COMPANY REGISTRATION NO. 6324278

PERFORM GROUP LIMITED

QUARTERLY FINANCIAL REPORT

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018

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QUARTERLY FINANCIAL REPORT

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QUARTERLY FINANCIAL REPORT

DISCLAIMER

This document is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities in Perform Group Limited or any of its subsidiaries (collectively the "Group"). Furthermore, it does not constitute a recommendation by Perform Group Limited or any other party to sell or buy securities in any member of the Group or any other securities. All forward-looking statements attributable to Perform Group Limited or persons acting on their behalf are qualified in their entirety by these cautionary statements.

INTRODUCTION

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

The purpose of the initial Refinancing Transactions was to, amongst other things, fund the launch of its OTT Business (as defined in the Group’s offering memorandum dated 11 November 2015 (the “Initial Offering Memorandum”) (the “OTT Business Cash Investment”), repay the amounts drawn under, and terminate, the Group’s Existing Revolving Credit Facility (as defined in the Offering Memorandum) (the “Old RCF”) and to fund contractual commitments to pay contingent consideration in respect of certain of the Group’s acquisitions.

On 8 May 2018 Perform Group Financing plc issued an additional £40.0 million 8.5% Senior Secured Notes due 2020 (the “Additional Notes”) to be consolidated, and form a single series, with its £175.0 million 8.5% Senior Secured Notes due 2020 (the “Initial Notes”). Additional Notes have identical terms and conditions in all respects as the initial Notes.

The Notes and the RCF are or will be: (a) guaranteed on a senior secured basis by the Parent and certain of its subsidiaries (the “Guarantors”) and (b) secured on the first-ranking basis by security interests granted over certain assets of the Parent and the Guarantors, each as further described in the Offering Memorandum.

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 is reflected in the balance sheet of the Group.

The Parent is required under the Indenture to provide to holders of the Notes quarterly and annual financial statements covering its consolidated financial condition, and results of operations accompanied by a discussion and analysis of those results.

The condensed consolidated financial statements contained within this report set out the financial condition and results of the Group, which comprises both the Restricted and Unrestricted Groups. A dis-aggregation of the Group between the Restricted and Unrestricted Groups is set out in note 15. Management’s discussion and analysis of the financial condition and results of operations of the Restricted Group is set out below.

PERFORM GROUP LIMITED
QUARTERLY FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2018

Overview

Perform Group Limited is pleased to announce its results for the quarter ended 30 June 2018.

Perform is a global market leader in the commercialisation of multimedia sports content across multiple Internet-enabled digital platforms. Perform 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), and, to a lesser extent, technology and production service fees. Perform's portfolio of digital sports media rights serves as the basis for its content business and parts of its media business. Perform 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.

Commentary on results

The following discussion of the Restricted Group's financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes, in particular the disaggregation of the Group's total financial condition and results between the Restricted and Unrestricted Group set out in note 15.

Income Statement

	3 months ended			**LTM**
	30 June 2018 £m	30 June 2017 £m	Movement £m	**30 June 2018 £m**
Revenue	**89.9**	80.8	9.1	**395.2**
Cost of sales	**(45.5)**	(40.7)	(4.8)	**(220.1)**
Gross profit	**44.4**	40.1	4.3	**175.1**
Administrative expenses	**(36.9)**	(45.6)	8.7	**(156.0)**
Group operating profit/(loss)	**7.5**	(5.5)	13.0	**19.1**
Analysed as:				
Adjusted EBITDA	**15.7**	14.4	1.3	**56.0**
Exceptional items	**(0.1)**	(12.1)	12.0	**(4.8)**
Long-term incentive schemes	**(1.4)**	(1.2)	(0.2)	**(4.9)**
EBITDA	**14.2**	1.1	13.1	**46.3**
Amortisation and depreciation	**(5.0)**	(4.9)	(0.1)	**(20.5)**
Acquisition-related amortisation	**(1.7)**	(1.7)	-	**(6.7)**
Group operating profit/(loss)	**7.5**	(5.5)	13.0	**19.1**
Net finance income/(costs)	**11.7**	(0.8)	12.5	**8.0**
Revaluation of option to convert loan to equity	**-**	-	-	**(112.7)**
Group profit/(loss) before tax	**19.2**	(6.3)	25.5	**(85.6)**
Tax charge	**(1.8)**	(0.2)	(1.6)	**(1.0)**
Group profit/(loss) after tax	**17.4**	(6.5)	23.9	**(86.6)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2018 (CONTINUED)

Revenue

	3 months ended			**LTM**
	30 June 2018 £m	30 June 2017 £m	Movement £m	**30 June 2018 £m**
Content	**64.0**	57.4	6.6	**297.7**
Media	**18.6**	15.2	3.4	**65.7**
Other	**7.3**	8.2	(0.9)	**31.8**
	89.9	80.8	9.1	**395.2**

Revenue increased by £9.1 million to £89.9 million for the three months ended 30 June 2018 ("Q2 2018") from £80.8 million for the three months ended 30 June 2017 ("Q2 2017").

Content revenue

Content revenue increased by £6.6 million to £64.0 million (Q2 2017: £57.4 million) primarily due to the variations in timing year on year of the FIBA events calendar, combined with revenue growth in the Group's other strategic partnerships with WTA and NFL ("the strategic partnerships").

The Group has also continued to generate revenue from its Watch&Bet and its RunningBall customers, with increased events coverage during Q2 2018. Content revenue from the Group's Opta and Omnisport customers increased during the period, including related to the FIFA World Cup, and the Group benefitted year on year following the acquisition of Scout7 in October 2017.

Media revenue

Media revenue increased £3.4 million to £18.6 million (Q2 2017: £15.2 million) due to strong FIFA World Cup sales from owned and operated football portals, including Goal, Soccerway and Spox.

Other revenue

Other revenue decreased £0.9 million to £7.3 million (Q2 2017: £8.2 million) primarily driven by the strategic exit of the Group's legacy technology and subscription business in Q2 2017.

Gross profit

Gross profit increased £4.3 million to £44.4 million (Q2 2017: £40.1 million) primarily due to the £9.1 million increase in revenues being offset by a £4.8 million increase in cost of sales. Cost of sales increased predominantly due to an increase in rights costs in relation to the Group's strategic partnerships.

Administrative expenses

Administrative expenses decreased £8.7 million to £36.9 million (Q2 2017: £45.6 million) due to the following:

- Operational administrative expenses increased £3.0 million to £28.7 million (Q2 2017: £25.7 million) driven by the continued growth of the strategic partnerships year on year, combined with FIFA World Cup related one-off spend.
- Long-term incentive schemes costs increased £0.2 million to £1.4 million (Q2 2017: £1.2 million).
- Depreciation and amortisation costs increased £0.1 million to £6.7 million (Q2 2017: £6.6 million).
- Exceptional item costs decreased £12.0 million to £0.1 million (Q2 2017: £12.1 million), Q2 2017 costs were predominantly associated with the closure of the US ePlayer business.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2018 (CONTINUED)

Operating profit

Operating profit increased £13.0 million to £7.5 million (Q2 2017: £5.5 million loss) due to the £4.3 million increase in gross profit and the £8.7 million decrease in administration expenses as explained above.

