

COMPANY REGISTRATION NO.

6324278

PERFORM GROUP LIMITED

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2016



PERFORM GROUP LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

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**PERFORM GROUP LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS 2016**

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PERFORM GROUP LIMITED

STRATEGIC REPORT

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Perform Group Limited and its subsidiary undertakings when viewed as a whole.

Review of the business

A summary of the Group's business activities is given below. Further details can be found on the Group's website at: - www.performgroup.com.

The Group is a global market leader in the commercialisation of multimedia sports content across multiple Internet-enabled digital platforms. The Group uses proprietary content collection, production and distribution capabilities, alongside industry-leading digital products, to generate revenue through a mix of licensing content, media (display and video based advertising and sponsorship), subscription and technology and production service fees.

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

Content

The Group utilises its rights portfolio alongside its own video, data, editorial and audio content, to deliver a range of B2B products. These products are licensed to online bookmakers, broadcasters, mobile operators and other business customers around the world.

Media

The Group generates display and video advertising and sponsorship revenue through the sale of advertisements across the ePlayer, the Group's own branded websites including Goal.com, Sporting News, Mackolik, Soccerway and Spox and mobile products, as well as third-party digital sports products. Video advertising is delivered on the Group's ePlayer, an embeddable sports video-on-demand platform. Adverts are sold to sit alongside leading video sports content acquired as part of the Group's rights portfolio.

Perform Sports Cloud

The Group utilises its connected IP network to provide high quality live video feeds, across multiple platforms, to broadcasters globally. From acquisition through to content delivery, this end-to-end service is complemented by add-ons such as auto-clipping, commentary and graphics.

Investment in new OTT Business ('DAZN')

In response to rapid changes in the consumption of sports and media content (for example, the shift from analogue and pay TV platforms to a range of digital devices, including smartphones, tablets and smart TVs) and increasing consumer demand for streamed sporting content, the Group launched its direct-to-consumer media platform 'DAZN' in August 2016. The first launch markets for DAZN were Germany, Switzerland, Austria ("DACH") and Japan.

Financing

On 16 November 2015, Perform Group Financing plc ("the Issuer"), a wholly-owned subsidiary of the Company, issued £175.0 million aggregate principal amount of 8.5% senior secured notes due 2020 ("Notes"). On the same date, certain members of the Group entered into a new multi-currency revolving credit facility of £50.0 million (the "RCF") (and together with the Issuance of the Notes, the "Refinancing Transactions").

The purpose of the Refinancing Transactions was to, amongst other things, fund the launch of the OTT Business (as defined in the Group's Offering Memorandum dated 11 November 2015 (the "Offering Memorandum")), repay the amounts drawn under, and terminate, the Group's previous Revolving Credit Facility (the "Old RCF") and to fund contractual commitments to pay contingent consideration in respect of certain of the Group's historical acquisitions.

The Notes and the RCF are or will be (a) guaranteed on a senior secured basis by the Company and certain of its subsidiaries (the "Guarantors") and (b) secured on the first-ranking basis by security interests granted over certain assets of the Company and the Guarantors.

All of the Group's subsidiaries with the exception of the OTT Business constitute the "Restricted Group", which is subject to the covenants and restrictions contained in the indenture governing the Notes (the "Indenture"). The OTT Business constitutes the "Unrestricted Group", which is not directly subject to the covenants under the Indenture. The amount of the OTT Business Cash Investment and certain other activities in relation to the OTT Business are, therefore, outside of the Restricted Group for the purposes of the Indenture, but are reflected in the statement of financial position of the Group.

PERFORM GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Financing (continued)

On 10 August 2016, Perform Investment Limited, a wholly owned subsidiary of the Group and part of the Unrestricted Group, entered into a loan facility agreement with AI International S.à.r.l, a company in the Access Industries group, the Group's principal shareholder ("the Shareholder Loan"). Perform Investment Limited has utilised the full Facility by drawing down in two tranches of £50.0 million, the first tranche of which was drawn down on 10 August 2016, and the second tranche on 21 December 2016, subject to certain conditions. Refer to note 18 for further details.

Subsequent to the end of the reporting period, on 23 February 2017, the Shareholder Loan was amended and restated from £100.0 million to £250.0 million, £50.0 million of which was drawn down on 27 February 2017, in addition to the £100.0 million drawn down in 2016. None of the principal terms of the Shareholder Loan were altered as part of the amendment and restatement.

On 20 September 2016, a private investor made an investment of £35.0 million in the capital of the Company in exchange for the issuance of 4,634,502 of a new class of 'Z' ordinary shares in the capital of the Company, which comprises 1.72% of the share capital of the Company upon completion of the investment.

Acquisitions

Mackolik Internet Hizmetleri Ticaret AS

On 16 May 2016, the Group acquired the remaining 49% interest in Mackolik Internet Hizmetleri, taking its holding to 100%. The consideration paid for this 49% interest was £27.9 million (TRY 121.4 million) plus £2.2 million of dividends (TRY 9.0 million). The remaining balances associated with Mackolik contained within the non-controlling interest and other reserves have been re-cycled to the profit and loss reserve.

Voetbalzone BV

On 1 April 2016 the Group made the final payment of £3.4 million (€4.3 million) related to the acquisition of Voetbalzone B.V.

Fantasy iTeam Ltd and Fantasy iTeam Investments Limited

On 12 August 2016, the Group acquired 100% of Fantasy iTeam Ltd and Fantasy iTeam Investments Limited for consideration of £1.5 million.

Financial review and key performance indicators

The Group's revenue has increased £27.3 million (11%) to £286.6 million (2015: £259.3 million). Operating loss increased £57.5 million to £50.8 million (2015: £6.7 million (profit)) as the additional revenues were offset by £84.8 million additional costs, of which £68.9 million related to the start-up and launch of the OTT business. In addition there was a £10.3 million increase in net finance costs to £20.7 million (2015: £10.4 million) resulting in a loss before tax of £71.5 million (2015: £3.8 million loss before tax).

Revenue

	2016 £m	2015 £m	Movement £m
Content	197.1	170.5	26.6
Media	63.3	66.1	(2.8)
OTT	8.7	-	8.7
Other	17.5	22.7	(5.2)
	286.6	259.3	27.3

Content revenue increased by £26.6 million to £197.1 million (2015: £170.5 million) due to a combination of upselling to existing Watch&Bet customers and the effect of new Watch&Bet customers added during the year. In addition, the number of RunningBall events increased and new Opta customers were added in the period.

Media revenue decreased by £2.8 million to £63.3 million (2015: £66.1 million) driven by a weakness in US video advertising, which remains volatile and unpredictable in an increasingly competitive market, offset by strong double digit growth in Europe and APAC.

OTT revenues totalled £8.7 million (2015: £nil) following the launch of DAZN in August 2016 in DACH and Japan.

Other revenues fell £5.2 million to £17.5 million (2015: £22.7 million) as a result of the strategic exit from the Group's legacy technology services business.

PERFORM GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Financial review and key performance indicators (continued)

Gross profit

Gross profit increased £2.5 million to £122.2 million (2015: £119.7 million) due to the £27.3 million increase in revenues being offset by a £24.8 million increase in cost of sales. Cost of sales increased due to an increase related to the launch of DAZN of £12.0 million (2015: £nil) and a £12.8 million increase arising from increased content output to £152.4 million (2015: £139.6 million). As a result gross margin decreased to 42.6% in 2016 (2015: 46.2%).

Administrative expenses

Administrative expenses increased £60.0 million to £173.0 million (2015: £113.0 million) due to the following:

- Costs related to the launch of DAZN increased £40.6 million to £45.8 million (2015: £5.2 million);
- Content and production costs increased £13.8 million to £90.7 million (2015: £76.9 million) to drive the increase in Content revenues and in the build up to the start of key strategic partnerships in 2017 (WTA and FIBA);
- Impairment of trade receivables increase £4.3 million to £4.8 million (2015: £0.5 million);
- Long term incentive schemes costs increased £1.9 million to £6.6 million (2015: £4.7 million);
- Depreciation and amortisation costs increased £6.4 million to £28.6 million (2015: £22.2 million);
- Exceptional item costs decreased £3.4 million to £1.7 million (2015: £5.1 million); and
- FX revaluation gains increased £3.6 million to £5.2 million (credit) (2015: £1.6 million (credit)).

Exceptional items decreased £3.4 million to £1.7 million (2015: £5.1 million) and include the following in 2016:

- remeasurement of the Mackolik acquisition related financial liability of £0.2 million (2015: £7.0 million);
- costs in relation to restructuring activities of £1.4 million (2015: £2.4 million) and;
- a foreign exchange revaluation of deferred consideration of £0.1 million (2015: £4.3 million (credit)).

Operating loss

Operating loss increased £57.5 million to £50.8 million (2015: £6.7 million profit) as the £27.3 million additional revenues were offset by £84.7 million additional costs across cost of sales and administrative expenses (as explained above) of which £68.9 million (2015: £5.7 million) related to the launch of DAZN.

Net finance costs

Net finance costs increased £10.3 million to £20.7 million (2015: £10.4 million) due to the following:

- interest, bank fees and related charges (including the amortisation of arrangement fees due on the Group's senior secured notes and revolving credit facility) increased £15.8 million to £20.1 million (2015: £4.3 million)
- Increase in gain on revaluation of the Group's foreign exchange hedge which was used to part fund the acquisition of the remaining 49% of Mackolik of £1.4 million to £0.9 million (2015: £0.5 million (loss));
- Less interest receivable £0.1 million increase to £0.3 million (2015: £0.2 million)

All of the above has been offset by:

- a decrease in accretion of deferred consideration of £1.7 million to £1.7 million (2015: £3.4 million) related to the Mackolik acquisition which was settled in the second quarter of 2016;
- £nil accelerated unwind of capitalised arrangement fees (2015: £1.2 million) relating to the termination of the Group's previous term loan and facilities and;
- £nil loss on foreign exchange loss on the Group's previous debt facilities (2015: £0.5 million).

Taxation

The tax charge for the year is £7.2 million (2015: £2.0 million credit). This includes a current tax charge of £3.7 million (2015: £6.0 million charge) and a deferred tax charge of £3.5 million (2015: £6.0 million credit). The lower current tax charge is due to the split of profits between different jurisdictions in the year. The deferred tax charge primarily arises from derecognising deferred tax in respect of losses.

PERFORM GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Financial review and key performance indicators (continued)

Loss after tax

Loss after tax for the year is £78.7 million (2015: £1.7 million loss). This loss derives from an operating loss for the year of £50.8 million (2015: £6.7 million profit) and a tax charge for the year of £7.2 million (2015: £2.0 million credit), and net finance costs of £20.7 million (2015: £10.4 million) for the reasons set out above.

Cash inflow from operating activities (after exceptional items)

Cash inflows from operating activities decreased £61.3 million to £66.2 million outflow (2015: £4.9 million outflow). This was caused by an £10.9 million decrease in working capital to a £45.7 million outflow (2015: £34.8 million outflow) partly driven by the increase in the prepayment of OTT media rights of £57.0 million, offset by accrued payments of £22.0 million. This has been offset by the Restricted Group's increase in working capital which was driven by a £12.0 million positive impact of the final year of the existing WTA agreement, offset by a £3.0 million negative impact from the new WTA agreement commencing in 2017, and the positive impact from other rights prepayments and other working capital items of £15.1 million. Exceptional payments reduced by £2.9 million to £1.5 million (2015: £4.4 million).

