

Ultimate Sports Group PLC

("USG" or the "Company")

28 September 2017

Interim Results

Ultimate Sports Group Plc, the AIM listed investment vehicle, is pleased to announce its interim results for six months ended 30 June 2017.

Chairman's Statement and Chief Executive's Review

For the six months ended 30 June 2017 we are reporting a total comprehensive loss of £53,375 (June 2016: loss £199,178).

USG's net cash balances as at 30 June 2017 were £208,022 (June 2016: £461,814). The Directors are not recommending the payment of a dividend.

Share Placing

The Company raised £212,500 before expenses through a placing of 2,125,000 shares at 10p per share on 29 March 2017.

Pantheon Leisure Plc ("Pantheon")

USG holds 85.87% of the issued share capital of Pantheon which in turn owns 100% of the operating business of Pantheon's Sport and Leisure division.

Pantheon's Sport and Leisure division is the owner of Sport in Schools Limited ("ESS") also known as The Elms Sport in Schools and Football Partners Ltd ("FPL"). In November 2016, terms were agreed for the sale of FPL's business to Powerplay Team Sports Limited, a company operating in the same sector for a consideration of up to £100,000 with cash payable on deferred terms and subject to certain conditions. Those conditions have now been fulfilled and £82,500 has been received with a further final payment of £17,500 due in October 2017.

Pantheon as a group made a profit of £102,255 for the 6 months ended 30 June 2017 including the net proceeds from the sale of FPL less costs. (June 2016: profit £36,259).

Sport in Schools Limited ('ESS' – Elms Sport in Schools)

On a turnover of £739,249 (June 2016: £664,087), ESS has contributed a divisional profit of £70,644 as compared with £117,494 to June 2016.

ESS specialises in the delivery of primary school sport – covering the National Curriculum during the day and The Extended Day before and after school hours (breakfast, lunchtime and after-school clubs).

The majority of the breakfast and lunchtime clubs are provided and paid for by the school, whilst the majority of after-school clubs are paid for by the parents.

Holiday camps are a successful area for ESS where it provides sports tuition during the school holidays. The majority of the camps are paid for by parents, whilst a few are paid for by the school.

The ESS directors have developed bespoke skill sets which have been adopted with great enthusiasm by its full time staff and part time coaches. On average, some 20,000 children are coached between 12 to 25 hours a week. All its coaches are highly qualified (minimum level 2), DBS checked, child protection vetted and rigorously trained by ESS in all the main disciplines required by the National Curriculum. The management of ESS constantly monitors and assesses the level of performance of its coaches throughout the school year.

Ultimate Player.me

UltimatePlayer.me is a new digital platform that is designed to increase the participation and enjoyment of children in sports.

The platform is operating as a Freemium business model – aiming to achieve web scale of free users with a percentage encouraged to subscribe as members.

Given that the platform is built to be used by coaches and children, it has a complex set of functionality required to address the different needs of the target audience and there have been a number of challenges as you would expect, including:

- Coaches must be motivated to use, and encourage the use of, the platform with their classes
- Parents must be comfortable to allow their children to join the platform, and help their children engage with it, ultimately getting enough value to purchase memberships and products
- Children must be excited enough about the platform to want to log in regularly and to participate in the platform

We have successfully dealt with these challenges because the young players embrace it. In our experience when a coach uses the platform with a class, their players are excited to participate. They change their behaviour in the classes, wanting to develop a wider range of skills and ultimately they participate in more classes. They are excited by awards and actively engage with their parents in the evenings to check their results.

Outlook

The continuing success of the sports tuition activities of ESS is encouraging, as is the engagement by coaches and children of UltimatePlayer.me. and we look forward to updating shareholders on progress.

R.L. Owen
G.M. Simmonds

28 September 2017

Consolidated statement of comprehensive income for the six months ended 30 June 2017

	Unaudited 6 months ended 30 June 2016	Unaudited 6 months ended 30 June 2016	Audited Year ended 31 December 2016
	£	£	£
Continuing and discontinued activities:			
Revenues	839,599	881,864	1,622,425
Cost of revenues	(391,624)	(456,454)	(1,249,702)
	<u>447,975</u>	<u>425,410</u>	<u>372,723</u>
Administrative expenses	(467,028)	(559,382)	(818,903)
Website costs written off	(65,707)	(64,297)	(141,763)
	<u>(532,735)</u>	<u>(623,679)</u>	<u>(960,666)</u>
Operating loss	(84,760)	(198,269)	(587,943)
Finance income	-	1,002	1,602
Finance costs	(1,986)	(1,986)	(3,972)
	<u>(86,746)</u>	<u>(199,253)</u>	<u>(590,313)</u>
(Loss) before taxation	(86,746)	(199,253)	(590,313)
Taxation	20,144	15	6,836
Profit/(loss) after taxation	(66,602)	(199,238)	(583,477)
Attributable to:			
Owners of the company	(81,046)	(202,946)	(566,581)
Non- controlling interests	14,444	3,708	(16,896)
	<u>(66,602)</u>	<u>(199,238)</u>	<u>(583,477)</u>
Other comprehensive (loss)/income			
Net gain/ (loss) arising on revaluation of available-for-sale investments	16,130	75	(3,275)
Tax relating to components of other comprehensive income	(2,903)	(15)	618
	<u>13,227</u>	<u>60</u>	<u>(2,657)</u>

