

Time Out

Annual Report and Accounts for the year ended 31 December 2016

Stock code: **TMO**



Time Out Group plc Annual Report 2016

Time Out Group is the leading global media and entertainment business that inspires and enables people to make the most of a city.

Through powerful content, top-quality curation, enabling technology and exceptional experiences, Time Out Group (“Time Out”, the “Company” or the “Group”) helps discover, book and share what the world’s cities have to offer. Operating in 108 cities across 39 countries, this iconic brand has a global monthly audience reach of 156 million.

Across multiple platforms comprising digital, mobile, apps, social media and magazines and its physical presence via Live Events and Time Out Market, the Group aims to connect consumers and businesses in the leisure, travel and local entertainment sector through B2C and B2B offerings. By producing inspirational and entertaining content for its users around food, drink, music, theatre, art, style, travel and entertainment, Time Out seeks to grow earnings from those user relationships through on-site transactions and advertisement from businesses, including both global brands and local businesses.

About us

**Global
monthly
audience
reach of 156
million**

**Presence in
108 cities
across 39
countries
around the
world**

**Time Out
Group
revenue
increased
by 23% YoY
to £37.1
million***

**Digital
revenue
up 39%
YoY (incl.
e-commerce
up 45%)**

**Time Out
Market
revenue
growth of
115% YoY***

*Proforma results adjusted to include a full year of trading of Time Out Market in 2016 and prior year

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3.1 million
visitors to
Time Out
Market
Lisbon in
2016

33.8 million
page visits
on average
per month in
2016

116 million
social media
reach on
average per
month in
2016

Over 300,000
e-commerce
transactions
in 2016

95% do
something
as a result of
Time Out

SEE MORE

WWW.TIMEOUT.COM

Strategic Report

Strategy in action



Monetising the audience

The Group plans to monetise the audience by further developing e-commerce and offering more booking opportunities, products, offers, ticket and events. Combined with Time Out's high-quality curated content, this will allow the Group's global monthly audience of 156 million to discover, book and share what the world's cities have to offer – faster, easier and better than ever before.

In 2016, growth in e-commerce revenue was also driven by a particularly good performance from an increasing number of Time Out Live Events arranged and sold by the Group mainly in London and US cities. These are unique, differentiated events Time Out's experience-hungry audience loves and revenue arises predominantly from ticket sales via the e-commerce platform. Live Events, alongside other e-commerce products in new verticals such as attractions and hotels, is an area where Time Out continues to expand, with strong growth in revenue and the number of transactions.

In total, the Group arranged almost 250 Live Events in London and US cities in 2016 (2015: 180), often in iconic locations. Events such as Silent Discos in London's National History Museum, the Battle of the Burger in Chicago's Museum of Contemporary Art, tasting events or rooftop parties connected nearly 80,000 people with unique moments and popular brands sponsoring such commercial experiences.

→ [Read more about 'Monetising the audience' on page 17](#)





Time Out Silent Disco at London's Natural History Museum

GROUP

AT A GLANCE

Time Out Group has a worldwide brand presence in 108 cities across 39 countries, reaching a global monthly audience of 156 million.

In 2016, the Group owned and operated businesses in 14 countries and 65 cities such as London, New York, Chicago, Miami, Los Angeles, Lisbon and Paris. In a further 25 countries and 43 cities such as Barcelona, Tokyo, Seoul, São Paulo, Dubai and Melbourne, the Group used international licensing arrangements with partners; when using the licensing model, Time Out Group retains ownership of rights, title and interest in the brand and content.



The Time Out story so far

1968
Time Out Magazine launches
 Tony Elliott launches the first issue of Time Out which was published in 1968, cover price of one shilling. Printed as a double-sided A2 sheet, it was folded down into an A5 magazine.

1971
Time Out Magazine changes format
 The magazine goes weekly and is re-sized to today's recognisable format.

1995
Time Out New York
 Time Out goes stateside.

2001
Time Out Istanbul
 The first international franchisee launches.

2010
Time Out launches e-commerce platform

2012
Time Out London magazine goes free
 The magazine goes free after 44 years with a cover price. Weekly circulation increases to 305,000.

2014
Launch of new mobile responsive website
Launch of business listings in London and Paris
Time Out Market
 Launched in Lisbon, bringing the best of the city together under one roof.



OUR KEY STRENGTHS



1 Established international brand with an extensive audience reach:

Time Out is one of the leading brands to inform and inspire users through curated content about how to enjoy food, drink, music, theatre, art, style, travel, entertainment. The Directors believe that the Group's established brand (since 1968) and high brand awareness are key drivers of Time Out's significant global monthly audience reach of approximately 156 million, and that this will help drive consumer traffic to the Group's digital platform and give them the confidence to execute e-commerce transactions.

2 Strong relationships with brand and local advertising partners and sophisticated model for generating advertising revenue:

The Group has established long-term, direct relationships with brands and local businesses and uses a number of solution-based advertising platforms, programmatic platforms and other creative channels, including native advertising and experiential advertising, to generate advertising revenue.

3 Diverse content distribution network including technology with multi-channel scalability potential:

The Directors believe that the scalable and flexible architecture of the Group's digital platform will allow the Group to develop ongoing improvements in functionality and expand to address new business opportunities.

4 Attractive unit economics driven by significant consumer demand for the Group's independent, inspirational and curated content:

The Directors believe that the Group's global monthly audience reach of approximately 156 million lowers the marketing cost of acquiring users and makes it easier to transition users from content consumption to e-commerce. In the context of its increasing audience reach, the Directors believe that the Group is well-placed to continue to benefit from attractive unit economics, the reach it can obtain on social media platforms and the growth of its digital presence.

5 Worldwide roll-out of Time Out Market:

The first Time Out Market in Lisbon received approximately 1.9 million visitors in 2015 and 3.1 million in 2016. It achieved positive EBITDA within 18 months of opening. The Directors believe that the Lisbon market format presents a scalable opportunity that can be replicated in other cities, expanding the Group's international presence and raising the profile of the Time Out brand.

6 Experienced management team:

The Group has an experienced management team with a strong background in digital media, e-commerce and technology businesses as well as retail and hospitality.

7 Detailed and growing user data:

The Group's digital platforms, Flypay technology and free wi-fi in the Time Out Market in Lisbon will provide the Group with a source of valuable user data and information which the Group can leverage in order to increase its revenue from e-commerce.



2015

2016

Launch of new Time Out app

Time Out New York magazine goes free

Weekly circulation reaches 300,000

Launch of business listings in New York

Acquisition of Portuguese Franchise

Time Out Group IPO

Time Out launches on AIM on June 14, 2016 and acquires Time Out Market Limited as part of the admission process

Refreshed brand identity

New tagline is revealed: Discover. Book. Share.

Time Out acquires YPlan

the 'mobile first' events discovery and booking platform

Time Out acquires Hallstreet.com

a geo-mapping start-up

New Time Out Markets

announced in cities such as London and Miami

HIGHLIGHTS

PROGRESS IN 2016

Financial Highlights

Proforma results, including a full year of Time Out Market in 2016 and prior year

- Digital revenue growth of 39% including e-commerce up 45%, Premium Profiles up 51% and digital advertising up 36% year-on-year (YoY)
- Group revenue increased by 23% (17% in constant currency) to £37.1m (2015: £30.2m) with revenue growth in the second half of 29% compared to 16% in the first half of 2016
- Adjusted EBITDA* loss improved by £2.5m to £10.6m (2015: £13.1m)
- Time Out Market in Lisbon reported strong YoY revenue growth of 115% and record 3.1 million visitors

Reported results, including only post-acquisition trading of Time Out Market

- Group revenue increased by 25% to £35.7m (2015: £28.5m)
- Adjusted EBITDA* loss improved by £2.2m to £10.2m (2015: £12.4m); the operating loss for the year was £17.9m (2015: £18.5m)
- Closing net cash position of £47.5m

* Profit or loss before interest, taxation, depreciation, amortisation, share based payments, share of associate's loss and one-off exceptional items

Operational Highlights

- Successful AIM listing in June 2016 raising net proceeds of £59 million after repayment of debt, positioning Time Out for the next stage of its growth and development
- In 2016, Time Out achieved a global monthly audience reach of 156 million across all platforms, growing 45% YoY
- Time Out Market has signed conditional leases, subject to planning permission, in London and Miami and is scoping new locations
- To further grow its e-commerce business, the Group entered new affiliate agreements with Viator and Broadway.com amongst others
- Investment in resources especially across product, engineering, e-commerce and Time Out Market. This transformation of skills will continue in 2017.



CHAIRMAN'S STATEMENT



Peter Dubens
Non-Executive Chairman

“2016 was a notable year for Time Out Group. It became a listed company and embarked on the next steps of its development as the leading global media and entertainment business that inspires and enables people to make the most of a city. I am pleased that in 2016 the Group has made very good progress against its ambitious growth strategy and that it has been able to deliver a strong performance and revenue ahead of expectations.”

Results

Time Out Group has delivered a strong performance across all lines of its business in 2016, its first year as a listed company. Trading has been positive and proforma Group revenue has grown 23%. It is pleasing to see material growth across both of the Group's two business divisions, Time Out Digital (including digital, print and international segments) and Time Out Market. Time Out Digital delivered digital revenue growth of 39% with particular strong performance in the strategic areas of digital advertising and e-commerce. Time Out Market showed excellent results with revenue growth of 115% and a record number of visitor numbers of 3.1 million in 2016, up 63% compared to 1.9 million in 2015.

Key Achievements

With the successful listing on AIM in June 2016, raising gross funds of £90 million, we opened an exciting new chapter for this iconic brand and positioned it for the next stage of its growth and development. The team delivered key achievements against the three pillars of its growth strategy: monetise businesses, monetise audiences and roll out Time Out Market.

I am very pleased with the digital development in 2016: The already significant global monthly audience reach has further grown to 156 million in 2016. This, combined with the brand's awareness and trust, will help drive traffic to and e-commerce transactions on Time Out's digital platform. In October 2016, we acquired YPlan, the "mobile-first" events discovery and booking platform, which provided us with an advanced e-commerce platform to accelerate and scale our existing e-commerce business. Additionally, we made great progress in developing an innovative front end with a new user interface, driving users to buy whilst consuming relevant curated content, recommendations and reviews. And while

our digital advertising revenue has grown strongly, we have seen a particularly robust performance in the US where it grew 62% for the year as we position Time Out as a national player, allowing us to deliver more national advertising rather than just in individual cities.

Time Out Market's excellent results on all fronts – record visitor numbers, material revenue growth, top ratings on review sites, and the fact that we now have three chefs with Michelin stars in the market – are proof of the format and we can't wait to roll it out to other cities around the world. Conditional lease agreements, subject to planning permission, have been signed in London and Miami and we expect markets to be operational in 2018.

People

It is a pleasure to work with a team that is so tremendously dedicated to this iconic brand and the continued success of the business. On behalf of the Board and our Shareholders, I would like to thank everyone at Time Out, including our licensing partners, for their passion and hard work. I also would like to take the opportunity to welcome the talent that joined us in 2016, mainly across product, engineering and e-commerce, in line with our headcount investment plans.

Whilst we still have much to achieve, we are making strong progress against our clear strategy to increase transactions between Time Out and its customers, whether via our global digital platforms or physical market places. I very much look forward to working with my Board colleagues and the Time Out Group team to continue to deliver growth and to inspire people to discover, book and share the very best of the world's cities.

Peter Dubens
Non-Executive Chairman

Q&A

WITH THE CEO



Julio Bruno
Chief Executive Officer

“2016 has been a year of significant events for Time Out Group. We listed on the stock market in June to take this iconic brand to the next stage of its development.

We inspire and enable people to discover, book and share what the world’s cities have to offer. As the trusted companion of both locals and visitors, we influence hundreds of millions of travel and entertainment spend around the globe.”

Why in 2016 did you decide to float Time Out on the stock market?

The main reason to take the company public was to secure investment to fund Time Out’s future growth. We successfully listed on AIM in June 2016, raising net proceeds of £59 million and we now have a highly committed institutional shareholder base that is in this for the long haul. We are dedicated to delivering against our growth strategy which is focused on transacting with our large global audience in two key ways; via Time Out Market and via our e-commerce platform which allows users to purchase from us across a broad range of categories such as theatre, events, offers, attractions and increasingly hotels.

What are the key drivers behind your 2016 revenue growth?

At the time of our IPO we said we would focus on monetising our audience, monetising businesses and rolling out Time Out Market. I am pleased to report that we have delivered in all three areas and in all three areas the key to our success has been our ability to attract a large, growing global audience (156 million monthly, up 45% YoY) and that audience’s desire to make the most of a city. Thanks to this audience we have increased our e-commerce revenue by 45% YoY, seen our digital advertising grow by 36% and Time Out Market in Lisbon attract 63% more visitors. The combination of which has seen us beat our 2016 revenue expectations in our first year as a listed company.

How is it you intend to develop Time Out’s e-commerce offering?

We have a large, loyal audience which relies on Time Out to help them discover what the world’s greatest cities have to offer. This audience is a unique composition of the most active, engaged participants in city life: they eat out, go to the theatre, musicals, events, concerts and travel more than the average person. In fact, 95% do something as a result of our brand. That’s hundreds of millions of travel and entertainment spend that we influence around the world. So what we are focusing on increasingly is to leverage our portfolio, brand trust and visibility to offer more booking opportunities to our audience who is already looking to spend. We are developing further our e-commerce platform and have expanded into new verticals, like hotels, that sit alongside our content to inspire consumers to purchase without having to leave our site. This way we are able to increase the number of onsite transactions and hence grow revenue.

Is there a future for print and the Time Out magazine?

Like many media companies, we continue to successfully manage the digital transformation – part of this transformation is that we expect, like others, a decline in print revenue. However, print continues to form a key component of our strategy and in fact print revenue grew slightly in the year thanks in part to the acquisition of our Portuguese franchisee in late 2015.



Whilst print may not represent the future growth opportunity that our digital channels do it remains a great marketing channel for us because it is truly unique to get a highly-curated product with great advertisement into the hands of millions of consumers. There aren't many brands that can combine magazines loved by a large audience around the world, high-traffic digital channels and the live experience of a format like Time Out Market. It is a rare proposition that both consumers and advertising partners benefit from.

There are now 39 Time Out magazines available, seven in owned and operated cities like London, New York and Chicago (they are all free magazines) and 32 through international licensing agreements in cities such as Barcelona, Dubai, Tokyo and Melbourne.

Launching free magazines across key cities remains part of our unique approach to print distribution which aims at growing the brand, audience, engagement and digital reach – a magazine has an incredible halo effect on our digital metrics, brand awareness and ad revenues. It also provides increasing value to advertisers who can connect through new creative opportunities across the brand's global digital, mobile, social, print and events platform.

Why is the roll out of Time Out Market a key strategy and how is this progressing?

First of all, Time Out has always been about inspiring and enabling people to experience the best of the city. With Time Out Market we are taking this to the next level as we are bringing the best of a city together under one roof. Its best restaurants, bars, shops, cultural experiences, based on the editorial curation Time Out has always been known for. It is a concept we are all very proud of and I personally admire: Time Out Market brings broader benefits to a city like hundreds of new jobs, our customers get to enjoy high-quality food at affordable prices, we have three chefs in our market whose restaurants in Lisbon have earned Michelin stars while at the same time we offer up-and-coming chefs a platform to showcase their talent.

Secondly, rolling out Time Out Market worldwide is part of our growth strategy outlined at the time of our IPO. We launched the first market in Lisbon in May 2014 and it quickly proved successful. In 2016, it had a record 3.1 million visitors. Our global expansion of Time Out Market will grow our international presence and further raise the profile of our iconic brand. We have signed leases, subject to planning approval, for new markets in London and Miami and anticipate these to open in the first half of 2018. Landlords in many other cities see the benefits of Time Out Market and we get a high level of interest in this format.

What are the key challenges you face?

Our biggest challenge is completing Time Out's transformation from a local print publisher to a global digital and transactional business whilst competing within a fast-paced, fast-changing industry. We need to develop the right product to transact with consumers, remain as relevant as we are to our audience and continue to attract talent with the right skillset. We need to deliver with speed and in a cost-effective way against these challenges to get to profitability. Another exciting challenge is finding unique locations that reflect our brand and the soul of a city as we roll out Time Out Market worldwide.

Julio Bruno
Chief Executive Officer

BUSINESS MODEL

Time Out Group’s core proposition is to produce inspirational and entertaining content and experiences for its users and to grow earnings from those user relationships through Time Out Market, e-commerce and advertisement from businesses, including both global brands and local businesses.

Inspiring and enabling people to experience the best of the city through curated, top-quality content around food, drink, music, theatre, art, style, travel and entertainment, combined with enabling technology and exceptional experiences, the Group can create sustainable value for a broad range of stakeholders.





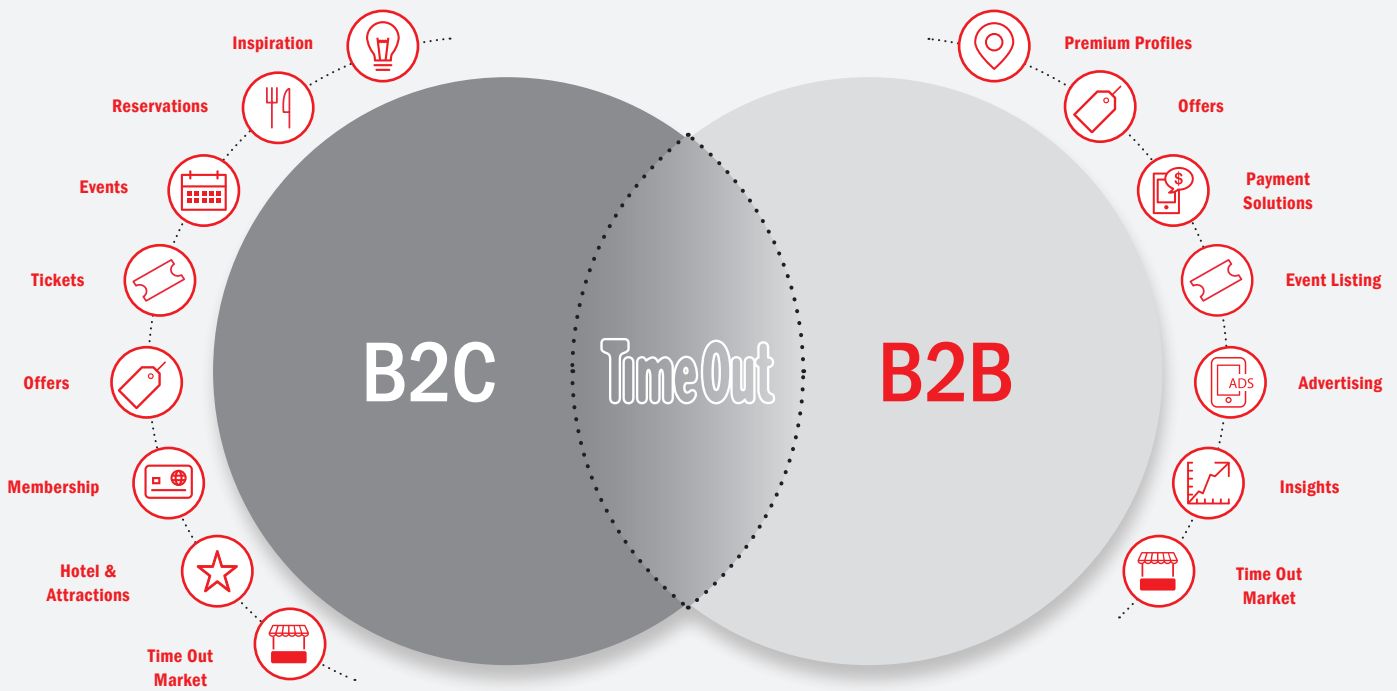
WHY WE ARE DIFFERENT

A key differentiator of the Time Out brand is that its listings, reviews and recommendations are based upon curated, professional content.

