London Stock Exchange

RNS Final Results

Final Results

TEN LIFESTYLE GROUP PLC

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26 November 2019

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Ten Lifestyle Group plc
("Ten", the "Company" or the "Group")

Preliminary results for the year ended 31 August 2019

Ten Lifestyle Group plc (AIM: TENG), a leading technology-enabled, global lifestyle and travel service platform for the world's wealthy and mass affluent, announces its preliminary results for the year ended 31 August 2019.

Financial

- Net Revenue[1] up 23% to £45.8m (2018: £37.4m)
- All three regions growing in double digits:
  - 18% Net Revenue growth in EMEA[2]
  - 38% Net Revenue growth in the Americas
  - 11% Net Revenue growth in APAC[3]
- Adjusted EBITA[4] of £(4.3)m (2018: £(3.9)m) with improved margin[5] of (9.4)% (2018: (10.4)%)
- Loss before tax of £(7.3)m (2018: £(8.5)m)
- Cash at £12.3m (2018: £20.7m) and no debt
- Cash outflow £8.3m; second half outflow (£0.8m (unaudited)) significantly lower than the first half outflow (£7.5m (unaudited))

Operational

- Record member satisfaction globally[6]
- One Large contract won, two existing Large contracts grown to become Extra Large (2018: nil Extra Large contracts) plus two contracts expected to be Large contracts in annualised terms won but not launched in the year. A deal signed post year-end to grow an existing contract into an Extra Large contract in 2020[7]
- Ten's competitive proprietary digital platform becoming established in all three global regions and with fourteen client brands
- £12.2m spent on proprietary digital platform, communications and technologies enhancing client experience (2018: £10.5m)
- Operating efficiency improved due to technology improvements as well as growing maturity in our operations and supplier base

[1] Net Revenue excludes the direct cost of sales relating to certain member transactions managed by the Group.

[2] The Europe, Middle East and Africa region.

[3] The Asia-Pacific region.

[4] Adjusted EBITA is operating (loss)/profit before interest, taxation, amortisation, share-based payments and exceptional costs.

[5] Adjusted EBITA as a percentage of Net Revenue.

[6] Ten measures member satisfaction using the Net Promoter Score management tool, which gauges the loyalty of a firm's customer relationships (https://en.wikipedia.org/wiki/Net_Promoter).

[7] Ten categorises its corporate client contracts based on the annualised value paid, or expected to be paid, by the corporate client for the provision of concierge and related services by Ten as: Small contracts (below £0.25m); Medium contracts (between £0.25m and £2m); Large contracts (over £2m); and Extra Large contracts (over £5m). This does not include the revenue generated from suppliers through the provision of concierge services.

Alex Cheatle, CEO of Ten Lifestyle Group, said;

"I am pleased to report a strong year of growth across our entire business in line with expectations. Revenue has increased 23%, year on year, driven by new and existing larger corporate wins across the globe. The significant investment we have made in expanding our footprint into new markets as well as in our proprietary technology has delivered a modest improvement in EBITA margin and a clear path to delivering group profitability.

Growth remains a key priority for the business and we remain excited with the significant market potential for our offering. Of utmost importance remains our vision to become the world's most trusted service and I am delighted to report further record member satisfaction globally.

I am confident that our strong pipeline of future initiatives, together with our focus on delivering further digital and operational improvements, stands us in good stead to continue our momentum. The signing last month of our largest corporate deal to date provides further confidence in the year ahead.

Analyst Presentation
An analyst presentation will be held at 9:00am on 26 November 2019 at the offices of Tavistock, 1 Cornhill, London EC3V 3ND. To attend, please RSVP to tengroup@tavistock.co.uk.

Dial-in details for the presentation are also available:
Dial-in number: +44 (0)3333000804
Participant PIN Code: 92338433#

For further information please visit www.tengroup.com or call:

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Notes to Editors:
About Ten Lifestyle Group Plc
Ten Lifestyle Group plc is a leading, global travel and lifestyle service, helping wealthy individuals to discover, organise, and enjoy travel, dining, live entertainment, and the world of luxury, cheaper, and quicker than they could themselves.

Underpinned by industry-first technology, Ten provides its trusted travel and lifestyle service to its more than 2 million members, 24/7, 365 days a year, wherever they are in the world. Founded in 1998, the growing business now has over 800 staff, 22 global offices and is listed on the AIM market of the London Stock Exchange (AIM: TENG).

For further information about Ten Lifestyle Group Plc, please go to: https://www.tengroup.com/.

Chairman's Statement

Introduction
It is my pleasure to introduce Ten Lifestyle Group Plc's financial results for 2019, our second since listing on the London Stock Exchange's Alternative Investment Market (AIM).

In 2019, the Group has continued on its path to become the world's most trusted service. The business has won and launched new contracts in both new and existing markets and grown the number of members that have access to our service. Ten has also rolled out its enhanced digital platform globally, live for members in over 100 countries and 14 client brands. We continue to invest in our proprietary technology and I am pleased to say we are seeing this investment deliver material new client mandates. Our technology is a key differentiator and further enhances the Group's competitive position as a leading technology-enabled, global lifestyle and travel service platform for individuals and their families.

