COMPANY REGISTRATION NO.

6324278

PERFORM GROUP LIMITED

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017

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OFFICERS AND PROFESSIONAL ADVISERS

Directors

Ashley Milton
John Gleasure
Jörg Mohaupt
Oliver Slipper
Paul Walker
Peter Williams
Simon Denyer
Thomas Harding

Registered Office

Sussex House
Plane Tree Crescent
Feltham
Middlesex
TW13 7HE

Solicitors

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

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

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

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London
EC4Y 1HS
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

PERFORM GROUP LIMITED

STRATEGIC REPORT

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

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

Review of the business

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

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

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

Content

The Group utilises its rights portfolio alongside its proprietary video, data, editorial and audio content, to deliver a range digital products. These products are licensed to online bookmakers, broadcasters, mobile operators and other media businesses around the world.

OTT ('DAZN')

In response to rapid changes in the consumption of sports and media content (for example, the shift from analogue and pay TV platforms to a range of digital devices, including smartphones, tablets and smart TVs) and increasing consumer demand for streamed sporting content, the Group launched its direct-to-consumer media subscription platform 'DAZN' in August 2016. During 2016 the Group launched DAZN in Germany, Switzerland, Austria ("DACH") and Japan. In August 2017 DAZN was subsequently launched in Canada.

Media

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

Financing

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

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, an entity in the Access Industries group, the Group's principal shareholder. Perform Investment Limited has utilised the Facility based on the funding requirements of the OTT business. The initial loan agreements were for a combined total of £100.0 million, which were subsequently amended in five extended agreements up to 2 October 2017 to take the combined total from £100.0 million to £510.0 million.

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. 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. None of the principal terms of the Shareholder Loan were altered as part of the amendment and extension. Refer to note 18 for further details.

STRATEGIC REPORT (CONTINUED)

Acquisitions

Scout7 Limited and Scout 7 Holdings Limited

On 11 October 2017, the Group acquired 100% of Scout7 Limited and Scout 7 Holdings Limited (collectively "Scout7") for consideration of £4.1 million. Scout7 is a UK based company that provides bespoke multi-platform scouting and recruitment solutions for sports clubs and federations. This acquisition brings together two market-leading products and will ensure that OptaPro remains at the forefront of professional sports analysis providing clubs with enhanced tools affecting on-pitch performance and their scouting processes.

Financial review and key performance indicators

The Group's revenue has increased £152.0 million (53.0%) to £438.6 million (2016: £286.6 million).

Revenue

	2017 £m	2016 £m	Movement £m
Content	**278.0**	197.1	80.9
Media	**58.9**	63.3	(4.4)
DAZN	**90.8**	8.7	82.1
Other	**10.9**	17.5	(6.6)
	438.6	286.6	152.0

Content revenue increased by £80.9 million to £278.0 million (2016: £197.1 million) due to broadcast revenue generated following the launch of the Group's strategic partnerships with WTA, FIBA and NFL ("the strategic partnerships") during the period. The Group has also continued to generate revenue from its Watch&Bet customers following a successful contract renewal process at the end of 2016, and from its RunningBall customers, with increased events coverage during 2017. Content revenue from the Group's Opta and Omnisport customers increased during the period and the Group expanded its OptaPro offering with the acquisition of Scout7 in October 2017.

Media revenue decreased by £4.4 million to £58.9 million (2016: £63.3 million) due to the closure of the US ePlayer business at the end of Q1 2017, and the benefit of the Euro Championships in Q3 2016, offset by continued strong growth in advertising revenue from owned and operated portals, including Goal.com, Sporting News, Mackolik, Soccerway and Spox.

DAZN revenue totalled £90.8 million (2016: £8.7 million) following the first full year of DAZN trading in DACH and Japan, and the launch in Canada during August 2017.

Other revenue fell £6.6 million to £10.9 million (2016: £17.5 million) principally as a result of the continued strategic exit from the Group's legacy technology services business. The business was fully exited as of July 2017.

Gross profit

Gross profit decreased £44.4 million to £77.8 million (2016: £122.2 million) due to the £152.0 million increase in revenue being offset by a £196.4 million increase in cost of sales. Cost of sales increased due to an increase predominantly in rights, marketing and product related costs related to the expansion of DAZN of £138.5 million (2016: £12.0 million) and a £57.9 million increase in rights revenue shares, editorial production and technological primarily costs driven by the launch of the strategic partnerships during the period to £210.3 million (2016: £152.4 million). As a result, gross margin decreased to 17.7% in 2017 (2016: 42.6%).

Administrative expenses

Administrative expenses increased £118.9 million to £291.9 million (2016: £173.0 million) due to the following:

- Costs related to the growth of DAZN increased £68.9 million to £114.7 million (2016: £45.8 million) predominantly representing staff costs;
- Content and production costs increased £17.6 million to £113.1 million (2016: £95.5 million) driven by the launch of the strategic partnerships during the year;
- Long term incentive schemes costs decreased £0.6 million to £6.0 million (2016: £6.6 million);
- Depreciation and amortisation costs increased £10.4 million to £39.0 million (2016: £28.6 million) mainly driven by additions to DAZN in 2016;
- Exceptional item costs increased £15.0 million to £16.7 million (2016: £1.7 million); and

Financial review and key performance indicators (continued)

Administrative expenses (continued)

- FX revaluation decreased £7.6 million to £2.4 million loss (2016: £5.2 million (gain)) due to the fluctuation in the Japanese Yen to Pound Sterling FX rate combined with the Group holding higher Japanese Yen denominated balances.

Exceptional items increased £15.0 million to £16.7 million (2016: £1.7 million) and include the following in 2017:

- £12.0 million of costs in relation to the closure of the US ePlayer business (2016: £nil) predominantly rights commitments;
- £3.9 million charge results from the net settlement of PAYE and NIC liabilities with HMRC (2016: £nil) arising from the tax treatment adopted on the Growth Securities Ownership Plans ("GSOP") incentive arrangements instituted in 2010 and 2013/2014;
- costs in relation to acquisition activities of £0.5 million (2016: £1.4 million);
- £0.2 million of dilapidation costs upon exit from property leases (2016: £nil);
- £nil remeasurement of the Mackolik acquisition related financial liability which was settled in Q2 2016 (2016: £0.2 million); and
- £nil foreign exchange gain or loss upon revaluation of deferred consideration in relation to Mackolik acquisition due to this being settled in Q2 2016 (2016: £0.1 million).

Operating loss

Operating loss increased £163.3 million to £214.1 million (2016: £50.8 million loss) as the £152.0 million additional revenues were offset by £141.1 million additional costs across cost of sales and administrative expenses (as explained above) of which £234.7 million (2016: £68.9 million) related to the expansion of DAZN. As a result, operating margin decreased to -48.8% in 2017 (2016: -17.7%).

Net finance costs

Net finance costs increased £22.2 million to £42.9 million (2016: £20.7 million) due to the following:

- interest, bank fees and related charges (including the amortisation of arrangement fees due on the Group's senior secured notes and revolving credit facility) increased £1.5 million to £20.0 million (2016: £18.5 million)
- interest on shareholder loan increased £21.9 million to £23.6 million (2016: £1.7 million) due to an increase in the underlying loan balance in the year to £510.0 million (2016: £100.0 million)
- less interest receivable increased £0.4 million to £0.7 million (2016: £0.3 million);
- £nil revaluation of foreign exchange hedge used to part fund the acquisition of the remaining 49% of Mackolik as this was settled in Q2 2016 (2016: £0.9 million gain).

All of the above has been offset by:

- £nil accretion of deferred consideration on the Mackolik acquisition due to this being settled in Q2 2016 (2016: £1.7 million);

Taxation

The tax charge for the year is £0.5 million (2016: £7.2 million charge). This includes a current tax charge of £5.7 million (2016: £3.7 million charge) and a deferred tax credit of £5.2 million (2016: £3.5 million charge). The higher current tax charge is due to the split of profits between different jurisdictions in the year. The deferred tax credit primarily arises from recognising deferred tax in respect of losses (£2.1 million) and unwinding the deferred tax liability in respect of acquisition intangibles (£2.0 million).

Loss after tax

Loss after tax for the year is £370.3 million (2016: £78.7 million loss). This loss derives from an operating loss for the year of £214.1 million (2016: £50.8 million loss), a tax charge for the year of £0.5 million (2016: £7.2 million charge), net finance costs of £42.9 million (2016: £20.7 million), and revaluation of the derivative liability of £112.7 million (2016: £nil) for the reasons set out above.

Financial review and key performance indicators (continued)

Cash outflow from operating activities (after exceptional items)

Cash outflows from operating activities increased £234.0 million to a £300.2 million outflow (2016: £66.2 million outflow). This was caused by an £81.5 million decrease in working capital to a £127.2 million net outflow (2016: £45.7 million net outflow) mainly driven by the prepayment of OTT media rights of £66.0 million. Additionally, the decrease in working capital was also driven by a £15.0 million investment in broadcast strategic partnerships in 2017. Exceptional payments increased by £6.9 million to £8.4 million (2016: £1.5 million) principally due to the closure of the US video business and net settlement of PAYE and NIC liabilities with HMRC.

Financing activities

Cash from financing activities increased £304.6 million to an inflow of £417.5 million (2016: £112.9 million inflow) with proceeds from borrowing increasing to £434.0 million (2016: £126.0 million) consisting of £410.0 million of shareholder loans and £24.0 million of RCF drawdown. These proceeds were offset by interest, bank fees and related charges of £16.5 million (2016: £17.0 million) constituting interest repayments on the Notes and the RCF. During the year no dividends were paid to non-controlling interests (2016: £2.2 million payment to non-controlling shareholders of Mackolik) and no payments were made to acquire non-controlling interests (2016: £28.0 million deferred consideration for Mackolik). Additionally, proceeds from issues of shares reduced to £nil (2016: £34.1 million).

Investing activities

Cash outflow from investing activities increased £8.2 million to £52.4 million (2016: £44.2 million) due to a £11.4 million increase in capital expenditure to £50.8 million (2016: £39.4 million) driven by the expansion of DAZN, offset by a £2.8 million decrease in acquisition of subsidiaries to £2.3 million (2016: £5.1 million).

Debt and liquidity

As at 31 December 2017 the Group had net debt of £558.3 million (2016: £161.5 million) representing cash of £197.6 million (2016: £134.9 million) offset by borrowings of £755.8 million (2016: £296.4 million).

Fixed assets

During the year the Group continued to capitalise expenditure on additions and improvements to its technical software as new products were developed. Total intangible asset additions were £24.4 million (2016: £21.8 million), which included capitalised internal staff costs of £11.9 million (2016: £9.9 million) and capitalised external development and software costs of £1.5 million (2016: £9.6 million). £14.6 million of intangible asset additions were in connection with the expansion of DAZN (2016: £8.9 million). The remainder of the additions included investment in the Group's content distribution and advertising products.

