Ten Lifestyle Group Plc
Annual Report and Accounts 2020

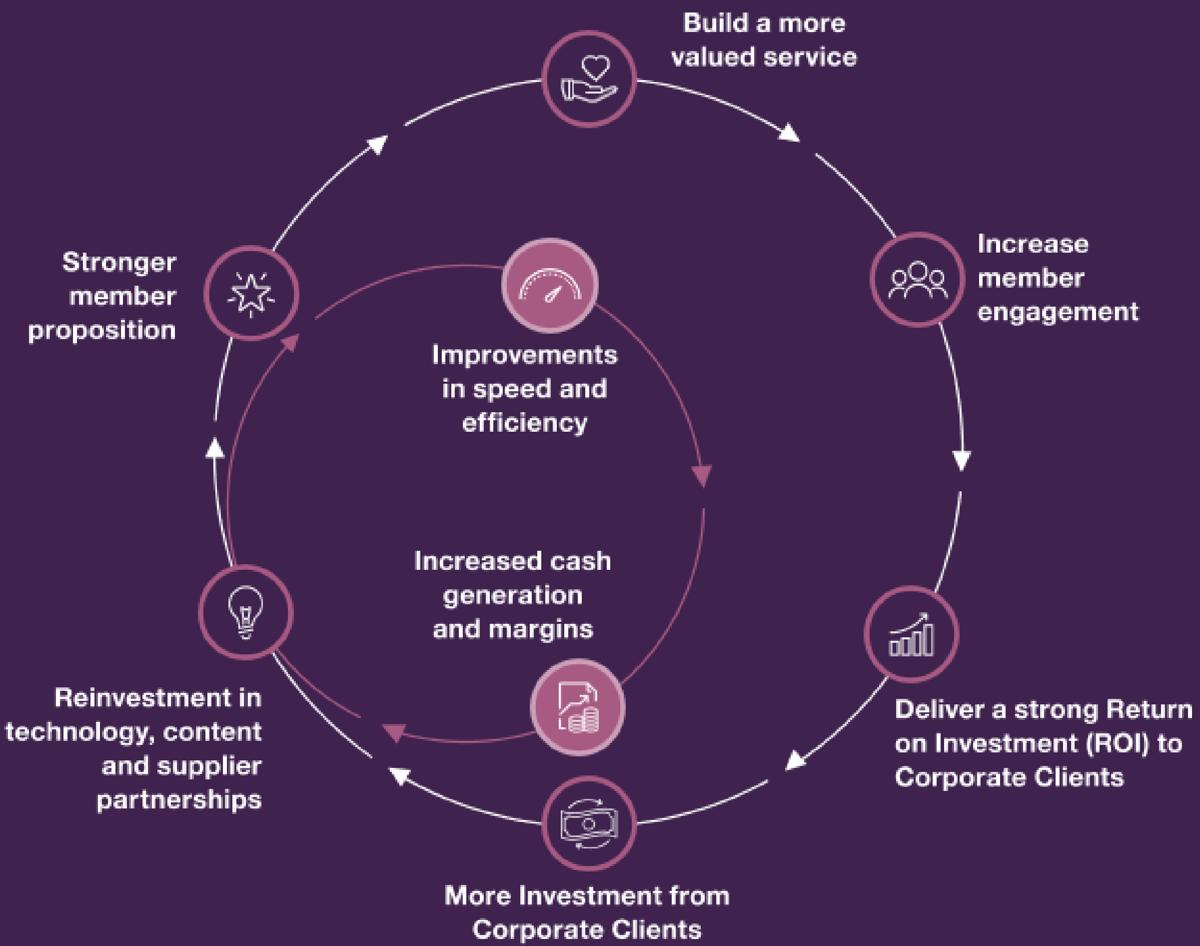
DRIVING THE FUTURE OF SERVICE

OUR MISSION:

TO BECOME THE WORLD'S MOST TRUSTED SERVICE

TEN'S GROWTH ENGINE

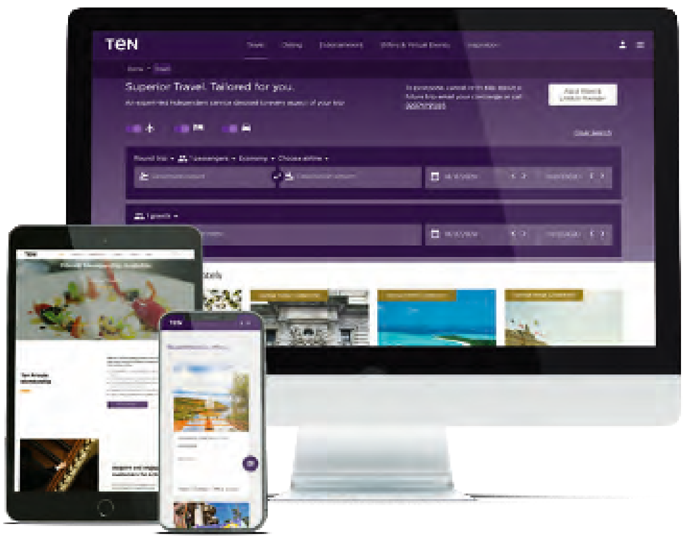
PROPOSITION, PROFITABILITY AND SCALE



To find out more about Ten's Growth Engine, see pages 14 and 15

Our mission is to be the world's most trusted service. We aim to deliver the best in personalised, expert-led customer service combined with continuous innovation in technology.

Today, our service is offered to millions of members and we work with more than 50 corporate partners from 22 of the world's most important metropolitan cities.



Find out more about us at **tenlifestylegroup.com**

Watch our investor presentation at **tenlifestylegroup.com/investors**

Overview

Strategic Report

Corporate Governance

Financial Statements

HIGHLIGHTS OF THE YEAR

FINANCIAL

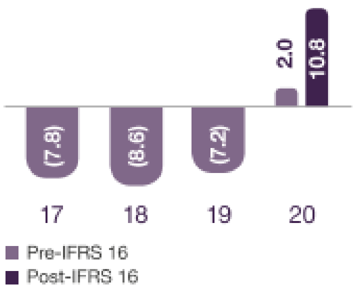
- Net Revenue[1] down 3.5% to £44.2m (2019: £45.8m)
  - Corporate revenue increase of 1.6% to £40.9m (2019: £40.3m) supported by growing member engagement
  - Supplier revenue decrease of 40.3% to £3.3m (2019: £5.5m) due largely to impact of COVID-19 on travel
- EMEA[2] region growth partly offset declines in APAC[3] and Americas regions
  - 7% Net Revenue growth in EMEA
  - 13% Net Revenue decline in the Americas
  - 11% Net Revenue decline in APAC
- Adjusted EBITDA[4] of £4.8m (pre-IFRS 16[5]: £0.9m; 2019: pre-IFRS 16 loss £(3.3)m); improved margin[6] 10.8% (2019: pre-IFRS 16 loss (7.2)%)
  - This reflects improved efficiencies and prudent cost reduction actions taken in H2
  - Maintained a high level of investment in technology of £12.2m (2019: £12.2m)
- Reduced loss before tax of £(5.9)m (2019: £(7.3)m)
- Net cash at £10m (2019: £12.3m)
  - Decrease in net cash of £2.3m: (H2 increase of £0.4m; H1 decrease of £2.7m (unaudited))
  - £1m long-term debt (USA)
- Total operating expenses £39.4m, £9.8m lower than 2019, as a result of improved efficiency and cost reduction in the second half of the year, together with £3.9m reclassification due to IFRS 16

Net Revenue
£m

£44.2m

Adjusted EBITDA Margin
%

10.8%



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.

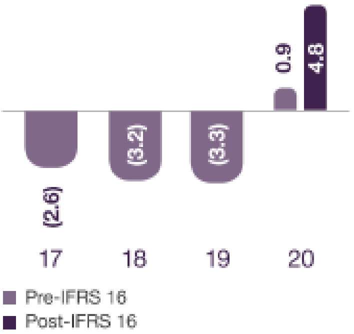
4 Adjusted EBITDA is post-IFRS16 and is operating profit/(loss) before interest, taxation, amortisation, share-based payments and exceptional costs.

5 Pre-IFRS 16 means the adoption of IFRS 16 using the modified retrospective approach, comparative information has not been restated.

6 Adjusted EBITDA margin is post-IFRS 16 and is Adjusted EBITDA as a percentage of Net Revenue.

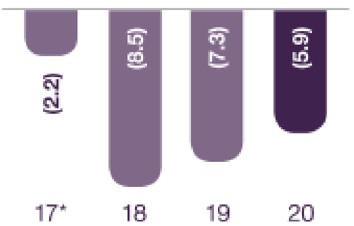
Adjusted EBITDA
£m

£4.8m



Loss before tax
£m

£(5.9)m



* Pre-IPO

OPERATIONAL

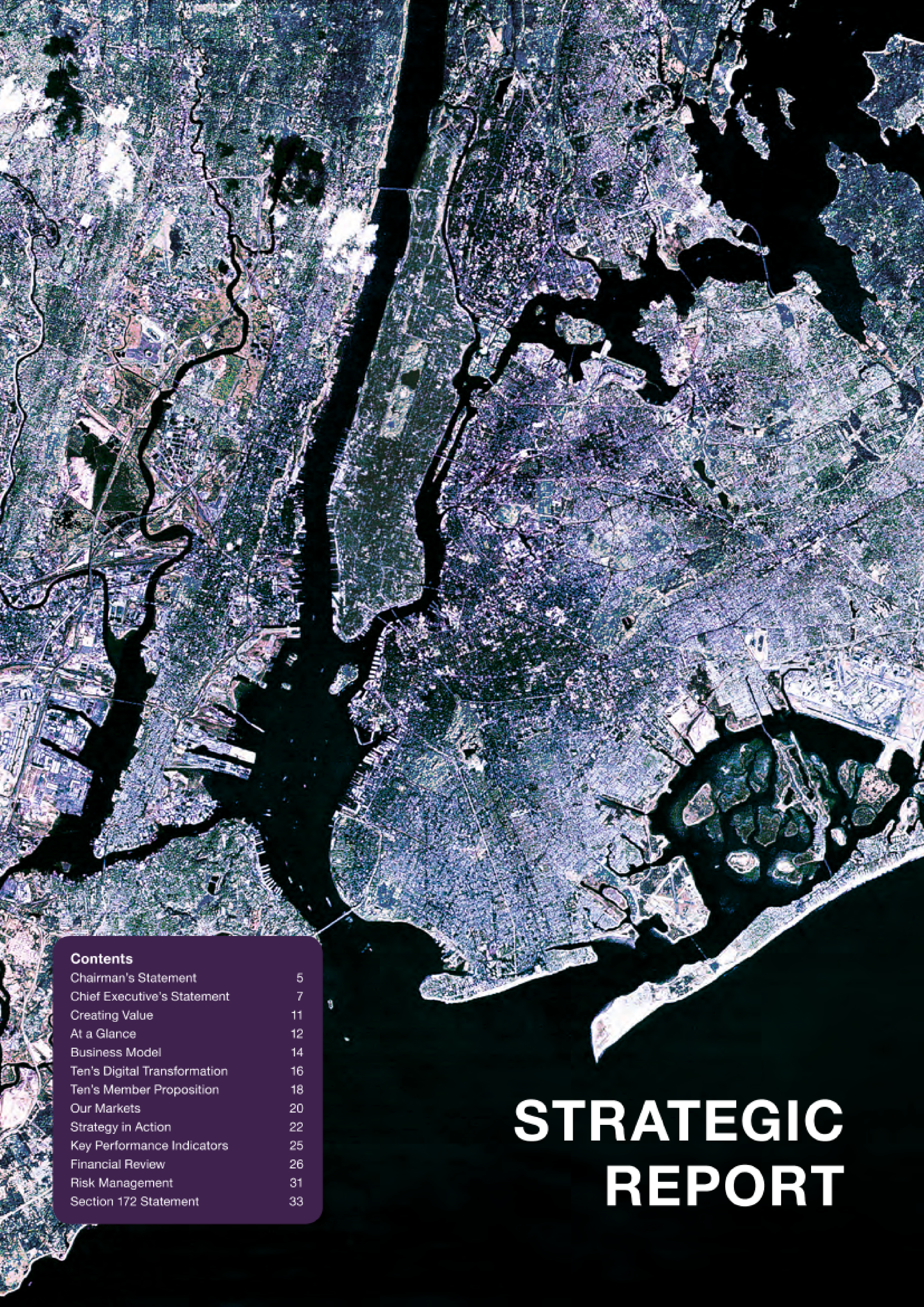
- Year-on-year record member satisfaction[7]
- Expanded an existing contract in the Americas into an Extra Large contract[8]
- Won a Medium contract[8] in Australia, launched in September 2020
- Ten Digital Platform live with 22 client brands (2019: 14)
- £12.2m (2019: £12.2m) invested in proprietary digital platforms, communications and technologies to enhance member experience and create competitive advantage
- Delivered a number of key milestones in the Group's digital transformation
- Improved efficiencies and proposition from greater digital capabilities, operational maturity and stronger supplier partnerships

KEY COVID-19 MEASURES

- Migration to home working with no service interruption and continued PCI DSS Level 1 compliance
- Continuing to successfully flex member proposition to adapt to members' changing lives and needs
- Leveraged improved content and member communications to engage members
- Prudent cost management delivered over £5m of cost savings compared to prior year

7 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).

8 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.



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STRATEGIC REPORT

Chairman's Statement

DELIVERING ON KEY STRATEGIC OBJECTIVES DESPITE A CHALLENGING YEAR

Bruce Weatherill
Chairman

Overview

I am pleased to update our stakeholders on the Group's progress towards becoming the world's most trusted service. In the first half of the year, we made very good headway towards our goals of revenue growth, cash generation and profitability. In the second half of the year, and in the face of significant challenges posed by the COVID-19 pandemic, the Group took appropriate action to generate revenue and manage costs to improve EBITDA profitability in the year.

The Group's agile and highly-effective response to the COVID-19 pandemic has demonstrated the resilience and flexibility of our team and our tech-enabled service proposition and the strength of the underlying business model, which, with scale and time in market, builds efficiency, service quality as well as value to our members and corporate clients.

At the heart of Ten's business lies a growth engine that has allowed Ten to improve its cash position through the second half of the year and EBITDA profitability across the full year. It has also enabled us to develop a stronger member and client proposition, helping us to retain existing contracts and develop new ones; although the impacts of COVID-19 on relevant markets and the wider economy has slowed the winning of new contracts and growth of existing contracts.

We maintained investment in our proprietary technology throughout the year. Our technology underpins the Group's competitive position as a leading technology-enabled, global lifestyle and travel service platform for individuals and their families.

> "
> In the face of significant challenges, the Group took appropriate action to generate revenue and manage costs to improve EBITDA profitability in the year."

Strategy

The Group continues to develop strong partnerships with corporate clients, primarily in the financial services sectors, that seek to improve the engagement, retention and acquisition of their most valuable customers by offering access to our technology-enabled travel and lifestyle services. The Group also offers individuals the opportunity to access its services through a private membership proposition.

Members get access to a wide range of propositions across key consumer markets, including dining, travel, entertainment and premium retail. By combining the buying power of its membership, the Group secures attractive offers and discounts, meaning members often achieve better and more cost effective outcomes, more conveniently than they could on their own. Ten's services are made available to members to search and book online though Ten's market-leading lifestyle and travel proprietary digital platform, the "Ten Digital Platform", or by submitting a request to our expert Lifestyle Managers via phone, email, live chat and WhatsApp.

The Group adapted and enhanced its proposition in response to the effects of COVID-19 on these consumer markets and to the lives of our members. Examples are set out on pages 18 and 19. In doing so, Ten has demonstrated the extraordinary flexibility of its service model to deliver relevant and valued services to our members, value to our corporate clients, as well as continuing to generate revenue and profit. This was made possible by the Group's continued investment in technology and content which drives digital transformation, improving service speed and efficiency, as well as increased cash generation and margins.

Ten's mission remains to become the world's most trusted service. Our strategic goals to achieve this are to drive our growth engine by building an ever-stronger member proposition, continuing to invest in technology and content and securing greater corporate client impact and investment. We expand on these strategic aims, the progress in the year and look ahead for each of these goals on pages 22 to 24.

Chairman's Statement continued

Results

The Group has continued to make good progress towards each of these strategic objectives, resulting in Adjusted EBITDA of £4.8m (pre-IFRS 16: £0.9m; 2019: pre-IFRS 16 loss £(3.3)m) and a healthy net cash position of £10.0m (H1 2020: £9.6m (unaudited)) (FY 2019: £12.3m). Returning to EBITDA profitability and an improved cash position through the second half of the year are key milestones in the Group's strategy after a period of investment.

Group Net Revenue declined by 3.5% in the year to £44.2m. However, this was predominantly a result of decreased supplier revenue from reduced member travel due to the COVID-19 pandemic. Overall in the year, corporate revenue grew by 1.6% and supplier revenue decreased by 40.3%. Revenue from our supplier base, such as hotels, airlines, and event promoters which sometimes pay commission, has been very low since March 2020.

The resulting decline of Net Revenue in the second half was, in part, mitigated by a smaller decrease in revenue from our corporate clients. This was achieved by the Group's agile response to our members' changing needs throughout the COVID-19 crisis (as detailed on pages 18 and 19), allowing us to remain relevant to our corporate clients and members.

The Group has secured some strategic new contract wins, including with Westpac in Australia, as well as important, multi-year contract extensions and significant expansions of contracts with our existing corporate clients. We have not lost any clients to competitors. We have been well supported by contractual minimums. However, growth from new contracts and development of existing corporate programmes contracted in the second half due to wider economic uncertainty. Our continued investment in technology and content during the year has allowed us to maintain a strong sales pipeline, remain differentiated from our competitors and develop our proven ability to help clients engage, retain and acquire their most valuable customers.

Whilst maintaining record levels of member satisfaction, the Group has achieved a significant digital transformation of the business by increasing automation in the servicing of member requests. Over the last two years, the number of requests serviced using automation rose by 75% and fully automated requests increased fourfold over the last year. Increased automation drives the speed and efficiency of our service, which contributes to increased cash generation and the improved margin[9] of 10.8% (2019: (7.2)%).

The Group ended the year with a strong net cash position of £10.0m (2019: £12.3m) resulting from the Group improving its cash position through the second half of the year. This has been achieved by the increasing efficiency of the business model as well as prudent cash management, including the implementation of a salary sacrifice for options scheme and participation in government funded coronavirus initiatives.

People

The Group continues to benefit from a stable, founder-led management team who have shown strong leadership, innovation and resilience in all regions to overcome the challenges posed as a result of COVID-19. The Group reduced its levels of full-time equivalent (FTE) employees in the year in response to regional growth rates, improved efficiencies and regional cost optimisation.

On behalf of the Board I would like to thank the whole Ten team for demonstrating adaptability, professionalism, and steadfast commitment throughout the year, for which we are extremely grateful and proud.

> "Returning to EBITDA profitability and an improved cash position through the second half of the year are key milestones in the Group's strategy after a period of investment."

Summary

I am very pleased to report that the Group has delivered on some of the Board's key strategic goals, including achieving Adjusted EBITDA profitability in the full year, improved cashflow in the second half of the year and our ongoing digital transformation in how the service is delivered. This has been achieved through the growth engine that lies at the heart of Ten's business, which is more fully explained on pages 14 and 15.

The Group has also achieved critical mass, our business model is strong and competitively robust and we have a healthy net cash position, leaving us well placed to continue to grow and secure profitability as we come out of the COVID-19 crisis. We are confident in the strength of our relationships with our existing clients and we have proved our value in helping corporate clients engage, retain and acquire their most valuable customers, which bodes well for the future.

Bruce Weatherill
Chairman
23 November 2020

9 Adjusted EBITDA as a percentage of Net Revenue.

Chief Executive's Statement

RESILIENT BUSINESS MODEL WITH IMPROVING EFFICIENCIES AND PROPOSITION

Alex Cheatle
Group Chief Executive Officer

Overview

I am proud of how the Group has continued to deliver on our mission to become the world's most trusted service and create value for our corporate clients during a highly challenging year, whilst delivering Adjusted EBITDA of £4.8m and improved net cash in the second half of the year.

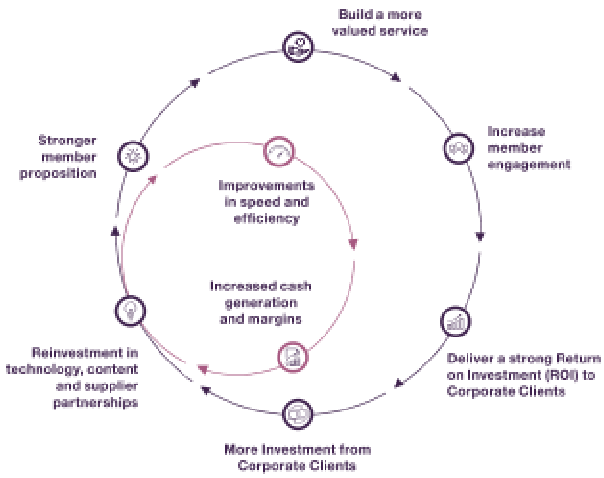
The Group's strategy of continued investment in technology, content and supplier partnerships has given the business the resilience to respond to the changing needs of our members throughout the COVID-19 crisis. By leveraging our members' combined buying power and our relationships with new and existing supplier partners, we adapted our service and improved the ways we personalise, target and communicate with our members. By doing so, we have remained relevant to our members. The resulting record levels of satisfaction and engagement support the value of our proposition with corporate clients.

Additional personalisation and localisation capability has further enhanced our market-leading, multichannel, transactional proprietary platform (the "Ten Digital Platform"), where members can enjoy superior access, offers, benefits and discounts across dining, travel and tourism, entertainment and premium brand markets; all supported by our expert Lifestyle Managers. By delivering a global "one stop shop" personalised to the individual, our service can flex to meet the needs of the member.

Before COVID-19, 85-90% of our Net Revenue came from service or subscription fees, paid by our corporate clients or private members. In contrast, almost all other providers of similar services (e.g. travel agents or ticket portals) rely on commission or mark-ups on bookings. This differentiation allows us to prioritise an attractive member proposition and continue to provide market-leading value for our members, even when key markets are disrupted.

The COVID-19 pandemic since February 2020, has resulted in reduced Net Revenue in the second half of the year. Despite this, we made good progress towards achieving our strategic aims, including a positive Adjusted EBITDA of £4.8m (pre-IFRS 16: £0.9m; 2019: pre-IFRS 16 loss £(3.3)m) in addition to improving the Group's cash position through the second half of the year.

We maintained high levels of investment in our technology, communications and content by spending £12.2m in the year (2019: £12.2m). It is largely because of this that the growth engine which lies at the heart of our business has gained momentum in key areas, delivering a stronger member proposition, engagement and ultimately increasing value for our corporate clients to encourage them to invest more in our business.



The Growth Engine at the heart of Ten's business model.

Engagement with our corporate clients has remained strong throughout the year. We believe that the way in which we have adapted and innovated to meet their needs as well as the needs of their most valued customers, without compromising on our digital commitments, has grown our reputation and credibility in the market.

Chief Executive's Statement continued

Ten's international footprint, including offices in 22 global cities, enabled the Group to build valuable best practices and experience as the pandemic progressed across our three regions from APAC to EMEA and the Americas and is enabling us to develop a robust strategy for recovery.

APAC – the first region affected by COVID-19

The rapid response by our teams in Singapore, Hong Kong, Shanghai, Japan and Melbourne to the early effects of COVID-19 on the lives of our clients, members and colleagues mitigated the impact on the business. It also helped shape the Group's global response, meaning the rest of the Group was well prepared by the time the pandemic disrupted EMEA and the Americas.

The APAC region adapted well to the changing local requirements and restrictions, supporting safe home-working for our staff and offering tailored support to our members. As opportunities to travel domestically and dine-out returned across the region, our members took advantage of our services, which we appropriately promoted through our improved targeted communication capabilities.

We believe our sensitive and tailored approach to serving our members' needs contributed towards another record year for Net Promoter Scores (NPS) in the region. In a demanding economic environment, achieving this key metric helps our clients in the region to support the provision of Ten's services to their most valued customers.

Although the effects of COVID-19 dampened the growth of new and existing client contracts in the region, we achieved sufficient growth of existing contracts to partly offset the loss of a Large contract in the prior year, resulting in Net Revenue of £8.5m (2019: £9.5m). During the period, we agreed a three-year extension of a Large contract with a client in the region. This contract is now expected to grow into an Extra Large contract during the extended term.

We won a multiple-year contract with Westpac Banking Corporation, signed in July and launched post year end in September 2020, which now delivers Ten's concierge services to premium credit card customers primarily from our Melbourne office and includes access to the customised Ten Digital Platform. The contract is expected to be our first Medium contract in Australia and brings us to five Material Contracts[10] in the APAC region, in addition to a number of Small contracts. Many of these have the potential to grow as the wider economic environment improves.

Improved operational efficiencies in the region, primarily driven by our continued digital transformation, as well as significant cost saving measures, including a reduction in the number of full-time equivalent (FTE) employees in H2, and our participation in relevant government funded COVID-19 initiatives, resulted in an improved Adjusted EBITDA pre-IFRS 16 loss of £0.3m (2019: £1.3m loss).

EMEA

EMEA is our most mature global region, with significant efficiencies achieved in the year, underpinned by our continued digital transformation and mature scale within our high-touch operations as well as our strong and increasingly integrated supplier partnerships across the region.

Building on our early experiences in APAC, EMEA prepared well for the impact of COVID-19 by establishing compliant home working practices and renegotiating supplier and lease agreements to achieve prudent cost savings. By working innovatively with our established clients and supplier partners in the region, we developed and tested a range of new member services, including virtual cooking and cocktail masterclasses with top chefs, a virtual book club with leading authors, and editorial staycation guides. The most successful initiatives were rolled-out in other regions.

By remaining relevant to our members and clients throughout the year, we achieved a 7% growth in Net Revenue in the region, despite a significant reduction in supplier revenue in the second half of the year due to widespread travel restrictions limiting commission-generating bookings since March 2020. As local restrictions eased, we were able to proactively support our members to make the most of travel, dining and live entertainment opportunities, as well as continuing to support them through periods of lockdown.

Our strong competitive position, underpinned by the continued improvements to the Ten Digital Platform and our well-developed member proposition in EMEA, was instrumental in securing important corporate client contract renewals in the year. This included a five-year extension of an existing Extra Large contract for which we launched the customised Ten Digital Platform and the extension of two Large contracts and a Medium contract.

Against a background of intense economic uncertainty, we are pleased to have retained all of our Material Contracts in the region, although the effects of COVID-19 have delayed some key client developments and from September 2020 a Large corporate-pay model contract was replaced with an affiliate model contract, which we anticipate to be Small in size.

Due to these challenges, we took prudent cost saving actions across the region in the second half of the year, including reduced office costs and a reduction in the number of full-time equivalent (FTE) employees. We also participated in available government funded COVID-19 initiatives. These actions along with the continued operational efficiencies in the region has delivered this significantly improved regional Adjusted EBITDA pre-IFRS 16 margin of 32% (2019: 11%).

10 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. Medium, Large and Extra Large contracts are collectively Ten's "Material Contracts".