Net finance income

Net finance income increased £12.5 million to £11.7 million (Q2 2017: £0.8 million net finance costs). The Q2 2018 charge consists of 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) of £5.0 million (Q2 2017: £4.6 million) offset by:
- interest due from the Unrestricted Group of £16.7 million (Q2 2017: £3.8 million).

Taxation

The tax charge for the period was £1.8 million (Q2 2017: £0.2 million). This includes a current tax charge of £2.1 million (Q2 2017: £0.8 million) and a deferred tax credit of £0.3 million related to the unwinding of deferred tax on acquisition intangibles (Q2 2017: £0.6 million credit).

Profit after tax

Profit after tax increased £23.9 million to £17.4 million (Q2 2017: £6.5 million loss).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2018 (CONTINUED)

Cash flow

	3 months ended			**LTM**
	30 June 2018 £m	30 June 2017 £m	Movement £m	**30 June 2018 £m**
Adjusted EBITDA	**15.7**	14.4	1.3	**56.0**
Movements in working capital	**(10.1)**	(10.3)	0.2	**(24.7)**
Long-term incentive plan	**(2.7)**	(4.5)	1.8	**(2.7)**
Corporation tax payments	**(0.7)**	(2.6)	1.9	**(3.5)**
Exceptional items	**(0.4)**	(0.6)	0.2	**(8.8)**
Cash inflow/(outflow) from operating activities	**1.8**	(3.6)	5.4	**16.3**
Capital expenditure	**(5.0)**	(3.8)	(1.2)	**(17.3)**
Acquisition of subsidiaries	**-**	-	-	**(2.3)**
Finance income	**0.1**	0.1	-	**0.6**
Cash outflow from investing activities	**(4.9)**	(3.7)	(1.2)	**(19.0)**
Borrowings and drawdowns	**48.5**	14.0	34.5	**58.5**
Repayment of borrowings	**(50.0)**	-	(50.0)	**(60.0)**
Proceeds from issues of shares and other equity securities	**980.0**	-	980.0	**980.0**
Loan to Unrestricted Group	**(979.3)**	-	(979.3)	**(965.3)**
Interest and fees	**(8.3)**	(7.7)	(0.6)	**(16.8)**
Cash (outflow)/inflow from financing activities	**(9.1)**	6.3	(15.4)	**(3.6)**
Net increase/(decrease) in cash	**(12.2)**	(1.0)	(11.2)	**(6.3)**
Cash at start of period	**33.4**	30.1	3.3	**28.7**
Effect of foreign currency exchange rates	**-**	(0.4)	0.4	**(1.2)**
Cash at end of period	**21.2**	28.7	(7.5)	**21.2**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2018 (CONTINUED)

Operating activities

Cash flows from operating activities increased £5.4 million to £1.8 million inflow (Q2 2017: £3.6 million outflow). This was due to a £1.3 million increase in adjusted EBITDA to £15.7 million (Q2 2017: £14.4 million), long-term incentive plan payments decreased by £1.8 million to £2.7 million as the Q2 2017 outflow (£4.5 million) included additional payments relating to a legacy scheme, combined with a £1.9 million decrease in corporation tax payments due to timing differences to £0.7 million (Q2 2017: £2.6 million), and a £0.2 million decrease in exceptional payments to £0.4 million (Q2 2017: £0.6 million). This has been offset by a £0.2 million decrease in working capital outflow to £10.1 million (Q2 2017: £10.3 million outflow).

Investing activities

Cash outflows from investing activities increased £1.2 million to £4.9 million outflow (Q2 2017: £3.7 million outflow) due to an increase in capital expenditure spend of £1.2 million to £5.0 million (Q2 2017: £3.8 million).

Financing activities

Q2 2018 included drawdowns of £48.5 million, constituting £38.5 million in respect of the proceeds from the additional senior secured notes (net of fees) and £10.0 million in respect of the RCF (Q2 2017: £14.0 million in respect of the RCF). In addition, Q2 2018 included £50.0 million of repayments of borrowings in respect of the RCF (Q2 2017: £nil). Furthermore, the Group raised £980.0 million from the proceeds of new shares in Q2 2018 (Q2 2017: £nil) of which £979.3 million was loaned to the Unrestricted Group. Finally, £8.3 million of interest was paid in the quarter (Q2 2017: £7.7 million).

PERFORM GROUP LIMITED
QUARTERLY FINANCIAL REPORT

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE TOTAL GROUP FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

PERFORM GROUP LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

		6 months ended		**3 months ended**	
All results relate to continuing operations	**Notes**	**30 June 2018 £'000**	30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
Revenue		**240,945**	172,373	**125,995**	93,219
Cost of sales		**(219,499)**	(123,024)	**(111,441)**	(65,774)
Gross profit		**21,446**	49,349	**14,554**	27,445
Administrative expenses		**(157,261)**	(141,192)	**(77,813)**	(74,152)
Group operating loss		**(135,815)**	(91,843)	**(63,259)**	(46,707)
Finance income		**475**	259	**292**	128
Finance costs	6	**(16,269)**	(16,888)	**(6,151)**	(9,469)
Group loss before tax		**(151,609)**	(108,472)	**(69,118)**	(56,048)
Taxation charge		**(1,962)**	(2,022)	**(1,528)**	(1,314)
Group loss for the period after tax		**(153,571)**	(110,494)	**(70,646)**	(57,362)
Group loss for the period attributable to:					
Owners of the Parent		**(153,980)**	(110,417)	**(70,646)**	(57,319)
Non-controlling interests		**409**	(77)	**-**	(43)
		(153,571)	(110,494)	**(70,646)**	(57,362)

PERFORM GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

	6 months ended		**3 months ended**	
	30 June 2018 £'000	30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
Group loss for the period	**(153,571)**	(110,494)	**(70,646)**	(57,362)
Items that may be reclassified subsequently to loss:				
Exchange differences on translating foreign operations, goodwill and acquisition intangibles held in foreign currencies	**(4,395)**	4,530	**(1,753)**	2,963
Total comprehensive loss for the period	**(157,966)**	(105,964)	**(72,399)**	(54,399)
Total comprehensive loss for the period attributable to:				
Owners of the Parent	**(158,375)**	(105,887)	**(72,399)**	(54,356)
Non-controlling interest	**409**	(77)	**-**	(43)
	(157,966)	(105,964)	**(72,399)**	(54,399)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