Total comprehensive loss attributable to:			
Owners of the company	(67,819)	(202,886)	(569,238)
Non- controlling interests	14,444	3,708	(16,896)
	<u>(53,375)</u>	<u>(199,178)</u>	<u>(586,134)</u>
Diluted and undiluted comprehensive loss per share	<u>(0.0032)p</u>	<u>(0.0133)p</u>	<u>(0.0319)p</u>

Statement of financial position as at 30 June 2017

	Unaudited as at 30 June 2017	Unaudited as at 30 June 2016	Audited As at 31 December 2016
	£	£	£
Non current assets			
Goodwill and patents	60,054	60,054	60,054
Plant and equipment	15,343	61,985	31,570
Social media website development costs	491,432	457,725	504,492
Total non-current assets	<u>566,829</u>	<u>579,764</u>	<u>596,116</u>
Current assets			
Available-for-sale investments	42,128	29,348	25,998
Trade and other receivables	231,019	290,409	97,702
Cash and cash equivalents	208,022	461,814	129,437
Total current assets	<u>481,169</u>	<u>781,571</u>	<u>253,137</u>
Total assets	1,047,998	1,361,335	849,253
Current liabilities			
Trade and other payables	253,196	377,044	222,547
Borrowings	38,500	16,377	17,377
Total current liabilities	<u>291,696</u>	<u>393,421</u>	<u>239,924</u>
Non current liabilities			
Borrowings	-	41,000	30,562
Total non-current liabilities	<u>-</u>	<u>41,000</u>	<u>30,562</u>
Total liabilities	291,696	434,421	270,486
Net assets	<u>756,302</u>	<u>926,914</u>	<u>578,767</u>
Equity			

Share capital	2,281,164	2,026,164	2,048,664
Share premium	385,641	381,954	393,454
Merger reserve	325,584	325,584	325,584
Fair value reserve	11,720	1,210	(1,507)
Retained earnings	(2,198,335)	(1,766,099)	(2,123,512)
Equity attributable to owners of the company	805,774	968,813	642,683
Non-controlling interest	(49,472)	(41,899)	(63,916)
Total Equity	756,302	926,914	578,767

Consolidated statement of changes in equity

	Six months ended 30 June 2017 £	Six months ended 30 June 2016 £	Year ended 31 December 2016 £
Total equity at the beginning of period/year	578,767	685,508	685,508
Issue of shares	224,686	480,915	514,915
Revaluation gains/(losses) on available-for sale investments	16,130	75	(3,275)
Taxation on items taken directly to equity	(2,903)	(15)	618
Adjustment for non-controlling interest	-	(46,555)	(47,971)
Share based payments	6,224	6,224	12,449
Loss for the period/year	(66,602)	(199,238)	(583,477)
At end of period/year	756,302	926,914	578,767

Consolidated statement of cash flows for the six months ended 30 June 2017

	Six months ended 30 June 2017 £	Six months ended 30 June 2016 £	Year ended 31 December 2016 £
Cash flow from all activities:			
(Loss)/profit before taxation	(86,746)	(199,253)	(590,313)
Adjustments for:			
Depreciation and amortisation	47,709	46,272	110,495
Finance income	-	(1,002)	(1,602)
Finance costs	1,986	1,986	3,972
Share based payments	6,224	6,224	12,448
Operating cash flow before working capital movements	(30,827)	(145,773)	(465,000)
(Increase)/decrease in receivables	(133,317)	(108,155)	84,552
Increase/(decrease) in payables	30,649	(8,070)	(162,567)
Net cash absorbed by operations	(133,495)	(261,998)	(543,015)
Taxation	17,241	-	7,454
Investing activities			
Finance income	-	1,002	1,602
Property, plant and equipment acquired	(2,122)	(3,228)	(4,001)
Social media website development	(16,300)	(54,812)	(134,614)
Acquisition of non- controlling interest	-	(46,555)	(47,970)
Net cash from/(used) in investing activities	(18,422)	(103,593)	(184,983)
Financing activities			
Proceeds from share issues	224,686	480,915	514,915
Finance costs	(1,986)	(1,986)	(3,972)
Repayment of borrowings	(9,439)	(9,439)	(18,877)
Net cash from/(used) in financing activities	213,261	469,490	492,066
Net increase/(decrease) in cash and cash equivalents	78,585	103,899	(228,478)
Cash and cash equivalents and bank overdraft at the beginning of the period/year	129,437	357,915	357,915
Cash and cash equivalents at the end of the period/year	208,022	461,814	129,437

Notes to the financial statements for the six months ended 30 June 2017

1. General information

Ultimate Sports Group plc (the “company”) is a company domiciled in England and its registered office address is 30 City Road, London EC1Y 2AB. The condensed consolidated interim financial statements of the company for the six months ended 30 June 2017 comprise the company and its subsidiaries (together referred to as “the group”).

