

**COMPANY REGISTRATION NO. 6324278**

**PERFORM GROUP LIMITED**

**QUARTERLY FINANCIAL REPORT**

**FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016**

**PERFORM GROUP LIMITED  
QUARTERLY FINANCIAL REPORT**

| <b>CONTENTS</b>   | <b>PAGE</b> |
|---|-------------|
| Disclaimer  | 1           |
| Introduction  | 2           |
| Management's discussion and analysis of the financial condition and results of operations of the Restricted Group for the three months ended 31 December 2016 | 3           |
| Condensed consolidated financial statements of the Total Group for the three and twelve months ended 31 December 2016 (unaudited)                             | 9           |

**PERFORM GROUP LIMITED  
QUARTERLY FINANCIAL REPORT**

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# PERFORM GROUP LIMITED

## QUARTERLY FINANCIAL REPORT

### 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 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 “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.

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 14. 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 31 DECEMBER 2016**

**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 31 DECEMBER 2016**

**Overview**

Perform Group Limited is pleased to announce its results for the quarter ended 31 December 2016.

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), subscription 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 14.

**Income Statement**

|                                  | 3 month period ended      |                           |                | LTM                       |
|----------------------------------|---------------------------|---------------------------|----------------|---------------------------|
|                                  | 31 December<br>2016<br>£m | 31 December<br>2015<br>£m | Movement<br>£m | 31 December<br>2016<br>£m |
| <b>Revenue</b>                   | 80.0                      | 74.9                      | 5.1            | 289.4                     |
| Cost of sales                    | (39.0)                    | (38.9)                    | (0.1)          | (152.4)                   |
| <b>Gross profit</b>              | 41.0                      | 36.0                      | 5.0            | 137.0                     |
| Administrative expenses          | (37.2)                    | (31.2)                    | (6.0)          | (121.8)                   |
| <b>Group operating profit</b>    | 3.8                       | 4.8                       | (1.0)          | 15.1                      |
| Analysed as:                     |                           |                           |                |                           |
| <b>Adjusted EBITDA</b>           | 14.9                      | 14.3                      | 0.6            | 47.8                      |
| Exceptional items                | (0.1)                     | (2.1)                     | 2.0            | (1.5)                     |
| Long-term incentive schemes      | (1.5)                     | (0.9)                     | (0.6)          | (5.5)                     |
| <b>EBITDA</b>                    | 13.2                      | 11.3                      | 1.9            | 40.8                      |
| Amortisation and depreciation    | (7.5)                     | (5.0)                     | (2.5)          | (19.3)                    |
| Acquisition-related amortisation | (1.8)                     | (1.5)                     | (0.3)          | (6.4)                     |
| <b>Group operating profit</b>    | 3.8                       | 4.8                       | (1.0)          | 15.1                      |
| Net finance costs                | (0.2)                     | (2.7)                     | 2.5            | (7.2)                     |
| <b>Group profit before tax</b>   | 3.6                       | 2.2                       | 1.4            | 7.9                       |
| Tax charge (charge)/credit       | (1.6)                     | 4.7                       | (6.3)          | (5.6)                     |
| <b>Group profit after tax</b>    | 2.0                       | 6.9                       | (4.9)          | 2.3                       |

**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 31 DECEMBER 2016**

*Revenue*

|         | 3 month period ended      |                           |                | LTM                       |
|---------|---------------------------|---------------------------|----------------|---------------------------|
|         | 31 December<br>2016<br>£m | 31 December<br>2015<br>£m | Movement<br>£m | 31 December<br>2016<br>£m |
| Content | <b>54.1</b>               | 51.0                      | 3.1            | <b>198.1</b>              |
| Media   | <b>21.1</b>               | 18.8                      | 2.3            | <b>65.3</b>               |
| Other   | <b>4.8</b>                | 5.1                       | (0.3)          | <b>26.0</b>               |
|         | <b>80.0</b>               | 74.9                      | 5.1            | <b>289.4</b>              |

Revenue increased by £5.1 million to £80.0 million for the three month period ended 31 December 2016 ("Q4 2016") from £74.9 million for the three month period ended 31 December 2015 ("Q4 2015").

*Content revenue*

Content revenue increased by £3.1 million to £54.1 million (Q4 2015: £51.0 million) due to a combination of upselling to existing Watch&Bet customers and the effect of new Watch&Bet customers added during the year. In addition, the number of RunningBall events increased and new Opta customers were added in the period.

*Media revenue*

Media revenue increased by £2.3 million to £21.1 million (Q4 2015: £18.8 million) driven by strong growth in Europe and APAC, offset by continued weakness in US video advertising.

*Other revenue*

Other revenues decreased by £0.3 million to £4.8 million (Q4 2015: £5.1 million) as a result of the strategic exit from the Group's legacy technology services business.

## 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 31 DECEMBER 2016

#### *Gross profit*

Gross profit increased £5.0 million to £41.0 million (Q4 2015: £36.0 million) primarily due to the £5.1 million increase in revenues.

#### *Administrative expenses*

Administrative expenses increased £6.0 million to £37.2 million (Q4 2015: £31.2 million) including a £2.9 million increase in depreciation and amortisation and a £0.6 million increase in long term incentive scheme costs.

#### *Exceptional items*

Exceptional items decreased by £2.0 million to £0.1 million (Q4 2015: £2.1 million) due to the following:

- no re-measurement of deferred consideration in respect of the Mackolik acquisition for which the final payment was settled in the second quarter of 2016 (Q4 2015: £0.1 million credit);
- no foreign exchange gain or loss upon revaluation of deferred consideration related to the Mackolik acquisition which was settled in the second quarter of 2016 (Q4 2015: £1.8 million loss); and
- £0.3 million decrease in costs related to acquisition, corporate and restructuring activities (Q4 2015: £0.4 million).

#### *Operating profit*

Operating profit decreased £1.0 million to £3.8 million (Q4 2015: £4.8 million) due to the increase in gross profit (£5.0 million) offset by an increase in administration expenses (£6.0 million) as explained above.

#### *Net finance costs*

Net finance costs decreased £3.6 million to £0.2 million (Q4 2015: £3.8 million). The Q4 2016 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 £4.6 million (Q4 2015: £0.6 million relating to the Group's previous debt facilities); offset by
- £nil accretion of deferred consideration related to the Mackolik acquisition which was settled in the second quarter of 2016 (Q4 2015: £0.9 million);
- £nil gain on revaluation of the Group's foreign exchange hedge which was used to part fund the acquisition of the remaining 49% of Mackolik (Q4 2015: £0.9 million); offset by
- interest due from the Unrestricted Group of £4.4 million (Q4 2015: £nil) and;

#### *Taxation*

The tax charge for the period is £1.6 million (Q4 2015: £4.8 million (credit)). This includes a current tax charge of £nil (Q4 2015: £1.2 million (credit)) and a deferred tax charge of £1.6 million (Q4 2015: £3.6 million (credit)).

#### *Profit after tax*

Profit after tax decreased by £4.9 million to £2.0 million (Q4 2015: £6.9 million) due to the decrease in operating profit (£1.0 million) offset by a decrease in net finance costs (£2.5 million) and an increase in the tax charge (£6.3 million).



