COMPANY REGISTRATION NO. 6324278

# PERFORM GROUP LIMITED

## QUARTERLY FINANCIAL REPORT

## FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017

# PERFORM GROUP LIMITED
# QUARTERLY FINANCIAL REPORT

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# PERFORM GROUP LIMITED
# QUARTERLY FINANCIAL REPORT

## DISCLAIMER

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

## INTRODUCTION

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

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

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

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

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

The condensed consolidated financial statements contained within this report set out the financial condition and results of the Group, which comprises both the Restricted and Unrestricted Groups. A dis-aggregation of the Group between the Restricted and Unrestricted Groups is set out in note 16. Management's discussion and analysis of the financial condition and results of operations of the Restricted Group is set out below.

**PERFORM GROUP LIMITED**
**QUARTERLY FINANCIAL REPORT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

**Overview**

Perform Group Limited is pleased to announce its results for the quarter ended 30 September 2017.

Perform is a global market leader in the commercialisation of multimedia sports content across multiple Internet-enabled digital platforms. Perform uses proprietary content collection, production and distribution capabilities, alongside industry-leading digital products, to generate revenue through a mix of licensing content, media (display and video based advertising and sponsorship), and, to a lesser extent, technology and production service fees. Perform's portfolio of digital sports media rights serves as the basis for its content business, its OTT business and parts of its media business. Perform seeks to use long-standing relationships with rights owners to acquire rights to a broad portfolio of sporting leagues, tournaments and events with differing schedules to drive its business.

**Commentary on results**

The following discussion of the Restricted Group's financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes, in particular the disaggregation of the Group's total financial condition and results between the Restricted and Unrestricted Group set out in note 16.

***Income Statement***

| | 3 months ended | | | LTM |
|---|---|---|---|---|
| | **30 September 2017 £m** | 30 September 2016 £m | Movement £m | **30 September 2017 £m** |
| **Revenue** | **114.3** | 73.4 | 40.9 | **350.8** |
| Cost of sales | **(67.8)** | (36.8) | (31.0) | **(191.5)** |
| **Gross profit** | **46.5** | 36.6 | 9.9 | **159.3** |
| Administrative expenses | **(43.1)** | (32.6) | (10.5) | **(159.7)** |
| **Group operating profit/(loss)** | **3.4** | 4.0 | (0.6) | **(0.4)** |
| Analysed as: | | | | |
| **Adjusted EBITDA** | **16.0** | 12.3 | 3.7 | **51.1** |
| Exceptional items | **(4.1)** | - | (4.1) | **(16.4)** |
| Long-term incentive schemes | **(1.2)** | (1.5) | 0.3 | **(5.0)** |
| **EBITDA** | **10.7** | 10.8 | (0.1) | **29.7** |
| Amortisation and depreciation | **(5.4)** | (4.0) | (1.4) | **(23.0)** |
| Acquisition-related amortisation | **(1.9)** | (2.8) | 0.9 | **(7.1)** |
| **Group operating profit/(loss)** | **3.4** | 4.0 | (0.6) | **(0.4)** |
| Net finance costs | **(104.0)** | (1.8) | (102.2) | **(106.0)** |
| **Group (loss)/profit before tax** | **(100.6)** | 2.2 | (102.8) | **(106.4)** |
| Tax (charge)/credit | **(1.2)** | 0.2 | (1.4) | **(3.4)** |
| **Group (loss)/profit after tax** | **(101.8)** | 2.4 | (104.2) | **(109.8)** |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

*Revenue*

| | **3 months ended** | | | **LTM** |
|---|---|---|---|---|
| | **30 September 2017 £m** | 30 September 2016 £m | Movement £m | **30 September 2017 £m** |
| Content | **91.6** | 50.7 | 40.9 | **257.6** |
| Media | **15.0** | 16.7 | (1.7) | **64.9** |
| Other | **7.7** | 6.0 | 1.7 | **28.3** |
| | **114.3** | 73.4 | 40.9 | **350.8** |

Revenue increased by £40.9 million to £114.3 million for the three months ended 30 September 2017 ("Q3 2017") from £73.4 million for the three months ended 30 September 2016 ("Q3 2016").

*Content revenue*

Content revenues increased 81% (£40.9 million) to £91.6 million (Q3 2016: £50.7 million) reflecting the successful launch of the WTA and FIBA partnerships and the continued growth in data and news products.

*Media revenue*

Media revenue decreased £1.7 million to £15.0 million (Q3 2016: £16.7 million) due to the closure of the US video business in April 2017 and no major football tournament in Q3 2017 (Euro Championship in Q3 2016).

*Other revenue*

Other revenues increased by £1.7 million to £7.7 million (Q3 2016: £6.0 million) driven by an increase in revenue generated from the Group's Sports Cloud product, partially offset by the closure of the Group's legacy technology & subscription business.

*Gross profit*

Gross profit increased £9.9 million to £46.5 million (Q3 2016: £36.6 million) primarily due to the £40.9 million increase in revenues, offset by a £31.0 million increase in cost of sales to support the 81% growth in content revenues.

*Administrative expenses*

Administrative expenses increased £10.5 million to £43.1 million (Q3 2016: £32.6 million) due to the following:

- Operational costs increased £6.2 million to £30.5 million (Q3 2016: £24.3 million) principally to support the launch of the new strategic rights partnerships in 2017;
- Depreciation and amortisation costs increased by £0.5 million to £7.3 million (Q3 2016: £6.8 million);
- Exceptional item costs increased £4.1 million (Q3 2016: £nil), £3.9 million of which results from the net settlement of PAYE and NIC liabilities with HMRC arising from the tax treatment adopted on the Growth Securities Ownership Plans ("GSOP") incentive arrangements instituted in 2010 and 2013/14. As at 30 September 2017 a liability of £3.3 million was held in respect of the final instalment of the settlement which was paid on the 2 October 2017. Additionally a receivable of £3.1 million was held in respect of repayments due from HMRC for capital gains tax refundable and amounts due from individual participants.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

*Operating profit*

Operating profit decreased £0.6 million to £3.4 million (Q3 2016: £4.0 million) due to the £9.9 million increase in gross profit offset by a £10.5 million increase in administration expenses as explained above.

*Net finance costs*

Net finance costs increased £102.2 million to £104.0 million (Q3 2016: £1.8 million). The Q3 2017 charge consists of the following:

- interest, bank fees and related charges (including the amortisation of arrangement fees due on the Group's senior secured notes and revolving credit facility) of £4.8 million (Q3 2016: £4.8 million);
- revaluation of the option to convert loan to equity of £102.9 million (Q3 2016: £nil) in relation to the Shareholder Loan. Refer to note 10 for further details on the option to convert loan to equity offset by;
- interest due from the Unrestricted Group of £3.6 million (Q3 2016: £3.0 million).

*Taxation*

The tax charge for the period is £0.7 million (Q3 2016: £0.2 million). This includes a current tax charge of £0.8 million (Q3 2016: £1.1 million) and a deferred tax credit of £0.1 million (Q3 2016: £0.9 million).

*Loss after tax*

Loss after tax increased by £104.2 million to £101.8 million (Q3 2016: £2.4 million profit) due to the increase in net finance costs (£102.2 million) and the increase in the tax charge (£1.4 million) offset by the decrease in operating profit (£0.6 million).