	Called up share capital £'000	Share premium £'000	Merger relief reserve £'000	Capital redemption reserve £'000	Retained earnings/ (accumulated deficit) £'000	Foreign exchange reserve £'000	Equity attributable to owners of the Parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2017	7,485	102,310	93,533	38,342	(23,321)	1,495	219,844	(613)	219,231
Loss for the year	-	-	-	-	(370,083)	-	(370,083)	(176)	(370,259)
FX on translating foreign operations, goodwill and intangible assets	-	-	-	-	-	1,455	1,455	-	1,455
Total comprehensive (loss)/profit for the year	-	-	-	-	(370,083)	1,455	(368,628)	(176)	(368,804)
Issuance of option to convert loan to equity	-	-	-	-	(83,566)	-	(83,566)	-	(83,566)
At 31 December 2017	7,485	102,310	93,533	38,342	(476,970)	2,950	(232,350)	(789)	(233,139)
At 1 January 2018	**7,485**	**102,310**	**93,533**	**38,342**	**(476,970)**	**2,950**	**(232,350)**	**(789)**	**(233,139)**
Loss for the period	**-**	**-**	**-**	**-**	**(153,980)**	**-**	**(153,980)**	**409**	**(153,571)**
FX on translating foreign operations, goodwill and intangible assets	**-**	**-**	**-**	**-**	**-**	**(4,395)**	**(4,395)**	**-**	**(4,395)**
Total comprehensive (loss)/profit for the period	**-**	**-**	**-**	**-**	**(153,980)**	**(4,395)**	**(158,375)**	**409**	**(157,966)**
Share capital/premium issued	**3,884**	**975,425**	**-**	**-**	**-**	**-**	**979,309**	**-**	**979,309**
Unwind issuance of option to convert loan to equity	**-**	**-**	**-**	**-**	**204,255**	**-**	**204,255**	**-**	**204,255**
Recognition of non-controlling interest profits prior to full acquisition	**-**	**-**	**-**	**-**	**(380)**	**-**	**(380)**	**380**	**-**
At 30 June 2018	**11,369**	**1,077,735**	**93,533**	**38,342**	**(427,075)**	**(1,445)**	**792,459**	**-**	**792,459**

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018 (UNAUDITED)

	Notes	**30 June 2018 £'000**	31 December 2017 £'000	30 June 2017 £'000
Non-current assets				
Goodwill		**212,431**	213,590	210,519
Acquisition intangibles		**43,550**	46,995	50,780
Other intangible assets		**56,360**	42,468	38,849
Property, plant and equipment		**30,701**	33,076	32,108
Deferred tax asset		**9,082**	8,945	5,867
		352,124	345,074	338,123
Current assets				
Trade and other receivables		**54,399**	54,832	50,922
Prepayments		**356,793**	294,065	260,510
Current tax asset		**765**	-	-
Cash and cash equivalents	7	**393,377**	197,568	137,028
		805,334	546,465	448,460
Total assets		**1,157,458**	891,539	786,583
Current liabilities				
Trade and other payables		**(145,432)**	(153,976)	(135,557)
Derivative liabilities	9	**-**	(204,255)	(24,000)
Current borrowings	7	**(2,005)**	(537,342)	(310,595)
Current tax liabilities		**(1,870)**	(2,121)	(1,392)
		(149,307)	(897,694)	(471,544)
Net current assets/(liabilities)		**656,027**	(351,229)	(23,084)
Non-current liabilities				
Non-current borrowings	7	**(207,786)**	(218,505)	(207,946)
Deferred tax liability		**(7,906)**	(8,479)	(9,826)
		(215,692)	(226,984)	(217,772)
Total liabilities		**(364,999)**	(1,124,678)	(689,316)
Net assets/(liabilities)		**792,459**	(233,139)	97,267
Equity				
Called up share capital	8	**11,369**	7,485	7,485
Share premium		**1,077,735**	102,310	102,310
Merger relief reserve		**93,533**	93,533	93,533
Capital redemption reserve		**38,342**	38,342	38,342
Accumulated deficit		**(427,075)**	(476,970)	(149,738)
Foreign exchange reserve		**(1,445)**	2,950	6,025
Equity attributable to owners of the Parent		**792,459**	(232,350)	97,957
Non-controlling interests		**-**	(789)	(690)
Total equity		**792,459**	(233,139)	97,267

PERFORM GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

	6 months ended		**3 months ended**	
	30 June 2018 £'000	30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
Operating activities				
Group operating loss	**(135,815)**	(91,843)	**(63,259)**	(46,707)
Increase in trade and other receivables and prepayments	**(63,346)**	(107,350)	**(28,038)**	(37,603)
(Decrease)/increase in trade and other payables	**(16,035)**	754	**(16,900)**	(24,484)
Depreciation and amortisation (including acquisition intangibles amortisation)	**22,502**	17,623	**12,306**	8,882
Employee long-term incentive scheme charges	**3,800**	3,151	**1,900**	1,583
Employee long-term incentive scheme payments	**(3,162)**	(5,329)	**(3,162)**	(5,329)
Exceptional items	**293**	12,148	**104**	12,082
Corporation tax payments	**(2,434)**	(5,112)	**(366)**	(3,000)
Payments in respect of exceptional items	**(1,085)**	(625)	**(426)**	(625)
Cash outflow from operating activities	**(195,282)**	(176,583)	**(97,841)**	(95,201)
Investing activities				
Purchases of property, plant and equipment	**(6,023)**	(11,076)	**(4,504)**	(5,825)
Purchases of intangible assets	**(21,647)**	(14,919)	**(13,489)**	(8,279)
Investment income	**475**	259	**292**	128
Cash outflow from investing activities	**(27,195)**	(25,736)	**(17,701)**	(13,976)
Financing activities				
Borrowings and drawdowns	**188,517**	214,000	**156,517**	164,000
Repayment of borrowings	**(741,679)**	-	**(731,679)**	-
Proceeds from issues of shares and other equity securities	**980,045**	-	**980,045**	-
Interest and finance lease charges paid	**(8,510)**	(8,604)	**(8,287)**	(8,247)
Cash inflow from financing activities	**418,373**	205,396	**396,596**	155,753
Net decrease in cash and cash equivalents in the period	**195,896**	3,077	**281,054**	46,576
Cash and cash equivalents at start of period	**197,568**	134,880	**111,387**	92,126
Effect of foreign currency exchange rates	**(87)**	(929)	**936**	(1,674)
Cash and cash equivalents at end of period	**393,377**	137,028	**393,377**	137,028

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

1. General Information

These condensed consolidated financial statements for the three and six months ended 30 June 2018 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year to 31 December 2017 has been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Accounting policies

Basis of preparation

The annual consolidated financial statements of Perform Group Limited are prepared in accordance with IFRS as adopted by the European Union and as issued by the International Accounting Standards Board (IASB) and the Group's accounting policies. The condensed set of consolidated financial statements included in this financial report contain financial information and selected notes prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

Significant accounting policies

The accounting policies applied by the Group in this condensed set of consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2017.