**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 31 DECEMBER 2016**

*Cash flow*

|   | 3 month period ended      |                           |                | LTM                          |
|---|---------------------------|---------------------------|----------------|------------------------------|
|   | 31 December<br>2016<br>£m | 31 December<br>2015<br>£m | Movement<br>£m | 31<br>December<br>2016<br>£m |
| <b>Adjusted EBITDA</b>  | <b>14.9</b>               | 14.3                      | 0.6            | <b>47.8</b>                  |
| Movements in working capital  | <b>(8.3)</b>              | (3.2)                     | (5.1)          | <b>(0.8)</b>                 |
| Corporation tax payments  | <b>(0.8)</b>              | (0.5)                     | (0.3)          | <b>(4.7)</b>                 |
| <b>Cash inflow from operating activities (pre-exceptional items)</b>  | <b>5.8</b>                | 10.6                      | (4.8)          | <b>42.3</b>                  |
| Exceptional items   | <b>(0.7)</b>              | (0.1)                     | (0.6)          | <b>(1.5)</b>                 |
| <b>Cash inflow from operating activities (post exceptional items)</b> | <b>5.1</b>                | 10.5                      | (5.4)          | <b>40.8</b>                  |
| Capital expenditure   | <b>(4.7)</b>              | (6.2)                     | 1.5            | <b>(22.0)</b>                |
| Acquisition of subsidiaries   | -                         | -                         | -              | <b>(5.1)</b>                 |
| Investment income   | <b>0.1</b>                | 0.1                       | -              | <b>0.3</b>                   |
| <b>Cash outflow from investing activities</b>                         | <b>(4.6)</b>              | (6.1)                     | 1.5            | <b>(26.8)</b>                |
| Dividends paid to non-controlling interests                           | -                         | -                         | -              | <b>(2.2)</b>                 |
| Acquisitions of non-controlling interests                             | -                         | -                         | -              | <b>(28.0)</b>                |
| Borrowings and drawdowns  | -                         | 118.0                     | (118.0)        | <b>26.0</b>                  |
| Proceeds from issues of shares and other equity securities            | -                         | -                         | -              | <b>34.1</b>                  |
| Loan to Unrestricted Group  | -                         | (81.1)                    | 81.1           | <b>(60.1)</b>                |
| Interest and fees   | <b>(8.0)</b>              | (0.4)                     | (7.6)          | <b>(17.0)</b>                |
| <b>Cash (outflow)/inflow from financing activities</b>                | <b>(8.0)</b>              | 36.5                      | (44.5)         | <b>(47.2)</b>                |
| <b>Net (decrease)/increase in cash</b>                                | <b>(7.5)</b>              | 40.9                      | (48.4)         | <b>(33.2)</b>                |
| Cash at start of period   | <b>38.5</b>               | 19.7                      | 18.8           | <b>61.1</b>                  |
| Effect of foreign currency exchange rates                             | <b>0.5</b>                | 0.5                       | -              | <b>3.6</b>                   |
| <b>Cash at end of period</b>  | <b>31.5</b>               | 61.1                      | (29.6)         | <b>31.5</b>                  |

**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 31 DECEMBER 2016**

*Cash inflow from operating activities (after exceptional items)*

Cash inflows from operating activities decreased £5.4 million to £5.1 million (Q4 2015: £10.5 million) due to a £0.6 million increase in adjusted EBITDA to £14.9 million (Q4 2015: £14.3 million) offset by a £0.6 million increase in exceptional payments to £0.7 million (Q4 2015: £0.1 million). This is combined with a £5.1 million increase in working capital outflow to £8.3 million (Q4 2015: £3.2 million outflow) and corporation tax payments paid increased by £0.3 million to £0.8 million (Q4 2015: £0.5 million).

*Investing activities*

Cash outflow from investing activities decreased £1.5 million to an outflow of £4.6 million (Q4 2015: £6.1 million outflow) due to a decrease in capital expenditure of £1.5 million to £4.7 million (Q4 2015: £6.2 million) due to the timing of capex projects.

*Financing activities*

Cash from financing activities decreased £44.5 million to an outflow of £8.0 million (Q4 2015: £36.5 million inflow) driven by receipt of the bond £118.0 million offset by a one off loan of £81.1m to the Unrestricted Group in Q4 2015 and an increase in interest and fees of £7.6 million to £8.0 million (Q4 2015: £0.4 million) due to the bond and RCF interest payments.

**Debt and liquidity**

As at 31 December 2016 the Restricted Group held cash of £31.5 million (31 December 2015: £61.1 million) and had net debt of £27.6 million (31 December 2015: £70.7 million) (representing net borrowings and accrued interest of £194.8 million (31 December 2015: £165.8 million) offset by borrowings provided to the Unrestricted Group of £155.0 million (31 December 2015: £94.0 million) and accrued interest receivable from the Unrestricted Group of £12.2 million (31 December 2015: £1.1 million).

**PERFORM GROUP LIMITED  
QUARTERLY FINANCIAL REPORT**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE TOTAL GROUP  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**PERFORM GROUP LIMITED**

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

|  |              | 12 months to                    |                                 | 3 months to                     |                                 |
|--|--------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  |              | 31<br>December<br>2016<br>£'000 | 31<br>December<br>2015<br>£'000 | 31<br>December<br>2016<br>£'000 | 31<br>December<br>2015<br>£'000 |
| All results relate to continuing operations                | <b>Notes</b> |                                 |                                 |                                 |                                 |
| <b>Revenue</b>   |              | <b>286,564</b>                  | 259,316                         | <b>84,287</b>                   | 73,118                          |
| Cost of sales  |              | <b>(164,383)</b>                | (139,611)                       | <b>(45,583)</b>                 | (38,910)                        |
| <b>Gross profit</b>  |              | <b>122,181</b>                  | 119,705                         | <b>38,704</b>                   | 34,208                          |
| Administrative expenses                                    |              | <b>(173,005)</b>                | (113,047)                       | <b>(61,664)</b>                 | (32,838)                        |
| <b>Group operating (loss)/profit</b>                       |              | <b>(50,824)</b>                 | 6,658                           | <b>(22,960)</b>                 | 1,370                           |
| Finance income   |              | <b>346</b>                      | 234                             | <b>77</b>                       | 85                              |
| Finance costs  | 4            | <b>(21,018)</b>                 | (10,648)                        | <b>(5,824)</b>                  | (3,866)                         |
| <b>Group loss before tax</b>                               |              | <b>(71,496)</b>                 | (3,756)                         | <b>(28,707)</b>                 | (2,411)                         |
| Taxation credit/(charge)                                   | 5            | <b>(7,216)</b>                  | 2,022                           | <b>(1,615)</b>                  | 5,384                           |
| <b>Group (loss)/profit for the period after tax</b>        |              | <b>(78,712)</b>                 | (1,734)                         | <b>(30,322)</b>                 | 2,973                           |
| <i>Group (loss)/profit for the period attributable to:</i> |              |                                 |                                 |                                 |                                 |
| Owners of the Parent                                       |              | <b>(79,716)</b>                 | (3,841)                         | <b>(29,993)</b>                 | 3,254                           |
| Non-controlling interests                                  |              | <b>1,004</b>                    | 2,107                           | <b>(329)</b>                    | (281)                           |
|  |              | <b>(78,712)</b>                 | (1,734)                         | <b>(30,322)</b>                 | 2,973                           |

**PERFORM GROUP LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

|  | 12 months to                    |                                 | 3 months to                     |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | 31<br>December<br>2016<br>£'000 | 31<br>December<br>2015<br>£'000 | 31<br>December<br>2016<br>£'000 | 31<br>December<br>2015<br>£'000 |
| <b>Group (loss)/profit for the period</b>  | <b>(78,712)</b>                 | (1,734)                         | <b>(30,322)</b>                 | 2,973                           |
| <i>Items that may be reclassified subsequently to profit or (loss):</i>  |                                 |                                 |                                 |                                 |
| Exchange differences on translating foreign operations goodwill and acquisition intangibles held in foreign currencies | <b>21,532</b>                   | (11,443)                        | <b>2,791</b>                    | 3,034                           |
| <b>Total comprehensive (loss)/profit for the period</b>  | <b>(57,180)</b>                 | (13,177)                        | <b>(27,531)</b>                 | 6,007                           |
| <i>Total comprehensive (loss)/profit for the period attributable to:</i>   |                                 |                                 |                                 |                                 |
| Owners of the Parent   | <b>(58,184)</b>                 | (15,284)                        | <b>(27,202)</b>                 | 6,288                           |
| Non-controlling interest   | <b>1,004</b>                    | 2,107                           | <b>(329)</b>                    | (281)                           |
|  | <b>(57,180)</b>                 | (13,177)                        | <b>(27,531)</b>                 | 6,007                           |