The Group continued its investment programme to update and improve the equipment used to support its technical hardware platform including continued investment in the live video delivery platform and invested £18.3 million during 2017 (2016: £13.9 million). In addition, the Group invested £7.2 million in land and buildings, leasehold improvements and furniture and fittings (2016: £4.6 million). Of the total amount invested in property, plant and equipment, £17.0 million (2016: £8.2 million) related to the expansion of DAZN.

Principal risks and uncertainties

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

In order to deliver and expand its range of services the Group needs to invest continuously in software development and technical hardware. This investment ensures that the Group remains able to provide an innovative, scalable technical platform and to deliver new and improved products to the market and its customers. The Group plans to maintain this investment to deliver new products and services, particularly across mobile devices.

The licensing of sports rights is critical to the success of the business. Such rights are usually licensed for periods of between three to five years. In some instances, rights are acquired for periods longer than the relevant revenue contracts.

The Directors monitor the level of this contract exposure and endeavour, wherever possible, to progress revenue contract renewal negotiations well before the contracts are due to terminate, thus limiting the financial risk of such exposure. Revenue contracts are also worded to ensure rights may be replaced with rights of similar value if a rights renewal is unsuccessful during the period of the relevant contract.

Principal risks and uncertainties (continued)

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

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

Risk	Impact and mitigating actions
Dependency on digital technologies and communications networks	The Group is dependent on third-party internet, mobile and other technology and service providers to deliver its products and services. However, the ultimate control of these platforms and technologies is outside of Management's control. The Group constantly monitors changes in technological trends which could affect the sustainability, usability and economic viability of its products and services to minimise the adverse impact that may result.
Rights costs and margin	There is strong competition from third parties for certain rights. Therefore, there is a risk that the Group will experience increased costs for those rights it acquires or either the Group is outbid for or chooses not to acquire certain rights it would like. The Group has a specific team focused on the acquisition and management of rights. Management continuously assesses the Group's requirements for rights-cleared content (including careful assessment of the economic viability of each set of rights) in order to ensure that it makes strategically appropriate and economically informed decisions. The Group has a highly-developed approach to the selection of rights and the scheduling of content in its services to ensure that value is derived from the rights purchases it makes.
Rights financing	The Group has significant commitments to acquire rights, particularly in the OTT business. In the medium term, the Group expects to fund these rights from operating cash flows. Until such time as the OTT business is fully established, the risk of funding such commitments is mitigated by shareholder support. Refer to the going concern section of the Director's report on page 8 and note 1.
Protection of the Group's content, brands and intellectual property	The digital ecosystem brings with it an inherent risk of content piracy and rights/IP infringement. If substantial piracy of certain of the Group's content were to occur this may diminish demand for or the value of some of the Group's services. The Group monitors infringement of its content, brands and intellectual property rights and continues to develop a range of strategies with which to respond where required.
Exchange risk	A significant portion of the Group's revenue and costs are in Euros, Dollars and Yen and the Group is increasingly exposed to trading in other currencies. Management prepare cash flow forecasts by currency and attempt, where appropriate to do so, to naturally hedge the Group's cash flow. Management will continue to carefully monitor the Group's cash flow and consider alternative arrangements if there is a material unhedged exposure.
Tax	Adverse changes in taxation could affect the Group's results and the Group could be exposed to a variety of tax risks in various countries. Management work closely with external tax advisers on an ongoing basis to mitigate tax risks.
Content liability	The Group may be subject to legal or regulatory proceedings if an item of content that the Group produces or handles breaches a third-party's rights, law or regulation. The Group requires that its editorial staff abide by an editorial code of practice. Content produced is reviewed against that code by its senior and managing editors prior to publication to ensure suitability for each geographical market it is published in.

Principal risks and uncertainties (continued)

Risk	Impact and mitigating actions
Personal data	The Group controls increasing quantities of personal data which requires adequate protection and management to ensure compliance with applicable laws. The Group continues to invest in the legal and regulatory compliance function and ensure we are in compliance with the new Global Data Protection Regulation. Management regularly assess the legal and regulatory requirements of the Group and adjust the level of resource as necessary.
Products	Constant technological and user behaviour changes necessitate that the Group engages in continuous and sometimes rapid product development. Management are highly focussed on ensuring that the Group makes maximum progress in this respect, but the Group's strategy or its product innovations may not be successful or may take longer to deliver to the market or monetise than anticipated. This could impact the Group's economic performance.
Brexit	The United Kingdom held a referendum on 23 June 2016, to determine whether they should leave the European Union ("EU") the outcome was in favor of leaving (known as "Brexit"). Until the United Kingdom ("UK") officially exits the EU, EU laws and regulations will continue to apply. There remains uncertainty as to how long it will take to negotiate a withdrawal agreement and what the terms of this agreement will be. Due to the size and importance of the UK economy, and the uncertainty and unpredictability concerning the UK's legal, political and economic relationship with Europe after they exit, there may continue to be instability in the market, significant currency fluctuations, and/or otherwise adverse effects on trading agreements or similar cross-border cooperation arrangements for the foreseeable future, including beyond the date that the United Kingdom ceases to be a Member State. In addition, the outcome of Brexit negotiations surrounding free movement of EU and UK nationals and any subsequent visa requirements may have an adverse effect on EU nationals' ability to work in the United Kingdom. Any of these factors or other events or consequences from Brexit described above may have a material adverse effect on our prospects, business, results of operations and financial condition.

Future developments

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

The Group has made a positive start to 2018, with January showing year-on-year growth in revenues.

Details of significant events since the balance sheet date are contained in note 31 to the consolidated financial statements.

Ashley Milton

Director

8 March 2018

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2017.

Future developments and events after the balance sheet date

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

Going concern

Having reviewed cash flow forecasts and budgets the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

The Group had cash balances of £197.6 million (2016: £134.9 million) at the year end, net current liabilities of £351.2 million (2016: £101.2 million net current assets) and net liabilities of £233.1 million (2016: £219.2 million net assets).

The Group continued the expansion of DAZN in 2017 with the launch of Canada during August 2017. As part of the investment phase in this exciting and significant growth opportunity, the Group has made significant commitments for the acquisition of critical content rights and development of the platform and product driving this growth phase. As at 31 December 2017, the Group had commitments to acquire rights of £2,586 million (2016: £2,548 million) of which £410.9 million is due in less than one year (2016: £315.3 million).

The Group has prepared a detailed financial forecast for the 5 year period to 2022. These forecasts indicate that, based on management's assumptions, the Group is likely to require significant additional funding during this period in order to discharge all obligations as they fall due.

The Group's principal shareholder, Access Industries ("Access"), has confirmed its current intention to continue to provide financial support to the Group to ensure that it has the necessary funding to complete its investment in DAZN and ensure that the Group and its subsidiaries meet their obligations as they fall due. This commitment is not legally binding. Additional funding may take the form of further direct investment from Access or other Shareholders and/ or from external sources. The Group has a good record of obtaining the necessary funding to support its investment and growth plans, including shareholder support if required, evidenced by the take-private of the Group in 2014 and the subsequent raising of both public and private debt between 2015 and 2017. The Directors of the Group have considered the likely availability of alternative funding sources, and are satisfied that the necessary cash flow resources will be available.

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

Financial risk management objectives and policies

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

Cash flow risk

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

Credit risk

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

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

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

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

Liquidity risk

The Group mitigates liquidity risk by ensuring that sufficient funds are available for ongoing operations and future developments. Refer to further detail on going concern on page 8.

Dividends

The Directors have not recommended the payment of a dividend in respect of 2017 (2016: £nil).

Directors

The Directors, who served throughout the year and to the date of signing, were as follows:

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

Directors' indemnities

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

Political contributions

No political contributions were made during the year (2016: £nil).

Disabled employees

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

Employee consultation

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

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

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

Ashley Milton
Director
8 March 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

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

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

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

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

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Perform Group Limited] (the 'Parent Company') and its subsidiaries (the 'Group') which comprise:

- the Consolidated income statement;
- the Consolidated statement of comprehensive income;
- the Consolidated and Parent Company statements of financial position;
- the Consolidated and Parent Company statements of changes in equity;
- the Consolidated statement of cash flows; and
- the related notes 1 to 31 to the Group financial statements and the related notes 1 to 10 to the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

M. R. Lee-Amies.

Mark Lee-Amies (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

8 March 2018

PERFORM GROUP LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
All results relate to continuing operations			
Revenue	1, 2, 3	**438,576**	286,564
Cost of sales		**(360,790)**	(164,383)
Gross profit		**77,786**	122,181
Administrative expenses		**(291,934)**	(173,005)
Group operating loss	4	**(214,148)**	(50,824)
Finance income	2, 6	**710**	346
Finance costs	7	**(43,625)**	(21,018)
Revaluation of option to convert loan to equity	19	**(112,689)**	-
Group loss before tax		**(369,752)**	(71,496)
Taxation charge	8	**(507)**	(7,216)
Group loss for the year		**(370,259)**	(78,712)
Group loss attributable to:			
Owners of the Parent		**(370,083)**	(79,716)
Non-controlling interests		**(176)**	1,004
		(370,259)	(78,712)

PERFORM GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 **£'000**	2016 £'000
Group loss for the year	**(370,259)**	(78,712)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations, goodwill and intangible assets held in foreign currencies	**1,455**	21,532
Total comprehensive loss for the year	**(368,804)**	(57,180)
Total comprehensive loss for the year attributable to:		
Owners of the Parent	**(368,628)**	(58,184)
Non-controlling interests	**(176)**	1,004
	(368,804)	(57,180)

PERFORM GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called-up share capital £'000	Share premium £'000	Merger relief reserve £'000	Capital redemption reserve £'000	Retained earnings/ Accumulated deficit £'000	Foreign exchange reserve £'000	Other reserves £'000	Equity attributable to owners of the Parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2016	7,356	68,323	93,533	38,342	18,013	(20,037)	44,165	249,695	2,858	252,553
(Loss)/profit for the year	-	-	-	-	(79,716)	-	-	(79,716)	1,004	(78,712)
FX on translating foreign operations, goodwill and intangible assets	-	-	-	-	-	21,532	-	21,532	-	21,532
Total comprehensive loss for the year	-	-	-	-	(79,716)	21,532	-	(58,184)	1,004	(57,180)
Payment of dividends to non-controlling interests	-	-	-	-	-	-	2,258	2,258	(2,258)	-
Issuance of option to convert loan to equity	-	-	-	-	(8,000)	-	-	(8,000)	-	(8,000)
Share capital / premium issued	129	33,987	-	-	-	-	-	34,116	-	34,116
Adjustment arising from change in non-controlling interest	-	-	-	-	(19,210)	-	19,169	(41)	(2,217)	(2,258)
Reclassification of distributable reserves	-	-	-	-	65,592	-	(65,592)	-	-	-
At 31 December 2016	**7,485**	**102,310**	**93,533**	**38,342**	**(23,321)**	**1,495**	**-**	**219,844**	**(613)**	**219,231**
Loss for the year	-	-	-	-	**(370,083)**	-	-	**(370,083)**	**(176)**	**(370,259)**
FX on translating foreign operations, goodwill and intangible assets	-	-	-	-	-	**1,455**	-	**1,455**	-	**1,455**
Total comprehensive loss for the year	-	-	-	-	**(370,083)**	**1,455**	-	**(368,628)**	**(176)**	**(368,804)**
Issuance of option to convert loan to equity (note 19)	-	-	-	-	**(83,566)**	-	-	**(83,566)**	-	**(83,566)**
At 31 December 2017	7,485	102,310	93,533	38,342	**(476,970)**	**2,950**	-	**(232,350)**	**(789)**	**(233,139)**