Americas

Our key markets in the region: Latin America, the USA and Canada were all significantly impacted by the effects of COVID-19 from March 2020. By leveraging what we had learnt in the APAC and EMEA regions, we took precautionary measures to protect the business, including implementing safe home working for our staff and prudent cost savings. We also developed member propositions tailored to our members' changing lifestyles in the region, including staycation guides paired with experiences and offers available with local supplier partners.

In January 2020, we expanded an existing contract in the region, incurring significant set-up costs in the first half of the year. Although the contract is now categorised as an Extra Large contract, its growth was impacted in the second half of the year by the effects of COVID-19 in the region.

By strengthening the member proposition including improvements to the Ten Digital Platform, we achieved a higher Net Promoter Score (NPS) in the region than last year. This is a key metric for our clients looking to retain and engage their most valuable customers in the Americas and supports our continued discussions to develop the existing client contracts.

Despite the measures taken in the Americas, widespread travel restrictions throughout the second half of the year suppressed supplier revenue earned on travel bookings as well as overall service request volumes. This resulted in a 13% reduction in Net Revenue, despite additional revenue from the contract expansion in January 2020. The cost of the contract expansion contributed to a £1.5m increase in the Adjusted EBITDA pre-IFRS 16 loss for the region.

Investment in technology and content drives our market-leading digital capability

As outlined in our strategy at IPO, we continued to undertake a transformation of our digital capability by maintaining a high-level of investment into technology and related areas, with £12.2m in 2020 (2019: £12.2m) spent in the year and a total of £34.9m spent since IPO on the Ten Digital Platform, TenMAID, content, communications, and other technologies.

We believe our market-leading digital capabilities are at the core of the Group's resilience, as demonstrated in the year and underpins our long-term strategy to become the world's most trusted service.

In the year, we delivered a number of key milestones in our digital transformation, including; increased automation, improved features on the Ten Digital Platform, enhanced communication and use of content with members as detailed on pages 16 and 17.

Stronger member proposition, satisfaction and engagement

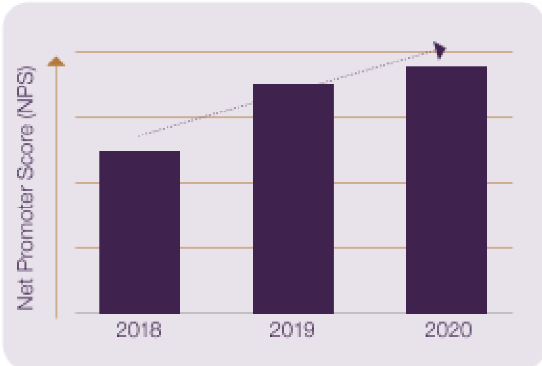
Building a valued service and strong member proposition is the key objective of the growth engine that underpins the Ten business model. This delivers member engagement, which is a key objective for our corporate clients, who invest in our service to acquire, engage and retain their most valued customers.

In the year we have both strengthened our core propositions and developed them to suit the changing needs of our members throughout the COVID-19 pandemic, across all regions, as set out on pages 18 and 19.

The more attractive and accessible our proposition is to new and existing members, the more members engage, use and advocate for our service. Member engagement and satisfaction is the key to building value for corporate partners, aiming to improve the engagement, retention and acquisition of their most valued customers. This justifies their spending with us – and encourages new corporate partners and new suppliers to work with us.

In the first half of the year, the number of unique users of the service increased by 14% compared with the same period in the previous year. In the second half of the year, the number of unique users of the service increased by 18% compared with the same period in the previous year, despite the effects of COVID-19. We have also seen a 6% increase in repeat usage by members in the year, demonstrating improving engagement and satisfaction with the service.

We are delighted to have achieved another year-on-year record level of member satisfaction, measured by Net Promoter Score (NPS).



We believe that our strengthened member proposition and member satisfaction levels have resulted in an increase in repeat usage of our service and an increase in the number of unique service users in the first and second halves of the year, when compared with the same periods in the previous year.

We have received positive feedback from existing and prospective corporate clients on our strengthened member proposition and member engagement metrics. We believe our ability to respond to changing member needs throughout the pandemic has helped to enhance our reputation and credibility in the market.

Chief Executive's Statement continued

Summary

We believe our competitive position is stronger than ever, backed by a market-leading member proposition. This proposition is valued by our members, whose engagement delivered a strong return on the investment for our corporate clients. This has been achieved by continuing to invest in our technology, content, market expertise and better pricing, access, benefits and integration with our supplier partners.

Although the effects of COVID-19 have constrained some of our prospective clients from signing contracts, our pipeline is robust and we have secured some important new mandates and contract extensions. By maintaining the relevance of our service to our members and in turn our corporate clients, we have achieved a 1.6% increase in Net Revenue from corporate clients during the year and retained all of our Material Contracts in the year.

Despite prudent cost controls we have maintained investments in technology, content and supplier partnerships, which has enhanced the service to clients and is crucial for our future success. Greater efficiencies and cost control along with careful cash management, has helped us to maintain a strong net cash position of £10.0m (2019: £12.3m). We have delivered an Adjusted EBITDA of £4.8m (2019: pre-IFRS 16 loss of £(3.3)m).

Our record service levels, strong technology platform, EBITDA profitability, a healthy cash position and a strong robust pipeline all combine to create confidence in a strong future for our business as we emerge from the pandemic.

> "Our competitive position is stronger than ever, backed by a market-leading member proposition."

Outlook

Until the effects of COVID-19 ease globally, we expect that Net Revenue will continue to be reduced due to lower demand for our core services in dining, travel and live entertainment in each of the regions. The timing of this recovery is uncertain and continues to face delays, as demonstrated by the second wave of infection across the globe.

Net Revenue is partially protected by minimum fee agreements with some corporate clients and the flexibility and adaptiveness of the service proposition. The proposition typically generates revenue on the delivery of relevant services to members rather than on the conversion of specific types of bookings. This differentiates Ten from traditional agency business models in travel or entertainment which rely predominantly on commission from bookings.

We expect Supplier revenue to remain at the current very low levels until global travel substantially recovers.

We continue to develop our pipeline of opportunities and it is possible that some new Small and Medium contracts could be launched in the first half of 2021. We do not expect to launch any new larger contracts until the effects of COVID-19 on the wider economy have eased due to the conservative planning that is characteristic of our larger target clients.

We are focused on continuing to generate EBITDA profitability and maintaining a healthy cash position by delivering services relevant to our members, together with driving improved efficiencies and ongoing cost savings, whilst maintaining investment in technology. As a result of this continued investment we expect some reduction in net cash.

Despite the COVID-19 pandemic adversely affecting our business, we benefit from loyal corporate clients, a healthy revenue pipeline and continued investment in our technology, which leaves us well positioned for recovery as the pandemic eases.

Alex Cheatle
Group Chief Executive Officer
23 November 2020

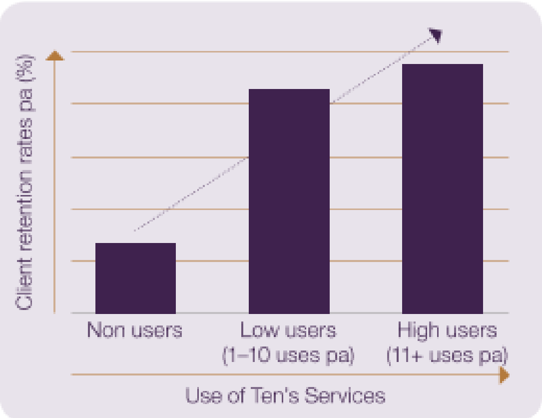
Creating Value

Ten delivers ROI on our corporate clients' investment

Ten's concierge service makes money for our corporate clients by supporting their customer acquisition and retention plans and growing customer value.

Through member cohort analysis, our analysis shows that concierge users are up to 3 times more likely to be retained as customers and more likely to be advocates for our corporate clients. Usage of Ten's concierge service also correlated with a significantly higher average card spend vs non-users and also correlated with growth of AuM (Assets Under Management). These metrics all indicate that our corporate clients' brand is more front-of-mind amongst concierge users.

Our corporate partners continue to invest in our service to delight their customers, drive Net Promoter Score (NPS) and differentiate their proposition. Evidence that there is a positive ROI from this investment in hard commercial terms helps support continued and increasing investment.



Ten's revenue streams

Corporate clients

The majority of Group Net Revenue (85-90% pre-COVID-19) is derived from fees paid by corporate clients for concierge services and access to the Ten Digital Platform.

- **Concierge services revenue**

  The Group's services are generally made available to members through partnerships with corporate clients who pay for Ten's services on behalf of their valued customers, as part of their customer retention, engagement and acquisition strategy.

  Most of Ten's corporate clients include private banks, retail banks, premium payment card providers and luxury brands, which offer Ten's services as part of their benefits package, which are complementary to their products such as premium credit cards or premium banking or wealth management services.

  Ten typically charges its corporate clients on a "per request" basis – costed depending on whether the request is made offline, requiring the expertise of a Lifestyle Manager, or online and completed through the Ten Digital Platform.

  A request is typically an instruction received from a member to research, advise or arrange something on their behalf. Requests principally relate to dining, travel, entertainment and premium retail.

- **Ten Digital Platform revenue**

  The Ten Digital Platform is an end-to-end fully transactional platform for concierge services and is Ten's digital interface with members with core modules specialising in dining, travel, entertainment and offers & benefits with premium retail. These modules feature content, Ten-procured inventory and – varying by market – API integrations with suppliers and providers. The result is a data-rich end-to-end transactional platform that mirrors the service level, access, and proposition of the Lifestyle Manager-led service.

  Ten derives some revenue from developing, customising and integrating the Ten Digital Platform for its corporate clients. We also generate additional revenue from delivering and licensing our digital platform to corporate clients.

- **Other revenue**

  Other corporate client service-related-revenue-generating activities include negotiating special offers or benefits with suppliers and creating bespoke editorial content.

Supplier revenue

The Group earns some revenue from its supplier base, such as hotels, airlines, and event promoters which sometimes pay commission to Ten. Ten does not typically negotiate higher levels of supplier commissions but instead focuses on negotiating the best member benefits to drive member satisfaction.

INVESTMENT CASE

A huge market opportunity

- as our service aims to become the best way to access and organise dining, travel and tourism, entertainment and luxury retail markets

The established market leader for technology-enabled concierge services[11]

- the only global, multi-category transactional lifestyle and travel platform, backed by expert Lifestyle Managers
- with long-term and large corporate contracts
- a growing, powerful HNWI closed user group

A proven growth engine at the heart of our business model

- benefited by high-levels of investment in our technology
- delivering a strong member proposition and member engagement
- which drives our client's return on investment and their continued support of Ten

Delivering year-on-year growth

- of revenue from our corporate clients, despite COVID-19
- due to sustained member activity and support from corporate clients
- a strong sales pipeline for future growth

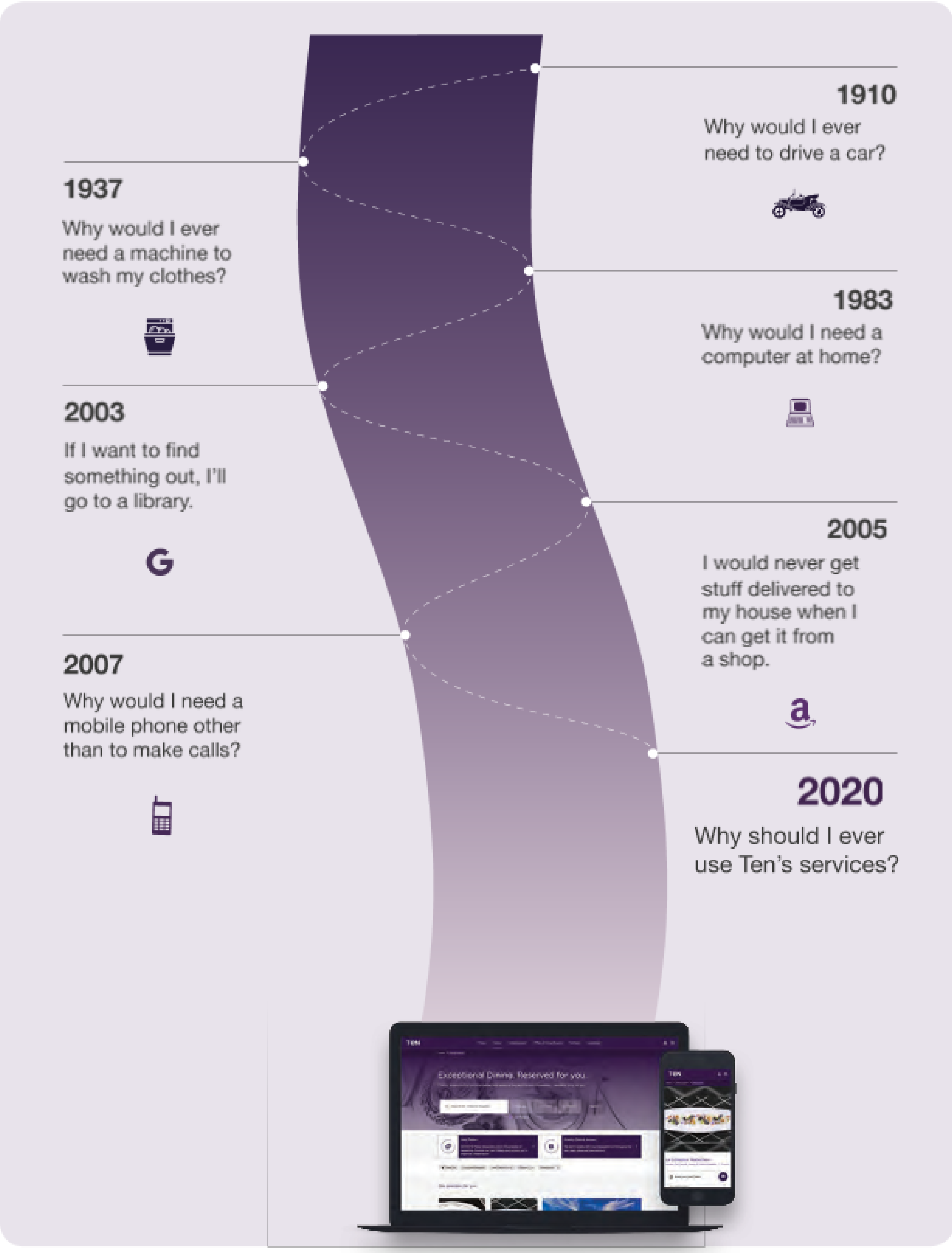
Improving EBITDA

- following a period of intensive investment after our IPO in November 2017
- driven by technology and operational efficiencies

11 Based on our management's beliefs and assumptions and on information currently available to our management, including the number of corporate contracts won in competitive tenders.

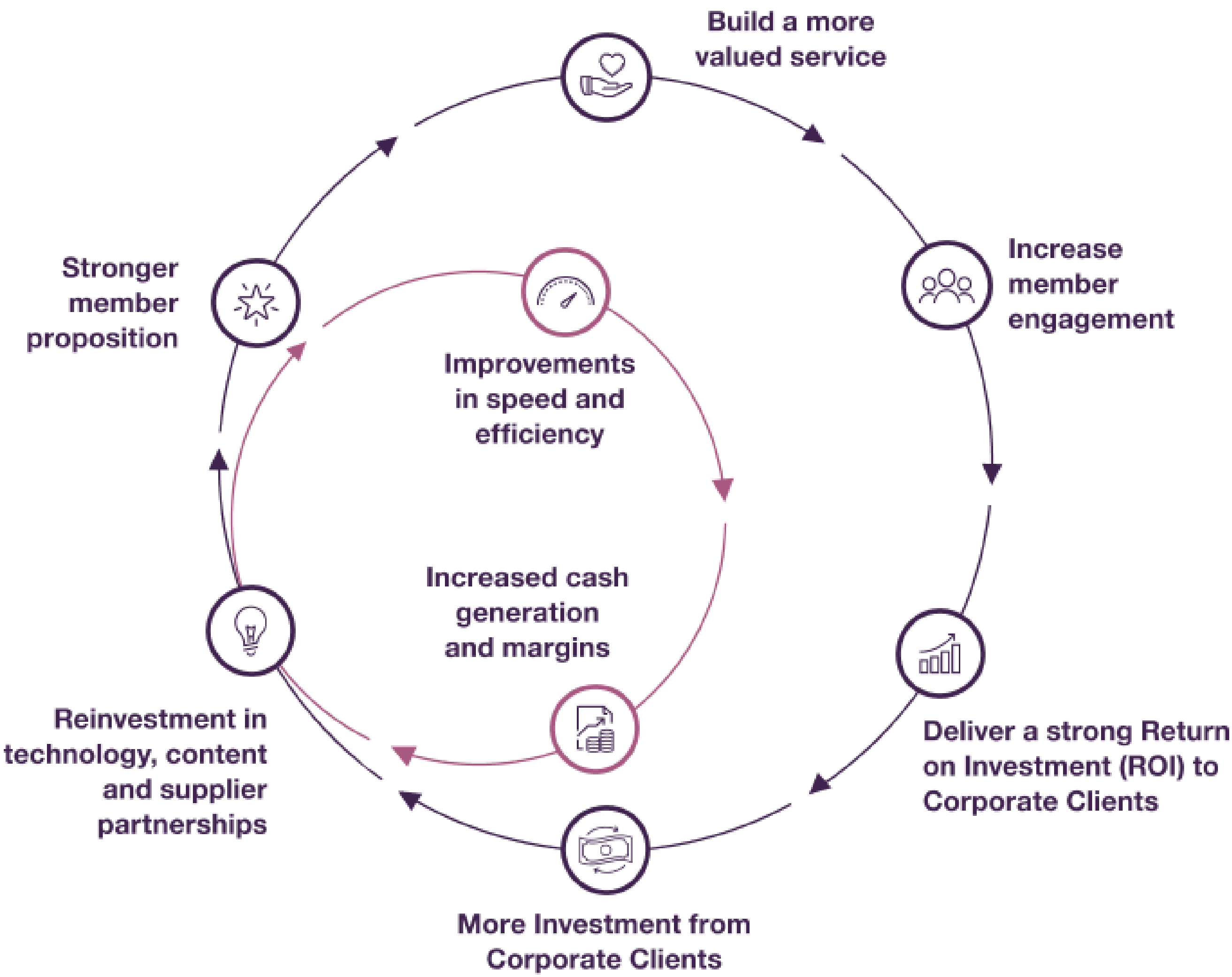
A GROWING SERVICE PLATFORM

Ten's service platform is offered to millions of eligible members globally; including the Ten Digital Platform, which is now available in over 20 brands, 100 countries, 15 languages and 35 currencies. We consider this a competitive advantage and to be highly valued by our corporate clients and members.



TEN'S GROWTH ENGINE – PROPOSITION, PROFITABILITY AND SCALE

The growth engine at the heart of Ten's business model grows service quality and cash generation over time and with scale, creating shareholder value and a deep competitive moat.



PRINCIPLES OF GROWTH

Build a more valued service
To become the most trusted service in the world, we continue to build a "member-first" service that is valued because it offers reliable and relevant services using people and technology that members can trust to have their best interests at heart and deliver to their needs.

More Investment from Corporate Clients
When we demonstrate strong Return on Investment (ROI) for our corporate clients, they invest more with us to customise, develop and integrate their concierge offering to their most valuable customers.

Increase member engagement
Individuals will engage on a repeat basis with a valued, trusted and convenient service that delivers superior access, offers and discounts across multiple consumer markets and which adapts to changing and individual needs.

Reinvestment in technology, content and supplier partnerships
Reinvestment of revenue from corporate clients and profit generated by the growth engine improves our technology, including functionality of the Ten Digital Platform, content and our supplier partnerships. This helps create the momentum behind the Group's growth engine.

Deliver a strong Return on Investment (ROI) to Corporate Clients
Corporate clients want us to help them increase their engagement, retention and acquisition of their most valuable customers, better and more effectively than other retention and acquisition tools. A partnership with Ten can also help clients to target improvements in customer advocacy, assets under management (AuM) and spend on related payment cards.

Stronger member proposition
A stronger member proposition benefits from improving the quality, speed, efficiency of the service as well as editorial content and the way we communicate with members. Leveraging the collective buying power of our affluent and growing membership with our existing and new supplier partners further strengthens the proposition by offering the best access, offers and discounts across dining, travel, entertainment and premium retail.

DRIVERS OF EFFICIENCY AND PROFITABILITY

Improvements in speed and efficiency
Automating some of the ways we service member requests and effective communication strategies improve the speed and efficiency of the service.

Increased cash generation and margins
Improving operational and financial efficiency helps us achieve our strategic goals of generating cash and profit, which are largely reinvested into improving the member proposition still further and faster.

TRANSFORMED DIGITAL CAPABILITIES

Ten has continued to transform its digital capabilities by maintaining a high-level of investment, with £12.2m spent in 2020 and a total of £34.9m spent since IPO on the Ten Digital Platform, TenMAID, content, communications, and other technologies.

Automation

We increased levels of automation when handling member service requests, including fully automated request fulfilment. For example, we grew direct online bookings through the use of application programming interfaces (API) with supplier partners and aggregators on the Ten Digital Platform, including reservations at venues in our portfolio of Held Tables at top restaurants. We also fulfil requests using partly automated operations. These initiatives have increased the number of fully automated requests fourfold in the year.

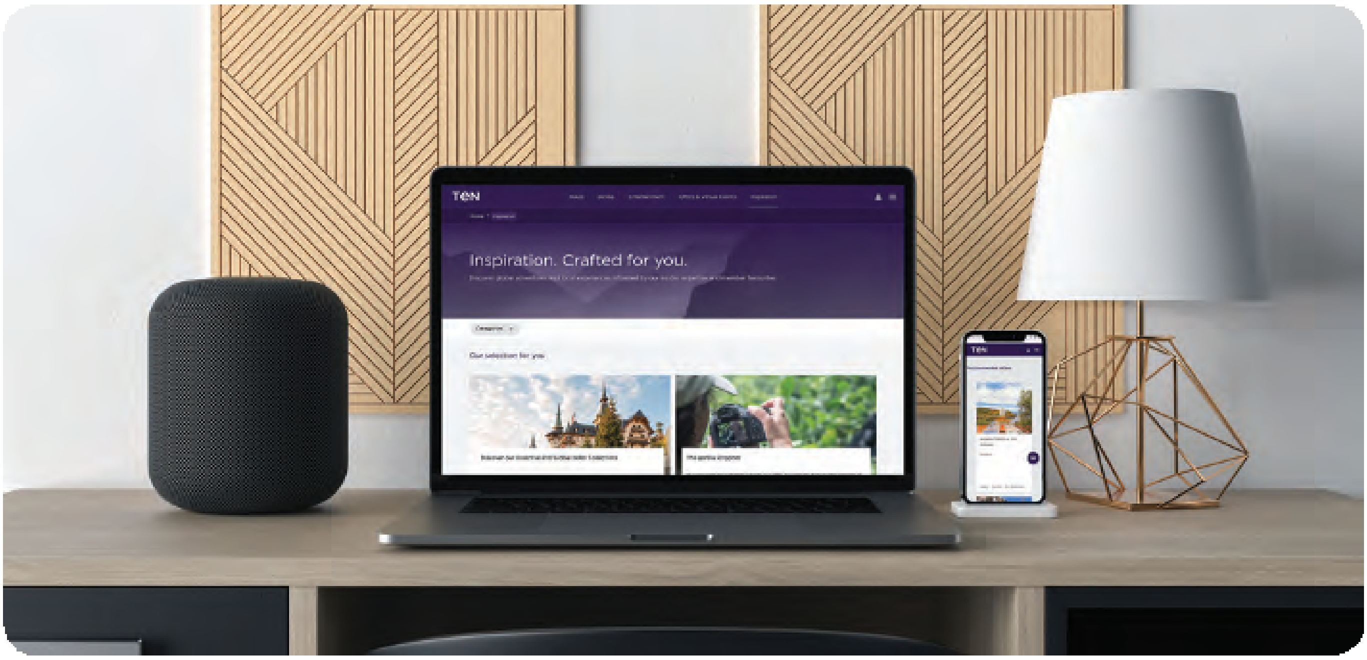
We believe increased automation improves service speed and convenience. This is backed by year-on-year increases to our global record Net Promoter Scores (NPS). We also believe the efficiencies gained through increased automation have contributed to the increased Adjusted EBITDA margin of 10.8% (2019: (7.2)%).

TenMAID and communications

Ten's proprietary customer relationship management platform ("TenMAID") supports our expert Lifestyle Managers to deliver personalised, high-quality lifestyle and concierge services to our members 24/7/365, wherever they are in the world. It enables Lifestyle Managers to securely access the member's profile and search Ten's entire inventory to fulfil the member's request efficiently, the success of which we believe is reflected in our year-on-year record Net Promoter Scores (NPS).

As part of our digital transformation, we also invest in integrating communication strategies with TenMAID and the Ten Digital Platform to enable members to access our expert Lifestyle Managers by phone, email, webchat and now WhatsApp. This includes Bullseye routing which automatically directs the member's call to the most appropriate Lifestyle Manager based on the member's profile and other logic points.

By investing in the development of TenMAID we have improved the efficiency, search capabilities and usability, all of which, combined with improved communication technology, drive member satisfaction and operational efficiencies.

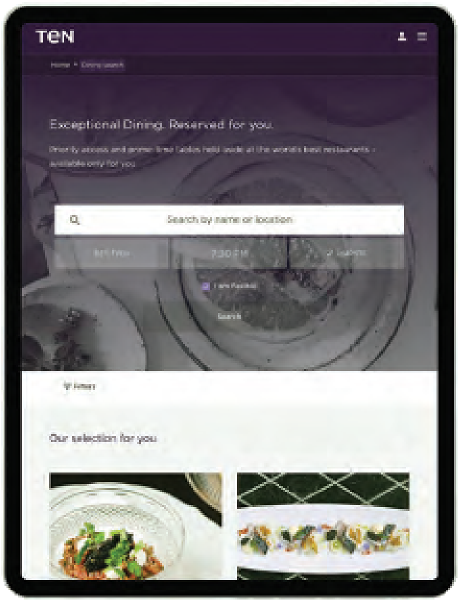


Content

We have greatly improved how we use editorial content and electronic marketing to communicate and engage with our members by investing in our in-house content team, which has increased the number of articles produced by 65% in the year.

By creating and publishing quality content in over 15 languages including; inspiration articles; travel and at-home guides; digital events; restaurant reviews; and event and offers promotions, we can better engage our members. Member engagement is further enhanced by improved search functionality on the Ten Digital Platform and improved personalised and targeted proactive email marketing, meaning members have better access to the services, offers and benefits that they are most interested in.

With the backing of our corporate clients, we significantly increased the number of proactive engagement emails sent to members globally to 8.2m (2019: 4.9m) whilst maintaining a high open rate (42% (2019: 44%) as well as increasing the click-to-open rate (9.5% 2019: 6.7%).



Ten Digital Platform

Ten's proprietary digital platform ("Ten Digital Platform") is established in all three global regions and is now available to members in over 100 countries, supporting over 15 languages and over 35 currencies. We believe it is the only global, multi-category transactional lifestyle and travel platform, backed by expert Lifestyle Managers.