**PERFORM GROUP LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

|  | Called-up<br>share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Merger<br>relief<br>reserve<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Foreign<br>exchange<br>reserve<br>£'000 | Other<br>reserves<br>£'000 | Equity<br>attributable<br>to<br>owners<br>of the<br>Parent<br>£'000 | Non-<br>controlling<br>interests<br>£'000 | Total<br>equity<br>£'000 |
|--|--|---------------------------|--------------------------------------|---|-------------------------------|---|----------------------------|---|---|--------------------------|
| <b>At 1 January 2015</b>   | <b>7,356</b>                           | <b>68,323</b>             | <b>93,533</b>                        | <b>38,342</b>                             | <b>41,348</b>                 | <b>(8,594)</b>                          | <b>49,993</b>              | <b>290,301</b>  | <b>4,230</b>                              | <b>294,531</b>           |
| (Loss)/profit for the year   | -                                      | -                         | -                                    | -   | (3,841)                       | -                                       | -                          | (3,841)   | 2,107                                     | (1,734)                  |
| FX on translating foreign<br>operations, goodwill and<br>intangible assets | -                                      | -                         | -                                    | -   | -                             | (11,443)                                | -                          | (11,443)  | -   | (11,443)                 |
| <b>Total comprehensive<br/>(loss)/profit for the year</b>                  | <b>-</b>                               | <b>-</b>                  | <b>-</b>                             | <b>-</b>                                  | <b>(3,841)</b>                | <b>(11,443)</b>                         | <b>-</b>                   | <b>(15,284)</b>   | <b>2,107</b>                              | <b>(13,177)</b>          |
| Payment of dividends to<br>non-controlling interests                       | -                                      | -                         | -                                    | -   | -                             | -                                       | 1,394                      | 1,394   | (1,394)                                   | -                        |
| Adjustment arising from<br>change in non-controlling<br>interest           | -                                      | -                         | -                                    | -   | (19,494)                      | -                                       | (7,222)                    | (26,716)  | (2,085)                                   | (28,801)                 |
| <b>At 31 December 2015</b>   | <b>7,356</b>                           | <b>68,323</b>             | <b>93,533</b>                        | <b>38,342</b>                             | <b>18,013</b>                 | <b>(20,037)</b>                         | <b>44,165</b>              | <b>249,695</b>  | <b>2,858</b>                              | <b>252,553</b>           |
| <b>At 1 January 2016</b>   | <b>7,356</b>                           | <b>68,323</b>             | <b>93,533</b>                        | <b>38,342</b>                             | <b>18,013</b>                 | <b>(20,037)</b>                         | <b>44,165</b>              | <b>249,696</b>  | <b>2,858</b>                              | <b>252,554</b>           |
| (Loss)/profit for the year   | -                                      | -                         | -                                    | -   | (79,715)                      | -                                       | -                          | (79,715)  | 1,004                                     | (78,711)                 |
| FX on translating foreign<br>operations, goodwill and<br>intangible assets | -                                      | -                         | -                                    | -   | -                             | 21,532                                  | -                          | 21,532  | -   | 21,532                   |
| <b>Total comprehensive<br/>(loss)/profit for the year</b>                  | <b>-</b>                               | <b>-</b>                  | <b>-</b>                             | <b>-</b>                                  | <b>(79,715)</b>               | <b>21,532</b>                           | <b>-</b>                   | <b>(58,183)</b>   | <b>1,004</b>                              | <b>(57,179)</b>          |
| Payment of dividends to<br>non-controlling interests                       | -                                      | -                         | -                                    | -   | -                             | -                                       | 2,258                      | 2,258   | (2,258)                                   | -                        |
| Derivative liability   | -                                      | -                         | -                                    | -   | (8,000)                       | -                                       | -                          | (8,000)   | -   | (8,000)                  |
| Share capital / premium<br>issued  | 129                                    | 33,987                    | -                                    | -   | -                             | -                                       | -                          | 34,116  | -   | 34,116                   |
| Adjustment arising from<br>change in non-controlling<br>interest           | -                                      | -                         | -                                    | -   | 46,382                        | -                                       | (46,423)                   | (41)  | (2,217)                                   | (2,258)                  |
| <b>At 31 December 2016</b>   | <b>7,485</b>                           | <b>102,310</b>            | <b>93,533</b>                        | <b>38,342</b>                             | <b>(23,321)</b>               | <b>1,495</b>                            | <b>-</b>                   | <b>219,844</b>  | <b>(613)</b>                              | <b>219,231</b>           |

**PERFORM GROUP LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016 (UNAUDITED)**

|  | Notes | 31<br>December<br>2016<br>£'000 | 31<br>December<br>2015<br>£'000 |
|--|-------|---------------------------------|---------------------------------|
| Goodwill   |       | 203,243                         | 189,073                         |
| Acquisition intangibles                            |       | 54,277                          | 54,288                          |
| Other intangible assets                            |       | 34,022                          | 24,588                          |
| Property, plant and equipment                      |       | 23,923                          | 14,827                          |
| Deferred tax asset                                 |       | 5,867                           | 11,223                          |
|  |       | <b>321,332</b>                  | <b>293,999</b>                  |
| <b>Current assets</b>                              |       |                                 |                                 |
| Trade and other receivables                        |       | 48,410                          | 41,429                          |
| Prepayments  |       | 157,672                         | 57,731                          |
| Cash and cash equivalents                          | 6     | 134,880                         | 129,549                         |
|  |       | <b>340,962</b>                  | <b>228,709</b>                  |
| <b>Total assets</b>                                |       | <b>662,294</b>                  | <b>522,708</b>                  |
| <b>Current liabilities</b>                         |       |                                 |                                 |
| Trade and other payables                           |       | (124,302)                       | (55,819)                        |
| Derivative liability                               |       | (8,000)                         | -                               |
| Current acquisition-related financial liabilities  | 8     | -                               | (31,547)                        |
| Current borrowings                                 | 6     | (103,609)                       | (1,859)                         |
| Current tax liabilities                            |       | (3,827)                         | (5,758)                         |
|  |       | <b>(239,738)</b>                | <b>(94,983)</b>                 |
| <b>Net current assets</b>                          |       | <b>101,224</b>                  | <b>133,726</b>                  |
| <b>Non-current liabilities</b>                     |       |                                 |                                 |
| Non-current borrowings                             | 6     | (192,817)                       | (163,987)                       |
| Deferred tax liability                             |       | (10,508)                        | (11,185)                        |
|  |       | <b>(203,325)</b>                | <b>(175,172)</b>                |
| <b>Total liabilities</b>                           |       | <b>(443,063)</b>                | <b>(270,155)</b>                |
| <b>Net assets</b>                                  |       | <b>219,231</b>                  | <b>252,553</b>                  |
| <b>Equity</b>                                      |       |                                 |                                 |
| Called-up share capital                            | 7     | 7,485                           | 7,356                           |
| Share premium                                      |       | 102,310                         | 68,323                          |
| Merger relief reserve                              |       | 93,533                          | 93,533                          |
| Capital redemption reserve                         |       | 38,342                          | 38,342                          |
| Retained earnings                                  |       | (23,321)                        | 18,013                          |
| Foreign exchange reserve                           |       | 1,495                           | (20,037)                        |
| Other reserves                                     |       | -                               | 44,165                          |
| <b>Equity attributable to owners of the Parent</b> |       | <b>219,844</b>                  | <b>249,695</b>                  |
| Non-controlling interests                          |       | (613)                           | 2,858                           |
| <b>Total equity</b>                                |       | <b>219,231</b>                  | <b>252,553</b>                  |

**PERFORM GROUP LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

|   | 12 months to     |          | 3 months to     |          |
|---|------------------|----------|-----------------|----------|
|   | 31               | 31       | 31              | 31       |
|   | December         | December | December        | December |
|   | 2016             | 2015     | 2016            | 2015     |
|   | £'000            | £'000    | £'000           | £'000    |
| <b>Operating activities</b>   |                  |          |                 |          |
| <b>Group operating (loss)/profit</b>  | <b>(50,824)</b>  | 6,658    | <b>(22,960)</b> | 1,370    |
| Increase in trade and other receivables   | <b>(107,657)</b> | (26,366) | <b>(47,087)</b> | (11,750) |
| Increase/(Decrease) in trade and other payables   | <b>61,924</b>    | (8,457)  | <b>22,479</b>   | 676      |
| Depreciation and amortisation (including acquisition intangibles amortisation)                        | <b>28,569</b>    | 22,101   | <b>10,906</b>   | 6,475    |
| Employee share-based payment  | <b>6,601</b>     | 4,675    | <b>2,104</b>    | 1,320    |
| Exceptional items   | <b>1,688</b>     | 5,085    | <b>337</b>      | 2,100    |
| Corporation tax payments  | <b>(5,028)</b>   | (4,206)  | <b>(1,148)</b>  | (485)    |
| <b>Cash outflow from operating activities (prior to exceptional items)</b>                            | <b>(64,727)</b>  | (510)    | <b>(35,369)</b> | (294)    |
| Payments in respect of exceptional items  | <b>(1,476)</b>   | (4,418)  | <b>(736)</b>    | (54)     |
| <b>Cash outflow from operating activities (after exceptional items)</b>                               | <b>(66,203)</b>  | (4,928)  | <b>(36,105)</b> | (348)    |
| <b>Investing activities</b>   |                  |          |                 |          |
| Purchases of property, plant and equipment  | <b>(18,692)</b>  | (9,328)  | <b>(5,186)</b>  | (4,242)  |
| Purchases of intangible assets  | <b>(20,701)</b>  | (15,418) | <b>(5,190)</b>  | (3,709)  |
| Acquisition of subsidiaries (net of cash acquired)  | <b>(5,141)</b>   | (7,818)  | -               | -        |
| Investment income   | <b>346</b>       | 234      | <b>77</b>       | 85       |
| <b>Cash outflow from investing activities</b>   | <b>(44,188)</b>  | (32,330) | <b>(10,299)</b> | (7,886)  |
| <b>Financing activities</b>   |                  |          |                 |          |
| Dividend paid to non-controlling interests  | <b>(2,258)</b>   | (1,394)  | -               | -        |
| Acquisition of non-controlling interests  | <b>(27,956)</b>  | (30,896) | -               | -        |
| Borrowings (net of bank fees and costs)   | <b>126,000</b>   | 171,500  | <b>50,000</b>   | 123,217  |
| Proceeds from issues of shares and other equity securities  | <b>34,116</b>    |          | <b>(884)</b>    | -        |
| Fees relating to arrangement and non-commitment of debt facilities                                    | -                | (6,241)  | -               | (6,241)  |
| Interest, bank fees and related charges   | <b>(16,997)</b>  | (1,672)  | <b>(7,974)</b>  | (442)    |
| <b>Cash inflow from financing activities</b>  | <b>112,905</b>   | 131,297  | <b>41,142</b>   | 117,534  |
| <b>Net increase/(decrease) in cash and cash equivalents in the period (all continuing operations)</b> |                  |          |                 |          |
|   | <b>2,514</b>     | 94,039   | <b>(5,262)</b>  | 109,320  |
| Cash and cash equivalents at start of period  | <b>129,549</b>   | 36,246   | <b>141,730</b>  | -        |
| Effect of foreign currency exchange rates   | <b>2,817</b>     | (736)    | <b>(1,588)</b>  | 566      |
| <b>Cash and cash equivalents at end of period</b>   | <b>134,880</b>   | 129,549  | <b>134,880</b>  | 109,886  |