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 2018 as follows:

Standard	Description	Effective Date
IFRS 9	Financial Instruments	1 January 2018
IFRS 15 including to IFRS 15 (April 2016)	Revenue from contracts with customers	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018
Amendments to IFRS 2 (June 2016)	Classification and measurement of share-based payment transactions	1 January 2018
Annual improvements to IFRS's: 2014-2016 cycle (Dec 2016)	Annual improvements to IFRS's: 2014-2016 cycle – IFRS 1 and IAS 28 amendments	1 January 2018

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:

Standard	Description	Effective Date
IFRS 16	Leases	1 January 2019
Amendments to IFRS 10 and IAS 28 (Sept 2016)	Sale or contribution of assets between and investor and its associate or joint venture	Postponed
IFRIC 23	Uncertainty over income tax treatments	1 January 2019
Amendments to IFRS 9 (Oct 2017)	Prepayment features with negative compensation	1 January 2019
Amendments to IAS 28 (Oct 2017)	Long-term interests in associates and joint ventures	1 January 2019
Annual improvements to IFRS's: 2015-2017 cycle (Dec 2017)	Annual improvements to IFRS's: 2015-2017 cycle – IFRS 3, IFRS 11, IAS 12 and IAS 23 amendments	1 January 2019
IFRS 17	Insurance contracts	1 January 2021

2. Accounting policies (continued)

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 £393.4 million (Q2 2017: £137.0 million, Q4 2017: £197.6 million) at 30 June 2018, net current assets of £656.0 million (Q2 2017: £23.1 million net current liabilities, Q4 2017: £351.2 million net current liabilities) and net assets of £792.5 million (Q2 2017: £97.3 million net assets, Q4 2017: £233.1 million net liabilities).

The Group continued the expansion of its OTT business in 2018 with the upcoming launch of Italy in August 2018 and the USA in September 2018. As part of the continued investment in this exciting and significant growth opportunity, the Group has made significant commitments for the acquisition of critical content rights. As at 30 June 2018, the Group as a whole had commitments to acquire rights of £3,142 million (Q2 2017: £2,481 million, Q4 2017: £2,586 million).

The Group has prepared a detailed financial forecast for the five year period to 2022. 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 current 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 commitment is not legally binding. Additional funding may take the form of further direct investment from Access or other shareholders 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, the subsequent raising of both public and private debt between 2015 and 2018 and the significant external equity investment of £300.0 million closed in May 2018. 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 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 financial statements.

3. Seasonality

The Group's revenue and profit before tax are subject to some seasonal fluctuations, as follows:

- The Group's Content business is subject to seasonal fluctuations in relation to the calendar of sporting events and competitions, particularly in relation to the strategic partnerships.
- The Group's Media business typically experiences seasonality alongside consumer and advertiser spend, which is most often lowest in the first quarter, and highest in the final quarter, on the build up to the holiday season. Media revenues and costs are also subject to seasonal fluctuations in relation to the calendar of sporting events and competitions, such as the Soccer World Cup.

4. Taxation

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

5. Exceptional items

	6 months ended		**3 months ended**	
	30 June 2018 £'000	30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
Exceptional costs in relation to closure of US ePlayer	**52**	11,968	**-**	11,968
Dilapidation costs upon exit from property leases	**143**	180	**27**	114
Exceptional costs in relation to historic social security settlements	**76**	-	**76**	-
Other exceptional costs	**22**	-	**-**	-
Total exceptional items	**293**	12,148	**103**	12,082

Exceptional items of £0.3 million were recognised in the six months to 30 June 2018 (Q2 2017: £12.1 million) due to the following:

- £0.1 million of costs in relation to the closure of the US ePlayer business (Q2 2017: £12.0 million);
- £0.1 million of dilapidation costs upon exit from property leases (Q2 2017: £0.2 million);
- £0.1 million of costs in relation to historic social security settlements (Q2 2017: £nil); and

Exceptional items of £0.1 million were recognised in the three months ended 30 June 2018 (Q2 2017: £12.1 million) due to the following:

- £0.1 million of costs in relation to historic social security settlements (Q2 2017: £nil).

These costs are considered exceptional by the Directors as they are items that are material in size and are infrequent in occurrence.

6. Finance costs

	6 months ended		3 months ended	
	30 June 2018 £'000	30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
Interest, bank fees and related charges	**9,865**	9,918	**5,099**	5,151
Interest on shareholder loan	**6,404**	6,970	**1,052**	4,318
Total finance costs	**16,269**	16,888	**6,151**	9,469

Finance costs of £16.3 million were recognised in the six months ended 30 June 2018 (Q2 2017: £16.9 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 revolving credit facility of £9.9 million (Q2 2017: £9.9 million); and
- interest on the Shareholder Loan (refer to note 7 for further details) of £6.4 million (Q2 2017: £7.0 million).

Finance costs of £6.2 million were recognised in the three month period to 30 June 2018 (Q2 2017: £9.5 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 revolving credit facility of £5.1 million (Q2 2017: £5.2 million).
- Interest on the Shareholder Loan (refer to note 7 for further details) of £1.1 million (Q2 2017: £4.3 million).

7. Net debt

	30 June 2018 £'000	31 December 2017 £'000	30 June 2017 £'000
Cash and cash equivalents	**393,377**	197,568	137,028
Borrowings	**(209,791)**	(755,847)	(518,541)
Net debt	**183,586**	(558,279)	(381,513)

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

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

On 8 May 2018 Perform Group Financing plc issued an additional £40.0 million 8.5% Senior Secured Notes due 2020 (the "Additional Notes") to be consolidated, and form a single series, with its £175.0 million 8.5% Senior Secured Notes due 2020 (the "Initial Notes"). Additional Notes have identical terms and conditions in all respects as the initial Notes.

The original Notes were issued at a discount of £2.6 million. The Notes and the Additional Notes combined were subject to directly attributable arrangement fees of £7.2 million. The carrying value of the discount and fees at 30 June 2018 is £4.6 million (Q2 2017: £6.9 million, Q4 2017: £5.9 million). Interest of £4.1 million (Q2 2017: £1.9 million, Q4 2017: £1.9 million) has also accrued but not been paid at 30 June 2018. The carrying value of borrowings is presented net of fees but includes accrued interest.

The Group repaid the full £50.0 million of the RCF in the quarter ended 30 June 2018, taking the total amount drawn down to £nil. The RCF was originally subject to directly attributable fees of £0.1 million, the carrying value of the fees as at 30 June 2018 was £0.5 million (Q2 2017: £0.7 million, Q4 2017: £0.6 million).

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 "Unrestricted Group Shareholder Facility Agreement") with AI International S.á.r.l, an entity in the Access Industries group, the Group's principal shareholder. Perform Investment utilised the Facility based on the funding requirements of the OTT business.

The initial loan agreements were for a combined total of £100.0 million, which were subsequently amended in several extended agreements to take the total from £100.0 million to £650.0 million. The Facility attracted an interest rate of 8%, which is compounded annually. The facility was to be repaid on the earlier of 12 August 2019 or upon the occurrence of certain equity events. On 8 May 2018, the Group received an equity investment from the Z shareholder which triggered an equity conversion of the full loan balance, under the terms of the Shareholder Loan agreement reducing the loan to £nil and increasing the Group's equity position.