Strategy
Ten partners with corporate clients across a range of markets to deliver technology-enabled travel and lifestyle services to their most valuable customers, as well as to Ten's private membership. Ten's corporate partners generally offer our services to improve their customer retention, value, and advocacy.

Ten's concierge service assists members to discover, organise and book travel, dining, and live entertainment, but can extend to more general lifestyle and retail support services. Ten's unique range of offers and services, developed over the last 20 years, are now accessed by members through a combination of Ten's market-leading lifestyle and travel proprietary digital platform, the "Ten Platform", and the expertise of its Lifestyle Managers via phone, email and, from this year, live chat on the Ten Platform.

Through Ten's service proposition, members can achieve superior access, experiences, and outcomes often more cost effectively and conveniently than they could have achieved on their own. As a result of making arrangements on behalf of its combined membership base of wealthy individuals, Ten has access to better rates and/or enhanced benefits from its suppliers compared to other existing service providers, both online and offline.

We continue to invest in our technology and people to improve member experience, service quality and efficiencies, furthering our ambition to become the world's most trusted service. Our strategic goals to achieve this ambition are to: improve member experience, continue to invest in technology, expand existing contracts and develop new contract opportunities.

Results
I can report that we have continued to make good progress during the year towards each of these strategic objectives, resulting in strong Net Revenue growth of 23% year on year, with a reduction in our pre-tax loss.

Just over half of this growth came from the development of existing contracts, including two Large contracts growing into Extra Large contracts during the period. Just over a third of growth has resulted from the annualised growth of new contracts won in the 2018 financial year, which included Visa, Mastercard and HSBC Jade.

The year to 31 August 2019 also saw important strategic contract wins across all regions, with ICBC and CMB (China), RBC (Canada), Absa (South Africa) and DNB (Norway), as well as new opportunities with fintech leader Revolut, and a global TMT brand. A number of Small contracts have the potential to grow into Medium contracts in the coming year.

During the year we continued to invest in technology and people, positioning the Group well for further growth in the future. By maintaining levels of investment in technology, we are aiming for a digital transformation across the business, driving our competitive advantage, service efficiencies and supporting future growth.

We continue to maintain excellent corporate client retention and year-on-year record member satisfaction levels, across our high-touch and digital propositions. This has been achieved, in part, by investing in the training and development of our Lifestyle Managers and management, as well as by improving the use of our proprietary technology.

We ended the year with a cash position of £12.3m (2018: £20.7m), which is a cash outflow of £8.3m reflecting the continued investment in technology and people to support current and future Net Revenue growth. Our rate of cash outflow reduced as the year progressed primarily driven by increased revenues, operational efficiencies and improved working capital management.

We run our business based on three regions: EMEA, the Americas and APAC. All three regions had strong revenue growth, as a result of the annualised impact of new contracts plus existing client growth. This growth supports the significant investments made centrally by the Group as well as the investment in newer regions in prior years. Overall operational efficiencies were delivered during the year as we start to leverage our global scale and infrastructure to support our existing and future corporate partners.

People
The Group continues to benefit from a strong founder-led executive team which continues to drive the growth and technology innovations seen this year. We were pleased to welcome Alan Donald as Chief Financial Officer and a member of the Board in June 2019. Alan's strong experience further strengthens the executive team.

The Group has continued to invest in quality Lifestyle Managers around the world as well as a number of senior hires.

Summary
I am very pleased to report that the strategy set out in the IPO two years ago (November 2017) is bearing fruit and can be seen in the results. Our continued investment in our digital platform and IT, together with our excellent client service, as demonstrated though record high NPS scores, has helped us expand existing contracts around the world and win new mandates. We have also begun to achieve increased efficiencies with no detriment to customer service as our offices around the world gain critical mass and we continue to roll out our digital platform.

We succeed when we create value for our corporate clients and deliver an exceptional experience to our members, their customers.

I would like to extend a huge thanks to my fellow Board members and to Ten employees worldwide, who have worked tirelessly to enhance our proposition and build the required technology platform to enable us to grow in the future and deliver shareholder value.

Bruce Weatherill
Chairman
25 November 2019

Chief Executive's statement

Introduction
Ten is delivering on our vision to become the world's most trusted service. We aim to offer the very best personalised experiences for our members across their travel, dining, entertainment and retail needs. As more members discover our services, and as more corporate clients choose to provide our services to their wealthy and mass affluent customers, we expect to become a major, highly differentiated challenger in the huge vertical markets of travel, event tickets, premium dining and luxury retail.