Investing activities

Cash outflow from investing activities increased £11.9 million to £44.2 million (2015: £32.3 million) due to a £14.6 million increase in capital expenditure of £39.4 million (2015: £24.8 million) and a £2.7 million decrease in deferred consideration payments of subsidiaries to £5.1 million (2015: £7.8 million).

Financing activities

Cash from financing activities decreased £18.4 million to an inflow of £112.9 million (2015: £131.3 million inflow) with proceeds from borrowing of £100.0 million, drawdown of the RCF of £26.0 million, and raising £34.1 million of proceeds from share and other equity securities to further finance the Unrestricted Group. These proceeds were offset by increased interest, bank fees and related charges increase of £15.3 million to £17.0 million (2015: £1.7 million) driven by the interest repayments on the Notes and the RCF. A £2.9 million decrease in acquisition payments of non-controlling interests to £28.0 million (2015: £30.9 million) due to the payment of deferred consideration of £28.0 million for Mackolik in 2016 (2015: £30.9 million primarily for the acquisition of Perform Sporting News) offset by an increase of £0.8 million in dividend payments to the non-controlling shareholders of Mackolik to £2.2 million (2015: £1.4 million).

Debt and liquidity

As at 31 December 2016 the Group had net debt of £161.5 million (2015: £36.3 million) representing cash of £134.9 million (2015: £129.5 million) offset by net borrowings of £296.4 million (2015: £165.8 million).

Fixed assets

During the year the Group continued to capitalise expenditure on additions and improvements to its technical software as new products were developed. Total intangible asset additions were £21.8 million (2015: £15.2 million), which included capitalised internal staff costs of £9.9 million (2015: £8.1 million) and capitalised external development and software costs of £9.6 million (2015: £7.1 million). £8.9 million of intangible asset additions were in connection with the set-up of the OTT business. The remainder of the additions included investment in the Group's content distribution and advertising products.

The Group continued its investment programme to update and improve the equipment used to support its technical hardware platform and invested £13.9 million during 2016 (2015: £7.4 million). In addition, the Group invested £4.6 million in land and buildings, leasehold improvements and furniture and fittings (2015: £1.7 million). Of the total amount invested in property, plant and equipment, £8.2 million (2015: £1.1 million) related to the set-up of the OTT business.

Principal risks and uncertainties

The Directors believe that the Group's success in creating value for its customers' digital rights, the length and nature of existing contracts and its international customer base will protect future revenues.

In order to deliver and expand its range of services the Group needs to invest continuously in software development and technical hardware. This investment ensures that the Group remains able to provide an innovative, scalable technical platform and to deliver new and improved products to the market and its customers. The Group plans to maintain this investment to deliver new products and services, 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. In some instances, rights are acquired for periods longer than the relevant revenue contracts.

PERFORM GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

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. Revenue contracts are also worded to ensure rights may be replaced with rights of similar value if a rights renewal is unsuccessful during the period of the relevant contract.

While global economic conditions impact the sports and betting industries, they have not been, and are not anticipated to be, as affected by the economic conditions as have many other sectors and thereby such conditions have not, to date, had a detrimental effect on the Group's operations and revenue. The Directors believe that the Group's success in creating value for its customers' digital rights, the length and nature of its existing contracts and its international customer base will limit any material effect that potentially detrimental global economic conditions may have on its revenue over the medium term.

In addition to the risks set out above, additional risks are set out in the table below:

Risk	Impact and mitigating actions
Dependency on digital technologies and communications networks	The Group is dependent on third-party internet, mobile and other technology and service providers to deliver its products and services. However, the ultimate control of these platforms and technologies is outside of Management's control. The Group constantly monitors changes in technological trends which could affect the sustainability, usability and economic viability of its products and services to minimise 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 group will experience increased costs for those rights it acquires or either the Group is outbid for or chooses not to acquire certain rights it would like. The Group has a specific team focused on the acquisition and management of rights. Management continuously assesses the Group's requirements for rights-cleared content (including careful assessment of the economic viability of each set of rights) in order to ensure that it makes strategically appropriate and economically informed decisions. The Group has a highly-developed approach to the selection of rights and the scheduling of content in its services to ensure that value is derived from the rights purchases it makes.
Rights financing	The Group has significant commitments to acquire rights, particularly in the OTT business. In the medium term, the Group expects to fund these rights from operating cash flows. Until such time as the OTT business is fully established, the risk of funding such commitments is mitigated by shareholder support. Refer to the going concern section of the Director's report on page 8.
Protection of the Group's content, brands and intellectual property	The digital ecosystem brings with it an inherent risk of content piracy and rights/IP infringement. If substantial piracy of certain 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. Content piracy and intellectual property rights infringement are not currently considered by Management to be a material risk to the Group and the costs and resources incurred in dealing with this risk are prudent and proportionate.
Exchange risk	A significant portion of the Group's revenue and costs are in Euros, Dollars and Yen and the Group is increasingly exposed to trading in other currencies. Management prepare cash flow forecasts by currency and attempt, where appropriate to do so, to naturally hedge the Group's cash flow. Management will continue to carefully monitor the Group's cash flow and consider alternative arrangements if there is a material unhedged exposure.
Tax	Adverse changes in taxation could affect the Group's results and the Group could be exposed to a variety of tax risks in various countries. Management work closely with external tax advisers on an ongoing basis to mitigate tax risks.
Content liability	The Group may be subject to legal or regulatory proceedings if an item of content that the Group produces or handles breaches a third-party's rights, law or regulation. The Group requires that its editorial staff abide by an 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.

PERFORM GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Risk	Impact and mitigating actions
Personal data	The Group controls increasing quantities of personal data which requires adequate protection and management to ensure compliance with applicable laws. The Group continues to invest in the legal and regulatory compliance function. Management regularly assess the legal and regulatory requirements of the Group and adjust the level of resource as necessary.
Products	Constant technological and user behaviour changes necessitate that the Group engages in continuous and sometimes rapid product development. Management are highly focussed on ensuring that the Group makes maximum progress in this respect, but the Group's strategy or its product innovations may not be successful or may take longer to deliver to the market or monetise than anticipated. This could impact the Group's economic performance.

Future developments

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

The Group has made a positive start to 2017, with January showing year-on-year growth in revenues.

Details of significant events since the balance sheet date are contained in note 30 to the consolidated financial statements.



Ashley Milton

Director

7 March 2017

PERFORM GROUP LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2016.

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 on page 2 and form part of this report by cross-reference.

Going concern

Having reviewed cash flow forecasts and budgets the Directors have a reasonable expectation that the Group has 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.

The Group had cash balances of £134.9 million (2015: £129.5 million) at the year end and net current assets of £101.2 million (2015: £133.7 million).

During 2015 and subsequently in 2016, the Group was preparing for, and then launching, its OTT business. As part of the investment phase in this exciting and significant growth opportunity, the Group made significant commitments for the acquisition of critical content rights and development of the platform and product ahead of the launch of the OTT business. As at 31st December 2016, the Group, as a whole, had commitments to acquire rights of £2,548 million (2015: £501 million).

The Group has prepared a detailed financial forecast for the 4 year period to 2020. These forecasts indicate that, based on management's assumptions, the Group is likely to require significant additional funding during this period in order to discharge all obligations as they fall due.

The Group's principal shareholder, Access Industries ("Access"), has confirmed its intention to continue to provide financial support to the Group to ensure that it has the necessary funding to complete its investment in its OTT business and ensure that the Group and its subsidiaries meet their obligations as they fall due. This funding may take the form of further direct investment from Access and / or from external sources. The Group has a good record of obtaining the necessary funding to support its investment and growth plans, including shareholder support if required, evidenced by the take-private of the Group in 2014 and the subsequent raising of both public and private debt in 2015 and 2016. The Directors of the Group have considered the likely availability of alternative funding sources, and are satisfied that the necessary cash flow resources will be available.

Taking into account the uncertainty within the cash flow forecasts and the expected availability of funding, including support by Access as required, the Directors consider that the Group can meet its liabilities as they fall due for the foreseeable future. On this basis, the Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future, being at least 12 months from the date of signing these financial statements, and accordingly have continued to adopt the going concern basis in preparing the accounts.

Financial risk management objectives and policies

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

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group attempts wherever possible to naturally hedge those risks and wherever appropriate will consider using foreign exchange forward contracts and interest rate swap contracts to hedge these exposures as appropriate.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

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

PERFORM GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

Liquidity risk

The Group mitigates liquidity risk by ensuring that sufficient funds are available for ongoing operations and future developments.

Dividends

The Directors have not recommended the payment of a dividend in respect of 2016 (2015: £nil).

Directors

The Directors, who served throughout the year, except as noted, were as follows:

- Ashley Milton
- John Gleasure
- Jörg Mohaupt (Non-Executive Director)
- Oliver Slipper (Non-Executive Director)
- Paul Walker (Non-Executive Chairman)
- Peter Williams (Non-Executive Director)
- Simon Denyer
- Thomas Harding (Non-Executive Director)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Political contributions

No political donations were made during the year (2015: £nil).

Disabled employees

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

Employee consultation

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

Auditor

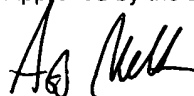
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

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



Ashley Milton

Director

7 March 2017

PERFORM GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

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

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

We have audited the financial statements of Perform Group Limited for the year ended 31 December 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows and the related notes 1 to 30 and the Parent Company statement of financial position, the Parent Company statement of changes in equity and the related notes 1 to 8. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the Group financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

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

Opinion 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 and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

M. R. Lee-Amies

Mark Lee-Amies (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
7 March 2017

PERFORM GROUP LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
All results relate to continuing operations			
Revenue	1, 2, 3	286,564	259,316
Cost of sales		(164,383)	(139,611)
Gross profit		122,181	119,705
Administrative expenses		(173,005)	(113,047)
Group operating (loss)/profit	4	(50,824)	6,658
Finance income	2, 6	346	234
Finance costs	7	(21,018)	(10,648)
Group loss before tax		(71,496)	(3,756)
Taxation (charge)/credit	8	(7,216)	2,022
Group loss for the year		(78,712)	(1,734)
<i>Group loss attributable to:</i>			
Owners of the Parent		(79,716)	(3,841)
Non-controlling interests		1,004	2,107
		(78,712)	(1,734)

PERFORM GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £'000	2015 £'000
Group loss for the year	(78,712)	(1,734)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations, goodwill and intangible assets held in foreign currencies	21,532	(11,443)
Total comprehensive loss for the year	(57,180)	(13,177)
<i>Total comprehensive loss for the year attributable to:</i>		
Owners of the Parent	(58,184)	(15,284)
Non-controlling interests	1,004	2,107
	(57,180)	(13,177)