The Group's approach to content combines Time Out's trusted professional review of an event or venue with users' reviews, or reviews by "Tastemakers" or bloggers specifically chosen by Time Out ("Super Users") to produce a broader content proposition.

Time Out provides specialist curation of venues and events, such as the "best" of a city, as opposed to other platforms which provide a more generic list.

TO CREATE A TWO SIDED NETWORK CONNECTING CONSUMERS AND BUSINESSES; FOCUSED ON TRAVEL AND ENTERTAINMENT VERTICALS



Monetised through a diverse range of licensing, advertising and transactional streams

STRATEGY

Strategy Introduction

Time Out Group has three main strategic pillars to help deliver against the growth strategy.

Strategic pillar	Commentary	Progress in the year
 <p>Monetising the audience</p> <p>Offer more booking opportunities, events, tickets and products to the Group's audience</p> <p>→ See our Case Study on page 2</p>	<p>The Group intends to increase the number of transacting users on its e-commerce platform</p>	<ul style="list-style-type: none"> • Increased global monthly audience reach across all platforms, including site traffic and social media reach • Expanded global presence through new channels (launch of Time Out Lisbon website and free Time Out magazines in Los Angeles and Miami) • Integration of new affiliate partners into the platform such as Viator and Broadway.com to provide more bookable inventory and expand into new verticals • Development of an innovative front end with a new user interface for the hotels booking journey, bringing together curated content, recommendations, reviews and maps • Ongoing optimisation of digital, app and mobile platforms to improve usability and transaction capability • Acquisition of YPlan, the “mobile-first” events discovery and booking platform, providing Time Out with an advanced e-commerce platform • Acquisition of Hallstreet.com – investment in geo-mapping technology and team enabling Time Out to expand its business as a platform for discovery and booking • Almost 250 Live Events arranged and tickets sold for in London and US cities • Investment to expand the team of technical employees
 <p>Monetising businesses</p> <p>Brand advertising, sponsorship and media opportunities</p> <p>→ See our Case Study on page 24</p>	<p>The Group intends to:</p> <ul style="list-style-type: none"> • Broaden its digital and other advertising propositions • Improve the quality of the data and contents it provides to its local business partners • Increase revenue through international licensing arrangements 	<ul style="list-style-type: none"> • Time Out has created highly visible and engaging branded moments across cities with high profile partners including Nestle's Nescafe Azera, British Airways, Budweiser and Bombay Sapphire • Enhanced nationwide ad presence in the US has helped to further develop direct relationships with major agencies • Delivery of multi-media advertising strategy, providing major advertising partners with cross-platform, creative solutions • Further strengthened existing Premium Profiles offering in London, Paris and New York with continued expansion of listing categories • Expansion of content offering in particular through social videos • Strategic investment in FlyPay enables close integration with larger partners in leisure and hospitality
 <p>Roll out Time Out Market</p> <p>Roll out the Time Out Market format to new cities</p> <p>→ See our Case Study on page 40</p>	<p>Market format has the potential to attract millions of customers and enhance customers' physical and digital connection to the Time Out brand</p>	<ul style="list-style-type: none"> • Record 3.1 million visitors to Time Out Market Lisbon • Conditional lease agreements, subject to planning permission, signed in London and Miami • The Group continues to find a high level of interest in the concept from landlords in many other cities and is scoping new locations • 2016 saw three of the chefs in Time Out Market Lisbon receive Michelin stars in their own local restaurants



KEY

PERFORMANCE INDICATORS

KPI Introduction

The following business performance and operating KPIs are used by the Group to assess its performance.

Financial KPIs

KPI			
Group Revenue** Proforma revenue, including a full year of the operations of Time Out Market (£'000)	Time Out Digital Revenue Revenue of the Group's digital, print and international segments (£'000)	Time Out Market Revenue** Proforma, full year revenue of the Group's Markets segment (£'000)	Adjusted EBITDA loss** Proforma earnings before interest, taxation, depreciation, and amortisation and excluding share based compensation charges and exceptional items (see note 6 to accounts) including a full year of the results of Time Out Market (£'000)
2016 £37,130 2015 £30,222	2016 £33,434 2015 £28,502	2016 £3,696 2015 £1,720	2016 £10,588 2015 £13,091

Operating KPIs

KPI			
O&O* audience (monthly average) O&O audience is the sum of the website visitors, social media users, magazine readership, app users and visitors to Time Out Market in the month. The measure is the average of monthly figure for the past 12 months	Monthly unique visitors (monthly average) The number of unique visitors to the Group's O&O websites and apps	E-commerce: transacting members (rolling 12 months) The number of unique customers transacting through Time Out, including booking tickets with affiliate partners, purchasing tickets for Live Events and purchasing offers	E-commerce: transactions The number of individual transactions including booking tickets with affiliate partners, purchasing tickets for Live Events and purchasing offers
2016 94.2m 2015 56.9m	2016 16.4m 2015 15.6m	2016 169k 2015 163k	2016 303k 2015 250k

KPI		
Premium Profiles active listers The number of businesses with a Premium Profile listing with Time Out at the period end	Time Out Market** total tenant turnover The revenue taken by the restaurants and bars in the Time Out Market. Time Out is paid a percentage of this revenue as fee by the restaurants tenants together with a fixed charge. This fee and the fixed charge are reported as revenue by Time Out (million)	*O&O is the Time Out 'owned and operated' business operations in 65 cities across 14 countries; this does not include international licensing arrangements in a further 43 cities across 25 countries. Average for 12 months. **Proforma results including full 12 months trading for Time Out Market
2016 770 2015 493	2016 €23.5 2015 €16.5	



BUSINESS REVIEW



Overview

Time Out Group comprises two divisions, Time Out Digital and Time Out Market; Time Out Digital, including the digital, print and international segments, is a multi-platform media, entertainment and e-commerce business with a global content distribution network comprising magazines, online, social channels, mobile apps, mobile web, international licensing agreements and Live Events.

Time Out Market leverages the Time Out brand to bring together under one roof a city's best restaurants, bars, shops and cultural experiences based on editorial curation.

Time Out Market is currently present in Lisbon, attracting 3.1 million visitors in 2016, and conditional leases have been agreed for new markets in Miami and London.

As set out in its Admission Document, the strategy of the Group is to:

- Monetise its audience via e-commerce
- Monetise businesses via digital and other advertising expertise
- Monetise local businesses via local advertising/Premium Profiles
- Roll out Time Out Market worldwide
- Support its international licensing network

Operational review

The following operating KPIs are used by the Group to assess its performance against these objectives.

Operating KPIs

	Year ended 31 December 2016	Year ended 31 December 2015
Audience and Traffic:		
Global audience reach - monthly average	155.9m	107.6m
O&O† Audience – monthly average	94.2m	56.9m
O&O† Monthly unique visitors – monthly average	16.4m	15.6m
E-commerce:		
Transacting members (rolling 12 months)	169k	163k
Transactions	303k	250k
Premium Profiles:		
Active listers	770	493
Time Out Market**:		
Total tenant turnover	€23.5m	€16.5m

* Proforma results including full twelve months trading for Time Out Market. Total tenant turnover is revenue earned by restaurants in the Time Out Market. Time Out's revenue includes a percentage fee earned on this turnover.

† O&O is the Time Out 'owned and operated' business operations in 65 cities across 14 countries; global audience reach includes both 'owned and operated' as well as international licensing arrangements in a further 43 cities across 25 countries. 'Monthly average' calculated as a rolling 12 month average.

BUSINESS

REVIEW CONTINUED

Audience development

Time Out is one of the leading brands to inform and inspire users through the provision of curated content about food, drink, music, theatre, art, style, travel and entertainment. The Group's established brand and high brand awareness are key drivers of Time Out's significant audience reach (including its international licensing arrangements).

During the year, the audience of the Group's owned and operated (O&O) sites grew by 34%. Average website traffic for the period increased by 7% YoY and followers on social media grew by 46% YoY. In the last month of 2016, Time Out achieved a global monthly audience reach of 337 million, growing 167% YoY. Across O&O city websites, particularly strong growth was seen in the US, driven by increased focus on content in the 'Things To Do' section, with a mix of evergreen content and blog content that continues to be distributed via social media. Videos, in particular on Time Out's Facebook channels, have been increasingly popular with some examples generating over ten million views. The proportion of visits through mobile and tablet devices now exceeds 59%.

In 2016, Time Out expanded its presence globally through new channels. Time Out Portugal went digital with the launch of the Time Out Lisbon website. Both Time Out Los Angeles and Time Out Miami launched quarterly free print magazines (October and November respectively) to complement the Company's digital, mobile and social presence as it grows its national footprint and audience in North America. Launching free magazines across key cities is part of Time Out's unique approach to print distribution which has previously proven successful in London, New York and Chicago and creates a halo effect on digital metrics, audience engagement and brand awareness. It also provides increasing value to advertisers who can connect through new creative opportunities across the brand's global print, digital, mobile and event platform to reach Time Out's audience.

Business performance

The performance of the Group, including proforma trading of Time Out Market for the full years of 2016 and 2015, is as follows:

	Year ended 31 December 2016*	Year ended 31 December 2015*	% change	% change constant currency
	(£'000)	(£'000)	% change	
Digital advertising	10,210	7,522	36%	28%
Premium Profiles	1,444	957	51%	50%
E-commerce	4,662	3,226	45%	41%
Digital revenue	16,316	11,705	39%	33%
Print	15,238	15,004	2%	-3%
International	1,880	1,793	5%	5%
Time Out Digital	33,434	28,502	17%	12%
Time Out Market*	3,696	1,720	115%	90%
Group Revenue	37,130	30,222	23%	17%
Gross profit	22,326	17,187	30%	24%
Operating Expenditure	(32,914)	(30,278)	9%	3%
Adjusted EBITDA	(10,588)	(13,091)	19%	25%

*Proforma results are adjusted to include a full year of trading from Time Out Market. Of 2016 revenue, £1,392k relates to pre-acquisition trading and the entire revenue of 2015.

Advertising

Time Out has established long-term, direct relationships with brands and local businesses and uses a number of solution based advertising platforms, programmatic platforms and other creative channels, including native advertising and experiential advertising, to generate advertising revenue. In 2016, highly visible and engaging branded moments have been created for and with high profile partners including British Airways, Guinness, Budweiser, Bombay Sapphire and Nestlé's Nescafe Azera which received a commendation in the 'Best Content Marketing Campaign' category at the Drum Content Awards 2016.

Digital advertising revenues grew 36% YoY with continued strong growth in the second half in the US where the benefit of being able to provide an enhanced nationwide advertising presence has helped to further develop direct relationships with major agencies. The UK trading environment has been more challenging, with programmatic trading continuing to increase.

Overall, print advertising increased 2%. Within this figure, a decline in revenue in the UK was offset by a stronger performance in other geographies including the US, as well as revenue from the Portuguese franchise, which was acquired in November 2015, and the benefit, on translation, of significantly weaker Sterling in the second half. UK print advertising trends improved in the 4th quarter of the year.

In both London and New York, major advertising partners are increasingly seeking cross-platform solutions that allow them targeted audience reach in the brand-appropriate environment that Time Out's curated, professional content provides. The Group has seen strong growth in revenues from this multi-media advertising solution strategy. These creative campaigns utilise both print and digital advertising together with bespoke contents hubs on the website and may also include sponsored Live Events organised by Time Out. Revenues for these creative solutions have grown 52% in 2016.

In order to further raise Time Out's profile amongst beverage brands and industry influencers as well as increasing sponsorship revenue, the Company launched its first Global Bar Awards to celebrate the world's best bars and spotlight those that are driving this industry forward; winners were revealed at an Awards event across five of the world's most influential cities (London, New York, Paris, Los Angeles, Chicago). The programme allowed sponsoring partner Austin Tourism & Convention Bureau to reach Time Out's highly engaged audience who loves to go out: Time Out research shows that for example 61% of the US Time Out audience is more likely to have gone to a bar or club compared to the average user (according to ComScore data, June to August 2016) and over three quarters of the London Time Out audience visit bars and pubs each month.



Local businesses: Premium Profiles

We offer local businesses in London, Paris and New York the opportunity to increase their exposure to Time Out's audience by purchasing additional advertising features (Premium Profiles) on the Group's platform for a monthly subscription fee.

Revenues from Premium Profiles grew by 51% and the number of active listers increased by 56%. The team in London is now well established and the New York team is now fully operational. There were 770 active listers worldwide as of December 2016. The Group continues to expand the listing categories from restaurants to attractions, hotels and shops.

In 2016, Time Out launched its Love City Awards – created in London in 2014 – for the first time simultaneously across seven cities: London, New York, Los Angeles, Chicago, Lisbon, Paris and Tokyo. The Awards programme is part of Time Out's commitment to champion local, independent businesses. It provided a city's restaurants, bars, cafes, shops and cultural venues with a platform to raise their profile, reach new customers and experience the benefits of Time Out's powerful digital, social and print channels. The 2016 campaign allowed Time Out to connect with businesses in cities across the globe which helped drive thousands of new as well as claimed listings. Time Out's audience used the opportunity to support their most loved businesses: a record of 100,000 businesses were nominated across all cities.

E-commerce and digital product development

Developing e-commerce and monetising the audience is an important element of Time Out's growth strategy. 2016 has seen significant developments of the Group's e-commerce platform and offering, to transform this iconic brand into a digital, transactional business.

Time Out's e-commerce platform (currently available in London, Paris, New York, Chicago and Los Angeles) integrates third party booking engines by affiliate partners such as Viator and Broadway.com. This allows users to complete a booking or transaction across a broad range of categories including theatre, music, and event tickets, restaurant table reservations, discounted offers, attractions and increasingly hotels which provide the Group with higher average booking values and margins. For this key vertical, an innovative front end has been developed with a new user interface, bringing together curated content, recommendations, reviews and maps. The company is seeing very positive signs as it is developing travel and leisure e-commerce for a very active audience with a high purchasing intent, both locally and internationally, aided by good quality scores on major search engine ranking algorithms.

E-commerce revenue grew 45% YoY. This was also driven by particularly good performance from the Live Events arranged and sold by the Group; an area which continues to expand across cities in both the US and London where the Group arranged around 250 Live Events in 2016. These events brought together 80,000 people, popular brands and iconic locations to create unique commercial experiences.

In affiliate sales, there was overall year on year growth of 25% with the continued development of the e-commerce offer in London and New York. Attractions ticket provider Viator was successfully launched in the US and UK and Time Out New York partnered with Broadway.com to offer tickets for all Broadway shows in the city, however in the second half this was offset by a weaker performance from the new theatre ticketing offer in London leading to a reduction in the number of transacting members. Changes have been made to address this issue post the year end.

Revenue from offers has remained flat year on year. Plans are in place to focus product development on improving the visibility and distribution of offers and the effectiveness of customer relationship management.

As outlined at the time of the IPO, investment has been made to expand the Group's team of technical employees, enhance the effectiveness of e-commerce and drive expansion into new verticals. During the year, the product and technology teams have been reformed with new staff hired while particular skills in mapping and the travel vertical have been brought into the business through the acquisition of HallStreet.com, an award-winning geo-mapping start-up, in March 2016. HallStreet.com innovated in the travel and leisure space with an interactive events and travel planner based on maps. Integrating the technology into Time Out's platform is making it easier for users to book the best experiences or hotels in the city as it provides a bird's eye view of the city alongside inspirational content and 'near-me' booking capabilities.

The e-commerce offer was further enhanced in October 2016 with the acquisition of Yplan, a "mobile first" events discovery and booking platform, for £2.4m consideration payable in shares, of which £0.8m is payable on the first anniversary of the acquisition. The acquisition brought additional resource to the product and technology teams and the team has already developed applications and technology to expand the existing Time Out offer. The Group is now starting to test the development of its e-commerce offering with increased investment in cost of sale PPC to generate traffic across its offers. Further, more substantial PPC marketing spend will be made over the next few months as the offering is developed, tested and optimised.

With the majority of traffic now coming via mobile and tablet devices, Time Out has further enhanced its app throughout the year in order to make it simple and fun for users to uncover a city. The app brings together the very best of Time Out: high-quality curated content of restaurants, bars and things to do in the city, viewed on a list or a map so the most relevant spots nearby can easily be found in London, Paris, New York, Chicago, LA or other great cities around the globe. In October, the app has been featured in the 'Hot This Week' list in the Apple Store and the Time Out team is working on more updates focusing on editorial inspiration, geo-mapping, further improved usability and enhanced mobile booking capabilities for thousands of theatres, restaurants and attractions across cities worldwide.

BUSINESS

REVIEW CONTINUED

International

In addition to its owned and operated business operations in 65 cities across 14 countries, the Group has a presence in a further 43 cities across 25 countries through its international licensing arrangements whereby rights are granted to third parties to publish print magazines and produce digital content under the Time Out brand, generating revenue through the payment of fees and royalties by third party licensees.