# PERFORM GROUP LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)

### 1. General Information

These condensed consolidated financial statements for the three and twelve months ended 31 December 2016 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 2015 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 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 2016.

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

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

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

Annual Improvements to IFRSs: 2014 - 2016

#### *Going concern*

This condensed set of consolidated financial statements includes a summary of the Group's financial position and its cash flow. The Directors believe the Group is well placed to manage its business risks successfully and the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the Directors continue to adopt the going concern basis in preparing this condensed set of consolidated financial statements.

## PERFORM GROUP LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)

#### 3. Exceptional items

|   | 12 months to                    |                                 | 3 months to                     |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   | 31<br>December<br>2016<br>£'000 | 31<br>December<br>2015<br>£'000 | 31<br>December<br>2016<br>£'000 | 31<br>December<br>2015<br>£'000 |
| Costs in relation to the Group's acquisitions and bid defence | -                               | 726                             | -                               | 32                              |
| FX revaluation of acquisition-related financial liability     | 151                             | (4,250)                         | -                               | 1,817                           |
| Re-measurement of acquisition-related financial liability     | 154                             | 6,978                           | -                               | (158)                           |
| Costs in relation to restructuring activities                 | 1,383                           | 1,415                           | 337                             | 360                             |
| Other   | -                               | 216                             | -                               | 49                              |
| <b>Total exceptional items</b>                                | <b>1,688</b>                    | <b>5,085</b>                    | <b>337</b>                      | <b>2,100</b>                    |

Exceptional items of £1.7 million (charge) were recognised in the twelve month period to 31 December 2016 (2015: £5.1 million) relating to the following:

- costs in relation to restructuring activities of £1.4 million (2015: £1.4 million);
- foreign exchange loss upon revaluation of deferred consideration of £0.1 million (2015: £4.3 million (gain)); and
- re-measurement of the Mackolik acquisition related financial liability of £0.2 million (2015: £7.0 million); offset by
- £nil costs in relation to the Group's acquisitions and bid defense (2015: £0.7 million)

Exceptional items of £0.3 million (charge) were recognised in the three month period to 31 December 2016 (Q4 2015: £2.1 million (charge)) due to the following:

- £nil foreign exchange gain upon revaluation of deferred consideration in relation to the Mackolik acquisition due to this being settled in the second quarter of 2016 (Q4 2015: £1.8 million loss);
- £0.3 million of costs in relation to acquisitions, corporate and restructuring activities (Q4 2015: £0.4 million); and
- Re-measurement of the Mackolik acquisition related financial liability of £nil due to this being settled in the second quarter of 2016 (Q4 2015: £0.2 million gain).

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

## PERFORM GROUP LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)

#### 4. Finance costs

|   | 12 months to                    |                                 | 3 months to                     |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   | 31<br>December<br>2016<br>£'000 | 31<br>December<br>2015<br>£'000 | 31<br>December<br>2016<br>£'000 | 31<br>December<br>2015<br>£'000 |
| Interest, bank fees and related charges       | 18,480                          | 4,251                           | 4,717                           | 2,687                           |
| Interest on shareholder loan                  | 1,666                           | -                               | 1,107                           | -                               |
| Accretion of deferred consideration           | 1,741                           | 3,426                           | -                               | 885                             |
| Exceptional finance costs:                    |                                 |                                 |                                 |                                 |
| Revaluation of foreign exchange hedge         | (869)                           | 1,291                           | -                               | (896)                           |
| Accelerated amortisation of arrangement fees  | -                               | 1,219                           | -                               | 1,219                           |
| Foreign exchange loss/(gain) on debt facility | -                               | 461                             | -                               | (29)                            |
| <b>Total finance costs</b>                    | <b>21,018</b>                   | <b>10,648</b>                   | <b>5,824</b>                    | <b>3,866</b>                    |

Finance costs of £21.0 million were recognised in the 12 month period to 31 December 2016 (2015: £10.6 million) relating to the following:

- interest, bank fees and related charges (including the amortisation of arrangement fees) due on the Group's senior secured notes and revolving credit facility of £18.5 million (2015: £4.2 million relating to the Group's previous debt facilities);
- Interest on the Shareholder Loan of £1.7 million (2015: £nil)
- accretion of deferred consideration of £1.7 million (2015: £3.4 million);
- gain on revaluation of the Group's foreign exchange hedge of £0.9 million which was used to part fund the acquisition of the remaining 49% of Mackolik in May 2016 (2015: £1.3 million (loss)) due to the strengthening of the Turkish Lira in 2016; and
- £nil loss on foreign exchange loss on the Group's previous debt facilities (2015: £0.5 million loss).
- £nil accelerated unwind of capitalised arrangement fees (2015: £1.2 million) relating to the termination of the Group's previous term loan and facilities

Finance costs of £4.8 million were recognised in the 3 month period to 31 December 2016 (Q4 2015: £3.9 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 £4.7 million (Q4 2015: £2.7 million relating to the Group's previous debt facilities);
- Interest on the shareholder loan of £1.1 million (Q4 2015: £nil); and
- £nil accretion of deferred consideration on the Mackolik acquisition due to this being settled in the second quarter of 2016 (Q4 2015: £0.9 million); offset by
- £nil loss on revaluation of the Group's foreign exchange hedge which was used to part fund the acquisition of the remaining 49% of Mackolik in May 2016 (Q4 2015: £0.9 million).
- £nil accelerated amortisation of arrangement fees (Q4 2015: £1.2 million)

#### 5. Taxation

The tax charge for the twelve months incorporates a write-off of a portion of the Group's deferred tax asset following a review of the geographical mix of the Group's profits.

## PERFORM GROUP LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)

#### 6. Net debt

|                           | <b>31</b>        | 31        |
|---------------------------|------------------|-----------|
|                           | <b>December</b>  | December  |
|                           | <b>2016</b>      | 2015      |
|                           | <b>£'000</b>     | £'000     |
| Cash and cash equivalents | <b>134,880</b>   | 129,549   |
| Borrowings                | <b>(296,426)</b> | (165,846) |
| <b>Net debt</b>           | <b>(161,546)</b> | (36,297)  |

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 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 (Q4 2015: £11.0 million). Interest of £1.9 million (Q4 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.

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

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

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**7. Share capital**

|  | <b>31<br/>December<br/>2016<br/>£'000</b> | 31<br>December<br>2015<br>£'000 |
|--|---|---------------------------------|
| <b>Issued, allotted and fully paid</b>       |   |                                 |
| A Ordinary shares of 2 and 7/9ths pence each | <b>6,432</b>                              | 6,432                           |
| M Ordinary shares of 2 and 7/9ths pence each | <b>924</b>                                | 924                             |
| I Ordinary shares of 2 and 7/9ths pence each | <b>-</b>                                  | -                               |
| Z Ordinary shares of 2 and 7/9ths pence each | <b>129</b>                                | -                               |
|  | <b>7,485</b>                              | 7,356                           |

|  | <b>31<br/>December<br/>2016<br/>No. of<br/>shares<br/>'000</b> | 31<br>December<br>2015<br>No. of<br>shares<br>'000 |
|--|--|--|
| <b>Issued, allotted and fully paid</b>       |  |  |
| A Ordinary shares of 2 and 7/9ths pence each | <b>231,539</b>   | 231,539  |
| M Ordinary shares of 2 and 7/9ths pence each | <b>33,274</b>  | 33,274   |
| I Ordinary shares of 2 and 7/9ths pence each | <b>5</b>   | 5  |
| Z Ordinary shares of 2 and 7/9ths pence each | <b>4,635</b>   | -  |
|  | <b>269,453</b>   | 264,818  |

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

AI Perform Holdings LLP, a portfolio company of Access Industries, holds all of the 'A' shares, which represent approximately 85.93% of the equity share capital of the Company.