PERFORM GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called-up share capital £'000	Share premium £'000	Merger relief reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Foreign exchange reserve £'000	Other reserves £'000	Equity attributable to owners of the Parent £'000	Non- controlling interests £'000	Total equity £'000
At 1 January 2015	7,356	68,323	93,533	38,342	41,348	(8,594)	49,993	290,301	4,230	294,531
(Loss)/profit for the year	-	-	-	-	(3,841)	-	-	(3,841)	2,107	(1,734)
FX on translating foreign operations, goodwill and intangible assets	-	-	-	-	-	(11,443)	-	(11,443)	-	(11,443)
Total comprehensive loss for the year	-	-	-	-	(3,841)	(11,443)	-	(15,284)	2,107	(13,177)
Payment of dividends to non-controlling interests	-	-	-	-	-	-	1,394	1,394	(1,394)	-
Adjustment arising from change in non-controlling interest	-	-	-	-	(19,494)	-	(7,222)	(26,716)	(2,085)	(28,801)
At 31 December 2015	7,356	68,323	93,533	38,342	18,013	(20,037)	44,165	249,695	2,858	252,553
(Loss)/profit for the year	-	-	-	-	(79,716)	-	-	(79,716)	1,004	(78,712)
FX on translating foreign operations, goodwill and intangible assets	-	-	-	-	-	21,532	-	21,532	-	21,532
Total comprehensive income for the year	-	-	-	-	(79,716)	21,532	-	(58,184)	1,004	(57,180)
Payment of dividends to non-controlling interests	-	-	-	-	-	-	2,258	2,258	(2,258)	-
Issuance of derivative liability	-	-	-	-	(8,000)	-	-	(8,000)	-	(8,000)
Share capital / premium issued	129	33,987	-	-	-	-	-	34,116	-	34,116
Adjustment arising from change in non-controlling interest	-	-	-	-	46,382	-	(46,423)	(41)	(2,217)	(2,258)
At 31 December 2016	7,485	102,310	93,533	38,342	(23,321)	1,495	-	219,844	(613)	219,231

PERFORM GROUP LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Non-current assets			
Goodwill	9	203,243	189,073
Acquisition intangibles	10	54,277	54,288
Other intangible assets	11	34,022	24,588
Property, plant and equipment	12	23,923	14,827
Deferred tax asset	20	5,867	11,223
		321,332	293,999
Current assets			
Trade and other receivables	13	48,410	41,429
Prepayments	14	157,672	57,731
Cash and cash equivalents	15	134,880	129,549
		340,962	228,709
Total assets		662,294	522,708
Current liabilities			
Trade and other payables	16	(124,302)	(55,819)
Current acquisition-related financial liabilities	17	-	(31,547)
Derivative liability		(8,000)	-
Current borrowings	18	(103,609)	(1,859)
Current tax liabilities		(3,827)	(5,758)
		(239,738)	(94,983)
Net current assets		101,224	133,726
Non-current liabilities			
Non-current borrowings	18	(192,817)	(163,987)
Deferred tax liability	20	(10,508)	(11,185)
		(203,325)	(175,172)
Total liabilities		(443,063)	(270,155)
Net assets		219,231	252,553
Equity			
Called-up share capital	21	7,485	7,356
Share premium		102,310	68,323
Merger relief reserve		93,533	93,533
Capital redemption reserve		38,342	38,342
Retained earnings		(23,321)	18,013
Foreign exchange reserve		1,495	(20,037)
Other reserves	22	-	44,165
Equity attributable to owners of the Parent		219,844	249,695
Non-controlling interests	23	(613)	2,858
Total equity		219,231	252,553

The financial statements of Perform Group Limited, registered number 6324278, were approved by the Board of Directors and authorised for issue on 7 March 2017.

Signed on behalf of the Board of Directors



Ashley Milton
Director

PERFORM GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £'000	2015 £'000
Operating activities		
Group operating (loss)/profit	(50,824)	6,658
Increase in trade and other receivables	(107,657)	(26,366)
Decrease/(increase) in trade and other payables	61,924	(8,457)
Depreciation and amortisation (including acquisition intangible amortisation)	28,569	22,101
Employee long-term incentive schemes	6,601	4,675
Exceptional items	1,688	5,085
Corporation tax payments	(5,028)	(4,206)
Cash flow from operating activities (prior to exceptional items)	(64,727)	(510)
Payments in respect of exceptional items	(1,476)	(4,418)
Cash flow used in operating activities (after exceptional items)	(66,203)	(4,928)
Investing activities		
Purchases of property, plant and equipment	(18,692)	(9,328)
Purchase of intangible assets	(20,701)	(15,418)
Acquisition of subsidiaries (net of cash acquired)	(5,141)	(7,818)
Investment income	346	234
Cash flow used in investing activities	(44,188)	(32,330)
Financing activities		
Dividend paid to non-controlling interests	(2,258)	(1,394)
Acquisition of non-controlling interests	(27,956)	(30,896)
Borrowings (net of discount)	126,000	171,500
Proceeds from issues of shares (net of professional fees)	34,116	-
Arrangement fees	-	(6,241)
Interest and finance lease charges paid	(16,997)	(1,672)
Cash flow from financing activities	112,905	131,297
Net increase in cash and cash equivalents in the year (all continuing operations)	2,514	94,039
Cash and cash equivalents at start of year	129,549	36,246
Effect of foreign currency exchange rates	2,817	(736)
Cash and cash equivalents at end of year	134,880	129,549

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

General Information

Perform Group Limited is a private company incorporated in the United Kingdom under the Companies Act 2006. The Company is a public Company limited by shares and is registered in England and Wales.

The address of the registered office is Sussex House, Plane Tree Crescent, Feltham, Middlesex TW13 7HE. The nature of the Group's operations and its principal activities are set out in the Strategic Report (on page 2).

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below.

Adoption of new and revised standards

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standard Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016 as follows:

Amendments to IAS 1	<i>Disclosure initiative</i>
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment entities: Applying the Consolidation exemption</i>
Amendments to IAS 27	<i>Equity method in separate financial statements</i>
Amendments to IFRS 11	<i>Accounting for acquisitions of interests in joint operations</i>
Annual Improvements to IFRSs: 2012 - 2014	

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and Revised IFRSs in issue but not yet effective

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

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 7	<i>Disclosure initiative</i>
Amendments to IAS 12	<i>Recognition of deferred tax assets for unrealised losses</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>
Amendments to IFRS 2	<i>Classification and measurement of share-based payment transactions</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Customer Contracts</i>
IFRIC 22	<i>Foreign currency transactions and advance consideration</i>

Annual Improvements to IFRSs: 2014 - 2016

The directors do not expect that the adoptions of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments.

We have performed an assessment of IFRS 15 the results of which indicate there will be no material impact on revenue recognition and related disclosures. IAS 16 will also have an impact as operating leases will be recorded on the balance sheet. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS9, and IAS 16 until a detailed review has been completed.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Basis of accounting

The Group's consolidated financial statements have been prepared and approved by the Directors in accordance with applicable International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considered all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by a Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins where the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Going concern

The financial statements have been prepared using the going concern basis of accounting. Refer to the directors' report on page 8 for further discussion.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Business combinations (continued)

interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Acquisition-related costs are recognised in profit or loss as incurred.

Contingent and deferred consideration arising as a result of acquisitions is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent and deferred consideration is based on management's best estimate of the likely outcome and best estimate of fair value. The contingent and deferred consideration is recorded as a liability and changes in fair value that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent and deferred consideration that do not qualify are recorded in the income statement.

To the extent that contingent consideration is substantively linked to employment or service conditions, where the selling shareholders continue to provide post-combination services those payments will be charged to the Income Statement as remuneration over the relevant period.

Where the Group has an option to acquire a non-controlling interest in a subsidiary the fair value of that option is recognised as a liability with a corresponding movement in reserves, in accordance with IAS 27. The changes in fair value of the option at each reporting date are recognised in the Income Statement. If the contingent consideration is subject to service-related provisions it is charged through the Income Statement as a service cost over the relevant period. However, if there are no service related conditions, the changes in the fair value are recognised in the Income Statement as a finance cost.

Additional consideration and details with respect to the Group's policies relating to the acquisition of non-controlling interests and contingent consideration are set out in "critical accounting judgements and key sources of estimation uncertainty" below.

Revenue recognition

Revenue represents amounts derived from the provision of services falling within the Group's continuing ordinary activities, after the deduction of value added tax. Revenue is measured at the fair value of consideration received or receivable.

- **Content**

Content relates to sales of the Group's Watch&Bet, Opta, Omnisport, WatchandTrade and RunningBall products. Content revenue is recognised over the course of the contract. Any content monies received in advance of the contract commencing are recognised in current liabilities as deferred income.

- **Media**

Revenue related to display and video advertising is recognised based on the number of advertising impressions or streams delivered compared to the required number of advertising impressions or streams included within a contract agreed with either a brand or an advertising agency.

Revenue related to sponsorship activity is recognised in line with the services delivered compared to the services specified within a contract agreed with an advertiser.

Where the Group is selling advertising to a third-party website, revenue is recognised on a gross basis as the Company bears the credit risk. The client's shares of such revenues are shown within cost of sales.

- **OTT**

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. Deferred revenue consists of subscription fees billed that have not been recognized. Revenue shares to third parties related to subscription revenues are shown within cost of sales.

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

The Group 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.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Revenue recognition (continued)

- **OTT (continued)**

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.

- **Other**

Sales of online subscription products, mobile downloads, online pay-per-view transactions and sms alerts are recognised on a gross basis evenly over the period in which the service is provided by the Group. The client's shares of such revenues are shown within cost of sales.

Service fees generated from the ongoing provision of website servicing, maintenance and hosting to customers are recognised in line with the service delivery to the customer, which is usually evenly across a contractual period. Fees arising from the building of products for customers or for structural enhancements to existing customer products are recognised in line with contractual milestones (which reflect the stage of completion) during the contractual build period.

Content costs

The Group typically licenses the right (from sports associations, sports bodies, leagues or their agents or partners) to supply live sports content to online bookmakers and/or to supply aggregated non-exclusive video-on-demand (typically highlights) via the Group's embeddable video player (embedded on publisher websites) or distributed in a news feed (typically highlights).

The rights the Group licenses are for a fixed period of time, over a number of years. The rights are generally paid in instalments over the length of the contract, either in advance (and as such the Group will recognise a prepayment) or arrears (and as such the Group will recognise an accrual).

The Group recognises an expense for sports streaming rights to cost of sales, based on a weighting of when the value of the rights will be returned, over a period not exceeding the contractual period.

In the case of content costs related wholly to the OTT Business, the rights are expensed over the contractual period, based on the forecast weighted average subscriber revenues expected to be generated over the same period.

Exceptional items

The Group highlights in the Strategic Report and notes to the financial statements significant income or costs due to their nature. The Directors consider that this presentation provides a more helpful analysis of the Group's underlying performance. The policy requires the Directors to exercise judgement in determining such items.

Items which may be included within this category include:

- those directly relating to acquisition activity including earn-out related incentive arrangements classified as remuneration, changes to the assessment of acquisition-related financial liabilities, consultancy, legal, finance and other professional adviser costs that otherwise would not have been incurred had the acquisition not occurred;
- acquisition integration costs including dual-running costs, contracts identified as onerous as a consequence of integration decisions, consultancy, redundancy, and project management and related costs (which may include those of employed staff specifically engaged to assist the integration of acquisitions);
- reorganisation and restructuring costs including dual-running costs, contracts identified as onerous as a consequence of reorganisation or restructuring decisions, consultancy redundancy, and project management and related restructuring costs (which may include those of employed staff specifically engaged for a limited period of time to assist the management of reorganisations and restructures);
- significant gains/losses arising on foreign exchange assets or liabilities relating to non-trading items such as contingent consideration or bank loans; and
- other particularly significant or unusual items which may include but are not limited to profits or losses on disposal or termination of operations or assets, litigation costs and settlements.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Leases

Rentals payable under operating leases are charged to the Income Statement over the term of the relevant lease and in accordance with the terms of the relevant leases. Operating lease costs relating to accommodation are recognised in the Income Statement under 'Administrative expenses'.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates. For the purpose of the consolidated financial statements, the results and financial position of each Group company are retranslated to pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to pounds 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.