8. Share capital

	30 June 2018 £'000	31 December 2017 £'000	30 June 2017 £'000
Issued, allotted and fully paid			
A Ordinary shares of 2 and 7/9ths pence each	**9,236**	6,432	6,432
M Ordinary shares of 2 and 7/9ths pence each	**1,120**	924	924
I Ordinary shares of 2 and 7/9ths pence each	**-**	-	-
Z Ordinary shares of 2 and 7/9ths pence each	**1,013**	129	129
	11,369	7,485	7,485

	30 June 2018 '000	31 December 2017 '000	30 June 2017 '000
Issued, allotted and fully paid			
A Ordinary shares of 2 and 7/9ths pence each	**332,473**	231,539	231,539
M Ordinary shares of 2 and 7/9ths pence each	**36,484**	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	**40,317**	4,635	4,635
	409,274	269,453	269,453

As at 30 June 2018, the Company's share capital consisted of three classes of voting equity shares – A shares, M shares, and Z shares. Each have equal voting rights.

AI Perform Holdings LLP, a portfolio company of Access Industries, held all of the A shares, which represent approximately 81.24% of the equity share capital of the Company (Q2 2017: 81.93%, Q4 2017: 81.93%).

M shares are held by members of management, its employees and other shareholders, who at 30 June 2018 represented approximately 8.91% of the equity share capital of the Company (Q2 2017: 12.35%, Q4 2017: 12.35%).

On 8 May 2018, the Z shareholder made an investment on £300.0 million in the capital of the Company in exchange for the issuance of 35,682,707 new Z shares, in addition to the 4,634,502 shares issued on 20 September 2016 for an investment of £35.0 million. The total shares comprised 9.85% of the share capital of the Company (Q2 2017: 1.7%, Q4 2017: 1.7%).

The I shares were cancelled in connection with the Z shareholder investment in May 2018.

9. 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 based on publicly available information from outside sources or based on discounted cash flow models where appropriate.

The Group holds senior secured notes and RCF (refer to note 7 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 £208.2 million (Q2 2017: £168.1 million, Q4 2017: £169.1 million) and a fair value of £218.9 million as at 30 June 2018 (Q2 2017: £183.5 million, Q4 2017: £180.9 million).

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 approximately equal to their fair value.

In connection with the Shareholder Loan received from AI International S.á.r.l, as described further in note 7, the Company granted its immediate parent company, AI Perform Holdings LLP, an option to convert the loan to equity, subject to certain conditions (the “Equity Commitment Deed”). The option to convert to equity feature met 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 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. Subsequent revaluations of the derivative liability were recorded through the profit and loss account.

For derivative liabilities issued during 2016, the maximum derivative value was calculated by reference to a recent equity transaction. Regarding derivative liabilities issued in 2017 and during the period ended 30 June 2018, the maximum derivative value was calculated through the use of multiple valuation techniques including trading comparables (“TC”) and discounted cash flows (“DCF”) to triangulate the valuation assessment. The TC assessment involved the use of certain observable inputs including peer share prices and reference to the Group’s previously listed prices before de-listing in 2014. The DCF assessment involved the use of certain unobservable inputs such as the weighted average cost of capital (range: 9% to 16%), revenue compound average growth rate (“CAGR”) growth assumptions by division (range: 15% to 120%) as derived from the five-year forecast up to 2022, approved by the Group Directors, and terminal value multipliers (range: 3% to 4%).

AI Perform Holdings LLP exercised the option to convert the Shareholder Loan to equity on 8 May 2018, following the investment of the Z Shareholder (refer to Note 8 for further details). Following the completion of this transaction the value of the derivative liability previously recognised through the accumulated deficit in the statement of changes in equity was reversed, reducing the carrying value at 30 June 2018 to £nil (Q2 2017: £24.0 million, Q4 2017: £204.3 million)

9. Financial instruments fair value disclosure (continued)

The tables below are a reconciliation of the derivatives over own equity measurements:

	2018 **£'000**
1 January	**204,255**
Reversal of option to convert loan to equity recognised through accumulated deficit	**(204,255)**
30 June	**-**

	2017 **£'000**
1 January	8,000
Issuance of option to convert loan to equity recognised through accumulated deficit	83,566
Revaluation of option to convert loan to equity recognised through profit and loss	112,689
31 December	204,255

	2017 **£'000**
1 January	8,000
Issuance of option to convert loan to equity recognised through accumulated deficit	16,000
30 June	24,000

10. Long-term incentive schemes

A total charge relating to the Group's long-term incentive schemes of £3.8 million (Q2 2017: £3.2 million) has been included in the income statement for the six months ended 30 June 2018 and a charge of £1.9 million for the three months ended 30 June 2018 (Q2 2017: £1.6 million)

In order to ensure appropriate retention 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 what the award holders received on vesting of their awards (with reference to the £2.60 price paid per share by Access), and what would been 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 was to 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 has been recognised over the vesting period, the total of which ended in April 2017. As such, charges have been recognised in respect of these cash replacement schemes of £nil for the three months ended 30 June 2018 (Q2 2017: £nil) and £nil for the six months ended 30 June 2018 (Q2 2017: £0.4 million)

Furthermore, the Group put in place long-term cash-based schemes in April 2015 (vested in April 2018), April 2016 (vests April 2019), April 2017 (vests April 2020) and April 2018 (vests April 2021). As part of the terms of the schemes, payments are to be determined by the level of business performance against revenue and Adjusted EBITDA targets over a three-year period and the costs of each scheme are spread over the vesting period. As such, charges have been recognised in respect of these schemes of £3.8 million in the six months ended 30 June 2018 (Q2 2017: £2.8 million) and £1.9 million in the three months ended 30 June 2018 (Q2 2017: £1.6 million).

11. Commitments

(a) Operating leases

As at 30 June, the Group had total outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £'000	2017 £'000
Within one year	**10,306**	7,697
In the second to fifth years inclusive	**28,563**	20,102
After five years	**12,483**	6,734
	51,352	34,533

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

(b) Rights commitments

As at 30 June, the Group had total outstanding commitments to acquire sports content rights as follows:

	2018 £'000	2017 £'000
Within one year	**721,557**	289,034
In the second to fifth years inclusive	**1,496,950**	1,027,057
After five years	**923,051**	1,165,333
	3,141,558	2,481,424

12. Contingent liabilities

There were no contingent liabilities at 30 June 2018 (2017: £nil).

13. Related parties

Refer to note 7 for details related to the Shareholder Loan for transactions with the Group's principal shareholder, Access Industries, during the reporting period.

In November 2015, an affiliate of Access Industries purchased £25.0 million aggregate principal amount of the 2020 Notes from the initial purchasers.

During the year ended 31 December 2016, 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.

14. Post balance sheet events

- **Equity funding**

  On 3 August 2018, the Company completed an equity issue to existing A and M shareholders. The total equity issue will be for an amount of £250.0 million, split into three tranches as set out below:

  - Tranche 1: 3 August 2018, £50.0 million
  - Tranche 2: 3 September 2018, £100.0 million
  - Tranche 3: 1 October 2018, £100.0 million

  Each tranche will be issued at a value of £8.407434 per share, the value at which Z and A shareholders subscribed for shares in May 2018.