PERFORM GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Goodwill	9	**213,590**	203,243
Acquisition intangibles	10	**46,995**	54,277
Other intangible assets	11	**42,468**	34,022
Property, plant and equipment	12	**33,076**	23,923
Deferred tax asset	20	**8,945**	5,867
		345,074	321,332
Current assets			
Trade and other receivables	13	**54,832**	48,410
Prepayments and accrued income	14	**294,065**	157,672
Cash and cash equivalents	15	**197,568**	134,880
		546,465	340,962
Total assets		**891,539**	662,294
Current liabilities			
Trade and other payables	16	**(153,976)**	(124,302)
Derivative liability	19	**(204,255)**	(8,000)
Current borrowings	18	**(537,342)**	(103,609)
Current tax liabilities	8	**(2,121)**	(3,827)
		(897,694)	(239,738)
Net current (liabilities)/assets		**(351,229)**	101,224
Non-current liabilities			
Non-current borrowings	18	**(218,505)**	(192,817)
Deferred tax liability	20	**(8,479)**	(10,508)
		(226,984)	(203,325)
Total liabilities		**(1,124,678)**	(443,063)
Net (liabilities)/assets		**(233,139)**	219,231
Equity			
Called-up share capital	22	**7,485**	7,485
Share premium		**102,310**	102,310
Merger relief reserve		**93,533**	93,533
Capital redemption reserve		**38,342**	38,342
Accumulated deficit		**(476,970)**	(23,321)
Foreign exchange reserve		**2,950**	1,495
Equity attributable to owners of the Parent		**(232,350)**	219,844
Non-controlling interests	24	**(789)**	(613)
Total equity		**(233,139)**	219,231

The financial statements of Perform Group Limited, registered number 6324278, were approved by the Board of Directors and authorised for issue on 8 March 2018.

Signed on behalf of the Board of Directors

Ashley Milton
Director

PERFORM GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £'000	2016 £'000
Operating activities		
Group operating loss	**(214,148)**	(50,824)
Increase in trade and other receivables and prepayments	**(146,524)**	(107,657)
Increase in trade and other payables	**19,286**	62,758
Depreciation and amortisation (including acquisition intangible amortisation)	**39,008**	28,569
Employee long-term incentive schemes	**6,047**	6,601
Exceptional items	**16,664**	1,688
Long term incentive payments	**(5,329)**	(834)
Corporation tax payments	**(6,847)**	(5,028)
Payments in respect of exceptional items	**(8,377)**	(1,476)
Cash flow used in operating activities	**(300,220)**	(66,203)
Investing activities		
Purchases of property, plant and equipment	**(25,160)**	(18,692)
Purchase of intangible assets	**(25,626)**	(20,701)
Acquisition of subsidiaries (net of cash acquired)	**(2,345)**	(5,141)
Investment income	**710**	346
Cash flow used in investing activities	**(52,421)**	(44,188)
Financing activities		
Dividend paid to non-controlling interests	**-**	(2,258)
Acquisition of non-controlling interests	**-**	(27,956)
Borrowings	**434,000**	126,000
Proceeds from issues of shares (net of professional fees)	**-**	34,116
Interest charges paid	**(16,505)**	(16,997)
Cash flow from financing activities	**417,495**	112,905
Net increase in cash and cash equivalents in the year	**64,854**	2,514
Cash and cash equivalents at start of year	**134,880**	129,549
Effect of foreign currency exchange rates	**(2,166)**	2,817
Cash and cash equivalents at end of year	**197,568**	134,880

1. Accounting policies

General Information

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

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

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

Adoption of new and revised standards

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standard Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017 as follows:

Standard	Description	Effective Date
Amendments to IAS 7 (Jan 2016)	Disclosure initiative	1 January 2017
Amendments to IAS 12 (Jan 2016)	Recognition of deferred tax assets for unrealised losses	1 January 2017
Annual improvements to IFRS's: 2014-2016 cycle (Dec 2016)	Annual improvements to IFRS's: 2014-2016 cycle – IFRS 12 amendments	1 January 2017

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

New and Revised IFRSs in issue but not yet effective

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

Standard	Description	Effective Date
IFRS 9	Financial Instruments	1 January 2018
IFRS 15 including to IFRS 15 (April 2016)	Revenue from contracts with customers	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018
Amendments to IFRS 2 (June 2016)	Classification and measurement of share-based payment transactions	1 January 2018
Annual improvements to IFRS's: 2014-2016 cycle (Dec 2016)	Annual improvements to IFRS's: 2014-2016 cycle – IFRS 1 and IAS 28 amendments	1 January 2018
IFRS 16	Leases	1 January 2019
Amendments to IFRS 10 and IAS 28 (Sept 2016)	Sale or contribution of assets between and investor and it's associate or joint venture	Postponed
IFRIC 23	Uncertainty over income tax treatments	1 January 2019
Amendments to IFRS 9 (Oct 2017)	Prepayment features with negative compensation	1 January 2019
Amendments to IAS 28 (Oct 2017)	Long-term interests in associates and joint ventures	1 January 2019
Annual improvements to IFRS's: 2015-2017 cycle (Dec 2017)	Annual improvements to IFRS's: 2015-2017 cycle – IFRS 3, IFRS 11, IAS 12 and IAS 23 amendments	1 January 2019
IFRS 17	Insurance contracts	1 January 2021

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

1. **Accounting policies (continued)**

New and Revised IFRSs in issue but not yet effective (continued)

Management performed an impact assessment of IFRS 9, and whilst we are not required to adopt this standard until 1 January 2018, we found that the standard would have no material impacts on the recognition and accounting treatment of the Company's applicable Financial Assets as at 31 December 2017. We found that key Financial Assets would continue to be measured at amortised cost, and that impairment assessments under the Expected Loss Model would not result in materially different results to the impairment methodologies already adopted for the financial year ended 31 December 2017. Notwithstanding this, management will continue to monitor future credit risks associated with Trade Receivables and ensure that an Expected Credit Loss model is up to date and valid in line with IFRS 9.

We have performed an assessment of IFRS 15, the results of which indicate there will be no material impact on revenue recognition and related disclosures. Whilst we are not required to adopt this standard until 1 January 2018, the current year rights recognition has been matched with future revenues which is IFRS 15 compliant.

IFRS 16 will result in the Group's operating leases being recognised as an asset, along with a corresponding financial liability, on the balance sheet. The income statement will also be affected, with the operating lease expense being replaced by a combination of depreciation on the right of use asset and interest on the financial liability. IFRS 16 will be adopted on 1 January 2019. As part of the assessment, which will be completed during 2018, the Group will consider the transition options available under IFRS 16.

Basis of accounting

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

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

Basis of consolidation

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

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

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

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

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

1. Accounting policies (continued)

Basis of consolidation (continued)

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

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

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

Going concern

Having reviewed cash flow forecasts and budgets the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

The Group had cash balances of £197.6 million (2016: £134.9 million) at the year end, net current liabilities of £351.2 million (2016: £101.2 million net current assets) and net liabilities of £233.1 million (2016: £219.2 million net assets).

The Group continued the expansion of its OTT business in 2017 with the launch of Canada during August 2017. As part of the investment phase in this exciting and significant growth opportunity, the Group has made significant commitments for the acquisition of critical content rights and development of the platform and product ahead of the launch of the OTT business. As at 31 December 2017, the Group, as a whole, had commitments to acquire rights of £2,586 million (2016: £2,548 million) of which £410.9 million is due in less than one year (2016: £315.3 million).

The Group has prepared a detailed financial forecast for the 5 year period to 2022. These forecasts indicate that, based on management's assumptions, the Group is likely to require significant additional funding during this period in order to discharge all obligations as they fall due.

The Group's principal shareholder, Access Industries ("Access"), has confirmed its current intention to continue to provide financial support to the Group to ensure that it has the necessary funding to complete its investment in its OTT business and ensure that the Group and its subsidiaries meet their obligations as they fall due. This commitment is not legally binding. Additional funding may take the form of further direct investment from Access or other shareholders and/ or from external sources. The Group has a good record of obtaining the necessary funding to support its investment and growth plans, including shareholder support if required, evidenced by the take-private of the Group in 2014 and the subsequent raising of both public and private debt between 2015 and 2017. The Directors of the Group have considered the likely availability of alternative funding sources, and are satisfied that the necessary cash flow resources will be available.

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

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Acquisition-related costs are recognised in profit or loss as incurred.

1. **Accounting policies (continued)**

Business combinations (continued)

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

The subsequent accounting for changes in the fair value of the contingent and deferred consideration that do not qualify are recorded in the income statement.

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

Revenue recognition

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

- **Content**

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

  Content sales also relate to broadcast revenues, arising through the sale of the live TV and digital broadcasting rights for specific sports content within a defined territory, to a sports broadcaster. The Group acquires the right to sell these broadcast rights through strategic investments with key rightsholders. These strategic investments involve the Group underwriting the rightsholders global media rights (inclusive of broadcast rights), in exchange for control of the marketing, production, distribution and monetisation of these media rights across multiple platforms.

  Broadcast revenue is recognised on a gross basis as the Group is considered to be the principal. In determining the recognition of broadcast revenues, the Group recognises revenue in line with the services delivered to the customer (i.e. the broadcaster) either on an event, competition or seasonal basis, depending on the contractual terms agreed with the customer. The amount of revenue recognised can usually be determined by reference to the contract with the customer, which includes a detailed pricing schedule per event, competition or season, indicating the value of each of those services to the customer. In some instances, early payments or deposits may be received upfront, prior to commencement of any events. On these occasions, the value will not be directly observable as the deposit will not directly align to a competition. In these instances, the Group uses all relevant market conditions and information to allocate and recognise the overall transaction value across the contract term.