Goodwill arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group elected to treat goodwill arising on acquisitions before the date of transition to IFRS as sterling-denominated assets and liabilities.

Borrowings

Borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with an interest expense recognised on an effective interest basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Taxation

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

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

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

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

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

Deferred tax liabilities are recognised for temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Taxation (continued)

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 Income Statement, 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 Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is recognised as an administrative expense and provided on all property, plant and equipment at rates calculated to write each asset down to its residual value, using the straight-line method, over its expected useful life as follows:

Freehold land – indefinite life

Internet hosting platform – three years

Office furniture and equipment – three years

Leasehold improvements – three years

Motor vehicles – three years

Intangible assets – computer software development

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

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

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

Amortisation is recognised as an administrative expense 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.

Intangible assets – other

Identifiable intangible assets acquired as part of business combinations, that meet the conditions for recognition under IFRS 3, are recognised at their fair value at the acquisition date. Amortisation is recognised as an administrative expense and amortised, on a straight-line basis, over their useful economic life on the following basis:

Trademarks and domain names – twenty years

Content – three to twelve years

Customer relationships – three to twelve years

Information technology architecture – three to twelve years

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its goodwill, 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 Group estimates the recoverable amount of the cash generating unit/product to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liability and equity

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

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates. Further details of foreign exchange contracts are disclosed in note 19.

Derivatives embedded in other financial instruments are carried on the balance sheet at fair value from the inception of the host contract. The Group has identified certain embedded derivatives, described as "derivatives over own equity" under IAS 39 Financial Instruments: Recognition & Measurement ("IAS 39"). These derivatives are held at fair value from the date on which a derivative contract is entered into.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of derivative is calculated by discounting the maximum derivative value by a return on equity discount factor.

Changes in the fair values of these derivatives are recognised immediately in the income statement. The Group does not hold or issue derivatives for speculative purposes.

Trade receivables and other receivable financial assets

Trade receivables do not carry any interest and are stated at their fair value on initial recognition (plus transaction costs if any) and carried at amortised cost under the effective interest method.

Cash and cash equivalents

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

Trade and other payables

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

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Long-term incentive schemes

Cash-settled payments to employees are measured at the fair value of the instrument at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of long-term incentive transactions are set out in note 24.

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

For long-term cash-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability.

At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured with any changes in fair value recognised in profit or loss for the year.

Pension

The Group makes contributions on behalf of employees to an independent, defined contribution pension scheme. The Group has no further legal obligation to pay contributions after the payment of its fixed contribution that is matched by an employee. These contributions are recognised as an expense in the period the relevant employee services are received.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, 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.

Critical judgements in applying the Group's accounting policies

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

Content costs

The Group amortises its payments for sports streaming rights to cost of sales, based on a weighting of when the value of the rights will be returned, over a period not exceeding the contractual period.

Whilst in substance the sports rights are intangible assets, given their nature they are not capable of recognition as an intangible asset until the sports event occurs, at which time an asset is capable of recognition.

In the case of rights for live events or highlights that are generally viewed live or very soon after the event and unlike a film or TV programming are generally viewed significantly less as time passes after the original event the Group 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.

Commitment to acquire content rights

The Group has commitments to acquire sports content rights. As at 31 December 2016 these commitments total £2,548 million (2015: £501 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 Group 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 Group does not consider it meets the criteria for recognition of an intangible asset nor does it consider it has a financial liability in accordance with IAS 39 until the sporting event has been delivered.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

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

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. Where this is not the case costs are not capitalised and are written off as incurred.

The Group'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. See note 11 to the consolidated financial statements.

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 of deferred tax assets

The recognition (and subsequent derecognition) of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The treatment of deferred tax assets in respect of losses and capital allowances arising in the United Kingdom represents a key source of estimation uncertainty as the relevant entities in which the losses have arisen have been loss making in the current and prior year. In the current year the Group derecognised deferred tax assets of £4.2 million in respect of losses based upon a reassessment of the forecast future profitability of the entities in which the losses have arisen. As at 31 December 2016 the Group is carrying a deferred tax asset of £2.7 million in respect of losses (2015: £7.1 million) and £2.2 million in respect of capital allowances (2015: £3.3 million). See note 20 to the consolidated financial statements.

Forecast revenues for OTT

The recognition of content rights costs for the OTT business is based upon the weighting of when the value of the rights will be returned, over a period not exceeding the contractual period. As the Group has limited historical experience in OTT subscription revenue there is significant judgment over when the value of the rights will be returned, being predominantly the forecasting of subscription revenues over the terms of the rights agreements (up to 10 years). As at 31 December 2016 the Group held a prepayment of £87.1 million (2015: £16.6 million) in respect of content rights costs for the OTT business.

Impairment of goodwill

The Group has tested goodwill for impairment which requires judgement when determining the recoverable amount, specifically around the forecasting of future cash flows and the application of appropriate sensitivities. Further details of the impairment testing and key assumptions are included in more detail in note 9.

PERFORM GROUP LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Revenue

	2016 £'000	2015 £'000
Revenue as disclosed in the consolidated income statement	286,564	259,316
Finance income	346	234
Total revenue as defined in IAS 18	286,910	259,550

3. Divisional business analysis

Geographical revenue information for the years ended 31 December 2016 and 2015 is presented below.

	United Kingdom £'000	Europe £'000	Asia Pacific £'000	Americas £'000	Middle East and North Africa £'000	Rest of world £'000	Total £'000
2016							
Content	56,952	95,265	24,087	9,421	6,470	4,889	197,084
Media	13,219	23,798	7,605	15,970	1,286	1,396	63,274
OTT	-	5,380	3,297	-	-	-	8,677
Other	10,932	122	883	4,060	38	1,494	17,529
Total revenue	81,103	124,565	35,872	29,451	7,794	7,779	286,564

	United Kingdom £'000	Europe £'000	Asia Pacific £'000	Americas £'000	Middle East and North Africa £'000	Rest of world £'000	Total £'000
2015							
Content	44,706	84,195	24,688	9,143	4,582	3,183	170,497
Media	11,930	20,407	4,881	26,299	2,328	266	66,111
Other	11,892	2,501	1,142	5,760	602	811	22,708
Total revenue	68,528	107,103	30,711	41,202	7,512	4,260	259,316

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4. Operating profit

Operating profit has been arrived at after charging/(crediting):

	2016 £'000	2015 £'000
Rentals payable under operating leases	4,558	3,569
Impairment loss recognised on trade receivables	4,824	480
Net foreign exchange gains	(5,170)	(1,583)
Research and development costs	3,203	1,985
Long-term incentive schemes	6,602	4,675
Depreciation of property, plant and equipment	9,900	5,893
Amortisation of intangible assets	12,304	10,252
Amortisation of acquisition intangibles	6,365	5,956

Operating profit also includes the following exceptional items:

	2016 £'000	2015 £'000
Costs in relation to the Group's acquisitions and bid defence	-	726
Re-measurement of acquisition-related financial liability	154	6,978
FX revaluation of acquisition-related financial liability	151	(4,250)
Costs in relation to restructuring activities	1,383	1,415
Other	-	216
	1,688	5,085

Exceptional items of £1.7 million were recognised in the year (2015: £5.1 million) relating to the following:

- remeasurement of the Mackolik acquisition related financial liability of £0.2 million (2015: £7.0 million);
- a foreign exchange revaluation of deferred consideration of £0.1 million (2015: £4.3 million (credit)) and;
- costs in relation to restructuring activities of £1.4 million (2015: £1.4 million).

The analysis of auditor's remuneration is as follows:

	2016 £'000	2015 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	276	258
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	92	56
Total audit fees	368	314
Fees payable to the Group's auditors for other services:		
Tax compliance services	398	262
Tax advisory services	416	301
Corporate finance services	-	238
Other advisory services	22	1
Total non-audit fees	836	802
Total fees payable to the Group's auditor	1,204	1,116

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5. Staff costs

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

	2016 Nos.	2015 Nos.
Business development and sales	109	125
Account management and marketing	142	140
Production	994	947
Technology	487	246
Administration and management	254	186
Total	1,986	1,644

Employee costs (including Executive Directors) were:

	2016 £'000	2015 £'000
Wages and salaries	61,793	50,907
Social security costs	10,593	6,989
Pension costs	2,072	1,531
Total	74,458	59,427

Staff costs above are shown net of capitalised internal staff cost (refer to note 11). Long-term cash-settled charges were £6.6 million (2015: £4.7 million) and are included within wages and salaries. Refer to note 24 for further details.

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

	2016 £'000	2015 £'000
Wages and salaries	5,021	4,845
Social security costs	624	598
Pension costs	92	75
Charge for long-term share and cash settled schemes	977	1,695
Total	6,714	7,213

During 2016 the Directors considered 16 individuals to be key (2015: 17) (including Executive and Non-Executive Directors).

Directors' Remuneration was:

	2016 £'000	2015 £'000
Emoluments	1,902	1,556
Payments in relation to long-term cash settled schemes	182	-
Company contributions to defined contribution pension schemes	41	33
Total	2,125	1,589

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5. Staff costs (continued)

The number of Directors who:

	2016 Nos.	2015 Nos.
Are members of a defined contribution pension scheme	4	4
Had payments in relation to long-term cash settled schemes	3	-

Remuneration of the highest paid director:

	2016 £'000	2015 £'000
Emoluments	746	544
Company contributions to money purchase pension schemes	20	19
Payments in relation to long-term cash settled schemes	97	-

6. Finance income

	2016 £'000	2015 £'000
Interest receivable	346	234

Finance income primarily relates to bank interest receivable.

7. Finance costs

	2016 £'000	2015 £'000
Interest on bank overdrafts and loans	15,783	2,669
Interest on shareholder loan	1,666	-
Amortisation of arrangement fees and other bank charges and finance costs	2,697	1,582
Accretion of deferred consideration	1,741	3,426
Total underlying interest and related costs	21,887	7,677
<i>Exceptional finance costs:</i>		
Accelerated amortisation of arrangement fees	-	1,219
Revaluation (gain)/loss of foreign exchange hedge	(869)	1,291
Foreign exchange loss on debt facility	-	461
Total finance costs	21,018	10,648

Finance costs of £21.0 million were recognised in the year (2015: £10.6 million) relating to the following:

- interest, bank fees and related charges (including the amortisation of arrangement fees) due on the Group's senior secured notes and previous term loan and facilities of £20.1 million (2015: £4.3 million);
- Interest on shareholder loan of £1.7 million (2015: £nil)
- accretion of deferred consideration of £1.7 million (2015: £3.4 million);
- £nil accelerated unwind of capitalised arrangement fees (2015: £1.2million) relating to the termination of the Group's previous term loan and facilities;
- gain on settlement of the Group's foreign exchange hedge of £0.9 million which was used to part fund the acquisition of the remaining 49% of Mackolik in May 2016 (2015: £1.3 million loss); and
- £nil loss on foreign exchange loss on the Group's previous debt facilities (2015: £0.5 million).

