed to be included within outputs for UK office locations. Overseas production outputs as a non-UK Scope 3 output have not been reported. Upstream and downstream value chain emissions deemed to be Scope 3 have also not been reported. All global travel by way of road, rail, air and hotel nights (Scope 3) by employees of DAZN Limited and also of DAZN Media Services Limited have been included within this disclosure, recognising that the employee travel completed while working on behalf of DAZN Limited.

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

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

DAZN LIMITED

DIRECTORS' REPORT (CONTINUED)

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.

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 has appointed Deloitte LLP as statutory auditor during the period. 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



James Rushton

Director

21 April 2022

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.

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 2020 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; and
- the related notes 1 to 25.

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.

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

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 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.

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.

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

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 about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. 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 such as tax, valuations, IT and forensic specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

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

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

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

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 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 and 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.



Hadleigh Shekle, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

21 April 2022

DAZN LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £'000 | 2019 £'000 Restated |
|---|-------|--------------------|---------------------------|
| Revenue | 4 | 561,573 | 438,768 |
| Operating costs | 5 | (1,362,991) | (1,955,553) |
| Expected credit loss provision movement | | 295 | (916) |
| Operating loss | | (801,123) | (1,517,701) |
| Finance income | 6 | 101,362 | 42,498 |
| Finance costs | 7 | (300,785) | (146,624) |
| Dividend income | 8 | 128 | 169 |
| Loss before taxation | | (1,000,418) | (1,621,658) |
| Taxation charge | 10 | (1,867) | (584) |
| Total loss for the year | | (1,002,285) | (1,622,242) |
| Other comprehensive income | | | |
| Exchange difference on translating foreign branches | | 1,171 | - |
| Total comprehensive loss for the year | | (1,001,114) | (1,622,242) |

DAZN LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

| | Notes | 2020 £'000 | 2019 £'000 Restated |
|--------------------------------|-------|--------------------|---------------------------|
| Non-current assets | | | |
| Intangible assets | 11 | 44,088 | 44,817 |
| Property, plant and equipment | 12 | 4,574 | 9,108 |
| Investments in subsidiaries | 13 | 24 | 33 |
| Right of use asset | 14 | 558 | - |
| Trade and other receivables | 15 | 114,777 | 52,517 |
| | | 164,021 | 106,475 |
| Current assets | | | |
| Trade and other receivables | 15 | 71,581 | 48,727 |
| Prepayments and accrued income | 16 | 285,159 | 372,339 |
| Cash and cash equivalents | | 106,823 | 27,144 |
| | | 463,563 | 448,210 |
| Total assets | | 627,584 | 554,685 |
| Current liabilities | | | |
| Trade and other payables | 17 | (393,137) | (397,897) |
| Lease liability | 14 | (585) | - |
| Provisions | 18 | (39,846) | - |
| Borrowings | 19 | (3,640,312) | (1,854,041) |
| | | (4,073,880) | (2,251,938) |
| Net current liabilities | | (3,610,317) | (1,803,728) |
| Non-current liabilities | | | |
| Non-current provisions | 18 | (3,202) | - |
| Non-current borrowings | 19 | - | (790,025) |
| | | (3,202) | (790,025) |
| Total liabilities | | (4,077,082) | (3,041,963) |
| Net liabilities | | (3,449,498) | (2,487,278) |

DAZN LIMITED

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

| | Notes | 2020 £'000 | 2019 £'000 Restated |
|------------------------------|-------|--------------------|---------------------------|
| Equity | | | |
| Called-up share capital | 20 | - | - |
| Capital contribution reserve | | 37,202 | - |
| Merger reserve | 3 | 1,692 | - |
| Foreign exchange reserve | | 1,171 | - |
| Accumulated deficit | | (3,489,563) | (2,487,278) |
| Total deficit | | (3,449,498) | (2,487,278) |

The financial statements of DAZN Limited (formerly Perform Investment Limited), registered number 9676399, were approved and authorised for issue by the Board of Directors on 21 April 2022.