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

***Cash flow***

| | **3 months ended** | | | **LTM** |
|---|---|---|---|---|
| | **30 September 2017 £m** | 30 September 2016 £m | Movement £m | **30 September 2017 £m** |
| **Adjusted EBITDA** | **16.0** | 12.3 | 3.7 | **51.1** |
| Movements in working capital | **(7.5)** | (5.7) | (1.8) | **(26.1)** |
| Long-term incentive plan | **-** | - | - | **(4.5)** |
| Corporation tax payments | **(0.3)** | (0.7) | 0.4 | **(5.3)** |
| **Cash inflow from operating activities (pre-exceptional items)** | **8.2** | 5.9 | 2.3 | **15.2** |
| Exceptional items | **(5.6)** | - | (5.6) | **(6.9)** |
| **Cash inflow/(outflow) from operating activities (post exceptional items)** | **2.6** | 5.9 | (3.3) | **8.3** |
| Capital expenditure | **(4.6)** | (5.8) | 1.2 | **(18.6)** |
| Acquisition of subsidiaries | **-** | (1.8) | 1.8 | **-** |
| Investment income | **0.1** | 0.1 | - | **0.4** |
| **Cash outflow from investing activities** | **(4.5)** | (7.5) | 3.0 | **(18.2)** |
| Borrowings and drawdowns | **-** | - | - | **14.0** |
| Proceeds from issues of shares and other equity securities | **-** | 35.0 | (35.0) | **(0.9)** |
| Loan to Unrestricted Group | **8.0** | (35.0) | 43.0 | **8.9** |
| Interest and fees | **(0.3)** | (0.2) | 0.1 | **(16.4)** |
| **Cash inflow/(outflow) from financing activities** | **7.7** | (0.2) | 7.9 | **5.6** |
| **Net increase/(decrease) in cash** | **5.8** | (1.8) | 7.6 | **(4.3)** |
| Cash at start of period | **28.7** | 39.4 | (10.7) | **38.5** |
| Effect of foreign currency exchange rates | **(0.3)** | 0.9 | (1.3) | **(0.1)** |
| **Cash at end of period** | **34.1** | 38.5 | (4.4) | **34.1** |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

*Operating activities (after exceptional items)*

Cash flow from operating activities decreased £3.3 million to a £2.6 million inflow (Q3 2016: £5.8 million inflow) due to a £3.7 million increase in adjusted EBITDA to £16.0 million (Q3 2016: £12.3 million) offset by a £1.8 million decrease in working capital to £7.5 million outflow (Q3 2016: £5.7million outflow). This is combined with a decrease in corporation tax payments of £0.4 million to £0.3 million (Q3 2016: £0.7 million) and an increase in payments of exceptional items of £5.6 million to £5.6 million (Q3 2016: £nil).

*Investing activities*

Cash outflow from investing activities increased £3.0 million to an outflow of £4.5 million (Q3 2016: £7.5 million outflow) due to a decrease in capital expenditure of £1.2 million to £4.6 million (Q3 2016: £5.8 million), and a decrease in payments for acquisitions of subsidiaries from £1.8 million to £nil (Q3 2016: £1.8 million outflow).

*Financing activities*

Cash flow from financing activities increased £7.9 million to £7.7 million inflow (Q3 2016: £0.2 million outflow) driven by an increase in loan to unrestricted group of £43.0 million to £8.0 million inflow due to a repayment of £8.0 million, with no further loans provided (Q3 2016: £35.0 million outflow), offset by a decrease in proceeds from issues of shares and other equity securities of £35.0 million to £nil (Q3 2016: £35.0 million inflow), and a increase in interest and fees paid of £0.1 million to £0.3 million outflow (Q3 2016: £0.2 million outflow).

**Debt and liquidity**

As at 30 September 2017 the Restricted Group held cash of £34.1 million (Q3 2016: £38.5 million, Q4 2016: £31.5 million) and had net debt of £44.4 million (Q3 2016: £34.7 million, Q4: 2016: £27.6 million) (representing net borrowings and accrued interest of £214.5 million (Q3 2016: £198.2 million, Q4 2016: £194.8 million) offset by borrowings provided to the Unrestricted Group including accrued interest receivable of £170.1 million (Q3 2016: £155.0 million, Q4 2016: £167.2 million).

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**QUARTERLY FINANCIAL REPORT**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE TOTAL GROUP FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

## PERFORM GROUP LIMITED

## CONDENSED CONSOLIDATED INCOME STATEMENT
## FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

| | | **9 months ended** | | **3 months ended** | |
|---|---|---|---|---|---|
| | | **30 September 2017** | 30 September 2016 | **30 September 2017** | 30 September 2016 |
| All results relate to continuing operations | **Notes** | **£'000** | £'000 | **£'000** | £'000 |
| **Revenue** | | **301,911** | 202,670 | **129,538** | 71,337 |
| Cost of sales | | **(238,191)** | (119,193) | **(115,167)** | (39,924) |
| **Gross profit** | | **63,720** | 83,477 | **14,371** | 31,413 |
| Administrative expenses | | **(221,504)** | (111,341) | **(80,312)** | (51,319) |
| **Group operating loss** | | **(157,784)** | (27,864) | **(65,941)** | (19,906) |
| Finance income | | **404** | 268 | **145** | 64 |
| Finance costs | 6 | **(131,771)** | (15,193) | **(114,884)** | (5,306) |
| **Group loss before tax** | | **(289,151)** | (42,789) | **(180,680)** | (25,148) |
| Taxation (charge)/credit | | **(3,259)** | (5,601) | **(1,236)** | 37 |
| **Group loss for the period after tax** | | **(292,410)** | (48,390) | **(181,916)** | (25,111) |
| *Group loss for the period attributable to:* | | | | | |
| Owners of the Parent | | **(292,232)** | (49,723) | **(181,814)** | (25,272) |
| Non-controlling interests | | **(178)** | 1,333 | **(102)** | 161 |
| | | **(292,410)** | (48,390) | **(181,916)** | (25,111) |

## PERFORM GROUP LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

| | **9 months ended** | | **3 months ended** | |
|---|---|---|---|---|
| | **30 September 2017 £'000** | 30 September 2016 £'000 | **30 September 2017 £'000** | 30 September 2016 £'000 |
| **Group loss for the period** | **(292,410)** | (48,390) | **(181,916)** | (25,111) |
| *Items that may be reclassified subsequently to profit or (loss):* | | | | |
| Exchange differences on translating foreign operations, goodwill and acquisition intangibles held in foreign currencies | **2,221** | 18,741 | **(2,309)** | 4,227 |
| **Total comprehensive loss for the period** | **(290,189)** | (29,649) | **(184,225)** | (20,884) |
| *Total comprehensive loss for the period attributable to:* | | | | |
| Owners of the Parent | **(290,011)** | (30,982) | **(184,123)** | (21,045) |
| Non-controlling interest | **(178)** | 1,333 | **(102)** | 161 |
| | **(290,189)** | (29,649) | **(184,225)** | (20,884) |

## PERFORM GROUP LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

| | Called-up share capital £'000 | Share premium £'000 | Merger relief reserve £'000 | Capital redemption reserve £'000 | Retained earnings £'000 | Foreign exchange reserve £'000 | Other reserves £'000 | Equity attributable to owners of the Parent £'000 | Non-controlling interests £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 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 period | - | - | - | - | (49,723) | - | - | (49,723) | 1,333 | (48,390) |
| FX on translating foreign operations, goodwill and acquisition intangibles | - | - | - | - | - | 18,741 | - | 18,741 | - | 18,741 |
| **Total comprehensive (loss)/profit for the year** | **-** | **-** | **-** | **-** | **(49,723)** | **18,741** | **-** | **(30,982)** | **1,333** | **(29,649)** |
| Payment of dividends to non-controlling interest | - | - | - | - | - | - | 2,258 | 2,258 | (2,258) | - |
| Issuance of option to convert loan to equity | - | - | - | - | (4,000) | - | - | (4,000) | - | (4,000) |
| Share capital / premium issued | 129 | 33,987 | - | - | - | - | - | 34,116 | - | 34,116 |
| Non-controlling interest acquired | - | - | - | - | 46,391 | - | (46,423) | (32) | (2,217) | (2,249) |
| **At 30 September 2016** | **7,485** | **102,310** | **93,533** | **38,342** | **10,681** | **(1,296)** | **-** | **251,055** | **(284)** | **250,771** |
| | | | | | | | | | | |
| **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)/profit 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 | - | - | - | - | 46,382 | - | (46,423) | (41) | (2,217) | (2,258) |
| **At 31 December 2016** | **7,485** | **102,310** | **93,533** | **38,342** | **(23,321)** | **1,495** | **-** | **219,844** | **(613)** | **219,231** |
| | | | | | | | | | | |
| **At 1 January 2017** | **7,485** | **102,310** | **93,533** | **38,342** | **(23,321)** | **1,495** | **-** | **219,844** | **(613)** | **219,231** |
| Loss for the year | **-** | **-** | **-** | **-** | **(292,232)** | **-** | **-** | **(292,232)** | **(178)** | **(292,410)** |
| FX on translating foreign operations, goodwill and intangible assets | **-** | **-** | **-** | **-** | **-** | **2,221** | **-** | **2,221** | **-** | **2,221** |
| **Total comprehensive (loss)/profit for the year** | **-** | **-** | **-** | **-** | **(292,232)** | **2,221** | **-** | **(290,011)** | **(178)** | **(290,189)** |
| Issuance of option to convert loan to equity | **-** | **-** | **-** | **-** | **(41,274)** | **-** | **-** | **(41,274)** | **-** | **(41,274)** |
| **At 30 September 2017** | **7,485** | **102,310** | **93,533** | **38,342** | **(356,827)** | **3,716** | **-** | **(111,441)** | **(791)** | **(112,232)** |