- **Media**

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

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

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

- **OTT**

  Subscription revenues are recognized rateably over each monthly subscription period. Revenues are presented net of the taxes that are collected from subscribers and remitted to governmental authorities. Deferred revenue consists of subscription fees billed that have not been recognized. Revenue shares to third parties related to subscription revenues are shown within cost of sales.

Accounting policies (continued)

Revenue recognition (continued)

- **OTT (continued)**

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

  The Group has entered into agreements where it has licenced the rights to show content to a third party in return for media value as a substitute for cash consideration.

  In such instances, as the goods exchanged are dissimilar in nature, the associated revenue and costs are measured at fair value of the goods or services received and recognised according to the delivery of the consideration over a period not exceeding the contractual term.

- **Other**

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

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

Content costs

The Group typically licenses the right (from sports associations, sports bodies, leagues or their agents or partners) to supply live sports content to online bookmakers and/or to supply aggregated non-exclusive video-on-demand (typically highlights) via the Group's embeddable video player (embedded on publisher websites) or distributed in a news feed (typically highlights). The group also acts as a global broadcast media partner in relation to its strategic partnerships and licenses the rights from the associated sports bodies in order to contract with broadcasters in local territories worldwide. This can often take the form of a revenue share or guaranteed commission to the associated sports bodies

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

The Group recognises an expense for sports streaming rights to cost of sales, based on the forecast consumption of the economic benefits of the rights, over a period not exceeding the contractual period. The value of the rights return is assessed by reference to the Content revenues, both recognised and projected, over the contractual period of the rights.

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

Exceptional items

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

Items which may be included within this category include:

- those directly relating to acquisition activity including earn-out related incentive arrangements classified as remuneration, changes to the assessment of acquisition-related financial liabilities, consultancy, legal, finance and other professional adviser costs that otherwise would not have been incurred had the acquisition not occurred;
- acquisition integration costs including dual-running costs, contracts identified as onerous as a consequence of integration decisions, consultancy, redundancy, and project management and related costs (which may include those of employed staff specifically engaged to assist the integration of acquisitions);

Accounting policies (continued)

Exceptional items (continued)

- reorganisation and restructuring costs including dual-running costs, contracts identified as onerous as a consequence of reorganisation or restructuring decisions, consultancy redundancy, and project management and related restructuring costs (which may include those of employed staff specifically engaged for a limited period of time to assist the management of reorganisations and restructures);
- significant gains/losses arising on foreign exchange assets or liabilities relating to non-trading items such as contingent consideration or bank loans; and
- other particularly significant or unusual items which may include but are not limited to profits or losses on disposal or termination of operations or assets, litigation costs and settlements.

Leases

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

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

Foreign currencies

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to pounds sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

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

Borrowings

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

Taxation

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

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

1. **Accounting policies (continued)**

Taxation (continued)

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

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

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

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

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they:

(i) relate to income taxes levied by the same taxation authority and

(ii) the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

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

Freehold land – indefinite life

Internet hosting platform – three years

Office furniture and equipment – three years

Leasehold improvements – three years

Motor vehicles – three years

Intangible assets – computer software development

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

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

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

1. Accounting policies (continued)

Intangible assets – computer software development (continued)

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

Intangible assets – other

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

Trademarks and domain names – twenty years

Customer relationships – three to twelve years

Information technology architecture – three to twelve years

Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its goodwill, tangible and intangible assets and intangible assets not yet available for use to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit/product to which the asset belongs.

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

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

Financial instruments

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

Financial liability and equity

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

Derivative financial instruments

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

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

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

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

1. Accounting policies (continued)

Trade receivables and other receivable financial assets

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

Cash and cash equivalents

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

Trade and other payables

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

Long-term incentive schemes

Cash-settled payments to employees are measured at the fair value of the instrument at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of long-term incentive transactions are set out in note 25.

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

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

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

Pension

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

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

Commitment to acquire content rights

The Group has commitments to acquire sports content rights. As at 31 December 2017 these commitments total £2,586 million (2016: £2,548 million). The Directors do not consider this commitment to be a financial liability as this commitment relates to future payments for future sporting events that the Group has acquired the right to stream. For the reasons set out above and as the organiser declares it waives the exercise of its own rights to stream the sport, the Group does not consider it meets the criteria for recognition of an intangible asset nor does it consider it has a financial liability in accordance with IAS 39 until the sporting event has been delivered.

1. Accounting policies (continued)

Critical judgements in applying the Group's accounting policies

Internally generated software and research

Management monitors progress of internal software development projects by using a project management system. Significant judgement is required in distinguishing whether such development should be recognised as an expense or capitalised. Development costs are recognised as an asset when all the relevant criteria are met. Where this is not the case costs are not capitalised and are written off as incurred.

The Group's Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems or developments after the time of recognition. See note 11 to the consolidated financial statements.

Key sources of estimation uncertainty

The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. Where a source of uncertainty has been discussed above it has not been duplicated below.

Shareholder loan

In connection with the Shareholder Loan received from AI International S.á.r.l, as described further in notes 18 and 19, 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 and is required to be held on the balance sheet at fair value. The assumptions used in the various valuation techniques described in note 19(f) are subject to sensitives such that a reasonable change in the unobservable assumptions could result in an increase or decrease in the maximum derivative value

Forecasted revenues for OTT and Content

The recognition of content rights costs for the OTT and Content business is based upon the expected consumption of the economic benefit, over a period not exceeding the contractual period. As the Group has limited historical experience in OTT subscription revenue and its strategic partnership revenues within the Content business, there is significant judgment over when the value of the rights will be returned, being predominantly the forecasting of subscription and content revenues over the terms of the rights agreements (up to 10 years). As at 31 December 2017, the Group held a prepayment of £205.3 million (2016: £87.1 million) in respect of content rights costs for the OTT business and £40.8 million in relation to the Content business (2016: £39.6 million). The Group's has performed a sensitivity analysis which demonstrated that a 5% reduction in the future OTT and Content business revenues would result in an additional rights cost in the current reporting period of £6.2 million (with a corresponding increase in the prepayment in respect of content rights related to the OTT and Content businesses).

The Group amortises its payments for sports streaming rights to cost of sales, based on a weighting of when the value of the rights will be returned, over a period not exceeding the contractual period. Whilst in substance the sports rights are intangible assets, given their nature they are not capable of recognition as an intangible asset until the sports event occurs, at which time an asset is capable of recognition.

In the case of rights for live events or highlights that are generally viewed live or very soon after the event and unlike a film or TV programming are generally viewed significantly less as time passes after the original event the Group has considered whether there is any residual value to such video-on-demand offerings and concluded that any value would be minimal and not material.

2. Revenue

	2017 £'000	2016 £'000
Revenue as disclosed in the consolidated income statement	**438,576**	286,564
Finance income	**710**	346
Total revenue as defined in IAS 18	**439,286**	286,910

3. Divisional business analysis

Geographical revenue information for the years ended 31 December 2017 and 2016 is presented below:

	United Kingdom £'000	Europe £'000	Asia Pacific £'000	Americas £'000	Middle East and Africa £'000	Total £'000
2017						
Content	**75,410**	**90,797**	**62,369**	**32,208**	**17,171**	**277,955**
Media	**13,020**	**24,382**	**7,144**	**11,486**	**2,828**	**58,860**
OTT	**-**	**33,951**	**54,321**	**2,551**	**-**	**90,823**
Other	**8,698**	**-**	**-**	**1,565**	**675**	**10,938**
Total revenue	**97,128**	**149,130**	**123,834**	**47,810**	**20,674**	**438,576**

	United Kingdom £'000	Europe £'000	Asia Pacific £'000	Americas £'000	Middle East and Africa* £'000	Total £'000
2016						
Content	64,129	88,551	25,259	10,787	8,358	197,084
Media	13,219	23,798	7,605	15,970	2,682	63,274
OTT	-	5,380	3,297	-	-	8,677
Other	10,932	122	883	4,060	1,532	17,529
Total revenue	88,280	117,851	37,044	30,817	12,572	286,564

* Middle East and Africa is a combination of Middle East, North Africa and Rest of the World in 2016.

4. Operating loss

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

	2017 £'000	2016 £'000
Rentals payable under operating leases	**8,958**	4,558
Impairment loss recognised on trade receivables	**1,086**	4,824
Net foreign exchange loss/(gain)	**2,399**	(5,170)
Research and development costs	**10,199**	3,203
Long-term incentive schemes	**6,047**	6,602
Depreciation of property, plant and equipment	**16,263**	9,900
Amortisation of intangible assets	**16,002**	12,304
Amortisation of acquisition intangibles	**6,743**	6,365

Operating loss also includes the following exceptional items:

	2017 £'000	2016 £'000
Exceptional costs in relation to closure of the US ePlayer	**11,976**	-
Dilapidation costs upon exit from property leases	**248**	-
HMRC settlement in relation to Growth Securities Ownership Plans incentive arangements	**3,942**	-
Costs in relation to the Group's acquisitions	**498**	1,383
Re-measurement of acquisition-related financial liability	**-**	154
FX revaluation of acquisition-related financial liability	**-**	151
	16,664	1,688

Exceptional items of £16.7 million were recognised in the year (2016: £1.7 million) relating to the following:

- £12.0 million of costs in relation to the closure of the US ePlayer business (2016: £nil) predominantly rights commitments;
- £0.2 million of dilapidation costs upon exit from property leases (2016: £nil);
- £3.9 million results from the net settlement of PAYE and NIC liabilities with HMRC (2016: £nil) arising from the tax treatment adopted on the Growth Securities Ownership Plans ("GSOP") incentive arrangements commenced in 2010 and 2013/2014;
- costs in relation to restructuring activities of £0.5 million (2016: £1.4 million);
- £nil remeasurement of the Mackolik acquisition related financial liability which was settled in Q2 2016 (2016: £0.2 million); and
- £nil foreign exchange gain or loss upon revaluation of deferred consideration in relation to Mackolik acquisition due to this being settled in Q2 2016 (2016: £0.2 million).

4. Operating loss (continued)

The analysis of auditor's remuneration is as follows:

	2017 £'000	2016 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**365**	276
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	**35**	92
Total audit fees	**400**	368
Fees payable to the Group's auditors for other services:		
Tax compliance services	**407**	398
Tax advisory services	**317**	416
Corporate finance services	**217**	-
Other assurance services	**132**	-
Other services	**29**	22
Total non-audit fees	**1,102**	836
Total fees payable to the Group's auditor	**1,502**	1,204

5. Staff costs

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

	2017 Nos.	2016 Nos.
Business development and sales	**110**	109
Account management and marketing	**168**	142
Production	**1,237**	994
Technology	**615**	487
Administration and management	**315**	254
Total	**2,445**	1,986

Employee costs (including Executive Directors) were:

	2017 £'000	2016 £'000
Wages and salaries	**87,455**	61,793
Social security costs	**14,127**	10,593
Pension costs	**2,189**	2,072
Payments in respect of long-term incentive schemes	**6,047**	6,602
Total	**109,818**	81,060

5. Staff costs (continued)

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

	2017 £'000	2016 £'000
Wages and salaries	**4,499**	4,514
Social security costs	**868**	624
Pension costs	**119**	92
Payments in respect of long-term incentive schemes	**2,404**	507
Total	**7,890**	5,737

During 2017 the Directors considered 16 individuals to be key (2016: 16) (including Executive and Non-Executive Directors).