Signed on behalf of the Board of Directors



James Rushton

Director

DAZN LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

| | <i>Called-up share capital £'000 (note 20)</i> | <i>Capital contribution reserve £'000</i> | <i>Merger reserve £'000 (note 3)</i> | <i>Foreign exchange reserve* £'000</i> | <i>Accumulated deficit £'000</i> | <i>Total deficit £'000</i> |
|--|--|---|--|--|--|------------------------------------|
| At 1 January 2019 | - | - | - | - | (863,725) | (863,725) |
| Restatement of opening reserves (note 2) | - | - | - | - | (1,311) | (1,311) |
| As at 1 January 2019 (restated) | - | - | - | - | (865,036) | (865,036) |
| Loss for the year and total comprehensive loss for the year (restated) | - | - | - | - | (1,622,242) | (1,622,242) |
| 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 (note 3) | - | - | 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) |

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

DAZN LIMITED

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

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 Hanover House, Plane Tree Crescent, Feltham, Middlesex TW13 7BZ. The nature of the Company's operations and its principal activities are set out in the Strategic report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. 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 Hanover House, Plane Tree Crescent, Feltham, Middlesex TW13 7BZ.

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, standards not yet effective 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 2020 as follows:

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

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

DAZN LIMITED

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

1. *Accounting policies (continued)*

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 Company had cash balances of £106.8 million (2019: £27.1 million) at the year end, net current liabilities of £3,610.3 million (2019 net current liabilities: £1,803.7 million) and net liabilities of £3,449.5 million (2019: £2,487.3 million).

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

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 (including the Company), the Directors 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. 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 services provided by the Company's direct and indirect subsidiaries, the revenue growth trends of the business, the history of continued financial support from Access, including throughout the COVID-19 pandemic and during 2021 and 2022 to date, and recent discussions with the current shareholders, who are also represented on the board of the Company's parent DAZN Group Limited, on the Group's cash flows forecast, and budgets for the period to 2025, including forecast funding requirements. This assessment has included consideration of the risk of further disruption from the COVID-19 pandemic on the Group's business and its resulting impact on future revenues, results from operations and cash flows.

The Group's principal shareholder, AI Perform Holdings LLP, 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 \$1.53 billion of funding to the DAZN Group.

On 29 December 2021, the DAZN Group, its shareholders and Access in its capacity as lender undertook certain steps resulting in the \$1.5 billion borrowings that existed at the 2020 year end, as well as an additional \$1.1 billion of borrowings subsequent to year end, together with accrued interest, being released in consideration for the issue of ordinary and preference shares in DAZN Group Limited. In addition, preference shares with an aggregate issue price and accrued preferential return of \$0.96 billion were converted into ordinary equity instruments. This resulted in the settlement of all the DAZN Group's borrowings, amounting to \$3.3 billion.

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

Critical judgements in applying the Company's accounting policies

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

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

The items below are critical judgements that the Directors believe have a significant effect on the amounts recognised in these financial statements.

DAZN LIMITED

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

1. *Accounting policies (continued)*

Critical judgements in applying the Company's accounting policies (continued)

Commitment to acquire content rights

The Company has commitments to acquire internet content rights. As at 31 December 2020 these commitments total £3,387.8 million (2019: £3,017.4 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 the reasons set out above 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 IAS 39 until the sporting event has been delivered.

Recognition of contingent liabilities for legal disputes

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

Internally generated software and research

Management monitors progress of internal software development projects by using a project management system. Significant judgement is required in distinguishing whether such development should be recognised as an expense or capitalised. Development costs are recognised as an asset when all the relevant criteria are met. During the current year additions of £19.0 million (2019: 31.7 million) were recognised. Where this is not the case costs are not capitalised and are written off as incurred.

The Company's Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems or developments after the time of recognition.

Key sources of estimation uncertainty

The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. Where a source of uncertainty has been discussed above it has not been duplicated below.

Recognition profile of content rights costs

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

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

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

DAZN LIMITED

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

1. *Accounting policies (continued)*

Key sources of estimation uncertainty (continued)

Provision for onerous contracts

A provision of €10.5 million has been recognised in relation to onerous rights contracts as the future benefits of those contracts are not expected to exceed the associated costs. The Company estimated this provision by taking into account all future rights costs payable under these contracts, as there was limited measurable benefits associated with these rights.

Determination of the fair value of related party loans

The Company enters into related party loans with its indirect parent DAZN Group Limited. During the year, an additional \$1.05 billion in funding was extended from DAZN Group Limited. Management have exercised judgement in assessing whether the interest rate charged on related party loans is consistent with the fair market rate of interest.

The fair market rate of interest was 30% for all funding received in 2020 from DAZN Group Limited. This was assessed by management to be a fair market rate when benchmarking against similar instruments. In January 2020 \$250.0 million of funding was drawn from DAZN Group Limited, which accrued interest at 10%, which was recognised to be below the fair market rate of interest of 30%. This results in the recognition of a capital contribution of €37.2 million and leading to an additional interest charge of €31.8 million in the current year. All other borrowings due to DAZN Group Limited attract interest at a rate of 30%.