## PERFORM GROUP LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017 (UNAUDITED)

| | Notes | **30 September 2017 £'000** | 31 December 2016 £'000 | 30 September 2016 £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | | **209,774** | 203,243 | 204,652 |
| Acquisition intangibles | | **48,715** | 54,277 | 51,399 |
| Other intangible assets | | **39,446** | 34,022 | 34,265 |
| Property, plant and equipment | | **34,280** | 23,923 | 22,800 |
| Deferred tax asset | | **5,625** | 5,867 | 8,138 |
| | | **337,840** | 321,332 | 321,254 |
| **Current assets** | | | | |
| Trade and other receivables | | **50,369** | 48,410 | 52,825 |
| Prepayments | | **275,662** | 157,672 | 104,984 |
| Cash and cash equivalents | 7 | **163,715** | 134,880 | 141,730 |
| | | **489,746** | 340,962 | 299,539 |
| **Total assets** | | **827,586** | 662,294 | 620,793 |
| **Current liabilities** | | | | |
| Trade and other payables | | **(147,300)** | (124,302) | (101,447) |
| Derivative liabilities | 10 | **(152,190)** | (8,000) | (4,000) |
| Current borrowings | 7 | **(421,476)** | (103,609) | (56,420) |
| Current tax liabilities | | **(1,402)** | (3,827) | (4,468) |
| | | **(722,368)** | (239,738) | (166,335) |
| **Net current (liabilities)/assets** | | **(232,622)** | 101,224 | 133,204 |
| **Non-current liabilities** | | | | |
| Non-current borrowings | 7 | **(208,511)** | (192,817) | (192,309) |
| Deferred tax liability | | **(8,939)** | (10,508) | (11,378) |
| | | **(217,450)** | (203,325) | (203,687) |
| **Total liabilities** | | **(939,818)** | (443,063) | (370,022) |
| **Net (liabilities)/assets** | | **(112,232)** | 219,231 | 250,771 |
| **Equity** | | | | |
| Called-up share capital | 8 | **7,485** | 7,485 | 7,485 |
| Share premium | | **102,310** | 102,310 | 102,310 |
| Merger relief reserve | | **93,533** | 93,533 | 93,533 |
| Capital redemption reserve | | **38,342** | 38,342 | 38,342 |
| Retained earnings | | **(356,827)** | (23,321) | 10,681 |
| Foreign exchange reserve | | **3,716** | 1,495 | (1,296) |
| **Equity attributable to owners of the Parent** | | **(111,441)** | 219,844 | 251,055 |
| Non-controlling interests | | **(791)** | (613) | (284) |
| **Total equity** | | **(112,232)** | 219,231 | 250,771 |

## PERFORM GROUP LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

| | 9 months ended | | 3 months ended | |
|---|---|---|---|---|
| | **30 September 2017 £'000** | 30 September 2016 £'000 | **30 September 2017 £'000** | 30 September 2016 £'000 |
| **Operating activities** | | | | |
| **Group operating loss** | **(157,784)** | (27,864) | **(65,941)** | (19,906) |
| Increase in trade and other receivables and prepayments | **(123,414)** | (57,295) | **(16,064)** | (25,610) |
| Increase in trade and other payables | **14,483** | 36,994 | **13,729** | 26,445 |
| Depreciation and amortisation (including acquisition intangibles amortisation) | **28,185** | 17,663 | **10,562** | 7,610 |
| Employee long-term incentive scheme charges | **4,733** | 4,497 | **1,582** | 1,684 |
| Employee long-term incentive scheme payments | **(5,329)** | (834) | **-** | - |
| Exceptional items | **16,292** | 1,351 | **4,144** | - |
| Corporation tax payments | **(5,927)** | (3,880) | **(815)** | (711) |
| **Cash outflow from operating activities (prior to exceptional items)** | **(228,761)** | (29,368) | **(52,803)** | (10,488) |
| Payments in respect of exceptional items | **(6,195)** | (740) | **(5,570)** | - |
| **Cash outflow from operating activities (after exceptional items)** | **(234,956)** | (30,108) | **(58,373)** | (10,488) |
| **Investing activities** | | | | |
| Purchases of property, plant and equipment | **(17,714)** | (14,306) | **(6,638)** | (3,332) |
| Purchases of intangible assets | **(22,608)** | (14,711) | **(7,690)** | (3,757) |
| Acquisition of subsidiaries (net of cash acquired) | **-** | (5,141) | **-** | (1,750) |
| Investment income | **404** | 269 | **145** | 138 |
| **Cash outflow from investing activities** | **(39,918)** | (33,889) | **(14,183)** | (8,701) |
| **Financing activities** | | | | |
| Dividend paid to non-controlling interests | **-** | (2,247) | **-** | - |
| Acquisition of non-controlling interests | **-** | (27,956) | **-** | - |
| Borrowings | **314,000** | 76,000 | **100,000** | 50,000 |
| Proceeds from issues of shares and other equity securities | **-** | 35,000 | **-** | 35,000 |
| Interest and finance lease charges paid | **(8,498)** | (9,023) | **106** | (203) |
| **Cash inflow from financing activities** | **305,502** | 71,774 | **100,106** | 84,797 |
| **Net increase in cash and cash equivalents in the period** | **30,628** | 7,777 | **27,550** | 65,608 |
| Cash and cash equivalents at start of period | **134,880** | 129,549 | **137,028** | 74,730 |
| Effect of foreign currency exchange rates | **(1,793)** | 4,404 | **(863)** | 1,392 |
| **Cash and cash equivalents at end of period** | **163,715** | 141,730 | **163,715** | 141,730 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

## 1. General Information

These condensed consolidated financial statements for the three and nine months ended 30 September 2017 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year to 31 December 2016 has been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

## 2. Accounting policies

*Basis of preparation*

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

*Significant accounting policies*

The accounting policies applied by the Group in this condensed set of consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

*New and Revised IFRS's in issue but not yet effective*

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

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

Annual Improvements to IFRSs: 2014 - 2016

*Going concern*

The Group had cash balances of £163.7 million (Q3 2016: £141.7 million, Q4 2016: £134.8 million) at 30 September 2017 and net current liabilities of £232.6 million (Q3 2016: £133.2 million assets, Q4 2016: £101.2 million assets).

During 2015 and subsequently in 2016, the Group was preparing for, and then launching, its OTT business. As part of the investment phase in this exciting and significant growth opportunity, the Group has made significant commitments for the acquisition of critical content rights and development of the platform and product ahead of the launch of the OTT business. As at 30 September 2017, the Group, as a whole, had commitments to acquire rights of £2,715 million (Q3 2016: £2,513 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.