For the full year, revenue from licensees which are billed principally in dollars, grew 5% aided in part by the depreciation of Sterling.

A number of licensing partners were key to the largest global research project Time Out has undertaken to date. 2016 saw the launch of Time Out's first global City Index, a worldwide survey of 20,000 people across 18 cities, involving Time Out's owned and operated cities such as London, Lisbon and New York as well as licensing partners including Tokyo, Melbourne and Mexico City. The purpose of the project was to position Time Out as a global authority on city living and track trends. The survey generated strong engagement with the global Time Out audience and its results were turned into content across digital and print Time Out channels as well as over 100 pieces of global press coverage.

Time Out Market

Time Out Market is a physical, curated marketplace which brings together a city's best restaurants, food, shops and culture under one roof. At the time of the IPO, the Group acquired the Time Out Market business comprising the market in Lisbon and a central team who are developing the format for expansion into further cities worldwide.

The performance of the market in Lisbon has been very encouraging, with a record 3.1 million visitors and top ratings on review sites. Total tenant turnover has increased by 42% contributing, together with changes in the charging basis to tenants, to a 115% (90% in local currency) increase in Time Out revenues YoY. This strong revenue growth has delivered an EBITDA of £1.1m (2015: £0.1m) before central costs. The restaurant, concert venue and other operations are now active on the first floor of the location and the Time Out Bar is in operation on the main market floor. 2016 also saw three of the chefs with a presence in the Lisbon market receiving Michelin stars in their own local restaurants and 150 cooking workshops were offered in the Chef's Academy, proving the high-quality food experience Time Out Market offers.

In line with the stated growth strategy, the Group is expanding this format internationally to other cities. Leases, which are subject to planning approval, have been signed for new locations in London and Miami. It is anticipated that the markets will open in the first half of 2018. The Group continues to see a high level of interest from landlords in many other cities.

Outlook

The Group continues to execute its growth strategy with further progress and change anticipated throughout 2017. Trading is in line with market expectations.

Financial performance

As part of the AIM admission process, the Group acquired Time Out Market Limited, the holding company of the Time Out Market in Lisbon and a 41.5% stake in Flypay, a provider of mobile technology based ordering and payment solutions to restaurants and venues, accordingly the reported results of the Group include a full year of trading of the Time Out Digital business but only the trading since 14 June 2016 of Time Out Market and Flypay.

The proforma results included in this report, include a full year of results from Time Out Market operations in both 2016 and 2015.

Revenue

Reported Group revenue for the year has increased by 25% from £28.5m to £35.7m primarily through organic growth aided by a favourable tailwind from foreign exchange. Time Out Market Limited was acquired by the Group on 14 June 2016 and therefore it has only been included in the accounts after that date. Taking into account a full year of Time Out Market in 2015 and 2016, Group revenue grew by 23%.

Gross margin

The overall gross margin (revenue less cost of sales) of the Group rose by four percentage points YoY to 59% (2015: 55%). This was aided by an improvement in the revenue mix, with a greater proportionate contribution of the Group's higher margin digital revenue versus a smaller contribution from the lower margin print revenue streams. The gross margin with Time Out Market included on a pro-forma basis was 60% (2015: 57%)

Operating expenditure

Proforma Group operating expenditure (including a full year of Time Out Market), and before exceptional costs, share based payments, depreciation and amortisation, was £32.9m (2015: £30.3m). Excluding the effect of currency translation, total costs grew by £0.9m with the costs of Time Out Market increasing by £1.1m at constant currency as the team in Lisbon grew to manage the higher activity and the central team was expanded to develop the concept worldwide.

For the rest of the Group and before the effect of foreign exchange translation, costs were flat. Savings in the UK and USA operations of in excess of circa £4.0m were offset by investment in the new digital activities, higher Group management costs as a result of the requirements of a listed company and the costs of new businesses acquired including the Portugal franchisee, HallStreet.com and YPlan.

Close attention continues to be paid to costs to ensure that both cost of sales and operating expenditure and skills of teams are aligned with the potential revenue and activities of the company.



Adjusted EBITDA

Adjusted EBITDA represents the profit or loss before interest, taxation, depreciation, amortisation, share based payments, share of associate's loss and one-off exceptional items.

Reported adjusted EBITDA loss for the year was £10.2m (2015: £12.4m loss), an improvement of £2.2m due to profitable organic revenue growth and acquisitions.

The Group's adjusted EBITDA loss on a proforma basis which includes a full year of Time Out Market was £10.6m (2015: £13.1m loss). The impact of currency translation on results due to the weaker pound was an increase in adjusted EBITDA losses of £1.0m.

For the year to 31 December 2016 included on a proforma basis, Time Out Market Lisbon had an adjusted EBITDA of £1.1m (2015: £0.1m). After the costs of the central team, the Time Out Market division had an adjusted EBITDA loss of £0.5m (2015: £0.7m).

Exceptional costs

One off exceptional costs include £1.0m of IPO advisory costs not directly related to the raising of equity finance (2015: £nil), £0.9m of employee termination costs (2015: £2.6m), £0.5m of legal fees related to acquisitions (2015: £0.1m), £0.4m for an onerous lease provision (2015: £nil).

Share based payments

The Group has issued a mixture of options to existing staff and staff joining with YPlan. The value of these options at issuance has been amortised over the time to vesting of the option. As at 31 December, 9.8m options were outstanding.

Operating loss

The operating loss for the year was £17.9m (2015: £18.5m) including depreciation of £0.7m (2015: £0.4m) and amortisation of intangible assets of £3.1m (2015: £2.7m).

The amortisation of intangible assets included £1.0m (2015: £0.4m) relating to acquired intangible assets. Other intangible asset amortisation, primarily amortisation of software both acquired and internally developed, was £2.2m (2015: £2.3m).

Net finance costs

Net finance costs, mainly comprising interest accrued on shareholder debt, decreased by £1.4m to £1.1m (2015: £2.5m) as a result of the majority of debt in the UK and US being repaid following the IPO as well as a foreign exchange gain on foreign currency cash acquired.

Foreign exchange

The revenues and costs of Group entities reporting in dollars have been consolidated in these financial statements at an average exchange rate of \$1.36 (2015: \$1.53). The operations reporting in euros have been consolidated at a rate of €1.22 (2015: €1.39). For the year, the net adjusted EBITDA loss of the dollar reporting entities was approximately \$5.3m (2015: \$8.9m) and entities reporting in euros had an adjusted EBITDA profit of €0.7m (2015: €0.6m loss) including a full year of Time Out Market. The year on year impact of the change in exchange rates would have been to increase the proforma full year 2015 revenue, gross profit, operating expenditure and adjusted EBITDA loss by £1.6m, £0.8m, £1.7m and £1.0m respectively.

Associates

As part of the admission process, the Group acquired an additional 41.5% shareholding in Flypay Limited for £7.0m, bringing the total investment to 41.6%. Flypay is a mobile technology platform providing solutions for ordering and payment within the hospitality sector.

On 28 September 2016, Just Eat invested £3.0m in cash into Flypay in exchange for 8.0% of its share capital, valuing Flypay at £43.5m on a post-money basis. As a result, Time Out's investment in the business was diluted from 41.5% to 37.8%. The investment is accounted for as an associate and the Group's share of Flypay's loss for the period since acquisition of £0.6m is included as 'Share of associate's loss' on the income statement.

An exceptional gain of £0.7m (2015: £nil) was recorded in respect of the investment in Flypay by Just Eat. The gain reflects the increase in value of the Group's share of the net assets of Flypay after the cash injection net of the reduction in the pre-investment net assets due to the dilution of Time Out's shareholding. The investment in Flypay is recorded at £7.2m at 31 December 2016.

BUSINESS

REVIEW CONTINUED

Initial Public Offering

On 14 June, the Company was admitted to trading on AIM and raised, net of fees and repayment of debt, £59m from the placing of 60 million shares with institutional investors. The listing was undertaken to provide capital for the Group's next stage of development including the roll out of the Time Out Market format, to further enhance the Group's profile and brand recognition with consumers and businesses and to assist the recruitment, retention and incentivisation of senior management and employees at all levels of the Group.

Cash flow

	2016 £'000	2015 £'000
Adjusted EBITDA	(10,231)	(12,418)
Movement in working capital	(2,484)	1,524
Cash used in operations	(12,715)	(10,894)
Exceptional cash flows	(3,242)	(2,269)
Capital expenditure	(3,497)	(2,406)
Operating cash flow	(19,454)	(15,569)
Net interest paid	(1,521)	(2,536)
Tax received	8	437
Free cash flow	(20,967)	(17,668)
Proceeds of pre-IPO preference share issue	4,000	19,271
IPO fundraising	90,000	–
IPO costs	(5,281)	–
Line of credit movements	766	(247)
Acquisitions	(2,335)	(1,161)
Acquisition of minority interest	(1,408)	–
Foreign exchange	(110)	(601)
Movement in net debt	64,665	(406)

Operating cash flow

The cash used in operations before exceptional costs was £12.7m (2015: £10.9m) including the net working capital outflow of £2.5m (2015: inflow of £1.5m). Within the outflow of working capital is £0.5m of lease deposits paid in respect of new Time Out Markets and an outflow of £0.5m of non-trading payments made post acquisition in respect of YPlan from cash acquired with the business. The significant growth of the Group's operations absorbed the remainder.

Capital expenditure of £3.5m (2015: £2.4m) includes £1.8m (2015: £1.8m) of capitalised software development costs relating to the teams working on the website and digital platforms as well as the cost of leasehold improvements. Of the leasehold improvements, £1.1m was in respect of the development of Time Out Market. The cash outflow is less due to timing of payments in Time Out Market.



IPO proceeds

The IPO raised gross proceeds of £90m and £6.3m of related costs were paid in the period. £1.0m of costs are included within exceptionals and the remainder were charged to share premium. Of the remaining proceeds, £24.9m was used to pay down existing shareholder borrowings.

Acquisitions

The Group undertook three acquisitions in the period, acquiring the trade and assets of HallStreet.com, Barcelona SL in March 2016 and an additional 76.6% of the ordinary share capital of Time Out Market Limited as part of the admission process in June 2016. In October 2016, the Group also acquired 100% of the share capital of Leanworks Limited ("YPlan"), a UK-based e-commerce company.

Cash consideration for HallStreet.com was £0.3m with no cash acquired with the business. Time Out Market was acquired for shares and had cash at acquisition of £0.8m as well as third party debt of £3.4m at the time of acquisition. YPlan was acquired for shares and had cash at acquisition of £0.7m. Total cash from acquisitions was £1.2m and debt assumed on acquisition was £3.4m.

On 6 July 2016, Time Out Market acquired a further 20.2% shareholding in MC-Mercados da Capital, LDA, the operator of the Lisbon Time Out Market, for cash taking the Group's direct shareholding to 95.3% and the indirect shareholding to 81%. Cash consideration of £1.4m was paid.

Net cash and borrowings

Net cash at the period end was £47.5m (2015: net debt of £17.2m) as follows:

	At 31 December 2016 £'000	At 31 December 2015 £'000
Cash and cash equivalents	50,082	4,282
Borrowings	(2,598)	(21,463)
Net cash/(debt)	47,484	(17,181)

Julio Bruno
Group Chief Executive Officer,
28 March 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The Board sets out below the principal risks and uncertainties that the Directors consider could impact the business. The Board continually reviews the potential risks facing the Group and the controls in place to mitigate any potential adverse impacts. The Board also recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so the list is not intended to be exhaustive.

There is currently not a Risk Committee in place, so the Audit Committee reviews the risk register at each meeting as part of its annual agenda and, through discussions with management, identifies new potential risks as well as suggests implementation or improvement of existing controls.

Risk	Mitigation Action/Control
Competition	<p>The Group operates in a highly competitive industry and the advent of new technologies and industry practices may adversely affect the Group's business, results of operations and financial condition. The Group is subject to a number of factors relating to product demand, prices, recognition of the "Time Out" brand and the ability to attract and retain new customers.</p> <p>To minimise these risks, the Group continues to invest significantly in the development of its digital offering to ensure that it remains innovative, competitive and attractive in the markets in which it operates. The focus on the quality of offerings means that the Group is able to respond to changes in the competitive landscape and respond to the needs of its readership audience and commercial partners.</p>
Technological Risk <i>IT Systems</i>	<p>The Group is particularly dependent on its IT infrastructure, and any system performance issues or shortcomings (for example, system, software or infrastructure failure, damage or denial of access) could cause serious business interruption. The efficient and uninterrupted operation of the systems, technology and networks on which the Group relies and its ability to provide consumers with reliable, real-time access to its products and services is fundamental to the success of the Group's business. Back-up facilities are in place to ensure business interruptions are minimised and internal and customer data is protected from corruption or unauthorised use. Business recovery plans are also in place to minimise the effects of damage or denial of access to infrastructure or systems. The Group uses third party resources to assist with these areas where necessary.</p>
Technological Risk <i>Technological Advancements</i>	<p>Time Out continues to grow at a fast pace and such growth requires ever more complex and sizeable technological systems. At the same time, technology itself continues to develop. Any failure to ensure that IT capacity and capability keep pace with the business could impair the Group's ability to grow. To mitigate this risk, the Group makes ongoing investments in IT systems, security and people to ensure that they are sufficient for the needs of the business and do not become obsolete or compromised.</p>
Privacy and Data Protection	<p>As the Group's digital revenue offerings grow, the Group increasingly needs to gather and use customers' personal data in order to transact with both businesses and customers. Unauthorised access to customer data could lead to reputational damage, compliance issues and a loss of customer confidence. The Group relies on third party contractors and its own employees to collect personal data and to maintain its databases and therefore the Group is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of data protection regulations. To mitigate this risk, the Group intends to implement a policy which adopts ISO 270001 principles including, the development and implementation of information security policies and procedures (for example, password policies and remote access policies), security monitoring software, access policies, password policies, physical access limitations and detection and monitoring of fraud from internal staff. Access to the network is protected by a firewall system supplied by Cisco. The Group also operates fraud detection systems which use various industry standard anti-fraud rules to prevent fraudulent transactions in real time. The Group encrypts sensitive data such as passwords and other certain information to ensure there is an additional layer of security.</p>
Economic Environment	<p>The Group's results of operations are affected by overall economic conditions in its key geographic markets via the demand for the content of the Group's publications and websites in those markets as well as the prices which the Group can offer to potential advertisers and customers. If the local economy in a key market experiences a downturn, the Group's publications, revenues and profitability could be adversely affected. However, the geographic diversity of the business and the developing breadth in the business provides some mitigation from a downturn in a specific geographical location or part of the economy.</p>



Risk	Mitigation Action/Control
Foreign Exchange	<p>A substantial portion of the Group's consolidated revenue is denominated in euros and US dollars. Since the Group reports its financial results in sterling, fluctuations in rates of exchange between sterling and the other currencies, particularly euros and US dollars, may have a material adverse effect on the Group's results of operations. If sterling continues to weaken in the aftermath of Brexit, it may limit the Group's ability to seek new opportunities and/or operate in other currencies.</p>
Key Management	<p>The Group's success depends on its key personnel, particularly its senior management team, and its ability to retain them and hire other qualified employees. The loss of a significant number of key personnel may have a negative effect on the Group's ability to deliver its products in a timely manner and would, amongst other things, require the remaining key personnel to divert immediate and substantial attention to seeking a replacement. In order to mitigate this risk, the HR department monitors employee satisfaction through employee surveys and forums, and uses the information to develop staff retention programmes. The Remuneration Committee also seeks to ensure that rewards correspond with performance and retention. Finally, the IPO has enabled the business to launch share-based incentives to assist in retaining key personnel.</p>
Brand Protection	<p>The Group depends on its brand name and any damage to its brand or reputation could impact the ability to attract and retain customers with a resultant impact on traffic and revenues, as well as impair the ability of the Group to attract employees. The Group has brand guidelines in place which are regularly communicated to all employees and key third parties to ensure consistency of voice and approach throughout all marketing activities. There is also a robust strategy in place for actively pursuing and defending the Time Out brand name and all supporting trademarks, domain names and other intellectual property in all key markets in all relevant classes. Furthermore, the Group employs internal and external legal personnel who are experts in intellectual property to manage the trademark and domain name portfolios and there are an ever-increasing number of trademarks and domain names applied for and registered across the world.</p>
Consumer Spending Habits/ Tourism/ Terrorism	<p>Other economic factors which may affect spending habits of consumers include, but are not limited to, acts of terrorism which could affect the willingness of consumers to continue existing spending habits and use of free time.</p>

Governance

Strategy in action



Monetising businesses

Time Out is pursuing brand advertising, sponsorship and media opportunities as it connects businesses with its audience. The Group also offers Premium Profiles – advertising for local businesses to increase their exposure on Time Out’s platform – and delivers multi-media advertising campaigns such as ‘The Seen Before Sunrise Project’.

In 2016, Time Out was challenged to develop a campaign driving awareness of ‘Nescafé Azera Coffee To Go’ and bringing its positioning to life in a way that would engage Time Out’s audience. This millennial audience is passionate about discovering their city and wants to be inspired by original content which leads them to memorable experiences.

So Time Out’s Creative Solutions team developed a head-turning content campaign exploring London before most people wake up, titled ‘Seen Before Sunrise’. At the heart of the campaign, which also included branded content and a Time Out magazine cover wrap, was a drone-shot video capturing a breath-taking aerial perspective of London at sunrise, filmed from iconic locations and surfaced via Time Out’s website and Facebook channel.

The campaign not only entertained Time Out’s audience and drove huge levels of awareness; it also delivered record-breaking engagement figures. The ‘Seen Before Sunrise’ videos received 1.6 million views and 56,000 Facebook engagements.

→ Read about ‘**Monetising businesses**’ on page 16





BOARD OF DIRECTORS



Peter Dubens,
**Non-Executive
Chairman**

Mr Dubens joined the Group in November 2010 as a Non-Executive Director and was appointed Non-Executive Chairman in May 2016. Mr Dubens is the founder and Managing Partner of the

Oakley Capital Group, a privately owned asset management and advisory group comprising Private Equity, Venture Capital, Corporate Finance and Capital Introduction operations managing over €1.5 billion. Mr Dubens founded Oakley Capital in 2002 to be a best of breed, entrepreneurially driven investment house, creating an ecosystem that supports the companies the Oakley Capital Group invests in, whether they are early-stage companies or established businesses. The vision of Oakley Capital has always been to encourage and back entrepreneurship. To that end, Oakley Capital Private Equity invests in and supports the continued growth and development of some of Europe's leading companies, including the iconic sailing brand, North Sails and Facile, Italy's leading price comparison website. Mr Dubens has substantial AIM company experience, having previously held the position of Chairman of Pipex Communications plc, 365 Media Group plc.