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.

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

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

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

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

DAZN LIMITED

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

1. *Accounting policies (continued)*

Content costs

The Company typically licences the right (from sports associations, sports bodies, leagues or their agents or partners) to supply live sports content for its OTT business.

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.

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

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

Property, plant and equipment

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

Internet hosting platform – three years

Fixtures and fittings – three years

Leasehold improvements – three years

Intangible assets

Internally-generated intangible assets – research and development expenditure and computer software development

Development costs (including directly attributable overheads) are capitalised only when it is probable that future economic benefit will result from the project and the following criteria are met:

- the technical feasibility of the product has been ascertained;
- adequate technical, financial and other resources are available to complete and sell or use the intangible asset;
- the company can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated;
- it is the intention of management to complete the intangible asset and use it or sell it; and
- the development costs can be measured reliably.

Where these criteria are not met development costs are charged to the Statement of comprehensive income as incurred.

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

DAZN LIMITED

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

1. *Accounting policies (continued)*

Intangible assets (continued)

Intangible assets – software

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

Impairment of tangible and intangible assets

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

Recoverable amount is the higher of the fair value, less costs to sell, and the value in use. In assessing value in use, the estimated future cash flows, which are based on budgeted figures, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

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

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

DAZN LIMITED

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

1. *Accounting policies (continued)* *Leases (continued)*

The Company as lessee (continued)

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

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

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

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

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

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible and intangible assets' policy.

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

Foreign currencies

The functional currency of the Company is Pound Sterling. 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.

Transactions in currencies other than the functional currency of the entity or branch 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. Exchange differences are recognised in profit or loss in the period in which they arise.

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

Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. Where trade receivables and financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cashflows they are carried at amortised cost under the effective interest method.

DAZN LIMITED

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

1. *Accounting policies (continued)*

Trade and other receivables (continued)

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

Cash and cash equivalents

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

Trade and other payables

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

Taxation

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

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

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

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

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

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the Statement of comprehensive income, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they:

- (i) relate to income taxes levied by the same taxation authority and
- (ii) the Company intends to settle its current tax assets and liabilities on a net basis.

DAZN LIMITED

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

1. Accounting policies (continued)

Group combinations

The Company accounts for business combinations, including mergers under the provisions of the Cross Border Mergers Directive, involving the transfer of assets and liabilities from other DAZN group companies by recognising the book value of assets and liabilities acquired at the transaction date and the actual value of cash consideration paid, if any. Any difference between the cash consideration paid, if any, and the net assets acquired is recorded directly in equity as a merger reserve.

2. Restatement of prior year figures

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

- costs of £1,318.7 million classified as operating costs which were previously classified as costs of sales;
- costs of £559.8 million classified as operating costs which were previously classified as administration expenses; and
- costs of £0.9 million classified as expected credit loss provision movement which were previously classified as administration expenses

Further analysis of the Company's operating costs, including comparative information, is presented in note 5. These restatements had no impact on net assets or the Company's reported profit.

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

| | Previously reported 2019 £'000 | Foreign exchange translation of intercompany balances £'000 | Intercompany receivables reclassified as non-current £'000 | Rights costs £'000 | Corrections of timing of revenue and costs £'000 | After restatement 2019 £'000 |
|---|---|--|--|-----------------------|--|---------------------------------------|
| Statement of comprehensive income | | | | | | |
| Revenue | 439,964 | - | - | - | (1,196) | 438,768 |
| Operating costs | (1,878,505) | (5,516) | - | (65,763) | (5,769) | (1,955,553) |
| Finance income | 4,225 | 38,273 | - | - | - | 42,498 |
| Profit for the year after tax | (1,582,271) | 32,757 | - | (65,763) | (6,965) | (1,622,242) |
| Statement of Financial Position | | | | | | |
| Trade and other receivables – non-current | - | - | 52,517 | - | - | 52,517 |
| Trade and other receivables – current | 100,751 | 493 | (52,517) | - | - | 48,727 |
| Prepayments and accrued income | 394,379 | - | - | (18,481) | (3,559) | 372,339 |
| Trade and other payables | (352,050) | 4,841 | - | (47,282) | (3,406) | (397,897) |
| Non-current borrowings | (816,137) | 26,112 | - | - | - | (790,025) |
| Net liabilities | (2,445,996) | 31,446 | - | (65,763) | (6,965) | (2,487,278) |
| Retained earnings | (2,445,996) | 31,446 | - | (65,763) | (6,965) | (2,487,278) |
| Total equity | (2,445,996) | 31,446 | - | (65,763) | (6,965) | (2,487,278) |