**2. Accounting policies (continued)**

*Going concern (continued)*

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. This funding may take the form of further direct investment from Access and/ or from external sources. The Group has a good record of obtaining the necessary funding to support its investment and growth plans, including shareholder support if required, evidenced by the take-private of the Group in 2014 and the subsequent raising of both public and private debt between 2015 and 2017, refer to notes 7 and 10 for further details of the Shareholder Loan. 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.

**3. Seasonality**

The Group's revenue and profit before tax are subject to some seasonal fluctuations. Revenue and profit before tax in the first quarter of a financial year are typically lower than in the remaining quarters and the Group believes that this observed pattern or seasonality is not indicative of our full year performance. The seasonal reduction in the first quarter results is driven by advertising budgets of many customers (and therefore, revenue of our media business) which are weighted mainly towards the fourth quarter, in particular, the holiday season. Therefore, the first quarter of a financial year is typically the lowest-performing quarter, and the fourth quarter is the best-performing quarter. However, the Group's content business, OTT business and other business, unlike the media business, are not subject to the same seasonal fluctuations.

**4. Taxation**

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The increase in the estimated effective tax rate for the Group from -3% in 2016 to -1% in 2017 is mainly due to increased losses, on which no deferred tax asset has been recognised.

**5. Exceptional items**

| | 9 months ended | | 3 months ended | |
|---|---|---|---|---|
| | **30 September 2017 £'000** | 30 September 2016 £'000 | **30 September 2017 £'000** | 30 September 2016 £'000 |
| Exceptional costs in relation to closure of US ePlayer | **12,176** | - | **208** | - |
| Dilapidation costs upon exit from property leases | **194** | - | **14** | - |
| HMRC settlement | **3,922** | - | **3,922** | - |
| Costs in relation to the Group's acquisitions | **-** | 1,046 | **-** | - |
| FX revaluation of acquisition-related financial liability | **-** | 151 | **-** | - |
| Re-measurement of acquisition-related financial liability | **-** | 154 | **-** | - |
| **Total exceptional items** | **16,292** | 1,351 | **4,144** | - |

Exceptional items of £16.3 million were recognised in the nine months to 30 September 2017 (Q3 2016: £1.4 million (charge)) due to the following:

- £12.2 million of exceptional costs in relation to the closure of the US ePlayer business (Q3 2016: £nil);
- £0.2 million of dilapidation costs upon exit from property leases (Q3 2016: £nil);
- £3.9 million results from the net settlement of PAYE and NIC liabilities with HMRC (Q3 2016: £nil) arising from the tax treatment adopted on the Growth Securities Ownership Plans ("GSOP") incentive arrangements instituted in 2010 and 2013/14. As at 30 September 2017 a liability of £3.3 million was held in respect of the final instalment of the settlement which was paid on the 2 October 2017. Additionally a receivable of £3.1 million was held in respect of repayments due from HMRC for capital gains tax refundable and amounts due from individual participants;
- £nil foreign exchange gain or loss upon revaluation of deferred consideration in relation to the Mackolik acquisition due to this being settled in Q2 2016 (Q3 2016: £0.2 million (loss)); and
- Re-measurement of the Mackolik acquisition related financial liability of £nil due to this being settled in Q2 2016 (Q3 2016: £0.2 million).

Exceptional items of £4.1 million were recognised in the three months to 30 September 2017 (Q3 2016: £nil) due to the following:

- £0.2 million of exceptional costs in relation to the closure of the US ePlayer business (Q3 2016: £nil);
- £3.9 million results from the net settlement of PAYE and NIC liabilities with HMRC (Q3 2016: £nil) arising from the tax treatment adopted on the GSOP share-based plans instituted in 2010 and 2013/14.

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

## 6. Finance costs

| | 9 months ended | | 3 months ended | |
|---|---|---|---|---|
| | **30 September 2017 £'000** | 30 September 2016 £'000 | **30 September 2017 £'000** | 30 September 2016 £'000 |
| Interest, bank fees and related charges | **15,080** | 13,762 | **5,163** | 4,747 |
| Interest on shareholder loan | **13,775** | 559 | **6,805** | 559 |
| Accretion of deferred consideration | **-** | 1,741 | **-** | - |
| *Exceptional finance costs:* | | | | |
| Revaluation of foreign exchange hedge | **-** | (869) | **-** | - |
| Revaluation of option to convert loan to equity | **102,916** | - | **102,916** | - |
| **Total finance costs** | **131,771** | 15,193 | **114,884** | 5,306 |

Finance costs of £131.8 million were recognised in the nine month period to 30 September 2017 (Q3 2016: £15.2 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 £15.1 million (Q3 2016: £13.8 million);
- interest on the Shareholder Loan (refer to note 7 for further details) of £13.8 million (Q3 2016: £0.6 million); and
- revaluation of the option to convert loan to equity on the shareholder loan of £102.9 million (Q3 2016: £nil). Refer to note 10 for further details of the option to convert loan to equity; and
- £nil accretion of deferred consideration on the Mackolik acquisition due to this being settled in Q2 2016 (Q3 2016: £1.7 million); and
- £nil revaluation of foreign exchange hedge (Q3 2016: £0.9 million (gain)).

Finance costs of £114.9 million were recognised in the three month period to 30 September 2017 (Q3 2016: £5.3 million) relating to the following:

- interest, bank fees and related charges (including the amortisation of arrangement fees) due on the Group's senior secured notes and revolving credit facility of £5.2 million (Q3 2016: £4.7 million); and
- interest on the Shareholder Loan (refer to note 7 for further details) of £6.8 million (Q3 2016: £0.6 million); and
- revaluation of the option to convert loan to equity on the shareholder loan of 102.9 million (Q3 2016: £nil). Refer to note 10 for further details of the option to convert loan to equity.

## 7. Net debt

| | **30 September 2017 £'000** | 31 December 2016 £'000 | 30 September 2016 £'000 |
|---|---|---|---|
| Cash and cash equivalents | **163,715** | 134,880 | 141,730 |
| Borrowings | **(629,987)** | (296,426) | (248,729) |
| **Net debt** | **(466,272)** | (161,546) | (106,999) |

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

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

The senior secured notes were issued at a discount of £3.5 million and were subject to directly attributable arrangement fees of £6.8 million. The carrying value of the discount and fees at 30 September 2017 is £6.4 million (Q4 2016: £8.0 million, Q3 2016: £8.5 million). Interest of £5.6 million (Q4 2016: £1.9 million, Q3 2016: £5.6 million) has also accrued but not been paid at 30 September 2017. The carrying value of borrowings is presented net of fees but includes accrued interest.

The RCF was subject to directly attributable fees of £1.0 million, and the carrying value of the fees as at 30 September 2017 is £0.6 million (Q4 2016: £0.8 million, Q3 2016: £0.8 million).

On 10 August 2016, Perform Investment Limited, a wholly owned subsidiary of the Group and part of the Unrestricted Group, entered a loan facility agreement ("the Facility") with AI International S.á.r.l, part of Access Industries, the Group's principal shareholder (the "Shareholder Loan"). Perform Investment Limited can utilise the Facility by drawing down in tranches of up to £50.0 million. The initial loan agreements were for a combined total of £100.0 million, which were subsequently amended in four extended agreements up to 5 September 2017 to take the combined total from £100.0 million to £400.0 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.

Subsequent to the end of the reporting period the Shareholder Loan was amended and extended from £400.0 million to £510.0 million. £50.0 million of the additional £110.0 million was drawn down on 2 October 2017 and the remaining £60.0 million was drawn down on 1 November 2017. None of the principal terms of the Shareholder Loan were altered as part of the amendment and extension.