The Ten Digital Platform is live with 22 (2019: 14) corporate client brands globally. Corporate clients often pay us to customise the Ten Digital Platform to suit their specific needs, the preferences of their most valued customers, as well as to support the corporate client's brand, values and customer engagement strategy.

By partnering with corporate clients to customise and integrate the Ten Digital Platform as part of the client's digitalisation strategy, including developing self-registration and single sign-on (SSO) features, we strengthen our proposition for their customers (our members) and help secure long-term relationships with the corporate client.

As well as launching, maintaining and augmenting the Ten Digital Platform for new and existing corporate clients, we have developed and delivered key features to improve the resilience, security, functionality, user experience and efficiency across its travel, dining, entertainment & events and offers & benefits modules, including:

- improved search functionality;
- improved accessibility;
- externalised APIs;
- map views and on device directions;
- SMS identity verification and 3DS 2.0 security for payments;
- payment by instalments (in certain regions); and
- new Inspiration (content) module.

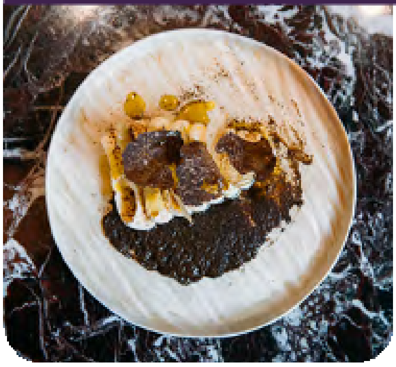
These features complement existing key features developments on the platform, including chat, geo-tree functionality and micro-service APIs.

Continued investment into the Ten Digital Platform accelerates the Group's growth engine as it drives efficiencies, service improvements, the member proposition and engagement, as well as being a key competitive differentiator.

STRONGER MEMBER PROPOSITION, SATISFACTION AND ENGAGEMENT

Building a valued service and strong member proposition is the key objective of the growth engine that underpins the Ten business model. In the year we have both strengthened our core propositions and developed them to suit the changing needs of our members throughout the COVID-19 pandemic.

Dining



Core proposition

Expanded Ten's popular Held Tables program, offering preferential access at over 800 of the world's best restaurants across 50 global locations.

Increased the number of curated and searchable reviews of the world's top restaurants with priority access (and often benefits too) at over 70% of them to 10,000 (2019: c.9,000).

Added "near me" functionality to the Ten Digital Platform which allows a member to find and request reservations in their area.

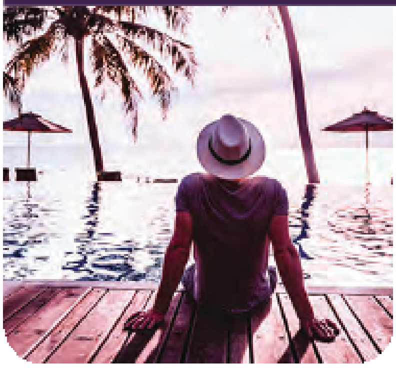
COVID-19 adaptations

Tailored dining recommendations to the changing lives of our members by increasing localisation and relevant recommendations (restaurant quality food deliveries, outside dining and virtual cooking and cocktail masterclasses with top chefs), in accordance with local lockdown restrictions.

As COVID-19 measures lift and opportunities to dine return, we expanded our local dining knowledge and helped our members find local restaurants through the "near me" function and the new mobile-enabled Map View function on the Ten Digital Platform.

Launched DINE – a quarterly e-zine including interviews with world-class chefs, in-depth trend analysis, Michelin-starred recipes.

Travel and tourism



Core proposition

Expanded the range, improved the access and benefits available across our core travel propositions, including:

- access to over 600,000 (2019: 200,000) hotels worldwide;
- expansion of Ten's Global Hotel Collection – our portfolio of luxury hotels that offer additional benefits at over 2,500 hotels (2019: 2,200);
- increased average saving of 15% (2019: 5%) on our essential hotel collection, when compared to online travel agents; and
- direct agreements with 8 (2019: 5) car hire companies.

COVID-19 adaptations

During the immediate fallout from global travel restrictions, we supported members and their families to return home, provided refund support and updates on country restrictions.

As our members were confined to their homes, we provided inspiration for future trips, including virtual tours of the world's most beautiful travel destinations.

We created staycation guides to our members' favourite local destinations with details of where to stay and local, open restaurants with benefits.

We also created regional travel corridor/bubble guides, city guides and essential travel guides to meet the travel needs of our members when travelling internationally.

As our members' look forward to international travel returning in 2021, we are booking "once in a lifetime" trips for our members.

Offers and benefits

Core proposition

Increased the number of offers with premium retail brands, available to buy or redeem on the Ten Digital Platform to over 450 (2019 c.250).

COVID-19 adaptations

Shift of focus from experiences and popular retail offers in travel destinations to everyday 'at home' necessities. Savings, discounts and supporting locally owned businesses, including access to:

- gourmet food delivery;
- flowers and gifts;
- wellness and home improvement;
- regional gift guides;
- everyday value offers; and
- staycation packages.

Organised online events with retailers and produced guides to relevant products.

Entertainment

Core proposition

Our success rate for securing general sale face value tickets for our members in our core ticket markets rose from 80% to 90% in the year.

Before COVID-19, we organised over 90 complimentary member events and hosted a further 40 in-person 'paid for' events.

Expansion of partnerships with major ticket providers and promoters increasing members access to face value tickets, presales and offers.

COVID-19 adaptations

Supported members affected by the cancellation or distribution to booked events and produced guides to available online and at-home entertainment.

Our popular member events went virtual, adding vital opportunities for members to socialise through new Ten-organised events, including:

- a Q&A session with the cast of Hamilton;
- access to a series of intimate acoustic gigs;
- book clubs with the author;
- wine tastings and cocktail making masterclasses; and
- flower arranging workshops.

A HUGE GLOBAL MARKET

To become the most trusted service in the world, we aim to become the best way for high-net-worth individuals (HNWIs) and the mass affluent to manage their needs in dining, travel, entertainment and retail.

Dining

Dining recommendations from expert Lifestyle Managers, premium access to the best restaurants with online reservations through the Ten Digital Platform.

Strategy

- Leverage HNWI membership, long-term relationships, in-house expertise and reputation to secure access to the best restaurants, with premium offers and held tables at peak times.
- Guide members to restaurant quality food deliveries, outside dining and virtual cooking and cocktail masterclasses.
- Produce high-quality, editorial reviews and restaurant recommendations from the restaurant portfolio.
- Allow members to search using "near me" functionality and make reservations on the dining module of the Ten Digital Platform and access recommendations through personalised emails or direct from Lifestyle Managers.

Market size

$4.2tn

Source: PR Newswire: Global Food Service Market Report 2019 – 2024.

Travel and tourism

Expert, "high-touch" travel advice and bespoke holiday packages, with online flights, hotels, car hire booking through the Ten Digital Platform.

Strategy

- Use the combined buying power of our membership to negotiate great offers and benefits across all key aspects of travel, including staycations, local destinations, hotels and once in a lifetime trips.
- Offer better value for money than other travel providers by not relying on service or commission fees.
- Create editorial travel articles and destination guides, showcasing offers and expert knowledge to our members.
- The travel module of the Ten Digital Platform allows members to search and book flights, hotels and car hire and Lifestyle Managers can provide full-service travel support and bespoke holiday bookings.

Market size

$8.9tn

Source: World Travel & Tourism Council, 2020.

These huge markets give Ten the opportunity to increase its share of the addressable segments for our target group of HNWIs and mass affluent individuals. In 2019 there were 22.2m high-net-worth individuals (HNWIs)[12] globally, with a combined net worth of $41.7tr[13].

By growing our membership of HNWIs and mass affluent individuals, we increase our ability to leverage the very best access, offers and discounts with supplier partners across these consumer markets. Our expert Lifestyle Mangers, multichannel, transaction Ten Digital Platform, editorial content and targeted email marketing underpin our strategies within each market.

Details of how we have grown our Member Proposition in each of these markets is on pages 18 and 19.

12 Individuals with $1m-$5m in net worth.

13 Green, Bianchi & Phillips, 2020.

Entertainment

Expert sports, theatre, music and at-home entertainment news, recommendations and access to face-value (or better) tickets with online bookings through the Ten Digital Platform.

Strategy

- Expand partnerships with ticketing platforms, providers and promoters to secure access, pre-sale, offers and face-value tickets to the most sought-after events.
- Entertainment newsletters allow members to discover entertainment and events to which they have advance, exclusive or discounted access.
- Personalised, pre-sale notifications allow members to secure tickets to their favourite events with our Lifestyle Managers or by booking directly on the entertainment module of the Ten Digital Platform.
- Source at-home entertainment and produce guides to available online and at-home entertainment.

Market size

$2.0tn Source: PwC, 2020.

Premium retail

Exclusive or premium offers and access to high-end and desirable retailers, products and events, with online redeemable offers and event bookings through the Ten Digital Platform.

Strategy

- Secure premium offers, discounts and benefits with high-end brands backed by members' higher than usual spending habits.
- Organise member-only in-person and virtual events in partnership with premium retailers, offering a unique opportunity to all.
- Use personalised email marketing to promote relevant offers to members, with editorial guides, offers or event.
- Allow members to search, browse and redeem available discounts on the offers and events module of the Ten Digital Platform.

Market size

$0.3tn Source: Visual Capitalist, 2020.

A STRATEGY FOR GROWTH

Our strategy focuses on three key areas; investing into our proprietary technology and content; building a stronger member proposition and greater member engagement; and securing and growing investment from new and existing corporate clients by leveraging our market-leading service proposition.

1 Investment into technology and content

Investment into technology and content improves efficiency, which drives profitability, margin and a strong member proposition. This, in turn, delivers value to our corporate clients and provides differentiation for the Group.

Our aim

We aim to use technology and content to improve our members' experience, improve our service efficiency and deliver differentiation and commercial impact for our corporate clients.

Progress in the year

In the year, we have invested £12.2m (2019: £12.2m) in technology and content. We believe that maintaining high levels of investment into technology is key to our future success.

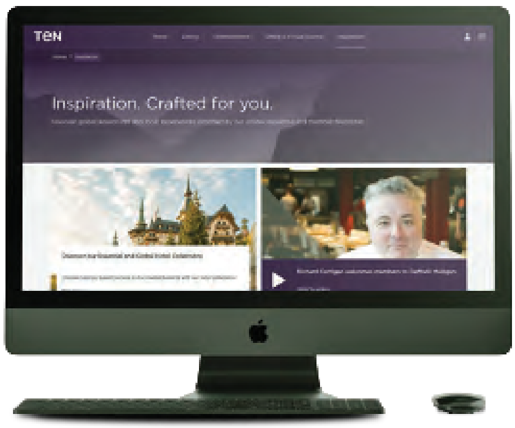
We have continued to roll-out the Ten Digital Platform to corporate clients and our private membership. It is now live with 22 client brands globally, supporting content in over 15 languages and transactions in over 35 currencies.

The dining, travel and entertainment and offers & benefits modules of the Ten Digital Platform now support improved editorial content presenting transaction services. For example, members can now search and browse over 10,000 (2019: c.9,000) curated reviews of the world's top restaurants and then request a reservation, with over 70% of them offering priority access (and often benefits too) to our members.

We have also improved the ways in which we engage with our members through targeted, relevant and personalised communication strategies. This year we increased the number of proactive emails sent to members globally whilst maintaining a high open and click-to-open rate.

We have also continued our improvements of the TenMAID technology used by our Lifestyle Managers to service reservations, delivering operational efficiencies. This includes a fourfold increase in fully automated requests in the year. This is covered in more detail on page 16.

We retained our PCI DSS Level 1 accreditation and SOC Type 2 certification during the year. These require regular, in depth audits of our payment and data procedures as well as our underlying technology; providing comfort to our corporate clients around our security measures and compliance.



Looking ahead

We expect to continue to invest in our technology and content as we continue to see the ongoing benefits on the efficiency, cash generation and profitability of the business.

② Build a stronger member proposition and member engagement

A strong member proposition with multichannel, superior access, benefits and discounts is highly valued by our members, which drives customer engagement and outcomes for our corporate clients.

Our aim

At the beginning of the year, we aimed to improve our member proposition, measured by Net Promoter Scores (NPS) and member engagement rates, by developing our expert Lifestyle Managers, improving technology and systems, our supplier partnerships base, pre-prepared content, faster response times and focusing on retaining a service culture.

COVID-19 accelerated the expansion of our service offering, supplier partnerships and online content, to best serve the changing needs of our members.

Progress in the year

The improvements to technology and content described have improved service speed and efficiencies in the year.

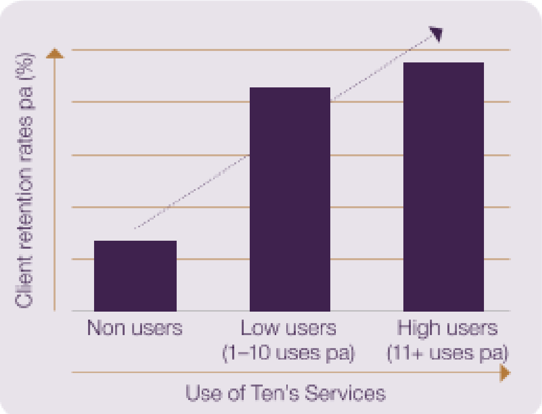
Our member proposition has also been strengthened by key developments with supplier partners in the dining, travel, entertainment and premium brand consumer markets. Detail of which are set out on pages 20 and 21.

We responded quickly to our members' changing needs as a result of COVID-19, including the trends towards home improvement, staycations, at-home entertainment and cleaning services, by developing tailored services, as set out on pages 18 and 19.

As a result of the member proposition, we have, again, enjoyed record year-on-year Net Promoter Scores (NPS), our primary measure of service levels and member satisfaction.

We also measure service quality against our own internal quality assurance standards and use a basket of other measures to build an in-depth understanding of the drivers of member satisfaction. These include response times, tone of voice, the level of personalisation on a request and the relevant success criteria on different types of request.

In the first half of the year, the number of unique users of the service increased by 14% compared with the same period in the previous year. In the second half of the year, the number of unique users of the service increased by 18% compared with the same period in the previous year, despite the effects of COVID-19 on dining, travel and live entertainment and the wider economic environment. We have also seen a 6% increase in repeat usage by members, demonstrating engagement and satisfaction with the service.



Looking ahead

We will continue to support our members through the effects of COVID-19, wherever they may be and are on hand to provide trusted advice and book travel, dining and live entertainment as and when the opportunities arise.

Strategy in Action continued

3 Secure and grow corporate client investment

The Group secures continued mandates from its existing clients and wins new contracts by delivering and demonstrating the Return on Investment (RoI) as a customer retention, engagement and acquisition tool.

Our aim

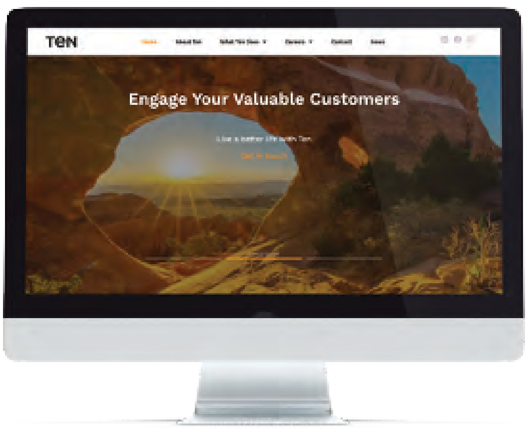
We aim to grow existing contracts and win new contracts by demonstrating the value that we add to their commercial metrics – notably our positive impact on retention, value and acquisition of their target customers.

The Group has historically partnered with blue-chip financial services and have aimed to further progress in this sector as well as expanding into other corporate markets.

Progress in the year

Although the rate of growth in new contract wins has slowed this year, the Group has secured some strategic new contract wins, including with Westpac in Australia, which launched with the Ten Digital Platform in September 2020.

The Group has also secured strategically important, multi-year contract extensions and significant expansions of contracts with some of our existing corporate clients. We have not lost any clients to competitors in the year.



New contract wins and the growth of existing clients have both slowed due to the effects of COVID-19 on the wider economic and hospitality environment, as target clients pause to reflect on the respective impacts on their business and await market certainty.

However, our continued investment in technology and content during the year has allowed us to maintain a strong sales pipeline, remain differentiated from our competitors and develop our proven ability to help clients engage, retain and acquire their most valuable customers.

We have also worked with corporate clients to target improvements in their customer advocacy, assets under management (AuM) and spend on related payment cards through customisation of the service, Ten Digital Platform and member communications.

Feedback from many corporate clients is that they believe the impact from COVID-19 will create additional retention risks and acquisition opportunities with respect to their most valuable customers. This supports our justification for, and our corporate clients' continued investment in, our services.

Despite the challenges, the Group achieved a 1.6% increase in Net Revenue from corporate clients during the year and we retained all of our Material Contracts in the year.

The Group continues to target and be in discussions with potential clients in other vertical markets.

Ten has a small private membership base. Historically private membership has not been a focus for the Group. In 2020, with a strengthened member proposition, we introduced a new digital first private membership package, focused initially on the UK as the target market through one affiliate marketing partner. We will prepare for broader marketing plans to relaunch our private membership proposition.

Looking ahead

We will continue to engage with our strong pipeline of new business in established and new vertical markets and believe the Group is well positioned to secure new mandates as economic certainty returns in each of the regions. Our strong technology and product teams are ready to launch the Ten Digital Platform with new clients in all regions.

We will continue to work with existing clients to demonstrate the value of our service proposition and target their key metrics to develop their mandates.

Key Performance Indicators

MEASURING OUR GROWTH

The Group monitors its performance using a number of financial performance indicators which are agreed at Board meetings and monitored at operational and Board level.

This year, the Medium, Large and Extra Large contract KPIs have been combined into one Material Contracts[14] KPI. Cash has been included as a new KPI because we measure the Group's performance towards its objective of becoming cash generative.

Net Revenue

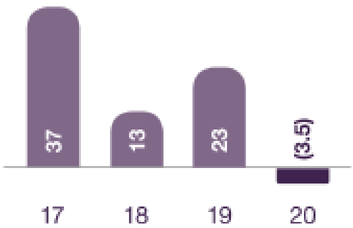
£m

£44.2m

Net Revenue growth

%

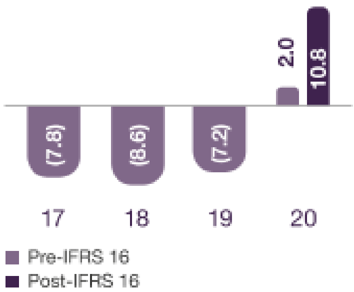
(3.5)%



Adjusted EBITDA Margin

%

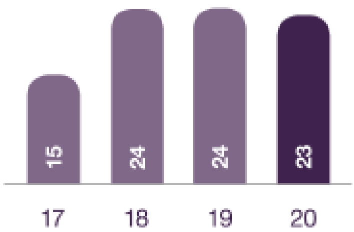
10.8%



Material Contracts

Number

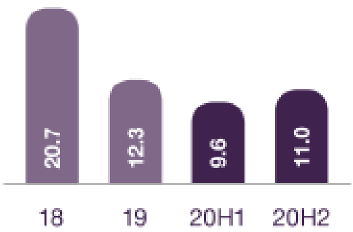
23



Cash

£m

£11.0m



14 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. Medium, Large and Extra Large contracts are collectively Ten's "Material Contracts".

OUR ROBUST BUSINESS MODEL REMAINS RELEVANT THROUGH THIS PANDEMIC CRISIS

Alan Donald
Chief Financial Officer

Despite the challenging trading conditions in the second half of the year due to the COVID-19 pandemic, our Net Revenue was only 3.5% down on prior year. Combining this with continued efficiencies in our business model, as well as appropriate cost actions taken to conserve cash, we achieved an Adjusted EBITDA profit for the first time since IPO in 2017 and maintained a strong balance sheet position at the year end.

	2020 £m	2019 £m
Revenue	**46.4**	49.1
Net Revenue	**44.2**	45.8
Operating expenses and Other Income	**(39.4)**	(49.1)
Adjusted EBITDA	**4.8**	(3.3)
Adjusted EBITDA %	**10.8%**	(7.2%)
Depreciation	**(4.4)**	(1.0)
Amortisation	**(3.4)**	(3.0)
Share-based payments & exceptional items	**(1.9)**	(0.5)
Operating loss before interest and tax	**(4.9)**	(7.8)
Net finance (expense)/income	**(1.0)**	0.5
Loss before taxation	**(5.9)**	(7.3)
Taxation	**(1.0)**	(1.0)
Loss for the year	**(6.9)**	(8.3)
Net cash at 31 August	**10.0**	12.3

Adjusted EBITDA

Whilst Adjusted EBITDA 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 by the Board. It reflects the underlying profitability of our business operations, excluding amortisation of investment in platform infrastructures, exceptional costs and share-based payment expenses.

Implementation of IFRS 16 "Leases" accounting standard

We implemented IFRS 16 "Leases" accounting standard in this accounting period. The transition method used was the Modified Retrospective method therefore comparatives have not been restated. Adjusted EBITDA as reported was £4.8m in the year, which includes a credit of £3.9m in respect of the implementation of IFRS 16. The following table provides a breakdown of Adjusted EBITDA pre and post-implementation of IFRS 16 for the Group and by region.

	Group	EMEA	Americas	APAC
Reported Adjusted EBITDA post-IFRS 16	4.8	8.2	(3.9)	0.4
IFRS 16 adjustment	(3.9)	(1.2)	(1.9)	(0.7)
Adjusted EBITDA (pre-IFRS 16)	**0.9**	**7.0**	**(5.8)**	**(0.3)**

As comparatives have not been restated, regional year on year comparisons below use Adjusted EBITDA pre-IFRS 16.

Net Revenue
£m

£44.2m

(2019: £45.8m)

Adjusted EBITDA
£m

£4.8m

(2019: £(3.3)m)

Revenue and Net Revenue

Net Revenue[15] for the twelve months to 31 August 2020 was £44.2m, down 3.5% compared to the prior year. Revenue for the twelve months to 31 August 2020 was £46.4m, down 5.5% on the twelve months to 31 August 2019. Net Revenue, which excludes the direct cost of sales relating to member transactions managed by the Group, is Ten's preferred measure of operating revenue 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).

The reduction in Net Revenue of 3.5% was principally due to the COVID-19 pandemic which started to impact our business from February 2020 onwards. The biggest impact to our Net Revenue has been the reduction in supplier commissions principally due to the reduction in international travel across the world. The following table sets out a comparison between H1 and H2 of this financial year, compared to prior year, of our supplier commissions as a percentage of Net Revenue.

	2020 H1 (unaudited)	2020 H2 (unaudited)	2020 FY (audited)	2019 H1 (unaudited)	2019 H2 (unaudited)	2019 FY (audited)
Percentage of Net Revenue	**10.7%**	**3.4%**	**7.4%**	11.7%	12.3%	12.0%

Our Corporate Revenue (paid by our corporate clients to service their customers) increased year on year by 1.6% as we adjusted our offering to corporate clients and members to meet their changing requirements during the pandemic crisis.

Contract analysis

The following tables set out an analysis of our contracts by size and by region. We have analysed only our Material Contracts. Note, the contract size is 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. This does not include the revenue generated from suppliers through the provision of these concierge services.

Contracts by size	2020	2019	Change
Extra Large	**3**	2	+1
Large	**6**	5	+1
Medium	**14**	17	-3
	23	24	-1

Contract by region	2020	2019	Change
EMEA	**8**	8	—
Americas	**10**	11	-1
APAC	**4**	4	—
Global	**1**	1	—
	23	24	-1

At the start of the financial year a new Large contract was launched and in January 2020, we expanded a contract in the Americas to become an Extra Large contract. In addition, we consolidated two Medium contracts into existing Material Contracts, with no contract losses.

Since the year end an additional multiple year contract has been signed in APAC. We expect that this contract will grow to a Medium contract within 12 months of launch.

Regional analysis

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. Net revenue by region reflects our servicing location rather than the location of our corporate clients. This allows us to track the efficiency and profitability of our operations around the world, and is therefore presented on this basis.

Net Revenue	2020 £m	2019 £m	% change
EMEA	**22.0**	20.5	7%
Americas	**13.8**	15.8	(13)%
APAC	**8.5**	9.5	(11)%
	44.2	45.8	(3.5)%

EMEA Net Revenue increased by 7% with growth from our existing clients as well as the impact of the new Large contract which launched at the start of the year being partially offset by a significant reduction in supplier commissions in H2 due to the pandemic.

In **the Americas**, Net Revenue reduced by 13% primarily due to the impact of the pandemic on both concierge revenue and supplier commissions in the region partly offset by the expansion of a contract to Extra Large in January.

In **APAC**, Net Revenue reduced by 11% principally due to the pandemic and the annualised impact of a Large contract lost in the last quarter of the prior year partly offset by growth from existing clients during the year.

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

Financial Review continued

Operating expenses and other income

Operating expenses and other income reduced by £9.8m to £39.4m (2019: £49.1m). As already stated, on the implementation of IFRS 16 the transition method used was the Modified Retrospective method. Therefore, 2019 comparatives have not been restated. The impact of IFRS 16 implementation in 2020 was to reclassify £3.9m of lease costs to depreciation and interest. Therefore, the underlying operating expenses of the business on a like-for-like basis compared to prior year were £42.9m, a reduction of £5.9m. The majority of this reduction was due to cost savings in the second half of the year in response to lower revenue as a result of the pandemic.

These cost reduction actions included, but were not limited to:

- successful renegotiation with suppliers and landlords;
- a review of projects to focus on the most strategic core investments (including development of our core technology platform, where we continue to invest);
- a freeze on employee bonuses and salary increases as well as some redundancies;
- voluntary salary sacrifice scheme in exchange for share options; and
- use of various countries government support schemes (e.g. Furlough, Kurzarbeit).

Average headcount in the year has increased to 970 (2019: 837), primarily due to additional resourcing for the expansion of a contract to an Extra Large contract in the Americas during the first half of the year. However, our working full time equivalent (FTE) employees have decreased due the use of Furlough and Kurzarbeit across various countries, accounted for in compliance with respective rules and regulations with no ongoing liabilities, as well as redundancies in the second half of the year. We finished the year with fewer FTE than the end of prior year.

All Group property leases are short to medium-term or have appropriate break clauses incorporated, allowing flexibility when assessing space requirements across the world, especially in the current working environment.

Regional Adjusted EBITDA

Adjusted EBITDA is after expenses, other than deprecation £4.4m (2019: £1.0m), amortisation £3.4m (2019: £3.0m), share-based payment and exceptional items expenses £1.9m (2019: £0.5m). On this basis, Adjusted EBITDA was £4.8m (pre-IFRS 16: £0.9m; 2019: pre-IFRS 16 loss £(3.3)m).

Adjusted EBITDA pre-IFRS16 increased to a profit of £0.9m from a loss of £3.3m in 2019. The overall improvement has been driven by continued operational efficiencies together with cost savings as described above in the second half of the year.