The condensed consolidated interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The financial information for the year ended 31 December 2016 has been extracted from the statutory accounts. The auditors’ report on those statutory accounts was unqualified and did not contain a statement under Section 434 of the Companies Act 2006. The auditors’ report drew attention by emphasis of matter to issues surrounding the ability of the Company to continue as a going concern. A copy of those accounts has been filed with the Registrar of Companies.

The group has presented its results in accordance with the measurement principles set out in International Financial Reporting Standards as adopted by the EU using the same accounting policies and methods of computation as were used in the annual financial statements for the year ended 31 December 2016. As permitted, the interim report has been prepared in accordance with the AIM rules for companies and is not compliant in all respects with IAS34 ‘Interim Financial Statements’.

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and therefore cannot be construed to be in full compliance with IFRS.

The condensed consolidated interim financial statements were approved by the board and authorised for issue on 29 September 2017.

2. Business segment analysis

Six months ended 30 June 2017

Continuing activities	Discontinued Sports and leisure	Continuing Sports and leisure	Social media website	Consolidated
	£	£	£	£
Results from operations				
Revenue	<u>100,000</u>	<u>739,249</u>	<u>350</u>	<u>839,599</u>
Segment operating profit/(loss)		<u>70,644</u>	<u>(78,020)</u>	(7,376)
Group operating expenses				<u>(146,582)</u>
Operating loss				(153,958)
Finance costs net				<u>(1,986)</u>
Loss before tax from continuing activities				(155,944)
Net revenue from discontinued Activities	<u>69,198</u>			<u>69,198</u>
Loss before tax				(86,746)
Tax recovered from R & D claim				<u>17,241</u>
				(69,505)
Other tax adjustments				<u>2,903</u>
Operating profit/(loss) after tax				<u>(66,602)</u>

Six months ended 30 June 2016	Discontinued Sports and leisure £	Continuing Sports and leisure £	Social media website £	Consolidated £
Results from operations				
Revenue	<u>216,536</u>	<u>664,087</u>	<u>1,241</u>	<u>881,864</u>
Segment operating profit/(loss)		<u>117,494</u>	<u>(64,778)</u>	52,716
Group operating expenses				<u>(212,180)</u>
Operating loss				<u>(159,464)</u>
Finance costs net				<u>(984)</u>
Loss before tax from continuing activities				<u>(160,448)</u>
Net loss from discontinued Activities	<u>(38,805)</u>			<u>(38,805)</u>
				<u>(199,253)</u>
Taxation				<u>15</u>
Loss after taxation from all activities				<u><u>(199,238)</u></u>
Year Ended 31 December 2016	Discontinued Sports and leisure £	Continuing Sports and leisure £	Social media website £	Consolidated £
Results from operations				
Revenue	<u>373,935</u>	<u>1,246,888</u>	<u>1,602</u>	<u>1,622,425</u>
Segment operating (loss)/profit		<u>122,535</u>	<u>(164,256)</u>	(41,721)
Group operating expenses				<u>(387,475)</u>
Operating loss				<u>(429,196)</u>
Finance revenues less costs				<u>(2,370)</u>
Loss before tax from continuing activities				<u>(431,566)</u>
Net revenue from discontinued Activities	<u>(158,747)</u>			<u>(158,747)</u>
				<u>(590,313)</u>
Tax recovered from R & D claim				<u>6,836</u>
Profit after taxation from all activities				<u><u>(583,477)</u></u>

3. Taxation

The tax charge in the accounts represents adjustments for deferred tax arising from origination and reversal of timing differences.

4. Basic and diluted loss per share

Comprehensive loss per share for the six month period ended 30 June 2017 has been calculated on the comprehensive loss attributable to owners of the company of £67,819 and on the weighted average number of shares in issue during the period of 21,029,720.

Comprehensive loss per share for the six month period ended 30 June 2016 has been calculated on the comprehensive loss attributable to owners of the company of £202,886 and on the weighted average number of shares in issue during the period of 15,261,268.

Comprehensive loss per share for the year ended 31 December 2016 has been calculated on the comprehensive loss attributable to owners of the company of £569,238 and on the weighted average number of shares in issue during the year of 17,809,583.

For the six month period ended 30 June 2017, six month period ended 30 June 2016 and for the year ended 31 December 2016, share options and warrants to subscribe for shares in the company are anti-dilutive and therefore diluted earnings per share information is the same as the basic loss per share.

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