## 8. Share capital

| | **30 September 2017 £'000** | 31 December 2016 £'000 | 30 September 2016 £'000 |
|---|---|---|---|
| **Issued, allotted and fully paid** | | | |
| A Ordinary shares of 2 and 7/9ths pence each | **6,432** | 6,432 | 6,432 |
| M Ordinary shares of 2 and 7/9ths pence each | **924** | 924 | 924 |
| I Ordinary shares of 2 and 7/9ths pence each | **-** | - | - |
| Z Ordinary shares of 2 and 7/9ths pence each | **129** | 129 | 129 |
| | **7,485** | 7,485 | 7,485 |

| | **30 September 2017 No. of shares** | 31 December 2016 No. of shares | 30 September 2016 No. of shares |
|---|---|---|---|
| **Issued, allotted and fully paid** | | | |
| A Ordinary shares of 2 and 7/9ths pence each | **231,539** | 231,539 | 231,539 |
| M Ordinary shares of 2 and 7/9ths pence each | **33,274** | 33,274 | 33,274 |
| I Ordinary shares of 2 and 7/9ths pence each | **5** | 5 | 5 |
| Z Ordinary shares of 2 and 7/9ths pence each | **4,635** | 4,635 | 4,635 |
| | **269,453** | 269,453 | 269,453 |

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

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

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

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

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.

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

The acquisition-related deferred consideration was settled in the second quarter 2016. The following tables show 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 | Due in < 1 year £'000 | Due after > 1 year £'000 |
|---|---|---|---|---|---|---|---|---|---|
| Mackolik | 28,461 | 154 | 1,644 | - | (30,202) | (57) | - | - | - |
| Voetbalzone | 3,086 | - | 97 | - | (3,391) | 208 | - | - | - |
| | 31,547 | 154 | 1,741 | - | (33,593) | 151 | - | - | - |

| | 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 30 September 2016 £'000 | Due in < 1 year £'000 | Due after > 1 year £'000 |
|---|---|---|---|---|---|---|---|---|---|
| Mackolik | 28,461 | 154 | 1,644 | - | (30,202) | (57) | - | - | - |
| Voetbalzone | 3,086 | - | 97 | - | (3,391) | 208 | - | - | - |
| | 31,547 | 154 | 1,741 | - | (33,593) | 151 | - | - | - |

**10. Financial instruments fair value disclosure**

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

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

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

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

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

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

The senior secured notes have a carrying value of £168.6 million (Q3 2016: £166.5 million, Q4 2016: £167.0 million) and a fair value of £182.9 million (Q3 2016: £169.6 million, Q4 2016: £176.2 million) as at 30 September 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.

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

| | 2016<br>£'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 7, the Company granted its immediate parent company, AI Perform Holdings LLP, an option to convert the loan to equity, subject to certain conditions. The option to convert to equity feature meets the definition of a derivative over own equity, a Level 3 financial instrument. Derivatives embedded in other financial instruments are carried on the balance sheet at fair value from the inception of the host contract. The Group has accounted for the initial fair value of the derivative as a current liability, with a corresponding debit being recording in equity, within the profit and loss reserve account. Any subsequent revaluation of the derivative liability will be recorded through the profit and loss account.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a derivative is calculated by discounting the maximum derivative value by a return on equity discount factor (11%) and conversion probability factor (10%).

**10. Financial instruments fair value disclosure (continued)**

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 period ended 30 September 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") growth assumptions by division (range: 15% to 120%) as derived from the five-year forecast up to 2022, approved by the Group Directors, and terminal value multipliers (range: 3% to 4%).

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 £72.1 million.

The table below is a reconciliation of the derivatives over own equity measurements for the period ended 30 September 2017:

| | 2016<br>£'000 |
|---|---|
| 1 January | - |
| Issuance of option to convert loan to equity recognised through retained earnings | 4,000 |
| 30 September | 4,000 |

| | 2016<br>£'000 |
|---|---|
| 1 January | - |
| Issuance of option to convert loan to equity recognised through retained earnings | 8,000 |
| 31 December | 8,000 |

| | **2017**<br>**£'000** |
|---|---|
| **1 January** | **8,000** |
| **Issuance of option to convert loan to equity recognised through retained earnings** | **41,274** |
| **Revaluation of option to convert loan to equity recognised through profit and loss** | **102,916** |
| **30 September** | **152,190** |

## 11. Long-term incentive schemes

A total charge relating to the Group's long-term incentive schemes of £4.7 million (Q3 2016: £4.5 million) has been included in the income statement for the nine months ended 30 September 2017 and a charge of £1.6 million (Q3 2016: £1.7 million) for the three months ended 30 September 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 was to be determined by the level of business performance against revenue and Adjusted EBITDA targets. The total value of these awards at inception was calculated as £7.3 million and this has been recognised over the vesting period, the total of which ended in April 2017. As such, charges have been recognised in respect of these cash replacement schemes of £0.4 million for the nine months ended 30 September 2017 (Q3 2016: £2.1 million) and £nil for the three months ended 30 September 2017 (Q3 2016: £0.7 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 £4.3 million in the nine months ended 30 September 2017 (Q3 2016: £2.4 million) and £1.5 million in three months ended 30 September 2017 (Q3 2016: £1.0 million).

## 12. Commitments

### (a) Operating leases

As at 30 September, 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 | **8,058** | 6,473 |
| In the second to fifth years inclusive | **19,304** | 15,608 |
| After five years | **11,270** | 4,835 |
| | **38,632** | 26,916 |

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

### (b) Rights commitments

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

| | **2017 £'000** | 2016 £'000 |
|---|---|---|
| Within one year | **361,889** | 297,053 |
| In the second to fifth years inclusive | **1,191,233** | 898,730 |
| After five years | **1,161,589** | 1,317,696 |
| | **2,714,711** | 2,513,479 |

**13. Contingent liabilities**

There were no contingent liabilities at 30 September 2017 (Q3 2017: £nil; Q4 2016: £nil).

**14. Related parties**

Refer to note 7 for details related to the Shareholder Loan for transactions with the Group's principal shareholder, during and subsequent to 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.

During the year ended 31 December 2016, the Group issued an unsecured personal loan of £370,000 to a Director of one of the Group's subsidiary companies. The loan does not attract interest and is not repayable for a period of at least 24 months from the balance sheet date. The total loan amount was outstanding at the end of the reporting period.

There are no additional related party transactions to disclose.

**15. Post balance sheet events**

Subsequent to the end of the reporting period the Shareholder Loan was amended and extended from £400.0 million to £510.0 million. £50.0 million of the additional £110.0 million was drawn down on 2 October 2017 and the remaining £60.0 million was drawn down on 1 November 2017. None of the principal terms of the Shareholder Loan were altered as part of the amendment and extension.

In October 2017, the Group acquired Scout7, a UK-based company which provides bespoke multi-platform scouting and recruitment solutions for sports clubs and federations, for a consideration of £4.1 million.

There are no other material post balance sheet events to disclose.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

### 16. Disaggregation of the Restricted and Unrestricted groups

A disaggregation of the Group's results and financial condition between the Restricted and Unrestricted Group for the three and nine months ended 30 September 2017 is set out in the following tables.

| **Income Statement** | **9 months to 30 September 2017** | | | |
|---|---|---|---|---|
| | **Restricted Group £'000** | **Unrestricted Group £'000** | **Elimination £'000** | **Total Group £'000** |
| **Revenue** | 270,751 | 52,869 | (21,709) | 301,911 |
| Cost of sales | (152,531) | (106,336) | 20,676 | (238,191) |
| **Gross profit/(loss)** | 118,220 | (53,467) | (1,033) | 63,720 |
| Administrative expenses | (122,490) | (99,285) | 271 | (221,504) |
| **Group operating loss** | (4,270) | (152,752) | (762) | (157,784) |
| Finance income | 11,283 | 48 | (10,927) | 404 |
| Finance costs | (117,106) | (25,592) | 10,927 | (131,771) |
| **Group loss before tax** | (110,093) | (178,296) | (762) | (289,151) |
| Taxation charge | (1,899) | (1,360) | - | (3,259) |
| **Group loss after tax** | (111,992) | (179,656) | (762) | (292,410) |
| | | | | |
| **Adjusted EBITDA** | 36,210 | (143,751) | (1,033) | (108,574) |
| Exceptional items | (16,292) | - | - | (16,292) |
| Long-term incentive schemes | (3,505) | (1,228) | - | (4,733) |
| **EBITDA** | 16,413 | (144,979) | (1,033) | (129,599) |
| Amortisation and depreciation | (15,440) | (7,773) | 271 | (22,942) |
| Acquisition-related amortisation | (5,243) | - | - | (5,243) |
| **Group operating loss** | (4,270) | (152,752) | (762) | (157,784) |