After allocating the costs of central IT infrastructure, software development, property, senior management and other central costs, the Adjusted EBITDA pre-IFRS 16 for each region is set out below:

Adjusted EBITDA pre-IFRS 16	2020 £m	2019 £m
EMEA	**7.0**	2.3
Americas	**(5.8)**	(4.3)
APAC	**(0.3)**	(1.3)
Total	**0.9**	(3.3)
Adjusted EBITDA pre-IFRS 16%	**2.0%**	(7.2)%

EMEA

Adjusted EBITDA pre-IFRS 16 margin in EMEA, defined as Adjusted EBITDA pre-IFRS 16 as a percentage of Net Revenue, has increased to 32% from 11% in the prior year. Continued operational efficiencies in the region and cost saving actions offset by lower supplier revenue has delivered this significant improvement in margin.

Americas

The Americas region Adjusted EBITDA loss pre-IFRS 16 has increased to £(5.8)m (2019: £(4.3)m). This decline is, in part, because of a reduction in Net Revenue due to the pandemic together with one off set up costs (unconnected to acquiring or fulfilling the contract) on the expansion of an existing contract to an Extra Large contract. This decline was partly mitigated by improved operational efficiencies in the period as the region matures as well as cost reduction in the second half of the year.

APAC

The APAC region Adjusted EBITDA pre-IFRS 16 loss has improved in the year by £1.0m to a loss of £0.3m. The improved performance has also been driven by operational efficiencies as well as cost saving measures in the second half of the year.

Amortisation

Amortisation costs, relating to the internal platform (TenMAID) and the customer-facing platforms, were £3.4m in 2020 (2019: £3.0m) reflecting continued investment in technology to drive improvements in service levels, efficiency and competitive advantage.

Net finance (expense)/income

Net finance expense in the year was £1.0m (2019: income of £0.5m); the expense of £1.0m included IFRS 16 lease interest expense as well as foreign exchange losses on the translation of inter-company balances in the year.

Share-based payments and exceptional items expense

The share-based payments and exceptional items expense in the year was £1.9m (2019: £0.5m). Of this, £1.5m (2019: £0.5m) related to share based payments expense reflecting share grants made under management incentive plans established after listing on AIM and also two salary sacrifice share option schemes implemented during the year (see note 27). The exceptional items expense of £0.4m (2019: £0.0m) was an impairment expense following a review of a database previously capitalised were a specific portion of this was less likely to generate future economic benefits due to the fall out of the COVID-19 pandemic.

Loss before tax

The loss before tax improved to £(5.9)m from £(7.3)m in 2019.

Taxation

The taxation expense for the year was £1.0m (2019: £1.0m) which related to tax liabilities and payments due in profitable overseas entities. Approximately £0.3m related to the crystallisation of non-UK legacy taxation positions in the current year.

Loss per share

The total comprehensive loss for the year was £(6.9)m (2019: £(8.3)m), resulting in a loss per share (excluding treasury shares) of 8.6p (2019: loss per share of 10.3p). The Board does not recommend the payment of a dividend.

Group cash flow

	2020 £m	2019 £m
Loss before tax	**(5.9)**	(7.3)
Net finance expense	**0.5**	—
Working capital changes	**2.9**	0.7
Non-cash items (depreciation and amortisation, share-based payments and exceptional items expenses)	**9.7**	4.5
Operating cash flow	**7.2**	(2.1)
Capital expenditure	**(0.2)**	(1.2)
Investment in intangibles	**(5.3)**	(4.3)
Taxation	**(0.2)**	(0.5)
Cash inflow/(outflow)	**1.5**	(8.1)
Cash flows from financing activities		
Purchase of treasury shares	**—**	(0.1)
Loan receipts	**1.0**	—
Repayment of leases and net interest	**(3.6)**	(0.1)
Net cash used by financing activities	**(2.6)**	(0.2)
Foreign currency movements	**(0.3)**	—
Net decrease in cash and cash equivalents	**(1.4)**	(8.3)
Cash and cash equivalents	**11.0**	12.3

Cash generated by operations was £7.2m (2019: cash used £2.1m). The cash generated in the year has been achieved by continuing operational efficiencies across the business, cost savings primarily in H2 and a reduction in working capital, predominately driven by lower revenue in the second half of the year. In addition, non-cash items in the year increased versus prior year reflecting implementation of IFRS 16 (increasing depreciation and finance expenses), an increase in share-based payment expenses due to implementation of two salary sacrifice for share options schemes and exceptional item expenses (impairment write down). The expenditure that was capitalised on IT infrastructure, the Ten Digital Platform and TenMAID totalled £5.5m as we continue to invest in our technology. Net cash used by financing activities is primarily due to lease payments and interest of £3.6m again reflecting implementation of IFRS 16 offset by long-term loan receipts of £1m. This has led to an overall cash decrease of £1.4m significantly lower than prior year of £8.3m. Note, cash decreased in H1 by £2.7m (unaudited) but improved in H2 due to operational net cash inflow of £1.4m (unaudited) including the loan receipts of £1.0m.

Financial Review continued

Group balance sheet

	2020 £m	2019 £m
Intangible assets	**10.5**	9.0
Property, plant and equipment	**1.1**	1.8
Right of Use assets	**5.1**	—
Cash	**11.0**	12.3
Other current assets	**7.0**	11.1
Lease liabilities	**(3.3)**	—
Other current liabilities	**(12.5)**	(13.3)
Long-term borrowings	**(1.0)**	—
Non-current lease liabilities	**(2.7)**	—
Net assets	**15.2**	20.9
Share capital/share premium	**28.6**	28.6
Reserves	**(13.4)**	(7.7)
Total equity	**15.2**	20.9

Net assets were £15.2m (2019: £20.9m). The reduction in the year is due to reductions in trade and other receivables and a reduction in cash. Right-of-use Assets and lease liabilities (current and non-current) arose as a result of the implementation of IFRS 16. The Group's long-term borrowings of £1.0m consists of a loan from the US government's Small Business Administration (SBA) assisting businesses to keep their workforce employed during the COVID-19 pandemic crisis.

Going concern

Although the impact of COVID-19 on Ten has not been as marked as many other organisations, the full effect on the business still warrants focus and real time management. Net Revenue since the year-end has been in line with our planned expectations as the COVID-19 pandemic continues. It is not yet clear when global economic activity in travel and hospitality will recover, therefore we must prepare the business for varying levels of sales decline. To that end, we have modelled the effects of differing levels of sales decline along with the measures we can take to ensure that the Group remains within its available working capital, and we have prepared cash flow forecasts for a period in excess of 12 months.

We anticipate revenue meeting budget over FY21 but recognise that there is a risk that the Group will be impacted by reductions in the number of customers' engagements and by prospective corporate customers delaying launches. If revenue is not in line with cash flow forecasts, the Directors have identified cost savings associated with the reduction in revenue and can identify further cost savings if necessary.

The Directors have no reason to believe that customer revenue and receipts will decline to the point that the Group no longer has sufficient resources to fund its operations. However, in the unlikely event that this should occur, the Group will have to manage its working capital positions, as well as making significant reductions in its fixed cost expenses.

Alan Donald
Chief Financial Officer
23 November 2020

Risk Management

The Board considers the risks set out below to be the principal risks to the Group's business. The risks facing the Group are monitored and mitigated using a risk management and internal control framework, as further described on page 40 of the Corporate Governance Statement and page 44 of the Audit and Risk Committee Report.

The Board recognises that the nature and scope of risks can change and there may be other risks to which the Group is exposed so the list is not intended to be exhaustive.

	Risk and potential impacts	Mitigation	Change in 2020 and more information
MACROECONOMIC/MARKET			
Global or regional pandemic	A global or regional pandemic, as seen with COVID-19, disrupts travel, dining and live entertainment; key markets for Ten, resulting in a potential reduction in member requests and revenue. Operational challenges presented by a requirement for staff to work from home and absenteeism from illness or caring for dependents. Wider economic effects may affect client budgets in the medium to long-term.	Flexible member business model and adaptable member propositions allows Ten to remain relevant to members' changing needs. Proven capability for remote working for most roles for extended periods. Business Continuity Management processes have been proven to operate effectively, including office improvements to enable the safe return of our people. Short leases provide ability to flex offices in the medium term.	The Group's response to the unforeseen pandemic has resulted in many service and operational changes to help mitigate the impacts of potential future outbreaks. Read more information about how we responded to COVID-19 in each region on pages 8 and 9 and how we adapted our member proposition on pages 18 and 19.
Competitor risk	The Group operates in a highly competitive market with the potential for emerging new technologies and service innovations. The Group is also subject to competitive pricing models which have the potential to adversely affect the Group's business, operations and financial condition.	The Directors believe that the Ten Digital Platform is the market-leading omnichannel concierge platform with end-to-end transaction capability. It has added to the Group's competitive advantage, supporting several competitive tender wins during the period. The Group will continue to invest in its proprietary technology and key third-party supplier relationships to maintain this competitive advantage. Price pressures can result in downward pressure on gross margins and the risk that the Group's propositions are not considered to represent value for money. The Group therefore monitors market prices on an ongoing basis.	No change. Read about how our strategies strengthen our competitive advantage on pages 22 to 24.
OPERATIONAL			
Key personnel and employee satisfaction	Loss of key personnel could impact the Group's ability to execute its strategic plans. Reduced employee satisfaction as a result of pay freezes, changed working conditions, team changes and lack of motivation impacts the Group's productivity and stakeholder engagement. Financial measures preclude the use of cash incentives. There is a risk of litigation as a result of redundancies arising from the effects of COVID-19 on the Group.	Business plans and initiatives are documented and prepared with cross-functional input to reduce reliance on single individuals. The Group regularly monitors employee satisfaction through surveys and implements actions to address concerns and dissatisfaction. Engagement activities maintain team and Group culture. The Remuneration Committee aims to ensure rewards are commensurate with performance and aid retention.	Increased as a result of the extended challenges posed by COVID-19 on the business and our people. Read more about how the team adapted on pages 8 and 9 and the member proposition on pages 18 and 19.
Loss of key clients	The loss or downsizing of one or more Medium, Large or Extra Large contracts, for any reason, without the ability to mitigate the loss by entering into a similar contract, would impact the cash generation and revenue growth expected to deliver the Group's strategic plan.	The Group's client services team works with key client contacts on an almost daily basis and delivers data-driven reporting to illustrate the return on the client's investment into Ten's services. Relationships are monitored and reinforced through periodic engagement with the client's leadership teams. Most corporate contracts are stable or growing and are renewed on a multi-year basis, with contract minimums in place.	Increased as a result of client's potentially changing their strategies due to the economic effects of COVID-19. Read more about our client acquisition and contract growth strategies as well as details of our contract growth on page 24.

Risk Management continued

	Risk and potential impacts	Mitigation	Change in 2020 and more information
International expansion and impact of Brexit	The Group now operates from 22 offices globally but has not opened any new offices in the year. Operating across multiple jurisdictions present commercial and regulatory challenges. Failure to develop the right teams, deliver tailored services or comply with local legal, regulatory and taxation requirements in new and growing markets may have adverse consequences on the Group's growth strategy as well as regulatory consequences. Brexit and the potential 'no deal' scenario continues to create uncertainties within relevant market.	Since opening its first overseas office in 2006, Ten has developed a robust commercial and compliance process for managing overseas offices. The business hires experienced personnel, with clear reporting lines and support from experienced senior management, and engages experts to provide technical advice in overseas markets. The Group continues to evaluate the suitability of its panel of advisers engaged locally to navigate national regulatory requirements alongside internal specialists. Directors currently deem the effects of the UK's withdrawal process from the EU will not have a significant impact on the Company's operations due to the nature of its operations and that a proportion of the business is outside the UK and EU. However, the Board and Senior Leadership Team are constantly monitoring the situation.	Reduced due to no new global offices being opened in the year. Details of the locations of our global offices are on our website and our global markets are detailed on pages 20 and 21.
Supplier relationships	The Group engages suppliers to support central business services, including: office space; IT infrastructure; technology platforms; payment services; and telephony, as well as a wide range of third-party suppliers of goods and/or services, including providers of: travel; tickets; dining; and retail. Underperforming suppliers without the availability of suitable replacements may result in loss of functionality and service levels.	The Group maintains robust commercial and contractual relations with all critical suppliers and the business is clear on which alternative suppliers there are in the market should a change be required. The Group's tested recovery protocol also plans for the loss of key suppliers on the Group's infrastructure. Initial and regular due diligence checks are conducted on key suppliers to test their creditworthiness as well as contract and regulatory compliance.	No change. Details of our service-related-revenue and supplier relationship strategy are set out on pages 11, 18 and 19.
TECHNOLOGY			
Technological under-performance, failure or interruption	Material underperformance of the Ten Digital Platform, TenMAID or the Group's telephony infrastructure could result in contractual risk, delayed launches and member dissatisfaction. Depending on the cause and/or severity of the incident, the Group's reputation and ability to win new business may be harmed.	The Group continues to make significant investments into technology upgrades of the Group's technology hardware and cloud-based infrastructure, including the Ten Digital Platform and TenMAID. The Group's digital roadmap plans for the development of innovative features while maintaining a resilient architecture. Robust back-up and recovery processes and procedures are in place to minimise any disruption to services.	No change. Find out more about our Digital Transformation on pages 16 and 17.
Cyber security and service disruptions	Delivering the Group's service proposition leverages significant online technology, exposing the business to a variety of cyber threats including denial of service attacks, hacking or malware that may result in compromise of the availability, confidentiality or integrity of member data. A failure to manage and mitigate cyber-related incidents affecting infrastructure and websites may lead to unavailability of services and access to or compromise of data, which could have reputational, financial and regulatory consequences. Loss of security certifications would result in contractual risk.	The Group continues to invest in what the Board believes to be "best-in-class" security software and processes. The Group is Payment Card Industry Data Security Standard Level 1 (PCI DSS) certified. During the period, the Group has also been successfully certified as SOC Type 2 compliant. PCI DSS and SOC Type 2 audits are conducted by independent external auditors each year and augment the other checks that are run by the Group and by our other corporate clients.	Increased by implementing homeworking as a result of COVID-19. Additional security measures have been implemented and we have retained PCI DSS compliance. Find out more about our Digital Transformation on pages 16 and 17.

Section 172 Statement

Recent legislation requires that Directors include a separate statement in the annual report that explains how they have had regard to wider stakeholder needs when performing their duty under Section 172(1) of the Companies Act 2006.

Under Section 172(1) of the Companies Act 2006, the Directors of a company have a duty to promote the success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;

b) the interests of the company's employees;

c) the need to foster the company's business relationships with suppliers, customers and others;

d) the impact of the company's operations on the community and the environment;

e) the desirability of the company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between members of the company.

Guidance recommends that in connection with its statement, the Board describe in general terms how key stakeholders, as well as issues relevant to key decisions, are identified, and also the processes for engaging with key stakeholders and understanding those issues. It is the Board's view that these requirements are predominantly addressed in the corporate governance disclosures we have made in the Directors' report, which are themselves more extensively discussed on the Company's website.

Guidance also recommends that more detailed description is limited to matters that are of strategic importance in order to remain meaningful and informative for shareholders.

The key stakeholders considered as part of the decision-making process were Ten's shareholders, employees, corporate clients, members, suppliers and partners. The table below summarises the key decisions considered by the Board During the year ended 31 August 2020.

Section 172 Statement continued

Key Board decisions	Considerations
In response to the impact of COVID-19 on the key stakeholders of the business, the Board approved the following initiatives:	
Business transitioned to home and flexible working.	The welfare, health and safety of colleagues, maintaining PCI DSS and SOC Type 2 security standards, corporate client requirements and complying with changing local lockdown requirements.
Offer additional support for members affected by the disruption to global travel caused COVID-19, including repatriation and the cash for voucher refunds.	The need to prioritise the safety of our members and the expectations of our corporate clients that Ten will go above and beyond to assist members' needs. Leveraged supplier relationships to secure refunds and paid refunds where Ten could use vouchers issued by airlines.
In response to the impact of COVID-19 on the business, the Board regularly reviewed and approved a range of cost saving and cash management proposals:	
A number of the team were made redundant, furloughed or agreed to reduced hours, with support from government funded coronavirus initiatives, where available.	Employee morale and motivation as a result of being involved in redundancy or furloughing processes, potential impact on the continued high levels of member services and corporate client relations, balanced against the short and long-term interest of the Group, its shareholders and other stakeholders. Improved and regular employee communications implemented to manage moral and expectations.
Implementation of voluntary salary sacrifice in exchange for share option scheme and a freeze on employee bonuses and salary increases.	The requirement to achieve short and medium-term cost savings with the opportunity to engage employees on a voluntary basis to sacrifice salary for options in the Group.
Renegotiation of supplier contracts and office leases.	Renegotiated contracts to reflect changed circumstances, delivering short and long-term savings. Maintained timely payment of suppliers to preserve supplier relationships and support supplier stakeholders affected by the pandemic.
Downsize certain regional offices in line with revised requirements and flexible working capability.	The reduced need for large office spaces with increased home and flexible working, with the need to save costs in the short and long-term and reducing the environmental impact of commuting. Maintaining member and corporate client service levels.
Participation in available government funded coronavirus initiatives across all regions, including a £1m loan from a US government-backed loan under the Paycheck Protection Program (PPP).	The Group participated in available government funded coronavirus initiatives, alongside other cost saving measures, to protect the short and long-term interests of the Group and its stakeholders.
The Board reviewed the Group's revised budget and forecasts and approved the following key operating expenditure/investment decisions to support the ongoing success of the Group:	
Continued investment into the technology platforms, infrastructure and efficiencies.	The Group's need to maintain its competitive advantage by delivering a market-leading digital platform for our corporate clients with an improved member proposition from a broader inventory from supplier partners, and improved efficiencies from increased automation and self-service, which drives margins and profitability.
Content and eCRM strategy.	Leveraging the automation of member services by investing in content and eCRM technology, with the support of our corporate clients and supplier partners, by scaling production and distribution of content to drive efficiencies, maintain high NPS, increase use of the Ten Digital Platform and reach more members.

None of the key decisions considered by the Board in 2020 had a significant environmental impact and the Directors are satisfied that decisions made by the Board promote the long-term interest of the Group for the benefit of its members as a whole.

CORPORATE GOVERNANCE

Contents

Board of Directors

Bruce Weatherill
Independent Non-Executive Chairman

A N

Bruce Weatherill joined Ten as Non-Executive Chairman in October 2017, bringing over 40 years' experience in the global financial services industry with relevant leadership, financial control and commercial expertise as well as proven history at board level.

Until 2008, Bruce was a partner at PwC in charge of a number of Asset Management and Wealth Management clients as well as global leader of PwC's Private Banking and Wealth Management practice.

Since leaving PwC, Bruce set up Weatherill Consulting and provides consulting services to Wealth Management Companies around the world. Until 30 June 2019, Bruce was a Non-Executive Director of Fidelity Holdings (UK) Limited and Chairman of its Audit and Risk Committee. He is Non-Executive Director of ComPeer Limited and The All England Lawn Tennis Club and a Committee member. Until March 2020, he was Chairman of JDX Consulting and remains a non-executive director and Chair of the Audit & Risk Committee. He is Chairman of ClearView Financial Media (Wealth Briefing), the Wisdom Council and since February 2020, Chairman of The Wimbledon Foundation. He has previously served as Deputy Chairman of the Chartered Institute of Securities and Investments Wealth Management Focus Group and regularly chairs Wealth Management conferences.

Alex Cheatle
CEO (Group) and Co-Founder

N

Alex Cheatle co-founded the business in 1998. Alex is responsible for the Group strategy to become the most trusted service in the world and the related focus to always be improving service levels.

Prior to founding Ten, Alex was a marketing manager at Procter & Gamble. Alex has a degree in Philosophy, Politics and Economics from Oxford University. Alex is based in London.

The Chief Executive Officer is responsible for the management of the Group's business and for implementing the Group's strategy.

Andrew Long
Group COO, CEO (APAC) and Co-Founder

Andrew Long is responsible for key client and account strategy, legal and compliance, programme management, global offers and events, global real estate and capital projects, including the development of the operational and technology infrastructure.

Prior to founding Ten, he ran a UK market-leading event production and management business. Andrew has been based in Singapore with particular leadership responsibilities in APAC since 2012.

Alan Donald
CFO

Alan Donald joined Ten in June 2019. He has more than 30 years' experience working in insurance, healthcare, aviation, business travel and leisure sectors. Before joining Ten, Alan was UK finance director at Thomas Cook for 9 months. Previous to this, Alan was Finance Director of the Travel Division of Saga Group plc, EMEA CFO at Carlson Wagonlit Travel and CFO at the Menzies Aviation part of the John Menzies Group.

Alan also held senior finance positions at Willis Corroon, BUPA and Cigna Healthcare. Alan qualified as a Chartered Accountant with Deloitte Haskins & Sells.

Sarah Hornbuckle
Client Services Director

Sarah Hornbuckle joined Ten in 2001. Sarah is responsible for the client services strategy, leading the team that develops long-term partnerships with Ten's corporate clients. Sarah has overseen the launch of all of the Group's major corporate programmes in EMEA, as well as many programmes globally.

Prior to joining Ten, Sarah was a senior brand manager at Unilever Bestfoods and Mars Confectionery for several years, responsible for launching new product lines and developing ATL and BTL advertising and marketing campaigns.

Jules Pancholi
Independent
Non-Executive Director

N R

Julian ("Jules") Pancholi joined Ten in October 2017. Jules is an experienced technology and marketing services entrepreneur, which includes serving as a Non-Executive Director of Skyscanner Limited, the travel fare comparison website, until its sale to C TRIP for over £1.4bn in 2016. Jules is Managing Director of Nitro Digital Limited, an independent digital agency.

His other ventures include Nixxie Limited (a US-focused advertising tech business), Estimo Technologies Limited (a B2B SaaS workflow solution), Nitro Property Limited (a syndicate-based property portfolio business) and a number of other ventures in Fintech and Healthtech.

Jules was appointed as Non-Executive Director in October 2017. He has relevant industrial experience in technology and marketing services and is a proven non-executive director.

Gillian Davies
Independent
Non-Executive Director

A R

Gillian Davies is a Chartered Accountant who qualified with KPMG. Gillian has held a number of senior financial positions in both listed and private equity backed international companies, including Zeneca plc, Avecia Limited and Georgia Pacific. More recently, Gillian spent eleven years as Group Finance Director of FTSE-listed 4imprint Group plc, during which time 4imprint Group plc was extensively restructured and delivered significant growth.

Most recently, Gillian was CFO of AIM listed, Harwood Wealth Management Group until its sale to Private Equity and subsequent delisting.

Gillian was appointed as Non-Executive Director in October 2017. She brings financial expertise as a Chartered Accountant and has substantial experience as a Group Finance Director of a FTSE-listed company.

A Audit and Risk Committee
N Nomination Committee
R Remuneration Committee
Chair

Gender

Board composition

Introduction from the Chairman

THE VALUE OF ROBUST CORPORATE GOVERNANCE

Bruce Weatherill
Chairman

The Directors recognise the value and importance of robust corporate governance and are fully accountable to the Group's stakeholders including shareholders, employees, corporate clients, members, suppliers and partners as well as leading Group's commitment to its environmental and social responsibilities.

As Chairman, I am responsible for leading the Board effectively and overseeing the adoption, delivery and communication of the Group's corporate governance model. As such, I ensure that the Board's agenda and culture is consistent with the Group's objectives, strategy and business model, with regular reviews of the Group's strategy and its overall implementation.

In this section of the report, we set out how we have continued to formulate and implement our approach to corporate governance as well as details of the activities undertaken by the Board and its Committees during the year.

The Board believes that it complies with all of the principles of the Quoted Company Alliance's (QCA) Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA Code") through its governance practices which ensure that the Group has the right people, strategy and culture to deliver the Group's strategies for success in the medium to long-term. This is described in more detail on pages 41 and 42.

Bruce Weatherill
Chairman
23 November 2020

Corporate Governance Statement

Board composition

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group.

The Board comprises two Non-Executive Directors and an independent Non-Executive Chairman. The Non-Executive Directors and the independent Non-Executive Chairman were all appointed shortly before the Group listed in November 2017. The Board also has four Executive Directors, two of whom are the co-founders of the Group.

The composition of the Board was unchanged during the year and the Board is satisfied that the Board has the right blend of skills and experiences to lead the Group. The independent Non-Executive Chairman and the two Non-Executive Directors are considered independent of management and free of any relationship that could materially interfere with the exercise of their independent judgement. In accordance with the provisions of the QCA Code, the Board is comprised of at least two independent Non-Executive Directors.

Board operation

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The strategic report on pages 6 to 33 summarises the Board's approach to promote long-term growth and value for shareholders.

The operation of the Board is documented in a formal schedule of matters reserved for its approval. To fulfil these duties, the Group holds Board meetings at least eight times each financial year and at other times as and when required. An annual agenda plan and reports from members of the Senior Leadership Team on key developments or proposals to be approved ensures the Board is well informed at all times.

The Board has established three Committees: the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee, each having written terms of reference, which are available on the Group's website (www.tenlifestylegroup.com/investors). Reports by the Chairs of the three Committees are reported separately on pages 43 and 44 for the Audit and Risk Committee, pages 45 to 49 for the Remuneration Committee and page 50 for the Nomination Committee.

The Remuneration Committee is comprised of two independent Non-Executive Directors and the Audit and Risk Committee and Nomination Committee are chaired by independent Non-Executive Directors.

The Executive Directors are all employed full time by the Group, except Sarah Hornbuckle, who works four and a half days' a-week for the Group. The independent Non-Executive Chairman and the Non-Executive Directors have commitments outside the Group. These are summarised in the Board biographies on pages 36 and 37.

The independent Non-Executive Chairman and the Non-Executive Directors give the necessary time to thoroughly fulfil their responsibilities to the Group, which normally involves a time commitment of two to three days per month.

Board meetings

The Board held nine scheduled Board meetings during the year, together with an additional six meetings held to discuss specific issues or matters of urgency relating to the impacts of COVID-19 on the business. These additional meetings allowed the Board to respond quickly to challenges and make prompt decisions to implement measures to protect or support the business. In addition to formal Board meetings, the Directors, including the Non-Executive Directors are in regular, informal communication to ensure all members of the Board are fully informed.

Directors are expected to attend all meetings of the Board, and of the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The following table shows Directors' attendance at scheduled Board and Committee meetings during the period:

	Board	Audit and Risk	Remuneration	Nomination
Scheduled meetings	**9**	**5**	**3**	**1**
Bruce Weatherill	9	5	N/A	1
Gillian Davies	9	5	3	N/A
Jules Pancholi	9	N/A	3	1
Alex Cheatle	9	N/A	N/A	1
Andrew Long	9	N/A	N/A	N/A
Alan Donald	9	N/A	N/A	N/A
Sarah Hornbuckle	8	N/A	N/A	N/A

Board effectiveness

The Board has undertaken an evaluation of its effectiveness. Input was obtained from every Board member on the following performance evaluation indicators:

- clear purpose and strong leadership by the Chairman;
- balance of skills, experience and independence;
- Directors that work as a team;
- understanding of the business and its strategy;
- information and engagement with shareholders and other stakeholders; and
- Board performance evaluation.

The Chairman has also spoken with each Director to discuss Board and individual effectiveness during the period.

