

**COMPANY REGISTRATION NO.**

**9676399**

**PERFORM INVESTMENT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2016**



**PERFORM INVESTMENT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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## **PERFORM INVESTMENT LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **Directors**

Ashley Milton  
James Rushton

#### **Registered Office**

Hanover House  
Plane Tree Crescent  
Feltham  
Middlesex  
TW13 7BZ

#### **Solicitors**

Weil, Gotshal & Manges  
110 Fetter Lane  
London EC4A 1AY

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

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

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# PERFORM INVESTMENT LIMITED

## STRATEGIC REPORT

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

### Principal activities

The principal activity of the Company is the exploitation and commercialisation of sports rights, content and services primarily on its direct-to-consumer OTT media platform 'DAZN'.

### Business review

In response to the 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 sporting content, the Group launched its direct-to-consumer OTT media platform 'DAZN' in August 2016. The first launch markets for DAZN were Germany, Switzerland, Austria (collectively "DACH") and Japan.

### Financial review

Revenue for the year to 31 December 2016 was £8.6 million (2015: £nil) reflecting trading since the launch of DAZN in August 2016.

Loss after tax for the year to 31 December 2016 was £77.3 million (2015: £6.8 million) reflecting the investment prior to and during the launch phase of the DAZN platform in DACH and Japan.

The Company had cash balances of £95.5 million (2015: £68.5 million) at the year end and net current assets of £69.5 million (2015: £83.9 million).

### Principal risks and uncertainties

While global economic conditions impact the live sports industry, this has not been, or is not anticipated to be, as affected by the economic conditions as many other sectors have been and thereby such conditions have not, to date, had a detrimental effect on the Company's operations. The company's ultimate parent has expressed its willingness to provide support for the company.

#### *Financial risk management objectives and policies*

The Company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to/from Group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

#### *Liquidity risk*

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company's policy throughout the year has been to achieve this objective through management's day-to-day involvement in business decisions rather than through setting maximum or minimum liquidity ratios.

#### *Credit risk*

The Company's principal financial assets are cash, prepayments and intercompany debtors.

The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises, therefore, from intercompany debtors. Group management performs Group cash flow projections on a regular basis to assess whether companies of the Group are able to repay balances.

## PERFORM INVESTMENT LIMITED

### STRATEGIC REPORT (CONTINUED)

#### Future developments

The Directors expect the general level of activity to continue to increase in the forthcoming year as the investment in the two launch markets, DACH and Japan, continues as well as the ongoing assessment and identification of new geographical markets to enter.

#### Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 18 to the financial statements.

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



A Milton

Director

1 September 2017

## **PERFORM INVESTMENT LIMITED**

### **DIRECTORS' REPORT**

The Directors present their annual report and the financial statements of the Company for the year ended 31 December 2016.

#### **Going concern**

The Company had cash balances of £95.5 million (2015: £68.5 million) at the year end, net current assets of £69.5 million (2015: £83.9 million) and net liabilities of £84.1 million (2015: £6.8 million).

The Company's parent company, Perform Group Limited ("the Group") has indicated its willingness to provide support for the Company should it be required. 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 has 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.

The Group has prepared a detailed financial forecast for the four 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.

#### **Directors**

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

J Rushton

A Milton

#### **Dividend**

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

#### **Future developments, financial risk management objectives and policies and events after the balance sheet date**

Details of future developments, financial risk management objectives and policies and events that have occurred after the balance sheet date can be found in the Strategic Report on page 1 and form part of this report by cross-reference.

## PERFORM INVESTMENT LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

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 to 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.

#### 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 they 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 has appointed Deloitte LLP as statutory auditor during the period. Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



A Milton

Director

1 September 2017

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERFORM INVESTMENT LIMITED

We have audited the financial statements of Perform Investment Limited for the year ended 31 December 2016 which comprise the Income Statement, Statement of Financial Position and the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation 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 Statement of Directors' responsibilities, as set out on Page 5, 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 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 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 Company's affairs as at 31 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

*Andy Siddons*

**Andy Siddons (Senior Statutory Auditor)**

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

1. September

2017



# PERFORM INVESTMENT LIMITED

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
All results relate to continuing operations			
Revenue	2	8,589	-
Cost of sales		(8,429)	-
<b>Gross profit</b>		<b>160</b>	<b>-</b>
Administrative expenses		(64,084)	(5,710)
<b>Operating loss</b>		<b>(63,924)</b>	<b>(5,710)</b>
Finance income	3	171	13
Finance costs	4	(13,502)	(1,116)
<b>Loss before taxation</b>	5	<b>(77,255)</b>	<b>(6,813)</b>
Taxation charge	7	-	-
<b>Loss for the year</b>		<b>(77,255)</b>	<b>(6,813)</b>

There were no other gains or losses during the year other than those set out in the income statement above and hence no statement of comprehensive income has been presented.