### 16. Disaggregation of the Restricted and Unrestricted groups (continued)

| **Income Statement** | **9 months to 30 September 2016** | | | |
|---|---|---|---|---|
| | **Restricted Group £'000** | **Unrestricted Group £'000** | **Elimination £'000** | **Total Group £'000** |
| **Revenue** | 209,750 | 547 | (7,627) | 202,670 |
| Cost of sales | (113,802) | (13,018) | 7,627 | (119,193) |
| **Gross profit/(loss)** | 95,948 | (12,471) | - | 83,477 |
| Administrative expenses | (84,648) | (26,693) | - | (111,341) |
| **Group operating profit/(loss)** | 11,300 | (39,164) | - | (27,864) |
| Finance income | 7,623 | 63 | (7,418) | 268 |
| Finance costs | (14,625) | (7,986) | 7,418 | (15,193) |
| **Group profit/(loss) before tax** | 4,298 | (47,087) | - | (42,789) |
| Taxation charge | (4,088) | (1,513) | - | (5,601) |
| **Group profit/(loss) after tax** | 210 | (48,600) | - | (48,390) |
| **Adjusted EBITDA** | 32,920 | (37,273) | - | (4,353) |
| Exceptional items | (1,351) | - | - | (1,351) |
| Long-term incentive payments | (3,992) | (505) | - | (4,497) |
| **EBITDA** | 27,577 | (37,778) | - | (10,201) |
| Amortisation and depreciation | (11,729) | (1,386) | - | (13,115) |
| Acquisition-related amortisation | (4,548) | - | | (4,548) |
| **Group operating profit/(loss)** | 11,300 | (39,164) | - | (27,864) |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

### 16. Disaggregation of the Restricted and Unrestricted groups (continued)

| Income Statement | 3 months to 30 September 2017 | | | |
|---|---|---|---|---|
| | Restricted Group £'000 | Unrestricted Group £'000 | Elimination £'000 | Total Group £'000 |
| **Revenue** | 114,280 | 24,042 | (8,784) | 129,538 |
| Cost of sales | (67,785) | (55,133) | 7,751 | (115,167) |
| **Gross profit/(loss)** | 46,495 | (31,091) | (1,033) | 14,371 |
| Administrative expenses | (43,136) | (37,239) | 63 | (80,312) |
| **Group operating profit/(loss)** | 3,359 | (68,330) | (970) | (65,941) |
| Finance income | 3,694 | 16 | (3,565) | 145 |
| Finance costs | (107,735) | (10,714) | 3,565 | (114,884) |
| **Group loss before tax** | (100,682) | (79,028) | (970) | (180,680) |
| Taxation charge | (1,185) | (51) | - | (1,236) |
| **Group loss after tax** | (101,867) | (79,079) | (970) | (181,916) |
| | | | | |
| **Adjusted EBITDA** | 15,958 | (64,579) | (1,033) | (49,654) |
| Exceptional items | (4,144) | - | - | (4,144) |
| Long-term incentive schemes | (1,173) | (409) | - | (1,582) |
| **EBITDA** | 10,641 | (64,988) | (1,033) | (55,380) |
| Amortisation and depreciation | (5,380) | (3,342) | 63 | (8,659) |
| Acquisition-related amortisation | (1,902) | - | - | (1,902) |
| **Group operating profit/(loss)** | 3,359 | (68,330) | (970) | (65,941) |

### 16. Disaggregation of the Restricted and Unrestricted groups (continued)

| **Income Statement** | **3 months to 30 September 2016** | | | |
|---|---|---|---|---|
| | **Restricted Group £'000** | **Unrestricted Group £'000** | **Elimination £'000** | **Total Group £'000** |
| **Revenue** | 73,417 | 547 | (2,627) | 71,337 |
| Cost of sales | (36,844) | (5,707) | 2,627 | (39,924) |
| **Gross profit/(loss)** | 36,573 | (5,160) | - | 31,413 |
| Administrative expenses | (32,561) | (18,758) | - | (51,319) |
| **Group operating profit/(loss)** | 4,012 | (23,918) | - | (19,906) |
| Finance income | 2,907 | 7 | (2,850) | 64 |
| Finance costs | (4,743) | (3,413) | 2,850 | (5,306) |
| **Group profit/(loss) before tax** | 2,176 | (27,324) | - | (25,148) |
| Taxation charge | 177 | (140) | - | 37 |
| **Group profit/(loss) after tax** | 2,353 | (27,464) | - | (25,111) |
| **Adjusted EBITDA** | 12,251 | (22,864) | - | (10,613) |
| Exceptional items | - | - | - | - |
| Share-based payments | (1,476) | (208) | - | (1,684) |
| **EBITDA** | 10,775 | (23,072) | - | (12,297) |
| Amortisation and depreciation | (3,958) | (846) | - | (4,804) |
| Acquisition-related amortisation | (2,805) | - | - | (2,805) |
| **Group operating profit/(loss)** | 4,012 | (23,918) | - | (19,906) |

PERFORM GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

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

| Balance Sheet | As at 30 September 2017 | | | |
|---|---|---|---|---|
| | Restricted Group £'000 | Unrestricted Group £'000 | Elimination £'000 | Total Group £'000 |
| **Non-current assets** | | | | |
| Goodwill | 209,774 | - | - | 209,774 |
| Acquisition intangibles | 48,715 | - | - | 48,715 |
| Other intangible assets | 22,008 | 17,917 | (479) | 39,446 |
| Property, plant and equipment | 15,332 | 18,948 | - | 34,280 |
| Loan to Unrestricted Group | 170,143 | - | (170,143) | - |
| Deferred tax asset | 5,596 | 29 | - | 5,625 |
| | 471,568 | 36,894 | (170,622) | 337,840 |
| **Current assets** | | | | |
| Trade and other receivables | 40,057 | 10,312 | - | 50,369 |
| Prepayments | 85,950 | 190,745 | (1,033) | 275,662 |
| Cash and cash equivalents | 34,115 | 129,600 | - | 163,715 |
| | 160,122 | 330,657 | (1,033) | 489,746 |
| **Total assets** | 631,690 | 367,551 | (171,655) | 827,586 |
| **Current liabilities** | | | | |
| Trade and other payables | (101,072) | (46,228) | - | (147,300) |
| Derivative liabilities | (152,190) | - | - | (152,190) |
| Current borrowings | (6,035) | (415,441) | - | (421,476) |
| Current tax liabilities | (1,542) | 140 | - | (1,402) |
| | (260,839) | (461,529) | - | (722,368) |
| **Net current liabilities** | (100,717) | (130,872) | (1,033) | (232,622) |
| **Non-current liabilities** | | | | |
| Non-current borrowings | (208,511) | - | - | (208,511) |
| Payable to Restricted Group | - | (170,143) | 170,143 | - |
| Deferred tax liability | (8,939) | - | - | (8,939) |
| | (217,450) | (170,143) | 170,143 | (217,450) |
| **Total liabilities** | (478,289) | (631,672) | 170,143 | (939,818) |
| **Net assets/(liabilities)** | 153,401 | (264,121) | (1,512) | (112,232) |
| **Equity** | | | | |
| Called up share capital | 7,485 | - | - | 7,485 |
| Share premium | 102,310 | - | - | 102,310 |
| Merger relief reserve | 93,533 | - | - | 93,533 |
| Capital redemption reserve | 38,342 | - | - | 38,342 |
| Retained earnings | (89,199) | (266,116) | (1,512) | (356,827) |
| Foreign exchange reserve | 1,721 | 1,995 | - | 3,716 |
| **Equity attributable to owners of the Parent** | 154,192 | (264,121) | (1,512) | (111,441) |
| Non-controlling interest | (791) | - | - | (791) |
| **Total equity** | 153,401 | (264,121) | (1,512) | (112,232) |