It was concluded that the Board operated effectively and that each of the Directors' respective skills complement each other and enhance the overall operation of the Board. The Board identified specific actions including increasing the frequency of invitations from the Board to members of the Senior Leadership Team to deep dive into certain areas of the business.

Corporate Governance Statement continued

The Board

Audit & Risk Committee
- 2 Non-Executive Directors
- Chaired by Gillian Davies
- Held 5 scheduled meetings in the year
- Report on pages 43 and 44

Remuneration Committee
- 2 Non-Executive Directors
- Chaired by Jules Pancholi
- Held 3 scheduled meeting in the year
- Report on pages 45 to 49

Nomination Committee
- 2 Non-Executive Directors
- 1 Executive Director
- Chaired by Bruce Weatherill
- Held 1 scheduled meeting in the year
- Report on page 50

Board effectiveness continued

The Chairman did not consider that external advice or a third-party facilitator was needed to refresh the performance evaluation process this year but will consider again if this is needed next year.

Board development

The Directors receive regular updates in legal, regulatory and governance matters by the Group's Nomad, the Company Secretary, independent external auditor and other external advisers to ensure the Directors' awareness and the Board's governance processes are up to date. The Company Secretary attends all Board meetings and has the responsibility of advising the Board on corporate governance matters and assisting with the flow of information to and from the Board.

Each Director keeps their relevant skills and knowledge up to date through formal and informal methods including qualified Continuing Professional Development (if applicable); memberships of leadership communities and knowledge-based networking.

Relations with shareholders

The Group maintains communication with analysts and institutional shareholders through individual meetings with the CEO and CFO, particularly following publication of the Group's interim and annual results. Private shareholders are encouraged to attend the Annual General Meeting at which the Group's activities are considered and questions answered.

In the year, shareholder meetings and investor events have been conducted virtually, allowing shareholders and potential investors to learn about the business and engage with management, including by asking questions, without the need to travel to an in-person event. Following good attendance and positive feedback from shareholders, the Group plans to continue with virtual meetings.

The Group's strategy and general information about the Group is available on the Group's website (www.tenlifestylegroup.com/investors), including investor videos presented by the CEO. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the independent Non-Executive Chairman and Directors will attend meetings with investors and analysts as required.

Diversity, equity & inclusion (DE&I)

Following the events in the year and the Black Lives Matter movement, the Senior Leadership Team, with support from the Board, have developed an improved Diversity, Equity & Inclusion (DE&I) program to ensure the Group can be even more decisive in our actions and create real change by leading an active discussion across the whole group that promotes shared understanding to highlight, challenge and oppose discrimination and ensures equality of opportunity. A voluntary employee survey has allowed us to update our employee demographic records to ensure a robust baseline for tracking the results of the DE&I program.

Environment

The Board is ultimately responsible for how the Group performs as a steward of the natural environment and is committed to integrating environmental considerations in its decision making. In accordance with its environmental policy, the Group has adopted environmentally sound working practices to conserve energy, water and other resources, reducing waste including the use of specialist recyclers and refurbishing IT equipment. Energy and green building rating scores are considered when selecting office locations. The Group also makes use of online collaboration tools to reduce the need for regional meetings and operates flexible working practices where possible, reducing the environmental impact of business travel and commuting. The positive experience of home working during the COVID-19 pandemic suggests these practices will continue at a higher level after the end of the pandemic than before. The Group can also give our members the option to off-set carbon when booking relevant travel as well as partnering with low-environmental-impact supplier partners including; sustainable restaurants, hotels and fair trade brands, and promote their adoption by our members.

Risk management and internal controls

The Board has ultimate responsibility for the Group's risk management and internal controls. To ensure sufficient time and attention is given to this function, it delegates the responsibility of monitoring the Group's risk and control management system framework to the Audit and Risk Committee. The Board then determines the appropriateness of the internal controls upon the Committee's recommendations.

The risk and control management system framework includes:

- close management of the day-to-day activities of the Group by the Executive Directors and the Senior Leadership Team;
- regular reviews of its risk register;
- a comprehensive annual budgeting process, which is approved by the Board;
- detailed monthly reporting of performance against budget; and
- central control over key areas such as capital expenditure authorisation and banking facilities.

The Executives, and Senior Leadership Team are responsible for ensuring that the risk and control management system framework is implemented effectively within their respective business areas. This includes ensuring an effective risk culture is in place, with risk management embedded in the business.

The Board delegates its responsibility to identify, assess and manage climate-related risk to the Audit & Risk Committee to ensure that more time is spent ensuring the Group is aware of and, as far as possible, mitigating the Group's environmental impact.

The Group continues to review its system of internal control to ensure adherence to best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this juncture but will keep this under review.

Annual General Meeting (AGM)

The Annual General Meeting of the Group will take place on 4 February 2021. Full details will be included in the Notice of Meeting which will be published on our website in due course (www.tenlifestylegroup.com/investors).

The QCA Corporate Governance Code

The Board has adopted the QCA Code. Set out below is how the Board currently complies with the key principles set out in the Code.

Key principle	How we comply	More information
DELIVER GROWTH		
1. Establish a strategy and business model which promote long-term value for shareholders	The Board regularly reviews the Group's strategy and progress against delivering its objectives at the Board and strategy meetings. The Board and its Committees held several additional meetings to address urgent strategic challenges posed by the effects of COVID-19.	Read about the Group's business model, growth engine and strategy on pages 14 to 24 and how key risks are managed by the business on pages 31 and 32.
2. Seek to understand and meet shareholder needs and expectations	The Group's CEO and CFO regularly meet with investors, analysts and potential investors to understand how the Group's strategy and the Board's decisions impact on and are received by investors. The Annual General Meeting provides an opportunity for all shareholders to meet the Directors and raise any questions. Virtual meetings were arranged with shareholders in the year to maintain communication.	More details of how the Group engages with its stakeholders is on pages 40 and 55 as well as details of our next AGM on page 41.
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Board considers how Group's strategy and the Board's decisions impact on stakeholders as well as wider social and sustainability responsibilities and measures how it is achieving its objectives through annual employee surveys, KPIS, including member NPS results and regular business reviews. The Board believes that the quality of the Group's people is key to its continued success and is proud of its track record of developing its business leaders. The Board believes it has acted prudently but responsibly towards its stakeholders during its cost saving initiatives.	An overview of the key decisions made by the Board and how Ten's stakeholders are taken into account on page 33.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board and the Audit and Risk Committee regularly review the principal risks to the Group's business, including the processes for monitoring and mitigating each risk, as managed by the Senior Leadership team and embedded throughout the relevant business functions. The unprecedented risks and challenges posed by COVID-19 tested and have helped develop Ten's risk management framework.	Read more about the Group's principal risks on pages 31 and 32 and how they are monitored and mitigated by the Audit and Risk Committee on page 44.

Corporate Governance Statement continued

The QCA Corporate Governance Code continued

Key principle	How we comply	More information
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
5. Maintain the Board as a well-functioning, balanced team led by the Chairman	Over the last three years sitting as the Board of an AIM listed Company, the Board has developed and implemented practices and maintains appropriate balance to ensure meetings function well, management is rigorously challenged and ideas are developed.	An overview of the make-up of the Board is included on page 39.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The adequacy of the Board's collective skills and experience are assessed as part of the annual Board effectiveness review and by the Nomination Committee when considering its recommendations to the Board for re-appointment and succession planning. Directors' individual development needs are discussed annually with the Chairman.	Read more about the Board effectiveness review on pages 39 and 40 and the skills and experience of the Directors on pages 36 and 37.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Chairman leads the Board in an annual evaluation of the Board's effectiveness to identify areas for improvement and facilitate a plan of actions to address them. It requires each Director to complete a performance evaluation questionnaire based on the QCA's key principles and meets with the Chairman. Year-on-year improvements are then monitored by the Board.	Details of the Board effectiveness review including the performance evaluation indicators used is on pages 39 and 40.
8. Promote a corporate culture that is based on ethical values and behaviours	The Group's values of being member focused, pioneering and trustworthy underpin the business' culture and are consistent with the Group's objective and strategy. The Board promotes ethical values and behaviours through the decisions it makes, including promoting the Group's DE&I program and commitment to improving the Group's environmental performance. The Senior Leadership Team meet biannually to refocus on the Group's values and is held accountable for the actions of those reporting to it to ensure ethical values and behaviours are embedded in the business.	Details about the Group's corporate governance culture are on page 38 and our mission and values are published on our website at www.tenlifestylegroup.com/about.
9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	The Board reserves certain matters for its own consideration and delegates specialist duties to its Committees and/or members of the Senior Leadership Team to ensure it receives relevant, up-to-date information to allow it to make well-informed decisions on behalf of the business.	The Group's corporate governance structures and processes are summarised on page 39 under "Board operation".
BUILD TRUST		
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Group communicates with shareholders through regular virtual meetings with investors, analysts and potential investors, publishing information for investors on its website, including investor videos presented by the CEO. The chairs of each of the Board's committees report on their governance responsibilities and activity during the year on pages 43 to 50. The Executive Directors regularly communicate with the Group's employees and provide updates on the Group's strategy. The Group's values are continually reinforced by the Senior Leadership Team, based across the Group's global locations.	You can find more information on relations with shareholders and our next AGM on pages 40 and 41. Relevant information can also be found on our website www.tenlifestylegroup.com/investors.

Audit and Risk Committee Report

I am pleased to present the report on behalf of the Audit and Risk Committee for the period ended 31 August 2020.

Gillian Davies
Chair of the Audit and Risk Committee

The primary objective of the Committee is to assist the Board in reviewing the quality of internal and external systems of controls and risk management and for ensuring that the financial performance of the Group is properly reported.

The Committee reviews reports on the interim and annual accounts, financial announcements, the Group's accounting and financial control systems, changes to accounting policies, the extent of the non-audit services undertaken by the external auditor and the appointment of the external auditor.

The Committee is also responsible for monitoring the adequacy and effectiveness of the Group's risk management systems and advises the Board on the current risk exposures of the Group.

Members of the Committee

The Committee is composed of two independent Non-Executive Directors: me, Gillian Davies (as Chairperson), and Bruce Weatherill. I am a Chartered Accountant and have held a number of senior financial positions in both listed and private equity backed international companies. Bruce previously served as a partner at PwC as global leader of its banking and wealth management practice as well as previously chairing the Audit and Risk Committee of Fidelity Holdings (UK) until June 2019 and is the current Audit and Risk Committee Chair for JDX Consulting. It is the Board's view that we both have significant recent and relevant financial experience.

Alex Cheatle, Group CEO, and Alan Donald, CFO, together with other members of the finance team may attend Committee meetings by invitation. The Committee held five scheduled meetings during the year, together with an additional meeting held to discuss specific issues relating to the impacts of COVID-19 on the business.

Business of the Committee

The main duties of the Committee are set out in its terms of reference, which are available on the Group's website (www.tenlifestylegroup.com/investors). The main items of business considered by the Committee during the period included:

- the review and approval of the 2020 audit plan and audit engagement letter;
- consideration of key audit matters and how they are addressed;
- the review of suitability of the external auditor;
- the review of the unaudited interim report and annual report;
- consideration of the management representation letter;
- going concern review;
- consideration of the principal judgemental accounting matters for the Group based on reports from executive management;
- the review of the risk management and internal control framework, including assessing the risk to the business from the effects of COVID-19;
- the review of whistleblowing and anti-bribery arrangements; and
- meeting with the external auditor without management present.

Audit and Risk Committee Report continued

Financial reporting

The Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate judgements and estimates. The Committee reviews accounting papers prepared by management providing details on the main financial reporting judgements as well as assessments of the impact of potential new accounting standards. The Committee also reviews reports provided by the external auditor on the annual results which highlight any observations from the work they have undertaken.

The Group has applied IFRS 16 "Leases" from 1 September 2020 using the modified retrospective method. The Committee has reviewed the assessments of the treatment, impact and adoption which resulted in a material financial impact on the Group's results for the year ending 31 August 2020.

Risk management and internal controls

As detailed on pages 40 and 41 of the Corporate Governance Statement, the Group's risk management and internal control framework is monitored by the Committee. The framework is designed to manage the Group's risk appetite rather than eliminate the risk of failure to meet the Group's strategic objectives. The system can only provide reasonable and not absolute assurances against material misstatement or loss. During the period, the Committee has reviewed the framework and the Committee is satisfied that the internal control systems in place are currently operating effectively. The principal risks facing the Group are set out in the section of this report on risk management on pages 31 and 32.

External auditor

The Committee is responsible for reviewing the suitability of the external auditor, BDO, to ensure that auditor independence and objectivity are maintained. The Committee met with the external auditor without management present during the period. BDO was appointed auditor of the Group in 2017 and the Committee continues to be satisfied with its effectiveness.

The Committee is responsible for ensuring there is a suitable policy for ensuring that non-audit work undertaken by the auditor is reviewed to ensure it will not impact its independence and objectivity. The breakdown of fees between audit and non-audit services is provided in note 6 to the Group's financial statements.

Taking into account the auditor's knowledge of the Group and its experience, the Committee has recommended to the Board that the auditor is re-appointed for the period ending 31 August 2021.

Whistleblowing

The Group has a whistleblowing policy which sets out the process by which any employee of the Group may, in confidence, report concerns about possible wrongdoings in financial reporting or other matters. The Committee is comfortable that the current policy is operating effectively.

Anti-bribery

The Group has an antibribery policy which applies to employees of the Group. It sets out the Group's zero-tolerance position on bribery and corruption as well as providing guidance on how to recognise and deal with bribery and corruption issues and the potential consequences. The Committee is satisfied that the current policy is operating effectively.

Gillian Davies
Chair of the Audit and Risk Committee
23 November 2020

Remuneration Committee Report

I am pleased to present this Remuneration Committee Report for the period ended 31 August 2020.

Jules Pancholi
Chairman of the Remuneration Committee

The Group is pursuing an ambitious plan to become the most trusted service in the world by investing in our member proposition and generate profitability and scale. Our people are key to delivering on this aspiration and our remuneration strategy is designed to motivate, retain and reward colleagues across the world that contribute to the Group's success.

In response to the challenges posed by COVID-19 and the ongoing uncertainty it brings, we have postponed salary reviews, discretionary bonuses and implemented a new voluntary salary sacrifice for share options scheme (the "Salary Sacrifice Scheme") across the Group.

The Committee continues to review the appropriateness of the Group's incentive arrangements in light of the Group's performance and the wider economic environment to ensure that any future incentives stretch, motivate and reward, in line with the Group's strategy, values and the long-term interests of all of its stakeholders.

This report describes the duties of the Committee, the policies it has adopted, how it has applied those policies in the year and details of specific Directors' remuneration arrangements.

Members of the Committee

The Committee is composed of two independent Non-Executives: me, Jules Pancholi (as Chairman), and Gillian Davies. Alex Cheatle, Group CEO, together with other Directors and advisers may attend Committee meetings by invitation. The Committee held 3 scheduled meetings during the period. The Committee operates under the Group's agreed terms of reference which are available on the Group's website (www.tenlifestylegroup.com/investors).

Duties

The Committee formulates the Group's remuneration policy and applies it to make recommendations to the Board on Group-wide incentive plans, individual senior and executive remuneration packages and new appointments to the Board or Senior Leadership Team.

The Committee's main duties and responsibilities are to:

- have responsibility for setting the remuneration policy for all Executives and such other members of the executive management as it is designated to consider;
- recommend and monitor the level and structure of remuneration for senior management;
- obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity in light of reviewing the ongoing appropriateness and relevance of the remuneration policy;
- review the design of all share incentive plans for approval by the Board;
- approve the design of, and determine targets for, any performance-related pay schemes operated by the Group and approve the total annual payments made under such schemes; and
- ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

Remuneration policy

The objective of the Group's remuneration policy is to attract, motivate, retain and reward quality, skilled and expert individuals who will contribute to the success of the Group. To achieve this objective, we have designed a remuneration policy that focuses on granting key employees share options under our long-term incentive plans, alongside competitive salaries and pension-related benefits.

The majority of our long-term incentive plans are linked to share price performance or vest on the achievement of performance conditions based on total shareholder return and, for some participants, operational targets, as detailed on page 47. We believe that by providing Executives and key employees with long-term share options, rather than performance-related bonuses, we align remuneration with our shareholders' long-term interests.

Salaries and pension-related benefits provide an appropriate level of fixed remuneration to attract and retain individuals with the qualities, skills and experience required to deliver the Group's strategic objectives and create value for our shareholders.

Remuneration Committee Report continued

Executive Directors' service contract
Alex Cheatle, Andrew Long and Sarah Hornbuckle signed new service contracts with the Group on Admission to AIM in November 2017. Alan Donald signed a service contract on his appointment in June 2019. The service contracts are not of fixed duration. All the Executives' contracts are terminable by either party giving six months' written notice.

Non-Executive Directors
The Non-Executive Directors have signed letters of appointment with the Group for the provision of the Non-Executives' services, which may be terminated by either party giving three months' written notice. The Non-Executives' fees were reviewed and determined by the Board on 22 November 2019.

Directors' remuneration
The following table summarises the total gross remuneration for the qualifying services of the Directors who served during the year to 31 August 2020.

	2020					2019			
	Basic Salary/fee (£)	Salary Sacrifice Scheme/ fee waived (£)	Pension (£)	Options exercised (£)	Total (£)	Gross basic salary/fee (£)	Pension (£)	Options exercised (£)	Total (£)
Executive									
Alex Cheatle	**219,000**	**80,000**	**7,000**	**—**	**306,000**	280,000	6,767	—	286,767
Andrew Long	**210,000**	**77,000**	**—**	**—**	**287,000**	295,300	—	—	295,300
Sean Hegarty*	**—**	**—**	**—**	**—**	**—**	144,756	3,526	—	148,282
Sarah Hornbuckle	**76,000**	**16,500**	**2,000**	**—**	**94,500**	85,000	2,075	—	87,075
Alan Donald	**170,000**	**24,000**	**—**		**194,000**	36,064	—		36,064
Non-Executive									
Bruce Weatherill	**51,000**	**2,750**	**—**	**—**	**53,750**	50,000	—	—	50,000
Jules Pancholi	**37,000**	**2,750**	**—**	**—**	**39,750**	36,000	—	—	36,000
Gillian Davies	**37,000**	**2,750**	**—**	**—**	**39,750**	36,000	—	—	36,000
	800,000	**205,750**	**9,000**	**—**	**1,014,750**	963,120	12,368	—	975,489

* Sean Hegarty resigned as Director on 31 October 2019.

The Group has not awarded remuneration to the Directors based on share price appreciation or depreciation.

Executive Directors sacrificed salary in the year under the Salary Sacrifice Scheme, detailed on pages 47 and 48.

The Non-Executives' fees were increased by £5,000 on 22 November 2019. The Non-Executive Directors all waived the agreed increases to their fees from March 2020.

Given the uncertainty relating to the impacts of COVID-19 on the Group and the wider economic environment, the Executive Directors will not receive a pay increase in FY 2021. Subject to any further salary sacrificed under the Salary Sacrifice Scheme in FY 2021, the Executive's remuneration for FY 2021 will be:

	Basic salary/ fee (£)	Pension (£)	Total (£)
Executive			
Alex Cheatle	299,000	7,000	306,000
Andrew Long	287,000	—	287,300
Sarah Hornbuckle	95,000	2,000	97,000
Alan Donald	194,000	—	194,000

Long-term incentive plans

Management Incentive Plan

Shortly Prior to listing, the Group adopted a Management Incentive Plan (MIP) on 9 November 2017. The MIP is designed to award senior management nil-cost share options on an annual basis following the announcement of the Group's annual results.

The options vest three years after the date on which the Company's annual results are announced, subject to the performance conditions. This vesting period was selected in line with guidance from the QCA (the Group's adopted corporate governance code is the QCA Corporate Governance Code). Appropriate claw back provisions are available at the discretion of the Committee.

All MIP options awarded to Executives are subject to performance conditions based on the following ratcheted scale of growth of total shareholder return (TSR):

Total Shareholder Return CAGR	% of Award vesting
Less than 10%	Zero
10%	25%
20% or more	100%
Between 10% and 20%	Between 25% and 100% on a straight line basis

The growth in TSR is calculated by using the compound annual growth rate (CAGR) of the share performance from the closing share price on the date on which the Group's financial results for the relevant were announced to the London Stock Exchange (the "Baseline TSR") until the date of the announcement of the Group's results three years later. There is no additional return on a share price increase over 20% CAGR.

Three MIP awards have been made since IPO:

Annual MIP Award	**2020**	2019	2018
Date of Award	**06/01/2020**	24/06/2019*	07/12/2017
Vesting Period	**06/01/2020–07/12/2022**	24/06/2019–07/12/2021	07/12/2017–07/12/2020
Performance Period	**3 years from 26/11/2019**	3 years from 28/11/2018	3 years from 27/11/2017
Baseline TSR (£)	**1.27**	0.69**	1.34

* The award was delayed due to financial targets not being met.

** Calculated based on the average closing share price for the dealing days from the 28/11/2018 until 28 February 2019, due to a low share price (£0.34) on 28 November 2018.

Awards to Andrew Long (COO) are subject to additional performance conditions linked to the Net Revenue growth and profit making in the APAC region.

The Committee believes the MIP and aforementioned performance metrics appropriately incentivise and are aligned with the Group's strategic goals and the long-term interests of our shareholders. As the Group emerges from its post-IPO investment phase and focuses its strategic goals of driving growth and long-term profitability, the Committee will review the MIP and the limits of the Company's Share Plans in consultation with institutional shareholders on any proposal.

Company Share Option Plan

Shortly Prior to listing, the Group also adopted a Company Share Option Plan (CSOP), on 24 August 2017. CSOP options are generally granted to senior management and employees key to the future success of the Group up to a maximum grant of £30,000 of shares at an exercise price no lower than the mid-market share price the date before the date of grant.

CSOP options become exercisable after three years, subject to certain conditions, including appropriate bad leaver conditions. Any gain from the exercise of CSOP options is subject to the relative increase in the share price over the three-year period, incentivising and rewarding employees engaged in achieving the Group's long-term strategic goals.

Salary Sacrifice Scheme (SSS)

As part of the Group's cost saving initiatives in response to COVID-19, the Group established a voluntary Salary Sacrifice Scheme, whereby employees and contractors can opt to forgo a percentage of their salary in return for options over ordinary shares, exercisable for or up to three years from the date of grant.

Two Salary Sacrifice Schemes were launched in the year, generating a total cash saving to the Group of £1.0m in the year and options over 5.1m ordinary shares granted. Since the end of the period, the Group has launched a third Salary Sacrifice Scheme.

The exercise price and number of options granted were determined using the Black Scholes model for option pricing to ensure that the total economic value of these Options is equal to the value of the total salary forgone.

Remuneration Committee Report continued

Salary Sacrifice Scheme (SSS) continued

Salary Sacrifice Scheme	First	Second
Sacrifice period	March–June 2020	July–October 2020
Date of grant	27/03/2020	09/07/2020
Exercise price (£)	0.70	1.20
Sacrifice breakeven share price	0.90	1.53
Shares per £1.00 sacrificed	5	3
Number of participants	165	89
Total number of options granted	3,708,966	1,343,639
Total cost saving	£0.7m	£0.5m

The Committee is satisfied that the benefits achieved by the Salary Sacrifice Scheme, including cost savings and enhanced employee engagement, are aligned with our shareholders' interests. The employees have waived entitlement to salary in lieu of payment of the share options, with expected net dilution only above the sacrifice breakeven share price listed. In light of this, the Committee has considered it appropriate to exclude these options from general headroom limits pursuant to the Company's Share Plans.

The Committee is grateful for the sacrifice of each participating employee and recognises their investment in the future success the business during a challenging time for all.

Total Director share options

The following table summarises the total share options held by the Directors who served during the year to 31 August 2020.

	Share Option Scheme	Date of grant	Number of ordinary shares under option	Exercise price	Vesting period
Alex Cheatle	MIP	07/12/2017	400,000	£0.001	07/12/2017–07/12/2020
	MIP	24/06/2019	200,000	£0.001	24/06/2019–06/12/2021
	MIP	07/12/2019	200,000	£0.001	06/01/2020–07/01/2023
	CSOP	24/06/2019	33,708	£0.89	24/06/2019–24/06/2022
	SSS	27/03/2020	249,167	£0.70	27/03/2020–31/07/2023
	SSS	09/07/2020	149,500	£1.20	09/07/2020–31/10/2023
Andrew Long	MIP	07/12/2017	200,000	£0.001	07/12/2017–07/12/2020
	MIP	24/06/2019	100,000	£0.001	24/06/2019–06/12/2021
	MIP	07/12/2019	100,000	£0.001	06/01/2020–07/01/2023
	CSOP	24/06/2019	33,708	£0.89	24/06/2019–24/06/2022
	SSS	27/03/2020	240,941	£0.70	27/03/2020–31/07/2023
	SSS	09/07/2020	135,787	£1.20	09/07/2020–31/10/2023
Sarah Hornbuckle	MIP	07/12/2017	60,000	£0.001	07/12/2017–07/12/2020
	MIP	24/06/2019	30,000	£0.001	24/06/2019–06/12/2021
	MIP	07/12/2019	32,000	£0.001	06/01/2020–07/01/2023
	CSOP	24/06/2019	33,708	£0.89	24/06/2019–24/06/2022
	SSS	27/03/2020	60,008	£0.70	27/03/2020–31/07/2023
	SS	09/07/2020	36,005	£1.20	09/07/2020–31/10/2023
Alan Donald	MIP	07/12/2019	150,000	£0.001	06/01/2020–07/01/2023
	CSOP	24/06/2019	33,708	£0.89	24/06/2019–24/06/2022
	SS	27/03/2020	75,000	£0.70	27/03/2020–31/07/2023
	SS	09/07/2020	58,200	£1.20	09/07/2020–31/10/2023

Non-Executive Directors are not awarded share options.

Fees paid for remuneration related services

The Group paid £nil in fees for remuneration-related services during the period.

Directors' interests

Directors' who served during the year to 31 August 2020 had interests in the shares of the Company as shown below:

Ordinary shares of 0.01p	31 August 2020	% shareholding	31 August 2019	% shareholding	31 August 2018	% shareholding
Executive						
Alex Cheatle	**11,164,669**	**13.84**	11,741,684	14.56%	11,676,008	14.48%
Andrew Long	**4,000,000**	**4.96**	4,862,249	6.03%	4,796,573	5.95%
Sean Hegarty	**263,059**	**0.33**	263,059	0.33%	233,059	0.29%
Alan Donald	**100,354**	**0.12**	50,000	0.06%	–	–
Sarah Hornbuckle	**714,983**	**0.89**	797,483	0.99%	757,483	0.94%
Non-Executive						
Bruce Weatherill	**800,000**	**0.99**	800,000	0.99%	646,523	0.80%
Jules Pancholi	**336,664**	**0.42**	336,664	0.42%	316,664	0.39%
Gillian Davies	**40,000**	**0.05**	40,000	0.05%	20,000	0.02%

If you have any comments or questions on anything contained within this Remuneration Report, I will be available at the AGM.

Jules Pancholi
Chairman of the Remuneration Committee
23 November 2020

Nomination Committee Report

I am pleased to present the report on behalf of the Nomination Committee for the period ended 31 August 2020.