Directors' Remuneration was:

	2017 £'000	2016 £'000
Emoluments	**2,006**	1,720
Company contributions to defined contribution pension schemes	**51**	41
Payments in respect of long-term incentive schemes	**971**	182
Total	**3,028**	1,943

The number of Directors who:

	2017 Nos.	2016 Nos.
Are members of a defined contribution pension scheme	**4**	4
Had payments in respect of long-term incentive schemes	**4**	3

Remuneration of the highest paid director:

	2017 £'000	2016 £'000
Emoluments	**765**	549
Company contributions to money purchase pension schemes	**24**	20
Payments in respect of long-term incentive schemes	**359**	97

6. Finance income

	2017 £'000	2016 £'000
Interest receivable	**710**	346

Finance income primarily relates to bank interest receivable.

7. Finance costs

	2017 £'000	2016 £'000
Interest on bank overdrafts and loans	**17,590**	15,783
Interest on shareholder loan	**23,615**	1,666
Amortisation of arrangement fees and other bank charges and finance costs	**2,420**	2,697
Accretion of deferred consideration	**-**	1,741
Total underlying interest and related costs	**43,625**	21,887
Exceptional finance costs:		
Revaluation gain on foreign exchange hedge	**-**	(869)
Total finance costs	**43,625**	21,018

Finance costs of £43.6 million were recognised in the year (2016: £21.0 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 £20.0 million (2016: £18.5 million);
- interest on Shareholder Loan of £23.6 million (2016: £1.7 million); refer to notes 18 and 19 for further details;
- £nil accretion of deferred consideration on the Mackolik acquisition which was settled in Q2 2016 (2016: £1.7 million);
- £nil revaluation of foreign exchange hedge (2016: £0.9 million gain).

8. Taxation

	2017 £'000	2016 £'000
Current tax:		
UK current tax (credit)/charge at 19.25% (2016: 20.0%)	**(547)**	109
Adjustment in respect of prior years	**161**	(155)
Foreign tax:		
Overseas current tax charge	**3,767**	3,930
Adjustment in respect of prior years	**1,575**	(745)
Withholding tax	**717**	605
Deferred tax:		
Origination or reversal of temporary differences	**(1,861)**	3,688
Impact of changes in tax rates	**(489)**	237
Adjustment in respect of prior years	**(2,816)**	(453)
Tax charge for the year	**507**	7,216

UK corporation tax is calculated at 19.25% (2016: 20.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions. The charge for the year can be reconciled to the profit before tax in the Consolidated Income Statement as follows:

	2017 £'000	2016 £'000
Loss before tax	**(369,752)**	(71,496)
Tax at weighted average UK corporation tax rate of 19.25% (2016: 20.0%)	**(71,177)**	(14,299)
Effects of:		
Amounts not deductible in determining taxable profit	**22,006**	265
Prior year adjustments	**(1,080)**	(1,353)
Change in UK tax rate on deferred tax balances	**440**	339
Different tax rates of subsidiaries operating in other jurisdictions	**(1,672)**	(1,675)
Non-recognition of losses	**45,138**	22,988
Other unrecognised deferred tax	**6,135**	345
Withholding tax	**717**	605
Tax charge	**507**	7,216

A reduction in the UK corporation tax rate from 20.0% to 19.0% was effective from 1 April 2017. A further reduction to the corporation tax rate to 17.0% (effective from 1 April 2020) was substantively enacted as at 31 December 2017. This will reduce future current tax charges accordingly. The deferred tax asset in respect of UK timing differences at 31 December 2017 has been calculated based on the rate of 17.0% being the rate expected to be in force at the time the losses are anticipated to be utilised.

9. Goodwill

	£'000
Cost and net book value	
At 1 January 2016	189,073
Additions	1,222
Retranslation of goodwill of foreign operations at closing rate	12,948
At 31 December 2016	**203,243**
Additions	**3,702**
Retranslation of goodwill of foreign operations at closing rate	**6,645**
At 31 December 2017	**213,590**

The Group has identified three cash-generating unit ("CGU") for impairment testing purposes for 2017 being Content, Media and other.

The carrying amount of goodwill allocated to Content at 31 December 2017 is £193.5 million (2016: £184.0 million). The carrying amount of goodwill allocated to Media at 31 December 2017 is £18.4 million (2016: £18.0 million), and £1.8 million of other goodwill (2016: £1.2 million). No goodwill has been allocated to the OTT business (2016: £nil).

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

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

Recoverable amounts for the cash-generating units were calculated using cash flows calculated for five years as forecast and approved by Management. For all CGU's, a long-term growth rate of 3.0% (2016: 2.5%) was applied in order to extrapolate cash flow projections beyond this period into perpetuity. For both CGU's, the cash flows were discounted using a pre-tax discount rate of 9.5% (2016: 10.0%). In determining the discount rate, management applied judgement in respect of several factors which included assessing the risk attached to the future cash flows and making reference to the capital asset pricing model (the "CAPM") to determine the pre-tax discount rate. Management gave consideration to the selection of appropriate inputs to the CAPM, which included the risk free rate, the equity risk premium and a measure of systematic risk.

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

- A decrease of 20.0% on the long term growth rate;
- An increase in the discount rate of 2.0%; and
- A decrease of 5.0% on forecast EBITDA over the term.

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

In addition, the CGU with the least headroom is the Media CGU, for which the Group has applied a further sensitivity scenario in order to assess the sensitivity of the discounted cash flows to a change in EBITDA growth and to the value in use terminal value. The sensitivity analysis indicated that a 5.0% reduction in the Media EBITDA combined average growth rate ("CAGR") would result in a 24.6% reduction in headroom of value in use over carrying value for the Media CGU, with no impairment required.

10. Acquisition intangibles

	Trademarks and domain names £'000	Information technology architecture £'000	Customer relationships £'000	Other £'000	Total £'000
Cost					
At 1 January 2016	22,698	23,938	27,929	2,295	76,860
Opening balance reclassification in respect of foreign currency revaluation	(98)	389	(4,621)	73	(4,257)
Additions	-	-	528	-	528
Effect of movement in foreign exchange	3,250	2,911	1,697	331	8,189
At 31 December 2016	25,850	27,238	25,533	2,699	81,320
Effect of movement in foreign exchange	**(1,291)**	**666**	**(25)**	**98**	**(552)**
At 31 December 2017	**24,559**	**27,904**	**25,508**	**2,797**	**80,768**
Accumulated amortisation					
At 1 January 2016	4,308	9,062	8,612	590	22,572
Opening balance reclassification in respect of foreign currency revaluation	(1,188)	(707)	(2,382)	20	(4,257)
Charge for the year	1,380	2,745	2,154	86	6,365
Effect of movement in foreign exchange	531	1,144	558	130	2,363
At 31 December 2016	5,031	12,244	8,942	826	27,043
Charge for the year	**1,370**	**2,940**	**2,260**	**173**	**6,743**
Effect of movement in foreign exchange	**(254)**	**277**	**(58)**	**22**	**(13)**
At 31 December 2017	**6,147**	**15,461**	**11,144**	**1,021**	**33,773**
Net book value					
At 31 December 2016	20,819	14,994	16,592	1,872	54,277
At 31 December 2017	**18,412**	**12,443**	**14,364**	**1,767**	**46,995**

Individually significant acquisition-related intangibles included:

- Goal.com trademarks and domain names which had a carrying value of £7.0 million at 31 December 2017 (2016: £8.3 million) and a remaining useful economic life of 15 years (2016: 16 years);
- Opta trademarks and domain names which had a carrying value of £3.8 million at 31 December 2017 (2016: £4.0 million) and a remaining useful economic life of 15 years (2016: 16 years);
- Sporting News trademarks and domain names which had a carrying value of £3.5 million at 31 December 2017 (2016: £4.0 million) and a remaining useful economic life of 15 years (2016: 16 years);
- RunningBall information technology architecture which had a carrying value of £9.6 million at 31 December 2017 (2016: £11.2 million) and a remaining useful economic life of 5 years (2016: 6 years);
- RunningBall customer relationship intangibles which had a carrying value of £6.2 million at 31 December 2017 (2016: £6.9 million) and a remaining useful economic life of 7 years (2016: 8 years); and
- Opta customer relationship intangibles which had a carrying value of £6.4 million at 31 December 2017 (2016: £7.3 million) and a remaining useful economic life of 7 years (2016: 8 years).

11. **Other intangible assets**

	Computer software development £'000
Cost	
At 1 January 2016	50,746
Additions	21,784
At 31 December 2016	**72,530**
Additions	**24,448**
At 31 December 2017	**96,978**
Accumulated amortisation	
At 1 January 2016	26,158
Charge for the year	12,304
Effect of movement in foreign exchange	46
At 31 December 2016	**38,508**
Charge for the year	**16,002**
At 31 December 2017	**54,510**
Net book value	
At 31 December 2016	34,022
At 31 December 2017	**42,468**

Included within additions to computer software development in 2017 is £11.9 million (2016: £9.9 million) of capitalised internal staff costs.

12. Property, plant and equipment

	Freehold land £'000	Internet hosting platform £'000	Office furniture and equipment £'000	Leasehold improvements £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2016	290	31,953	3,338	5,257	42	40,880
Additions	-	13,902	78	4,507	-	18,487
Effect of movement in foreign exchange	-	529	187	221	-	937
At 31 December 2016	290	46,384	3,603	9,985	42	60,304
Additions	-	**18,264**	**627**	**6,544**	-	**25,435**
Disposals		-	**(3)**	**(60)**		**(63)**
Effect of movement in foreign exchange	-	**(145)**	**(7)**	**(140)**	-	**(292)**
At 31 December 2017	**290**	**64,503**	**4,220**	**16,329**	**42**	**85,384**
Accumulated depreciation						
At 1 January 2016	-	21,350	2,429	2,236	38	26,053
Charge for the year	-	6,948	488	2,460	4	9,900
Effect of movement in foreign exchange	-	235	118	75	-	428
At 31 December 2016	-	28,533	3,035	4,771	42	36,381
Charge for the year	-	**11,888**	**408**	**3,967**	-	**16,263**
Disposals	-	-	**(1)**	**(22)**	-	**(23)**
Effect of movement in foreign exchange	-	**(151)**	**(2)**	**(160)**	-	**(313)**
At 31 December 2017	-	**40,270**	**3,440**	**8,556**	**42**	**52,308**
Net book value						
At 31 December 2016	290	17,851	568	5,214	-	23,923
At 31 December 2017	**290**	**24,233**	**780**	**7,773**	-	**33,076**

13. Trade and other receivables

	2017 £'000	2016 £'000
Gross trade receivables	**52,675**	46,937
Provision for impairment of trade receivables	**(3,847)**	(3,870)
Net trade receivables	**48,828**	43,067
Other receivables	**6,004**	5,343
Total trade and other receivables	**54,832**	48,410

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

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

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

	2017 £'000	2016 £'000
At 1 January	**3,870**	897
Additional provision	**1,046**	4,824
Utilisation of provision	**(1,069)**	(1,851)
At 31 December	**3,847**	3,870

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

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

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

	2017 £'000	2016 £'000
Not more than three months	**15,330**	15,001
More than three months but not more than six months	**4,668**	4,378
More than six months but not more than a year	**450**	3,612
More than one year	**1,635**	1,918
Total	**20,083**	24,909

The average credit period taken is 44 days (2016: 60 days).