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

2. Restatement of prior year figures (continued)

Correction of intercompany balances

Management identified errors relating to prior periods on intercompany balances with foreign exchange gains and losses on transactions in a currency other than the functional currency of the entity were not being recognised in the Statement of comprehensive income in addition to other intercompany corrections also made through the Statement of comprehensive income. Therefore, the opening accumulated deficit value as at 1 January 2019 was restated to reflect a £1.3 million increase in deficit due to historic foreign exchange gains and losses and intercompany corrections which should have been recognised through the Statement of comprehensive income prior to 1 January 2019. The comparative 2019 Statement of comprehensive income was restated to recognise an increase in operating costs of £5.5 million, relating to corrections to intercompany balances and an increase of £38.3 million for foreign exchange gains not recorded in the prior period.

The statement of financial position was adjusted so as to recognise an increase in the value of trade and other receivables by £0.5 million, caused by an increase to related party balances recorded in trade receivables by £2.2 million, offset by a decrease to balances due from other Group undertakings by £1.7 million. A decrease in trade and other payables by £4.8 million was also recognised due to the restatements of balances due to other Group undertakings. The non-current borrowings were decreased by £26.1 million. The net impact of these restatements on the prior period comparatives was a decrease in the loss after tax by £32.8 million and a decrease in closing net liabilities by £31.4 million.

Reclassification of intercompany receivables from current to non-current assets

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

Rights costs

The Company's accounting policy for content costs is to recognise an expense based on the pattern of consumption of economic benefits over the contract term. Upon review of certain rights contracts in 2020, it was discovered that the phasing of these costs had been incorrectly calculated in the prior year. This resulted in an additional rights cost of £65.8 million being recognised in the 2019 financial year. The balance sheet impact resulted in a decrease in rights prepayments of £18.5 million and an increase in rights accruals of £47.3 million. There was no impact on 2019 opening reserves.

Corrections of timing of revenue and costs

A number of other restatements have been recognised in the prior reporting periods in relations to the timing of recognition for revenue. These adjustments include:

- Restatement to recognise the incorrect netting of sub-licenced rights costs and the associated revenues for the OTT rest of the world operations. As a result, both revenue and operating costs have been increased by £2.0 million;
- Restatement to recognise the overstatement of revenue by £3.5 million in relation to the OTT European operations, removing £3.5 million from revenue and £3.5 million from accrued income; and
- Restatement to recognise the understatement of sublicense revenue of the OTT European operation by £0.3 million, with an equal and opposite increase in contract assets of £0.3 million.

Other restatements in relation to the correction of timing differences to operating costs include:

- Restatement to recognise the understatement of production costs by £2.3 million, with an equal and opposite increase to accruals within the statement of financial position;
- Restatement to recognise the overstatement of other prepaid costs by £0.4 million with an equivalent increase in production costs by £0.4 million; and
- Restatement for the understatement of distribution and delivery costs by £1.1 million, with an equal and opposite increase in trade and other payables within the statement of financial position.

DAZN LIMITED

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

3. Merger of DAZN Limited with DAZN Italy Srl

Effective from 1 January 2020, DAZN Limited merged with its former wholly-owned direct subsidiary, DAZN Italy Srl. The merger resulted in the dissolution and elimination, without liquidation, of DAZN Italy Srl and the transfer of all its assets and liabilities in whole to DAZN Limited, which were entirely assigned to the Italian branch of DAZN Limited.

This merger has been accounted for prospectively and therefore, from 1 January 2020 the assets and liabilities of the Italian branch are included within DAZN Limited's assets and liabilities (at previous carrying value). The assets and liabilities recorded into the Italian branch of the Company at 1 January 2020 were as follows:

| | 2020 £'000 |
|---|---------------|
| Non-current trade and other receivables | 108,889 |
| Property, plant and equipment | 728 |
| Right of use asset | 1,434 |
| Trade and other receivables | 86,239 |
| Prepayments and accrued income | 3,809 |
| Cash and cash equivalents | 201 |
| Trade and other payables | (198,130) |
| Lease liabilities | (1,469) |
| Net assets | 1,701 |

A merger reserve of £1,692,000 arose and has been credited to a merger reserve within equity, in line with the Company's accounting policy set out in Note 1.