Bruce Weatherill
Chairman of the Nomination Committee

The primary role of the Committee is to ensure that robust procedures are in place for Board appointments and to ensure that the Board and its Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Group required for the next stage in the Group's development. The Committee also makes recommendations to the Board about new appointments, re-electing Directors, succession planning and Board composition, particularly with regard to the benefits of diversity on the Board.

Members of the Committee

The Committee is composed of two independent Non-Executives: me, Bruce Weatherill (as Chairman, unless the business under discussion includes the succession of this position) and Jules Pancholi, as well as an Executive: Alex Cheatle, Group CEO. The Committee met three times during the period. The main duties of the Committee are set out in its terms of reference, which are available on the Group's website (www.tenlifestylegroup.com/investors).

Business of the Committee

The Committee met during the period to consider succession planning for the Board, its Committees and other senior managers, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future. The Committee also reflected on the diversity of the Board and senior managers and recognised the progress the Group had made with regard to gender diversity and considered how it could achieve further diversity and inclusion.

Taking into account the Listing in November 2017 and full consideration at that time, no further changes were recommended at this time.

Bruce Weatherill
Chairman of the Nomination Committee
23 November 2020

Directors' Report

The Directors present their annual report and financial statements for the year ended 31 August 2020. An indication of likely future developments in the business is set out in the Strategic Report.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Alex Cheatle
Sarah Hornbuckle
Andrew Long
Alan Donald
Bruce Weatherill
Jules Pancholi
Gillian Davies

Financial risk management objectives and policies

Further detailed commentary on financial risk management is included in note 29.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by holding significant cash balances in major currencies, notably UK Sterling and the US Dollar.

Credit risk

The principal credit risk for the Group arises from its trade receivables. In order to manage credit risk customers can be required to pay in advance of services being provided and credit controllers regularly review credit limits in conjunction with debt ageing and collection history.

As at 31 August 2020, a provision of £0.2m was recognised against balances with reasonable credit risk.

Foreign exchange risk

The Group has significant operations in both the UK and overseas. Profits are exposed to variations in exchange rates and therefore reported profits. There is some natural hedging of transactional foreign exchange risk; however, the Group remains subject to translation exchange risk.

Overseas branches

The Group has three branches outside the United Kingdom located in Dubai, Colombia and Argentina.

Research and development

The Group continues to dedicate resources to further develop the bespoke TenMAID platform and the customer-facing Ten Digital Platform offering to its partners. Expenses incurred are capitalised when it is probable that future economic benefits will be attributable to the asset and that these costs can be measured reliably (see note 15).

Post-balance sheet events

Since the year end, the Group has won contracts with new and existing corporate clients, including:

- a multiple-year renewal of a master services agreement, which includes an Extra Large contract in the Americas;
- a commission from an existing client to launch Ten's digitally-enabled concierge services into a new EMEA territory, further expanding an existing Extra Large contract;
- a multiple-year contract with a global financial services firm to initially launch Ten's digitally-enabled concierge service to customers in Africa, replacing an incumbent supplier of similar services;
- a three-year contract, including a contractual minimum, with a bank in APAC to launch Ten's digitally-enabled concierge service;
- a contract with a bank in APAC to provide Ten's high-touch concierge services to private banking clients; and
- a second contract with an existing banking client in China to provide Ten's high-touch concierge services to a new cohort of banking clients.

The Group has implemented a third salary sacrifice initiative to continue to prudently manage its costs and cash whilst the pandemic continues to impact Net Revenue.

In September 2020 we mutually agreed with a client in EMEA that a current contract (on track to be a Large contract) for the provision of concierge services under a corporate-pay model would be replaced with an agreement to offer our private membership concierge services to its customers under an affiliate model, which is likely to be a Small contract.

Directors' Report continued

Substantial shareholders

As at 31 August 2020, the Shareholders listed below had notified the Company of a disclosable interest of 3% or more in the nominal value of the ordinary share capital of the Group.

	Number of ordinary shares	Percentage of ordinary shares %
Alex Cheatle	11,164,669	13.84
Lombard Odier Investment Managers	7,409,873	9.19
Canaccord Genuity Wealth Management	5,400,000	6.70
Soros Fund Management	4,543,998	5.63
Baillie Gifford	4,052,611	5.02
Andrew Long	4,000,000	4.96
Ben Horner	3,112,164	3.86
The Prism Charitable Trust	2,500,000	3.10
Quinto Corporation	2,474,161	3.07

Purchase of own shares

The Company purchased £45k (FY19:£nil) of own shares in the financial year, held in the Employee Benefit Trust (EBT).

Corporate governance

The Company has adopted the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA guidelines") as set out on pages 41 and 42.

Dividends

No ordinary dividends were paid (2019: £nil). The Directors do not recommend payment of a final dividend.

Share option schemes

Details of employee share schemes are set out in note 27 to the financial statements.

Brexit

The UK formally left the EU on 30 January 2020. The UK is now in a transition period, being an intermediary arrangement covering matters like trade and border arrangements, citizens' rights and jurisdiction on matters including dispute resolution. The transition period is currently due to end on 31 December 2020 and negotiations are ongoing to determine and conclude a formal agreement. As the Group operates subsidiaries in other countries, there are alternative channels available to us to continue business with the same customers, should the need arise, with limited effect from Brexit changes. As such, while the Directors are closely monitoring the situation, they currently deem that the effects of Brexit will not have a significant impact on the Group's operations.

Going concern

The Group going concern assessment is based on forecasts and projections of anticipated trading performance. The assumptions applied are subjective and management applies judgement in estimating the probability, timing and value of underlying cash flows.

The Directors confirm that they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the next 12 months from approval of these financial statements and accordingly these financial statements are prepared on a going concern basis.

The COVID-19 pandemic impact on our business have been appropriately managed and the Board believes that the business is able to navigate through the impact of COVID-19 due to the strength of its customer proposition, its Statement of financial position and the net cash position of the Group.

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Energy & Carbon

This is the first year we are required to report under the Streamlined Energy & Carbon Reporting (SECR) framework. Our SECR covers the energy consumption and Greenhouse Gas (GHG) emissions for the 12 month period ending 31 August 2020.

The table below shows the energy and GHG emissions from UK business activities involving the purchase of electricity and business mileage in kWh and tCO_2e.

	Energy consumption (/kWh)	GHG Emissions (tCO_2e)
Scope 1 (Direct) GHG emissions	0	0
Scope 2 (Energy indirect) emissions	372,294	86.80
Scope 3 (Other indirect) emissions	930	8.78
Total for the period	373,224	95.58
Intensity ratio: tCO_2e per total £m Net Revenue		2.16

We have selected an intensity metric based on the Tonnes of CO_2e per total £m Net Revenue. We will use this ratio to monitor our energy efficiency performance over time.

Ten has implemented a range of energy efficiency measures in our offices and a reduction in business travel by making more use of online meetings. Ten's environmental policy sets out the objectives and principles by which we manage the environmental impacts and aspects of our operations our commitment to improving our environmental performance and to integrate recognised environmental management best practice into our operations. The Group is improving its monitoring of its environmental impact of Ten's business globally, identifying measures that can reduce the Group's impact and monitoring the effect of energy efficiency measures.

SECR methodology:

The figures quoted within this report include meter readings for electricity and mileage expense reimbursement claims for business mileage. Conversion factors used are taken from the '2020 UK government's GHG Conversion Factors for Company Reporting' to calculate emissions for Scope 2 and 3. Refunded business mileage has been classed as Scope 3 as Ten does not own the assets, emissions from UK Electricity Transmission and Distribution has also been included within this scope. An average CO_2e factor has been applied to the refunded business mileage as individual private vehicle details have not been provided.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website are the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to the auditor

Each of the Directors of the Company at the time when this report was approved confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given in accordance with Section 418(2) of the Act.

Auditor

BDO LLP was appointed as auditor to the Company and, in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be tabled at a general meeting.

Approval

This Directors' Report was approved on behalf of the Board on 23 November 2020.

Alan Donald
Chief Financial Officer
23 November 2020

FINANCIAL STATEMENTS

Contents

Independent Auditor's Report

to the members of Ten Lifestyle Group Plc

Opinion

We have audited the financial statements of Ten Lifestyle Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2020 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 August 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition	
Key audit matter	The Group primarily generates revenue from two sources, direct concierge revenue from fees paid by corporate clients for direct concierge services and access to the TenMAID platform and indirect concierge service revenue generated through fulfilling transactions and services on members' behalf. Details of the Group's revenue streams and accounting policies applied during the period are given in notes 1.5 and 5 to the financial statements. We considered there to be a significant audit risk arising from inappropriate or incorrect recognition of revenue. The key audit matters related to revenue recognition are as follows: • The risk of material misstatement in relation to revenue recognition concerns the recognition around the year end, particularly in relation to the adjustments recorded with respect to subscription fees for which revenue is recognised over time. • There is also a risk that revenue from the different streams have not been recognised appropriately in line with the respective performance obligations, and that the policy itself is not in accordance with IFRS as adopted by the European Union. • There is a risk arising from incorrect presentation of revenue taking account of agent vs principle criterion.

Independent Auditor's Report

to the members of Ten Lifestyle Group Plc continued

Key audit matters continued

Revenue Recognition continued

How the key audit matter was addressed in our audit

We performed the following specific testing:

- We performed walkthroughs involving understanding the design of the controls, including IT general controls, over the Group's revenue cycle and checking that those controls appear to have been implemented, in order to assess the appropriateness of the processes and controls in place that impact upon revenue recognition.
- In relation to Direct concierge service revenue and Digital platform revenue, we reviewed a sample of contracts to assess whether the revenue had been recognised in accordance with the Group's accounting policy, whether it was recognised appropriately from a timing perspective (at a point in time or over time) and whether any other terms within the contract had any material accounting or disclosure implications.
- In relation to Indirect concierge service revenue, we tested a sample of revenue transactions recognised in the general ledger to source documentation including sales invoices, sales orders and cash receipts. In making our assessment of compliance with the Group's accounting policy, we also checked that revenues were only recognised at the time of the date of travel, stay or the date the experience event occurred.
- Consideration was made as to whether the Group was the principal or agent in the transaction, by reviewing, on a sample basis, key contracts to assess the nature of its promise of its performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent).
- We checked the completeness, existence and accuracy of accrued income and deferred revenue balances shown in the statement of financial position at year end. We selected a sample of revenue transactions occurring either side of the year-end reporting date across all revenue streams and checked that the revenues recognised for the year under audit and accrued income and deferred revenues recognised at the year-end reporting date did not include any material misstatements.
- We assessed whether the revenue recognition policies adopted by the Group comply with IFRS as adopted by the European Union, in particular IFRS 15 Revenue from Contracts with Customers.

Key observations:

Based on the work performed we consider that revenue has been materially recognised appropriately and in accordance with the Group's revenue recognition accounting policy.

Intangible Assets: Development Costs, amortisation and impairment

Key audit matter

The Group capitalises costs in relation to development of the software it provides to its clients, being the Ten Maid platform. Such costs must satisfy certain criteria as set out in the Group's accounting policy in notes 1.6 and 15 to the financial statements and in IAS 38 intangible assets. In determining which costs to capitalise management make certain estimates in relation to the allocations of contractor costs and payroll costs between those which should be capitalised and those which should be expensed through the statements of comprehensive income.

In accordance with IAS 38, management's policy is to capitalise development expenditure on internally developed software products if the costs can be measured reliably and the resulting asset meets the criteria per the standard.

The key audit matters related to this financial statement area is as follows:

- Expenditure on the research phase of internal projects and development costs not satisfying the above criteria are not recognised in the income statement as incurred;
- Management's estimates in relation to the costs capitalised may be materially misstated;
- Capitalised development costs are not amortised over the period within which the Group expects to benefit from selling the product developed. This is deemed to be 5 years; and
- Assets not available for use have not been impaired as required.

Key audit matters continued

Intangible Assets: Development Costs, amortisation and impairment continued

How the key audit matter was addressed in our audit	We performed the following specific testing: • Discussions were held with the Group's technology team to understand the Group's processes, procedures and projects in relation to development costs. • Checked the accuracy of the contractor and payroll data, on a sample basis, included in the calculations for capitalised costs to supporting documentation including employment contracts and agreements with contractors. • Considered the proportion of time allocations for employees and contractor roles and made enquiries of management in relation to any changes to the percentage of time capitalisation, which were outside of expectations (based on knowledge of the business), corroborating management's explanations to supporting evidence. • Reviewed the reasonableness of the estimated proportion of time allocations for a sample of employees and contractors by making enquiries of individual employees and contractors and critically reviewing written responses to the audit teams questionnaires, which they completed in relation to their roles, duties and tasks performed in relation to developing the platform asset. • Assessed management's estimate of the amortisation period applied to the asset, establishing whether any indicators of impairment exist taking account of any changes in usability of amounts previously capitalised. • Assessed the ability of the asset to generate future economic benefits for the business, which at least exceed its carrying value by assessing the use of the Ten Maid platform in the performance of the Group's obligations to customers. • In line with IAS 36 Impairment of Assets we checked that assets that were not yet available for use (such as projects in development) had an impairment review undertaken as required. **Key observations:** Based on the procedures performed, we noted no instances indicating that the accounting for development costs, including the calculation of the related amortisation charge and the evaluation of impairment was inappropriate.

Going Concern

Key audit matter	As discussed in note 1.4 to the financial statements there is a continued uncertainty due to the current economic conditions caused by the Covid-19 pandemic. The Directors have prepared forecasts and applied various sensitivity analyses to reflect a variety of possible cash flow scenarios. This includes, taking account of the Covid-19 pandemic, reverse stress testing to ascertain what levels of cost increases or revenue decline cause a cash shortage at any point in management's post balance sheet assessment period and considering the likelihood that those fact patterns could occur. These scenarios indicate the Group has sufficient cash and cash equivalents to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. The estimates, inputs and calculations supporting the going concern assessment require the Directors to make significant judgements and identify any material uncertainties therefore going concern was considered to be a key audit matter.

Independent Auditor's Report

to the members of Ten Lifestyle Group Plc continued

Key audit matters continued

Going Concern continued

How the key audit matter was addressed in our audit	Our audit procedures included the following: • We reviewed the internal forecasting process to confirm that the projections are prepared by an appropriate level of staff that are aware of the detailed figures included in the forecast but also have a high level understanding of the entity's market, strategy and changes in the customer base and the potential impact that Covid-19 might have on these projections. • We considered whether the projections were consistent with those approved by the Directors and with other information obtained during our audit, for example in connection with the impairment of intangibles. • We reviewed the forecasts prepared and challenged the key assumptions and inputs within the model so as to determine whether there is adequate support for the assumptions underlying the forecasts. • We have considered the appropriateness of the sensitivities applied and confirmed that they have suitably addressed the inputs which are most susceptible to change. We have also considered the feasibility of each of the possible expenditure reductions identified. • We reviewed post year end management accounts, specifically comparing the cash position against that budgeted. • We made enquiries of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern. • We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards. **Key observations:** Our observations are set out in the 'conclusions relating to going concern' section above.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. At the planning stage we set an overall level of materiality for the financial statements as a whole based on our understanding of the elements of the financial statements that are likely to be of greatest significance to users. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality

Materiality for the Group financial statements as a whole was set at £442,000 (2019: £469,000), which represents 1% (2019: 1%) of Group revenue. Revenue provides a consistent year on year basis for determining materiality and has been concluded as the most relevant performance measure to the stakeholders of the Group, while also providing a more stable measure year on year when compared to the Group loss before tax. Parent Company materiality has been set at £353,600 (2019: £422,100) being 80% of Group materiality (2019: 90%), which is considered a suitable benchmark for a non-trading holding Parent Company.

Materiality levels used for the significant within the Group ranged from £69,280 to £367,000 (2019: £78,000 to £323,000).

Performance Materiality

Based upon our assessment of the risks within the Group and the Group's control environment, performance materiality for the financial statements was set at £287,300 (2019: £351,750), being 65% (2019: 75%) of overall financial statement materiality, which includes the expected total value of known and likely misstatements. The Parent Company's performance materiality for the financial statements set at £229,840 (2019: £316,575).

Performance materiality levels used for the three key components identified, Ten Lifestyle Management Limited, Ten Lifestyle Management USA Inc. and Ten Lifestyle Management Switzerland GmbH within the Group ranged from £45,032 to £238,550 (2019: £58,500 to £242,250).

Reporting Threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £22,100 (2019: £23,450), which is set at 5% (2019: 5%) of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements at the Group level.

An overview of the scope of our audit continued

We obtained an understanding of the internal control environment related to the financial reporting process and assessed the appropriateness, completeness and accuracy of Group journals and other adjustments performed on consolidation.

Three principal trading subsidiaries, Ten Lifestyle Management Limited, Ten Lifestyle Management USA Inc. and Ten Lifestyle Management Switzerland GmbH, were identified as significant components and were subject to full scope audits for Group reporting purposes by the Group audit team. These components accounted for 95% (2019: 93%) of the Group's revenue and 87% (2019: 94%) of the Group's loss before tax. Financial information for the remaining components not identified as significant was reviewed for Group reporting purposes by the Group audit team, using analytic procedures.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 52, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Iain Henderson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
23 November 2020
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

for the year ended 31 August 2020

	Notes	2020 £'000	2019 £'000
Revenue	4	**46,369**	49,080
Cost of sales on principal member transactions		**(2,145)**	(3,248)
Net Revenue	4	**44,224**	45,832
Other cost of sales		**(828)**	(1,327)
Gross profit		**43,396**	44,505
Administrative expenses		**(48,943)**	(52,489)
Other income		**620**	157
Operating profit/(loss) before amortisation, depreciation, interest, share-based payments, exceptional items and taxation ("Adjusted EBITDA")		**4,778**	(3,322)
Depreciation	16 & 17	**(4,395)**	(993)
Amortisation	15	**(3,380)**	(3,011)
Share-based payment expense	27	**(1,525)**	(501)
Exceptional items	4.1	**(405)**	—
Operating loss	5	**(4,927)**	(7,827)
Finance income	12	**2**	554
Finance expense	12	**(966)**	(15)
Loss before taxation		**(5,891)**	(7,288)
Taxation expense	13	**(1,005)**	(973)
Loss for the year		**(6,896)**	(8,261)
Other comprehensive (expense)/income:			
Foreign currency translation differences		**(60)**	153
Total comprehensive loss for the year		**(6,956)**	(8,108)
Basic and diluted loss per ordinary share	14	**(8.6)p**	(10.3)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 2020

Company No: 08259177

	Notes	2020 £'000	2019 £'000
Non-current assets			
Intangible assets	15	**10,532**	9,009
Property, plant and equipment	16	**1,126**	1,843
Right of use assets	17	**5,116**	—
Total non-current assets		**16,774**	10,852
Current assets			
Inventories		**66**	56
Trade and other receivables	19	**6,941**	11,069
Cash and cash equivalents	21	**10,957**	12,341
Total current assets		**17,964**	23,466
Total assets		**34,738**	34,318
Current liabilities			
Trade and other payables	22	**(11,906)**	(12,745)
Obligations under finance leases		**—**	(30)
Provisions	23	**(596)**	(596)
Lease liabilities	25	**(3,335)**	—
Total current liabilities		**(15,837)**	(13,371)
Net current assets		**2,127**	10,095
Non-current liabilities			
Borrowings	24	**(1,000)**	—
Obligations under finance leases		**—**	(2)
Lease liabilities	25	**(2,668)**	—
Total non-current liabilities		**(3,668)**	(2)
Total liabilities		**(19,505)**	(13,373)
Net assets		**15,233**	20,945
Equity			
Called up share capital	26	**81**	81
Share premium account		**28,480**	28,480
Merger relief reserve		**1,993**	1,993
Treasury reserve		**15**	(30)
Foreign exchange reserve		**(405)**	(345)
Retained deficit		**(14,931)**	(9,234)
Total equity		**15,233**	20,945

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2020 and are signed on its behalf by:

Alex Cheatle
Director

Alan Donald
Director

Consolidated Statement of Changes in Equity

for the year ended 31 August 2020

	Notes	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Foreign exchange reserve £'000	Treasury reserve £'000	Retained deficit £'000	Total £'000
Loss for the year		—	—	—	—	—	(8,261)	(8,261)
Foreign exchange		—	—	—	153	—	—	153
Total comprehensive income for the year		—	—	—	153	—	(8,261)	(8,108)
Shares sold by Employee Benefit Trust (EBT)	27	—	—	—	—	(107)	—	(107)
Equity-settled share-based payments charge	27	—	—	—	—	—	501	501
Balance at 31 August 2019		81	28,480	1,993	(345)	(30)	(9,234)	20,945
Change in accounting policy		—	—	—	—	—	(326)	(326)
Balance at 31 August 2019 (as restated)		81	28,480	1,993	(345)	(30)	(9,560)	20,619
Loss for the year		—	—	—	—	—	(6,896)	(6,896)
Foreign exchange		—	—	—	(60)	—	—	(60)
Total comprehensive income for the year		—	—	—	(60)	—	(6,896)	(6,956)
Shares purchased by Employee Benefit Trust (EBT)		—	—	—	—	45	—	45
Equity-settled share-based payments charge	27	—	—	—	—	—	1,525	1,525
Balance at 31 August 2020		**81**	**28,480**	**1,993**	**(405)**	**15**	**(14,931)**	**15,233**

Consolidated Statement of Cash Flows

for the year ended 31 August 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Loss for the year, after tax		**(6,896)**	(8,261)
Adjustments for:			
Taxation expense	13	**1,005**	973
Finance expense	12	**455**	15
Investment income	12	**(2)**	(60)
Amortisation of intangible assets	15	**3,380**	3,011
Depreciation of property, plant and equipment	16	**913**	993
Depreciation of right-of-use asset	17	**3,482**	—
Equity-settled share based payment expense	27	**1,525**	501
Exceptional Items		**405**	—
Movement in working capital:			
(Increase)/decrease in inventories		**(9)**	30
Decrease/(increase) in trade and other receivables		**4,128**	(2,055)
(Increase) /decrease in trade and other payables		**(1,190)**	2,710
Cash from/(used in) operations		**7,196**	(2,143)
Tax paid		**(150)**	(547)
Net cash from/(used in) operating activities		**7,046**	(2,690)
Cash flows from Investing activities			
Purchase of intangible assets	15	**(5,308)**	(4,305)
Purchase of property, plant and equipment	16	**(217)**	(1,187)
Finance income	12	**2**	60
Net cash used in investing activities		**(5,523)**	(5,432)
Cash flows from financing activities			
Lease liability repayments	25	**(3,162)**	—
(Purchase) of treasury shares		**(45)**	(100)
Payment of finance lease obligations		**—**	(73)
Loan receipts	24	**1,000**	—
Interest paid		**5**	(15)
Finance lease interest paid		**—**	(8)
Interest paid on lease liabilities	25	**(448)**	—
Net cash used in financing activities		**(2,650)**	(196)
Foreign currency movements		**(257)**	—
Net decrease in cash and cash equivalents		**(1,384)**	(8,318)
Cash and cash equivalents at beginning of period		**12,341**	20,659
Cash and cash equivalents at end of period			
Cash at bank and in hand		**10,957**	12,341
Cash and cash equivalents		**10,957**	12,341

Notes to the Financial Statements

1. Accounting policies

Company information

Ten Lifestyle Group Plc (registered company 08259177) is a public company, limited by shares and listed on the Alternative Investment Market (AIM) in November 2017. The Company is incorporated and domiciled in the UK. The registered office is 2nd Floor, 355 Euston Road, London, NW1 3AL. The Company previously traded under the name Ten Lifestyle Holdings Limited until 2 November 2017.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated).

The financial information has been prepared on the historical cost basis except that the derivative financial instruments are stated at their fair value.

The financial statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The Group applied all standards and interpretations issued by the IASB that were effective as of 1 September 2019. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in this financial information.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

1.2 Consolidation

The financial information represents the consolidated financial information of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. The results of subsidiary undertakings are included in the consolidated statement of comprehensive income from the date that control commences until the date that control ceases. The Company controls a subsidiary/investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the year ended 31 August 2013, Ten Lifestyle Group Plc, formerly Ten Lifestyle Holdings Limited, a company under common control of the Ten Lifestyle Management Limited shareholders, acquired Ten Lifestyle Management Limited from its shareholders in return for an issue of shares. As a combination of entities under common control, the transaction falls outside the scope of the standard IFRS 3 "Business Combinations".

Paragraph 10 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" requires management to use its judgement in developing and applying a policy that is relevant and reliable, represents faithfully the transaction, reflects the economic substance of the transaction, is neutral, is prudent and is complete in all material respects when selecting the appropriate methodology for consolidation accounting.

In accordance with merger accounting, consolidated accounts have been prepared for the reconstructed Group as if it had always been in existence. The carrying value of assets and liabilities has not been adjusted to fair value. The difference between the nominal value of the shares issued and the nominal value of the shares received has been recorded in the merger reserve.

The cost of the Company's shares held by the Employee Benefit Trust (EBT) is deducted from equity in the consolidated statement of financial position. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the EBT are recognised as assets and liabilities of the Group other than when they relate to other Group companies and are therefore eliminated.

1.3 Segment reporting

The Group's operating segments are based on the management reporting used by the CEO (who is considered to be the chief operating decision maker) and reviewed by Board of Directors to make strategic decisions and allocate resources.

1. Accounting policies continued

1.4 Going concern

The consolidated financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern is contingent on the ongoing viability of the Group. The Group meets its day-to-day working capital requirements through its cash balances and wider working capital management. The current economic conditions continue to create uncertainty, particularly over (a) corporate members' engagement; and (b) supplier revenue volumes. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group expects to be able to operate within the level of its current cash resources. Having assessed the principal risks and the other matters discussed in connection with the going concern statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

Various sensitivity analyses have been performed to reflect a variety of possible cash flow scenarios, taking into account the COVID-19 pandemic, where the Group achieves significantly reduced revenue for the twelve months following the date of this annual report. Overall, the Directors have prepared cash flow forecasts covering a period of at least twelve months from the date of approval of the financial statements, which foresee that the Group will be able to operate within its existing working capital facilities.

The COVID-19 pandemic has had an impact on our business, noting the Company has managed costs firmly to ensure operating performances align with pre-COVID-19 levels and the Board believes that the business is able to navigate through the impact of COVID-19 due to the strength of its customer proposition, its balance sheet and the net cash position of the Group.

However, the rapid emergence of the coronavirus pandemic has caused significant disruption to many businesses where the implementation of social distancing measures is not practical or is deemed ineffective and this, had an implication for the wider global economy and specifically for the supply chain within which we reside – primarily our customer's willingness or ability to use our services in the volumes planned prior to the pandemic. The selection of assistance services available to our customers has been increased in the year, which has encouraged their engagement. There is, however, a risk that the Group will be further impacted by continued social distancing restrictions impacting the volumes of engages and by prospective customers delaying launches. If Net revenue is not in line with cash flow forecasts, the Directors have identified cost savings associated with the reduction in revenue and have the ability to identify further cost savings if necessary.