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

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

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

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

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

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**8. Deferred consideration and associated acquisition-related liabilities**

The following table summarises and reconciles acquisition-related deferred consideration recorded in the financial statements:

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

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

## PERFORM GROUP LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)

#### 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 on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate.

The Group holds senior secured notes and RCF (refer to note 6 for further details) categorised as Level 1. All other financial instruments of the Group are categorised as Level 3. There have been no transfers of assets or liabilities between levels of the fair value hierarchy during the year.

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

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

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

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

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

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

|                                  | <b>2016</b><br><b>£'000</b> | 2015<br>£'000 |
|----------------------------------|-----------------------------|---------------|
| <b>1 January</b>                 | <b>-</b>                    | -             |
| Issuance of derivative liability | <b>8,000</b>                | -             |
| <b>31 December</b>               | <b>8,000</b>                | -             |

## PERFORM GROUP LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)

#### 10. Long-term incentive schemes

A total charge relating to the Group's long-term incentive schemes of £6.6 million (2015: £4.7 million) has been included in the income statement for the year ended 31 December 2016 and a charge of £2.1 million for the three months ended 31 December 2016 (Q4 2015: £1.3 million).

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

The amount of the cash awards will be determined by the level of business performance against revenue and Adjusted EBITDA targets. The total value of these awards at inception was calculated as £7.3 million and this is being spread over the vesting period. As such charges have been recognised in respect of these cash replacement schemes of £2.4 million for the year ended 31 December 2016 (2015: £3.4 million) and £0.3 million for the three months ended 31 December 2016 (Q4 2015: £0.9 million).

Furthermore, the Group has put in place long-term cash-based schemes in April 2015 and April 2016 that will vest in April 2018 and April 2019 respectively. The amount of the payment will be determined by the level of business performance against revenue and EBITDA targets over a three year period and the cost of each scheme will be spread over the vesting period. As such charges have been recognised in respect of these schemes of £4.2 million in the year ended to 31 December 2016 (2015: £1.3 million) and £1.8 million for the three months ended 31 December 2016 (Q4 2015: £1.3 million).

#### 11. Contingent liabilities

There were no contingent liabilities at 31 December 2016 (31 December 2015: £nil).

#### 12. Related parties

Related party transactions in the year are as follows:

- On 10 August 2016, Perform Investment Limited, a wholly owned subsidiary of the Group and part of the Unrestricted Group, entered into a loan facility agreement with AI International S.á.r.l, an entity in the Access Industries group, the Group's principal shareholder. Perform Investment Limited has utilised the Facility by drawing down in two tranches of £50.0 million, the first tranche of which was drawn down on 10 August 2016, and the second tranche on 21 December 2016. Refer to note 6 for further details.
- On 20 September 2016, a private investor made an investment of £35.0 million in the capital of the Company in exchange for the issuance of 4,634,502 of a new class of 'Z' ordinary shares in the capital of the Company, which comprises 1.72% of the share capital of the Company upon completion of the investment.
- During the year, the Group issued an unsecured personal loan of £370,000 to a Director of one of the Group's subsidiary companies. The loan does not attract interest and is not repayable for a period of at least 24 months from the balance sheet date. The total loan amount was outstanding at the end of the reporting period.

There are no additional related party transactions to disclose.

#### 13. Post balance sheet events

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

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



## PERFORM GROUP LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)

#### 14. 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 and twelve months ended 31 December 2016 is set out in the following tables.

| Income Statement                      | 12 months to 31 December 2016 |                                |                      |                         |
|---------------------------------------|-------------------------------|--------------------------------|----------------------|-------------------------|
|                                       | Restricted<br>Group<br>£'000  | Unrestricted<br>Group<br>£'000 | Elimination<br>£'000 | Total<br>Group<br>£'000 |
| <b>Revenue</b>                        | 289,375                       | 8,677                          | (11,488)             | 286,564                 |
| Cost of sales                         | (152,403)                     | (23,468)                       | 11,488               | (164,383)               |
| <b>Gross profit/(loss)</b>            | 136,972                       | (14,791)                       | -                    | 122,181                 |
| Administrative expenses               | (121,831)                     | (51,174)                       | -                    | (173,005)               |
| <b>Group operating profit/(loss)</b>  | 15,141                        | (65,965)                       | -                    | (50,824)                |
| Finance income                        | 12,111                        | 68                             | (11,833)             | 346                     |
| Finance costs                         | (19,324)                      | (13,527)                       | 11,833               | (21,018)                |
| <b>Group profit/(loss) before tax</b> | 7,928                         | (79,424)                       | -                    | (71,496)                |
| Taxation charge                       | (5,638)                       | (1,578)                        | -                    | (7,216)                 |
| <b>Group profit/(loss) after tax</b>  | 2,290                         | (81,002)                       | -                    | (78,712)                |
| <b>Adjusted EBITDA</b>                | 47,785                        | (61,750)                       | -                    | (13,965)                |
| Exceptional items                     | (1,495)                       | (193)                          | -                    | (1,688)                 |
| Share-based payments                  | (5,517)                       | (1,085)                        | -                    | (6,602)                 |
| <b>EBITDA</b>                         | 40,773                        | (63,028)                       | -                    | (22,255)                |
| Amortisation and depreciation         | (19,267)                      | (2,937)                        | -                    | (22,204)                |
| Acquisition-related amortisation      | (6,365)                       | -                              | -                    | (6,365)                 |
| <b>Group operating profit/(loss)</b>  | 15,141                        | (65,965)                       | -                    | (50,824)                |

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**14. Disaggregation of the Restricted and Unrestricted groups (continued)**

| Income Statement                      | 12 months to 31 December 2015 |                             |                      |                      |
|---------------------------------------|-------------------------------|-----------------------------|----------------------|----------------------|
|                                       | Restricted Group<br>£'000     | Unrestricted Group<br>£'000 | Elimination<br>£'000 | Total Group<br>£'000 |
| <b>Revenue</b>                        | 261,066                       | -                           | (1,750)              | 259,316              |
| Cost of sales                         | (139,611)                     | -                           | -                    | (139,611)            |
| <b>Gross profit/(loss)</b>            | 121,455                       | -                           | (1,750)              | 119,705              |
| Administrative expenses               | (108,327)                     | (5,720)                     | 1,000                | (113,047)            |
| <b>Group operating profit/(loss)</b>  | 13,128                        | (5,720)                     | (750)                | 6,658                |
| Finance income                        | 1,350                         | -                           | (1,116)              | 234                  |
| Finance costs                         | (10,648)                      | (1,116)                     | 1,116                | (10,648)             |
| <b>Group profit/(loss) before tax</b> | 3,830                         | (6,836)                     | (750)                | (3,756)              |
| Taxation charge                       | 754                           | 1,268                       | -                    | 2,022                |
| <b>Group loss after tax</b>           | 4,584                         | (5,568)                     | (750)                | (1,734)              |
| <b>Adjusted EBITDA</b>                | 44,526                        | (5,257)                     | (750)                | 38,519               |
| Exceptional items                     | (5,085)                       | -                           | -                    | (5,085)              |
| Share-based payments                  | (4,213)                       | (462)                       | -                    | (4,675)              |
| <b>EBITDA</b>                         | 35,228                        | (5,719)                     | (750)                | 28,759               |
| Amortisation and depreciation         | (16,144)                      | (1)                         | -                    | (16,145)             |
| Acquisition-related amortisation      | (5,956)                       | -                           | -                    | (5,956)              |
| <b>Group operating profit/(loss)</b>  | 13,128                        | (5,720)                     | (750)                | 6,658                |