4. 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:

| | 2020 £'000 | 2019 £'000 Restated |
|-------------------|----------------|---------------------------|
| United Kingdom | 15,157 | - |
| Europe | 289,920 | 215,496 |
| Rest of the World | 256,496 | 223,272 |
| Total | 561,573 | 438,768 |

DAZN LIMITED

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

5. Operating costs

| | 2020 £'000 | 2019 £'000 Restated |
|--|------------------|---------------------------|
| Recharge of expenses from Group undertakings | 294,818 | 458,690 |
| Rights costs | 879,111 | 1,314,320 |
| Production costs | 32,232 | 5,869 |
| Distribution and delivery costs | 69,105 | 58,477 |
| Sales & marketing costs | 50,437 | 50,916 |
| Staff and contractor costs | 5,682 | 2,289 |
| Other costs | 3,191 | 13,496 |
| Loss on foreign exchange | 934 | 10,364 |
| Amortisation | 19,757 | 33,357 |
| Depreciation | 6,781 | 7,775 |
| Depreciation of right of use assets | 943 | - |
| Total operating costs | 1,362,991 | 1,955,553 |

Recharge of expenses from Group undertakings in the current year present a credit to the income statement as a result of £4.0 million (2019: charge of £5.5 million) for the net write up / write off of intercompany balances, further detailed in note 2.

£45,000 was payable to Deloitte LLP for the audit of the Company's annual accounts (2019: £45,000). £16,000 was payable for other services (2019: £8,000).

During the current year, £13.7 million (2019: £10.3 million) of OTT platform development costs recharged from other Group undertakings were capitalised as intangible assets. See note 11 for further details.

Intercompany corrections relate to prior period errors explained in note 2.

6. Finance income

| | 2020 £'000 | 2019 £'000 |
|--|----------------|---------------|
| Bank interest receivable | 267 | 182 |
| Intercompany financing foreign exchange gain | 93,231 | 38,273 |
| Intercompany interest receivable | 7,864 | 4,043 |
| | 101,362 | 42,498 |

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.

DAZN LIMITED

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

7. Finance costs

| | 2020 £'000 | 2019 £'000 |
|---------------------------------------|----------------|----------------|
| Interest on shareholder loan | 32,179 | 8,810 |
| Intercompany interest payable | 268,538 | 137,785 |
| Interest expense on lease liabilities | 40 | - |
| Bank charges and similar | 28 | 29 |
| | 300,785 | 146,624 |

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.

The fair market rate of interest was 30% for all funding received in 2020 from DAZN Group Limited. This was assessed by management to be a fair market rate when benchmarking against similar instruments. In January 2020 \$250.0 million of funding was drawn from DAZN Group Limited, which accrued interest at 10%, which was recognised to be below the fair market rate of interest of 30%. This results in the recognition of a capital contribution of £37.2 million and leading to an additional interest charge of £31.8 million in the current year. All other borrowings due to DAZN Group Limited attract interest at a rate of 30%.

8. Dividend income

| | 2020 £'000 | 2019 £'000 |
|-----------------|---------------|---------------|
| Dividend income | 128 | 169 |

During the current year dividend income was received from DAZN MR Holdco Limited of £128,000 per share. In 2019 dividend income was received from DAZN Japan Holdco Limited of £84,500 per share.

9. Employee costs

There was an average of 80 employees during the current financial year following the merger with DAZN Italy SRL (2019: nil), none of whom were Directors. 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:

| | 2020 £'000 | 2019 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 3,801 | - |
| Social security costs | 1,063 | - |
| Pension costs | 371 | - |
| Total | 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 during the period for their services to the Company and received no remuneration for their services to the Company.

DAZN LIMITED

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

10. Taxation

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Current tax | | |
| UK current tax – current year | 378 | 452 |
| UK current tax - prior year adjustment | (73) | - |
| Withholding tax | 428 | 132 |
| Overseas current tax – current year | 1,275 | - |
| Overseas current tax – prior year adjustment | (141) | - |
| Tax charge for the year | 1,867 | 584 |

UK corporation tax is calculated at 19% (2019: 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:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Loss before tax | (1,000,418) | (1,621,658) |
| Loss multiplied by standard rate of tax – 19% (2019: 19%) | (190,079) | (308,115) |