**PERFORM INVESTMENT LIMITED**

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

	Notes	2016 £'000	2015 £'000
<b>Non-current assets</b>			
Intangible assets	8	12,035	4,219
Property, plant and equipment	9	1,579	181
		<b>13,614</b>	<b>4,400</b>
<b>Current assets</b>			
Trade and other receivables	11	16,849	1,954
Prepayments	12	84,762	16,723
Cash and cash equivalents		95,515	68,469
		<b>197,126</b>	<b>87,146</b>
<b>Total assets</b>		<b>210,740</b>	<b>91,546</b>
<b>Current liabilities</b>			
Trade and other payables	13	(25,927)	(3,243)
Current borrowings	14	(101,666)	-
		<b>(127,593)</b>	<b>(3,243)</b>
<b>Net current assets</b>		<b>69,533</b>	<b>83,903</b>
<b>Non-current liabilities</b>			
Non-current borrowings	14	(167,215)	(95,116)
		<b>(167,215)</b>	<b>(95,116)</b>
<b>Total liabilities</b>		<b>(294,808)</b>	<b>(98,359)</b>
<b>Net liabilities</b>		<b>(84,068)</b>	<b>(6,813)</b>
<b>Equity</b>			
Called-up share capital	15	-	-
Retained earnings		(84,068)	(6,813)
<b>Total equity</b>		<b>(84,068)</b>	<b>(6,813)</b>

The financial statements of Perform Investment Limited, registered number 9676399, were approved and authorised for issue by the Board of Directors on *1 September 2017*

Signed on behalf of the Board of Directors



**A Milton**  
Director

**PERFORM INVESTMENT LIMITED**

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

	<b>Called-up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>At 8 July 2015</b>	-	-	-
Total comprehensive loss for the period	-	(6,813)	(6,813)
<b>At 31 December 2015</b>	-	(6,813)	(6,813)
Total comprehensive loss for the year	-	(77,255)	(77,255)
<b>At 31 December 2016</b>	-	<b>(84,068)</b>	<b>(84,068)</b>

## PERFORM INVESTMENT LIMITED

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

#### 1. Accounting policies

Perform Investment Limited is a company incorporated in the United Kingdom on 8 July 2015 under the Companies Act 2006.

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

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

#### **Basis of preparation**

The Company's accounts present information about it as an individual undertaking and not as a group. The Company has taken advantage of the exemption offered by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is a wholly owned subsidiary of Perform Group Limited which prepares consolidated financial statements that are publicly available.

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

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

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### **Exemptions**

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and related party transactions on the grounds that the Company is a wholly owned subsidiary undertaking of Perform Group Limited whose accounts are publicly available.

#### **Going concern**

The financial statements have been prepared using the going concern basis of accounting. Refer to the Directors' report on page 4 for further discussion.

#### **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.

#### **Critical judgements in applying the Company'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 Company 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.

## PERFORM INVESTMENT LIMITED

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

#### 1. Accounting policies (continued)

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

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 Company has commitments to acquire internet content rights. As at 31 December 2016 these commitments total £1,856.4 million (2015: £103.0 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.

##### *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.

##### **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.

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.

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.

##### **Property, plant and equipment**

Property, plant and equipment is recorded at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis, at rates calculated to write off the cost, less the estimated residual value of each asset, evenly over its estimated useful life, as follows:

Internet hosting platform	3 years
Leasehold improvements	3 years
Fixtures and fittings	3 years

The carrying values of tangible fixed assets are periodically reviewed for impairment and adjusted if events or changes in circumstances indicate the carrying value may not be recoverable.

## **PERFORM INVESTMENT LIMITED**

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

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

##### **Intangible assets**

##### **Internally-generated intangible assets – research and development expenditure**

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

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

Where these criteria are not met development costs are charged to the 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.

##### **Other intangible assets - software**

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

##### **Impairment of tangible and intangible assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets 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 asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and 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 immediately.

##### **Trade and other receivables**

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**

Cash includes cash in hand and bank accounts.

##### **Trade and other payables**

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.