Julio Bruno,
**Group Chief
Executive Officer**

Mr Bruno joined Time Out Group in October 2015 as Executive Chairman and was appointed Group CEO in May 2016. In June 2016, he took the company public at London's AIM.

Mr Bruno has a successful international executive career, spanning several countries and companies in sectors such as travel, technology, media and e-commerce. He previously was TripAdvisor's Global Vice President of Sales (B2B) based in New York, Travelport's Vice President for Canada, Latin America & the Caribbean and Cendant Corporation's Managing Director (President) of Continental Europe & South America. Before joining Cendant, Mr Bruno held several senior roles internationally, including positions as Group Global Accounts Director at Regus plc and Managing Director at Energizer Corporation for Northern Europe. Mr Bruno has also previously worked in consumer goods at Diageo plc, based in London and subsequently the USA. Mr Bruno engages with the entrepreneurial community, acting as an angel investor and board adviser to a number of start-up businesses worldwide, including CoverWallet.com, audicus.com and ticketchat.com. He is also an Advising Board Member of Top Seeds Lab and a Board Director of Flypay. Mr Bruno holds a Master's degree in International Business from the University of London and a post-graduate certificate on leadership from Wharton, University of Pennsylvania. Mr Bruno is an alumni of the Executive Program of the Singularity University in Silicon Valley.



**Lord Rose of
Monewden,**
**Non-Executive
Director**

Lord Rose joined the Group in December 2015 as Chairman of Time Out Market Limited and was appointed as a Non-Executive Director in

June 2016. Lord Rose has led a distinguished 40-year career in retail, including as Chief Executive and then Chairman of Marks & Spencer plc (2004-2010). Lord Rose has also held Chief Executive positions at Arcadia Group plc, Booker plc, and Argos plc. Lord Rose is the current Chairman of Fat Face Group, Oasis Healthcare Group, Majid Al Futtaim Retail, Dressipi and Ocado and a Non-Executive Director of the Board of Woolworths Holdings Ltd (South Africa). Lord Rose was knighted for services to the retail industry and corporate social responsibility in 2008 and was elevated to the House of Lords in 2014. Lord Rose is a member of the Audit Committee and the Remuneration Committee.



Richard Boulton,
**Chief Financial
Officer**

Mr Boulton joined the Group in April 2016 as Chief Financial Officer. Mr Boulton was previously Group Finance Director at BCA Marketplace plc, including at the time of its listing on the main market of

the London Stock Exchange. Prior to joining BCA Marketplace, Mr Boulton held a number of senior finance roles at both group and regional levels in major listed companies including Wolseley plc, Darty plc and 21st Century Fox Inc. Mr Boulton has a degree in Computer Science from the University of Cambridge and qualified as a Chartered Accountant with PricewaterhouseCoopers LLP in London.



**Alexander
Collins,
Non-Executive
Director**

Mr Collins joined the Group in November 2010 as a Non-Executive Director. Mr Collins is a Partner at Oakley Capital Private Equity and

has 19 years of private equity investment and operational experience, including originating and structuring transactions in a range of sectors and geographies, including growth equity, MBOs, restructuring and turnaround situations. Mr Collins joined Oakley Capital Private Equity in 2007 as one of the founding partners and has been an Investment and Board Director of a range of international businesses, including Host Europe, Emesa, Intergen, Verivox, North Sails and Facile. Prior to joining Oakley Capital Private Equity, Mr Collins started his career at GE Capital in 1995 before being seconded to Advent International for two years as an Associate Director. He subsequently joined Henderson Private Capital as Principal and was then a Partner at Wharfedale Capital, where he was involved in the purchase of secondary direct private equity assets. Mr Collins holds an MSc from the London School of Economics and a BA in Economic History from Union College, New York.



**Christine
Petersen,
Executive
Director**

Ms Petersen joined the Group in February 2016 as a Non-Executive Director and stepped in as the interim CEO of Time Out Digital in January 2017. Most

recently, she was the Chief Consumer Officer and CMO of Treato, an Israel-based venture-backed start-up company in the digital healthcare sector. She previously spent nine years with TripAdvisor, serving as President of TripAdvisor for Business from 2010 to 2013 and as Chief Marketing Officer from 2004 to 2010. Prior to working for TripAdvisor, Ms Petersen served in a variety of management roles in digital travel and financial services companies, including Preview Travel, Travelocity (upon Preview Travel's acquisition by Travelocity), Charles Schwab and Co. and Fidelity Investments. Previously, she began her career with American Express in 1989. She serves as a Board Director to Bankrate, Inc. (a NYSE-listed company), sitting on both the Audit and Remuneration Committees, and acts as an adviser and/or investor in several start-up businesses. Ms Petersen is an MBA graduate of Columbia University and previously graduated from Colby College with a BA in Economics.



**Tony Elliott,
Non-Executive
Director**

Mr Elliott founded Time Out in 1968 with £70 during a summer break from Keele University. The Time Out magazine was initially a folded-down poster equivalent to eight pages of today's printed format that Mr

Elliott handed out himself. The range of curated content sought to reflect the best of what was happening in London together with a focus on the issues of the day and laid the foundations for the Time Out brand's coverage and culture today. Over the years, Mr Elliott transformed Time Out into a global media brand and, in November 2010, sold a controlling share of Time Out to Oakley Capital to provide operational support and investment to bring the brand back under common ownership and to develop the digital platform. Mr Elliott has been a Non-Executive Director of the Company since November 2010, having previously served as Executive Chairman of Time Out since its founding in 1968. Mr Elliott is currently a Director and/or Trustee of a number of cultural institutions including The Roundhouse (he also serves as Vice Chair), Somerset House Trust and Somerset House Enterprises Ltd, Human Rights Watch (UK charity), Granta Publications and Create London. In addition, Mr Elliott has previously acted as a Director and/or Trustee of Human Rights Watch's London Committee (founding Chair), HRW International Board, Film London, Soho Theatre Company, The Photographer's Gallery, The British Film Institute (Governor) and BFI Production Board (Chairman). In May 2014, Mr Elliott received the prestigious Goodman Award, which honours an individual who has made an outstanding long-term contribution to the arts in a voluntary capacity.



**Matthew Riley,
Non-Executive
Director**

Mr Riley joined the Group in January 2017 as a Non-Executive Director. Mr Riley is the Founder of the Daisy Group. He served as Chief Executive Officer at Daisy until 2015 and is now the

group's Chairman. Since founding Daisy in 2001, Mr Riley has driven the rapid growth of the company to create one of the UK's leading business technology and communications service providers. He floated the company on the Alternative Investment Market in 2009, grew the business to revenues of £350m and, in January 2015, took it back into private ownership in a £494m deal. Mr Riley is Chairman of numerous start-up businesses, an award-winning entrepreneur and fervent advocate of UK enterprise, regional growth and entrepreneurship. Mr Riley is a member of and chairs each of the Group's Audit Committee and the Remuneration Committee.

CORPORATE

GOVERNANCE REPORT

Introduction

This section of the report sets out the Group's approach to governance and provided further information on how the Board and its committees operate. This is the Group's first annual report as an AIM listed company.

The Directors acknowledge the importance of high standards of corporate governance and comply with the principles set out in the Corporate Governance Code for small and mid-sized companies published by the QCA in May 2013 (the "QCA Code"). The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies.

Composition of the Board

The Board is the link between the Shareholders and Executive management and is responsible for the successful stewardship of the Group. As such the Board plays a key role in the corporate governance process.

From admission to AIM on 14 June 2016 the Board comprised of seven Directors, two of whom were Executive Directors and five of whom were Non-Executive Directors, reflecting a blend of different experiences and backgrounds. Biographical details of current Board members are shown on page 26. The Board believes that the composition of the Board brings a desirable range of skills and experience in light of the Company's challenges and opportunities, while at the same time ensuring that no individual (or small group of individuals) can dominate the Board's decision-making. Notwithstanding Lord Rose's entitlements under the Time Out Market Equity Incentive Plan and Christine Petersen's holding of ordinary share options, the Company regarded both Lord Rose and Ms Petersen as "independent Non-Executive Directors" within the meaning of the QCA Code and free from any business or other relationship that could materially interfere with the exercise of their judgement.

The Board's composition and skill set is considered appropriate for the Group's current stage of development. As the Board is small, there is not a separate nominations committee and recommendations for appointments to the Board will be considered by the Board as a whole after due evaluation.

As of January 2017, Ms Petersen stepped in as the interim Chief Executive Officer of Time Out Digital and correspondingly stepped down as the Chairman of the Audit Committee and Remuneration Committee and additionally, could no longer be considered an independent Non-Executive Director. She continues to serve on the Board as an Executive Director. Matthew Riley, who joined the Company as a Non-Executive Director in January 2017, has replaced Ms Petersen in these Chairmen roles.

Board Role and Meetings

The Board is responsible for the Group's strategy and for its overall management, as well as setting the Group's values and standards. The operation of the Board is documented in a formal schedule of matters reserved for its approval which is reviewed annually. These matters relate to:

- All of the Group's strategic aims and objectives;
- The structure and capital of the Group;
- Financial reporting, controls and policies including those around cyber protection;
- Internal controls;
- Approval of any significant contracts, expenditure, partnerships and/or ventures;
- Effective communication with shareholders;
- Any changes to the Board membership or structure, including delegation of authority;
- Approval for remuneration for Executive Directors; and
- Approval of appointment of Key Management Personnel and Directors

In light of the above responsibilities, the Board activities during the year were:

- Approval of the acquisition of Hallstreet.com, a Barcelona-based product development company;
- Approval of the decision to proceed with the IPO and list on the AIM;
- Approval of the acquisition of Time Out Market and the additional investment in Flypay Limited;
- Agreeing to repurchase an existing minority shareholding in the Lisbon market;
- Approval of the share-based acquisition of YPlan, a UK-based e-commerce business with an internally built ticket platform;
- Review and approval of the current levels of insurance held by the Group; and
- Approval of the signing of conditional leases for three new Time Out Market locations, in Porto (Portugal), Miami (United States) and London (United Kingdom)

Non-Executive Directors communicate directly with Executive Directors and senior management between formal Board meetings. The Board met three times prior to the IPO, including meeting to approve the decision to proceed with the IPO and list on the AIM. The Board then subsequently met four times in the period of 14 June 2016 to 31 December 2016. Directors are expected to attend all meetings of the Board and committees on which they sit, and to devote sufficient time to their duties to the Group.

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 Chairmen so that their contribution can be included in the wider Board discussion.



The following table shows Directors' attendance at scheduled Board and Committee meetings for the period following the IPO up to 31 December 2016:

	BOARD	AUDIT	REMUNERATION
Peter Dubens	3/4	–	–
Christine Petersen	4/4	1/1	1/1
Lord Rose	3/4	1/1	1/1
Alexander Collins	3/4	–	–
Tony Elliott	4/4	–	–
Julio Bruno	4/4	–	–
Richard Boulton	4/4	–	–

Any recommendations for new Board member must be approved by the Board.

Board Committees

Key committees of the Board include the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee has primary responsibility for monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported. It receives and reviews reports from the Group's management relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. It meets with external Auditors throughout the year to discuss their findings in relation to the annual accounts. The Audit Committee aims to meet not less than three times in each financial year, although only met once in the period ended 31 December 2016 due to only being formed mid-year, and it has unrestricted access to the Group's external Auditors. Membership of the Audit Committee includes only independent non-Executive Directors.

The Audit Committee comprised of Lord Rose and Christine Petersen and was chaired by Ms Petersen. Following the change to Ms Petersen's role in January 2017, she resigned from this Committee and Matthew Riley was appointed as Chairman.

More information about this Board committee can be found in the Audit Committee report on page 35.

Remuneration Committee

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time.

The Remuneration Committee meets as and when necessary, but aims to meet at least twice each year. As a part of the responsibility of the committee, the members have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The membership of the Remuneration Committee includes only independent Non-Executive Directors.

The Remuneration Committee comprised of Lord Rose and Christine Petersen and was chaired by Ms Petersen. Following the change to Ms Petersen's role in January 2017, she resigned from this Committee and Matthew Riley was appointed as Chairman.

More information about this Board Committee can be found in the Remuneration report on page 36.

Board Effectiveness

All Directors have taken part in an induction process prior to joining the Board. It is intended in the future that each new Director will go through a formal induction program and that new and existing Directors will be subject to an annual performance evaluation procedure to ensure that the Board is operating effectively in accordance with its responsibilities. Third party advisors are used on a regular basis to provide external insight into strategic decisions, such as decisions leading to the Group's expansion.

Key Management

The key management roles that have been identified by the Board are as follows:

- Group Chief Executive Officer
- Chief Executive Officer, Time Out Digital
- Chief Executive Officer, Time Out Market
- Chief Financial Officer
- President of North America
- Chief Marketing Officer
- Managing Director of International
- Director of Product Development
- Senior Vice President, Technology

CORPORATE

GOVERNANCE REPORT CONTINUED

Internal Controls

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However well the system is designed to manage risk, it cannot eliminate all risk, and therefore it provides reasonable, not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Close management of the day to day activities of the Group by the Executive Directors;
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision making and rapid implementation whilst minimising risks;
- A comprehensive annual budgeting process, producing a detailed integrated profit and loss, balance sheet and cash flow, 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 Group continues to review its system of internal control to ensure compliance with 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 the current time, however an internal review is completed by internal senior members of the finance function in order to ensure accuracy in the financial reporting.

The Group has prepared a formal business continuity and disaster recovery plan in respect of its business operations that sets out procedures aimed at restoring business productivity as quickly as possible in the event of a business interruption event, in order to protect the Group's commercial interests and uphold levels of service for consumers. The business continuity and disaster recovery plan has been drafted as a "living document" and will continue to be updated over time to ensure it adequately reflects the business as it develops.

The Group has a whistleblowing policy. This is overseen by the Audit Committee and allows staff to raise any concerns in confidence directly with the Chairman of the Audit Committee, the Company Secretary or the Group's internal counsel. More information on this policy can be found in the Audit Committee Report on page 35.

Relations with Shareholders

Copies of the annual report are sent to all Shareholders. Copies of the annual and interim reports can be downloaded from the investors section on www.timeout.com. Other information for Shareholders and interested parties is also provided on that website. Written or e-mailed enquiries are handled by the Company Secretary. The Secretary can be reached at the registered address or at companysecretary@timeout.com. The Group has an ongoing program of individual meetings with institutional shareholders and analysts following the preliminary and half-year results presentations to the City. These meetings allow the Group Chief Executive Officer and the Chief Financial Officer to update shareholders on strategy and the Group's performance. Additional meetings with institutional investors and/or analysts are arranged from time to time. All members of the Board receive copies of feedback reports from the City presentations and meetings, thus keeping them in touch with shareholder opinion.

Shareholders are given the opportunity to ask questions and raise issues at the Annual General Meeting (AGM); this can be done formally during the meeting or informally with the Directors after it. The first AGM will be held on 23 May 2017. The notice of the AGM accompanies this Annual Report & Accounts.

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

Richard Boulton
Company Secretary



DIRECTORS'

REPORT

The Directors present their Annual Report and the audited financial statements of the Company and the Group for the year ended 31 December 2016. The Corporate Governance Statement on pages 28 also forms part of the Directors' Report.

General Information

The Company referenced in the Annual Report and Accounts is Time Out Group plc, a UK registered company at 125 Shaftesbury Ave, 4th Floor, London WC2H 8AD. The Group referenced in the Annual Report and Accounts includes the Company as well as the subsidiaries listed in note 16 of the financial statements.

On 8 June 2016, the Company changed its name from Time Out Group HC Ltd to Time Out Group plc.

Principal Activity

Time Out Group is the leading global media and entertainment business that inspires and enables people to make the most of a city. Through powerful content, top-quality curation, enabling technology and exceptional experiences, Time Out helps discover, book and share what the world's cities have to offer. Operating in 108 cities across 39 countries, this iconic brand has a monthly global audience reach of 156 million.

Across multiple platforms comprising digital, app, mobile, social and print and its physical presence via Live Events and Time Out Market, the Group aims to connect consumers and businesses in the leisure, travel and local entertainment sector through B2C and B2B offerings.

Review of Business

This Annual Report and Accounts has been prepared to provide Shareholders with a fair and balanced review of the Group's business and the outlook for the future development of the Group as well as the principal risks and uncertainties which could affect the Group's performance.

The table below identifies where to find specific information related to the business review:

Content	Section	Page
Q&A with the CEO	Strategic section	8
Key Performance Indicators ("KPIs")	Strategic section	14
Business Review including Outlook	Strategic section	15
Principal Risks & Uncertainties	Strategic section	22
Corporate Governance	Governance section	24
Accounts and Note Disclosures	Financial statements	40

Branches Outside the UK

The Group operates a branch in France and has subsidiaries in the UK, Portugal, Spain and the United States of America.

Future Developments

A review of the Group's outlook can be found in the Business Review on page 15.

Result and Dividends

The Group has reported its audited accounts in accordance with International Financial Reporting Standards as adopted by the European Union. The Group's results are set out in the Consolidated Income Statement on page 42. The Company has prepared the individual Company accounts in accordance with FRS 101.

The Group loss for the year after taxation was £18.6m (2015: £20.3m). The Directors do not recommend the payment of a dividend (2015: £nil).

Events Since the End of the Year

Information relating to events since the end of the year is given in note 30 of the accounts.

Directors

The composition of the Board at the date of this Report, together with Director's biographical details is shown on page 26. Noel Penzer resigned from the board on 16 May 2016 and Matthew White resigned from the board on 30 April 2016.

Following the change to her role in early 2017, Christine Petersen resigned as the Chairman of the Audit Committee and Remuneration Committee and Matthew Riley was appointed in her place. More information can be found in the Corporate Governance report on page 28.

Further information on Directors' induction process can be found in the Corporate Governance report on page 28.

Directors' Interests

The Directors' Interests in the Company's shares and options over ordinary shares are shown in the Remuneration Report on page 36.