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8. Taxation

	2016 £'000	2015 £'000
Current tax:		
UK current tax at 20.0% (2015: 20.3%)	109	105
Adjustment in respect of prior years	(155)	(971)
Foreign tax:		
Overseas current tax	3,930	5,794
Adjustment in respect of prior years	(745)	674
Withholding tax	605	440
Deferred tax:		
Origination or reversal of temporary differences	3,688	(6,917)
Impact of changes in tax rates	237	850
Adjustment in respect of prior years	(453)	(1,997)
Tax charge/(credit) for the year	7,216	(2,022)

UK corporation tax is calculated at 20.0% (2015: 20.3%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions. The charge/(credit) for the year can be reconciled to the profit before tax in the Income Statement as follows:

	2016 £'000	2015 £'000
Loss before tax	(71,496)	(3,756)
Tax at weighted average UK corporation tax rate of 20.0% (2015: 20.3%)	(14,299)	(762)
Effects of:		
Tax effect of amounts not deductible in determining taxable profit	265	1,150
Prior year adjustments	(1,353)	(2,294)
Change in UK tax rate on deferred tax balances	339	850
Effects of different tax rates of subsidiaries operating in other jurisdictions	(1,675)	(2,275)
Non-recognition of losses	22,988	914
Other unrecognised deferred tax	345	395
Withholding tax	605	-
Tax charge/(credit)	7,216	(2,022)

A reduction in the UK corporation tax rate from 21% to 20% was effective from 1 April 2015. Reductions to the corporation tax rate to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted as at 31 December 2016. This will reduce future current tax charges accordingly. The deferred tax asset on UK tax losses at 31 December 2016 has been calculated based on the rate of 17% being the rate expected to be in force at the time the losses are anticipated to be utilised. The deferred tax asset on UK fixed asset temporary differences at 31 December 2016 has been calculated based on a rate of 17% being the rate expected to be in force at the time the temporary difference is expected to reverse i.e. once the tax losses have been utilised.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9. Goodwill

£'000

Cost and Net Book Value

At 1 January 2015	195,546
Retranslation of goodwill of foreign operations at closing rate	(6,473)
At 31 December 2015	189,073
 Additions	 1,222
Retranslation of goodwill of foreign operations at closing rate	12,948
At 31 December 2016	203,243

During the prior year the Group determined that the lowest level that goodwill is internally monitored for impairment purposes is at a divisional level due to the changes in the internal reporting structure, effective 1 January 2015 – accordingly the Group has identified two cash-generating unit ("CGU") for impairment testing purposes for 2016 being Content and Media.

The carrying amount of goodwill allocated to Content at 31 December 2016 is £184 million. The carrying amount of goodwill allocated to Media at 31 December 2016 is £18 million.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The Group compares the carrying amount of the unit (including goodwill) to the recoverable amount of the unit.

The recoverable amount of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices, volumes and direct costs are based on past experience and expectations of future changes in the market.

Recoverable amounts for the cash-generating units were calculated using cash flows calculated for four years as forecast and approved by Management. For both CGU's, a long-term growth rate of 2.5% (2015: 2.5%) was applied in order to extrapolate cash flow projections beyond this period into perpetuity. For both CGU's, the cash flows were discounted using a pre-tax discount rate of 10% (2015: 11%). In determining the discount rate, Management applied judgement in respect of several factors which included assessing the risk attached to the future cash flows and making reference to the capital asset pricing model (the "CAPM") to determine the pre-tax discount rate. Management gave consideration to the selection of appropriate inputs to the CAPM, which included the risk free rate, the equity risk premium and a measure of systematic risk.

The Group has conducted a sensitivity analysis taking into consideration the impact on key impairment test assumptions arising from a range of possible trading and economic scenarios. The sensitivity scenarios applied are summarised below:

- An increase in the discount rate by 2%;
- A decrease of 5% on forecast EBITDA over the term; and
- A decrease of 20% on the long-term growth rate.

The sensitivity analysis shows that no impairment would result from any of the above sensitivities individually, or all of them combined.

PERFORM GROUP LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Acquisition intangibles

	Trademarks and domain names £'000	Information technology architecture £'000	Customer relationships £'000	Content £'000	Other £'000	Total £'000
Cost						
At 1 January 2015	23,201	24,670	28,767	285	2,053	78,976
Effect of movement in foreign exchange	(503)	(732)	(838)	-	(43)	(2,116)
At 31 December 2015	22,698	23,938	27,929	285	2,010	76,860
Opening balance						
reclassification in respect of foreign currency revaluation	(98)	389	(4,621)	-	73	(4,257)
Additions	-	-	528	-	-	528
Effect of movement in foreign exchange	3,250	2,911	1,697	-	331	8,189
At 31 December 2016	25,850	27,238	25,533	285	2,414	81,320
Accumulated amortisation						
At 1 January 2015	3,154	6,680	6,589	285	293	17,001
Charge for the year	1,214	2,538	2,187	-	17	5,956
Effect of movement in foreign exchange	(60)	(156)	(164)	-	(5)	(385)
At 31 December 2015	4,308	9,062	8,612	285	305	22,572
Opening balance						
reclassification in respect of foreign currency revaluation	(1,188)	(707)	(2,382)	-	20	(4,257)
Charge for the year	1,380	2,745	2,154	-	86	6,365
Effect of movement in foreign exchange	531	1,144	558	-	130	2,363
At 31 December 2016	5,031	12,244	8,942	285	541	27,043
Net book value						
At 31 December 2015	18,390	14,876	19,317	-	1,705	54,288
At 31 December 2016	20,819	14,994	16,592	-	1,872	54,277

Individually significant acquisition-related intangibles included:

- Goal.com trademarks and domain names which had a carrying value of £8.3 million at 31 December 2016 (2015: £7.1 million) and a remaining useful economic life of 16 years (2015: 15 years);
- Opta trademarks and domain names which had a carrying value of £4.0 million at 31 December 2016 (2015: £4.0 million) and a remaining useful economic life of 16 years (2015: 15 years);
- Sporting News trademarks and domain names which had a carrying value of £4.0 million at 31 December 2016 (2015: £3.3 million) and a remaining useful economic life of 16 years (2015: 15 years);
- RunningBall software intangibles which had a carrying value of £11.2 million at 31 December 2016 (2015: £10.3 million) and a remaining useful economic life of 6 years (2015: 7 years);
- RunningBall customer relationship intangibles which had a carrying value of £6.9 million at 31 December 2016 (2015: £6.7 million) and a remaining useful economic life of 8 years (2015: 9 years); and
- Opta customer relationship intangibles which had a carrying value of £7.3 million at 31 December 2016 (2015: £8.2 million) and a remaining useful economic life of 8 years (2015: 9 years).

PERFORM GROUP LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Other intangible assets

	Computer software development £'000
Cost	
At 1 January 2015	35,662
Additions	15,219
Disposal	(135)
At 31 December 2015	50,746
Additions	21,784
At 31 December 2016	72,530
Accumulated amortisation	
At 1 January 2015	15,854
Charge for the year	10,252
Effect of movement in foreign exchange	96
Disposal	(44)
At 31 December 2015	26,158
Charge for the year	12,304
Effect of movement in foreign exchange	46
At 31 December 2016	38,508
Net book value	
At 31 December 2015	24,588
At 31 December 2016	34,022

Included within additions to computer software development in 2016 is £9.9 million (2015: £8.1 million) of capitalised internal staff costs.

PERFORM GROUP LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Property, plant and equipment

	Freehold land £'000	Internet hosting Platform £'000	Office furniture and equipment £'000	Leasehold improvements £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2015	290	24,543	3,194	3,717	37	31,781
Additions	-	7,410	144	1,540	5	9,099
At 31 December 2015	290	31,953	3,338	5,257	42	40,880
Additions	-	13,902	78	4,507	-	18,487
Effect of movement in foreign exchange	-	529	187	221	-	937
At 31 December 2016	290	46,384	3,603	9,985	42	60,304
Accumulated depreciation						
At 1 January 2015	-	17,449	1,834	850	27	20,160
Charge for the year	-	3,901	595	1,386	11	5,893
At 31 December 2015	-	21,350	2,429	2,236	38	26,053
Charge for the year	-	6,948	488	2,460	4	9,900
Effect of movement in foreign exchange	-	235	118	75	-	428
At 31 December 2016	-	28,533	3,035	4,771	42	36,381
Net book value						
At 31 December 2015	290	10,603	909	3,021	4	14,827
At 31 December 2016	290	17,851	568	5,214	-	23,923

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13. Trade and other receivables

	2016 £'000	2015 £'000
Gross trade receivables	46,937	41,934
Provision for impairment of trade receivables	(3,870)	(897)
Net trade receivables	43,067	41,037
Other receivables	5,343	392
Total trade and other receivables	48,410	41,429

The provision for impairment of trade receivables relates to impaired invoices which are over one year due.

Trade receivables are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

The due date for trade receivables will vary depending on the jurisdiction and product but is typically between 30 and 90 days. Trade receivables do not bear any effective interest rate. All trade receivables are subject to credit risk exposure, however, the Group has not identified specific concentration of credit risk with regards to trade receivables, as the amount recognised consists of a large number of receivables from various customers.

Movements on the Group provision for impairment of trade receivables are set out in the table below:

	2016 £'000	2015 £'000
At 1 January	897	1,016
Additional provision	4,824	480
Utilisation of provision	(1,851)	(599)
At 31 December	3,870	897

The creation and release of provisions for impaired receivables has been included in the Income Statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

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

Some of the unimpaired trade receivables are past due as at the reporting date. Financial assets past due but not impaired are shown below:

	2016 £'000	2015 £'000
Not more than three months	15,001	6,695
More than three months but not more than six months	4,378	4,822
More than six months but not more than a year	3,612	4,996
More than one year	1,918	1,440
Total	24,909	17,953

The average credit period taken is 60 days (2015: 60 days).

Unimpaired trade receivables past due have a natural contra with trade payables of £2.2 million.

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

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14. Prepayments

Prepayments and accrued income balances are set out below:

	2016 £'000	2015 £'000
Prepayments for acquiring content and rights	126,752	38,027
Unbilled advertising, distribution and technology related revenues	21,614	15,658
Other prepaid costs	9,306	4,046
	157,672	57,731

15. Cash and cash equivalents

	2016 £'000	2015 £'000
Cash	134,880	129,549

Cash was held in a variety of interest bearing accounts.

Net debt

	2016 £'000	2015 £'000
Cash and cash equivalents	134,880	129,549
Borrowings	(296,426)	(165,846)
Net debt	(161,546)	(36,297)

16. Trade and other payables

	2016 £'000	2015 £'000
Trade payables	21,885	10,220
Accruals	62,976	34,494
Deferred income	36,313	3,301
Other creditors	3,128	7,804
	124,302	55,819

The average credit period taken for trade purchases is 49 days (2015: 27 days).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

PERFORM GROUP LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Acquisition-related financial liabilities

The following table summarises and reconciles acquisition-related deferred consideration recorded in the financial statements (and includes the Group's final settlement to the owners of the non-controlling interest in Mackolik)

	At 1 January 2016 £'000	Recognised on acquisition or re-measured £'000	Unwind of discount applied to FV initial liability £'000	Service related charge £'000	Payment £'000	FX £'000	At 31 December 2016 £'000	Due in < 1 year £'000	Due after > 1 year £'000
Mackolik	28,461	154	1,644	-	(30,202)	(57)	-	-	-
Voetbalzone	3,086	-	97	-	(3,391)	208	-	-	-
	31,547	154	1,741	-	(33,593)	151	-	-	-

2015 comparative information:

	At 1 January 2015 £'000	Recognised on acquisition or re-measured £'000	Unwind of discount applied to FV initial liability £'000	Service related charge £'000	Payment £'000	FX £'000	At 31 December 2015 £'000	Due in < 1 year £'000	Due after > 1 year £'000
Mackolik	22,614	7,772	2,824	29	(1,394)	(3,384)	28,461	28,461	-
Spox	1,158	(498)	-	-	(690)	30	-	-	-
Voetbalzone	7,108	(296)	440	-	(3,646)	(520)	3,086	3,086	-
Activaweb	3,739	-	119	-	(3,482)	(376)	-	-	-
	34,619	6,978	3,383	29	(9,212)	(4,250)	31,547	31,547	-

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18. Borrowings

	2016 £'000	2015 £'000
Current borrowings	103,609	1,859
Non-current borrowings	192,817	163,987
	<u>296,426</u>	<u>165,846</u>

On 16 November 2015, Perform Group Financing plc, a wholly-owned subsidiary of Perform Group Limited, issued £175.0 million aggregate principal amount of 8.5% senior secured notes (The "Notes") due 2020. On the same date, certain members of the Group entered into a new multi-currency revolving credit facility of £50.0 million (the "RCF") (and together with the Issuance of the Notes, the "Refinancing Transactions").