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

| **Balance Sheet** | **As at 31 December 2016** | | | |
|---|---|---|---|---|
| | **Restricted Group £'000** | **Unrestricted Group £'000** | **Elimination £'000** | **Total Group £'000** |
| **Non-current assets** | | | | |
| Goodwill | 203,243 | - | - | 203,243 |
| Acquisition intangibles | 54,277 | - | - | 54,277 |
| Other intangible assets | 22,725 | 12,047 | (750) | 34,022 |
| Property, plant and equipment | 16,449 | 7,474 | - | 23,923 |
| Loan to Unrestricted Group | 167,215 | - | (167,215) | - |
| Deferred tax asset | 5,838 | 29 | - | 5,867 |
| | 469,747 | 19,550 | (167,965) | 321,332 |
| **Current assets** | | | | |
| Trade and other receivables | 46,348 | 2,062 | - | 48,410 |
| Prepayments | 65,780 | 91,892 | - | 157,672 |
| Cash and cash equivalents | 31,489 | 103,391 | - | 134,880 |
| | 143,617 | 197,345 | - | 340,962 |
| **Total assets** | 613,364 | 216,895 | (167,965) | 662,294 |
| **Current liabilities** | | | | |
| Trade and other payables | (91,907) | (32,395) | - | (124,302) |
| Derivative liabilities | (8,000) | - | - | (8,000) |
| Current borrowings | (1,943) | (101,666) | - | (103,609) |
| Current tax liabilities | (3,909) | 82 | - | (3,827) |
| | (105,759) | (133,979) | - | (239,738) |
| **Net current assets** | 37,858 | 63,366 | - | 101,224 |
| **Non-current liabilities** | | | | |
| Non-current borrowings | (192,817) | - | - | (192,817) |
| Payable to Restricted Group | - | (167,215) | 167,215 | - |
| Deferred tax liability | (10,508) | - | - | (10,508) |
| | (203,325) | (167,215) | 167,215 | (203,325) |
| **Total liabilities** | (309,084) | (301,194) | 167,215 | (443,063) |
| **Net assets/(liabilities)** | 304,280 | (84,299) | (750) | 219,231 |
| **Equity** | | | | |
| Called up share capital | 7,485 | - | - | 7,485 |
| Share premium | 102,310 | - | - | 102,310 |
| Merger relief reserve | 93,533 | - | - | 93,533 |
| Capital redemption reserve | 38,342 | - | - | 38,342 |
| Retained earnings | 63,888 | (86,459) | (750) | (23,321) |
| Foreign exchange reserve | (665) | 2,160 | - | 1,495 |
| **Equity attributable to owners of the Parent** | 304,893 | (84,299) | (750) | 219,844 |
| Non-controlling interest | (613) | - | - | (613) |
| **Total equity** | 304,280 | (84,299) | (750) | 219,231 |

### 16. Disaggregation of the Restricted and Unrestricted groups (continued)

| **Balance Sheet** | **As at 30 September 2016** | | | |
|---|---|---|---|---|
| | **Restricted Group £'000** | **Unrestricted Group £'000** | **Elimination £'000** | **Total Group £'000** |
| **Non-current assets** | | | | |
| Goodwill | 204,652 | - | - | 204,652 |
| Acquisition intangibles | 51,399 | - | - | 51,399 |
| Other intangible assets | 25,967 | 9,048 | (750) | 34,265 |
| Property, plant and equipment | 16,138 | 6,662 | - | 22,800 |
| Loan to Unrestricted Group | 163,534 | - | (163,534) | - |
| Deferred tax asset | 8,138 | - | - | 8,138 |
| | 469,828 | 15,710 | (164,284) | 321,254 |
| **Current assets** | | | | |
| Trade and other receivables | 49,539 | 3,286 | - | 52,825 |
| Prepayments | 41,001 | 63,983 | - | 104,984 |
| Cash and cash equivalents | 38,479 | 103,251 | - | 141,730 |
| | 129,019 | 170,520 | - | 299,539 |
| **Total assets** | 598,847 | 186,230 | (164,284) | 620,793 |
| **Current liabilities** | | | | |
| Trade and other payables | (76,230) | (25,217) | - | (101,447) |
| Derivative liabilities | (4,000) | - | - | (4,000) |
| Current borrowings | (5,861) | (50,559) | - | (56,420) |
| Current tax liabilities | (4,188) | (280) | - | (4,468) |
| | (90,279) | (76,056) | - | (166,335) |
| **Net current assets** | 38,740 | 94,464 | - | 133,204 |
| **Non-current liabilities** | | | | |
| Non-current borrowings | (192,309) | - | - | (192,309) |
| Payable to Restricted Group | - | (163,534) | 163,534 | - |
| Deferred tax liability | (11,414) | 36 | - | (11,378) |
| | (203,723) | (163,498) | 163,534 | (203,687) |
| **Total liabilities** | (294,002) | (239,554) | 163,534 | (370,022) |
| **Net assets/(liabilities)** | 304,845 | (53,324) | (750) | 250,771 |
| **Equity** | | | | |
| Called up share capital | 7,485 | - | - | 7,485 |
| Share premium | 102,310 | - | - | 102,310 |
| Merger relief reserve | 93,533 | - | - | 93,533 |
| Capital redemption reserve | 38,342 | - | - | 38,342 |
| Retained earnings | 65,596 | (54,165) | (750) | 10,681 |
| Foreign exchange reserve | (2,137) | 841 | - | (1,296) |
| **Equity attributable to owners of the Parent** | 305,129 | (53,324) | (750) | 251,055 |
| Non-controlling interest | (284) | - | - | (284) |
| **Total equity** | 304,845 | (53,324) | (750) | 250,771 |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

### 16. Disaggregation of the Restricted and Unrestricted groups (continued)

| Cash Flows | 9 months to 30 September 2017 | | | |
|---|---|---|---|---|
| | Restricted Group £'000 | Unrestricted Group £'000 | Elimination £'000 | Total Group £'000 |
| **Operating activities** | | | | |
| **Group operating loss** | (4,270) | (152,752) | (762) | (157,784) |
| Increase in trade and other receivables and prepayments | (16,983) | (107,464) | 1,033 | (123,414) |
| (Increase)/decrease in trade and other payables | (781) | 15,264 | - | 14,483 |
| Depreciation and amortisation (including acquisition-related amortisation) | 20,683 | 7,773 | (271) | 28,185 |
| Employee long-term incentive scheme charges | 3,505 | 1,228 | - | 4,733 |
| Employee long-term incentive scheme payments | (4,500) | (829) | - | (5,329) |
| Exceptional items | 16,292 | - | - | 16,292 |
| Corporation tax payments | (4,444) | (1,483) | - | (5,927) |
| **Cash inflow/(outflow) from operating activities (prior to exceptional items)** | 9,502 | (238,263) | - | (228,761) |
| Payments in respect of exceptional items | (6,195) | - | - | (6,195) |
| **Cash inflow/(outflow) operating activities (after exceptional items)** | 3,307 | (238,263) | - | (234,956) |
| **Investing activities** | | | | |
| Purchases of property, plant and equipment | (5,575) | (12,139) | - | (17,714) |
| Purchases of intangible assets | (8,262) | (14,346) | - | (22,608) |
| Investment income | 356 | 48 | - | 404 |
| **Cash outflow from investing activities** | (13,481) | (26,437) | - | (39,918) |
| **Financing activities** | | | | |
| Borrowings | 14,000 | 300,000 | - | 314,000 |
| Loan to unrestricted group | 8,000 | (8,000) | - | - |
| Interest and finance lease charges paid | (8,413) | (85) | - | (8,498) |
| **Cash inflow from financing activities** | 13,587 | 291,915 | - | 305,502 |
| **Net increase in cash and cash equivalents in the period (all continuing operations)** | 3,413 | 27,215 | - | 30,268 |
| Cash and cash equivalents at start of period | 31,489 | 103,391 | - | 134,880 |
| Effect of foreign currency exchange rates | (787) | (1,006) | - | (1,793) |
| **Cash and cash equivalents at end of period** | 34,115 | 129,600 | - | 163,715 |