Lord Rose participates in an equity incentive plan in Time Out Market Limited. Under the plan, Lord Rose has subscribed for 3% of the equity in Time Out Market, including direct subsidiaries, subject to provisions in respect of continued service. In the absence of an earlier exit event such as the disposal of Time Out Market, the members of this plan may put their vested awards to the Company within three months of the publication of Time Out Group plc's audited accounts in 2021 at a value determined by reference to the 2020 adjusted EBITDA of Time Out Market.

Except for the amounts disclosed in the Remuneration Report, no Director has any beneficial interest in the share capital of any subsidiary or associate undertaking.

DIRECTORS'

REPORT CONTINUED

Directors' Indemnity and Liability Insurance

The Company has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

The Directors also have the benefit of the indemnity provision contained in the Company's Articles of Association which represents a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006.

Directors' Responsibility Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 and Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing

the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Annual Report and Accounts confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Website Publication

The Directors are responsible for ensuring the Annual Report and Accounts are made available on a website and are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of the Annual Report and Accounts, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Annual Report and Accounts contained therein.

Political and Charitable Donations

The Company made no political or charitable donations in the financial period.

Financial Instruments and Related Matters

The financial risk management objectives and policies of the Group, including credit risk, interest rate risk and currency risk are provided in note 22 of the accounts.



Statement as to Disclosure of Information to Auditors

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Share Capital

The Company's share capital comprises one class of Ordinary Shares with a nominal value of £0.001 each. At 31 December 2016, 131,166,644 Ordinary Shares were in issue.

As part of the restructure in relation to the IPO, the share capital was cancelled and reissued during the year. More information can be found in note 24 of the accounts.

Restrictions on the Transfer of Shares

On 9 June 2016, certain Shareholders including Oakley Capital Investments Limited, Oakley Capital Private Equity, TONY Bermuda Limited and TO (Bermuda) Limited entered into lock-up deeds containing undertakings that, subject to certain exceptions, during the period from the date of the lock-up deeds until seven calendar days following the date of publication of the Group's audited results for the financial year ending 31 December 2016, they would not, without the prior consent of Liberum (the Group's nominated adviser), offer, sell or contract to sell, or otherwise dispose of, directly or indirectly any Ordinary Shares. Pursuant to their respective lock-up deeds, these Shareholders have also agreed that for a further 12 months from the expiry of their respective "lock-up" date, to comply with certain requirements designed to maintain an orderly market in Ordinary Shares.

Senior managers who have received share options entered into lock-up deeds containing undertakings that, subject to certain exceptions, during the period from the date of the lock-up deeds until the date falling 545 days after grant, they will not, without the prior consent of Liberum, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly any Ordinary Shares.

On 20 October 2016, the Company issued 1,166,644 Ordinary Shares to the shareholders of Leanworks Limited ("YPlan") for consideration for the entire share capital of Leanworks. The sellers have undertaken that they shall not, during the period of 12 months following the sale, sell or transfer these shares and for a subsequent period of six months will sell only up to 50% of the shares.

Substantial Shareholdings

In accordance with the Disclosure and Transparency Rules DTR 5, the Company as at 20 March 2017 (being the last practicable date before the publication of this report) has been notified of the following disclosable interests in its issued ordinary shares:

Shareholder	Ordinary shares held	% of ownership
Oakley Capital Private Equity	45,361,015	34.58%
Oakley Capital Investment Limited	31,436,385	23.97%
Woodford Investment Management	20,040,000	15.28%
Invesco Perpetual	16,083,334	12.26%
Insight Investment	8,666,667	6.61%

Woodford Investment Management and Invesco Perpetual both have ownership interests in Oakley Capital Investment Limited that pre-date its ownership interest in the Company. Please refer to the admission document for more information.

Share Option Schemes

Details of employee share option schemes are set up in note 28 of the accounts.

Going Concern

The Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the accounts.

DIRECTORS'

REPORT CONTINUED

Research & Development

The Group undertakes activity which could be classified as research and development. This is further explained in note 2 of the accounts.

Conflicts of Interest

Save as set out below, there are no actual or potential conflicts of interest between the duties of the Directors of the Company and the private interests or other duties that they may also have.

Peter Dubens is a managing partner of and founder of Oakley Capital and has direct involvement in that company, its subsidiaries and associated companies.

Alexander Collins is also a partner of Oakley Capital.

Lord Rose has a minority interest in Time Out Market Limited which as described in the Directors' Interest section of this report.

Further information is set out in note 29 of the accounts on Related Parties.

Relationships with Major Shareholders and Associates

On admission of its shares following the IPO in June 2016, the Company entered into a relationship agreement with TO (Bermuda) Limited, TONY (Bermuda) Limited, Oakley Capital Investment Limited, Oakley Capital Private Equity ("Oakley Entities"), the principal purpose of which is to ensure the Company is capable of carrying on, at all times, its business independently of them and their associates. Under the relationship agreement, providing that the Oakley Entities' combined holdings are greater than 20%, they shall be entitled to appoint two Directors.

Employee Involvement

The Group is committed to being an equal opportunities employer and opposes all forms of discrimination. Applications from people with disabilities will be considered fairly and if existing employees become disabled, every effort is made to retain them within the workforce wherever reasonable and practicable. The Group also endeavours to provide equal opportunities in the training, promotion and general career development of disabled employees.

The Group regularly provides employees with information of concern to them, which incorporates the Group's current performance and its future aims and strategies. The Group conducts an Annual Employee Survey and uses the results of this survey to improve performance in areas that are important to staff. A monthly forum is held to ensure employees receive business updates and have the opportunity to communicate with senior management directly.

Diversity

The Group is committed to reflecting diversity in its workforce and aims to continue to improve this metric going forward.

As of 28 February 2017, the Group had the following employees:

	Male	Female	Total
All employees	179	211	390
Senior managers (leadership team)	14	15	29
Time Out Group plc Board of Directors	6	1	7

Independent Auditor

PricewaterhouseCoopers LLP (PwC) has expressed willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the Annual General Meeting.

Annual General Meeting (AGM)

The AGM will be held on 23 May 2017. The ordinary business comprises receipt of the Directors' report and the audited financial statements for the period ending 31 December 2016, the re-election of Directors, the reappointment of PwC as independent auditors and authorisation of the Directors to determine the Auditors' remuneration. The Notice of Annual General Meeting and ordinary and special resolutions to be put to the meeting are included at the end of this Annual Report and financial statements.

Other Policies in Place

The Group has policies in place to mitigate risk surrounding fraud, bribery and whistle-blowing amongst other things. It operates a Code of Conduct.

The Directors Report was approved by the board on 28 March 2017 and signed on its behalf by

Richard Boulton
Company Secretary



AUDIT

COMMITTEE REPORT

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and reviewed. Its role includes monitoring the integrity of the financial statements (including the annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

Composition and Role of the Audit Committee

The Committee during the year consisted of two independent Non-Executive Directors; Christine Petersen who was the Chairmen and Lord Rose. Richard Boulton also attended Committee meetings in his role as Chief Financial Officer. The Committee met once in 2016, but aims to meet at least three times annually. Details on attendance for these meetings can be found in the Corporate Governance Report on page 28.

Following the change to Ms Petersen's role in early 2017, she resigned as Chairmen of the committee and Matthew Riley was appointed in her place, however Ms Petersen was responsible for the Committee until the end of 2016. The Board is satisfied that the Chairmen and other members of the committee have senior Director experience in major listed companies and is therefore satisfied that members have recent and relevant financial experience. More information on Ms Petersen and Mr Riley's background can be found in the Directors' Biographies on page 26.

The main duties of the Audit Committee are set out in its Terms of Reference which are available on the Company's website www.timeout.com and are also available on request from the Company Secretary. The main items of business to be considered by the Audit Committee include:

- Review of the financial statements and Annual Report;
- Consideration of the external audit report and management representation letter;
- Going concern review;
- Review of the audit plan and audit engagement letter;
- Review of the suitability of the external Auditor;
- Review of the risk management and internal control systems;
- Review and approval of the interim results and dividend;
- Assessment of the need for an internal audit function; and
- Review of the regular whistleblowing reports

Activities for the year

Due to only being formed mid-year, the Committee met once during the year ended 31 December 2016. It plans on meeting at least three times annually. The main activities for the year included:

- Reviewed the external audit report on the interim financial results;
- Approved the 2016 audit plan;
- Assessed the independence of the external Auditors;
- Reviewed reports from external auditors including planning, status/executive and completion Audit Committee reports;
- Reviewed levels of financial processes and procedures; and
- Approved policy surrounding support for non-audit services

Role of the External Auditor

The Audit Committee monitors the relationship with the external Auditor, PricewaterhouseCoopers LLP, to ensure that auditor independence and objectivity are maintained. As part of its review the Committee monitors the provision of non-audit services by the external Auditor. The breakdown of fees between audit and non-audit services is provided in note 7 of the Group's accounts. The non-audit fees relate to a half-year review, advice relating to the IPO, company secretarial services and transfer pricing advice.

The Audit Committee also assesses the Auditor's performance. Having reviewed the Auditor's independence and performance, the Audit Committee has recommended that PricewaterhouseCoopers LLP be reappointed as the Company's Auditor at the next AGM.

Audit Process

The Auditor prepares an audit plan for its review of the full year financial statements. The audit plan sets out the scope of the audit, areas to be targeted and the audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following its review, the Auditor presents its findings to the Committee for discussion. Areas of significant risk and other matters of audit relevance are regularly communicated.

Internal Audit

At present, the Group does not have an internal audit function, and the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one. The committee will continue to review this decision.

Risk Management and Internal Controls

As described on page 30 of the Corporate Governance Report, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, the Committee has reviewed the framework and the Committee is satisfied that the internal control systems in place are currently operating effectively.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Whistleblowing is a standing item on the Committee's agenda and updates are provided at each meeting. During the year there were no incidents for consideration.

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

Matthew Riley
Chairman of the
Audit Committee

DIRECTORS'

REMUNERATION REPORT

The Group is not required to prepare a Directors' remuneration report. The following disclosures are prepared on a voluntary basis for the Group.

Composition and Role

The Remuneration Committee's members during the year were Christine Petersen, who was the Chairman and Lord Rose. The Committee operated under the Terms of Reference and was responsible for reviewing the performance of the Executive Directors and for making recommendations to the Board on matters relating to their remuneration and terms of service. The Committee was also responsible for making recommendations to the Board on proposals for the granting of share options.

The Remuneration Committee met once in the period from admission to AIM to 31 December 2016 and intends to meet at least two times a year in the future.

Following the change to Ms Petersen's role in early 2017, she resigned as Chairmen of the Committee and Matthew Riley was appointed in her place, however Ms Petersen was responsible for the Committee until the end of 2016.

More information about the members of this Committee can be found on page 26 in the Director's biographies.

Remuneration Policy

The objective of the Group's remuneration policy is to attract, motivate and retain high quality individuals who will contribute fully to the success of the Group. To achieve this objective, the Group provides competitive salaries and benefits to all employees. Executive Directors' remuneration is set to create an appropriate balance between both fixed and performance-related elements. Remuneration is reviewed each year in light of the Group's business objectives. It is the Remuneration Committee's intention that remuneration should reward achievement of objectives and that these are aligned with Shareholders' interests over the medium term.

Remuneration consists of the following elements:

- Basic salary;
- Performance-related annual bonus;
- Share options;
- Pensions; and
- Benefits including insurance and allowances

Share Options

The Company operates a Long Term Incentive Plan ("LTIP") which is a discretionary share plan.

The LTIP is designed to encourage continual improvement and to align the interests and objectives of senior management with those of shareholders in the medium term. More details of this scheme are in note 28 of the Consolidated Accounts. The Remuneration Committee supervises the operation of the LTIP and the grant of Awards to Executive Directors and the Board oversees LTIP for employees.

Service Contracts and Letters of Appointment

Executive Directors

The service agreement of the Group Chief Executive Officer is terminable by the Company giving him 12 months' notice in writing, or by the Group Chief Executive Officer giving the Company nine months' notice in writing. The service agreement of the Chief Financial Officer is terminable by either party giving the other six months' notice in writing.

Non-Executive Directors

The Non-Executive Directors' letters of appointment may be terminated by either party giving three months' written notice.

Directors' Remuneration

At admission to AIM, the key terms of remuneration were as follows:

	Salary £'000	Pension £'000	2016 Bonus £'000
EXECUTIVE			
Julio Bruno	300	30	143
Richard Boulton	200	20	–
NON-EXECUTIVE			
Peter Dubens	–	–	–
Lord Rose*	35	–	–
Alexander Collins	–	–	–
Christine Petersen**	45	–	–
Tony Elliott	35	–	–

*In addition to the amounts disclosed above, Lord Rose receives a consultancy fee of £45k per annum for services provided to Time Out Market.

**Christine Petersen received £10k per annum in respect of her committee Chairmen fee



The following table summarises the actual total gross remuneration of the Directors who served during the year to 31 December 2016. Due to the listing mid-year, the actual remuneration figures differ from the key terms outlined in the admission document. Bonus amounts included are calculated on an accrual basis and were actually paid in February 2017.

EXECUTIVE	Salary £'000	Benefits £'000	Pension £'000	Bonus £'000	Share Options £'000	Termination £'000	Total £'000
Julio Bruno	289	10	29	288	780	–	1,396
Richard Boulton	133	5	13	67	25	–	243
Matthew White	71	4	5	–	–	293	373
Noel Penzer**	272	14	24	–	–	245	555
NON-EXECUTIVE							
Peter Dubens	–	–	–	–	–	–	–
Lord Rose*	44	–	–	–	–	–	44
Alexander Collins	–	–	–	–	–	–	–
Christine Petersen	38	–	–	–	6	–	44
Tony Elliott	25	11	–	–	–	–	36

*Lord Rose received £25k related to his consultancy to Time Out Market

** Noel Penzer received £108k as part of the services as a Director and £447k for services for his continuing employment

Directors' Shareholdings

The Directors, who served in the period from admission to AIM to 31 December 2016 and who held an interest in the ordinary shares of the Company, were as follows:

	Shareholding at 31 December 2016
EXECUTIVE	
Julio Bruno	70,624
Richard Boulton	–
NON-EXECUTIVE	
Peter Dubens	–
Lord Rose of Monewden	–
Alexander Collins	–
Christine Petersen	–
Tony Elliott	1,822,347

Directors' Interests

Options granted under the Group's share option schemes in the period to 31 December 2016 are as follows:

Director	Date of grant	Number of options	First exercise date	Exercise price
EXECUTIVE				
Julio Bruno	14/06/16	2,166,666	14/06/17	150p
	14/06/16	2,166,666	14/06/18	150p
	14/06/16	2,166,667	14/06/19	150p
Richard Boulton	14/06/16	266,667	14/06/19	150p
NON-EXECUTIVE				
Christine Petersen	21/10/16	37,500	23/08/17	141p
	21/10/16	37,500	23/08/18	141p
	21/10/16	37,500	23/08/19	141p
	21/10/16	37,500	23/08/20	141p

The details of the share option schemes are set out in note 28 to the Consolidated Accounts.

Share Price

The market price of the Company's Ordinary shares at 31 December 2016 was £1.40 (2015: £nil) and the range during the year was £1.25 to £1.50 (2015: £nil to £nil).

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

Matthew Riley
Chairman of the
Remuneration Committee

INDEPENDENT

AUDITORS' REPORT

Report on the Financial Statements

Our opinion

In our opinion:

- Time Out Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2016 and of the Group's loss and the Group's cash flows for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- The Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, and Accounts (the "Annual Report"), comprise:

- The Consolidated Statement of Financial Position as at 31 December 2016;
- The Company Statement of Financial Position as at 31 December 2016;
- The Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income for the year then ended;
- The Consolidated Statement of Cash Flows for the year then ended;
- The Consolidated Statement of Changes in Equity for the year then ended;
- The Company Statement of Changes in Equity for the year then ended; and
- The notes to the financial statements, which include a summary of accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on Which We Are Required to Report by Exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



Responsibilities for the Financial Statements and the Audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibility Statement set out on page 32, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- Whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- The reasonableness of significant accounting estimates made by the directors; and
- The overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Sam Taylor (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, 28 March 2017

Financial Statements

Strategy in action



Roll Out Time Out Market

Since 2014, Time Out has been the only global brand that you can read, eat, drink and enjoy. That was the year when Time Out turned a historic market hall in Lisbon into Time Out Market, to bring the best of the city together under one roof: its finest restaurants, bars, shops and cultural experiences, based on Time Out's editorial curation.

Time Out Market has quickly turned into a success and is, after less than three years, arguably the most popular attraction in the city which is no small feat in a place with hundreds of years of history. In 2016, 3.1 million visitors came to the market to explore excellent food from 32 restaurants and kiosks, enjoy drinks from eight bars and cafes, buy from five shops, attend one of 150 cooking workshops in the Chef's Academy or one of 100 events in the Time Out Studio, an 800-capacity entertainment venue. 2016 also saw three of the chefs with a presence in the market receiving Michelin stars in their own local restaurants – proof of the high-quality fine-dining that the market makes affordable and accessible for all.

Now, Time Out Group is expanding the successful Time Out Market concept to other cities as part of its growth strategy. Conditional lease agreements, which are subject to planning approval, have been signed for new locations in cities such as London and Miami. The Group also continues to find a high level of interest from landlords in other cities and is scoping new locations.

→ Read about 'Roll Out Time Out Market' on page 18

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CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2016

	Note	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Revenue	4	35,736	28,502
Cost of sales	4	(14,707)	(12,960)
Gross profit		21,029	15,542
Administrative expenses		(38,882)	(33,994)
Operating loss		(17,853)	(18,452)
Analysed as			
Adjusted EBITDA loss		(10,231)	(12,418)
Share based payments		(1,064)	-
Exceptional items	6	(2,728)	(2,969)
EBITDA loss		(14,023)	(15,387)
Depreciation of property, plant and equipment		(710)	(385)
Amortisation of intangible assets		(3,120)	(2,680)
Operating loss	7	(17,853)	(18,452)
Finance income	8	389	4
Finance costs	8	(1,531)	(2,520)
Share of associate's loss and fair value gain		152	-
Loss before income tax		(18,843)	(20,968)
Income tax credit	9	203	700
Loss for the year		(18,640)	(20,268)
Loss for the period attributable to:			
Owners of the parent		(18,462)	(20,268)
Non-controlling interests		(178)	-
		(18,640)	(20,268)
Loss per share:			
Basic and diluted loss per share (pence)	10	18.9	40.6

All amounts relate to continuing operations.