In those large, multi-billion-dollar-value markets we believe we can deliver better service to our members than the existing service providers for four main reasons:

1. We provide a "one stop shop" service that is personalised to the individual, is global and is joined up across the different categories that we offer - which are best experienced when organised together;

2. Over 85% of our Net Revenue comes from service or subscription fees. In contrast, almost all other providers (e.g. travel agents or ticket portals) rely on making commissions or mark-ups. This allows us to provide market-leading value for our members, differentiated benefits and better access to our members because we are not obliged to maximise commission at the expense of building a trusted service;

3. We offer our members a rare and valued choice to access our service either via our digital Ten Platform or by contacting our "expert human" Lifestyle Managers; and

4. We offer our suppliers access to high-value customers because our members are typically mass affluent or High-Net-Worth-Individuals (HNWIs)[8] and because we can fit the members to the best supplier for their needs (e.g. a specific hotel, restaurant, concert venue or retailer). Our large and growing "closed user group" of high-spending members is powerful. Note that in many of our markets (e.g. luxury hotels, airlines, and premium dining), the world's "top 1%" accounts for a high proportion of the total market value; this is not a niche market.

[8] High-Net-Worth-Individuals with $1m in liquid financial asset (HNWIs).

In our second annual report as a listed business, we can report another year of progress towards our ambitions, with strong and improving service levels, Net Revenue growth at 23% and continued development of our digital technologies that help drive current and future increases in service levels, revenues and margin. We believe this investment into technology increased our competitive advantage against direct competitors (other concierge type companies) and also indirect competitors (i.e. those travel agents, ticket resellers, booking sites, etc. that we expect to increasingly displace due to our superior offering).

Net Revenue grew in line with our expectations. Other major financial metrics - notably cash and Adjusted EBITA - have been achieved at better levels than the Board anticipated at the start of the year.

How did we do in 2019?
1. We improved service quality, again
This underpins our success and the virtuous circle at the heart of our business model. The higher our service levels, the more our members trust and use our service, the more they advocate our service and justify our corporate partners spending more with us - and encourage new corporate partners and new suppliers to want to work with us. This growth allows us to improve service levels, which in turn drives growth - a virtuous circle.

We are delighted to have achieved record member satisfaction levels, measured by Net Promoter Score (NPS). We have had positive client feedback on our service on both existing programmes and new launches. We believe this grows our reputation and credibility in the market.

2. Our digital platform continues to lead the market globally

Ten's proprietary digital platform is now live in all three global regions, in 15 languages and 38 currencies. It is the only multi-category transactional lifestyle and travel platform, backed by expert Lifestyle Managers, available to our corporate partners and prospects. Some corporate partners require global support, which we offer, and most new contract tenders mandate a strong digital platform, which we also offer, as part of their desired specification.

The digital platform helps us win contracts and it also helps us scale the delivery of the services we then provide - both in terms of efficiency and service levels.

We expect to continue to invest in technology in the coming years - this is not a "one-off" investment but is at the core of our long-term strategy and operations.

3. Our service is becoming more efficient in multiple global markets

Despite our Net Revenue growing at 23% in the year, average employee numbers (full-time equivalent (FTE)) rose by only 9%.

This is because we have seen efficiency improvements to our service in maturing markets.

In the **Americas**, we achieved greater scale in Spanish, Portuguese and French Canadian as well as in English-speaking teams. Net Revenue grew by 38%, whilst there was a small reduction in regional employee numbers, demonstrating increased efficiencies, whist continuing to improve NPS. We expect continued efficiency gains in 2020, although, in the first half of the year we will incur one-off set-up costs related to an Extra Large contract expansion.

In **APAC**, we have started to benefit from scale in the key HNWI centres of Hong Kong and Singapore, as well as in Japan. The loss of a Large Contract in mainland China (as reported in the year) was partially offset by winning new contracts with two of the largest Chinese banks (ICBC and China Merchants Bank), although those wins do not yet compensate for the contract loss in either Net Revenue terms or profitability terms.

EMEA includes our most mature markets and we have also seen growth into new geographies. Our largest EMEA markets (the UK and Switzerland) have seen improved service levels, as measured by NPS. Those markets have also seen growth in efficiency, although Adjusted EBITA has reduced as we continue to invest into central support infrastructure and technology to underpin growth. We expect to deliver continued efficiency gains in our major markets and we may also open in new markets, which will be less efficient as those markets establish mature "Lifestyle Manager" operations and a strong, local market, integrated supplier base. However, we have the most widely spoken European languages already operating at a full 24/7/365 servicing level.

Globally, most of the growth in 2020 is expected to come from geographical markets where we already have an established presence, allowing us to grow more efficiently.

In terms of sectors, we have grown and won contracts in our largest existing verticals of private banking, retail banking and credit cards. We have also won new contracts in the new "vertical" sectors of fintech, TMT and employee loyalty.

4. New hires have strengthened the leadership team and the operational and technology teams

Across the Group, headcount has increased at a slower rate than the increase in Net Revenue as efficiencies have been delivered in the year. We have also maintained, but not needed to increase, the number of people on the Board or Senior Leadership Team.

We have benefitted too from a Board that includes three Non-Executive Directors, including our Chairman. I have very much appreciated their experience and guidance this year.