### 16. Disaggregation of the Restricted and Unrestricted groups (continued)

| **Cash Flows** | **9 months to 30 September 2016** | | | |
|---|---|---|---|---|
| | **Restricted Group £'000** | **Unrestricted Group £'000** | **Elimination £'000** | **Total Group £'000** |
| **Operating activities** | | | | |
| **Group operating profit/(loss)** | 11,300 | (39,164) | - | (27,864) |
| Increase in trade and other receivables and prepayments | (6,395) | (50,900) | - | (57,295) |
| Increase in trade and other payables | 14,764 | 22,230 | - | 36,994 |
| Depreciation and amortisation (including acquisition intangible amortisation) | 16,277 | 1,386 | - | 17,663 |
| Employee long-term incentive scheme charges | 3,992 | 505 | - | 4,497 |
| Employee long-term incentive scheme payments | (834) | - | - | (834) |
| Exceptional items | 1,351 | - | - | 1,351 |
| Corporation tax payments | (3,880) | - | - | (3,880) |
| **Cash inflow/(outflow) from operating activities (prior to exceptional items)** | 36,575 | (65,943) | - | (29,368) |
| Payments in respect of exceptional items | (740) | - | - | (740) |
| **Cash inflow/(outflow) operating activities (after exceptional items)** | 35,835 | (65,943) | - | (30,108) |
| **Investing activities** | | | | |
| Purchases of property, plant and equipment | (7,620) | (6,686) | - | (14,306) |
| Purchases of intangible assets | (9,658) | (5,053) | - | (14,711) |
| Acquisition of subsidiaries (net of cash acquired) | (5,141) | - | - | (5,141) |
| Investment income | 206 | 63 | - | 269 |
| **Cash outflow from investing activities** | (22,213) | (11,676) | - | (33,889) |
| **Financing activities** | | | | |
| Dividend paid to non-controlling interests | (2,247) | - | - | (2,247) |
| Acquisition of non-controlling interests | (27,956) | - | - | (27,956) |
| Borrowings | 26,000 | 50,000 | - | 76,000 |
| Proceeds from issues of shares and other equity securities | 35,000 | - | - | 35,000 |
| Loan to Unrestricted Group | (61,000) | 61,000 | - | - |
| Interest and finance lease charges paid | (9,023) | - | - | (9,023) |
| **Cash (outflow)/inflow from financing activities** | (39,226) | 111,000 | - | 71,774 |
| **Net (decrease)/increase in cash and cash equivalents in the period (all continuing operations)** | (25,604) | 33,381 | - | 7,777 |
| Cash and cash equivalents at start of period | 61,080 | 68,469 | - | 129,549 |
| Effect of foreign currency exchange rates | 3,003 | 1,401 | - | 4,404 |
| **Cash and cash equivalents at end of period** | 38,479 | 103,251 | - | 141,730 |

### 16. Disaggregation of the Restricted and Unrestricted groups (continued)

| Cash Flows | 3 months to 30 September 2017 | | | |
|---|---|---|---|---|
| | Restricted Group £'000 | Unrestricted Group £'000 | Elimination £'000 | Total Group £'000 |
| **Operating activities** | | | | |
| **Group operating profit/(loss)** | 3,359 | (68,330) | (970) | (65,941) |
| Increase in trade and other receivables and prepayments | (5,872) | (11,225) | 1,033 | (16,064) |
| (Increase)/decrease in trade and other payables | (1,612) | 15,341 | - | 13,729 |
| Depreciation and amortisation (including acquisition-related amortisation) | 7,283 | 3,342 | (63) | 10,562 |
| Employee long-term incentive scheme charges | 1,173 | 409 | - | 1,582 |
| Exceptional items | 4,144 | - | - | 4,144 |
| Corporation tax payments | (319) | (496) | - | (815) |
| **Cash inflow/(outflow) from operating activities (prior to exceptional items)** | 8,156 | (60,959) | - | (52,803) |
| Payments in respect of exceptional items | (5,570) | - | - | (5,570) |
| **Cash inflow/(outflow) operating activities (after exceptional items)** | 2,586 | (60,959) | - | (58,373) |
| **Investing activities** | | | | |
| Purchases of property, plant and equipment | (1,932) | (4,706) | - | (6,638) |
| Purchases of intangible assets | (2,696) | (4,994) | - | (7,690) |
| Investment income | 129 | 16 | - | 145 |
| **Cash outflow from investing activities** | (4,499) | (9,684) | - | (14,183) |
| **Financing activities** | | | | |
| Borrowings | - | 100,000 | - | 100,000 |
| Loan to unrestricted group | 8,000 | (8,000) | - | - |
| Interest and finance lease charges paid | (323) | 429 | - | 106 |
| **Cash inflow from financing activities** | 7,677 | 92,429 | - | 100,106 |
| **Net increase in cash and cash equivalents in the period (all continuing operations)** | 5,764 | 21,786 | - | 27,550 |
| Cash and cash equivalents at start of period | 28,674 | 108,354 | - | 137,028 |
| Effect of foreign currency exchange rates | (323) | (540) | - | (863) |
| **Cash and cash equivalents at end of period** | 34,115 | 129,600 | - | 163,715 |

### 16. Disaggregation of the Restricted and Unrestricted groups (continued)

| **Cash Flows** | **3 months to 30 September 2016** | | | |
|---|---|---|---|---|
| | **Restricted Group £'000** | **Unrestricted Group £'000** | **Elimination £'000** | **Total Group £'000** |
| **Operating activities** | | | | |
| **Group operating profit/(loss)** | 4,012 | (23,918) | - | (19,906) |
| Increase in trade and other receivables and prepayments | (10,372) | (15,238) | - | (25,610) |
| Increase in trade and other payables | 4,668 | 21,777 | - | 26,445 |
| Depreciation and amortisation (including acquisition intangible amortisation) | 6,764 | 846 | - | 7,610 |
| Employee long-term incentive scheme payments | 1,476 | 208 | - | 1,684 |
| Corporation tax payments | (711) | - | - | (711) |
| **Cash inflow/(outflow) from operating activities (prior to exceptional items)** | 5,837 | (16,325) | - | (10,488) |
| Payments in respect of exceptional items | - | - | - | - |
| **Cash inflow/(outflow) from operating activities (after exceptional items)** | 5,837 | (16,325) | - | (10,488) |
| **Investing activities** | | | | |
| Purchases of property, plant and equipment | (2,998) | (334) | - | (3,332) |
| Purchases of intangible assets | (3,831) | (926) | - | (3,757) |
| Acquisition of subsidiaries (net of cash acquired) | (1,750) | - | - | (1,750) |
| Investment income | 93 | 45 | - | 138 |
| **Cash outflow from investing activities** | (7,486) | (1,215) | - | (8,701) |
| **Financing activities** | | | | |
| Borrowings | - | 50,000 | - | 50,000 |
| Proceeds from issues of shares and other equity securities | 35,000 | - | - | 35,000 |
| Loan to Unrestricted Group | (35,000) | 35,000 | - | - |
| Interest and finance lease charges paid | (203) | - | - | (203) |
| **Cash (outflow)/inflow from financing activities** | (203) | 85,000 | - | 84,797 |
| **Net (decrease)/increase in cash and cash equivalents in the period (all continuing operations)** | (1,852) | 67,460 | - | 65,608 |
| Cash and cash equivalents at start of period | 39,385 | 35,345 | - | 74,730 |
| Effect of foreign currency exchange rates | 946 | 446 | - | 1,392 |
| **Cash and cash equivalents at end of period** | 38,479 | 103,251 | - | 141,730 |