## **PERFORM INVESTMENT LIMITED**

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

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

##### **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. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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

##### **Foreign exchange**

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. Exchange differences are recognised in profit or loss in the period in which they arise.

##### **Content costs**

The Company licenses the right (from sports associations, sports bodies, leagues or their agents or partners) to supply live sports content to consumers via the Company's digital media platform.

The rights the Company 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 Company will recognise a prepayment) or arrears (and as such the Company will recognise an accrual).

The Company 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. See Critical accounting judgements and key sources of estimation uncertainty for further detail.

##### **Long term cash settled scheme**

For long-term cash-settled 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.

# PERFORM INVESTMENT LIMITED

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

### 2. Revenue

Revenue represents amounts derived from the Company's activities, stated net of value added tax.

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

	2016 £'000	2015 £'000
Europe	5,380	-
Rest of the World	3,209	-
	8,589	-

### 3. Finance income

	2016 £'000	2015 £'000
Bank interest receivable	68	-
Intercompany interest receivable	103	13
	171	13

### 4. Finance costs

	2016 £'000	2015 £'000
Interest on shareholder loan	1,666	-
Intercompany interest payable	11,833	1,116
Bank charges and similar	3	-
	13,502	1,116

### 5. Loss before tax

Loss before taxation is stated after charging the following:

	2016 £'000	2015 £'000
Depreciation	786	4
Amortisation	1,077	-
Operating lease rental – land and buildings	488	131
Fees payable to Deloitte LLP for the audit of the Company's annual accounts*	45	10

\*The above fees all relate to the audit of the Company's financial statements. No fees were payable for other services.



# PERFORM INVESTMENT LIMITED

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

### 6. Employee costs

There was an average of 93 (2015: 20 individuals), none of whom were Directors, undertaking activities on behalf of the company during the year and are employed by Perform Media Services Limited as per below:

	2016 No.	2015 No.
Accounts management and marketing	9	1
Administration and management	11	7
Business development and sales	5	2
Production	38	4
Technology	30	6
	<b>93</b>	<b>20</b>

The employees were paid by Perform Media Services Limited and their costs of £6.7 million (2015 £2.8 million) were re-charged to Perform Investment Limited. The aggregate payroll costs are as follows:

	2016 £'000	2015 £'000
Aggregate wages and salaries	4,125	1,867
Social security costs	706	194
Pension costs	246	94
Contractors	601	174
Charge for long-term cash settled schemes	991	462
	<b>6,669</b>	<b>2,791</b>

The directors of the Company, who are considered to be the Key Management Personnel, are employees of and paid via the payroll of Perform Media Services Limited. None of the directors receive any emoluments during the period for their services to the company and received no remuneration for their services to the company

# PERFORM INVESTMENT LIMITED

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

### 7. Tax on loss on ordinary activities

	2016 £'000	2015 £'000
<b>Current tax</b>		
Current tax charge	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Tax credit on loss on ordinary activities</b>	-	-

UK corporation tax is calculated at 20.0% (2015: 20.3%) of the estimated assessable profit for the year.

The tax credit for the year can be reconciled to the loss before tax in the Income Statement as follows:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(77,288)	(6,813)
Loss on ordinary activities multiplied by standard rate of tax – 20.0% (2015: 20.3%)	(15,458)	(1,383)
<i>Effects of:</i>		
Other timing differences on which no deferred tax is recognised	105	94
Non-recognition of losses	15,353	1,289
<b>Tax credit for the year</b>	-	-

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.

**PERFORM INVESTMENT LIMITED**

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

**8. Intangible fixed assets**

	Research and development £'000	Software £'000	Total £'000
<b>Cost</b>			
At 1 January 2016	4,219	-	4,219
Additions	6,479	2,414	8,893
At 31 December 2016	10,698	2,414	13,112
<b>Accumulated amortisation</b>			
At 1 January 2016	-	-	-
Charge for the year	398	679	1,077
At 31 December 2016	398	679	1,077
<b>Net book value</b>			
At 31 December 2016	10,300	1,735	12,035
At 31 December 2015	4,219	-	4,219

Included within additions to research and development in 2016 is £2.3 million (2015: £0.5 million) of capitalised internal staff costs.