Effects of:

| | | |
|--|--------------|------------|
| Other timing differences on which no deferred tax is recognised | 1,203 | 3,305 |
| Non-recognition of losses | 29,386 | 288,531 |
| Tax effect of amounts not deductible in determining taxable profit | (1,304) | 544 |
| Prior year adjustments | (214) | - |
| Withholding tax | 428 | 132 |
| Group relief | 57,175 | 16,187 |
| Non-deductible hybrid mismatches | 104,865 | - |
| Effects of difference on tax rates from operating in other jurisdictions | 407 | - |
| Tax charge for the year | 1,867 | 584 |

On 17 March 2020 the UK corporation tax rate of 19% (effective from 1 April 2020) was substantively enacted. Subsequent to year end (June 2021) a further change was substantively enacted such that the UK corporation tax rate will increase to 25% from 1 April 2023. No adjustment has been made in respect of this post balance sheet event.

At the balance sheet date, the Company has unused tax losses of £2,425.0 million (2019: £2,268.8 million) available for offset against future profits. The Company has not recognised a deferred tax asset on timing differences relating to capital allowances totally £21.9m or on corporate interest restricted amounts of £33.7m.

DAZN LIMITED

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

11. Intangible assets

| | <i>Internal development £'000</i> | <i>Software £'000</i> | <i>Total £'000</i> |
|---------------------------------|---|---------------------------|------------------------|
| Cost | | | |
| <i>At 1 January 2019</i> | 64,299 | 6,113 | 70,412 |
| Additions | 31,734 | - | 31,734 |
| Disposals | (54) | - | (54) |
| <i>At 1 January 2020</i> | 95,979 | 6,113 | 102,092 |
| Additions | 19,028 | - | 19,028 |
| Disposals | (35,479) | (6,113) | (41,592) |
| <i>At 31 December 2020</i> | 79,528 | - | 79,528 |
| Accumulated amortisation | | | |
| <i>At 1 January 2019</i> | 19,192 | 4,754 | 23,946 |
| Charge for the year | 31,998 | 1,359 | 33,357 |
| Disposals | (28) | - | (28) |
| <i>At 1 January 2020</i> | 51,162 | 6,113 | 57,275 |
| Charge for the year | 19,757 | - | 19,757 |
| Disposals | (35,479) | (6,113) | (41,592) |
| <i>At 31 December 2020</i> | 35,440 | - | 35,440 |
| Net book value | | | |
| <i>At 31 December 2020</i> | 44,088 | - | 44,088 |
| At 31 December 2019 | 44,817 | - | 44,817 |

All expenditure on research and development in the year has been capitalised. Included within additions to research and development in 2020 is £13.7 million (2019: £10.3 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 2020

12. Property, plant and equipment

| | <i>Internet hosting owned £'000</i> | <i>Fixtures and fittings £'000</i> | <i>Leasehold improvements £'000</i> | <i>Total £'000</i> |
|--|---|--|---|------------------------|
| Cost | | | | |
| <i>At 1 January 2019</i> | 12,250 | 63 | 10,745 | 23,058 |
| Additions | 3,223 | 160 | 126 | 3,509 |
| Disposals | (35) | - | - | (35) |
| <i>At 1 January 2020</i> | 15,438 | 223 | 10,871 | 26,532 |
| Additions | 1,485 | - | - | 1,485 |
| Assets assumed on merger (note 3) | 61 | 13 | 654 | 728 |
| Disposals | (9,615) | (22) | (6,518) | (16,155) |
| Effect of movement in foreign exchange | 3 | 1 | 37 | 41 |
| <i>As at 31 December 2020</i> | 7,372 | 215 | 5,044 | 12,631 |
| Accumulated depreciation | | | | |
| <i>At 1 January 2019</i> | 6,379 | 23 | 3,253 | 9,655 |
| Charge for the year | 4,184 | 32 | 3,559 | 7,775 |
| Disposals | (6) | - | - | (6) |
| <i>At 1 January 2020</i> | 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 |
| <i>As at 31 December 2020</i> | 4,399 | 120 | 3,538 | 8,057 |
| Net book value | | | | |
| <i>At 31 December 2020</i> | 2,973 | 95 | 1,506 | 4,574 |
| At 31 December 2019 | 4,881 | 168 | 4,059 | 9,108 |

DAZN LIMITED

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

13. Investments in subsidiaries

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| As at 1 January | 33 | 33 |
| Elimination of investment upon merger with DAZN Italy Srl (note 3) | (9) | - |
| As at 31 December | 24 | 33 |

The investments in subsidiaries are all stated at cost less provision for impairment. As at 31 December 2020 managed assessed that no impairment was required to the investments in subsidiaries (2019: Enil).