Unimpaired trade receivables past due have a natural contra with trade payables of £1.5 million (2016: £2.2 million). These are payable to the same entity from which such unimpaired receivables past due are receivable.

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

14. Prepayments and accrued income

Prepayments and accrued income balances are set out below:

	2017 £'000	2016 £'000
Prepayments for acquiring content and rights	**246,155**	126,752
Unbilled advertising, distribution and technology related revenues	**33,103**	21,614
Other prepaid costs	**14,807**	9,306
	294,065	157,672

15. Cash and cash equivalents

	2017 £'000	2016 £'000
Cash	**197,568**	134,880

Cash was held in a variety of interest bearing accounts.

Net debt

	2017 £'000	2016 £'000
Cash and cash equivalents	**197,568**	134,880
Borrowings (refer to note 18)	**(755,847)**	(296,426)
Net debt	**(558,279)**	(161,546)

16. Trade and other payables

	2017 £'000	2016 £'000
Trade payables	**24,604**	21,885
Accruals	**93,694**	62,976
Deferred income	**30,727**	36,313
Other creditors	**4,951**	3,128
	153,976	124,302

The average credit period taken for trade purchases is 25 days (2016: 49 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

17. Acquisition-related financial liabilities

The acquisition-related deferred consideration was settled in the second quarter of 2016. The following table shows the 2016 acquisition-related deferred consideration recorded in the 2016 financial statements for comparative purposes:

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

18. Borrowings

	2017 £'000	2016 £'000
Current borrowings	**537,342**	103,609
Non-current borrowings	**218,505**	192,817
	755,847	296,426

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% (2016: 8.5%) senior secured notes (The "Notes") due 2020. On the same date, certain members of the Group entered into a new multi-currency revolving credit facility of £50.0 million (the "RCF") (and together with the Issuance of the Notes, the "Refinancing Transactions"). The RCF incurs an interest comprised of a fixed and floating portion. The floating interest rate is determined by reference to the Libor rate.

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 2017 is £5.9 million (2016: £8.0 million). Interest of £1.9 million (2016: £1.9 million) has also accrued but not been paid at 31 December 2017. The carrying value of borrowings is presented net of fees but includes accrued interest.

The Group drew down the remaining £24.0 million under the RCF in two tranches in April and October 2017 respectively to fund the expansion of the core business. The RCF was subject to directly attributable fees of £1.0 million, the carrying value of the fees as at 31 December 2017 was £0.6 million (2016: £0.8 million).

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

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

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 has utilised the Facility based on the funding requirements of the OTT business. The initial loan agreements were for a combined total of £100.0 million, which were subsequently amended in five extended agreements up to 2 October 2017 to take the combined total from £100.0 million to £510.0 million which is the amount outstanding at the year end.

The amount drawn down has been presented within current borrowings on the balance sheet. The Facility attracts an interest rate of 8.0% (2016: 8.0%), which is compounded annually. 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. None of the principal terms of the Shareholder Loan were altered as part of the amendment and extension.

Refer to note 19 for further details of the derivative over own equity instrument identified from the Shareholder Loan transaction.

19. Financial risk management

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

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

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

a) Capital risk

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

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

The primary reason for the Group to raise debt or equity is to finance investment in DAZN, its OTT offering launched in 2016.

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

The Group had a negative gearing ratio of 324.2% at 31 December 2017 (2016: 135.2% positive). The ratio has increased in the year due to borrowings to fund the expansion of the OTT Business.

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

	2017 **£'000**	2016 £'000
Debt	**755,847**	296,426
Equity	**(233,139)**	219,231
Debt to equity ratio	**-324.2%**	135.2%

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

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

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

19. Financial risk management (continued)

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

Categories of financial instruments

	2017 £'000	2016 £'000
Financial assets		
Cash and cash equivalents	**197,568**	134,880
Trade and other receivables	**54,832**	48,410
Prepayments and accrued income	**294,065**	157,672
Financial liabilities		
Trade and other payables	**(153,976)**	(124,302)
Derivative liability	**(204,255)**	(8,000)
Current borrowings	**(537,342)**	(103,609)
Non-current borrowings	**(218,505)**	(192,817)

b) Currency risk

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

	Euro £'000	US Dollar £'000	Japanese ¥ £'000	Other currencies £'000	Total £'000
2017					
Financial assets	**99,115**	**67,246**	**162,035**	**20,081**	**348,477**
Financial liabilities	**(21,762)**	**(28,410)**	**(7,840)**	**(9,662)**	**(67,674)**
Total exposure	**77,353**	**38,836**	**154,195**	**10,419**	**280,803**
2016					
Financial assets	24,912	21,168	43,671	12,337	102,087
Financial liabilities	(17,170)	(7,958)	(4,887)	(1,818)	(31,834)
Total exposure	7,742	13,210	38,784	10,519	70,253

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

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

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

	2017			2016		
	US Dollar £'000	**Euro £'000**	**Japanese ¥ £'000**	US Dollar £'000	Euro £'000	Japanese ¥ £'000
Net profit	**2,781**	**(2,354)**	**(4,640)**	3,654	1,471	3,280
Equity	**6,853**	**13,650**	**27,211**	(401)	12,878	(3,033)

19. Financial risk management (continued)

Currency risk (continued)

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

	2017			2016		
	US Dollar £'000	**Euro £'000**	**Japanese ¥ £'000**	US Dollar £'000	Euro £'000	Japanese ¥ £'000
Net profit	**(2,055)**	**1,755**	**3,429**	(2,700)	(1,087)	(2,424)
Equity	**(5,066)**	**(10,089)**	**(20,112)**	297	(9,519)	2,242

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

c) Interest rate risk

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

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

d) Credit risk

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

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

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

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

19. Financial risk management (continued)

e) Liquidity risk

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

As at 31 December 2017 and 2016, the Group's undiscounted non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

31 December 2017	Current within 6 months £'000	Current 6 to 12 months £'000	Non-current 1 to 5 years £'000	Non-current later than 5 years £'000
Trade payables	24,604	-	-	-
Senior secured notes	-	-	175,000	-
Interest on senior secured notes	7,438	7,438	29,749	-
Revolving credit facility	-	-	50,000	-
Interest and repayment of Shareholder Loan	535,282	-	-	-
	567,324	7,438	254,749	-

31 December 2016	Current within 6 months £'000	Current 6 to 12 months £'000	Non-current 1 to 5 years £'000	Non-current later than 5 years £'000
Trade payables	21,885	-	-	-
Senior secured notes	-	-	175,000	-
Interest on senior secured notes	7,438	7,438	44,625	-
Revolving credit facility	-	-	26,000	-
Interest and repayment of Shareholder Loan	101,666	-	-	-
	130,989	7,438	245,625	-

e) 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 senior secured notes have a carrying value of £169.1 million (2016: £167.0 million) and a fair value of £180.9 million (2016: £176.2 million) as at 31 December 2017.

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.

19. Financial risk management (continued)

f) Financial instruments fair value disclosure (continued)

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

	2016 £'000
1 January	31,547
Re-measured	154
Unwind of discount	1,741
Payment	(33,593)
Foreign exchange	151
31 December	-

In connection with the Shareholder Loan received from AI International S.á.r.l, as described further in note 18, the Company granted its immediate parent company, AI Perform Holdings LLP, an option to convert the loan to equity, subject to certain conditions. The option to convert to equity feature meets the definition of a derivative over own equity, a Level 3 financial instrument. Derivatives embedded in other financial instruments are carried on the balance sheet at fair value from the inception of the host contract. The Group has accounted for the initial fair value of the derivative as a current liability, with a corresponding debit being recording in equity, within the profit and loss reserve account. Any subsequent revaluation of the derivative liability has been 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 the derivative is calculated by discounting the maximum derivative value by a return on equity discount factor of 11% (2016: 11%) and conversion probability factor of 10% (2016: 10%).

For derivative liabilities issued during 2016, the maximum derivative value was calculated by reference to a recent equity transaction. Regarding derivative liabilities issued during the year ended 31 December 2017, the maximum derivative value is calculated through the use of multiple valuation techniques including trading comparables ("TC") and discounted cash flows ("DCF") to triangulate the valuation assessment. The TC assessment involves the use of certain observable inputs including peer share prices and reference to the Group's previously listed prices before de-listing in 2014. The DCF assessment involves the use of certain unobservable inputs such as the weighted average cost of capital (range: 9% to 16%), revenue compound average growth rate ("CAGR") assumptions by division (range: 15% to 120%) as derived from the five-year forecast up to 2022, approved by the Group Directors, and terminal value multipliers (range: 3% to 4%).

The assumptions used in the various valuation techniques described above are subject to sensitives such that a reasonable change in the unobservable assumptions could result in up to 15% increase or decrease in the maximum derivative value, which would result in an increase or decrease in the revaluation of option to convert loan to equity recognised through profit and loss of up to £72.9 million.

The table below is a reconciliation of the derivatives over own equity measurements for the year ended 31 December 2017:

	2017 £'000	2016 £'000
1 January	**8,000**	-
Issuance of option to convert loan to equity recognised through accumulated deficit	**83,566**	8,000
Revaluation of option to convert loan to equity recognised through profit and loss	**112,689**	-
31 December	**204,255**	8,000

20. Deferred tax

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

	2017 £'000	2016 £'000
Deferred tax assets	**8,945**	5,867
Deferred tax liabilities	**(8,479)**	(10,508)
	466	(4,641)
Deferred tax movement		
1 January	**(4,641)**	38
Credit/(charge) to Consolidated Income Statement	**5,166**	(3,472)
Effect of movement in foreign exchange	**(59)**	(1,207)
31 December	**466**	(4,641)

	At 31 December 2017 £'000	At 31 December 2016 £'000
Analysis of deferred tax		
Capital allowances in excess of depreciation	**3,381**	2,662
Share-based payments	**1,013**	954
Losses	**4,319**	2,250
Acquisition intangibles	**(8,479)**	(10,508)
Other	**232**	-
Total	**466**	(4,641)

In addition to the amounts set out above the Group has an unrecognised deferred tax asset at 31 December 2017 of £60.6 million (2016: £23.9 million) relating to trading losses, £6.3 million relating to capital losses (2016: £6.3 million) and £4.7 million relating to corporate interest restriction (2016: £nil). The Directors have considered cash-flow forecasts and budgets for future years showing profitability and top line growth for the UK entities within the Group. As at 31 December 2017 deferred tax assets in respect of losses have been recognised to the extent that brought forward losses are expected to be recoverable.