Post Balance Sheet Date events

In October, the Group was pleased to announce it had won a competitive tender for the expansion of an existing contract to an Extra Large contract, the Company's largest single win to date. Additional set up costs of the expanded service are expected to be limited to the first half of 2020 and the Board anticipates the new contract to itself generate positive cashflow and profitability from the second half of 2020.

Since the end of the year, we have also launched our service with Revolut Metal card and we expect to launch with the TMT brand towards the end of H1 2020. As reported in the year, both contracts are expected to be Large contracts in annualised terms.

Contracts by size	Signed as at 25 November 2019	Launched by 31 August 2019
Extra Large	3	2
Large	6	5
Medium	17	17
Total	**26**	**24**

Summary

We believe our competitive position is stronger than ever, driven by our enhanced proprietary technology platform, our market-leading service levels, our integrated global infrastructure and the strength of our management and operational teams. We have won multiple contracts in the last year and are targeting more contracts wins in 2020.

Continued improvements in service levels increase engagement and repeat use justify higher levels of investment from our corporate partners. We have demonstrated that increasing scale drives improved service levels as well as the efficiency which drives profitability, helping us progress towards our objective of becoming the most trusted service in the world.

2019 has been a year of continued investment, with evidence that the investment is improving both revenues and profitability. We enter 2020 with an even stronger capability to meet the needs of our members and global corporate clients.

I would like to extend my respect and heartfelt gratitude to the almost 850 Ten team members worldwide, for their hard work and very effective contribution this year. They are rightly proud of their accomplishments.

Outlook

The Board is confident that the Group is in a good position to meet its strategic growth objectives, underpinned by: its competitive position; its differentiated proposition, as reflected in record member satisfaction ratings; and its market-leading technology. This is further supported by planned continued investment in the Ten digital platform for the foreseeable future.

Trading since the end of the year is in line with management's expectations and the Board is encouraged by the strong pipeline of opportunities.

Alex Cheatle

Group Chief Executive Officer
and Co-Founder
25 November 2019

Financial review

Having joined the Group in June 2019, I am delighted for the first time to present a review of the Group's financial performance for the past year.

	2019	2018
	£m	£m
Revenue	**49.1**	**40.1**
Net Revenue	**45.8**	**37.4**
Operating expenses and Other Income	**(50.1)**	**(41.3)**
Adjusted EBITA	**(4.3)**	**(3.9)**
Adjusted EBITA %	**(9.4%)**	**(10.4%)**
Amortisation	**(3.0)**	**(2.8)**
Share-based payments and exceptional Items charge	**(0.5)**	**(1.3)**
Operating loss before interest and tax	**(7.8)**	**(8.0)**
Net finance income/(expense)	**0.5**	**(0.5)**
Loss before taxation	**(7.3)**	**(8.5)**
Taxation	**(1.0)**	**0.4**
Loss for the year	**(8.3)**	**(8.1)**
Net Cash at 31 August	**12.3**	**20.7**

Revenue and Net Revenue

Net Revenue[9] for the twelve months to 31 August 2019 was £45.8m, up 23% compared to the prior year. Revenue for the twelve months to 31 August 2019 was £49.1m, up 22% on the twelve months to 31 August 2018. Net Revenue, which excludes the direct cost of sales relating to member transactions managed by the Group, is Ten's preferred measure of operating revenues as it excludes the cost of member transactions where we are the principal service provider (i.e cost of airline tickets sold under the Group's ATOL licences).

[9] Net Revenue excludes the direct cost of sales relating to certain member transactions managed by the Group.

Contract movements

Net Revenue growth has been supported by a combination of annualised growth on new contracts won in 2018 of just over a third, in addition to growth in existing contracts, which accounts for just over half of the growth.

Contracts by size	2019	2018	Change
Extra Large	**2**	**-**	+2
Large	**5**	6	-1
Medium	**17**	18	-1
	24	24	-

The "contract bridge" table below sets out the movements in active contracts during the year, including the following:

- two existing contracts grew to be Extra Large;
- one Medium contract and one Large contract were won and both launched in the year, offsetting two losses;
- a Medium contract was consolidated into an existing Medium contract to reflect the provision of services; and
- we won a number of Small contracts that have the potential to grow into Medium contracts in the coming year.

Contract Bridge	Medium	Large	Extra Large	Total
At 31 August 2018	**18**	**6**	**-**	**24**
Movements[10]	-	-1	+2	+1
Won	+1	+1	-	+2
Lost	-1	-1	-	-2
Consolidated[11]	-1	-	-	-1
31 August 2019	**17**	**5**	**2**	**24**

[10] Net movement of contracts between contract sizes.

[11] Number of contracts consolidated with an existing contract.

Contracts signed but not launched

In addition to the active contracts detailed above, contracts with Revolut and with a TMT brand were signed but not launched during the year. As reported in the year, both contracts are expected to be Large contracts in annualised terms.

Contracts by region

The overall number of Medium, Large and Extra Large contracts are flat year on year and the table below splits out contracts by region.