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

| Subsidiaries | Proportion of all classes of issued share capital owned by the Company | Country of incorporation | Principal activity | Registered office |
|---------------------------------------|---|---------------------------------|--|--|
| Direct holdings of the Company | | | | |
| DAZN Japan Holdco Limited | 100% | United Kingdom | Holding company | Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ ('Hanover House') |
| DAZN DACH Holdco Limited | 100% | United Kingdom | Holding company | Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ ('Hanover House') |
| 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 | Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ ('Hanover House') |

DAZN LIMITED

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

13. Investments in subsidiaries (continued)

| <i>Subsidiaries</i> | <i>Proportion of all classes of issued share capital owned by the Company</i> | <i>Country of incorporation</i> | <i>Principal activity</i> | <i>Registered office</i> |
|---|---|---------------------------------|---------------------------|--|
| Indirect holdings of the company | | | | |
| DAZN Japan Investment GK | 100% | Japan | Digital sports media | 4F Cross Place Hamamatsucho, 1-7-6 Shibakoen, Minato-ku, Tokyo 105-0011, Japan (‘Cross Place’) |
| 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 Italy 2018 LLP | 40% | United Kingdom | Digital sports media | Mascalls, Mascalls Lane, Great Warley, Brentwood, Essex, CM14 5LJ |

14. Leases

a) Right of use assets

| | Offices £’000 |
|--|--------------------------|
| Cost | |
| At 1 January 2020 | - |
| Assets assumed on merger (note 3) | 1,434 |
| Effect of movement in foreign exchange | 81 |
| At 31 December 2020 | 1,515 |
| Accumulated depreciation | |
| At 1 January 2020 | - |
| Charge for the year (note 5) | 943 |
| Effect of movement in foreign exchange | 40 |
| At 31 December 2020 | 957 |
| Net book value | |
| At 31 December 2019 | - |
| At 31 December 2020 | 558 |

The entity holds right of use assets in respect of office building leases. The average lease term is 0.6 years (2019: nil years).

DAZN LIMITED

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

14. Leases (continued)

b) Amounts recognised in Statement of comprehensive income

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Depreciation of right-of-use asset (note 5) | 943 | - |
| Finance costs on lease liabilities (note 7) | 40 | - |

c) Lease liability

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

| | Minimum sublease payments 2020 £'000 | Present value of sublease asset 2020 £'000 | Minimum sublease payments 2019 £'000 | Present value of sublease asset 2019 £'000 |
|----------------------------------|--|--|--|--|
| Year 1 | 591 | 585 | - | - |
| Year 2 onwards | - | - | - | - |
| Less: Future finance charges | (6) | - | - | - |
| Present value of lease liability | 585 | 585 | - | - |

Analysed as:

| | 2020 £'000 | 2019 £'000 |
|--------------------------|---------------|---------------|
| Current | 585 | - |
| As at 31 December | 585 | - |

Movement in lease liability during the year

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| As at 1 January | - | - |
| Liabilities assumed on merger (note 3) | 1,469 | - |
| Payments made | (1,007) | - |
| Finance costs on lease liabilities | 40 | - |
| FX revaluation of lease liabilities | 83 | - |
| As at 31 December | 585 | - |

DAZN LIMITED

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

15. Trade and other receivables

| | 2020 £'000 | 2019 £'000 Restated |
|---|---------------|---------------------------|
| Amounts falling due in more than one year: | | |
| Amounts owed by Group undertakings | 114,777 | 52,517 |
| Total non-current trade and other receivables | 114,777 | 52,517 |
| Amounts falling due in less than one year: | | |
| Trade receivables | 71,581 | 48,727 |
| Total current trade and other receivables | 71,581 | 48,727 |

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

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

16. Prepayments and accrued income

| | 2020 £'000 | 2019 £'000 Restated |
|----------------------------------|----------------|---------------------------|
| Prepayments for acquiring rights | 252,077 | 361,880 |
| Contract assets | 25,422 | 5,619 |
| Other prepaid costs | 7,660 | 4,840 |
| As at 31 December | 285,159 | 372,339 |

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

17. Trade and other payables

Amounts falling due within one year:

| | 2020 £'000 | 2019 £'000 Restated |
|---------------------------------------|----------------|---------------------------|
| Trade payables | 11,181 | 5,268 |
| Amounts due to group undertakings | 164,464 | 171,043 |
| Accruals | 104,888 | 174,436 |
| Contract liabilities | 99,631 | 38,367 |
| Other taxes and social security | 8,890 | 7,327 |
| Other creditors | 4,083 | 1,456 |
| Total trade and other payables | 393,137 | 397,897 |

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 2020, all balances have been recognized in the Statement of comprehensive income in the year other than £6.0 million in relation to the OTT operations.