No deferred tax liability is recognised in respect of temporary timing differences of £1.5 million (2016: £0.8 million) relating to unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

21. Changes in liabilities from financing activities

	1 January 2017 £'000	Financing cashflows (i) £'000	Equity component of convertible notes £'000	Other changes (ii) £'000	31 December 2017 £'000
Senior secured notes	168,926	-	-	2,058	170,984
Revolving credit facility	25,263	24,000	-	318	49,581
Interest and repayment of Shareholder Loan	101,666	410,000	-	23,616	535,282
Derivative financial liability	8,000	-	196,255	-	204,255
	303,855	434,000	196,255	25,992	960,102

(i) The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) Other charges include interest accruals and payments.

22. Share capital

	2017 £'000	2016 £'000
Authorised, issued, allotted and fully paid		
A Ordinary shares of 2 and 7/9ths pence each	6,432	6,432
M Ordinary shares of 2 and 7/9ths pence each	924	924
I Ordinary shares of 2 and 7/9ths pence each	-	-
Z Ordinary shares of 2 and 7/9ths pence each	129	129
	7,485	7,485

	2017 '000	2016 '000
Authorised, issued, allotted and fully paid		
A Ordinary shares of 2 and 7/9ths pence each	231,539	231,539
M Ordinary shares of 2 and 7/9ths pence each	33,274	33,274
I Ordinary shares of 2 and 7/9ths pence each	5	5
Z Ordinary shares of 2 and 7/9ths pence each	4,635	4,635
	269,453	269,453

The Company's share capital has of three classes of voting 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.

23. Other reserves

	2017 £'000	2016 £'000
1 January	-	44,165
Payments of dividends to non-controlling interests	-	2,258
Adjustment arising from change in non-controlling interest*	-	19,169
Reclassification of distributable reserves	-	(65,592)
31 December	-	-

* The remaining shares of Mackolik were purchased on 16 May 2016; therefore, any profit previously contained within other reserves has been moved into retained earnings.

24. Non-controlling interests

	2017 £'000	2016 £'000
Perform Media Sales Japan KK*	(789)	(613)
	(789)	(613)

* Subsequent to the year end, on 23 February 2018, the Group purchased the non-controlling interest in Perform Media Sales Japan KK.

25. Long-term incentive schemes

A total charge relating to the Group's long-term incentive schemes of £6.0 million (2016: £6.6 million) has been included in the income statement for the year ended 31 December 2017.

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

The amount of the cash awards 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, the total of which ended in April 2017. As such charges have been recognised in respect of these cash replacement schemes of £0.4 million for the year ended 31 December 2017 (2016: £2.4 million).

Furthermore, the Group put in place long-term cash-based schemes in April 2015, April 2016 and April 2017 that will vest in April 2018, April 2019 and April 2020 respectively. The amount of the payment will be determined by the level of business performance against revenue and Adjusted 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 £5.6 million in the year ended to 31 December 2017 (2016: £4.2 million).

In 2015 Company issued 5,450 "I shares", a new class of non-voting share, to certain members of its senior management. Each I share only secures ownership rights or economic benefits in the event that certain growth and other criteria are met. The fair value of each I share at grant was calculated using a Black Scholes valuation model, in accordance with IFRS 2. The overall fair value determined in accordance with IFRS 2 is £0.2 million and is being charged to the income statement over the three and a half year vesting period to November 2018. As such a charge of £0.1 million has been recognised in respect of this scheme in the year to 31 December 2017 (2016: £0.1 million)

26. Acquisitions

Scout7 Limited and Scout 7 Holdings Limited

On 11 October 2017, the Group acquired 100% of Scout7 Limited and Scout 7 Holdings Limited (collectively "Scout7") for cash consideration of £4.1 million. Scout7 is a UK based company that provides bespoke multi-platform scouting and recruitment solutions for sports clubs and federations. This acquisition brings together two market-leading products and will ensure that OptaPro remains at the forefront of professional sports analysis providing clubs with enhanced tools affecting on-pitch performance and their scouting processes. Of the cash consideration £0.4 million of net assets were recognised and £3.7 million of goodwill.

27. Commitments

(a) Operating leases

As at 31 December 2017, the Group had total outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 **£'000**	2016 £'000
Within one year	**9,679**	6,545
In the second to fifth years inclusive	**22,779**	14,403
After five years	**15,578**	4,403
	48,036	25,351

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

(b) Rights commitments

As at 31 December 2017, the Group had total outstanding commitments to acquire sports content rights as follows:

	2017 **£'000**	2016 £'000
Within one year	**410,935**	315,327
In the second to fifth years inclusive	**1,167,512**	914,602
After five years	**1,007,336**	1,317,696
	2,585,783	2,547,625

28. 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.à.r.l, an entity in the Access Industries group, the Group's principal shareholder. Perform Investment Limited has utilised the Facility based on the funding requirements of the OTT business. The initial loan agreements were for a combined total of £100.0 million, which were subsequently amended in five extended agreements up to 2 October 2017 to take the combined total from £100.0 million to £510.0 million. 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. 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. None of the principal terms of the Shareholder Loan were altered as part of the amendment and extension.
- During the year ended 31 December 2016, the Group issued an unsecured personal loan of £370,000 to a Director of one of the Group's subsidiary companies. The loan does not attract interest and is not repayable for a period of at least 24 months from the balance sheet date. The total loan amount was outstanding at the end of the reporting period.
- In November 2015, an affiliate of Access Industries purchased £25 million aggregate principal amount of the 2020 Notes from the initial purchasers.

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

29. Contingent liabilities

There were no material contingent liabilities at the year-end (2016: £nil).

30. Ultimate controlling party

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

The registered office of AI Perform Holdings LLP is 6th Floor, Marble Arch House, 66 Seymour Street, London, W1H 5BT. Copies of AI Perform Holdings LLP consolidated financial statements will be available from Companies House.

31. Post balance sheet events

- On 23 February 2018 the Group purchased the non-controlling interest in Perform Media Sales Japan KK.
- Subsequent to the end of the reporting period, on 26 February 2018, the Shareholder Loan was amended and restated from £510.0 million to £542.0 million. £32.0 million of which was drawn down on 1 March 2018, in addition to the £410.0 million drawn down in 2017. None of the principal terms of the Shareholder Loan were altered as part of the amendment and restatement.

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

PERFORM GROUP LIMITED

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Investments in subsidiaries	2	**355,753**	355,753
Deferred tax asset		**692**	563
		356,445	356,316
Current assets			
Trade and other receivables	3	**62,217**	42,583
Cash and cash equivalents		**850**	195
		63,067	42,778
Total assets		**419,512**	399,094
Current liabilities			
Trade and other payables	4	**(71,131)**	(57,615)
Derivative liability	5	**(204,255)**	(8,000)
		(275,386)	(65,615)
Net current liabilities		**(212,319)**	(22,837)
Non-current liabilities			
Amounts owed to Group undertakings		**(41,620)**	(31,455)
		(41,620)	(31,455)
Total liabilities		**(317,006)**	(97,070)
Net assets		**102,506**	302,024
Equity			
Called-up share capital	6	**7,485**	7,485
Share premium		**102,310**	102,310
Merger relief reserve		**93,533**	93,533
Capital redemption reserve		**38,342**	38,342
(Accumulated deficit)/retained earnings		**(139,164)**	60,354
Equity attributable to owners of the Company		**102,506**	302,024

The Company had a loss for the year of £116.0 million (2016: £7.3 million loss).

The financial statements of Perform Group Limited, registered number 6324278, were approved by the Board of Directors and authorised for issue on 8 March 2018.

Signed on behalf of the Board of Directors

Ashley Milton
Director

PERFORM GROUP LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017

	Issued share capital £'000	Share premium £'000	Merger relief reserve £'000	Capital redemption reserve £'000	(Accumulated deficit) /retained earnings	Total equity £'000
At 31 December 2015	7,356	68,323	93,533	38,342	75,606	283,160
Loss for the year	-	-	-	-	(7,252)	(7,252)
Share capital/premium issued in the year	129	33,987	-	-	-	34,116
Issuance of option to convert loan to equity (note 5)	-	-	-	-	(8,000)	(8,000)
Total comprehensive profit/(loss) for the year	129	33,987	-	-	(15,252)	18,864
At 31 December 2016	7,485	102,310	93,533	38,342	60,354	302,024
Loss for the year	-	-	-	-	**(115,952)**	**(115,952)**
Issuance of option to convert loan to equity (note 5)	-	-	-	-	**(83,566)**	**(83,566)**
Total comprehensive loss for the year	-	-	-	-	**(199,518)**	**(199,518)**
At 31 December 2017	**7,485**	**102,310**	**93,533**	**38,342**	**(139,164)**	**102,506**

1. Accounting policies

Perform Group Limited is a private company incorporated in the England and Wales under the Companies Act. The address of the registered office is Sussex House, Plane Tree Crescent, Feltham, Middlesex, TW13 7HE. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

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

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

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

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

Exemptions

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

The Company had a loss for the year of £116.0 million (2016: £7.3 million loss).

Going concern

Having reviewed cash flow forecasts and budgets for the year ahead the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. Refer to Note 1 of the consolidated financial statements for further details.