Contract by region	**2019**	2018	change
EMEA	**8**	9	-1
Americas	**11**	10	+1
APAC	**4**	4	-
Global	**1**	1	-
	24	24	-

While there is a clear overlap between the geographic location of our clients and their members' requests, members use our concierge services across all the regions. Therefore, our segmental revenue reporting reflects our servicing location rather than the location of our corporate clients. This allows us to understand and track the efficiency and profitability of our operations around the world, so our segmental financial reporting is a more relevant measure on this basis.

	2019	2018	
Net Revenue	**£m**	£m	% change
EMEA	**20.5**	17.4	18%
Americas	**15.8**	11.4	38%
APAC	**9.5**	8.6	11%
	45.8	37.4	23%

EMEA Net Revenue increased by 18% with growth from our existing clients as well as the annualised impact of new contracts.

In **the Americas**, we have delivered 38% Net Revenue growth primarily due to the annualised impact of contract launches in 2018 and a new Large contract launched in the year together with growth in our existing client portfolio.

In **APAC**, we achieved 11% Net Revenue growth with a combination of new contracts and existing client growth despite the loss of a Large contract in the last quarter of the financial year.

Operating expenses and other income
The year to 31 August 2019 was a continued period of investment for the Group; operating expenses and other income increased from £41.3m in the same period in 2018 to £50.2m. Direct operational costs have increased at a lower level than Net Revenue as we deliver efficiencies across the business, with the majority of cost increases being further investment in IT development and infrastructure, together with editorial and content resource.

Adjusted EBITA margin
Whilst Adjusted EBITA is not a statutory measure, the Board believes it is necessary to include this as an additional metric as it is one of the main measures of performance used within the business and the principal profit measure for senior management. It reflects the underlying profitability of our business operations, excluding amortisation of historical investment in platform infrastructures, exceptional costs and share-based payment expense.

Adjusted EBITA, as reported, takes account of all costs in the Group, other than amortisation of £3.0m (2018: £2.8m), share-based payment expenses of £0.5m (2018: £0.9m) and exceptional costs of £nil (2018: £0.4m). On this basis, Adjusted EBITA was a loss of £4.3m (2018: £3.9m). This full year loss was split between the unaudited reported loss in H1 of £2.9m and a lower second half (unaudited) loss, totalling £1.4m.

After allocating the indirect costs of the central IT, infrastructure, software development, property, senior management and other central costs, the Adjusted EBITA for each regional segment is as below:

Adjusted EBITA	**2019 £m**	2018 £m
EMEA	**1.9**	3.1
Americas	**(4.7)**	(6.8)
APAC	**(1.5)**	(0.2)
Total	**(4.3)**	(3.9)
Adjusted EBITA %	**(9.4)%**	(10.4)%

Adjusted EBITA margin in EMEA, defined as our Adjusted EBITA as a percentage of Net Revenue, has declined during the year. Whilst operational efficiencies have been delivered in the year, the overall margin has declined from 18% to 9% due to the allocation of increased expenditure in content, technology, infrastructure and other central costs to support our future growth.

The Americas region Adjusted EBITA loss has improved by £2.1m compared to last year. Increased Net Revenue has contributed to this improvement as we leverage large investments in the previous two years. We now have market capability and infrastructure to support future growth and we will continue to leverage our scale as we move towards maturity and profitability over time.

The APAC region Adjusted EBITA loss has increased in the year by £1.3m. Operational efficiencies were impacted by the loss of a Large contract towards the end of the year as we made the decision to retain resources to support future growth. In addition, the allocation of increased investment spend as detailed above has further increased the loss.

Amortisation
Amortisation costs, relating to our internal platform (TenMAID) and our customer-facing platforms, were £3.0m in 2019 (2018: £2.8m) reflecting our continued investment in technology that drives service levels, efficiency and competitive advantage.

Net finance income/(expense)
Net finance income in the year was £0.5m (2018: expense of £0.5m); the income of £0.5m has been driven by the translation of balances denominated in foreign currencies in the year.

Exceptional costs and share-based payments charge
The share-based payments charge in the year was £0.5m (2018: £0.9m) which reflected grants made under management incentive plans established after listing on AIM. Exceptional costs were £nil (2018: £0.4m).

Loss before tax
The loss before tax decreased from £8.5m in 2018 to £7.3m.

Taxation
The taxation charge for the year was £1.0m (2018: credit of £0.4m) which related to tax liabilities and payments due in profitable overseas entities. In the previous financial year, the taxation charge was net of R&D tax credits (£0.75m) received in the year under the small or medium-sized enterprise (SME) R&D tax relief scheme and therefore was in a credit position. The Group now claims R&D tax relief under the R&D expenditure credit (RDEC) scheme in which there is a credit to the Other Income line in the profit and loss account.

Loss per share
The total comprehensive loss for the year was £8.3m (2018: £8.1m), resulting in a loss per share (excluding treasury shares) of 10.3p (2018: 11.1p). The Board does not recommend the payment of a dividend.