The purpose of the Refinancing Transactions was to, amongst other things, fund the launch of the OTT Business (as defined in the Group's Offering Memorandum dated 11 November 2015 (the "Offering Memorandum")), repay the amounts drawn under, and terminate, the Old RCF and to fund contractual commitments to pay contingent consideration in respect of certain of the Group's historical acquisitions.

The senior secured notes were issued at a discount of £3.5 million and were subject to directly attributable arrangement fees of £7.8 million. The carrying value of the discount and fees at 31 December 2016 is £8.0 million (2015: £11.0 million). Interest of £1.9 million (2015: £1.9 million) has also accrued but not been paid at 31 December 2016. The carrying value of borrowings is presented net of fees but includes accrued interest.

The Group has pledged certain assets (which are set out below) as collateral against the senior secured notes. The Group is entitled to receive all cash flows from these pledged assets. Further, there is no obligation to remit these cash flows to another entity. The pledged assets are:

- shares in certain wholly owned subsidiaries;
- property in certain wholly owned subsidiaries; and
- substantially all other assets (including bank accounts, intragroup receivables (including the OTT Business Shareholder Loan), trade receivables, patents, trademarks, service marks, designs, business names, copyrights, designs, design rights and domain names, whether registered or unregistered) in certain wholly owned subsidiaries.

In June 2016 the Group drew down £26.0 million under the RCF and provided it to the OTT business.

On 10 August 2016, Perform Investment Limited, a wholly owned subsidiary of the Group and part of the Unrestricted Group, entered into a loan facility agreement ("the Facility") with AI International S.á.r.l, part of Access Industries, the Group's principal shareholder. Perform Investment Limited can utilise the Facility by drawing down in two tranches of up to £50.0 million, the first tranche of which was drawn down on 10 August 2016, and the second tranche on 21 December 2016. The amount drawn down has been presented within non-current borrowings on the balance sheet. The Facility attracts an interest rate of 8%, which is compounded annually and accrued interest of £1.7 million has been included within current borrowings on the balance sheet. Any amounts outstanding in relation to the Facility will be repaid on the earlier of 12 August 2019 or upon the occurrence of certain equity conversion events. Refer to note 19 for further details of the derivative over own equity instrument identified from the Shareholder Loan transaction.

Subsequent to the end of the reporting period, on 23 February 2017, the Shareholder Loan was amended and restated from £100.0 million to £250.0 million, £50.0 million of which was drawn down on 27 February 2017, in addition to the £100.0 million drawn down in 2016. None of the principal terms of the Shareholder Loan were altered as part of the amendment and restatement.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19. Financial risk management

The Group's activities expose it to a variety of financial risks. The main financial risks faced by the Group relate to capital risk, foreign exchange rates, interest rate risks, the risk of default by counterparties to financial transactions and liquidity risk. These risks are managed as described below.

The Group's financial risk management is co-ordinated at its headquarters, in close co-operation with the board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst having enough capital to continue its acquisition strategy and sustain future product development. The Group will continue to seek to maximise the return to shareholders through the optimisation of the debt and equity balance although this is a longer-term aspiration. The Group's overall strategy has not changed in the last year.

The capital structure of the Group consists of net funds, which includes cash and cash equivalents after deducting the borrowings disclosed in note 18, and equity of the Group, comprising issued capital, reserves and retained earnings.

The primary reason for the Group to raise debt or equity is to finance its acquisitions and product expansion.

The Group's Directors review the capital structure on an ad-hoc basis and consider the impact any acquisitions and new products (and how they are financed) have on the Group's capital structure before completing any acquisition (or financing). As part of this review the Board considers the cost of capital and the risks associated with each class of capital.

The Group had a gearing ratio of 135.2% at 31 December 2016 (2015: 65.7%). The ratio has increased in the year due to Refinancing Transactions to fund the launch of the OTT Business.

The gearing ratio at the year-end is as follows:

	2016 £'000	2015 £'000
Debt	296,426	165,846
Equity	219,231	252,553
Debt to equity ratio	135.2%	65.7%

Debt is defined as all borrowings and equity includes all capital and reserves of the Group that are managed as capital.

Due to the current fast growth and acquisitive nature of the Group, the Group does not currently have a long-term target gearing ratio. The Group also has no current policy as to the level of equity capital and other reserves other than to address statutory requirements.

The Group currently does not envisage paying a dividend in the short term.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19. Financial risk management (continued)

The fair value of the Group's financial assets and liabilities is as follows:

Categories of financial instruments

	2016 £'000	2015 £'000
Financial assets		
Cash and cash equivalents	134,880	129,549
Trade and other receivables	48,410	41,429
Prepayments	157,672	57,731
Financial liabilities		
Trade and other payables	(124,302)	(55,819)
Derivative liability	(8,000)	-
Acquisition-related financial liabilities	-	(31,547)
Current borrowings	(103,609)	(1,859)
Non-current borrowings	(192,817)	(163,987)

Currency risk

The table below shows the carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date:

	Euro £'000	US Dollar £'000	Japanese ¥ £'000	Other currencies £'000	Total £'000
2016					
Financial assets	24,912	21,168	43,671	12,337	102,087
Financial liabilities	(17,170)	(7,958)	(4,887)	(1,818)	(31,834)
Total exposure	7,742	13,210	38,784	10,519	70,253
2015					
Financial assets	18,098	24,942	1,017	17,078	61,135
Financial liabilities	(10,349)	(4,765)	(205)	(29,564)	(44,883)
Total exposure	7,749	20,177	812	(12,486)	16,252

Exposures to currency exchange rates arise from the Group's retranslation of its foreign subsidiaries as well as the Group's overseas sales and purchases, which are primarily denominated in euros and US dollars.

The following table illustrates the sensitivity of the net result for the year and equity with regard to the Group's financial assets and financial liabilities and the euro/sterling exchange rate and the US dollar/sterling rate. It assumes a +/- 15% movement in each exchange rate on both years. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

If sterling had weakened by 15% then this would have had the following impact:

	2016			2015		
	US Dollar £'000	Euro £'000	Japanese ¥ £'000	US Dollar £'000	Euro £'000	Japanese ¥ £'000
Net profit	3,654	1,471	3,280	343	734	44
Equity	(401)	12,878	(3,033)	1,569	752	111

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19. Financial risk management (continued)

Currency risk (continued)

If sterling had strengthened by 15% then this would have had the following impact:

	2016			2015		
	US Dollar £'000	Euro £'000	Japanese ¥ £'000	US Dollar £'000	Euro £'000	Japanese ¥ £'000
Net profit	(2,700)	(1,087)	(2,424)	(281)	(600)	(33)
Equity	297	(9,519)	2,242	(1,284)	(616)	(82)

The Group's objective when managing currency risk is to ensure that changes in exchange rates would not have a material impact on the Group. The Group's policy is to review the level of revenues and costs denominated in various key currencies and to naturally hedge wherever possible. Where this is not possible and a currency risk is forecast the Directors' strategy is to acquire forward options to mitigate the level of risk.

Interest rate risk

The Group is exposed to interest rate risk because the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Refer to note 18 for further details on borrowings.

The Group's exposure to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to assess the creditworthiness of counterparties. The Group continually monitors its exposure to counterparties and the aggregate value of transactions concluded is spread amongst approved counterparties.

Cash held by counterparty is presented to the Board on a monthly basis. The credit risk on these funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The Group does not have any significant credit risk exposure to any other single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the year.

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

Liquidity risk

Liquidity risk is managed by short and long-term cash flow forecasts. Sufficient cash reserves are held to meet short-term working capital requirements.

As at 31 December 2016 and 2015, the Group's undiscounted non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19. Financial risk management (continued)

Liquidity risk (continued)

	Current within 6 months £'000	Current 6 to 12 months £'000	Non-current 1 to 5 years £'000	Non-current later than 5 years £'000
31 December 2016				
Trade payables	21,885	-	-	-
Senior secured notes	-	-	175,000	-
Interest on senior secured notes	7,438	7,438	44,625	-
Interest and repayment of Shareholder Loan	101,666	-	-	-
Deferred consideration	-	-	-	-
	<u>130,989</u>	<u>7,438</u>	<u>219,625</u>	-
31 December 2015				
Trade payables	10,220	-	-	-
Senior secured notes	-	-	175,000	-
Interest on senior secured notes	7,438	7,438	59,499	-
Deferred consideration	33,128	-	-	-
	<u>50,786</u>	<u>7,438</u>	<u>234,499</u>	-

Financial instruments fair value disclosure

Financial instruments that are measured at fair value in the consolidated financial statements require disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair values of financial assets and liabilities are based on quoted market prices where available. Where the market value is not available, the Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate.

The Group holds senior secured notes and RCF (refer to note 18 for further details) categorised as Level 1. All other financial instruments of the Group are categorised as Level 3. There have been no transfers of assets or liabilities between levels of the fair value hierarchy during the year.

The senior secured notes have a carrying value of £167.0 million and a fair value of £176.2 million as at 31 December 2016.

With the exception of the senior secured notes, the Directors consider that the carrying values of financial assets and liabilities recorded at amortised cost in the consolidated financial statements are appropriately equal to their fair value.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19. Financial risk management (continued)

Financial instruments fair value disclosure (continued)

The Group held Level 3 instruments during the year related to acquisition-related financial liabilities. Fair values have been derived by discounting estimated future cash flows. The table below is a reconciliation of the acquisition-related financial liabilities measurements for the year ended 31 December 2016:

	2016 £'000	2015 £'000
1 January	31,547	34,619
Re-measured	154	6,978
Unwind of discount	1,741	3,383
Service related charge	-	29
Payment	(33,593)	(9,212)
Foreign exchange	151	(4,250)
31 December	-	31,547

In connection with the Shareholder Loan received from AI International S.á.r.l, as described further in note 18, the Company granted its immediate parent company, AI Perform Holdings LLP, an option to convert the loan to equity, subject to certain conditions. The option to convert to equity feature meets the definition of a derivative over own equity, a Level 3 financial instrument. Derivatives embedded in other financial instruments are carried on the balance sheet at fair value from the inception of the host contract. The Group has accounted for the initial fair value of the derivative as a current liability, with a corresponding debit being recording in equity, within the profit and loss reserve account. Any subsequent revaluation of the derivative liability will be recorded through the profit and loss account.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of derivative is calculated by discounting the maximum derivative value by a return on equity discount factor. The table below is a reconciliation of the derivatives over own equity measurements for the year ended 31 December 2016:

	2016 £'000	2015 £'000
1 January	-	-
Issuance of derivative liability	8,000	-
31 December	8,000	-

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

20. Deferred tax

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

	2016 £'000	2015 £'000
Deferred tax assets	5,867	11,223
Deferred tax liabilities	(10,508)	(11,185)
	(4,641)	38

	2016 £'000	2015 £'000
Deferred tax movement		
1 January	38	(8,095)
Acquisition of subsidiaries	-	-
(Charge)/credit to income statement	(3,472)	8,064
FX Reserves	(1,207)	69
31 December	(4,641)	38

	At 31 December 2016 £'000	At 31 December 2015 £'000
Analysis of deferred tax		
Capital allowances in excess of depreciation	2,250	3,273
Share-based payments	954	718
Losses	2,662	7,071
Acquisition intangibles	(10,508)	(10,676)
Other	-	(348)
Total	(4,641)	38

In addition to the amounts set out above the Group has an unrecognised deferred tax asset at 31 December 2016 of £23.9 million (2015: £2.0 million) relating to trading losses and £6.3 million relating to capital losses (2015: £6.3 million). The Directors have considered cash-flow forecasts and budgets for future years showing profitability and top line growth for the UK entities within the Group. As at 31 December 2016 deferred tax assets in respect of losses have been recognised to the extent that brought forward losses are expected to be recoverable. The current year deferred tax charge includes £4.2 million to de-recognise deferred tax on losses recognised in previous periods.