- **Redenomination of share capital**

  Shareholder approval has been given in respect of the redenomination of Perform Group Limited's (the Company) share capital from sterling into US Dollars (the Redenomination). The effect of the Redenomination will therefore be to convert all of the shares in the capital of the Company from having a fixed nominal value in sterling of 2 7/9 pence to having a fixed nominal value in US cents of 3 389/600 US cents. The reason for this Redenomination is that the Company has determined that future funding may be more readily obtainable, and on more favourable terms, if the Company's share capital is expressed in US Dollars.

  As the applicable rate of exchange to be used to convert its existing sterling denominated shares into dollar denominated shares would have resulted in a fractional nominal value per share, the Company considered it appropriate to reduce the nominal value of the Company's share capital following the Redenomination to a rounded decimal. This will assist in simplifying the administrative functions of the Company and will simplify the calculations for current and potential future investors who may have or are considering making investments in the Company. The Company has therefore completed (on 3 August 2018) a small reduction (the Reduction) of capital in connection with the Redenomination, as permitted by the Companies Act 2006 (the Act). The amount of the Reduction was 0.23 per cent of the Company's allotted share capital immediately following the Reduction.

- **Acquisition of LATAM JV**

  Subsequent to the end of the reporting period, on 8 August 2018, the Group completed its acquisition of the remaining 50% in Perform South America Limited ("PSA") (the "JV Shares"), a former Joint Venture vehicle for the Group's South American business. Perform Media Channels Ltd ("PMCL") was party to a shareholders' agreement with Micropark Corporation S.A. in respect of PSA but PMCL terminated this joint venture agreement in July 2015 and subsequently ceased trading through PSA.

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

15. Disaggregation of the Restricted and Unrestricted groups

A disaggregation of the Group's results and financial condition between the Restricted and Unrestricted Group for the three months ended 30 June 2018 is set out in the following tables.

Income Statement	**6 months to 30 June 2018**			
	Restricted Group £'000	**Unrestricted Group £'000**	**Elimination £'000**	**Total Group £'000**
Revenue	174,318	79,687	(13,060)	240,945
Cost of sales	(94,520)	(137,509)	12,530	(219,499)
Gross profit/(loss)	79,798	(57,822)	(530)	21,446
Administrative expenses	(73,578)	(83,808)	125	(157,261)
Group operating profit/(loss)	6,220	(141,630)	(405)	(135,815)
Finance income	20,243	265	(20,033)	475
Finance costs	(9,839)	(26,463)	20,033	(16,269)
Group profit/(loss) before tax	16,624	(167,828)	(405)	(151,609)
Taxation (charge)/credit	(2,741)	779	-	(1,962)
Group profit/(loss) after tax	13,883	(167,049)	(405)	(153,571)
Adjusted EBITDA	22,415	(131,105)	(530)	(109,220)
Exceptional items	(293)	-	-	(293)
Long-term incentive schemes	(2,800)	(1,000)	-	(3,800)
EBITDA	19,322	(132,105)	(530)	(113,313)
Amortisation and depreciation	(9,792)	(9,525)	125	(19,192)
Acquisition-related amortisation	(3,310)	-	-	(3,310)
Group operating profit/(loss)	6,220	(141,630)	(405)	(135,815)

15. Disaggregation of the Restricted and Unrestricted groups (continued)

Income Statement	**6 months to 30 June 2017**			
	Restricted Group £'000	**Unrestricted Group £'000**	**Elimination £'000**	**Total Group £'000**
Revenue	156,471	28,827	(12,925)	172,373
Cost of sales	(84,746)	(51,203)	12,925	(123,024)
Gross profit/(loss)	71,725	(22,376)	-	49,349
Administrative expenses	(79,354)	(62,046)	208	(141,192)
Group operating loss	(7,629)	(84,422)	208	(91,843)
Finance income	7,589	32	(7,362)	259
Finance costs	(9,372)	(14,878)	7,362	(16,888)
Group loss before tax	(9,412)	(99,268)	208	(108,472)
Taxation charge	(713)	(1,309)	-	(2,022)
Group loss after tax	(10,125)	(100,577)	208	(110,494)
Adjusted EBITDA	20,251	(79,172)	-	(58,921)
Exceptional items	(12,148)	-	-	(12,148)
Share-based payments	(2,332)	(819)	-	(3,151)
EBITDA	5,771	(79,991)	-	(74,220)
Amortisation and depreciation	(10,060)	(4,431)	208	(14,283)
Acquisition-related amortisation	(3,340)	-	-	(3,340)
Group operating loss	(7,629)	(84,422)	208	(91,843)

15. Disaggregation of the Restricted and Unrestricted groups (continued)

Income Statement	**3 months to 30 June 2018**			
	Restricted Group £'000	**Unrestricted Group £'000**	**Elimination £'000**	**Total Group £'000**
Revenue	89,885	43,057	(6,947)	125,995
Cost of sales	(45,479)	(72,709)	6,747	(111,441)
Gross profit/(loss)	44,406	(29,652)	(200)	14,554
Administrative expenses	(36,862)	(41,013)	62	(77,813)
Group operating profit/(loss)	7,544	(70,665)	(138)	(63,259)
Finance income	16,769	211	(16,688)	292
Finance costs	(5,082)	(17,757)	16,688	(6,151)
Group profit/(loss) before tax	19,231	(88,211)	(138)	(69,118)
Taxation (charge)/credit	(1,777)	249	-	(1,528)
Group profit/(loss) after tax	17,454	(87,962)	(138)	(70,646)
Adjusted EBITDA	15,750	(64,498)	(200)	(48,948)
Exceptional items	(104)	-	-	(104)
Long-term incentive schemes	(1,400)	(500)	-	(1,900)
EBITDA	14,246	(64,998)	(200)	(50,952)
Amortisation and depreciation	(5,041)	(5,667)	62	(10,646)
Acquisition-related amortisation	(1,661)	-	-	(1,661)
Group operating profit/(loss)	7,544	(70,665)	(138)	(63,259)

PERFORM GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

15. Disaggregation of the Restricted and Unrestricted groups (continued)

Income Statement	3 months to 30 June 2017			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Revenue	80,755	19,275	(6,811)	93,219
Cost of sales	(40,674)	(31,911)	6,811	(65,774)
Gross profit/(loss)	40,081	(12,636)	-	27,445
Administrative expenses	(45,584)	(28,776)	208	(74,152)
Group operating loss	(5,503)	(41,412)	208	(46,707)
Finance income	3,789	20	(3,681)	128
Finance costs	(4,615)	(8,535)	3,681	(9,469)
Group loss before tax	(6,329)	(49,927)	208	(56,048)
Taxation charge	(223)	(1,091)	-	(1,314)
Group loss after tax	(6,552)	(51,018)	208	(57,362)
Adjusted EBITDA	14,366	(38,526)	-	(24,160)
Exceptional items	(12,082)	-	-	(12,082)
Share-based payments	(1,173)	(410)	-	(1,583)
EBITDA	1,111	(38,936)	-	(37,825)
Amortisation and depreciation	(4,951)	(2,476)	208	(7,219)
Acquisition-related amortisation	(1,663)	-	-	(1,663)
Group operating loss	(5,503)	(41,412)	208	(46,707)