Group Cash flow

	2019 £m	2018 £m
Loss before tax	**(7.3)**	(8.5)
Net finance income	**-**	0.5
Net working capital inflow	**0.7**	0.5
Non-cash items (share-based payments, depreciation and amortisation charges)	**4.5**	4.4
Cash used by operations	**(2.1)**	(3.1)
Capital expenditure	**(1.2)**	(1.5)
Investment in intangibles	**(4.3)**	(4.3)
Tax (paid/received)	**(0.5)**	0.4
Cash outflow	**(8.1)**	(8.5)
Financing activities		
Equity from listing on AIM	**-**	25.1
Other equity issued in the period	**(0.1)**	0.3
Movement in shareholder loans	**-**	(3.9)
Repayment of finance leases and interest paid	**(0.1)**	(0.2)
Cash from financing activities	**(0.2)**	21.3

	(8.3)	12.8
(Decrease)/Increase in cash		
Cash balance	**12.3**	20.7

Operating cash outflows were £2.1m (2018: £3.1m), primarily reflecting the operating loss previously noted. Expenditure on our IT infrastructure and the digital platform (£5.4m), which are capitalised, contributed to the overall cash outflow of £8.3m. Cash reduction in H1 was £7.5m (unaudited) and this improved significantly in the second half of the year with a reduction of £0.8m (unaudited).

Group Balance sheet

	2019 £m	2018 £m
Intangible assets	**9.0**	7.7
Property, plant and equipment	**1.8**	1.7
Cash	**12.3**	20.7
Other current assets	**11.1**	9.1
Total current liabilities	**(13.3)**	(10.5)
Net assets	**20.9**	28.7
Share capitals/share premium	**28.6**	28.6
Reserves	**(7.7)**	0.1
Total equity	**20.9**	28.7

Net assets were £20.9m (2018: £28.7m), the reduction in the year is due to cash investments to support growth. The Group has no long-term borrowings.

Alan Donald
Chief Financial Officer
25 November 2019

Consolidated Statement of Comprehensive Income for the year ended 31 August 2019

	Note	**2019 £'000**	**2018 £'000**
Revenue	**3**	**49,080**	**40,122**
Cost of sales on principal transactions	**3**	(3,248)	(2,746)
Net Revenue	**3**	**45,832**	**37,376**
Other cost of sales		(1,327)	(762)
Gross profit		**44,505**	**36,614**
Expected credit loss provision expense	**4**	(514)	-
Other administrative expenses		(51,975)	(44,769)
Administrative expenses		**(52,489)**	**(44,769)**
Other income		**157**	**150**
Operating (loss)/profit before amortisation, interest, share-based payments and taxation ("Adjusted EBITA")		**(4,315)**	**(3,882)**
Amortisation	**5**	(3,011)	(2,758)
Share-based payment expense		(501)	(947)
Exceptional items		-	(418)
Operating loss		(7,827)	(8,005)
Finance income		554	18
Finance expense		(15)	(511)
Loss before taxation		**(7,288)**	**(8,498)**
Taxation expense/credit		(973)	386
Loss for the year		**(8,261)**	**(8,112)**
Other comprehensive income/(expense):			
Foreign currency translation differences		153	(110)
Total comprehensive loss for the year		**(8,108)**	**(8,222)**
Basic and diluted loss per ordinary share		(10.3)p	(11.1)p

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

Consolidated Statement of Financial Position as at 31 August 2019

	Note	**2019 £'000**	**2018 £'000**
Non-current assets			
Intangible assets	**5**	9,009	7,715
Property, plant and equipment		1,843	1,702
Total non-current assets		10,852	9,417
Current assets			
Inventories		56	88
Trade and other receivables		11,069	9,014
Cash and cash equivalents		12,341	20,659
Total current assets		23,466	29,761
Total assets		34,318	39,178
Current liabilities			

Trade and other payables	(12,745)	(10,027)
Obligations under finance leases	(30)	(64)
Overseas Tax Liabilities	(596)	(396)
Total current liabilities	(13,371)	(10,487)
Net current assets	10,095	19,274
Non-current liabilities		
Obligations under finance leases	(2)	(32)
Total non-current liabilities	(2)	(32)
Total liabilities	(13,373)	(10,519)
Net assets	20,945	28,659
Equity		
Called up share capital	81	81
Share premium account	28,480	28,480
Merger relief reserve	1,993	1,993
Treasury reserve	(30)	77
Foreign exchange reserve	(345)	(498)
Retained deficit	(9,234)	(1,474)
Total equity	20,945	28,659