No deferred tax liability is recognised in respect of temporary timing differences of £0.8 million (2015: £0.5 million) relating to unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

21. Share capital

	2016 £'000	2015 £'000
Authorised, issued, allotted and fully paid		
A Ordinary shares of 2 and 7/9ths pence each	6,432	6,432
M Ordinary shares of 2 and 7/9ths pence each	924	924
I Ordinary shares of 2 and 7/9ths pence each	-	-
Z Ordinary shares of 2 and 7/9ths pence each	129	-
	7,485	7,356
	2016 '000	2015 '000
Authorised, issued, allotted and fully paid		
A Ordinary shares of 2 and 7/9ths pence each	231,539	231,539
M Ordinary shares of 2 and 7/9ths pence each	33,274	33,274
I Ordinary shares of 2 and 7/9ths pence each	5	5
Z Ordinary shares of 2 and 7/9ths pence each	4,635	-
	269,453	264,818

The Company's share capital has of three classes of voting shares – 'A' shares, 'M' shares, and 'Z' shares.

AI Perform Holdings LLP, an entity in the Access Industries group, holds all of the 'A' shares, which represent approximately 85.93% of the equity share capital of the Company.

'M' shares are held by members of management, its employees and other shareholders, who represent approximately 12.35% of the equity share capital of the Company.

On 20th September 2016, a private investor made an investment of £35.0 million in the capital of the Company in exchange for the issuance of 4,634,502 of a new class of 'Z' ordinary shares in the capital of the Company, which comprises 1.72% of the share capital of the Company upon completion of the investment.

The total par value of the shares is £0.1 million and £34.0 million has been charged to share premium, with the remaining £0.9 million being professional fees associated with the equity raise.

A, 'M' and 'Z' shareholders have equal voting rights.

The Group also has two classes of non-voting shares being 'I' shares, which are held by certain members of its senior management, and deferred shares. The 'I' shares and deferred shares comprise a *de minimis* amount of our total share capital, both individually and in aggregate.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

22. Other reserves

	2016 £'000	2015 £'000
1 January	44,165	49,993
Payments of dividends to non-controlling interests	2,258	1,394
Adjustment arising from change in non-controlling interest*	(46,423)	(7,222)
31 December	-	44,165

* The remaining shares of Mackolik were purchased on 16 May 2016; therefore any profit previously contained within other reserves has been moved into retained earnings. Refer to note 25 for further details.

23. Non-controlling interests

	2016 £'000	2015 £'000
Mackolik Internet Hizmetleri Ticaret A.Ş.*	-	3,248
Perform Media Sales Japan KK	(613)	(390)
	(613)	2,858

* The remaining shares of Mackolik were purchased on 16 May 2016; refer to note 25 for further details.

24. Long-term incentive schemes

A total charge relating to the Group's long-term incentive schemes of £6.6 million (2015: £4.7 million) has been included in the income statement for the year ended 31 December 2016.

In order to ensure appropriate retention arrangements were in place following the takeover in October 2014 by Access Industries it was agreed, with regards to the 2013 and 2014 performance share plans, that the Group will make cash payments equal to the difference between the award holders received on vesting of their awards (with reference to the £2.60 price paid per share by Access), and what they would have received on full vesting of their awards (also calculated at £2.60 per share). Accordingly, after accounting for leavers, 50% of the April 2013 awards and 83% of the 2014 awards were converted into replacement cash awards. These cash awards would become payable, subject to the participants continued employment and the meeting of financial performance criteria, on or around, the same date that the unvested portions of the PSP awards would otherwise have come to maturity, being April 2016 for the 2013 awards and April 2017 for the 2014 awards.

The amount of the cash awards will be determined by the level of business performance against revenue and Adjusted EBITDA targets. The total value of these awards at inception was calculated as £7.3 million and this is being spread over the vesting period. As such charges have been recognised in respect of these cash replacement schemes of £2.4 million for the year ended 31 December 2016 (2015: £3.4 million).

Furthermore, the Group has put in place long-term cash-based schemes in April 2015 and April 2016 that will vest in April 2018 and April 2019 respectively. The amount of the payment will be determined by the level of business performance against revenue and EBITDA targets over a three year period and the cost of each scheme will be spread over the vesting period. As such charges have been recognised in respect of these schemes of £4.2 million in the year ended to 31 December 2016 (2015: £1.3 million).

In 2015 Company issued 5,450 "I shares", a new class of non-voting share, to certain members of its senior management. Each I share only secures ownership rights or economic benefits in the event that certain growth and other criteria are met. The fair value of each I share at grant was calculated using a Black Scholes valuation model, in accordance with IFRS 2. The overall fair value determined in accordance with IFRS 2 is £0.2 million and is being charged to the income statement over the three and a half year vesting period to November 2018. As such a charge of £90,000 has been recognised in respect of this scheme in the year to 31 December 2016.

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

25. Acquisitions

Mackolik Internet Hizmetleri Ticaret AS

On 16 May 2016, the Group acquired the remaining 49% interest in Mackolik Internet Hizmetleri, taking its holding to 100%. The consideration paid for this 49% interest was £27.9 million (TRY 121.4 million) plus £2.2 million of dividends (TRY 9.0 million). The remaining balances associated with Mackolik contained within the non-controlling interest and other reserves have been re-cycled to the profit and loss reserve.

Voetbalzone BV

On 1 April 2016 the Group made the final payment of £3.4 million (€4.3 million) related to the acquisition of Voetbalzone B.V.

Fantasy iTeam Ltd and Fantasy iTeam Investments Limited

On 12 August 2016, the Group acquired 100% of Fantasy iTeam Ltd and Fantasy iTeam Investments Limited for consideration of £1.5 million.

26. Commitments

(a) Operating leases

As at 31 December 2016, the Group had total outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	6,545	3,110
In the second to fifth years inclusive	14,403	6,760
After five years	4,403	3,227
	<u>25,351</u>	<u>13,097</u>

Operating lease payments represent rentals payable by the Group for office property and computer equipment costs.

(b) Rights commitments

As at 31 December 2016, the Group had total outstanding commitments to acquire sports content rights as follows:

	2016 £'000	2015 £'000
Within one year	315,327	118,611
In the second to fifth years inclusive	914,602	246,311
After five years	1,317,696	136,095
	<u>2,547,625</u>	<u>501,017</u>

PERFORM GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

27. Related parties

Related party transactions in the year are as follows:

- On 10th August 2016, Perform Investment Limited, a wholly owned subsidiary of the Group and part of the Unrestricted Group, entered into a loan facility agreement with AI International S.á.r.l, an entity in the Access Industries group, the Group's principal shareholder. Perform Investment Limited has utilised the Facility by drawing down in two tranches of £50.0 million, the first tranche of which was drawn down on 10th August 2016, and the second tranche on 21st December 2016, subject to certain conditions. Refer to note 18 for further details.
- On 20th September 2016, a private investor made an investment of £35.0 million in the capital of the Company in exchange for the issuance of 4,634,502 of a new class of 'Z' ordinary shares in the capital of the Company, which comprises 1.72% of the share capital of the Company upon completion of the investment.
- During the year, the Group issued an unsecured personal loan of £370,000 to a Director of one of the Group's subsidiary companies. The loan does not attract interest and is not repayable for a period of at least 24 months from the balance sheet date. The total loan amount was outstanding at the end of the reporting period.

There are no additional related party transactions to disclose, with the exception of those in relation to key management personnel which are presented in note 5.

28. Contingent liabilities

There were no material contingent liabilities at the year-end (2015: £nil).

29. Ultimate controlling party

The immediate holding company of Perform Group Limited is AI Perform Holdings LLP, an entity incorporated in England and Wales, which is the parent undertaking of the smallest and largest group for which consolidated financial statements are drawn up and of which Perform Group Limited is a member. AI Perform Holdings LLP and Perform Group Limited are ultimately controlled by Len Blavatnik.

The registered office of AI Perform Holdings LLP is 6th Floor, Marble Arch House, 66 Seymour Street, London, W1H 5BT.

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

30. Post balance sheet events

Subsequent to the end of the reporting period, on 23rd February 2017, the Shareholder Loan was amended and restated from £100.0 million to £250.0 million, £50.0 million of which was drawn down on 27th February 2017, in addition to the £100.0 million drawn down in 2016. None of the principal terms of the Shareholder Loan were altered as part of the amendment and restatement.

There have been no other material post balance sheet events to disclose.

PERFORM GROUP LIMITED

**PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Non-current assets			
Investments in subsidiaries	2	355,753	355,753
Deferred tax asset		563	244
		356,316	355,997
Current assets			
Trade and other receivables	3	42,583	6,328
Cash and cash equivalents		195	5,679
		42,778	12,007
Total assets		399,094	368,004
Current liabilities			
Trade and other payables	4	(57,615)	(84,844)
		(57,615)	(84,844)
Net current liabilities		(14,174)	(72,593)
Non-current liabilities			
Amounts owed to Group undertakings		(31,455)	-
		(31,455)	-
Total liabilities		(89,070)	(84,844)
Net assets		310,024	283,160
Equity			
Called-up share capital	5	7,485	7,356
Share premium		102,310	68,323
Merger relief reserve		93,533	93,533
Capital redemption reserve		38,342	38,342
Retained earnings		68,354	75,606
Equity attributable to owners of the Company		310,024	283,160

The Company had a loss for the year of £7.3 million (2015: £2.4 million profit).

The financial statements of Perform Group Limited, registered number 6324278, were approved by the Board of Directors and authorised for issue on 7 March 2017.

Signed on behalf of the Board of Directors



Ashley Milton
Director

PERFORM GROUP LIMITED

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2016**

	Issued share capital £'000	Share premium £'000	Merger relief reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 31 December 2014	7,356	68,323	93,533	38,342	73,168	280,722
Profit for the year	-	-	-	-	2,438	2,438
Total comprehensive income for the year	-	-	-	-	2,438	2,438
At 31 December 2015	7,356	68,323	93,533	38,342	75,606	283,160
Loss for the year	-	-	-	-	(7,252)	(7,252)
Share capital/premium issued in the year	129	33,987	-	-	-	34,116
Total comprehensive profit/(loss) for the year	129	33,987	-	-	(7,252)	26,864
At 31 December 2016	7,485	102,310	93,533	38,342	68,354	310,024

PERFORM GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

Perform Group Limited is a private limited company incorporated in the England and Wales under the Companies Act.

