

COMPANY REGISTRATION NO.

09676399

DAZN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2022



**DAZN LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2022**

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## **DAZN LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **Directors**

Shay Segev  
Darren Waterman

#### **Registered Office**

12 Hammersmith Grove  
London  
England  
W6 7AP  
United Kingdom

#### **Solicitors**

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

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

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

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

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

#### **Auditor**

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

## DAZN LIMITED

### STRATEGIC REPORT

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

#### Principal activities and business review

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

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

#### Financial review and key performance indicators

Revenue for the year to 31 December 2022 increased by 42.7% to £1,373.8 million (2021: £962.7 million), which is considered a key indicator of the Company's performance. In DAZN's Consumer business the increase in revenue reflects DAZN's progress and success in three core areas:

i) Adding new content: For the start of the 2021/22 football season, DAZN added major new content to its services in Germany (Bundesliga/UEFA Champions League) and Italy (Serie A) and, for the 2022/23 season, in Spain (La Liga). This new content drove an increase in the subscriber base, high levels of engagement and higher pricing for DAZN's subscription offerings. The addition of new content is reflected in DAZN's investment in sports rights. Rights costs in 2022 were £1,655.5 million, an increase of £358.4 million or 27.6% compared to 2021.

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

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

Operating Costs excluding Rights costs were £813.6 million in 2022 increasing by £198.1 million or 32.2% compared to 2021. The total comprehensive loss for the year to 31 December 2022 was £1,121.2 million, up from £970.6 million in 2021.

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

The Company had cash balances of £85.1 million (2021: £87.1 million) at the year end, net current liabilities of £503.2 million (2021: £74.7 million) and net liabilities of £352.5 million (2021: net assets of £14.8 million).

#### Principal risks and uncertainties

The Directors believe that the Company's continuing success in creating value from its digital rights, its broad product offering, the length and nature of existing contracts and its international customer base will protect and grow future revenues. In order to deliver and expand its range of services the Company needs to invest continuously in software development and technical hardware. This investment ensures that the Company remains able to provide an innovative, scalable technical platform and to deliver new and improved products to the market and its customers. The Company plans to maintain this investment to deliver new products and services.

The licensing of sports rights is critical to the success of the business. Such rights are usually licensed for periods of between three to five years. The majority of the Company's revenue relates to the DAZN Consumer Platform business, where consumer subscription periods are significantly shorter than the Company's rights obligations. Where the Company is the principal in Broadcast Partnerships deals, rights obligations of the Company are generally longer than its broadcasting agreements with customers, with the Company re-contracting broadcasters or entering new agreements over time. In these instances, the Directors monitor the level of this contract exposure and endeavour, wherever possible, to progress revenue contract renewal negotiations well before the contracts are due to terminate, thus limiting the financial risk of such exposure.

## DAZN LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Principal risks and uncertainties (continued)

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

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

## DAZN LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Principal risks and uncertainties (continued)

Risk	Impact and mitigating actions
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 elements of the Group's content were to occur this may diminish demand for, or the value of, some of the Group's services. The Group monitors infringement of its content, brands and intellectual property rights and continues to develop a range of strategies with which to respond where required.
Exchange risk	A significant portion of the Company's revenue and costs are in Sterling, Euros, Dollars and Yen and the Company is increasingly exposed to trading in other currencies given the territories in which it operates. Management prepare cash flow forecasts by currency to identify currency exposures, which are reviewed and reported on a weekly basis. Where it is appropriate to do so, attempts are made to naturally hedge the Company's exposures. Where this is not possible, management consider whether an appropriate derivative instrument should be utilised to mitigate the risk.
Broadcast regulatory	The Company may be prohibited from operating its DAZN platform service and any linear channels in key markets if it does not hold the applicable broadcast regulatory licence(s) from the appropriate regulator. The Company has put in place experienced compliance teams who keep a watching brief on the nature and type of regulatory licences required, and who ensure that the content on our service complies with the applicable broadcasting codes.
Products	Constant technological and user behaviour changes necessitate that the Company engages in continuous and sometimes rapid product development. Management are highly focused on ensuring that the Company makes maximum progress in this respect, but the Company's strategy or its product innovations may not be successful or may take longer to deliver to the market or monetise than anticipated. This could impact the Company's economic performance.
Litigation risk	In the ordinary course of business, the Company could be involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the rights and obligations under contractual agreements. The Group could also be involved, from time to time, in investigations and regulatory proceedings, certain of which could result in adverse judgments, settlements, fines and other outcomes. The financial impacts of legal risks might be considerable but are difficult to estimate or quantify, so that amounts eventually paid may exceed the amount of provisions set aside to cover such risks.
Cost of living crisis and economic uncertainty	<p>In recent times, the cost of living has increased due to high levels of inflation across the US and Europe. The increased cost of living and high levels of economic uncertainty are likely to lead to customers in core markets having less disposable income, which in turn could impact subscriber numbers.</p> <p>Despite these challenges, the Company expects revenue growth to continue given the large portfolio of high-profile rights, the relatively inelastic demand profile of sports fans, and the comparatively low price point for the product compared to average household expenditure. The Company has also secured several long-term contracts with distributors across Europe, many of which have minimum guaranteed revenues that could help protect the Company's revenues from potential demand fluctuations.</p>