15. Disaggregation of the Restricted and Unrestricted groups (continued)

Balance Sheet	As at 30 June 2018			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Non-current assets				
Goodwill	212,431	-	-	212,431
Acquisition intangibles	43,550	-	-	43,550
Other intangible assets	22,706	33,946	(292)	56,360
Property, plant and equipment	13,697	17,004	-	30,701
Loan to Unrestricted Group	1,166,969	-	(1,166,969)	-
Deferred tax asset	8,805	277	-	9,082
	1,468,158	51,227	(1,167,261)	352,124
Current assets				
Trade and other receivables	43,282	11,117	-	54,399
Prepayments and accrued income	89,099	269,587	(1,893)	356,793
Current tax asset	-	765	-	765
Cash and cash equivalents	21,226	372,151	-	393,377
	153,607	653,620	(1,893)	805,334
Total assets	1,621,765	704,847	(1,169,154)	1,157,458
Current liabilities				
Trade and other payables	(96,696)	(48,736)	-	(145,432)
Current borrowings	(2,005)	-	-	(2,005)
Current tax liabilities	(1,870)	-	-	(1,870)
	(100,571)	(48,736)	-	(149,307)
Net current assets	53,036	604,884	(1,893)	656,027
Non-current liabilities				
Non-current borrowings	(207,786)	-	-	(207,786)
Payable to Restricted Group	-	(1,166,969)	1,166,969	-
Deferred tax liability	(7,906)	-	-	(7,906)
	(215,692)	(1,166,969)	1,166,969	(215,692)
Total liabilities	(316,263)	(1,215,705)	1,166,969	(364,999)
Net assets/(liabilities)	1,305,502	(510,858)	(2,185)	792,459
Equity				
Called up share capital	11,369	-	-	11,369
Share premium	1,077,735	-	-	1,077,735
Merger relief reserve	93,533	-	-	93,533
Capital redemption reserve	38,342	-	-	38,342
Retained earnings/(accumulated deficit)	87,427	(512,317)	(2,185)	(427,075)
Foreign exchange reserve	(2,904)	1,459	-	(1,445)
Total equity	1,305,502	(510,858)	(2,185)	792,459

15. Disaggregation of the Restricted and Unrestricted groups (continued)

Balance Sheet	**As at 31 December 2017**			
	Restricted Group £'000	**Unrestricted Group £'000**	**Elimination £'000**	**Total Group £'000**
Non-current assets				
Goodwill	213,590	-	-	213,590
Acquisition intangibles	46,995	-	-	46,995
Other intangible assets	22,042	20,843	(417)	42,468
Property, plant and equipment	14,645	18,431	-	33,076
Loan to Unrestricted Group	167,634	-	(167,634)	-
Deferred tax asset	8,679	266	-	8,945
	473,585	39,540	(168,051)	345,074
Current assets				
Trade and other receivables	42,285	12,547	-	54,832
Prepayments	81,956	213,472	(1,363)	294,065
Cash and cash equivalents	49,353	148,215	-	197,568
	173,594	374,234	(1,363)	546,465
Total assets	647,179	413,774	(169,414)	891,539
Current liabilities				
Trade and other payables	(99,851)	(54,125)	-	(153,976)
Derivative liabilities	(204,255)	-	-	(204,255)
Current borrowings	(2,060)	(535,282)	-	(537,342)
Current tax liabilities	(2,031)	(90)	-	(2,121)
	(308,197)	(589,497)	-	(897,694)
Net current liabilities	(134,603)	(215,263)	(1,363)	(351,229)
Non-current liabilities				
Non-current borrowings	(218,505)	-	-	(218,505)
Payable to Restricted Group	-	(167,634)	167,634	-
Deferred tax liability	(8,479)	-	-	(8,479)
	(226,984)	(167,634)	167,634	(226,984)
Total liabilities	(535,181)	(757,131)	167,634	(1,124,678)
Net assets/(liabilities)	111,998	(343,357)	(1,780)	(233,139)
Equity				
Called up share capital	7,485	-	-	7,485
Share premium	102,310	-	-	102,310
Merger relief reserve	93,533	-	-	93,533
Capital redemption reserve	38,342	-	-	38,342
Accumulated deficit	(129,931)	(345,259)	(1,780)	(476,970)
Foreign exchange reserve	1,048	1,902	-	2,950
Equity attributable to owners of the Parent	112,787	(343,357)	(1,780)	(232,350)
Non-controlling interest	(789)	-	-	(789)
Total equity	111,998	(343,357)	(1,780)	(233,139)

15. Disaggregation of the Restricted and Unrestricted groups (continued)

Balance Sheet	**As at 30 June 2017**			
	Restricted Group £'000	**Unrestricted Group £'000**	**Elimination £'000**	**Total Group £'000**
Non-current assets				
Goodwill	210,519	-	-	210,519
Acquisition intangibles	50,780	-	-	50,780
Other intangible assets	23,009	16,382	(542)	38,849
Property, plant and equipment	15,372	16,736	-	32,108
Loan to Unrestricted Group	174,578	-	(174,578)	-
Deferred tax asset	5,838	29	-	5,867
	480,096	33,147	(175,120)	338,123
Current assets				
Trade and other receivables	42,336	8,586	-	50,922
Prepayments	78,902	181,608	-	260,510
Cash and cash equivalents	28,674	108,354	-	137,028
	149,912	298,548	-	448,460
Total assets/(liabilities)	630,008	331,695	(175,120)	786,583
Current liabilities				
Trade and other payables	(101,501)	(34,056)	-	(135,557)
Derivative liabilities	(24,000)	-	-	(24,000)
Current borrowings	(1,959)	(308,636)	-	(310,595)
Current tax (liabilities)/assets	(1,155)	(237)	-	(1,392)
	(128,615)	(342,929)	-	(471,544)
Net current assets/(liabilities)	21,297	(44,381)	-	(23,084)
Non-current liabilities				
Non-current borrowings	(207,946)	-	-	(207,946)
Payable to Restricted Group	-	(174,578)	174,578	-
Deferred tax liability	(9,826)	-	-	(9,826)
	(217,772)	(174,578)	174,578	(217,772)
Total liabilities	(346,387)	(517,507)	174,578	(689,316)
Net assets/(liabilities)	283,621	(185,812)	(542)	97,267
Equity				
Called up share capital	7,485	-	-	7,485
Share premium	102,310	-	-	102,310
Merger relief reserve	93,533	-	-	93,533
Capital redemption reserve	38,342	-	-	38,342
Retained earnings/(accumulated deficit)	37,843	(187,039)	(542)	(149,738)
Foreign exchange reserve	4,798	1,227	-	6,025
Equity attributable to owners of the Parent	284,311	(185,812)	(542)	97,957
Non-controlling interest	(690)	-	-	(690)
Total equity	283,621	(185,812)	(542)	97,267