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**14. Disaggregation of the Restricted and Unrestricted groups (continued)**

| Income Statement                      | 3 months to 31 December 2016 |                             |                      |                      |
|---------------------------------------|------------------------------|-----------------------------|----------------------|----------------------|
|                                       | Restricted Group<br>£'000    | Unrestricted Group<br>£'000 | Elimination<br>£'000 | Total Group<br>£'000 |
| <b>Revenue</b>                        | <b>80,017</b>                | <b>8,131</b>                | <b>(3,861)</b>       | <b>84,287</b>        |
| Cost of sales                         | (38,995)                     | (10,449)                    | 3,861                | (45,583)             |
| <b>Gross profit/(loss)</b>            | <b>41,022</b>                | <b>(2,318)</b>              | <b>-</b>             | <b>38,704</b>        |
| Administrative expenses               | (37,183)                     | (24,481)                    | -                    | (61,664)             |
| <b>Group operating profit/(loss)</b>  | <b>3,839</b>                 | <b>(26,799)</b>             | <b>-</b>             | <b>(22,960)</b>      |
| Finance income                        | 4,487                        | 5                           | (4,415)              | 77                   |
| Finance costs                         | (4,699)                      | (5,540)                     | 4,415                | (5,824)              |
| <b>Group profit/(loss) before tax</b> | <b>3,627</b>                 | <b>(32,334)</b>             | <b>-</b>             | <b>(28,707)</b>      |
| Taxation charge                       | (1,550)                      | (65)                        | -                    | (1,615)              |
| <b>Group profit/(loss) after tax</b>  | <b>2,077</b>                 | <b>(32,399)</b>             | <b>-</b>             | <b>(30,322)</b>      |
| <b>Adjusted EBITDA</b>                | <b>14,866</b>                | <b>(24,476)</b>             | <b>-</b>             | <b>(9,610)</b>       |
| Exceptional items                     | (145)                        | (193)                       | -                    | (338)                |
| Share-based payments                  | (1,525)                      | (580)                       | -                    | (2,105)              |
| <b>EBITDA</b>                         | <b>13,196</b>                | <b>(25,249)</b>             | <b>-</b>             | <b>(12,053)</b>      |
| Amortisation and depreciation         | (7,538)                      | (1,550)                     | -                    | (9,088)              |
| Acquisition-related amortisation      | (1,819)                      | -                           | -                    | (1,819)              |
| <b>Group operating profit/(loss)</b>  | <b>3,839</b>                 | <b>(26,799)</b>             | <b>-</b>             | <b>(22,960)</b>      |

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**14. Disaggregation of the Restricted and Unrestricted groups (continued)**

| Income Statement                      | 3 months to 31 December 2015 |                                |                      |                         |
|---------------------------------------|------------------------------|--------------------------------|----------------------|-------------------------|
|                                       | Restricted<br>Group<br>£'000 | Unrestricted<br>Group<br>£'000 | Elimination<br>£'000 | Total<br>Group<br>£'000 |
| <b>Revenue</b>                        | 74,868                       | -                              | (1,750)              | 73,118                  |
| Cost of sales                         | (38,917)                     | 7                              | -                    | (38,910)                |
| <b>Gross profit/(loss)</b>            | 35,951                       | 7                              | (1,750)              | 34,208                  |
| Administrative expenses               | (31,102)                     | (2,736)                        | 1,000                | (32,838)                |
| <b>Group operating profit/(loss)</b>  | 4,849                        | (2,729)                        | (750)                | 1,370                   |
| Investment income                     | 1,201                        | -                              | (1,116)              | 85                      |
| Finance income                        | -                            | -                              | -                    | -                       |
| Finance costs                         | (3,866)                      | (1,116)                        | 1,116                | (3,866)                 |
| <b>Group profit/(loss) before tax</b> | 2,184                        | (3,845)                        | (750)                | (2,411)                 |
| Taxation credit/(charge)              | 4,744                        | 640                            | -                    | 5,384                   |
| <b>Group profit/(loss) after tax</b>  | 6,928                        | (3,205)                        | (750)                | 2,973                   |
| <b>Adjusted EBITDA</b>                | 14,281                       | (2,266)                        | (750)                | 11,265                  |
| Exceptional items                     | (2,100)                      | -                              | -                    | (2,100)                 |
| Share-based payments                  | (858)                        | (462)                          | -                    | (1,320)                 |
| <b>EBITDA</b>                         | 11,323                       | (2,728)                        | (750)                | 7,845                   |
| Amortisation and depreciation         | (5,001)                      | (1)                            | -                    | (5,002)                 |
| Acquisition-related amortisation      | (1,473)                      | -                              | -                    | (1,473)                 |
| <b>Group operating profit/(loss)</b>  | 4,849                        | (2,729)                        | (750)                | 1,370                   |

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**14. Disaggregation of the Restricted and Unrestricted groups (continued)**

| Balance Sheet                                      | As at 31 December 2016       |                                |                      | Total<br>Group<br>£'000 |
|--|------------------------------|--------------------------------|----------------------|-------------------------|
|  | Restricted<br>Group<br>£'000 | Unrestricted<br>Group<br>£'000 | Elimination<br>£'000 |                         |
| <b>Non-current assets</b>                          |                              |                                |                      |                         |
| Goodwill   | 203,243                      | -                              | -                    | 203,243                 |
| Acquisition intangibles                            | 54,277                       | -                              | -                    | 54,277                  |
| Other intangible assets                            | 22,725                       | 12,047                         | (750)                | 34,022                  |
| Property, plant and equipment                      | 16,448                       | 7,474                          | -                    | 23,923                  |
| Loan to Unrestricted Group                         | 167,215                      | -                              | (167,215)            | -                       |
| Deferred tax asset                                 | 5,839                        | 29                             | -                    | 5,867                   |
|  | 469,747                      | 19,550                         | (167,965)            | 321,332                 |
| <b>Current assets</b>                              |                              |                                |                      |                         |
| Trade and other receivables                        | 46,348                       | 2,062                          | -                    | 48,410                  |
| Prepayments  | 65,780                       | 91,892                         | -                    | 157,672                 |
| Cash and cash equivalents                          | 31,489                       | 103,391                        | -                    | 134,880                 |
|  | 143,617                      | 197,345                        | -                    | 340,962                 |
| <b>Total assets</b>                                | 613,364                      | 216,895                        | (167,965)            | 662,294                 |
| <b>Current liabilities</b>                         |                              |                                |                      |                         |
| Trade and other payables                           | (91,906)                     | (32,396)                       | -                    | (124,302)               |
| Derivative liabilities                             | (8,000)                      | -                              | -                    | (8,000)                 |
| Current borrowings                                 | (1,943)                      | (101,666)                      | -                    | (103,609)               |
| Current tax liabilities                            | (3,909)                      | 82                             | -                    | (3,827)                 |
|  | (105,758)                    | (133,980)                      | -                    | (239,738)               |
| <b>Net current assets</b>                          | 37,859                       | 63,365                         | -                    | 101,224                 |
| <b>Non-current liabilities</b>                     |                              |                                |                      |                         |
| Non-current borrowings                             | (192,817)                    | -                              | -                    | (192,817)               |
| Payable to Restricted Group                        | -                            | (167,215)                      | 167,215              | -                       |
| Deferred tax liability                             | (10,508)                     | (0)                            | -                    | (10,508)                |
|  | (203,325)                    | (167,215)                      | 167,215              | (203,325)               |
| <b>Total liabilities</b>                           | (309,083)                    | (301,195)                      | 167,215              | (443,063)               |
| <b>Net assets/(liabilities)</b>                    | 304,281                      | (84,300)                       | (750)                | 219,231                 |
| <b>Equity</b>                                      |                              |                                |                      |                         |
| 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                                  | 63,888                       | (86,459)                       | (750)                | (23,321)                |
| Foreign exchange reserve                           | (665)                        | 2,160                          | -                    | 1,495                   |
| Other reserve                                      | -                            | -                              | -                    | -                       |
| <b>Equity attributable to owners of the Parent</b> | 304,893                      | (84,299)                       | (750)                | 219,844                 |
| Non-controlling interest                           | (613)                        | -                              | -                    | (613)                   |
| <b>Total equity</b>                                | 304,280                      | (84,299)                       | (750)                | 219,231                 |