## DAZN LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172 - Stakeholder engagement

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

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

Stakeholder	Relationship and engagement activities
Customers	<p>Through the operation of the DAZN platform, the business has access to customers in over 200 territories following the launch of the global offering, providing over 1 billion hours of live sports content in 2022 to over 100 million connected devices.</p> <p>Using the internally developed Customer Relationship Management (CRM) platform, the Group replied to 5,000 public comments and 20,000 private messages each month, with 73% of social replies delivered within 15 minutes. The total number of customers engaging with DAZN on social media channels grew by 51%, with 14 million mentions in 2022 compared to 9.3 million in 2021. Other social media activity includes 8.5bn impressions in the year and 4 billion video views.</p> <p>As part of the aim of becoming the best in class for its one-to-one relationship with customers, the Group implemented daily survey automation of 6 of their core surveys in 2021. These surveys cover the 4 main stages of the customer life stage (partial, new, active and churned), a trigger-based journey experience survey and a trigger-based stream rating survey based on content watched and are translated into 17 different languages. This has led to the completion of over 500k surveys with customers in 2022 across 118 countries and territories</p>
Employees	<p>As at 31 December 2022 the Company and its subsidiaries have 139 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 aims to build industry leading teams at the forefront of technology, content and production, media, operations and commercial, and business development.</p> <p>The Board maintains active communication with employees, through a series of written/video communications and live events, including regular global updates from our CEO and Exec. DAZN also hold local town hall sessions with open Q&amp;A for employees, both physical and virtual</p> <p>DAZN is committed to being an inclusive, global company, promoting diversity, inclusion and equity within the workplace, in addition to creating a more inclusive sports media industry. The business has a dedicated Head of Diversity, Equity and Inclusion (DEI) and has several established Employee Resource Groups (ERGs) and partnerships with external support organisations as part of the DEI strategy.</p>

## DAZN LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172 - Stakeholder engagement (continued)

Stakeholder	Relationship and engagement activities
Suppliers and Rights Holders	<p>The Company's primary suppliers are rights holders providing content for the DAZN platform, with DAZN rapidly becoming one of the largest acquirers of sports rights utilising over a decade of experience in sports rights across almost every sport globally.</p> <p>The Board remains committed to securing live sporting rights and highlights, often on an exclusive basis. Securing and utilising rights is recognised as a collaborative process, creating open and communicative relationships to develop and maintain global multi-year relationships.</p> <p>The Company follows a procurement framework to ensure appropriate governance, control and engagement processes are adopted across key third-party supplier relationships, alongside a third-party code of conduct. Additionally, DAZN operates a Brand Safety policy to ensure all advertising on DAZN platforms minimises the risk of ad misplacement and aligns with white and black lists to protect both clients and publisher partners</p>
Community	<p>A dedicated DEI (diversity, equity, and inclusion) function within the People business function is essential in the implementation of employee-related DEI priorities. In 2022, the Company continued to evolve its efforts including enhancing parental leave packages and women's health policies, setting up minority recruitment network partnerships that focus on removing barriers to entry and the gender skills gap, and creating year-round bite sized learning content on key inclusion topics.</p> <p>To better amplify voices of employees from a diverse set of backgrounds, ERGs (employee resource groups) were set up which are employee-led groups which aim to foster a diverse, inclusive workplace. These help employees contribute to how the business evolves with an increased focus around diversity, provide support and inclusion for personal and/or career development, and create forums to tackle social-related issues.</p> <p>During the year, the Company produced a series of short features honouring key awareness calendar moments, including Black History Month and International Women's Day</p>