15. Disaggregation of the Restricted and Unrestricted groups (continued)

Cash Flows	6 months to 30 June 2018			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Operating activities				
Group operating profit/(loss)	6,220	(141,630)	(405)	(135,815)
Increase in trade and other receivables and prepayments	(8,557)	(55,319)	530	(63,346)
Decrease in trade and other payables	(7,656)	(8,379)	-	(16,035)
Depreciation and amortisation (including acquisition intangibles amortisation)	13,102	9,525	(125)	22,502
Employee long-term incentive scheme charges	2,800	1,000	-	3,800
Employee long-term incentive scheme payments	(2,728)	(434)	-	(3,162)
Corporation tax payments	(2,393)	(41)	-	(2,434)
Exceptional items	293	-	-	293
Payments in respect of exceptional items	(1,085)	-	-	(1,085)
Cash outflow from operating activities	(4)	(195,278)	-	(195,282)
Investing activities				
Purchases of property, plant and equipment	(2,999)	(3,024)	-	(6,023)
Purchases of intangible assets	(5,495)	(16,152)	-	(21,647)
Investment income	210	265	-	475
Cash outflow from investing activities	(8,284)	(18,911)	-	(27,195)
Financing activities				
Borrowings	48,517	140,000	-	188,517
Repayment of borrowings	(60,000)	(681,679)	-	(741,679)
Proceeds from issues of shares and other equity securities	980,045	-	-	980,045
Loan to Unrestricted Group from Restricted Group	(979,301)	979,301	-	-
Interest and finance lease charges paid	(8,480)	(30)	-	(8,510)
Cash (outflow)/inflow from financing activities	(19,219)	437,592	-	418,373
Net (decrease)/increase in cash and cash equivalents in the period	(27,507)	223,403	-	195,896
Cash and cash equivalents at start of period	49,353	148,215	-	197,568
Effect of foreign currency exchange rates	(620)	533	-	(87)
Cash and cash equivalents at end of period	21,226	372,151	-	393,377

15. Disaggregation of the Restricted and Unrestricted groups (continued)

Cash Flows	**6 months to 30 June 2017**			
	Restricted Group £'000	**Unrestricted Group £'000**	**Elimination £'000**	**Total Group £'000**
Operating activities				
Group operating loss	(7,629)	(84,422)	208	(91,843)
Increase in trade and other receivables	(11,111)	(96,239)	-	(107,350)
Decrease/(increase) in trade and other payables	831	(77)	-	754
Depreciation and amortisation (including acquisition-related amortisation)	13,400	4,431	(208)	17,623
Employee long-term incentive scheme charges	2,332	819	-	3,151
Exceptional items	12,148	-	-	12,148
Employee long-term incentive scheme payments	(4,500)	(829)	-	(5,329)
Corporation tax payments	(4,126)	(986)	-	(5,112)
Payments in respect of exceptional items	(625)	-	-	(625)
Cash inflow/(outflow) from operating activities	720	(177,303)	-	(176,583)
Investing activities				
Purchases of property, plant and equipment	(3,643)	(7,433)	-	(11,076)
Purchases of intangible assets	(5,567)	(9,352)	-	(14,919)
Finance income	227	32	-	259
Cash outflow from investing activities	(8,983)	(16,753)	-	(25,736)
Financing activities				
Borrowings (net of bank fees and costs)	14,000	200,000	-	214,000
Interest, bank fees and related charges	(8,090)	(514)	-	(8,604)
Cash inflow from financing activities	5,910	199,486	-	205,396
Net (decrease)/increase in cash and cash equivalents in the period	(2,353)	5,430	-	3,077
Cash and cash equivalents at start of period	31,489	103,391	-	134,880
Effect of foreign currency exchange rates	(462)	(467)	-	(929)
Cash and cash equivalents at end of period	28,674	108,354	-	137,028

Cash Flows	3 months to 30 June 2018			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Operating activities				
Group operating loss	7,544	(70,665)	(138)	(63,259)
Decrease/(increase) in trade and other receivables and prepayments	3,691	(31,929)	200	(28,038)
Decrease in trade and other payables	(13,791)	(3,109)	-	(16,900)
Depreciation and amortisation (including acquisition intangibles amortisation)	6,701	5,667	(62)	12,306
Employee long-term incentive scheme charges	1,400	500	-	1,900
Employee long-term incentive scheme payments	(2,728)	(434)		(3,162)
Corporation tax payments	(719)	353	-	(366)
Exceptional items	104	-	-	104
Payments in respect of exceptional items	(426)	-	-	(426)
Cash inflow/(outflow) from operating activities	1,776	(99,617)	-	(97,841)
Investing activities				
Purchases of property, plant and equipment	(2,178)	(2,326)	-	(4,504)
Purchases of intangible assets	(2,843)	(10,646)	-	(13,489)
Investment income	81	211	-	292
Cash outflow from investing activities	(4,940)	(12,761)	-	(17,701)
Financing activities				
Borrowings	48,517	108,000	-	156,517
Repayment of borrowings	(50,000)	(681,679)		(731,679)
Proceeds from issues of shares and other equity securities	980,045	-	-	980,045
Loan to Unrestricted Group from Restricted Group	(979,301)	979,301	-	-
Interest, bank fees and related charges	(8,268)	(19)	-	(8,287)
Cash (outflow)/inflow from financing activities	(9,007)	405,603	-	396,596
Net (decrease)/increase in cash and cash equivalents in the period	(12,171)	293,225	-	281,054
Cash and cash equivalents at start of period	33,445	77,942	-	111,387
Effect of foreign currency exchange rates	(48)	984	-	936
Cash and cash equivalents at end of period	21,226	372,151	-	393,377

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

Cash Flows	**3 months to 30 June 2017**			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Operating activities				
Group operating loss	(5,503)	(41,412)	208	(46,707)
Decrease/(increase) in trade and other receivables	1,486	(39,089)	-	(37,603)
Increase in trade and other payables	(11,800)	(12,667)	-	(24,467)
Depreciation and amortisation (including acquisition-related amortisation)	6,614	2,476	(208)	8,882
Employee long-term incentive schemes	1,173	410	-	1,583
Exceptional items	12,082	-	-	12,082
Long-term incentive payments	(4,500)	(829)		(5,329)
Corporation tax payments	(2,627)	(373)	-	(3,000)
Payments in respect of exceptional items	(625)	-	-	(625)
Cash outflow from operating activities	(3,700)	(91,484)	-	(95,184)
Investing activities				
Purchases of property, plant and equipment	(884)	(4,941)	-	(5,825)
Purchases of intangible assets	(2,871)	(5,408)	-	(8,279)
Finance income	108	20	-	128
Cash outflow from investing activities	(3,647)	(10,329)	-	(13,976)
Financing activities				
Borrowings (net of bank fees and costs)	14,000	150,000	-	164,000
Interest, bank fees and related charges	(7,733)	(514)	-	(8,247)
Cash inflow from financing activities	6,267	149,486	-	155,753
Net (decrease)/increase in cash and cash equivalents in the period	(1,080)	47,673	-	46,593
Cash and cash equivalents at start of period	30,143	61,984	-	92,127
Effect of foreign currency exchange rates	(389)	(1,285)	-	(1,674)
Cash and cash equivalents at end of period	28,674	108,372	-	137,046