Consolidated Statement of Changes in Equity for the year ended 31 August 2019

	Note	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Foreign exchange reserve £'000	Treasury reserve £'000	Retained deficit £'000	Total £'000
Balance at 1 September 2017		6	9,743	1,993	(388)	(84)	(4,270)	7,000
Loss for the year		-	-	-	-	-	(8,112)	(8,112)
Foreign exchange		-	-	-	(110)	-	-	(110)
Total comprehensive income for the year		-	-	-	(110)	-	(8,112)	(8,222)
Issue of share capital		14	18,248	-	-	-	-	18,262
Bonus issue of share capital		44	(44)	-	-	-	-	-
Cancellation of balance on share premium account		-	(9,961)	-	-	-	9,961	-
Costs relating to issue of shares on Initial Public Offering (IPO)		-	(655)	-	-	-	-	(655)
Exercise of share options		14	7,566	-	-	-	-	7,580
Shares issued on conversion of convertible loan		3	3,583	-	-	-	-	3,586
Shares sold by Employee Benefit Trust (EBT)		-	-	-	-	161	-	161
Equity-settled share-based payments charge		-	-	-	-	-	947	947
Balance at 31 August 2018		81	28,480	1,993	(498)	77	(1,474)	28,659
Balance at 31 August 2018								
Loss for the year		-	-	-	-	-	(8,261)	(8,261)
Foreign exchange		-	-	-	153	-	-	153
Total comprehensive income for the year		-	-	-	153	-	(8,261)	(8,108)

Shares purchased by Employee Benefit Trust (EBT)	-	-	-	-	(107)	-	(107)
Equity-settled share-based payments charge	-	-	-	-	-	501	501
Balance at 31 August 2019	81	28,480	1,993	(345)	(30)	(9,234)	20,945

Consolidated Statement of Cash Flows for the year ended 31 August 2019

£'000	**Note**	**2019 £'000**	**2018 £'000**
Cash flows from operating activities			
Loss for the year, after tax		(8,261)	(8,112)
Adjustments for:			
Taxation expense/(credit)		973	(386)
Finance expense		15	324
Investment income		(60)	(18)
Amortisation of intangible assets	**5**	3,011	2,758
Depreciation of property, plant and equipment		993	661
Equity-settled share-based payment expense		501	947
Change in value of derivatives		-	187
Movement in working capital:			
Decrease/(Increase) in inventories		30	(45)
Increase in trade and other receivables		(2,055)	(1,891)
Increase in trade and other payables		2,710	2,435
Cash used by operations		(2,143)	(3,140)
Tax (paid)/received		(547)	389
Net cash used by operating activities		(2,690)	(2,751)
Cashflows from Investing activities			
Purchase of intangible assets	**5**	(4,305)	(4,313)
Purchase of property, plant and equipment		(1,187)	(1,445)
Finance income		60	23
Net cash used by investing activities		(5,432)	(5,735)
Cash flows from financing activities			
Proceeds from issue of shares		-	25,884
Cost of the issue of shares		-	(655)
(Purchase)/Proceeds of treasury shares		(100)	161
Repayment of other loans		-	(3,895)
Payment of finance lease obligations		(73)	(90)
Interest paid		(15)	(134)
Finance lease interest paid		(8)	(12)
Net cash (used by)/generated from financing activities		(196)	21,259
Net (decrease)/increase in cash and cash equivalents		(8,318)	12,773
Cash and cash equivalents at beginning of period		20,659	7,886
Cash and cash equivalents at end of period			
Cash at bank and in hand		12,341	20,659
Cash and cash equivalents		12,341	20,659

Notes to the financial information

1. Basis of Preparation

The financial information set out in this document does not constitute the Group's statutory accounts for the years ended 31 August 2018 or 2019. Statutory accounts for the years ended 31 August 2018 and 31 August 2019, which were approved by the Directors on 25 November 2019, have been reported on by the Independent Auditors. The Independent Auditors' Reports on the Annual Report and Financial Statements for each of 2018 and 2019 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 August 2018 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 August 2019 will be delivered to the Registrar in due course, and will be available from the Company's registered office at Floor 2 355 Euston Road, London, England, NW1 3AL and from the Company's website www.tengroup/investors/.

The accounting policies adopted in these results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 August 2018, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 September 2018. New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 August 2019 are IFRS 15 Revenue from contracts with customers (replacing IAS 18) and IFRS 9 Financial Instruments.

IFRS 15 can change revenue recognition accounting policies i.e performance obligations, timing, principal-agent, control of goods, variable consideration. However, there was no material impact on the current or previous financial year on the Group's accounting treatment from policies adopted under IAS 18.

In addition, the Group has considered the effects of the changes to IFRS 9 and elected to adopt the initial application date of 1 September 2018 and therefore has chosen not to restate comparatives. The impact of IFRS 9 to the year ending 31 August 2018 was deemed immaterial as measures were taken to write off bad debt appropriately at the end of 2018 and therefore there was no adjustment opening reserves as at 1 September 2018. Using the approach described above, the changes in accounting policy resulted in a material accounting change in the current year resulting in an expected credit loss position of £514,000 as highlighted in note 4. The adoption of IFRS 9 has not impacted the classification of financial instruments.

With the exception of trade receivables, due to the simplicity of financial instruments, impairment to financial instruments is expected to be negligible and hence have no material impact on the financial statements. To measure the expected credit loss provision of trade receivables, they have been grouped by days past due.