## DAZN LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172 - Stakeholder engagement (continued)

Stakeholder	Relationship and engagement activities
Environment	<p>As a business focused on the delivery and broadcast of live sports events, the Directors recognise the significance of the environment on the DAZN 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 DAZN Group as a result of work-related travel, in addition to the significant energy outlays required to operate data centres to support DAZN streaming and Media platforms, and production.</p> <p>Data centres are an integral part to the DAZN Group's operations, facilitating the storage and transfer of broadcast data underpinning the DAZN and Media platforms. This is recognised as a key area of energy consumption within the business, and as part of the global data centre network, DAZN utilises sites in London where 100% of power is generated from sustainable resources including water, wind and solar.</p> <p>In 2022, the use of cloud-based remote commentary continued to increase with 35% of all DAZN Platform and broadcast partnership events utilising remote commentary. The use of remote editing has also increased by 30% from 2021, with 68% of all edits remote in 2022 which reduces the travel requirements and associated environmental impact of the events. Finally, since October 2022, UK boxing broadcasts from DAZN's partner Matchroom have all been certified by ALBERT as being carbon neutral productions.</p>

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

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

#### The Board approach to Section 172 and decision making

Strategy	<p>The aim of the DAZN Group is to make live sport more accessible and affordable. This has a customer centric focus, with the aim of bringing sports content to fans across the globe. The Board undertakes continued reviews of customer and non-customer feedback alongside customer data to identify rights for the Group to acquire and retain, while maintaining close working relationships with rights holders. Additionally, the Board reviews and approves the long-term forecasts for the Group, analysing future cashflows and rights expenses in order to approve budgets and future strategic decisions.</p>
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## DAZN LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Section 172 - Stakeholder engagement (continued)

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

Training	<p>Targeted face to face management and leadership development sessions have been delivered in multiple territories including the UK, Netherlands and Japan. The manager support community in TEAMS (called the Managers' Pitstop) continues to provide support in a number of areas including learning, engagement and support beyond traditional communications channels for key global initiatives. A dedicated online learning plan for Management and Leadership Development via our sharepoint-based Learning Management System (LMS) has also been developed, as well as a Manager's Hub to provide a range of resources and information to support their ability to manage their people and teams.</p> <p>The Group have focused on bringing as much learning as possible in-house following a partnership with an aggregated online learning content provider, Open Sesame. This has significantly reduced 3rd party supplier costs and allowed for targeted, functional learning to specialist teams around DAZN. This included Security Awareness which enabled targeting of specific audiences to ensure increased levels of completion of our mandatory Security and Privacy Training.</p> <p>New Starter training has evolved through additional content to help a new starter get up to speed as quickly as possible in their new role, including the creation of a New Starter Hub in Sharepoint to provide additional resources and information beyond the New Starter Training Plan.</p>
Culture	<p>In 2022 the Board updated the following Statement of Intent on Diversity, Equity, and Inclusion with reference to levelling the playing field for all prospective employees:</p> <p>"Sports fans are the lifeblood of DAZN and the very reason we exist. To best serve them, our global workforce must reflect the diversity of sports fans all around the world. We recognize that having the strongest workforce possible means hiring and developing the best people across all races, ethnicities, religions, age groups, sexual orientations, gender identities and all abilities. We are committed to fostering an inclusive environment, both inside and outside of our walls, that values equality and diversity - where everyone can contribute at the highest level and their voices can be heard."</p> <p>Our aim is to make our hiring processes as accessible for everyone as possible. We continue to do our best to accommodate adjustments for interviews.</p>

##### 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.

On 28 February 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$60.0 million (£49.7 million). The difference between the nominal and total value was recorded as share premium.

On 31 March 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£16.1 million). The difference between the nominal and total value was recorded as share premium.

On 28 April 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£16.0 million). The difference between the nominal and total value was recorded as share premium.

On 30 May 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£16.2 million). The difference between the nominal and total value was recorded as share premium.

On 30 June 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£15.9 million). The difference between the nominal and total value was recorded as share premium.

## DAZN LIMITED

### STRATEGIC REPORT (CONTINUED)

On 31 July 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£15.6 million). The difference between the nominal and total value was recorded as share premium.

On 31 August 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$20.0 million (£15.7 million). The difference between the nominal and total value was recorded as share premium.

On 30 September 2023 the Company issued one share with a nominal value of £1 in respect of intercompany loans received and accrued interest from its immediate parent company with a value of \$60.0 million (£49.2 million). The difference between the nominal and total value was recorded as share premium.

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

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



Darren Waterman

Director

13 December 2023

## DAZN LIMITED

### DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 December 2022.

#### Future developments and events after the balance sheet date

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

#### Going concern

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

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

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

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

The Company had cash balances of £85.1 million (2021: £87.1 million) at the year end, net current liabilities of £503.2 million (2021: £74.7 million) and net liabilities of £352.5 million (2021: net assets of £14.8 million).