The address of the registered office is Sussex House, Plane Tree Crescent, Feltham, Middlesex, TW13 7HE.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These Company financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015 including those relating to legal changes the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective date of accounting periods beginning on or after 1 January 2016.

These Company financial statements form part of the Consolidated Group financial statements prepared under IFRS as adopted by the EU and can be found at the front of this document.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management and presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the Group accounts of Perform Group Limited.

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and Company law.

The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

Exemptions

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

The Company had a loss for the year of £7.3 million (2015: £2.4 million profit).

Going concern

Having reviewed cash flow forecasts and budgets for the year ahead the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Investments in subsidiaries

Fixed asset investments are shown at cost less provision, if any, for impairment.

Critical accounting judgements and key sources of estimation uncertainty

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

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

PERFORM GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Critical judgements in applying the Company's accounting policies

There are no critical judgements that the Directors believe have a significant effect on the amounts recognised in these financial statements.

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.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that 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.

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the investment and a suitable discount rate in order to calculate the present value.

2. Investment in subsidiaries

	2016 £'000	2015 £'000
1 January	355,753	28,434
Transfer of assets to Perform Midco Limited	-	(28,434)
Investment in Perform Midco Limited	-	355,753
31 December	355,753	355,753

The investments in subsidiaries are all stated at cost less provision for impairment.

PERFORM GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2. Investments in subsidiaries (continued)

Details of the Company's subsidiaries at 31 December 2016 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
Subsidiaries:			
Direct holdings of the Company			
Perform Midco Limited	100%	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex TW13 7BZ ('Hanover House')
Indirect holdings of the Company			
Perform Media Services Limited	100%	Digital sports media	Sussex House, Plane Tree Crescent, Feltham, TW13 7HE, UK ('Sussex House')
Perform Group Financing PLC	100%	Holding company	Hanover House
Perform Media Sales Limited	100%	Online advertising and sponsorship sales	Sussex House
Perform Media Channels Limited	100%	Digital sports media	Sussex House
Perform Investment Limited	100%	Digital sports media	Hanover House
Perform SCA Limited	100%	Digital sports media	Hanover House
Perform Netherlands BV	100%	Holding company	Prins Bernhardplein 200, Het Amstelgebouw 9th floor, 1097 JB Amsterdam, The Netherlands ('Prins Bernhardplein')
Watchandtrade Limited	100%	Digital sports media	21F Enterprise Road, Bangor, County Down, BT19 7TA
Fantasy iTeam Investments Limited	100%	Digital sports media	Hanover House
Fantasy iTeam Ltd	100%	Digital sports media	Hanover House
Opta Sports Data Limited	100%	Sports data provider	Sussex House
Classic Sport Limited	100%	Dormant	Sussex House
Willow TV (UK) Limited	100%	Dormant	Sussex House
Pangorights Limited	100%	Dormant	Hanover House
Perform South America Limited	50%	Holding company	Hanover House
PFPSA B.V.	50%	Holding company	Prins Bernhardplein
PSN Holdco Limited	100%	Holding company	Hanover House
Perform Sporting News Limited	100%	Digital sports media	Sussex House
PSN Midco, Inc.	100%	Holding company	c/o United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904
Perform Sporting News (1) LLC	100%	Digital sports media	120 W. Morehead Street, Charlotte, NC, 28202 ('Morehead Street')
Perform Sporting News (2) LLC	100%	Digital sports media	Morehead Street
Perform Investment Brands Limited	100%	Holding company	Hanover House
Perform Investment Japan Holdco Limited	100%	Holding company	Hanover House
Perform Investment Germany Holdco Limited	100%	Holding company	Hanover House

PERFORM GROUP LIMITED

**NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Subsidiaries:	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
Perform Investment Japan KK	100%	Digital sports media	4F Cross Place Hamamatsucho, 1-7-6 Shibakoen, Minato-ku, Tokyo 105-0011, Japan (‘Cross Place’)
Perform Investment Germany GmbH	100%	Digital sports media	Münchener Str. 101, 85737 Ismaning, Germany
Perform Media Asia Pte Limited	100%	Digital sports media	137 Telok Ayer Street, #04- 01, Singapore, 068602
Perform Media Inc.	100%	Digital sports media	28 Liberty Street, Fl., 25th, New York, NY 10005 (NB - Exact floor due to change in Feb 2017)
Perform Media Spain SLU	100%	Digital sports media	Avenida General Perón, 38, 6° Puerta 3, 28020 Madrid, Spain
Perform Media Sweden AB	100%	Digital sports media	Grant Thornton Sweden AB, Box 7623, 103 94 Stockholm
Perform Media Services SRL	100%	Digital sports media	Via Manuzio 7, 20124, Milano
Perform Media Services Nigeria Limited	100%	Digital sports media	235 Ikorodu Road, Ilupeju, Lagos
Perform Media Poland SP .z.oo	100%	Digital sports media	Poland, Katowice, Francuska street No. 34
Perform Group South Africa Proprietary Limited	100%	Digital sports media	Central Office Park Unit 4, 257 Jean Avenue, Centurion, Gauteng, 0157
Perform Media France S.á.r.l	100%	Digital sports media	29 rue du Pont, 92200, Neuilly-sur-Seine, France
Activaweb SAS	100%	Digital sports media	29 rue du Pont, 92200, Neuilly-sur-Seine, France
Perform Media Norway AS	100%	Digital sports media	Ullevaal Sadion, Sognsveien 75F, 0855 Oslo, Norway
Voetbalzone B.V	100%	Digital sports media	Het Amstelgebouw 9th floor, Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands
Opta Sports SA	100%	Sports data provider	Avenida General Perón, 38, 6° Puerta 3, 28020 Madrid, Spain
Opta Sports Data Srl	100%	Sports data provider	64, 36061 Bassano del Grappa (Vicenza) Italy
Opta Sports Data Inc.	100%	Sports data provider	28 Liberty Street, Fl., 25th, New York, NY 10005
Valles Profundos SA	100%	Sports data provider	1134, Esquina Maldonado, Montevideo, 1120, Uruguay
Mediasports Digital GmbH	100%	Online advertising and sponsorship sales	Beta-Straße 9a, 85774 Unterföhring (‘Beta-Straße’)
Sportal GmbH	100%	Digital sports media	Beta-Straße
Perform Media Deutschland GmbH	100%	Digital sports media	Beta-Straße
Kontertaktik GmbH	100%	Digital sports media	Beta-Straße

PERFORM GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Subsidiaries:	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
Perform Media Services Germany GmbH	100%	Digital sports media	Beta-Straße
RunningBall Group Holding AG	100%	Holding company	Baarerstrasse 63, 6300 Zug ('Baarerstrasse')
RunningBall Invest AG	100%	Holding company	Baarerstrasse
RunningBall Holding AG	100%	Holding company	Baarerstrasse
RunningBall AG	100%	Sports data provider	Baarerstrasse
RunningBall Sports Information GmbH	100%	Sports data provider	Plabutscherstrasse 63, 8051 Graz
RunningBall SDN BHD	100%	Sports data provider	2-3-11, 3'd Floor, Menara, KLH Business Centre, No. 2, Jalan Kasipillay, Off Jalan Ipoh, 51200 Kuala Lumpur.
RunningBall Services & Consulting Limited	100%	Sports data provider	Frema House 9, Constantinou Paparigopoulou, office/flat 202, 3106 Limassol, Cyprus
RunningBall Informacao Desportiva Unipessoal LDA	100%	Sports data provider	Rua Cristovao Pinho Queimado, N° 33, Piso 1, Loja C. Aveiro
Perform Media Australia Pty Limited	100%	Digital sports media	Level 16, 100 William Street, Darlinghurst, NSW, 2010, Australia
Perform Digital Media Canada Inc.	100%	Digital sports media	51 Wolsley Street, Toronto, Ontario, M5T 1A4, Canada
Perform Media NZ Pty Limited	100%	Digital sports media	19 Graham Street, Auckland, New Zealand
Sportal India Private Ltd	100%	Digital sports media	1 st Floor Siddhi Vinayak Chambers, R. P. MARG, OPP. M.I.G. Cricket Club, Bandra East, Mumbai, Maharashtra, India 400051
Global Sports Media BV	100%	Digital sports media	Prins Bernhardplei 200, 1097JB Amsterdam
Perform Media (India) Private Limited	100%	Digital sports media	City Trade Center, 3rd Floor, Opp. City Hospital, Kadri, Mangalore – 575003, Karnataka, India
Perform Media Japan KK	100%	Digital sports media	Cross Place
Perform Media Sales Japan KK	70%	Digital sports media	Cross Place
Perform Media Sales LLC	100%	Digital sports media	Tsvetnoy Boulevard 2, Moscow, Russian Federation, 127051
Goal.com (HoldCo) SA	100%	Digital sports media	25b Boulevard Royal, L-2449 Luxembourg
Mackolik Internet Hizmetleri Ticaret A.S.	100%	Digital sports media	Zühtüpaşa mahk. Şefik Bey Sokak No:1 Kadıköy, İstanbul
Goal.com North America Inc.	100%	Digital sports media	28 Liberty Street, Fl., 25th, New York, NY 10005

PERFORM GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Subsidiaries:	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
Perform Media Brazil Servicos Limitada	100%	Digital sports media	Rua Joaquim Floriano, no 243, cj.113 Itaim Bibi, Sao Paulo - SP, 04534010
Perform Media Argentina Srl	100%*	Digital sports media	Tucuman 1, 4th floor, Buenos Aires

The proportion of voting rights held is the same as the proportion of shares held.

Investments:	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
Xeatre Limited	15%	Sports data provider	Faraday Wharf Innovation Birmingham Campus, Birmingham Science Park Aston, Holt St, Birmingham, West Midlands, B7 4BB

*This subsidiary is fully controlled by Perform Group Limited and therefore beneficial ownership is assumed and thus fully consolidated in these Group financial statements.

The following subsidiaries, all of which are incorporated in England and Wales and are all included above are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act:

Company name	Company registration number
Perform SCA Limited	9675485
Perform South America Limited	8276031
Opta Sports Data Limited	4199651
PSN Holdco Limited	9479148
Perform Investment Japan Holdco Limited	10110436
Perform Investment Germany Holdco Limited	10110432

3. Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	195	-
Amounts owed by Group undertakings	42,316	2,805
Prepayments and accrued income	54	199
Other taxes and social security	18	3,324
	42,583	6,328

PERFORM GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4. Trade and other payables

	2016 £'000	2015 £'000
Trade creditors	2	-
Amounts owed to Group undertakings	46,372	79,567
Accruals and deferred income	11,241	5,165
Other taxes	-	112
	57,615	84,844

5. Share capital

The movements in share capital are disclosed in note 21 to the consolidated financial statements.

6. Long-term incentive schemes

During the year the Company recognised a charge of £1.4 million (2015: £1.1 million). For further disclosure of the Group's long-term incentive schemes refer to note 24.

7. Subsequent events

Subsequent events are disclosed in note 30 to the consolidated financial statements.

8. Ultimate controlling party

The ultimate controlling party is disclosed in note 29 to the consolidated financial statements.