DAZN LIMITED

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

18. Provisions

| | <i>Rights</i> | <i>Onerous</i> | <i>Legal</i> | <i>Total</i> |
|-----------------------------------|---------------|------------------|--------------|---------------|
| | <i>£'000</i> | <i>contracts</i> | <i>£'000</i> | <i>£'000</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| At 1 January and 31 December 2019 | - | - | - | - |
| Additions | 29,244 | 10,501 | 3,303 | 43,048 |
| At 31 December 2020 | 29,244 | 10,501 | 3,303 | 43,048 |

Provisions consist of £29.2 million (2019: £nil) in relation to rights contracts terminations, £10.5 million in relation to onerous contracts (2019: £nil) and £3.3 million (2019: £nil) relating to legal matters. The analysis of provisions balances between current and non-current is detailed below:

| | <i>2020</i> | <i>2019</i> |
|--------------------------|---------------|--------------|
| | <i>£'000</i> | <i>£'000</i> |
| Current | 39,846 | - |
| Non-current | 3,202 | - |
| As at 31 December | 43,048 | - |

19. Borrowings

| | <i>2020</i> | <i>2019</i> |
|-------------------------|------------------|------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Current borrowings | 3,640,312 | 1,854,041 |
| Non-current borrowings | - | 790,025 |
| Total borrowings | 3,640,312 | 2,644,066 |

The borrowings are held with DAZN Group Limited and DAZN Media Channels Limited. Borrowings due to DAZN Group Limited accrue interest at a range of rates from 8% to 30%, which are unsecured and repayable on demand. Borrowings due to DAZN Media Services accrue interest at 2% plus LIBOR and are unsecured and repayable on 16 November 2021.

During the current year, DAZN Group Limited, an indirect parent of the Company, extended loans to the Company with a total value of \$1.05 billion.

The fair market rate of interest was 30% for all funding received in 2020 from DAZN Group Limited. This was assessed by management to be a fair market rate when benchmarking against similar instruments. In January 2020 \$250.0 million of funding was drawn from DAZN Group Limited, which accrued interest at 10%, which was recognised to be below the fair market rate of interest of 30%. This results in the recognition of a capital contribution of £37.2 million and leading to an additional interest charge of £31.8 million in the current year. All other borrowings due to DAZN Group Limited attract interest at a rate of 30%.

DAZN LIMITED

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

20. Called-up share capital

| | 2020 No. | 2019 No. |
|---|-------------|-------------|
| Authorised | | |
| 1,000 ordinary shares of £0.001 each | 1 | 1 |
| Allotted, called-up and fully paid | £ | £ |
| 1,000 ordinary shares of £0.001 each | 1 | 1 |

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

21. 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.

22. Commitments

At 31 December 2020 the Company had had total outstanding commitments to acquire sports content rights as follows:

| | 2020 £'000 | 2019 £'000 |
|--|------------------|------------------|
| Within one year | 718,680 | 1,051,654 |
| In the second to fifth years inclusive | 2,201,875 | 1,596,291 |
| After five years | 467,283 | 369,439 |
| | 3,387,838 | 3,017,384 |

23. Contingent liabilities

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

Licence agreement litigation (England)

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

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

DAZN LIMITED

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

23. *Contingent liabilities (continued)*

Licence agreement arbitration (Switzerland)

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

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

24. *Events after the balance sheet date*

Financing

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.

Subsequently during 2021 the Company has issued a further 8 ordinary shares to DAZN Media Channels Limited in exchange for consideration of £700.0 million of cash. The Company has also received further funding in the form of intercompany loans from DAZN Group Limited of \$535.0 million which attract interest at 30% are unsecured and repayable on demand.

Rights commitments

Post year end significant new material rights contracts have been entered into for approximately £2.6 billion during the period up to the end of 2028.

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

25. *Parent undertaking*

The immediate controlling parent undertaking of the Company is DAZN Media Channels Limited, with DAZN Media Services holding a minority interest.

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 Hanover House, Plane Tree Crescent, Feltham, United Kingdom, TW13 7BZ.

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.