1.5 Revenue

Revenue comprises concierge service fees, digital platform fees, and revenue generated from member transactions. An entity is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is principal in all services provided, other than in those transactions with members detailed below in the indirect concierge service revenue section. A typical concierge contract duration is 36 months. Revenue is stated exclusive of VAT, sales tax and trade discounts.

Revenue is recognised when the Group has fulfilled its performance obligations under the relevant customer contract. To the extent that invoices are raised to a different pattern than the revenue recognition described below, appropriate adjustments are made through deferred and accrued income to account for revenue when the performance obligations have been met.

Furthermore, the Group receives payments from members for the concierge service which are invoiced on 30 day payment terms and commissions earned on agent transactions are generally received on booking dates or when deposits are due.

The Group primarily provides a concierge service (both online and offline). Where goods and/or services are sold in one bundled transaction, the Group allocates the total arrangement's consideration to the different individual elements based on their relative fair values. Management determines the fair values of individual components based on actual amounts charged by the Group on a standalone basis given the lack of comparable pricing arrangements observable in the market.

The nature, timing of satisfaction of performance obligations and significant payment terms of revenue obtained by the Group are considered below:

Direct concierge service revenue

The Group provides concierge services to its members (online and/or offline) and recognises concierge consideration at the point in time the performance obligation of managing a request is fulfilled. The Group uses the residual approach to determine the transaction price given the lack of observable market prices available given the niche nature of the services provided.

Where the Group's performance of its obligations exceeds amounts received, accrued income or a trade receivable is recognised depending on Group's billing rights. Where the Group's performance of its obligations under a contract is less than amounts received, a contract liability in deferred income is recognised. The amount of revenue recognised can be subject to contract structures including variable consideration and cap and collar thresholds. Where variable pricing structures are in place with predetermined service thresholds, price per service unit is therefore based on the expected entitlement (most likely method) earned up to the statement of financial position date under each customer agreement.

1. Accounting policies continued

1.5 Revenue continued

Direct concierge service revenue continued

On implementing a customer contract, it is typical for the Group to charge concierge enabling fees. Where concierge enabling fees are capable of being separated out from an ongoing service contract, revenue will be recognised in full at the point in time of the launch of the service (high touch or online). When the service is not distinct, this is cannot be separated from the contract and is therefore recognised over the contract term. Where the service is invoiced in advance and is yet to be launched (i.e. the performance obligation is not fulfilled), a contract liability will be held on the statement of financial position in deferred income.

Digital platform revenue

The Group provides an optional digital platform (Ten Digital Platform) offering to its customers. Revenue generated from licensing digital products and software maintenance is recognised on a straight line basis over time attributed to the licence.

The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property as the customer benefits from periodic upgrades to the platform.

Where such revenue is invoiced in advance, the revenue is deferred and released over the period of the licence with the contract liability recorded within deferred income in the statement of financial position.

Revenue generated from developing digital products is recognised at the point in time of the delivery of the service. Where revenue is based on time and rate cards are recognised at the contracted rates as labour hours are incurred. Where development income is invoiced in advance, the revenue is deferred as a contract liability with the balance recorded within deferred income in the statement of financial position and released on service delivery.

Indirect concierge service revenue

The Group receives payment from its members and then fulfils transactions for products and services on their behalf. This is treated as an agent transaction in most cases, other than in cases where the Group has the primary responsibility for providing the products or services to the end user i.e. the Group carries inventory risk (such as tickets); the Group is free to establish its own prices either with or without bundling in other goods or services which are not supplied by the Group. A large proportion of transactions where the Group is principal relate to the provision of packaged travel services with Air Travel Organiser's Licence (ATOL) guarantees.

Service fees and offer income are recognised over the year to which the fees or offer relate. Where invoiced in advance, the fees and offer income is deferred and released over the year of the service with the balance recorded within deferred income in the statement of financial position.

Travel and experience revenue are recognised on the date of travel, stay or receiving the experience. Where invoiced in advance, the income is deferred and released on the date of travel, stay or receiving the experience with the balance recorded within deferred income in the statement of financial position.

Direct expenses relating to inclusive tours arranged by the Group's leisure travel providers are taken to the income statement on holiday departure or over the period to which they relate as appropriate. Indirect expenses are recognised in the income statement over the period to which goods and services are received by the Group.

Commissions from suppliers are recognised on the point of provision of the good or service.

Cost of obtaining a contract

The Group has used the practical expedient in recognising the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

1.6 Intangible assets

Research expenditure is expensed to the income statement in the year in which it is incurred; expenditure on internal projects is capitalised if it can be demonstrated that:

- it is technically and commercially feasible to develop the asset for future economic benefit;
- adequate resources are available to maintain and complete the development;
- is the intention to complete and develop the asset for future economic benefit;
- the Group is able to use the asset;
- use of the asset will generate future economic benefit; and
- expenditure on the development of the asset can be measured reliably.

Other development expenditure is recognised in the income statement as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1. Accounting policies continued

1.6 Intangible assets continued

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Trademarks	– 10% straight line
Capitalised development costs	– 20% straight line
Website	– 33% straight line

The basis for choosing these useful lives is with reference to the years over which they can continue to generate value for the Group.

Amortisation charges are included within administrative expenses in the consolidated statement of comprehensive income. The Group reviews the amortisation year and methodology when events and circumstances indicate that the useful life may have changed since the last reporting date.

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at historical cost and subsequently measured at historical cost, net of depreciation and any impairment losses.

Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold improvements	– Over the term of the lease
Fixtures and fittings	– 20% straight line
Office equipment	– 20% to 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

1.8 Non-current investments

The Company's interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.9 Impairment of tangible and intangible assets

All tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs).

1.10 Financial assets

In adopting IFRS 9, the impairment of financial assets was the only area of impact on the financial information in comparison to the previous reporting period.

The Group now reviews the amount of credit loss associated with its trade receivables based on a provision matrix and forward-looking estimates that consider current and forecast credit conditions as opposed to relying solely on past historical default rates.

In adopting IFRS 9, the Group has applied the simplified approach by applying a provision matrix based on number of days past due to measure lifetime expected credit losses. This takes into account the applicable customer credit risk profile and current and forecast trading conditions.

Using the approach described above the current year saw an expected credit loss position of £222k.

All financial assets are held under the business model of holding the asset to collect the contractual cash flows arising from the assets, which are made up solely of payments of the principal and interest. Therefore, all financial assets are classified at amortised cost.

Except for trade receivables, financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Trade receivables do not contain significant financing components and therefore are initially recognised at their transaction price, and subsequently treated in line with other financial assets. Except for trade receivables, impairment provisions are recognised as an expected credit loss provision under the general approach, being the expected credit loss over the next twelve months.

Notes to the Financial Statements continued

1. Accounting policies continued

1.10 Financial assets continued

Where there is a credit risk on a financial asset that has increased significantly, the impairment provision is measured at the lifetime expected credit loss. Impairment for trade receivables will be measured under the simplified approach with an expected credit loss percentage applied to each ageing category. All financial assets will be reported net of impairment; when the Group has no reasonable expectation of recovering a financial asset, the portion that is not recoverable is derecognised.

These financial assets comprise trade and other receivables, accrued income, and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

1.11 Financial liabilities

Financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1.12 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.13 Taxation

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

Current tax

Any tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Research and development tax credit

Companies within the Group may be entitled to claim special tax allowances in relation to qualifying research and development (R&D) expenditure (e.g. R&D tax credits). The Group accounts for such allowances as tax credits, which means that they are recognised when it is probable that the benefit will flow to the Group and that benefit can be reliably measured. They are claimed through the research and development expenditure credit (RDEC) tax credit scheme and recognised in the financial statements through other income on the income statement and other receivables on the balance sheet, until the cash is received.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to 'other comprehensive income', in which case the deferred tax is also dealt with in 'other comprehensive income'. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the Group obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1. Accounting policies continued

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets. The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

1.16 Retirement benefits

The Group operates a defined contribution pension plan, under which the Group pays contributions to privately administered pension plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.17 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using appropriate pricing models. The fair value determined at the grant date is expensed on a straight line basis over the vesting year, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The Group schemes, which award shares in the parent entity, include recipients who are employees in certain subsidiaries. In the consolidated financial statements, the transaction is treated as an equity-settled share-based payment, as the Group has received services in consideration for the Group's equity instruments. An expense is recognised in the Group income statement for the grant date fair value of the share-based payment over the vesting year, with a credit recognised in equity.

In the subsidiaries' financial statements, the awards, in proportion to the recipients who are employees in said subsidiary, are treated as an equity-settled share-based payment, as the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the award is recognised over the vesting year, with a credit recognised in equity. The credit to equity is treated as a capital contribution, as the parent company is compensating the subsidiaries' employees with no cost to the subsidiaries as there is no expectation to recharge this cost. In the parent company's financial statements, there is no share-based payment charge where the recipients are employed by a subsidiary, with the parent company recognising an increase in the investment in the subsidiaries as a capital contribution from the parent and a credit to equity.

1.18 Foreign currency

Transactions in foreign currencies are translated at the exchange rate at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange at the statement of financial position date. Any gain or loss arising from a change in the exchange rates after the date of the transaction is included as a gain or loss in other comprehensive income.

The statements of financial position of the foreign subsidiaries are translated into Sterling at the rate at the year end. The results of the foreign subsidiaries are translated into Sterling at the average rate of exchange during the financial year. Exchange differences which arise from the translation of opening net assets of the foreign subsidiary undertakings are included in the consolidated statement of comprehensive income.

1.19 Descriptions of nature of each component of equity

The components of the Group's equity can be described as follows:

- Share capital – The amount for the nominal value of shares issued.
- Share premium – The amount subscribed for share capital in excess of nominal value, after deducting costs of issue.
- Foreign exchange reserve – This reserve relates to exchange differences arising on the translation of the balance sheet of the Group's foreign operations at the closing rate and the translation of the income statement of those operations at the average rate.
- Merger reserve – Under the provisions of section 612 of the Companies Act 2006, the merger reserve represents the difference between the consideration paid and the book value of the net assets acquired, as part of a legacy Group reconstruction.
- Treasury reserve – The reserve relates to shares held in the Group's Employee Benefit Trust.
- Retained deficit – The retained deficit reserve contains the net gains and losses recognised in the consolidated statement of comprehensive income.

1.20 Inventories

Inventories comprise tickets held for resale and are stated at the lower of cost or net realisable value. Consignment tickets are not included within stocks held by the Group. Inventories are valued using a first-in first-out (FIFO) method.

1.21 Government grants and assistance

Government grants and assistance are recognised in the related expense line in the profit and loss on a systematic basis over the period in which the entity recognises the expenses, for which the grant is intended to compensate.

Therefore, the grants in recognition of specific expenses are recognised in the related expense line within the profit or loss in the same period.

2. Adoption of new and revised standards

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, in some cases, have not yet been adopted by the EU:

- IAS 1 – "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (Amendment – Definition of Material).
- IFRS 3 – "Business Combinations" (Amendment – Definition of Business).
- Revised Conceptual Framework for Financial Reporting.
- IFRIC 23 – "Uncertainty over Income Tax Treatment".

Other than IFRS 16 which is discussed below, these new standards have not had a material impact on the Group's consolidated financial statements.

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group is currently assessing the impact of these new accounting standards and amendments.

In the current year, the Group has applied the revised standards to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 September 2019. The new and amended accounting standard adopted during the year are:

- IFRS 16 "Leases" (effective 1 January 2019).
- IFRIC 23 – "Uncertainty over Income Tax Treatment" (no material impact on the Group).

IFRS 16 "Leases"

IFRS 16 will primarily impact the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases as previously required under IAS 17 and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group will take advantage of the optional exemptions which exist for low-value leases. The income statement is impacted due to the differences between straight line accounting and using an incremental borrowing rate, with operating expense replaced with interest and depreciation, so key metrics such as EBITDA will change.

The Group has elected to apply IFRS 16, 'Leases', in accordance with the transition provisions contained in IFRS 16. The new rules will be adopted from 1 September 2019, with the cumulative effect of initially applying the new standard recognised on that date. Comparatives for the 31 August 2019 financial year will therefore not be restated. In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has not applied the expedient, to not recognise all classes of operating leases with a remaining lease term of less than 12 months as at 1 September 2019 as short-term leases. The policy applied has been applied consistently to leases of underlying assets in the same class whereas the transitional expedient can be applied on a lease-by-lease basis.

The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4, "Determining whether an Arrangement contains a Lease".

The Group leases various properties for office space. Rental contracts are typically made for rolling periods of 1 month to 5 years but might have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

2. Adoption of new and revised standards continued

IFRS 16 "Leases" continued

- amounts expected to be payable by the lessee under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Low-value assets comprise IT equipment. On 1 September 2019, the Group will recognise lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17. These liabilities will be measured at the present value of the remaining lease payments, discounted using the Group's assumed incremental borrowing rate as of 1 September 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 September 2019 was 6%. The lease liability to be recognised at 1 September 2019 is expected to be £7.5m and a right-of-use asset of £6.9m.

The Group has applied IFRS 16 using the modified retrospective approach and comparative information has not been restated.

The Group has:

- recognised the lease liabilities as the present value of the remaining lease payments, discounted using the borrowing rate at the date of initial application;
- elected to measure its right-of-use assets using the approach set out in IFRS 16.C8(b)(i) calculating the carrying value as if IFRS 16 had applied at the lease commencement date but discounted using the borrowing rate at the date of initial application; and
- recognised the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.

The following table sets out the impact of adopting IFRS 16 on the statement financial position as at 1 September 2019:

	As at 31 August 2019 £'000	Impact of IFRS 16 £'000	As at 1 September 2019 £'000
Assets			
Property, plant and equipment	1,843	—	1,843
Intangible assets	9,009	—	9,009
Right-of-use assets[1]	—	6,931	6,931
Total non-current assets	10,852	6,931	17,783
Total current assets	23,466	—	23,466
Total assets	34,318	6,931	41,249
Liabilities			
Total current liabilities[2]	(13,371)	275	(13,096)
Lease liabilities[3]	—	(7,532)	(7,532)
Other liabilities	(2)	—	(2)
Total liabilities	(13,373)	(7,257)	(20,630)
Net assets	20,945	(326)	20,691
Total equity[4]	20,945	(326)	20,691

1 The adjustment to right-of-use assets is related to all operating type lease assets.

2 The table above removes the opening rent accrual disclosed in the Groups 31 August 2019 annual financial statements.

3 The table above reconciles the minimum lease commitments disclosed in the Group's 31 August 2019 annual financial statements to the amount of lease liabilities recognised on 1 September 2019.

4 Retained earnings were adjusted to record the net effect of all other adjustments noted.

2. Adoption of new and revised standards continued

IFRS 16 "Leases" continued

In May 2020, the IASB issued an amendment to IFRS 16 (COVID-19-Related Rent Concessions). It was endorsed by the EU on 9 October 2020. It is effective for annual periods beginning on or after 1 June 2020, but earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020. The amendment provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. While the company was, amongst other limited and discrete lease term changes to existing leases, granted rent rebates related as a direct consequence of the COVID-19 pandemic, it has not applied this practical expedient meaning that rent rebates and other lease changes to existing leases were accounted as modifications to the lease liability and Right of use asset only.

3. Critical accounting judgements and key sources of estimation uncertainty

IAS 1 requires disclosure of the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

In addition, IAS 1 requires disclosure of information about the assumptions the entity makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes to the financial statements include details of their nature and carrying amount at the end of the reporting period.

In the application of the Group and Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates. The Directors do believe there are two areas within the financial statements which constitute critical accounting judgements as follows:

Capitalisation of development costs

Development costs are capitalised based on an assessment on whether they meet the criteria specified in IAS 38 for capitalisation. During each reporting period, an assessment is performed by management to determine the time spent developing the intangible assets (note 15) as a proportion of total time spent in the year. This represents an area of judgement and impacts the value of intangible costs capitalised (2020: £4.9m; 2019: £4.3m).

Useful economic lives

Capitalised development costs in respect of the TenMAID, Ten Digital Platform and servicing infrastructure are amortised over their useful life of five years. The useful life is based on management's judgement which reflects the period over which the asset is expected to generate future economic benefits and is annually reviewed for appropriateness.

Material estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to material accounting estimates are recognised in the year in which the estimate is revised and future years as appropriate.

4. 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 ("The 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.

	2020 £'000	2019 £'000
EMEA	**21,975**	20,494
Americas	**13,784**	15,795
APAC	**8,465**	9,543
Net Revenue	**44,224**	45,832
Add back: cost of sales on principal transactions	**2,145**	3,248
Revenue	**46,369**	49,080
EMEA	**8,205**	2,259
Americas	**(3,862)**	(4,264)
APAC	**435**	(1,317)
Adjusted EBITDA	**4,778**	(3,322)
Amortisation	**(3,380)**	(3,011)
Depreciation	**(4,395)**	(993)
Share-based payment expense	**(1,525)**	(501)
Exceptional items	**(405)**	—
Operating loss	**(4,927)**	(7,827)
Foreign exchange (loss)/gain	**(511)**	554
Other net finance expense	**(453)**	(15)
Loss before taxation	**(5,891)**	(7,288)
Taxation expense	**(1,005)**	(973)
Loss for the year	**(6,896)**	(8,261)

Statutory revenue for the Americas and APAC segments are the same as the Net Revenue amounts disclosed above. Statutory Revenue for the EMEA segment were £24,120k (2019: £23,742k).

Notes to the Financial Statements continued

4. Segment reporting continued

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 below. The Group's statutory revenue split by contracting country is as laid out below:

	2020 £'000	2019 £'000
UK	**34,134**	34,435
USA	**2,468**	3,540
Switzerland	**7,226**	7,847
Rest of world	**2,541**	3,258
Revenue	**46,369**	49,080

The Group's statutory revenue is disaggregated into the following revenue streams as detailed in the revenue accounting policy (note 1.5). In addition, the Group disaggregates revenue into services where the Group is considered agent or principal as below:

	2020 £'000	2019 £'000
Concierge service fees	**38,896**	38,515
Indirect concierge service revenue	**6,235**	9,875
Digital platform fees	**1,238**	690
Total Revenue	**46,369**	49,080

	2020 £'000	2019 £'000
Revenue from services as Principal	**45,462**	48,122
Revenue from services as Agent	**907**	958
	46,369	49,080

Net Revenue is a non-GAAP company measure that excludes the direct cost of sales relating to member transactions managed by the Group, such as the cost of airline tickets sold under the Group's ATOL licences. Net Revenue is the measure of the Group's income on which segmental performance is measured.

Adjusted EBITDA is a company non-GAAP specific measure excluding interest, taxation, amortisation, depreciation, share-based payment and exceptional costs.

Adjusted EBITDA 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 EBITDA is the principal operating metric for a segment.

The statement of financial position is not analysed between reporting segments. 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 2020. The total combined revenue of these customers was £10.2m (2019: £10.2m) and was mainly included in the EMEA and Americas segments.

4.1 Exceptional items

	2020 £'000	2019 £'000
Impairment of intangible asset	**(405)**	—
	(405)	—

The impairment charge in the year related to specific know-how, enabling more cost-efficient servicing of concierge requests. An assessment of the database capitalised determined that a specific portion of this was less likely to generate future economic benefits due to the fall-out of the COVID-19 pandemic. Such impairment is considered to be one-off in nature and therefore presented as an exceptional item.

5. Operating loss

Operating loss for the year is stated after charging:

	2020 £'000	2019 £'000
Exchange losses/(gains)	**511**	(494)
Research and development costs	**912**	673
Depreciation of property, plant and equipment	**913**	993
Depreciation of right-of-use Asset	**3,482**	—
Amortisation of intangible assets	**3,380**	3,011
Operating lease rental	**—**	4,110
Bad debt expense	**222**	514
Impairment	**405**	—

6. Auditor's remuneration

	2020 £'000	2019 £'000
For audit services		
Audit of the financial statements of the Company	**86**	83
Audit of the financial statements of the Company's subsidiaries	**15**	15
	101	98
For other services		
Tax services for the Company	**4**	10
Tax services for the Company's subsidiaries	**26**	58
Other services	**8**	17
	38	85

7. Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2020 Number	2019 Number
UK	**235**	240
International	**735**	597
	970	837

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	**26,736**	29,453
Social security costs	**2,974**	2,636
Pension costs	**678**	779
Share-based payments	**1,525**	501
	31,913	33,369

During the year, the Group obtained government support under various schemes around the world in response to the COVID-19 pandemic. This support has reduced the Wages and salaries expense for the Group. Employee headcount includes those who are supported by the aforementioned government initiatives.

Notes to the Financial Statements continued

8. Directors' remuneration

	2020 £'000	2019 £'000
Remuneration for qualifying services	**1,006**	963
Pension contributions to defined contribution schemes	**9**	12
Share-based payments – gain on the exercise of share options during year	**—**	—
	1,015	975

Full details of Directors' remuneration is presented in the Remuneration Committee Report on pages 45 to 49.

Remuneration disclosed above includes the following amounts paid to the highest paid Director:

	2020 £'000	2019 £'000
Remuneration for qualifying services	**306**	295
Share-based payments – expense	**260**	144
Share-based payments – gain on the exercise of share options during year	**—**	—
	566	439

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to two (2019: three).

9. Key management personnel

	2020 £'000	2019 £'000
Short-term employee benefits	**1,562**	1,627
Post-employment benefits	**26**	41
Share-based payments – gain on the exercise of share options during year	**—**	177
	1,588	1,845

Remuneration of key management personnel

The remuneration of key management personnel, including Directors, is set out above in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures". Key management personnel comprise the Directors of the Company, and senior staff with management responsibilities across the entire Group.

10. Related party transactions

Other than the related party transactions described above, there were no further related party transactions in the year to disclose.

11. Controlling party

In the opinion of the Directors, there is no one ultimate controlling party.

12. Net finance expense

	2020 £'000	2018 £'000
Losses/(gains) on foreign exchange	**511**	(494)
Interest on bank overdrafts and loans	**5**	3
Interest on obligations under finance leases	**—**	12
IFRS 16 interest charge	**448**	—
Other net finance expense	**1**	—
Loan interest	**1**	—
Investment income	**(2)**	(60)
Total finance expense/(income)	**964**	(539)

13. Income tax expense

	2020 £'000	2019 £'000
Current tax		
Foreign taxes	**659**	973
Effect of taxes related to previous years	**346**	—
Total tax expense	**1,005**	973

The credit for the year can be reconciled to the loss per the income statement as follows:

	2020 £'000	2019 £'000
Loss before taxation	**5,891**	7,288
Expected tax credit based on a corporation tax rate of 19% (2019: 19%)	**(1,119)**	(1,385)
Effect of expenses not deductible in determining taxable profit	**6**	15
Accelerated capital allowances	**—**	—
Effect of taxes related to previous years	**346**	—
Movement in deferred tax not recognised	**789**	1,796
Overseas tax rate differences	**983**	347
Overseas tax due to transfer pricing adjustments	**—**	200
Taxation expense for the year	**1,005**	973

The Group has tax losses carried forward at 31 August 2020 of £22.1m (2019: £19.1m). The movement in deferred tax not recognised is a result of the increase in these losses.

The movement in deferred tax not recognised is largely due to the significant increase in losses during the period.

Notes to the Financial Statements continued

14. Loss per share

	2020 £'000	2019 £'000
Loss attributable to equity shareholders of the parent	**(6,896)**	(8,261)
Weighted average number of ordinary shares in issue	**80,103,503**	80,096,503
Basic loss per share (pence)	**(8.6)p**	(10.3)p

Basic loss per ordinary share

Basic loss per ordinary share is calculated by dividing the net result for the year attributable to shareholders by the weighted number of ordinary shares outstanding during the year.

Diluted loss per ordinary share

Where the Group has incurred a loss in the year, the diluted loss per share is the same as the basic loss per share as the loss has an anti-dilutive effect. Therefore, basic and diluted loss per share for the years ended 31 August 2019 and 31 August 2020 are calculated on the same basis.

15. Intangible assets

	Capitalised development costs £'000	Website £'000	Trademarks £'000	Total £'000
Cost				
At 31 August 2018	20,817	1,909	55	22,781
Additions	4,305	—	—	4,305
Disposals	—	—	—	—
At 31 August 2019	25,122	1,909	55	27,086
Additions	5,308	—	—	5,308
Impairment	(405)	—	—	(405)
At 31 August 2020	**30,025**	**1,909**	**55**	**31,989**
Accumulated amortisation				
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
Charge for the year	3,350	30	—	3,380
At 31 August 2020	**19,493**	**1,909**	**55**	**21,457**
Carrying amount				
At 31 August 2019	8,979	30	—	9,009
At 31 August 2020	**10,532**	**—**	**—**	**10,532**

All additions related to internal expenditure. The useful economic lives of the capitalised development platforms and website are assessed to be five years and three years respectively. The impairment charge in the year related to specific know-how, enabling more cost-efficient servicing of concierge requests. An assessment of the database capitalised determined that a specific portion of this was less likely to generate future economic benefits due to the fall-out of the COVID-19 pandemic.

16. Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 1 September 2018	577	449	4,756	5,782
Additions	57	205	925	1,187
Disposals	(96)	—	(147)	(243)
At 31 August 2019	538	654	5,534	6,726
Additions	41	—	176	217
Disposals	—	(73)	(1)	(74)
At 31 August 2020	**579**	**581**	**5,709**	**6,869**
Accumulated depreciation				
At 1 September 2018	360	249	3,471	4,080
Charge for the year	90	152	751	993
Disposals	(43)	—	(147)	(190)
At 31 August 2019	407	401	4,075	4,883
Charge for the year	83	70	760	913
Disposals	—	(52)	(1)	(53)
At 31 August 2020	**490**	**419**	**4,834**	**5,743**
Carrying amount				
At 31 August 2019	131	253	1,459	1,843
At 31 August 2020	**89**	**162**	**875**	**1,126**

17. Right-of-use asset

	Land and buildings £'000	Total £'000
At 1 September 2019	6,931	6,931
Additions	6,315	6,315
Lease Modifications	(4,444)	(4,444)
Translation differences	(204)	(204)
At 31 August 2020	**8,598**	**8,598**
Accumulated depreciation		
At 1 September 2019	—	—
Charge for the year	3,482	3,482
At 31 August 2020	**3,482**	**3,482**
Carrying amount		
At 31 August 2020	**5,116**	**5,116**

Lease modifications relate to renegotiations on leases, agreed part way through the original lease term. Additions reflect the renegotiated position and further new office leases.