The notes on pages 49 to 86 are an integral part of these consolidated accounts. For details of audit fees, see note 7 of the consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act of 2006 from presenting the parent Company profit and loss account. Also permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the parent Company has not been separately presented in these financial statements.



CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2016

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Loss for the year	(18,640)	(20,268)
Other comprehensive income:		
Items that may be subsequently reclassified to the profit or loss:		
Currency translation differences	7,087	961
Other comprehensive income for the year, net of tax	7,087	961
Total comprehensive expense for the year	(11,553)	(19,307)
Total comprehensive expense for the year attributable to:		
Owners of the parent	(11,368)	(19,307)
Non-controlling interests	(185)	-
	(11,553)	(19,307)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Assets			
Fixed Assets and Investments			
Intangible assets - Goodwill	12	49,230	35,525
Intangible assets - Other	13	20,367	12,720
Property, plant and equipment	14	7,982	867
Investment in associate	15	7,153	-
Other investments	16	-	8
Trade and other receivables - non current	18	550	550
		85,282	49,670
Current assets			
Inventories	17	241	184
Trade and other receivables	18	11,987	8,064
Cash and cash equivalents		50,082	4,282
		62,310	12,530
Total assets		147,592	62,200
Liabilities			
Current liabilities			
Trade and other payables	19	(17,643)	(12,987)
Provisions	20	(186)	-
Borrowings	21	(1,083)	-
		(18,912)	(12,987)
Non-current liabilities			
Trade and other payables	19	(1,905)	(131)
Provisions	20	(149)	-
Deferred tax liability	9	(2,849)	(1,474)
Borrowings	21	(1,515)	(21,463)
		(6,418)	(23,068)
Total liabilities		(25,330)	(36,055)
Net assets		122,262	26,145
Equity			
Called up share capital	24	131	957
Share premium		103,071	77,427
Translation reserve		9,166	2,072
Capital redemption reserve		1,105	-
Retained earnings/ (Accumulated losses)		9,025	(54,311)
Total parent Shareholders' equity		122,498	26,145
Non-controlling interest		(236)	-
Total equity		122,262	26,145

The financial statements on pages 42 to 86 were authorised for issue by the Board of Directors on 28 March 2017 and were signed on its behalf.

Julio Bruno

Group Chief Executive Officer

Richard Boulton

Chief Financial Officer

Time Out Group PLC (formerly Time Out Group HC Limited)
Registered No.: 07440171



COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Assets			
Non-current assets			
Investments	16	85,553	79,146
		85,553	79,146
Current assets			
Trade and other receivables	18	100,419	3,060
		100,419	3,060
Total assets		185,972	82,206
Liabilities			
Current liabilities			
Trade and other payables	19	(1,026)	-
		(1,026)	-
Non-current liabilities			
Borrowings	21	-	(3,565)
		-	(3,565)
Total liabilities		(1,026)	(3,565)
Net assets		184,946	78,641
Equity			
Called up share capital	24	131	957
Share premium		103,071	77,428
Capital redemption reserve		1,105	-
Retained earnings		80,639	256
Total equity		184,946	78,641

The Company loss for the year was £1,568k (2015: £3k).

The financial statements on pages 42 to 86 were authorised for issue by the Board of Directors on 28 March 2017 and were signed on its behalf.

Juilo Bruno

Group Chief Executive Officer

Time Out Group PLC (formerly Time Out Group HC Limited)
Registered No.: 07440171

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Note	Called up share capital £'000	Share premium £'000	Translation reserve £'000	Capital redemption reserve £'000	Retained earnings/ (Accumulated losses) £'000	Total parent Shareholders' equity £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 January 2015		763	58,349	1,111	-	(34,043)	26,180	-	26,180
Changes in equity									
Loss for the year		-	-	-	-	(20,268)	(20,268)	-	(20,268)
Other comprehensive income		-	-	961	-	-	961	-	961
Total comprehensive income		763	58,349	2,072	-	(54,311)	6,873	-	6,873
Issue of share capital		194	19,078	-	-	-	19,272	-	19,272
Balance at 31 December 2015		957	77,427	2,072	-	(54,311)	26,145	-	26,145
Changes in equity									
Loss for the year		-	-	-	-	(18,462)	(18,462)	(178)	(18,640)
Other comprehensive income		-	-	7,094	-	-	7,094	(7)	7,087
Total comprehensive income		-	-	7,094	-	(18,462)	(11,368)	(185)	(11,553)
Share-based payments	28	-	-	-	-	1,064	1,064	-	1,064
Pre-IPO issue of preference shares		40	3,960	-	-	-	4,000	-	4,000
Ordinary bonus shares issued		95	(95)	-	-	-	-	-	-
Share capital reduction		-	(80,887)	-	-	80,887	-	-	-
Preference bonus shares issued		72	(72)	-	-	-	-	-	-
Share capital reorganisation		(1,105)	-	-	1,105	-	-	-	-
Issue of shares for acquisitions		12	18,097	-	-	-	18,109	-	18,109
Non-controlling interest acquired ("NCI")	11	-	-	-	-	-	-	(232)	(232)
Goodwill attributable to NCI	11	-	-	-	-	-	-	28	28
Acquisition of minority interest	11	-	-	-	-	(153)	(153)	153	-
IPO issue of share capital		60	89,940	-	-	-	90,000	-	90,000
Costs associated with IPO		-	(5,299)	-	-	-	(5,299)	-	(5,299)
Balance at 31 December 2016		131	103,071	9,166	1,105	9,025	122,498	(236)	122,262



COMPANY STATEMENT

OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Note	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015		763	58,349	–	259	59,372
Changes in equity						
Loss for the year		–	–	–	(3)	(3)
Total comprehensive income		763	58,349	–	256	59,369
Issue of share capital		194	19,079	–	–	19,272
Balance at 31 December 2015		957	77,428	–	256	78,641
Changes in equity						
Loss for the year		–	–	–	(1,568)	(1,568)
Total comprehensive income		–	–	–	(1,568)	(1,568)
Share-based payments	28	–	–	–	1,064	1,064
Pre-IPO issue of preference shares		40	3,960	–	–	4,000
Ordinary bonus shares issued		95	(95)	–	–	–
Share capital reduction		–	(80,887)	–	80,887	–
Preference bonus shares issued		72	(72)	–	–	–
Share capital reorganisation		(1,105)	–	1,105	–	–
Issue of shares for acquisitions		12	18,097	–	–	18,109
IPO issue of share capital		60	89,940	–	–	90,000
Costs associated with IPO		–	(5,299)	–	–	(5,299)
Balance at 31 December 2016		131	103,071	1,105	80,639	184,946

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Cash flows from operating activities			
Cash used in operations	25	(15,965)	(13,163)
Interest paid		(316)	(230)
Tax credits received		8	437
Net cash used in operating activities		(16,273)	(12,956)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,641)	(605)
Purchase of intangible assets		(1,856)	(1,802)
Interest received		4	4
Pre-acquisition funding to Time Out Market		(150)	-
Acquisition of subsidiaries, net of cash acquired	11	1,222	(1,154)
Net cash used in investing activities		(2,421)	(3,557)
Cash flows from financing activities			
Proceeds of pre-IPO preference share issue		4,000	19,271
Proceeds from IPO		90,000	-
IPO transaction costs		(5,281)	-
Advance of new borrowings		2,766	-
Repayment of borrowings		(25,999)	(247)
Repayment of finance leases		(26)	-
Acquisition of minority interest		(1,408)	-
Investments		-	(7)
Net cash from financing activities		64,052	19,017
Increase in cash and cash equivalents		45,358	2,504
Cash and cash equivalents at beginning of year		4,282	1,752
Effect of foreign exchange rate change		442	26
Cash and cash equivalents at end of year		50,082	4,282



NOTES TO THE

FINANCIAL STATEMENTS

1. Corporate information

The consolidated financial statements of Time Out Group plc (formerly Time Out Group HC Limited) and its subsidiaries (the “Group”) for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 28 March 2017. Time Out Group plc (the “Company”) is a public limited company incorporated in England and Wales whose shares are publicly traded on the Alternative Investment Market. The registered office is located at 4th Floor, 125 Shaftesbury Avenue, London WC2H 8AD. The Company changed its name from Time Out Group HC Limited on 8 June 2016.

The Company has taken advantage of the exemption from preparing a cash flow statement under paragraph 8(g) of the disclosure exemptions from EU-adopted IFRS for qualifying entities included in Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Time Out Group plc consolidated financial statements for the year ended 31 December 2016 contain a consolidated statement of cash flows. The Company is exempt under paragraph 8(k) of the disclosure exemptions from EU-adopted IFRS included in FRS 101 for qualifying entities from disclosing related party transactions with entities that form part of the Time Out Group plc group of which Time Out Group plc is the ultimate parent undertaking. The Company’s financial statements are presented in Pounds Sterling (£), which is also the Company’s functional currency, and all values are rounded to the nearest thousand (£’000) except when otherwise indicated. The Company’s financial statements are individual entity financial statements.

The principal activities of the Group are described in the Strategic Report that accompanies these financial statements.

2. Accounting policies

Time Out Group plc (“the Company”) and its subsidiaries (together, the “Group”) is a multi-platform media and e-commerce business with a global content distribution network comprising magazines, online, mobile apps, mobile web and a physical presence via live events and a Time Out market in Lisbon. Using these platforms and its well-established global brand, Time Out seeks to inspire and enable people to experience the best of a city, serving as a guide for food, drink, music, theatre, art, style, travel and entertainment.

Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Time Out Group plc have been prepared under the historic cost convention and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as they apply to the financial statements of the Group for the year ended 31 December 2016 and applied in accordance with the Companies Act 2006.

The Company financial statements were prepared in accordance with FRS 101 and Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention except for certain financial liabilities measured at fair value. The accounting policies which follow in note 2 set out those policies which apply in preparing the financial statements for the year ended 31 December 2016 and have been applied consistently to all years presented. The Company has taken advantage of the following disclosure exemptions under FRS 101 in respect of:

- (a) IFRS 3 Business Combinations;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (c) IFRS 13 Fair Value Measurement
- (d) Share-based payments
- (e) Intra-Group-related party transactions;
- (f) Related party transactions.

Going concern

The Group made a loss after tax of £18,640k (2015: £20,268k). The Directors have taken into account the growth in the business year-on-year, as well as the inherent risks and uncertainties facing the business, and have derived forecast assumptions that are the Directors’ best estimate of the future developments of the business. The forecasts and projections have provided the Directors a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Group continues to present its financial statements on a going concern basis.

NOTES TO THE

FINANCIAL STATEMENTS

2. Accounting policies continued

New and amended standards adopted by the Group

The accounting standards and policies adopted in these financial statements are consistent with those of the annual financial statements for the year ended 31 December 2015 as presented under IFRS. No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2016 have had a material impact on the Group or Company.

Basis of consolidation

The Group financial statements consolidate the financial statements of Time Out Group plc and all its subsidiary undertakings drawn up to 31 December each year.

As permitted by S408 of the Companies Act 2006, the income statement of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £1,568k (2015: £3k loss). The parent Company is primarily a holding company and had minimal cash flows during the year. It did not hold any cash or cash equivalents at the beginning or end of the year.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the Group financial statements the acquisition method is adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are consolidated for the periods from or to the date on which control is passed. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39; either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Non-controlling interests

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity and consist of the amount of those interests at the date of the original business combination plus their share of changes in equity since that date.



2. Accounting policies continued

Associates

An associate is an undertaking over which the Group exercises significant influence, usually from 20%–50% of the equity voting rights, in respect of the financial and operating policy. The Group accounts for its interests in associates using the equity method. Under the equity method, the investment in the associate is initially measured at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of associates since the acquisition date.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The income statement reflects the Group's share of the results of operations of the entity. The statement of comprehensive income includes the Group's share of any other comprehensive income recognised by the associate. Dividend income is recognised when the right to receive the payment is established.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Foreign currencies

The functional and presentational currency of the Group is sterling. Assets and liabilities of subsidiaries with a functional currency which is a foreign currency are translated into sterling at rates of exchange ruling at the end of the financial period and the result of foreign subsidiaries are translated at the average exchange rate for the period. All transactions denominated in foreign currency are translated at the rate of exchange ruling at the time of the transaction. All foreign exchange differences are taken to the income statement in the period in which they arise. At the statement of financial position date, monetary assets and liabilities denominated in foreign currencies are translated using the closing rate. Upon the translation of any subsidiary's results for the year and financial position at any given year end, the foreign exchange differences which may arise are recognised directly in other comprehensive income as currency translation differences.

Property, plant and equipment

The cost of property, plant and equipment includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Computer equipment – over three years on a straight line basis

Fixtures and fittings – over five years on a straight line basis

Leasehold improvements – over the lease term or useful life, whichever is shorter

The Group operates in jurisdictions which have set useful lives for certain types of assets, and where different, local guidelines override the Group policies mentioned above. However, the Group confirms that this treatment does not materially change the accounts.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies continued

Intangible assets – Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Time Out Group plc's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating unit ("CGU") that is expected to benefit from the synergies of the combination. Each CGU to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

When the ownership of an acquired company is less than 100%, the non-controlling interest is measured at either the proportion of the recognised net assets attributable to the non-controlling interest or at the fair value of the acquired company at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill.

Intangible assets – Other

Trademark and copyright assets are amortised over a period of 15 years from the month of acquisition. A change in accounting estimate was made in 2014 as part of a review of the UK portfolio of intangible assets following the acquisition of the US business and it was determined that it would be appropriate to make a prospective change to amortise these items over a 15-year period.

Development costs comprising costs incurred relating to websites and other digital platform elements are written off over a period of two, three or four years, depending on the relevant project. The cost of internally generated and acquired technology is recognised as an intangible asset providing it satisfies all of the conditions set out in the research and development policy below. Assets are subsequently measured and amortised on a straight-line basis over their useful economic lives, from the month in which the expenditure is incurred.

Other intangible assets are comprised of advertiser relationships and internally generated software related to the US business acquired in 2014 as well as reacquired tradename rights and customer relationships relating to the Portuguese businesses acquired in 2015 and 2016 respectively. The fair value of these assets was determined by agreement between the Directors and an independent valuation consultant, and was conducted in order to comply with IAS 3, 'Business Combinations'. These assets are amortised over five years (internally generated software and customer relationships), 15 years (advertiser relationships), or two years (reacquired tradename rights).

Service concession arrangements

The concession granted by the Municipality of Lisbon to occupy and operate an area within the Mercado da Ribeira in Lisbon is accounted for as a service concession arrangement under IFRIC 12 'Service Concession Arrangements'. The present value of all payments to the Municipality are capitalised and recognised as a separate intangible asset and a corresponding obligation is recognised. The intangible asset is amortised on a straight-line basis over the life of the concession arrangement.

Research and development

Expenditure on the research phase of an internal project is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all of the following conditions are satisfied:

- Completion of the asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the asset and use or sell it;
- The Group has the ability to use or sell the asset and it will generate probable future economic benefits;
- There are adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. The cost of an internally generated asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee (other than Director) costs incurred along with third party costs.



2. Accounting policies continued

Impairment of non-financial assets

Non-financial assets that are not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may 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). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial instruments

Classifications

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise of 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies continued

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including preference shares) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Where the contractual terms of preference shares do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Financial assets are derecognised when the right to receive cashflows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. When securities classified as available-for-sale are sold, or impaired, the accumulated fair value adjustments previously taken to reserves are included in the income statement.

Investments

Investments held as fixed assets are stated at cost less provision for impairment. The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Inventories are comprised of raw materials and goods held for resale. In the prior year, the Group had a work-in-progress inventory which included all direct expenditure and an appropriate proportion of fixed and variable overheads. Cost is determined on a first-in, first-out (FIFO) method. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.



2. Accounting policies continued

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Line of credit

Certain of the Group's accounts receivable balances are assigned, with recourse, to financial institutions. In return, the Group receives an advance of 80%-85% of eligible accounts receivable. Both financial assets and financial liabilities are recognised with regards to this.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

All interest bearing loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period to which it relates.

Preference shares that are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised in the income statement as an interest expense.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Taxation

The charge for taxation is based on profits for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies continued

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is the deferred tax liability not recognised.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is no intention to settle the balances on a net basis.

Tax grants related to research and development expenditure are recognised under IAS 12 against expenditure and are recognised when reasonably certain estimates can be made.

Employee benefit costs

The Group contributes to certain employees' personal pension plans on a defined contribution basis. The Group pays contributions to publicly or privately administrated pension plans on a mandatory, contractual or voluntary basis depending on location. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the income statement.

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.



2. Accounting policies continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as an interest expense.

Revenue recognition

Revenue, which is stated net of sales tax, represents the amounts derived from the sale of goods and services which fall within the Group's ordinary activities.

- Advertising revenue is recognised at the time the advertisement is published.
- Subscription and Premium Profiles revenue is recognised evenly over the length of each subscription.
- Circulation revenue is recognised at the time of sale. Provision is made for returns of distributor returns.
- Ticket revenues for events are recognised in the month of the event. Tickets for Time Out offers are recognised at the point of sale.
- Licence/royalty revenue is recognised over the contract period in accordance with the substance of the underlying agreement.
- Market related revenue is predominantly turnover related rent from restaurants in the markets and is recognised as the turnover is earned by the sub-letting restaurants. These are treated as operating leases and are recognised in the income statement on a straight-line basis over the period of the lease.

Interest income and expenses

Interest income and expenses are recognised using the effective interest method.

Leases

Operating leases

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Finance leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

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 property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Exceptional items

The Group defines exceptional items as those non-recurring items which by their nature or size would distort the comparability of the Group's result from year to year. Exceptional items mainly relate to costs associated with a material restructuring (including termination payments and associated legal fees) and costs relating to acquisitions, including legal and consultancy fees.

Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies continued

Critical accounting estimates and judgements

The key assumptions and judgements concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions, estimates and judgements on parameters available when the consolidated statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment i.e. when the carrying value of a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model, where appropriate. The cash flows are derived from the business plan for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimation uncertainty exists here due to a number of estimation factors applied to any model used.

b) Capitalisation of development costs

Careful judgement by the Directors is applied when deciding whether the recognition requirements for capitalised development costs have been met under IAS 38 'Intangible Asset'. Before capitalisation commences on a specific project, a business plan is prepared and approved in order to ascertain that the project meets all criteria of the standard as well as to determine the asset's useful life. Judgements and assumptions are made using all information known at the end of the reporting period.

c) Business combinations

When acquiring a business, the Group has to make judgements and best estimates about the fair value allocation of the purchase price and the fair value of any contingent deferred consideration. Judgement is applied in determining what part of a business transaction relates to the acquisition of that business. Parts of a business transaction that do not relate to the acquisition (for example, employee costs) are accounted for in accordance with the relevant accounting standard.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been adopted in these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

The following standards, interpretations and amendments to existing standards are not yet effective, or have not yet been endorsed by the EU and have not been adopted early by the Group:

IFRS 9, 'Financial Instruments' for periods beginning on or after 1 January 2018 and is the first standard issued as part of a process to replace IAS 39. It simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortised cost and fair value.

IFRS 15, 'Revenue from contracts with Customers' applies for periods beginning on or after 1 January 2018 and specifies how and when revenue is recognised as well as requiring such entities to provide users of the financial statements with more informative, relevant disclosures.

The Directors anticipate that the future introductions of the standards listed above will not have a material impact on the future consolidated financial statements, however, a detailed assessment has not yet been undertaken.

IFRS 16, 'Leases' applies for periods beginning on or after 1 January 2019. It replaces the current leasing standard, IAS 17, and requires all leases to be treated in a consistent way to the current rules on finance leases, requiring all leases, with limited exceptions, to be disclosed in the statement of financial position. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. IFRS 16 changes the nature of expenses related to those leases, replacing the straight line operating lease expense with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs).

Adoption of this new standard is likely to have an impact on the Group and the Directors have yet to assess the impact.



3. Exchange rates

The significant exchange rates to UK Sterling for the Group are as follows:

	2016		2015	
	Closing rate	Average rate	Closing rate	Average rate
US dollar	1.23	1.36	1.48	1.53
Euro	1.17	1.22	1.36	1.39

4. Segmental information

In accordance with IFRS 8, the Group's operating segments are based on the figures reviewed by the Board, which represents the chief operating decision-maker. The Group is organised into four operating activities, having added a segment to report the acquired Time Out Market business:

- Print – sale of print advertising and publications;
- Digital – sale of digital advertising (including premium profiles) and e-commerce commissions generated by online bookings and transactions;
- International – fees and royalties from third party licensees for the rights to publish print magazines and produce website content under the Time Out brand;
- Market – predominantly turnover related rent from restaurants in the market and charges for services.

No information is provided at the segment level concerning interest revenues, interest expense, depreciation or amortisation, income taxes, profit/loss from associates or other material non-cash items. The Board of Directors do not review any measures of assets, liabilities or cash flows at a segment level.

Year ended 31 December 2016

	Print £'000	Digital £'000	International £'000	Markets £'000	Total £'000
Revenue	15,238	16,316	1,880	2,302	35,736
Cost of sales	(9,966)	(4,488)	(30)	(223)	(14,707)
Gross profit	5,272	11,828	1,850	2,079	21,029
Administrative expenses					(38,882)
Operating loss					(17,853)
Finance income					389
Finance costs					(1,531)
Gain on investment and share of associate's loss					152
Loss before income tax					(18,843)
Income tax credit					203
Loss for the year					(18,640)

Year ended 31 December 2015

	Print £'000	Digital £'000	International £'000	Markets £'000	Total £'000
Revenue	15,004	11,705	1,793	–	28,502
Cost of sales	(10,121)	(2,789)	(50)	–	(12,960)
Gross profit	4,883	8,916	1,743	–	15,542
Administrative expenses					(33,994)
Operating loss					(18,452)
Finance income					4
Finance costs					(2,520)
Loss before income tax					(20,968)
Income tax credit					700
Loss for the year					(20,268)

NOTES TO THE FINANCIAL STATEMENTS

4. Segmental information *continued*

Revenue is analysed geographically by origin as follows:

	2016 £'000	2015 £'000
Europe	20,289	17,504
Americas	13,567	9,205
Rest of World	1,880	1,793
	35,736	28,502

The Group earns its revenues by selling both goods and services. These can be analysed as follows:

	2016 £'000	2015 £'000
Print advertising and circulation	15,238	15,004
Digital advertising	10,210	7,554
Premium profiles	1,444	957
E-commerce	4,662	3,194
International	1,880	1,793
Markets	2,302	–
	35,736	28,502

There are no revenues from any single customer that exceed 10% of the Group's revenues.

5. Staff costs

Group

	2016 £'000	2015 £'000
Wages and salaries	17,302	15,134
Social security costs	1,992	1,648
Other pension costs	496	463
Share-based payments	1,064	–
	20,854	17,245

The average monthly number of employees during the year, including Executive Directors, was as follows:

	2016 £'000	2015 £'000
Sales and Marketing	126	107
Editorial and Production	111	130
Product Development	44	43
Administration	54	38
	335	318

The increase in administrative headcount relates to Time Out Market which had an average headcount of 15 for the period following the acquisition in June 2016.



5. Staff costs continued

Directors and key managers are the only key management personnel identified. Further information on how the Group determines key management is included in the Directors' Report on page 31. Information regarding total remuneration to key management personnel is as follows:

	2016 £'000	2015 £'000
Short-term employee benefits	2,466	1,176
Post-employment benefits	129	94
Termination benefits	538	471
Share-based payments	860	–
	3,993	1,741

Information regarding the highest paid Director or key manager is below:

	2016 £'000	2015 £'000
Short-term employee benefits	587	151
Post-employment benefits	29	22
Termination benefits	–	471
Share-based payments	780	–
	1,396	644

6. Exceptional costs removed from Adjusted EBITDA

Costs are analysed as follows:

	2016 £'000	2015 £'000
Restructuring costs	1,261	2,586
New York free magazine launch costs	–	267
Fees relating to acquisitions in the year	514	116
Advisory fees in relation to the IPO	953	–
	2,728	2,969

The 2016 restructuring costs include employee termination costs of £847k incurred to compensate members of senior management for loss of office and to reflect the Group organisation structure required as a listed entity. Restructuring costs also include a provision for an onerous lease of £371k relating to the office space previously occupied by the YPlan staff as well as associated legal and agent fees of £43k.

The acquisition fees are all costs associated with the acquisition of subsidiaries and associates during the year. Advisory fees in relation to the IPO include costs not directly related to the raising of finance, including a portion of advisory costs incurred, management bonuses related to the IPO and marketing costs.

The 2015 restructuring costs include employee termination costs following a Group restructuring of operations to better align its skills and resources to an international digital growth strategy, along with costs associated with the withdrawal from the printed travel guides market. The New York free magazine launch costs are all marketing and launch costs associated with the switch in early 2015 to the free magazine model in New York. The legal fees are all legal costs associated with the acquisition of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

7. Operating costs/(income)

	2016 £'000	2015 £'000
Cost of inventories recognised as cost of sales	2,742	3,126
Staff costs	20,854	17,246
Depreciation - owned assets	710	385
Depreciation - finance leases	26	-
Intangible amortisation	3,120	2,680
Operating lease rentals - land and buildings	2,149	1,925
(Gain) / Loss on foreign exchange	(250)	114
Other expenses	24,238	21,478
	53,589	46,954

Analysed as:

	2016 £'000	2015 £'000
Charged to cost of sales	14,707	12,960
Admin expenses	39,999	35,143
	54,706	48,103
Staff costs capitalised	(1,117)	(1,149)
	53,589	46,954

An analysis of the fees paid to the Group's Auditor is provided below:

	2016 £'000	2015 £'000
Fees payable to the Company's Auditors for the audit of the consolidated and parent Company financial statements	155	80
Fees payable to the Company's Auditors for the audit of the Company's subsidiaries	57	20
	212	100
Fees payable to the Company's Auditor for audit related assurance services	31	-
Advice in relation to the IPO *	1,067	-
Company secretarial services	21	-
Other services	4	30
	1,335	130

* 90% of this cost was charged to share premium and the remaining 10% is included in exceptional items.

Audit fees of the Group and Company are borne by Time Out Digital Limited, a subsidiary company.



8. Finance income and costs

Finance income

	2016 £'000	2015 £'000
Bank interest receivable	4	4
Interest on sponsorship contracts	6	–
Foreign exchange gain on financing items	379	–
	389	4

Finance costs

	2016 £'000	2015 £'000
Interest on line of credit	241	231
Interest on finance leases	2	–
Interest on loan stock and notes	377	779
Interest on senior and mezzanine debt	778	1,510
Interest on sponsorship loans	45	–
Interest on bank loans	35	–
Interest on short-term debt	53	–
	1,531	2,520

9. Taxation

Analysis of income tax

	2016 £'000	2015 £'000
Current tax charge/(credit)	43	(427)
Deferred tax credit	(246)	(275)
Total tax income	(203)	(702)

Factors affecting the tax expense

The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £'000	2015 £'000
Loss on ordinary activities before income tax	(18,843)	(20,969)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	(3,769)	(4,246)
Effects of:		
Expenses not deductible for tax purposes	883	2,630
Depreciation in excess of capital allowances	97	236
Unrecognised tax losses in the year	2,812	2,100
Income not taxable	–	(720)
Prior year adjustments	(1)	(435)
Foreign tax charges	4	10
Other short-term timing differences	–	–
FX movement on associate	(246)	–
Deferred tax movements	17	(275)
Total tax (income)/expense	(203)	(700)

Potential deferred tax assets of £9,754k (2015: £7,520k) relating to timing differences on fixed assets, short-term timing differences and losses carried forward have not been recognised as the Directors take an approach not to recognise any deferred tax asset until such time as there is greater visibility of profitability in the medium-term.

NOTES TO THE FINANCIAL STATEMENTS

9. Taxation continued

The Group has deferred tax liabilities relating to the acquired intangible assets as follows:

	2016 £'000	2015 £'000
Carrying value at beginning of year	1,474	1,675
Acquisition of subsidiary undertakings	1,220	–
Finalisation of prior year acquisition fair values	36	–
Credited to the income statement	(246)	(274)
Foreign exchange	365	73
	2,849	1,474

The Group expects to utilise £380k (2015: £127k) of the deferred tax liability in the next 12 months, with the remaining balance being utilised in more than 12 months.

10. Loss per share

Basic loss per share is calculated by dividing the loss attributable to Shareholders by the weighted average number of shares during the year.

For diluted loss per share, the weighted average number of shares in issue is adjusted to assume conversion for all dilutive potential shares. All potential ordinary shares including options and deferred shares are antidilutive as they would decrease the loss per share, and are therefore not considered. Diluted loss per share is equal to basic loss per share.

	2016 Number	2015 Number
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	97,768,759	49,906,844

	2016 £'000	2015 £'000
Loss from continuing operations for the purpose of loss per share	18,462	20,268

	2016 Pence	2015 Pence
Basic and diluted loss per share	18.9	40.6

The weighted average number of shares at 31 December 2015 has been restated to reflect the share reorganisation that took place ahead of the IPO in June 2016.

A deferred issue of ordinary shares with a fixed value of up to £782k relating to the acquisition of YPlan is payable in October 2017 subject to no warranty claims being made under the sale and purchase agreement. Shares issued as deferred consideration will be calculated with reference to prevailing share price.

11. Business combinations

a) 2016 acquisition of Hall Street Barcelona SL

On 1 March 2016, the Group acquired the trade and assets of Hall Street Barcelona, SL, a Spanish-based e-commerce business specialising in geo-mapping technology, for cash consideration of £294k and 211 ordinary shares of £1 each.

As a result of this acquisition, the Group will be able to integrate the geo-mapping technology into its existing platform, enabling it to increase functionality in the travel and leisure markets.

The provisional fair value of the assets and liabilities acquired was £4k of property, plant and equipment and £4k of other payables, resulting in goodwill recognised equal to the consideration paid of £294k. The goodwill represents the value of the acquired assembled workforce and is not deductible for tax purposes.



11. Business combinations continued

b) 2016 acquisition of Time Out Market Limited

On 14 June 2016, the Group acquired the entire issued preference share capital and an additional 76.6% of the total ordinary share capital of Time Out Market Limited. The Group had previously acquired 8.5% of the ordinary share capital of the acquiree and hence now owns 85% of the voting equity interests. The Group issued 6,353,281 ordinary shares as consideration, with a total fair value of £9,530k.

Time Out Market Limited owned 75.1% of MC-Mercados da Capital, LDA, the operator of the Lisbon Time Out Market. As a result of the acquisition, the Group intends to expand the Time Out Market concept internationally while capitalising on synergies between the existing Time Out segments and the market concept which has already proved to be successful in Lisbon. Post-acquisition, Time Out Market has entered into agreements for locations in London, Miami and Porto, pending planning permissions.

The following table summarises the consideration paid for the acquisition of Time Out Market Limited, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date. The goodwill arising from the acquisition is attributable to the team and plans to expand the concept internationally.

	£'000
Property, plant and equipment	5,113
Intangible assets - other	1,250
Intangible assets - customer relationships	3,275
Deferred tax liability	(819)
Trade and other receivables	584
Cash and cash equivalents	836
Trade and other payables	(3,222)
Financial liability for option over non-controlling interest	(1,548)
Borrowings	(3,408)
Non-controlling interest in subsidiary	203
Net assets acquired	2,264
Non-controlling interest in Time Out Market Limited	29
Goodwill	7,237
Consideration paid	9,530

Acquired intangible assets comprise of a concession granted by the Municipality of Lisbon to occupy and fully operate an area within the Mercado da Ribeira in Lisbon as well as existing customer relationships net of the associated deferred tax liability.

The non-controlling interest, representing shares held by third parties in respect of the Lisbon business and a management shareholding in Time Out Market, is measured using the proportionate share method. On 6 July 2016, Time Out Market Limited acquired a further 20.2% shareholding in MC-Mercados da Capital, LDA, the operator of the Lisbon Time Out Market, in cash, taking their direct shareholding to 95.3% and the Group's indirect shareholding to 81%. Cash consideration of £1.4 million was paid.

The fair value of the previously held equity interest in the acquiree is equal to the original cost of £2; as a result there is no gain or loss recognised on the acquisition of the additional ordinary share capital.

Revenue of £2,302k and operating loss of £517k (excluding the impact of amortisation on the acquired customer relationships intangible asset of £263k) since the acquisition date have been included in the consolidated income statement. If the business combination had occurred at the beginning of the year the revenue contribution to the Group for the year would have been £3,694k and the operating loss contribution to the Group for the year would have been £1,518k (excluding the impact of amortisation on the acquired customer relationships intangible asset of £263k).

c) 2016 acquisition of YPlan

On 20 October 2016, the Group acquired 100% of the issued ordinary share capital of Leanworks Limited ("YPlan"), a London-based "mobile-first" events discovery and booking platform, in consideration for the issue of 1,166,644 Ordinary Shares valued at £1,625k based off of a share price of £1.393 (being the average middle market price for the 30 days prior to completion). It also acquired 100% of the issued ordinary share capital of YPlan Inc., a dormant US subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

11. Business combinations continued

As a result of this acquisition, the Group intended to continue the investment in the technology and product to grow e-commerce and expand its team of engineers. The acquisition is in line with this strategy as it will provide the Group with an advanced e-commerce platform which will accelerate and scale its existing e-commerce business. The technology will further enable the Group to manage transactions between consumers and businesses in-house, improving the user experience. The acquisition also brings a talented product development and technology team, with the specific know-how to drive bookings and optimise the conversion rate of Time Out's audience.

The amounts recognised in the financial statements have been determined provisionally. A further issuance of ordinary shares with a fixed value of £782k relating to the acquisition is payable in October 2017 subject to no warranty claims being made under the sale and purchase agreement. Shares issued as deferred consideration will be calculated with reference to prevailing share price. The provisional fair values of the assets and liabilities acquired are as follows:

	£'000
Property, plant and equipment	47
Intangible asset - e-commerce platform	2,227
Trade and other receivables	614
Cash and cash equivalents	681
Deferred tax liability	(401)
Trade and other payables	(1,409)
Net assets acquired	1,759
Goodwill	648
Consideration paid	1,625
Deferred consideration	782
Total consideration	2,407

The intangible asset shown is the internally generated platform. Goodwill is considered to be represented by the assembled workforce.

There were £625k of costs relating to this acquisition which have been recognised as non-recurring costs. The costs relate to £371k for an onerous lease provision for the acquired company's vacant office and £253k of advisory fees.

Revenue of £90k and operating loss of £644k since the acquisition date have been included in the consolidated income statement. If the business combination had occurred at the beginning of the year the revenue contribution to the Group for the year would have been £689k and the operating loss contribution to the Group for the year would have been £4,453k.

d) 2015 acquisition of Capital de Escrita LDA (prior year)

On 12 November 2015, the Group acquired the trade and assets of a former licensee, Capital de Escrita, LDA in Portugal for cash consideration of £1,154k. The acquisition was in order to align synergies with the rest of the Group as well as with the corresponding investment that Oakley Capital made earlier in the same year in the Lisbon-based market. The company at the time of acquisition produced magazines and guide books.

The review of the fair value of the assets and liabilities acquired in this business combination has resulted in the recognition of an intangible asset for the reacquired trademark rights in Portugal and a related deferred tax liability.

The final fair values of assets and liabilities acquired in the acquisition are as follows:

	£'000
Intangible assets - reacquired trademark rights	201
Trade and other receivables	4
Trade and other payables	(77)
Deferred tax liability	(36)
Net assets acquired	92
Goodwill	1,062
Consideration paid	1,154

The goodwill arising from the acquisition is represented by the assembled workforce.



12. Goodwill

Group

	2016 £'000	2015 £'000
At 1 January	35,525	33,091
Acquisitions	8,180	1,227
Finalisation of prior year acquisition fair values	(164)	–
Exchange differences	5,689	1,207
At 31 December 2016	49,230	35,525

The carrying value of the goodwill is analysed by business segment as follows:

	2016 £'000	2015 £'000	2014 £'000
Digital	33,231	28,340	27,133
Print	8,180	7,185	5,958
Market	7,819	–	–
	49,230	35,525	33,091

There were no impairment losses relating to goodwill at the end of the year (2015: £nil).