All other principal accounting policies adopted are unchanged from those used in the preparation of the statutory accounts for the period ended 31 August 2018. New enforced standards, amendments and interpretations to existing standards, which have been adopted by the Group have not been listed, since they have no material impact on the financial statements.

2. Going Concern

The Directors have at the time of approving the statutory financial statements, an expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have plans and forecasts that show the Group will be able to continue as a going concern for at least a period of twelve months from the date of balance sheet approval despite being currently loss making. Cashflows are projected to be at a sufficient level to allow the group to meet its obligations. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3. Segment reporting

The total revenue for the Group has been derived from its principal activity; the provision of concierge services. This has been disaggregated appropriately into operational segment and geographical location.

The Group has three reportable segments: Europe, the Middle East and Africa (EMEA), North and South America ("Americas") and Asia-Pacific (APAC). Each segment is a strategic business unit and includes businesses with similar operating characteristics. They are managed separately in similar time zones to reflect the geographical management structure.

	2019	**2018**
	£'000	**£'000**
EMEA	20,494	17,411
Americas	15,795	11,406
APAC	9,543	8,559
Net Revenue	**45,832**	**37,376**
Add back: Cost of sales on principal transactions	3,248	2,746
Revenue	**49,080**	**40,122**
EMEA	1,925	3,069
Americas	(4,691)	(6,785)
APAC	(1,549)	(166)
Adjusted EBITA	**(4,315)**	**(3,882)**
Amortisation	(3,011)	(2,758)
Share-based payment expense	(501)	(947)
Exceptional costs	-	(418)
Operating loss	**(7,827)**	**(8,005)**
Foreign exchange (loss)/gain	554	(117)
Other net finance expense	(15)	(376)
Loss before taxation	**(7,288)**	**(8,498)**
Taxation (expense)/credit	(973)	386
Loss for the year	**(8,261)**	**(8,112)**

Statutory Revenues for the Americas and APAC segments are the same as the Net Revenues amounts disclosed above. Statutory Revenues for the EMEA segment were £23,742k (2018: £20,157k).

The Group's statutory revenue from external customers is generated from commercial relationships entered into by various Group companies, which, given the global nature of the Group's service delivery model, may not reflect the location where the services are delivered, as reflected in the Net Revenue segmentation noted above.

Adjusted EBITA is a company non-GAAP specific measure excluding interest, taxation, amortisation, share-based payment and exceptional costs, the latter being expenses which are considered to be one-off and non-recurring in nature which relate to the IPO

in the current year.

Adjusted EBITA is the main measure of performance used by the Group's Chief Executive Officer, who is considered to be the chief operating decision maker. Adjusted EBITA is the principal profit measure for a segment.

The statement of financial position is not analysed between reporting segment. Management and the chief operating decision maker consider the statement of financial position at Group level.

Two customers generated more than 10% of total revenue each during the year ended 31 August 2019. The total combined revenue of these customers was £10.2m (2018: £8.1m) and was mainly included in the EMEA and Americas segments.

4. Trade receivables - Expected credit loss

As required by the new accounting policy under IFRS 9 "Financial Instruments", the Group provides against trade receivables using the expected credit loss model as at the reporting date. In the previous financial year the bad debt provision was £nil.

	Trade Receivables £'000	Expected Credit Loss Provision £'000	Expected Credit Loss provision rate
0 - 30 days	3,086	54	2%
30 - 60 days	840	90	11%
60 - 90 days	123	49	40%
90 - 120 days	185	44	24%
120+ days	416	277	67%
Total	4,650	514	

The provision is based on prior experience using a provision matrix whilst considering an assessment of the current and future expected economic climate, in addition to taking into account the length of time that the receivable has been overdue.

5. Intangible assets

	Capitalised development costs £'000	Website £'000	Trademarks £'000	Total £'000
Cost				
At 31 August 2017	16,912	1,909	55	18,876
Additions	4,313	-	-	4,313
Disposals	(408)	-	-	(408)
At 31 August 2018	20,817	1,909	55	22,781
Additions	4,305	-	-	4,305
At 31 August 2019	25,122	1,909	55	27,086
Accumulated amortisation				
At 31 August 2017	11,620	1,041	55	12,716
Charge for the year	2,151	607	-	2,758
Disposal	(408)	-	-	(408)
At 31 August 2018	13,363	1,648	55	15,066
Charge for the year	2,780	231	-	3,011
At 31 August 2019	16,143	1,879	55	18,077
Carrying amount				
At 31 August 2018	7,454	261	-	7,715
At 31 August 2019	8,979	30	-	9,009

All additions related to internal expenditure. The useful economic life of the capitalised development platforms and website are assessed to be five years and three years respectively.

6. Cautionary Statement

This document contains certain forward-looking statements relating to Ten Lifestyle Group plc (the "Company"). The Company considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the Company to differ materially from those contained in any forward-looking statement. These statements are made by the Directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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