Investments in subsidiaries

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

1. Accounting policies (continued)

Critical judgements in applying the Company's accounting policies

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

Key sources of estimation uncertainty

The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Shareholder loan

In connection with the Shareholder Loan received from AI International S.á.r.l, as described further in note 18 of the consolidated group financial statements, 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 and is required to be held on the balance sheet at fair value. The assumptions used in the various valuation techniques, described in note 19(f) of the consolidated group financial statements, are subject to sensitives such that a reasonable change in the unobservable assumptions could result in an increase or decrease in the maximum derivative value.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2. Investments in subsidiaries

	2017 £'000	2016 £'000
Investments in subsidiaries	**355,753**	355,753

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

Details of the Company's subsidiaries at 31 December 2017 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

Subsidiaries:	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
Direct holdings of the Company			
Perform Sports Media Limited	100%	Holding company	Hanover House, Plane Tree Crescent, Feltham, Middlesex, TW13 7BZ ('Hanover House')
Indirect holdings of the Company			
Perform Media Services Limited	100%	Digital sports media	Sussex House, Plane Tree Crescent, Feltham, TW13 7HE, UK ('Sussex House')
Perform Group Financing PLC	100%	Holding company	Hanover House
Perform Media Sales Limited	100%	Online advertising and sponsorship sales	Sussex House
Perform Media Channels Limited	100%	Digital sports media	Sussex House
Perform Investment Limited	100%	Digital sports media	Hanover House
Perform SCA Limited	100%	Digital sports media	Hanover House
Perform Marketing Services Limited	100%	Digital sports media	Hanover House
Perform Netherlands BV	100%	Holding company	Prins Bernhardplein 200, Het Amstelgebouw 9th floor, 1097 JB Amsterdam, The Netherlands ('Prins Bernhardplein')
Watchandtrade Limited	100%	Digital sports media	21F Enterprise Road, Bangor, County Down, BT19 7TA
Fantasy iTeam Investments Limited	100%	Dormant	Hanover House
Fantasy iTeam Ltd	100%	Digital sports media	Hanover House
Scout 7 Holdings Limited	100%	Digital sports media	Hanover House
Scout7 Limited	100%	Digital sports media	Hanover House
Opta Sports Data Limited	100%	Sports data provider	Sussex House
Classic Sport Limited	100%	Dormant	Sussex House
Willow TV (UK) Limited	100%	Dormant	Sussex House
Pangorights Limited	100%	Dormant	Hanover House
Perform South America Limited	50%	Holding company	Hanover House
PFPSA B.V.	50%	Holding company	Prins Bernhardplein
PSN Holdco Limited	100%	Holding company	Hanover House
Perform Sporting News Limited	100%	Digital sports media	Sussex House
PSN Midco, Inc.	100%	Holding company	c/o United Corporate Services, Inc., 874 Walker Rd., Suite C, Dover, Delaware 19904

2. **Investments in subsidiaries (continued)**

	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
Indirect holdings of the Company (continued)			
Perform Sporting News (1) LLC	100%	Digital sports media	120 W. Morehead Street, Charlotte, NC, 28202 ('Morehead Street')
Perform Sporting News (2) LLC	100%	Digital sports media	Morehead Street'
Perform Investment Brands Limited	100%	Holding company	Hanover House
Perform Investment Japan Holdco Limited	100%	Holding company	Hanover House
Perform Investment Germany Holdco Limited	100%	Holding company	Hanover House
Perform Investment Japan KK	100%	Digital sports media	4F Cross Place Hamamatsucho, 1-7-6 Shibakoen, Minato-ku, Tokyo 105-0011, Japan ('Cross Place')
Perform Investment Germany GmbH	100%	Digital sports media	Münchener Str. 101, 85737 Ismaning, Germany
Perform Investment Canada Inc.	100%	Digital sports media	99 Bank Street, Suite 1420, Ottawa, Ontario, K1P 1H4, Canada
PIMGSA LLP	50%	Digital sports media	C/O Dorsey & Whitney (Europe) Llp, 199 Bishopsgate, London, EC2M 3UT, England
Perform Media Asia Pte Limited	100%	Digital sports media	137 Telok Ayer Street, #04-01, Singapore, 068602
Perform Media Inc.	100%	Digital sports media	28 Liberty Street, Fl., 25th, New York, NY 10005
Perform Media Spain S.L.U	100%	Digital sports media	Avenida General Perón, 38, 6° Puerta 3, 28020 Madrid, Spain
Perform Media Sweden AB	100%	Digital sports media	Grant Thornton Sweden AB, Box 7623, 103 94 Stockholm
Perform Media Services SRL	100%	Digital sports media	Via Manuzio 7, 20124, Milano
Perform Media Services Nigeria Limited	100%	Digital sports media	235 Ikorodu Road, Ilupeju, Lagos
Perform Media Poland SP .z.oo	100%	Digital sports media	Poland, Katowice, Francuska street No. 34
Perform Group South Africa Proprietary Limited	100%	Digital sports media	Central Office Park Unit 4, 257 Jean Avenue, Centurion, Gauteng, 0157
Perform Media France S.á.r.l	100%	Digital sports media	29 rue du Pont, 92200, Neuilly-sur-Seine, France
Activaweb SAS	100%	Digital sports media	29 rue du Pont, 92200, Neuilly-sur-Seine, France
Perform Media Norway AS	100%	Digital sports media	Ullevaal Sadion, Sognsveien 75F, 0855 Oslo, Norway

PERFORM GROUP LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2. **Investments in subsidiaries (continued)**

	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
Indirect holdings of the Company (continued)			
Voetbalzone B.V	100%	Digital sports media	Het Amstelgebouw 9th floor, Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands
Opta Sports S.A.	100%	Sports data provider	Avenida General Perón, 38, 6° Puerta 3, 28020 Madrid, Spain
Opta Sports Data SRL	100%	Sports data provider	64, 36061 Bassano del Grappa (Vicenza) Italy
Opta Sports Data Inc.	100%	Sports data provider	28 Liberty Street, Fl., 25th, New York, NY 10005
Valles Profundos SA	100%	Sports data provider	1134, Esquina Maldonado, Montevideo, 1120, Uruguay
Mediasports Digital GmbH	100%	Online advertising and sponsorship sales	Beta-Straße 9a, 85774 Unterföhring ('Beta-Straße')
Sportal GmbH	100%	Digital sports media	Beta-Straße
Perform Media Deutschland GmbH	100%	Digital sports media	Beta-Straße
Kontertaktik GmbH	100%	Digital sports media	Beta-Straße
Perform Media Services Germany GmbH	100%	Digital sports media	Beta-Straße
RunningBall AG	100%	Sports data provider	Baarerstrasse 63, 6300 Zug ('Baarerstrasse')
RunningBall Sports Information GmbH	100%	Sports data provider	Plabutscherstrasse 63, 8051 Graz
RunningBall SDN BHD	100%	Sports data provider	2-3-11, 3'd Floor, Menara, KLH Business Centre, No. 2, Jalan Kasipillay, Off Jalan Ipoh, 51200 Kuala Lumpur.
RunningBall Services & Consulting Limited	100%	Sports data provider	Frema House 9, Constantinou Paparigopoulou, office/flat 202, 3106 Limassol, Cyprus
RunningBall Informacao Desportiva Unipessoal LDA	100%	Sports data provider	Rua Cristovao Pinho Queimado, N° 33, Piso 1, Loja C. Aveiro, Portugal
Perform Media Australia Pty Limited	100%	Digital sports media	Level 16, 100 William Street, Darlinghurst, NSW, 2010, Australia
Perform Digital Media Canada Inc.	100%	Digital sports media	51 Wolseley Street, Toronto, Ontario, M5T 1A4, Canada
Perform Media NZ Pty Limited	100%	Digital sports media	19 Graham Street, Auckland, New Zealand

2. Investments in subsidiaries (continued)

	Proportion of all classes of issued share capital owned by the Company	Principal activity	Registered Office
Indirect holdings of the Company (continued)			
Sportal India Private Ltd	100%	Digital sports media	1st Floor Siddhi Vinayak Chambers, R. P. MARG, OPP. M.I.G. Cricket Club, Bandra East, Mumbai, Maharashtra, India 400051
Global Sports Media BV	100%	Digital sports media	Prins Bernhardplei 200, 1097JB Amsterdam
Perform Media (India) Private Limited	100%	Digital sports media	City Trade Center, 3rd Floor, Opp. City Hospital, Kadri, Mangalore – 575003, Karnataka, India
Perform Media Japan KK	100%	Digital sports media	Cross Place
Perform Media Sales Japan KK	70%	Digital sports media	Cross Place
Perform Media Sales LLC	100%	Digital sports media	Tsvetnoy Boulevard 2, Moscow, Russian Federation, 127051
Goal.com (HoldCo) SA	100%	Digital sports media	25b Boulevard Royal, L-2449 Luxembourg
Mackolik Internet Hitzmetleri Ticaret A.S.	100%	Digital sports media	Zühtüpaşa mahk. Şefik Bey Sokak No:1 Kadıköy, Istanbul
Goal.com North America Inc.	100%	Digital sports media	28 Liberty Street, Fl., 25th, New York, NY 10005
Perform Media Brazil Servicos Limitada	100%	Digital sports media	Rua Joaquim Floriano, no 243, cj.113 Itaim Bibi, Sao Paolo - SP, 04534010
P Media and Sales Mexico S. de R.L	100%	Digital sports media	Avenida San Jerónimo, Número 700, Colonia San Jerónimo Lidice, Delegación Magdalena Contreras, C.P. 10400, Ciudad de México, México
Perform Media Argentina Srl	100%	Digital sports media	Tucuman 1, 4th floor, Buenos Aires

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

2. Investments in subsidiaries (continued)

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

Company name	Company registration number
Perform SCA Limited	9675485
Perform South America Limited	8276031
Opta Sports Data Limited	4199651
PSN Holdco Limited	9479148
Perform Sporting News Limited	8426667
Perform Media Sales Limited	5160606
WatchandTrade Limited	NI601169
Fantasy iTeam Investments Limited	9579008
Fantasy iTeam Ltd	7170098
Scout 7 Holdings Limited	4261282
Scout7 Limited	4182379
Perform Investment Japan Holdco Limited	10110436
Perform Investment Germany Holdco Limited	10110432

3. Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	-	195
Amounts owed by Group undertakings	61,828	42,316
Prepayments and accrued income	85	54
Other taxes and social security	304	18
	62,217	42,583

4. Trade and other payables

	2017 £'000	2016 £'000
Trade creditors	21	2
Amounts owed to Group undertakings	66,507	46,372
Accruals and deferred income	4,603	11,241
	71,131	57,615

5. Derivative liability

Refer to the derivative liability as disclosed in note 19 of the consolidated financial statements.

6. Share capital

Share capital is disclosed in note 22 to the consolidated financial statements.

7. Employee and director costs

The average monthly number of employees was 12 (2016: 12), which is comprised entirely of directors and key management personnel. Employee costs were:

	2017	2016
	£'000	£'000
Wages and salaries	**2,427**	2,307
Social security costs	**303**	279
Pension costs	**96**	126
Charge for long-term incentive schemes	**585**	1,390
Total	**3,411**	4,102

8. Long-term incentive schemes

During the year the Company recognised a charge of £0.6 million (2016: £1.4 million). For further disclosure of the Group's long-term incentive schemes refer to note 25.

9. Subsequent events

Subsequent events are disclosed in note 31 to the consolidated financial statements.

10. Ultimate controlling party

The ultimate controlling party is disclosed in note 30 to the consolidated financial statements.