Notes to the Financial Statements continued

18. Subsidiaries

Details of the Company's subsidiaries at 31 August 2020 are as follows:

Name of undertaking	Country of incorporation	Ownership interest %	Voting power held %	Nature of business
Ten Lifestyle Management Limited[1]	UK	100	100	Concierge services
Ten Lifestyle Management (Asia) Limited	Hong Kong	100	100	Concierge services
Ten Lifestyle Management USA Inc.	USA	100	100	Concierge services
Ten Lifestyle Management (Canada) ULC	Canada	100	100	Concierge services
Ten Group Singapore PTE Limited	Singapore	100	100	Concierge services
Ten Group Japan K.K.	Japan	100	100	Concierge services
Ten Lifestyle Commercial Consulting (China)	China	100	100	Concierge services
Ten Lifestyle Management Limited S DE RL DE CV	Mexico	100	100	Concierge services
Ten Lifestyle Management Africa (Pty) Limited	South Africa	100	100	Concierge services
Ten Lifestyle Management India Private Limited	India	100	100	Concierge services
Ten Servicos de Concierge do Brasil Limited	Brazil	100	100	Concierge services
Ten Group Belgium BVBA	Belgium	100	100	Concierge services
Ten Group Australia Pty Limited	Australia	100	100	Concierge services
Ten Lifestyle Management Switzerland GmbH	Switzerland	100	100	Concierge services
Ten Group France SAS	France	100	100	Concierge services
Ten Group (RUS) LLC	Russia	100	100	Concierge services
Ten Group Norway AS	Norway	100	100	Concierge services
Ten Latin America Limited	UK	100	100	Dormant
Ten South America Limited	UK	100	100	Dormant
Ten Global Services Limited	UK	100	100	Dormant
Ten Travel Limited	UK	100	100	Dormant
Ten Professional Services Limited	UK	100	100	Dormant
Bailey Medical Support Limited	UK	100	100	Dormant

1 Shares held directly by Ten Lifestyle Group Plc.

18. Subsidiaries continued

The registered offices of the Company's subsidiaries are as follows:

Name of undertaking	Registered office
Ten Lifestyle Management Limited	2nd floor, Fitzroy House, 355 Euston Road, London NW1 3AL, United Kingdom
Ten Lifestyle Management (Asia) Limited	Unit 21-101 WeWork Taikoo, Cityplaza Three, Taikoo, Hong Kong
Ten Lifestyle Management USA Inc	149 New Montgomery Street, San Francisco CA, 94105, USA
Ten Lifestyle Management (Canada) ULC	1200 Bay Street, Suite 202, Toronto, Ontario M5R 2A5, Canada
Ten Group Singapore PTE Limited	63 Market Street, #11-04 Bank of Singapore Centre 048942, Singapore
Ten Group Japan K.K.	7F Sumitomo Sasazuka Taiyo Building, 1-48-3 Sasazuka, Shibuya-ku, Tokyo 151-0073, Japan
Ten Lifestyle Commercial Consulting (China)	Floor 12 Platinum Building, 233 Tai Cang Road, Huangpu District, Shanghai, 200020, China
Ten Lifestyle Management S DE RL DE CV	Torre Reforma Latino, Reforma 296, Piso 14, Suite 1400 Colonia Juárez, Mexico D.F., 06600
Ten Lifestyle Management Africa (Pty) Limited	7th Floor, 19 Louis Gradner Street, Foreshore, Cape Town 8001, South Africa
Ten Lifestyle Management India Private Limited	The Ruby, South East Wing, 9th Floor, 29 Senapati Bapat Marg, Dadar (W), Mumbai 400028, Maharashtra, India
Ten Servicos de Concierge do Brasil Limited	Rua Gomes de Carvalho, No. 1356, Connjunto 131, Jardim Paulista, CEP 04547-005, Sao Paulo, Brazil
Ten Group Belgium BVBA	Brussels Airport Corporate Village, Leonardo Da Vin-cilaan, 91935 Zaventem, Belgium
Ten Group Australia Pty Limited	Level 9, 401 Collins Street, 3000, Melbourne, Victoria, Australia
Ten Group France SAS	66 avenue des Champs-Élysées, 75008, Paris, France
Ten Group (RUS) LLC	Office 612, Smolenskaya Square 3, 121099, Moscow, Russia
Ten Group Norway AS	9th Floor, 16 Dronning Eufemias Gate, 0191 Oslo, Norway
Ten Lifestyle Management Switzerland GmbH	Red Tower, Floor F0 Limmatstrasse 250, 8005, Zurich, Switzerland

The registered office of the dormant subsidiaries incorporated in the UK is 2nd floor, Fitzroy House, 355 Euston Road, London NW1 3AL, United Kingdom.

19. Trade and other receivables

Trade receivables disclosed below are measured at fair value using the expected credit loss model.

Group	**2020 £'000**	2019 £'000
Trade receivables	**2,052**	4,650
Provision for bad and doubtful debts	**(222)**	(514)
	1,830	4,136
Other receivables	**1,268**	947
Prepayments and accrued income	**3,843**	5,986
	6,941	11,069

19. Trade and other receivables continued

Movements in Group contract assets and liabilities were as follows:

- trade receivables have decreased from £4.1m to £1.8m at the reporting date;
- accrued income decreased from £2.23m to £1.85m at the reporting date with all accrued income recognised at 31 August 2019 being released during the year; and
- deferred income decreased from £2.26m to £1.92m at the reporting date with all deferred income recognised at 31 August 2019 released during the year with the exception of £170k.

The fair value of trade and other receivables below is the same as the carrying value as credit risk has been addressed as part of impairment provisioning and due to the short-term nature of the amounts receivable they are not subject to other ongoing fluctuations in market rates.

20. Trade receivables – credit risk

Ageing of due and past due but not impaired debts	2020 £'000	2019 £'000
0 – 30 days	**1,782**	3,086
30 – 60 days	**120**	840
60 – 90 days	**14**	123
90 – 120 days	**24**	185
120+ days	**112**	416
	2,052	4,650
Provision for bad and doubtful debts	**(222)**	(514)
	1,830	4,136

The Group provides against trade receivables using the expected credit loss model as at the reporting date. In the previous financial year, the provision was £514k.

	Trade Debtors £'000	Expected Credit Loss Provision £'000	Expected Credit Loss Provision %
0 – 30 days	1,782	56	3%
30 – 60 days	120	50	42%
60 – 90 days	14	9	64%
90 – 120 days	24	7	29%
120+ days	112	100	89%
	2,052	222	

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.

Movement in the allowances for doubtful debts

	2020 £'000	2019 £'000
Balance at 1 September 2019	**514**	—
Movement in provision	**(292)**	514
Balance at 31 August 2020	**222**	514

21. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at banks and on hand – unrestricted	**10,611**	12,100
Cash at banks and on hand – restricted	**346**	241
Cash and cash equivalents	**10,957**	12,341
Cash and cash equivalents in the statement of cash flows	**10,957**	12,341

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Group holds cash in a restricted access account in respect of guarantees. These guarantees arise in the ordinary course of business and relate to the Group's travel operations. The guarantees are required under consumer protection schemes in certain markets and are provided by banks, which hold restricted cash to support the guarantee. As such, this guarantee will be required for the long term, unless local regulations are amended.

22. Trade and other payables

Group	2020 £'000	2019 £'000
Trade payables	**787**	227
Accruals and deferred income	**7,148**	9,206
Social security and other taxation	**2,462**	2,079
Other payables	**1,509**	1,233
	11,906	12,745

The fair value of trade and other payables are the same as the carrying values.

23. Provision – overseas tax liabilities

	2020 £'000	2019 £'000
Overseas tax liabilities	**596**	596

The liabilities relate to overseas tax liabilities. The liabilities will reduce as overseas tax filings are finalised and paid.

24. Borrowings

	2020 £'000	2019 £'000
Long-term loan	**1,000**	–

On 22 July 2020, the Group received a loan backed by the United States of America's Government as part of the Payroll Protection Plan for the value of $1.33m. The loan is intended to support businesses through the COVID-19 pandemic. The scheme is run by the Small Business Administration Service (SBA) to help small business (with less than 500 employees). The loan is available based on US payroll value and headcount. The loan is long term in nature (five years) incurring 1% interest per annum and loan payments are deferred for six months. Exact details of repayments have yet to be published by the SBA The balance of the loan remaining at 31 August 2020 is £1m.

Notes to the Financial Statements continued

25. Lease liabilities

	2020 £'000
In one year or less	**2,952**
Between one and five years	**3,254**
Total undiscounted lease liabilities at 31 August 2020	**6,206**
Lease liabilities included in the statement of financial position at 31 August 2020	
Current	**3,335**
Non-current	**2,668**
	6,003
Amounts recognised in the comprehensive income statement	
Interest expense on lease liabilities	**448**

Discount rates

The discount rate used is based on the Group's estimated cost of debt. The discount rate applied is 6%, which is the Group's incremental borrowing rate.

Reconciliation of operating lease commitments

At 31 August 2019 and 1 September 2019

	Operating lease commitments at 31 August 2019 £'000	Incremental borrowing rate at 1 September 2019	Discounted lease commitment at 1 September 2019 £'000	Lease liability recognised at 1 September 2019 £'000	Difference at 1 September 2019 £'000
Land and Buildings	7,548	6%	6,965	7,532	567

The difference of £567k on land and buildings includes non-lease components which were previously included within operating lease commitments at 31 August 2019 and not included in lease liabilities.

26. Share capital

	2020 Number '000	2019 Number '000
80,650,049 ordinary shares of £0.001 each	**80,650**	80,650

There were no share issues during the financial year ended 31 August 2020. All shares are fully paid.

Own shares held

An Employee Benefit Trust (Ten Group Employee Benefit Trust) was established in February 2012. The Trust holds 546,546 ordinary shares at £0.2m, having transferred 7,000 shares to an employee during the year as part of a share option exercise. These shares held are treated as treasury shares and are included in the treasury reserve in the consolidated statement of financial position.

27. Share options

All share options relating to the UK tax authority approved Enterprise Management Incentive (EMI) share option plan and the unapproved share option plan fully vested on completion of the IPO other than those options with performance conditions which were not met and therefore lapsed. The Company Share Option Plan (CSOP) remains in place and the Management Incentive Plan (MIP) commenced on 9 November 2017. As part of the Group's COVID-19 cost saving measures, a Salary Sacrifice Scheme (SSS) was first launched in March 2020, allowing employees to sacrifice a proportion of their salary over a four-month period in return for share options.

For CSOP and MIP schemes, the holder must be in continued employment of the Company for three years for the option to vest. All options unexercised after a period of ten years from the date of grant expire.

For the SSS, the holder must sacrifice the pre-agreed amount of salary to vest the options granted. All options unexercised after a period of three years from the date of grant expire.

The Group has no legal or constructive obligation to repurchase or settle options in cash.

Options are exercisable at a range of between £0.001 per share and £1.60 per share. The weighted average remaining contractual life of the share options outstanding at 31 August 2020 is 5.2 years.

The total expense recognised for year ended 31 August 2020 arising from equity-settled share-based payment transactions amounted to £1.5m (2019: £0.5m).

	Number	Weighted average exercise price £
Number of options outstanding at 31 August 2018	3,549,709	0.42
Granted in the year – CSOP	816,205	0.99
Granted in the year – MIP	947,187	0.001
Forfeited in the year – CSOP	(499,575)	0.81
Forfeited in the year – MIP	(76,000)	0.001
Number of options outstanding at 31 August 2019	4,737,526	0.43
Granted in the year – CSOP	25,226	1.19
Granted in the year – MIP	722,000	0.001
Granted in the year – SSS	5,495,423	0.82
Cancelled in the year – SSS	(100,592)	0.81
Forfeited in the year – CSOP	(125,210)	0.60
Number of options outstanding at 31 August 2020	10,754,373	0.42
Number of options exercisable at 31 August 2020	5,586,192	

Notes to the Financial Statements continued

27. Share options continued

		Number as at 31 August 2020	Number as at 31 August 2019	Exercise price £	Remaining contractual life (Years)
January 2013 to January 2023	EMI	**97,336**	97,336	0.22	2.4
January 2013 to January 2023	EMI	**24,672**	24,672	0.54	2.4
January 2013 to January 2023	EMI	**9,440**	9,440	0.41	2.4
May 2014 to January 2023	EMI	**29,416**	29,416	0.41	2.7
December 2015 to December 2025	EMI	**122,992**	122,992	0.56	5.3
August 2017 to August 2027	CSOP	**1,240,000**	1,340,000	0.75	7.0
December 2017 to December 2027	MIP	**1,216,000**	1,216,000	0.001	7.3
March 2018 to March 2028	CSOP	**9,375**	9,375	1.60	7.5
April 2018 to April 2028	MIP	**68,956**	68,956	0.001	7.6
May 2018 to May 2028	CSOP	**22,222**	22,222	1.35	7.7
August 2018 to August 2028	CSOP	**33,725**	33,725	0.87	8.0
September 2018 to September 2028	CSOP	**34,483**	34,483	0.87	8.0
September 2018 to September 2028	MIP	**112,360**	112,360	0.001	8.0
November 2018 to November 2028	CSOP	**86,875**	86,875	0.69	8.2
November 2018 to November 2028	MIP	**344,828**	344,828	0.001	8.2
December 2018 to December 2028	CSOP	**42,857**	42,857	0.87	8.3
January 2019 to January 2029	CSOP	**67,781**	67,781	0.87	8.4
April 2019 to April 2029	CSOP	**45,802**	45,802	0.66	8.6
June 2019 to June 2029	CSOP	**134,831**	134,831	0.89	8.8
June 2019 to June 2029	MIP	**490,000**	490,000	0.001	8.8
July 2019 to July 2029	CSOP	**25,424**	25,424	1.18	8.9
August 2019 to August 2029	CSOP	**352,941**	378,151	1.19	9.0
October 2019 to October 2029	CSOP	**25,226**	—	1.19	9.1
January 2020 to December 2030	MIP	**722,000**	—	0.001	9.3
March 2020 to March 2023	SSS	**4,062,336**	—	0.70	2.5
July 2020 to July 2023	SSS	**1,332,495**	—	1.20	2.9
		10,754,373	4,737,526		

The period noted in the table below reflects the month during which the options were awarded to the month of expiration. For the share options granted during the year, the weighted average fair value of the options is £0.41.

Management Incentive Plan

Under the MIP 610,000 options were issued conditional of achievement of performance conditions based on total shareholder return (market) and, for some participants, operational targets (non-market). A further 176,000 share options were issued, conditional on three years of employment service (non-market) from the date of grant. All share options granted under the MIP can be exercised at nominal ordinary share value (£0.001p).

Salary Sacrifice Scheme

Under the SSS, the Group offered its employees the opportunity to sacrifice salary over two 4-month periods in exchange for share options resulting in the issue of 5,379,712 options. The sacrifices ranged from 5% to 50% of salary over the two grants.

Valuation of share options

The fair value of options subject to non-market based vesting conditions were measured using a Black Scholes model and those options with market-based conditions using a Monte Carlo simulation model.

27. Share options continued

Valuation of share options continued

The fair value of the outstanding options without performance conditions was measured using the Black Scholes options valuation model. The inputs to that model in respect of the share options outstanding under each issue as at the year ended 31 August 2020 and 31 August 2019 were as follows:

	EMI	EMI	EMI	EMI
Grant month	January 2013	May 2014	December 2015	December 2015
Weighted average share price	£3.31	£3.31	£4.50	£5.00
Weighted average exercise price	£3.31	£3.31	£4.50	£4.50
Expected volatility	72%	58%	72%	58%
Weighted average risk-free rate	1.00%	1.56%	1.20%	0.51%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	5	4	5	4
Weighted average fair value at date of grant	£1.94	£1.52	£2.65	£2.38

	EMI	CSOP	MIP	CSOP
Grant month	December 2015	August 2017	December 2017	March 2018
Weighted average share price	£6.00	£6.00	£1.43	£1.60
Weighted average exercise price	£4.50	£6.00	£0.001	£1.60
Expected volatility	42%	72%	30%	30%
Weighted average risk-free rate	0.21%	0.44%	0.56%	0.60%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	3	5	3	5
Weighted average fair value at date of grant	£2.36	£3.49	£1.42	£1.29

	CSOP	CSOP	CSOP	CSOP
Grant month	May 2018	August 2018	September 2018	November 2018
Weighted average share price	£1.35	£0.91	£0.87	£0.64
Weighted average exercise price	£1.35	£0.91	£0.87	£0.64
Expected volatility	30%	30%	30%	30%
Weighted average risk-free rate	0.63%	0.99%	0.99%	0.99%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	5	5	5	5
Weighted average fair value at date of grant	£0.86	£0.90	£0.86	£0.64

	CSOP	CSOP	CSOP	CSOP
Grant month	November 2018	December 2018	January 2019	April 2019
Weighted average share price	£0.75	£0.35	£0.44	£0.66
Weighted average exercise price	£0.75	£0.35	£0.44	£0.66
Expected volatility	30%	30%	30%	30%
Weighted average risk-free rate	0.99%	0.99%	0.99%	0.60%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	5	5	5	5
Weighted average fair value at date of grant	£0.74	£0.35	£0.44	£0.63

27. Share options continued

Valuation of share options continued

	COSP	COSP	COSP	MIP
Grant month	June 2019	July 2019	August 2019	June 2019
Weighted average share price	£0.89	£1.18	£1.19	£0.34
Weighted average exercise price	£0.89	£1.18	£1.19	£0.001
Expected volatility	30%	30%	30%	30%
Weighted average risk-free rate	0.60%	0.40%	0.33%	0.95%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	5	5	5	3
Weighted average fair value at date of grant	£0.85	£1.02	£0.96	£0.34

	MIP	SSS	SSS
Grant month	December 2019	March 2020	July 2020
Weighted average share price	£1.22	£0.50	£0.94
Weighted average exercise price	£0.001	£0.70	£1.20
Expected volatility	30%	74%	50%
Weighted average risk-free rate	0.95%	0.30%	0.10%
Expected dividend yield	—	—	—
Weighted average option life (years)	3	1.5	1.5
Weighted average fair value at date of grant	£1.21	£0.12	£0.14

The fair value of the outstanding options with performance conditions was measured using the Monte Carlo simulation model. The inputs to that model in respect of the share options outstanding under each issue as at the year ended 31 August 2020 and 31 August 2019 were as follows:

	MIP	MIP	MIP	MIP
Grant month	December 2017	April 2018	September 2018	November 2018
Weighted average share price	£1.43	£1.15	£0.30	£0.29
Weighted average exercise price	£0.001	£0.001	£0.001	£0.001
Expected volatility	30%	30%	30%	30%
Weighted average risk-free rate	0.56%	0.56%	0.78%	0.78%
Expected dividend yield	—	—	—	—
Weighted average option life (years)	3	3	3	3
Weighted average fair value at date of grant	£0.49	£0.39	£0.09	£0.09

27. Share options continued
Valuation of share options continued

	MIP	MIP
Grant month	June 2019	December 2019
Weighted average share price	£0.98	£1.22
Weighted average exercise price	£0.001	£0.001
Expected volatility	30%	30%
Weighted average risk-free rate	0.54%	0.54%
Expected dividend yield	—	—
Weighted average option life (years)	3	3
Weighted average fair value at date of grant	£0.82	£1.04

The share price volatility fluctuated for the different share option schemes due to different years that apply to each of the schemes in existence. The risk-free rate is based on the average Bank of England base rate in the year.

Expected share price volatility is based on similar listed entities and varies due to the different years that apply to each of the schemes in existence. For the Salary Sacrifice scheme, expected share price volatility is based on the Groups share price volatility.

28. Capital commitments
At 31 August 2020 the Group had no material capital commitments (2019: £nil).

29. Financial instruments and financial risk management
Financial instruments
The Group's principal financial liabilities comprise trade and other payables and borrowings. The primary purpose of these financial liabilities is to finance the operations. The Group has trade and other receivables and cash that derive directly from its operations.

Financial assets

	2020 £'000	2019 £'000
Cash at banks and on hand – unrestricted	**10,611**	12,100
Cash at banks and on hand – restricted	**346**	241
Trade and other receivables	**4,950**	7,695

Financial liabilities

	2020 £'000	2019 £'000
Trade and other payables	**5,751**	6,512
Lease liabilities	**6,003**	32
Long-Term Loan	**1,000**	—

The Directors consider that the carrying amount for all financial assets and liabilities approximates to their fair value.

Financial risk management
The Company is exposed to market risk, which includes interest rate risk and currency risk, credit risk and liquidity risk. The senior management oversees the management of these risks and ensures that the financial risk taken is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk appetite.

The Board of Directors reviews and agrees the policies for managing each of these risks, which are summarised below:

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Notes to the Financial Statements continued

29. Financial instruments and financial risk management continued

Foreign currency risk management

The Group is exposed to transactional and translation exchange risk. Transactional foreign exchange risk arises from sales or purchases by a Group company in a currency other than that company's functional currency. Translation foreign exchange risk arises on the translation of profits earned in Euros, US Dollars, Swiss Francs, Brazilian Real and Japanese Yen to Sterling and the translation of net assets denominated in Euros, US Dollars, Swiss Francs, Brazilian Real and Japanese Yen into Sterling, the Group's functional currency.

Each of the companies in the Group trades almost exclusively in its functional currency, minimising transactional foreign exchange risk.

	EUR 1	USD 1	CHF 1	JPY 1	BRL 1
Year ended 31 August 2019					
Average rate	1.13	1.28	1.27	141.56	4.95
Year-end spot rate	1.11	1.22	1.20	129.20	5.04
Year ended 31 August 2020					
Average rate	**1.14**	**1.27**	**1.23**	**137.16**	**5.99**
Year-end spot rate	**1.12**	**1.33**	**1.21**	**141.19**	**7.25**

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% decrease in Great British Pounds against the relevant foreign currencies which the Directors believe could have the most significant impact on the performance of the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

For a 5% strengthening of Great British Pounds against the relevant currency there would be a comparable impact on the profit and other equity, in the opposite direction.

	Profit or loss	
	2020 £'000	2019 £'000
Euros	**42**	(10)
US Dollars	**(513)**	(681)
Swiss Francs	**(170)**	(119)
Japanese Yen	**(151)**	(188)
Brazilian Real	**24**	98
	(768)	(900)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group accepts the risk of losing interest on deposits due to interest rate reductions. Any interest charged on outstanding loans are at fixed rates.

The Directors do not believe the interest rate risk to be material and therefore no sensitivity analysis has been prepared.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including cash deposits with banks and financial institutions.

Trade receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding receivables are regularly monitored and discussed at executive management and Board level.

The requirement for impairment is analysed at each reporting date. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low as receivables are principally with large financial institutions.

29. Financial instruments and financial risk management continued

Financial instruments and cash deposits

Credit risk from cash balances with banks and financial institutions is managed in accordance with the Company's policy. Credit risk with respect to cash is managed by carefully selecting the institutions with which cash is deposited.

Liquidity risk

The Group is not currently cash generative; however, funds were raised as part of the IPO in November 2017. In addition, the funds generated by operating activities are managed to fund short-term working capital requirements. The Board carefully monitors the levels of cash and is comfortable that it has sufficient cash for normal operating requirements. The Group currently holds no committed lines of credit.

The following table details the Group's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Total £'000
At 31 August 2019				
Trade and other payables	5,251	—	—	5,251
Finance lease obligations	30	2	—	32
At 31 August 2020				
Trade and other payables	**5,718**	**—**	**—**	**5,718**
Lease liabilities	**2,952**	**3,254**	**—**	**6,206**
Long-Term Loan	**—**	**—**	**1,000**	**1,000**

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while also maximising the operating potential of the business. The capital structure of the Group consists of cash and cash equivalents, long-term loan and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The Group is not subject to externally imposed capital requirements.

30. Financial instruments carried at fair value

Financial instruments carried at fair value are measured by reference to the following fair value hierarchy prescribed by IFRS 13:

- level 1: quoted prices 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments are carried at fair value and measured under level 3 valuation method.

31. Events after the balance sheet date

There are no significant events to report after the balance sheet date. It should be noted, the Covid-19 pandemic and the initial lockdown measures introduced by governments in response were conditions in existence at the year-end date and have therefore been treated as adjusting post-balance sheet events. The disruption has had material implications for the wider global economy, although the Group has been less impacted than many companies. The directors continue to monitor the ongoing implications of Covid-19. Further information is given in the Directors' report.

Company Statement of Financial Position

as at 31 August 2020

Company No: 08259177

	Notes	2020 £'000	2019 £'000
Non-current assets			
Investments	32	**46,706**	45,181
Total non-current assets		**46,706**	45,181
Current assets			
Cash and cash equivalents	34	**73**	81
Total current assets		**73**	81
Total assets		**46,779**	45,262
Current liabilities			
Trade and other payables	33	**(137)**	(88)
Amounts due from Group undertakings	33	**(279)**	(25)
Total current liabilities		**(416)**	(113)
Net current liabilities		**(343)**	(32)
Net assets		**46,363**	45,149
Equity			
Called up share capital	27	**81**	81
Share premium account		**28,480**	28,480
Retained earnings		**17,802**	16,588
Total equity		**46,363**	45,149

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the parent company profit and loss account and related notes. The Company's net loss after tax for the year was £311,000 (2019: £2,539,000 profit).

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2020 and are signed on its behalf by:

Alex Cheatle
Director

Alan Donald
Director

Company Statement of Changes in Equity
for the year ended 31 August 2020

	Notes	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance at 1 September 2018		81	28,480	13,548	42,109
Profit for the period		—	—	2,539	2,539
Total comprehensive income for the period		—	—	2,539	2,539
Equity-settled share-based payments charge	27	—	—	501	501
Balance at 31 August 2019		81	28,480	16,588	45,149
Loss for the period		—	—	(311)	(311)
Total comprehensive income for the period		—	—	(311)	(311)
Equity-settled share based payments charge	27	—	—	1,525	1,525
Balance at 31 August 2020		**81**	**28,480**	**17,802**	**46,363**

Company Statement of Cash Flows

for the year ended 31 August 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
(Loss)/profit for the year after tax		**(311)**	2,539
Movement in working capital:			
Increase in trade and other receivables		**—**	(13,944)
Decrease/(Increase) in trade and other payables		**303**	(5)
Net (decrease) in cash and cash equivalents		**(8)**	(11,410)
Cash and cash equivalents at beginning of year		**81**	11,491
Cash and cash equivalents at end of year		**73**	81

Notes to the Company Financial Statements

32. Investments

All investments held by the Company are investments in subsidiaries which are held at cost.

	2020 £'000	2019 £'000
Investments in subsidiaries	**46,706**	45,181
Cost		
At 31 August 2019	**45,181**	5,276
Additions	**1,525**	39,905
At 31 August 2020	**46,706**	45,181
Carrying amount		
At 31 August 2019	**45,181**	
At 31 August 2020	**46,706**	

The addition in the year represents capital contributions of £1.5m made to the Company's subsidiaries in respect of the share option expense recognised on share options issued by the Company to employees of the appropriate subsidiaries.

On 30 August 2019 the Company increased its investment in Ten Lifestyle Management Limited by subscribing for 39,404,317 shares at £1 per share, satisfied by the forgiving of debt owed by Ten Lifestyle Management Limited to the Company of £39.4m which had increased over the course of the year.

Both of these transactions represent non-cash transactions during the year.

33. Trade and other creditors

	2020 £'000	2019 £'000
Accruals	**122**	88
Other payables	**15**	—
Amounts due to Group companies	**279**	25
	416	113

34. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at banks and on hand – unrestricted	**73**	81
Cash and cash equivalents in the statement of cash flows	**73**	81

Notes to the Company Financial Statements continued

35. Financial instruments and financial risk management

Financial instruments

The Company has limited financial liabilities as its primary purpose is to hold investments in other Group companies. The Company's receivables largely relate to its funding of the operations of the Group.

Financial assets

	2020 £'000	2019 £'000
Cash at bank and in hand – unrestricted	73	81

Financial liabilities

	2020 £'000	2019 £'000
Amounts due to Group undertakings	283	25
Trade and other payables	137	88

Corporate Information

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