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**14. Disaggregation of the Restricted and Unrestricted groups (continued)**

| <b>Balance Sheet</b>                               | <b>As at 31 December 2015</b>         |   |                              | <b>Total<br/>Group<br/>£'000</b> |
|--|---------------------------------------|---|------------------------------|----------------------------------|
|  | <b>Restricted<br/>Group<br/>£'000</b> | <b>Unrestricted<br/>Group<br/>£'000</b> | <b>Elimination<br/>£'000</b> |                                  |
| <b>Non-current assets</b>                          |                                       |   |                              |                                  |
| Goodwill   | 189,073                               | -                                       | -                            | 189,073                          |
| Acquisition intangibles                            | 54,288                                | -                                       | -                            | 54,288                           |
| Other intangible assets                            | 21,145                                | 4,193                                   | (750)                        | 24,588                           |
| Property, plant and equipment                      | 13,722                                | 1,105                                   | -                            | 14,827                           |
| Loan to Unrestricted Group                         | 95,116                                | -                                       | (95,116)                     | -                                |
| Deferred tax asset                                 | 9,955                                 | 1,268                                   | -                            | 11,223                           |
|  | 383,299                               | 6,566                                   | (95,866)                     | 293,999                          |
| <b>Current assets</b>                              |                                       |   |                              |                                  |
| Trade and other receivables                        | 82,402                                | 17,176                                  | (418)                        | 99,160                           |
| Cash and cash equivalents                          | 61,080                                | 68,469                                  | -                            | 129,549                          |
|  | 143,482                               | 85,645                                  | (418)                        | 228,709                          |
| <b>Total assets</b>                                | <b>526,781</b>                        | <b>92,211</b>                           | <b>(96,284)</b>              | <b>522,708</b>                   |
| <b>Current liabilities</b>                         |                                       |   |                              |                                  |
| Trade and other payables                           | (53,574)                              | (2,663)                                 | 418                          | (55,819)                         |
| Current acquisition-related financial liabilities  | (31,547)                              | -                                       | -                            | (31,547)                         |
| Current borrowings                                 | (1,859)                               | -                                       | -                            | (1,859)                          |
| Current tax liabilities                            | (5,758)                               | -                                       | -                            | (5,758)                          |
|  | (92,738)                              | (2,663)                                 | 418                          | (94,983)                         |
| <b>Net current assets</b>                          | <b>50,744</b>                         | <b>82,982</b>                           | <b>-</b>                     | <b>133,726</b>                   |
| <b>Non-current liabilities</b>                     |                                       |   |                              |                                  |
| Non-current borrowings                             | (163,987)                             | -                                       | -                            | (163,987)                        |
| Non-current borrowings from Restricted Group       | -                                     | (95,116)                                | 95,116                       | -                                |
| Deferred tax liability                             | (11,185)                              | -                                       | -                            | (11,185)                         |
|  | (175,172)                             | (95,116)                                | 95,116                       | (175,172)                        |
| <b>Total liabilities</b>                           | <b>(267,910)</b>                      | <b>(97,779)</b>                         | <b>95,534</b>                | <b>(270,155)</b>                 |
| <b>Net assets</b>                                  | <b>258,871</b>                        | <b>(5,568)</b>                          | <b>(750)</b>                 | <b>252,553</b>                   |
| <b>Equity</b>                                      |                                       |   |                              |                                  |
| Called up share capital                            | 7,356                                 | -                                       | -                            | 7,356                            |
| Share premium                                      | 68,323                                | -                                       | -                            | 68,323                           |
| Merger relief reserve                              | 93,533                                | -                                       | -                            | 93,533                           |
| Capital redemption reserve                         | 38,342                                | -                                       | -                            | 38,342                           |
| Retained earnings                                  | 24,331                                | (5,568)                                 | (750)                        | 18,013                           |
| Foreign exchange reserve                           | (20,037)                              | -                                       | -                            | (20,037)                         |
| Other reserve                                      | 44,165                                | -                                       | -                            | 44,165                           |
| <b>Equity attributable to owners of the Parent</b> | <b>256,013</b>                        | <b>(5,568)</b>                          | <b>(750)</b>                 | <b>249,695</b>                   |
| Non-controlling interest                           | 2,858                                 | -                                       | -                            | 2,858                            |
| <b>Total equity</b>                                | <b>258,871</b>                        | <b>(5,568)</b>                          | <b>(750)</b>                 | <b>252,553</b>                   |

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**14. Disaggregation of the Restricted and Unrestricted groups (continued)**

| Cash Flows  | 12 months to 31 December 2016 |                                |                      |                         |
|---|-------------------------------|--------------------------------|----------------------|-------------------------|
|   | Restricted<br>Group<br>£'000  | Unrestricted<br>Group<br>£'000 | Elimination<br>£'000 | Total<br>Group<br>£'000 |
| <b>Operating activities</b>   |                               |                                |                      |                         |
| <b>Group operating profit</b>   | 15,140                        | (65,964)                       | -                    | <b>(50,824)</b>         |
| Increase in trade and other receivables   | (30,879)                      | (76,778)                       | -                    | <b>(107,657)</b>        |
| Increase in trade and other payables  | 30,123                        | 31,801                         | -                    | <b>61,924</b>           |
| Depreciation and amortisation (including acquisition intangible amortisation)                         | 25,633                        | 2,936                          | -                    | <b>28,569</b>           |
| Employee share-based payment  | 5,517                         | 1,084                          | -                    | <b>6,601</b>            |
| Exceptional items   | 1,495                         | 193                            | -                    | <b>1,688</b>            |
| Corporation tax payments  | (4,712)                       | (316)                          | -                    | <b>(5,028)</b>          |
| <b>Cash inflow/(outflow) from operating activities (prior to exceptional items)</b>                   | <b>42,317</b>                 | <b>(107,044)</b>               | <b>-</b>             | <b>(64,727)</b>         |
| Payments in respect of exceptional items  | (1,476)                       | -                              | -                    | <b>(1,476)</b>          |
| <b>Cash inflow/(outflow) operating activities (after exceptional items)</b>                           | <b>40,841</b>                 | <b>(107,044)</b>               | <b>-</b>             | <b>(66,203)</b>         |
| <b>Investing activities</b>   |                               |                                |                      |                         |
| Purchases of property, plant and equipment  | (10,522)                      | (8,170)                        | -                    | <b>(18,692)</b>         |
| Purchases of intangible assets  | (11,481)                      | (9,220)                        | -                    | <b>(20,701)</b>         |
| Acquisition of subsidiaries (net of cash acquired)  | (5,141)                       | -                              | -                    | <b>(5,141)</b>          |
| Finance income  | 278                           | 68                             | -                    | <b>346</b>              |
| <b>Cash outflow from investing activities</b>   | <b>(26,866)</b>               | <b>(17,322)</b>                | <b>-</b>             | <b>(44,188)</b>         |
| <b>Financing activities</b>   |                               |                                |                      |                         |
| Dividend paid to non-controlling interests  | (2,258)                       | -                              | -                    | <b>(2,258)</b>          |
| Acquisition of non-controlling interests  | (27,956)                      | -                              | -                    | <b>(27,956)</b>         |
| Borrowings (net of bank fees and costs)   | 26,000                        | 100,000                        | -                    | <b>126,000</b>          |
| Proceeds from issues of shares and other equity securities  | 34,116                        | -                              | -                    | <b>34,116</b>           |
| Loan to Unrestricted Group  | (60,116)                      | 60,116                         | -                    | <b>-</b>                |
| Interest, bank fees and related charges   | (16,974)                      | (23)                           | -                    | <b>(16,997)</b>         |
| <b>Cash (outflow)/inflow from financing activities</b>  | <b>(47,188)</b>               | <b>160,093</b>                 | <b>-</b>             | <b>112,905</b>          |
| <b>Net (decrease)/increase in cash and cash equivalents in the period (all continuing operations)</b> |                               |                                |                      |                         |
|   | (33,213)                      | 35,727                         | -                    | <b>2,514</b>            |
| Cash and cash equivalents at start of period  | 61,080                        | 68,469                         | -                    | <b>129,549</b>          |
| Effect of foreign currency exchange rates   | 3,622                         | (805)                          | -                    | <b>2,817</b>            |
| <b>Cash and cash equivalents at end of period</b>   | <b>31,489</b>                 | <b>103,391</b>                 | <b>-</b>             | <b>134,880</b>          |

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**14. Disaggregation of the Restricted and Unrestricted groups (continued)**