**9. Property, plant and equipment**

	Internet hosting owned £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Total £'000
<b>Cost</b>				
At 1 January 2016	172	-	13	185
Additions	1,661	12	511	2,184
As at 31 December 2016	1,833	12	524	2,369
<b>Accumulated depreciation</b>				
At 1 January 2016	(2)	-	(2)	(4)
Charge for the year	(724)	-	(62)	(786)
As at 31 December 2016	(726)	-	(64)	(790)
<b>Net book value</b>				
At 31 December 2016	1,107	12	460	1,579
At 31 December 2015	170	-	11	181

# PERFORM INVESTMENT LIMITED

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

### 10. Subsidiaries

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.

Subsidiaries	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
<b>Direct holdings of the Company</b>			
Perform Investment Brands Limited	100%	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ ('Hanover House')
Perform Investment Japan Holdco Limited	100%	Holding company	Hanover House
Perform Investment Germany Holdco Limited	100%	Holding company	Hanover House
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

### 11. Trade and other receivables

Amounts falling due within one year:

	2016 £'000	2015 £'000
Trade receivables	286	-
Amounts due from group undertakings	10,926	1,954
Accrued income	3,613	-
Other taxes and social security	2,024	-
	<b>18,849</b>	<b>1,954</b>

### 12. Prepayments

	2016 £'000	2015 £'000
Prepayments for acquiring rights	83,640	16,723
Other prepaid costs	1,122	-
	<b>84,762</b>	<b>16,723</b>

## PERFORM INVESTMENT LIMITED

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

#### 13. Trade and other payables

Amounts falling due within one year:

	2016 £'000	2015 £'000
Trade payables	1,467	1,429
Amounts due to group undertakings	7,564	749
Other creditors and accruals	16,896	1,065
	<b>25,927</b>	<b>3,243</b>

#### 14. Borrowings

	2016 £'000	2015 £'000
Current borrowings	101,666	-
Non-current borrowings	167,215	95,116
	<b>268,881</b>	<b>95,116</b>

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.

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

On 10 August 2016 the Company entered into a loan facility agreement ("the Facility") with AI International S.á.r.l, part of Access Industries, the Group's principal shareholder. The Company 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 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 statement of financial position. 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.

Subsequent to the end of the reporting period, the Shareholder Loan was amended and restated from £100.0 million to £350.0 million, all of which has been drawn-down. None of the principal terms of the Shareholder Loan were altered as part of the amendment and restatement.

# PERFORM INVESTMENT LIMITED

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

### 15. Called-up share capital

	2016 £'000	2015 £'000
<b>Authorised</b>		
1 ordinary shares of £1 each	1	1
<b>Allotted, called-up and fully paid</b>		
1 ordinary shares of £1 each	1	1

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

### 16. Long term cash based scheme

In order to ensure appropriate employee retention arrangements are in place, Perform Group Limited and its subsidiaries has put in place long-term cash-based scheme's 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 a charge of £0.9 million has been recognised in respect of this scheme in the year to 31 December 2016 (2015: £0.5 million).

### 17. Related party transactions

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

During the year, the Company issued an unsecured personal loan of £370,000 to a Director of the Company. 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 were no other related party transactions to disclose.

### 18. Events after the balance sheet date

Subsequent to the end of the reporting period, the Shareholder Loan was amended and restated from £100.0 million to £350.0 million, all of which has been drawn-down. None of the principal terms of the Shareholder Loan were altered as part of the amendment and restatement.

Subsequent to the end of the reporting period, the DAZN business was launched in Canada.

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

### 19. Parent undertaking

The immediate parent undertaking of the Company is Perform Media Channels Limited. Perform Group Limited, a Company incorporated in the United Kingdom, is the smallest parent undertaking for which group financial statements are drawn up and of which the Company is a member.

Copies of Perform Group Limited financial statements are available from Hanover House, Plane Tree Crescent, Feltham, United Kingdom, TW13 7BZ.

AI Perform Holdings LLP, a Company incorporated in the United Kingdom, is the ultimate holding company of the largest group for which consolidated financial statements are drawn up and of which the Company is a member. AI Perform Holdings LLP and the Company are ultimately controlled by Len Blavatnik.

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

## PERFORM INVESTMENT LIMITED

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

#### 20. Other financial commitments

##### (a) Operating leases

As at 31 December 2016, the Company 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	3,191	-
In the second to fifth years inclusive	8,472	-
After five years	3,486	-
	15,149	-

##### (b) Rights commitments

At 31 December 2016 the Company had total outstanding commitments to acquire internet content rights as follows:

	2016 £'000	2015 £'000
Within one year	219,617	40,508
In the second to fifth years inclusive	689,298	62,519
After five years	947,468	-
	1,856,383	103,027