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

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

#### Directors

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

- Shay Segev – appointed on 25 April 2022;
- Jacopo Tonoli – resigned on 31 January 2023;
- Darren Waterman – appointed on 20 April 2022;
- John Gleasure, resigned as a Director on 3 November 2022;
- James Rushton, resigned as a Director on 26 July 2022.

#### Directors' indemnities

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

#### Dividend

The Directors do not recommend the payment of a dividend in respect of 2022 (2021: Nil).

## DAZN LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### Political contributions

No political contributions were made during the year (2021: Enil).

#### Financial risk management objectives and policies

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

##### *Cash flow risk*

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

##### *Credit risk*

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

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

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

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

##### *Liquidity risk*

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

#### Disabled employees

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

#### Employee engagement and consultation

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

#### Business relationships

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

#### Energy and carbon reporting

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

#### Research and development activities

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

## DAZN LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Company's auditor is Deloitte LLP. Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



Darren Waterman

Director

13 December 2023

## **DAZN LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAZN LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 21.

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

#### **Basis for Opinion**

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

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Responsibilities of directors**

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

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

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

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

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

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

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

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

Matters on which we are required to report by exception

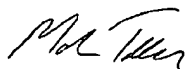
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Mark Tolley, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

13 December 2023

**DAZN LIMITED**

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

	Notes	2022 £'m	2021 £'m
Revenue	2	1,373.8	962.7
Operating costs	3	(2,469.1)	(1,912.7)
<b>Operating loss</b>		<b>(1,095.3)</b>	<b>(950.0)</b>
Finance income	4	20.4	8.9
Finance costs	5	(20.9)	(84.0)
Dividend income	6	0.8	0.4
<b>Loss before taxation</b>		<b>(1,095.0)</b>	<b>(1,024.7)</b>
Taxation charge	8	(9.4)	(3.5)
<b>Total loss for the year</b>		<b>(1,104.4)</b>	<b>(1,028.2)</b>
<b>Other comprehensive income</b>			
Exchange difference on translating foreign branches, net of tax		(16.8)	57.6
<b>Total comprehensive loss for the year</b>		<b>(1,121.2)</b>	<b>(970.6)</b>

# **DAZN LIMITED**

## **STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022**

	Notes	2022 €'m	2021 €'m
<b>Non-current assets</b>			
Intangible assets	9	41.1	40.2
Property, plant and equipment	10	1.7	1.5
Investments in subsidiaries	11	3.6	3.4
Investments in financial assets		1.5	1.4
Right of use asset	12	1.6	2.4
Trade and other receivables	13	99.5	40.5
Deferred tax asset	8	2.3	1.9
		<b>151.3</b>	<b>91.3</b>
<b>Current assets</b>			
Trade and other receivables	13	156.1	69.5
Prepayments and accrued income	14	220.6	294.5
Inventory		2.1	5.6
Cash and cash equivalents		85.1	87.1
		<b>463.9</b>	<b>456.7</b>
<b>Total assets</b>		<b>615.2</b>	<b>548.0</b>
<b>Current liabilities</b>			
Trade and other payables	15	(947.4)	(510.6)
Lease liability	12	(1.0)	(0.9)
Provisions	16	(18.7)	(19.9)
		<b>(967.1)</b>	<b>(531.4)</b>
<b>Net current liabilities</b>		<b>(503.2)</b>	<b>(74.7)</b>
<b>Non-current liabilities</b>			
Lease liability	12	(0.6)	(1.5)
Non-current provisions	16	-	(0.3)
<b>Total non-current liabilities</b>		<b>(0.6)</b>	<b>(1.8)</b>
<b>Total liabilities</b>		<b>(967.7)</b>	<b>(533.2)</b>
<b>Net (liabilities)/assets</b>		<b>(352.5)</b>	<b>14.8</b>

**DAZN LIMITED**

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

		2022 £'m	2021 £'m
	Note		
Equity			
Called-up share capital	17	-	-
Share premium		5,188.4	4,434.9
Capital contribution reserve		37.6	37.2
Merger reserve		1.7	1.7
Foreign exchange reserve		42.0	58.8
Accumulated deficit		(5,622.2)	(4,517.8)
Total funds/(deficit)		(352.5)	14.8

The financial statements of DAZN Limited, registered number 9676399, were approved and authorised for issue by the Board of Directors on 13 December 2023.