| Cash Flows   | 12 months to 31 December 2015 |                                |                      |                         |
|--|-------------------------------|--------------------------------|----------------------|-------------------------|
|  | Restricted<br>Group<br>£'000  | Unrestricted<br>Group<br>£'000 | Elimination<br>£'000 | Total<br>Group<br>£'000 |
| <b>Operating activities</b>  |                               |                                | -                    |                         |
| <b>Group operating profit/(loss)</b>   | 13,128                        | (5,720)                        | (750)                | 6,658                   |
| Increase in trade and other receivables  | (9,148)                       | (17,218)                       | -                    | (26,366)                |
| Decrease in trade and other payables   | (9,403)                       | 946                            | -                    | (8,457)                 |
| Depreciation and amortisation (including<br>acquisition intangible amortisation)               | 22,100                        | 1                              | -                    | 22,101                  |
| Employee share-based payment   | 4,213                         | 462                            | -                    | 4,675                   |
| Exceptional items  | 5,085                         | -                              | -                    | 5,085                   |
| Corporation tax payments   | (4,206)                       | -                              | -                    | (4,206)                 |
| <b>Cash inflow/(outflow) from operating<br/>activities (prior to exceptional items)</b>        | 21,769                        | (21,529)                       | (750)                | (510)                   |
| Payments in respect of exceptional items   | (4,418)                       | -                              | -                    | (4,418)                 |
| <b>Cash inflow/(outflow) operating activities<br/>(after exceptional items)</b>                | 17,351                        | (21,529)                       | (750)                | (4,928)                 |
| <b>Investing activities</b>  |                               |                                |                      |                         |
| Purchases of property, plant and equipment   | (8,218)                       | (1,110)                        | -                    | (9,328)                 |
| Purchases of intangible assets   | (13,276)                      | (2,892)                        | 750                  | (15,418)                |
| Acquisition of subsidiaries (net of cash acquired)   | (7,818)                       | -                              | -                    | (7,818)                 |
| Investment income  | 234                           | -                              | -                    | 234                     |
| <b>Cash outflow from investing activities</b>  | (29,078)                      | (4,002)                        | 750                  | (32,330)                |
| <b>Financing activities</b>  |                               |                                |                      |                         |
| Dividend paid to non-controlling interests   | (1,394)                       | -                              | -                    | (1,394)                 |
| Acquisition of non-controlling interests   | (30,896)                      | -                              | -                    | (30,896)                |
| Borrowings (net of bank fees and costs)  | 165,259                       | -                              | -                    | 165,259                 |
| Prefunding of the Unrestricted Group   | (94,000)                      | 94,000                         | -                    | -                       |
| Interest, bank fees and related charges  | (1,672)                       | -                              | -                    | (1,672)                 |
| <b>Cash inflow from financing activities</b>   | 37,297                        | 94,000                         | -                    | 131,297                 |
| <b>Net decrease in cash and cash equivalents in<br/>the period (all continuing operations)</b> | 25,570                        | 68,469                         | -                    | 94,039                  |
| Cash and cash equivalents at start of period   | 36,246                        | -                              | -                    | 36,246                  |
| Effect of foreign currency exchange rates  | (736)                         | -                              | -                    | (736)                   |
| <b>Cash and cash equivalents at end of period</b>  | 61,080                        | 68,469                         | -                    | 129,549                 |



**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**14. Disaggregation of the Restricted and Unrestricted groups (continued)**

| Cash Flows  | 3 months to 31 December 2016 |                                |                      |                         |
|---|------------------------------|--------------------------------|----------------------|-------------------------|
|   | Restricted<br>Group<br>£'000 | Unrestricted<br>Group<br>£'000 | Elimination<br>£'000 | Total<br>Group<br>£'000 |
| <b>Operating activities</b>   |                              |                                |                      |                         |
| <b>Group operating profit/(loss)</b>  | 3,839                        | (26,799)                       | -                    | <b>(22,960)</b>         |
| Increase in trade and other receivables   | (21,662)                     | (25,878)                       | -                    | <b>(47,540)</b>         |
| Increase in trade and other payables  | 13,361                       | 9,571                          | -                    | <b>22,932</b>           |
| Depreciation and amortisation (including<br>acquisition intangible amortisation)                              | 9,356                        | 1,550                          | -                    | <b>10,906</b>           |
| Employee share-based payment  | 1,525                        | 579                            | -                    | <b>2,104</b>            |
| Exceptional items   | 144                          | 193                            | -                    | <b>337</b>              |
| Corporation tax payments  | (832)                        | (316)                          | -                    | <b>(1,148)</b>          |
| <b>Cash inflow/(outflow) from operating activities<br/>(prior to exceptional items)</b>                       | <b>5,731</b>                 | <b>(41,100)</b>                | <b>-</b>             | <b>(35,369)</b>         |
| Payments in respect of exceptional items  | (736)                        | -                              | -                    | <b>(736)</b>            |
| <b>Cash inflow/(outflow) operating activities (after<br/>exceptional items)</b>                               | <b>4,995</b>                 | <b>(41,100)</b>                | <b>-</b>             | <b>(36,105)</b>         |
| <b>Investing activities</b>   |                              |                                |                      |                         |
| Purchases of property, plant and equipment  | (3,702)                      | (1,484)                        | -                    | <b>(5,186)</b>          |
| Purchases of intangible assets  | (1,023)                      | (4,167)                        | -                    | <b>(5,190)</b>          |
| Investment income   | 72                           | 5                              | -                    | <b>77</b>               |
| <b>Cash outflow from investing activities</b>   | <b>(4,653)</b>               | <b>(5,646)</b>                 | <b>-</b>             | <b>(10,299)</b>         |
| <b>Financing activities</b>   |                              |                                |                      |                         |
| Borrowings (net of bank fees and costs)   | -                            | 50,000                         | -                    | <b>50,000</b>           |
| Proceeds from issues of shares and other equity<br>securities   | (884)                        | -                              | -                    | <b>(884)</b>            |
| Loan to Unrestricted Group  | 884                          | (884)                          | -                    | <b>-</b>                |
| Interest, bank fees and related charges   | (7,951)                      | (23)                           | -                    | <b>(7,974)</b>          |
| <b>Cash (outflow)/inflow from financing activities</b>  | <b>(7,951)</b>               | <b>49,093</b>                  | <b>-</b>             | <b>41,142</b>           |
| <b>Net (decrease)/increase in cash and cash<br/>equivalents in the period (all continuing<br/>operations)</b> |                              |                                |                      |                         |
|   | (7,609)                      | 2,347                          | -                    | <b>(5,262)</b>          |
| Cash and cash equivalents at start of period  | 38,479                       | 103,251                        | -                    | <b>141,730</b>          |
| Effect of foreign currency exchange rates   | 619                          | (2,207)                        | -                    | <b>(1,588)</b>          |
| <b>Cash and cash equivalents at end of period</b>   | <b>31,489</b>                | <b>103,391</b>                 | <b>-</b>             | <b>134,880</b>          |

**PERFORM GROUP LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (UNAUDITED)**

**14. Disaggregation of the Restricted and Unrestricted groups (continued)**

| Cash Flows   | 3 months to 31 December 2015 |                                |                      |                         |
|--|------------------------------|--------------------------------|----------------------|-------------------------|
|  | Restricted<br>Group<br>£'000 | Unrestricted<br>Group<br>£'000 | Elimination<br>£'000 | Total<br>Group<br>£'000 |
| <b>Operating activities</b>  |                              |                                |                      |                         |
| <b>Group operating profit /(loss)</b>  | 4,849                        | (2,729)                        | (750)                | 1,370                   |
| Increase in trade and other receivables  | (3,503)                      | (6,484)                        | -                    | (9,987)                 |
| (Decrease)/increase in trade and other payables  | 267                          | (1,354)                        | -                    | (1,087)                 |
| Depreciation and amortisation (including<br>acquisition intangible amortisation)               | 6,474                        | 1                              | -                    | 6,475                   |
| Employee share-based payment   | 858                          | 462                            | -                    | 1,320                   |
| Exceptional items  | 2,100                        | -                              | -                    | 2,100                   |
| Corporation tax payments   | (485)                        | -                              | -                    | (485)                   |
| <b>Cash inflow/(outflow) from operating<br/>activities (prior to exceptional items)</b>        | 10,560                       | (10,104)                       | (750)                | (294)                   |
| Payments in respect of exceptional items   | (54)                         | -                              | -                    | (54)                    |
| <b>Cash inflow/(outflow) operating activities<br/>(after exceptional items)</b>                | 10,506                       | (10,104)                       | (750)                | (348)                   |
| <b>Investing activities</b>  |                              |                                |                      |                         |
| Purchases of property, plant and equipment   | (3,132)                      | (1,110)                        | -                    | (4,242)                 |
| Purchases of intangible assets   | (3,049)                      | (1,410)                        | 750                  | (3,709)                 |
| Investment income  | 85                           | -                              | -                    | 85                      |
| <b>Cash outflow from investing activities</b>  | (6,096)                      | (2,520)                        | 750                  | (7,866)                 |
| <b>Financing activities</b>  |                              |                                |                      |                         |
| Borrowings (net of bank fees and costs)  | 117,976                      | -                              | -                    | 117,976                 |
| Loan to unrestricted group   | (81,093)                     | 81,093                         | -                    | -                       |
| Interest, bank fees and related charges  | (442)                        | -                              | -                    | (442)                   |
| <b>Cash inflow from financing activities</b>   | 36,441                       | 81,093                         | -                    | 117,534                 |
| <b>Net decrease in cash and cash equivalents in<br/>the period (all continuing operations)</b> | 40,851                       | 68,469                         | -                    | 109,320                 |
| Cash and cash equivalents at start of period   | 19,663                       | -                              | -                    | 19,663                  |
| Effect of foreign currency exchange rates  | 566                          | -                              | -                    | 566                     |
| <b>Cash and cash equivalents at end of period</b>  | 61,080                       | 68,469                         | -                    | 129,549                 |