Signed on behalf of the Board of Directors



Darren Waterman

Director

13 December 2023

DAZN LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called-up share capital £'m (note 17)	Share premium £'m	Capital contribution reserve £'m	Merger reserve £'m	Foreign exchange reserve £'m	Accumulated deficit £'m	Total deficit £'m
At 31 December 2020	-	-	37.2	1.7	1.2	(3,489.6)	(3,449.5)
Loss for the year	-	-	-	-	-	(1,028.2)	(1,028.2)
Other comprehensive income							
Exchange difference on translating foreign branches	-	-	-	-	57.6	-	57.6
Total comprehensive loss for the year	-	-	-	-	57.6	(1,028.2)	(970.6)
Issue of new share capital	-	4,434.9	-	-	-	-	4,434.9
At 31 December 2021	-	4,434.9	37.2	1.7	58.8	(4,517.8)	14.8
Loss for the year	-	-	-	-	-	(1,104.4)	(1,104.4)
Other comprehensive income							
Exchange difference on translating foreign balances	-	-	-	-	(16.8)	-	(16.8)
Total comprehensive loss for the year	-	-	-	-	(16.8)	(1,104.4)	(1,121.2)
Issue of new share capital	-	753.5	-	-	-	-	753.5
Capital contribution	-	-	0.4	-	-	-	0.4
At 31 December 2022	-	5,188.4	37.6	1.7	42.0	(5,622.2)	(352.5)

## DAZN LIMITED

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

#### 1. Accounting policies

DAZN Limited is a company incorporated in the United Kingdom on 8 July 2015 under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales.

The address of the registered office is 12 Hammersmith Grove, London, England, W6 7AP, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Strategic report.

The functional currency of DAZN Limited is Euros, and the presentational currency of these financial statements continues to be in Pounds Sterling. Foreign operations are included in accordance with the policies set out below.

#### Basis of preparation

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

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

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

#### Exemptions

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

#### Adoption of new and revised standards

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standard Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022 as follows:

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

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

## DAZN LIMITED

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

#### 1. Accounting policies (continued)

##### New and Revised IFRSs in issue but not yet effective

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

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

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

##### Going concern

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

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

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

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

The Company had cash balances of £85.1 million (2021: £87.1 million) at the year end, net current liabilities of £503.2 million (2021: £74.7 million) and net liabilities of £352.5 million (2021: net assets of £14.8 million).

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

## DAZN LIMITED

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

#### 1. Accounting policies (continued)

##### *Going concern (continued)*

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

##### *Revenue recognition*

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

##### *DAZN Consumer Platform*

Subscription revenues are recognised rateably over the subscription period. Revenues are presented net of the taxes that are collected from subscribers and remitted to governmental authorities. Variable consideration exists in certain markets due to the potential for future performance obligations or cash outflows in relation to Consumer business revenue. The Company has constrained this variable consideration and recognised revenue only to the extent that it is highly probable that there will not be a significant reversal of revenue in the future. The Company has estimated the amount of revenue for which it is highly probable that there will not be a significant reversal by evaluating the potential future obligations or cash outflows and the estimated likelihood of these eventualities to occur. The estimate of revenue that has been deferred in contract liabilities due to the constraint outlined above will be subject to reassessment at each reporting date and may change as additional information regarding the likelihood of a revenue reversal becomes available.

The Company has some distribution arrangements in which subscribers sign up to pay for DAZN services via a third party distributor. In these scenarios, in order to determine which party is its customer, the Company assesses whether the third party is acting as an agent or as a principal in relation to the services received by the subscriber. Typically, this is based on assessing which party has primary responsibility to the subscriber for the DAZN services. If the Company has primary responsibility to the subscriber, it regards the subscriber as its customer, and revenues are measured based on what the subscriber pays, with any amounts retained by the distributor being recognised as an expense. Conversely, if the third party distributor has primary responsibility, the Company regards the distributor as its customer, and revenues are measured based on the net amount receivable from the distributor.

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

Revenues related to the sub-licensing of content obtained by the DAZN business are recognised over the course of the contract, as the content is provided to the customer. This may not be on a straight-line basis, for example where the sub-licensed content is seasonal. The method for determining the measure of progress is as set out in the *Content Costs* accounting policy. Any sub-licensing monies received in advance of the contract commencing are recognised in current liabilities as contract liabilities.

The Company has entered into agreements where it has provided distribution rights to third parties in return for content rights as a substitute for cash consideration. Whilst non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers are outside the scope of IFRS 15, the IFRS 15 Basis for Conclusions clarifies that this applies to the exchange of homogenous products, in line also with the guidance in the corresponding US GAAP standard (ASC 606). The application of judgement is necessary to determine whether the services exchanged in these non-monetary transactions are inherently different.