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired. Goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs) that is expected to benefit from the synergies of the combination. The Group's CGUs consist of: Digital, Print and Market. This represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. There is no goodwill in respect of the Group's international segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

An exercise was undertaken to establish whether there was any impairment of goodwill at the statement of financial position date of 31 December 2016, determined at the fair value of the CGUs less costs of disposal using a market approach and assumptions reflecting a market participant view. The valuation applies multiples of 3.2x to 2017 forecast Digital revenues, 6.4x for forecast 2017 Market revenues and 1.0x to 2017 forecast Print revenues, which are based upon sensitised benchmarks for comparable businesses. The 2017 revenues were taken from the latest forecasts approved by the Board. For the Digital CGU the key assumptions were the growth in advertising revenues, the number of transacting members and the average revenue per user. For the Market CGU the key assumptions were relating to new markets worldwide and the continuing growth of the Lisbon market. For the Print CGU the key assumption was the ability of the Group to maintain print advertising revenues during the transition to digital. Since the forecast future revenues are based on significant unobservable inputs, the fair value less costs of disposal of the goodwill is classified as a level 3 fair value.

A full sensitivity analysis has not been disclosed as management believes that any reasonable change in assumptions would not cause the carrying value of the Digital or Market CGUs to exceed their recoverable amounts. For the Print CGU, which has the lowest amount of headroom, if either revenues declined by 20% in the next 12 months or the multiple used decreased to .75x, it would most likely lead to an impairment of the goodwill of that segment.

The Company has no goodwill (2015: £nil).

NOTES TO THE FINANCIAL STATEMENTS

13. Intangible assets – other

Group

	Trademarks and copyright £'000	Development costs £'000	Service concession arrangements £'000	Customer relationships £'000	Other intangible assets £'000	Total £'000
Cost						
At 1 January 2015	4,378	6,158	–	–	5,371	15,907
Additions	51	1,751	–	–	–	1,802
Disposals	–	(820)	–	–	–	(820)
Exchange differences	168	–	–	–	266	434
At 31 December 2015	4,597	7,089	–	–	5,637	17,323
Acquisitions	28	10	1,212	3,275	2,227	6,752
Finalisation of prior year acquisition fair values	201	–	–	–	–	201
Additions	27	1,829	–	–	–	1,856
Disposals	(6)	(1,626)	–	–	–	(1,632)
Exchange differences	760	–	97	263	1,126	2,246
At 31 December 2016	5,607	7,302	1,309	3,538	8,991	26,746
Amortisation						
At 1 January 2015	66	2,549	–	–	113	2,728
Charge for the year	315	1,978	–	–	388	2,681
Eliminated on disposal	–	(817)	–	–	–	(817)
Exchange differences	4	–	–	–	7	11
At 31 December 2015	385	3,710	–	–	508	4,603
Charge for the year	456	1,705	22	384	553	3,120
Eliminated on disposal	–	(1,624)	–	–	–	(1,624)
Exchange differences	107	–	1	–	171	279
At 31 December 2016	948	3,791	23	384	1,233	6,378
Net book value						
At 31 December 2016	4,659	3,511	1,286	3,154	7,757	20,367
At 31 December 2015	4,212	3,378	–	–	5,130	12,720
At 1 January 2015	4,311	3,609	–	–	5,258	13,178

All development costs are internally generated software and are amortised over a range of two to four years depending on the useful life determined by management. The trademark and copyright intangible assets are not internally generated and are amortised over 15 years from the month of acquisition. The service concession relates to the concession granted by the Municipality of Lisbon to occupy and operate in an area within the Mercado da Ribeira in Lisbon. It is amortised over the life of the concession until the expiry of the current lease in 2031. Customer relationships relates to tenants operating in the Time Out Market and is amortised over five years, ending in 2021.

Other intangible assets relate to advertising relationships and internally generated software which is amortised over 15 years (until 2029) and four years (until 2020) respectively. The amortisation charge for all intangible assets is recognised in administrative expenses and the charge for the year was £3,120k (2015: £2,681k).

The Company has no intangible assets (2015: £nil).



14. Property, plant and equipment

Group

	Fixtures and fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2015	473	654	123	1,250
Additions	66	321	218	605
Disposals	(247)	(268)	–	(515)
Exchange differences	3	4	5	12
At 31 December 2015	296	711	346	1,352
Acquisitions	406	97	4,662	5,165
Additions	435	439	1,344	2,218
Disposals	(56)	(114)	(155)	(325)
Exchange differences	46	59	444	549
At 31 December 2016	1,126	1,192	6,641	8,959
Depreciation				
At 1 January 2015	162	391	33	586
Charge for the year	86	186	113	385
Eliminated on disposal	(227)	(267)	–	(494)
Exchange differences	2	2	4	8
At 31 December 2015	23	312	150	485
Charge for the year	188	244	278	710
Eliminated on disposal	(52)	(110)	(155)	(317)
Exchange differences	(17)	47	69	100
At 31 December 2016	142	493	342	977
Net book value				
At 31 December 2016	984	700	6,298	7,982
At 31 December 2015	273	399	196	867
At 1 January 2015	311	263	90	664

Group

Computer equipment includes the following amounts where the Group is a lessee under a finance lease:

	2016 £'000	2015 £'000
Cost	147	67
Accumulated depreciation	(26)	–
Net book value	121	67

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

	2016 £'000	2015 £'000
Gross finance lease liabilities - minimum lease payments:		
No later than one year	54	24
Later than one year and no later than five years	71	47
	125	71
Future finance charges on finance lease liabilities	(4)	(4)
Present value of finance lease liabilities	121	67

NOTES TO THE FINANCIAL STATEMENTS

14. Property, plant and equipment continued

The present value of finance lease liabilities is as follows:

	2016 £'000	2015 £'000
No later than one year	52	22
Later than one year and no later than five years	69	45
	121	67

The Company has no property, plant and equipment (2015: £nil).

15. Investment in associate

Group

On 14 June 2016, the Group acquired a further 41.5% of the ordinary share capital of Flypay Limited, having acquired 0.1% of their ordinary share capital during 2015. Flypay Limited is a market leader in innovative technology for the hospitality industry and the further investment is part of Time Out's strategy to monetise local businesses and plays an important role in the Group's transformation into a global multimedia and entertainment business.

The Group issued 4,660,000 ordinary shares as consideration, with a total fair value of £6,990k. In October 2016, the Group's share was diluted to 37.8% due to further investment from other investors. The dilution resulted in a fair value gain of £730k which is recognised in the income statement.

There is a risk that the Group will not be able to recover the value of this asset since Flypay Limited is currently loss-making. The Group will continue to assess the likelihood of this risk.

The cost of investment in Flypay is recognised on the statement of financial position as an investment in associate.

	2016 £'000	2015 £'000
Associate - Flypay Limited	7,153	-
	7,153	-

The Group's share of post-tax results from Flypay Limited, accounted for using the equity method, is £577k (2015: £nil).

The financial information of Flypay Limited is summarised below:

	2016 £'000	2015 £'000
Non-current assets	67	-
Current assets	6,188	-
Gross assets	6,255	-
Non-current liabilities	-	-
Current liabilities	(33)	-
Gross liabilities	(33)	-
Net assets	6,222	-
Revenue	111	-
Operating loss	(1,439)	-
Group's share of loss for the period	(577)	-



15. Investment in associate continued

A reconciliation of the above summarised financial information to the carrying amount in the consolidated financial statements is as follows:

	2016 £'000	2015 £'000
At 1 January	–	–
Additions	7,000	–
Fair value gain	730	–
Share in loss of associate	(577)	–
At 31 December	7,153	–

16. Other investments

	Cost and Net Book Value	
	2016 £'000	2015 £'000
Cost and Net Book Value		
At 1 January	8	8
Additions	–	–
Transferred to investment in associate	(8)	–
Exchange differences	–	–
At 31 December	–	8

The disposal in 2016 relates to the transfer of the existing investment in Flypay Limited to an investment in associate. More information is included in note 15.

Company

	Shares in Group undertakings	
	2016 £'000	2015 £'000
Cost and Net Book Value		
At 1 January	79,146	59,875
Additions	6,407	19,271
At 31 December	85,553	79,146

The additions in 2016 relates to a further investment in Time Out Group MC Limited of £4,000k (2015: £19,271k), a fellow Group undertaking, and to the acquisition of YPlan (£2,407k) which took place in October 2016.

NOTES TO THE FINANCIAL STATEMENTS

16. Other investments continued

As at 31 December 2016, the Company held investments in the following undertakings (except for Flypay Limited, all are accounted for using the acquisition method):

Name of company	Holding	Nature of business	Registered address	Country of registration (or incorporation)
Direct subsidiaries:				
Time Out Group MC Limited	100%	Holding company	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Time Out New York Limited	100%	Holding company	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Indirect subsidiaries:				
Time Out Group BC Limited	100%	Holding company	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Time Out Digital Limited	100%	Holding company	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Time Out Magazine Limited	100%	Dormant	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Time Out Nominees Limited	100%	Dormant	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Time Out England Limited	100%	Publishing & e-commerce	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Time Out International Limited	100%	Dormant	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Time Out Market Limited	85%	Holding company	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Time Out Market London Limited	100%	Operator of cultural market	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
Flypay Limited	37.8%	Payment solutions	7-10 Chandos St, London W1G 9DQ	England and Wales
Leanworks Limited	100%	E-commerce	125 Shaftesbury Ave, London WC2H 8AD	England and Wales
TONY HC Corp	100%	Holding company	1540 Broadway, 42nd Floor New York, NY 10036	United States of America
Time Out New York MC LLC	100%	Holding company	1540 Broadway, 42nd Floor New York, NY 10036	United States of America
Time Out America LLC	100%	Publishing & e-commerce	1540 Broadway, 42nd Floor New York, NY 10036	United States of America
Time Out Chicago LLC	100%	Publishing & e-commerce	100 N LaSalle Dr Suite 700, Chicago, IL 60602	United States of America
Time Out Market Miami LLC	100%	Operator of cultural market	1540 Broadway, 42nd Floor New York, NY 10036	United States of America
YPlan Inc	100%	Dormant	1540 Broadway, 42nd Floor New York, NY 10036	United States of America
Time Out Portugal, Unipessoal LDA	100%	Publishing & e-commerce	Avenida de Liberdade, no 10-4, 1250 Lisboa	Portugal
MC-Mercados da Capital, LDA	81%	Operator of cultural market	Rua D. Luis, no 19-2 andar 1200-149 Lisboa	Portugal
Time Out Market Porto, LDA	64%	Operator of cultural market	Rua D. Luis, no 19-2 andar 1200-149 Lisboa	Portugal
Time Out Iberia SL	100%	Service company	Sardenya 229 4a, 08013 Barcelona	Spain

All of the dormant companies listed above are exempt from preparing individual financial statements by virtue of s394A of the Companies Act 2006. These companies are also exempt from filing individual financial statements by virtue of s448A of the Companies Act 2006.



17. Inventories

Group

	2016 £'000	2015 £'000
Raw materials	229	117
Work in progress	–	15
Finished goods	12	52
	241	184

The Company has no inventories (2015: £nil).

18. Trade and other receivables

Group

	2016 £'000	2015 £'000
Current:		
Trade debtors	7,032	4,918
Other debtors	2,517	1,290
Prepayment and accrued income	2,438	1,856
	11,987	8,064

	2016 £'000	2015 £'000
Non-current:		
Other debtors	550	550
	550	550

The fair values of all financial assets of the Group equate to their carrying value.

As at 31 December 2016, Group trade receivables of £1,587k (2015: £1,220k) were past due but not impaired. The past due receivables relate to a number of independent customers for whom there is no recent history of default. The ageing of these trade receivables is over three months (2015: over three months).

As at 31 December 2016, Group trade receivables of £416k (2015: £157k) were impaired. The amount of the provision was £416k as at 31 December 2016 (2015: £157k). The individually impaired receivables mainly relate to international trade receivables. The ageing analysis of these trade receivables is over three months (2015: over three months).

Movements on the Group provision for the impairment of trade receivables are as follows:

	2016 £'000	2015 £'000
At 1 January	157	148
Acquisitions	146	–
Provision for receivable impairment	260	180
Receivables written off during the year as uncollectable	(162)	(168)
Unused amounts reversed	–	(7)
Exchange differences	15	4
	416	157

The creation and release of any provision for impaired receivables have been included in 'administrative expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The non-current balance relates to an office lease deposit that will mature in 2019.

NOTES TO THE FINANCIAL STATEMENTS

18. Trade and other receivables continued

Company

	2016 £'000	2015 £'000
Amounts owed by Group undertakings	100,374	3,018
Other debtors	–	39
Prepayment and accrued income	45	3
	100,419	3,060

All amounts due from Group companies relate to loans which are non-interest bearing, unsecured and repayable on demand.

19. Trade and other payables

Group

	2016 £'000	2015 £'000
Trade creditors	4,919	2,766
Social security taxes	575	562
Other creditors	1,764	1,369
Deferred consideration	809	–
Line of credit	3,424	2,445
Accruals and deferred income	6,028	5,434
Value Added Tax	124	411
	17,643	12,987

	2016 £'000	2015 £'000
Non-current:		
Deferred consideration	307	86
Other creditors	1,598	45
	1,905	131

Line of credit amounts included above represent the Group's accounts receivable financing agreements with two financial institutions. There is an agreement with RBS Invoice Finance Limited which is automatically renewed each year if certain conditions are met. Under the agreement, accounts receivable are assigned, with recourse, to this financial institution. In return the Group receives an advance of 80% of eligible assigned accounts receivable. The interest rate in effect for the year ended 31 December 2016 was 2.85% above the Bank of England base rate (2015: 2.85% above). At 31 December 2016, accounts receivable assigned to RBS Invoice Finance Limited were £2,483k (2015: £3,001k).

There is a similar agreement with Access Capital, Inc. for the US, and the same principles apply with an 85% advance of eligible assigned accounts receivable. The rate of interest under this agreement equates to approximately 10% (2015: approximately 10%). At 31 December 2016, accounts receivable assigned to Access Capital, Inc. were £2,222k (2015: £1,273k). Both facilities are secured by way of charges over certain of the Group's assets.

Included within other creditors is an amount of £121k (2015: £67k) relating to finance leases undertaken for IT equipment. There were £26k (2015: £nil) of costs associated with these leases included in depreciation and £2k (2015: £nil) included in finance costs. Deferred consideration comprises amounts payable in ordinary shares of Time Out in respect to the YPlan acquisition, of which further details can be found in note 11. Other creditors also includes liabilities for our e-commerce business as well as pension liabilities.

The non-current other creditors relates to a lease concession for the Lisbon market and deferred consideration to minority interests in the Lisbon market.



19. Trade and other payables continued

Company

	2016 £'000	2015 £'000
Deferred consideration	782	–
Accruals and deferred income	244	–
	1,026	–

20. Provisions

Group

	2016 £'000
At 1 January	–
Charged to the Income Statement	516
Used during the year	(37)
Unused amounts reversed	(144)
At 31 December	335
Analysis of total provisions:	
Current	186
Non-current	149
	335

The provision relates to an onerous lease contract on the office previously occupied by the YPlan company which was acquired in October 2016. The lease expires in July 2018.

The Company has no provisions (2015: £nil).

NOTES TO THE FINANCIAL STATEMENTS

21. Borrowings

Group

	2016 £'000	2015 £'000
Current:		
Financing of Time Out Market	1,083	–
	1,083	–
Non-current:		
Loan stock	–	3,565
Loan notes	–	4,032
Senior debt	–	4,755
Mezzanine debt	–	9,111
Financing of Time Out Market	1,515	–
	1,515	21,463

Borrowings repayable as follows:

	2016 £'000	2015 £'000
Between nil and one year	1,083	–
Between one and two years	491	12,352
Between two and five years	512	9,111
Over five years	512	–
	2,598	21,463

Company

	2016 £'000	2015 £'000
Non-current:		
Loan stock	–	3,565
	–	3,565

Borrowings repayable as follows:

	2016 £'000	2015 £'000
Between one and two years	–	3,565
	–	3,565

Financing of Time Out Market

The financing acquired with Time Out Market is comprised of loans from major suppliers under exclusivity contracts (£1,432k), financing provided by a local Urban Development Fund as part of the Joint European Support for Sustainable Investment in City Areas (JESSICA) initiative (£1,342k), a Shareholder loan (£376k) and a small bank loan (£276k). Repayments during the year were £1,118k and as part of these payments, the Shareholder loan acquired was paid off. The ending balances were £1,365k (JESSICA), £128k (bank loans) and £1,105k (supplier loans). The JESSICA loan is charged at a rate of the six-month EURIBOR rate plus 1.75% and is repayable in instalments to 2024. The supplier loans are non-interest bearing, held at fair value, and are paid in monthly instalments with the last instalment due in November 2018. The bank loan was charged at a rate of six-month EURIBOR plus 3.25% and was repaid early in January 2017.



21. Borrowings continued

Loan stock

In prior years, loan stock with a par value of £2,000k was issued by the Group to TO (Bermuda) Limited, one of the Group's controlling parties. Interest was charged at 12% per annum. At 30 June 2015, the repayment date was 30 November 2015, this was extended to 31 December 2017 by the end of 2015. Accrued interest is included above.

On 14 June 2016, the outstanding loan of £3,763k was settled partially in cash from the IPO proceeds, and partially through an offset against the receivable due from TO (Bermuda) Limited for the issue of 741,343 new ordinary shares.

Loan notes

In prior years, loan notes with a par value of £2,000k were issued by the Group to Oakley Capital Investments Limited, one of the Group's controlling parties. Interest was charged at 10% per annum. At 30 June 2015, the repayment date was 30 November 2015; this was extended to 31 December 2017 by the end of 2015. Accrued interest is included above.

On 14 June 2016, the outstanding loan and interest of £4,211k was settled through an offset against the receivable due from Oakley Capital Investments Limited for the issue of 2,807,653 shares.

Senior debt

In prior years, senior loans with a par value of US\$4,810k were issued by the Group to Oakley Capital Investments Limited, CP_TONY LLC and C&H Holdings LLC, all related parties. Interest was charged at 8.5% per annum. At 30 June 2015, the repayment date was 30 November 2015; this was extended to 31 December 2017 by the end of 2015. Accrued interest is included above.

On 14 June 2016, the outstanding loan and interest of £5,012k was settled partially in cash from the IPO proceeds, and partially through an offset against the receivable due from the counterparties for the issue of 2,361,543 new ordinary shares.

Mezzanine debt

In prior years, mezzanine loans with a par value of US\$7,074k were issued by the Group to Oakley Capital Investments Limited, CP_TONY LLC and C&H Holdings LLC, all related parties. Interest was charged at 15% per annum. The repayment date was 28 May 2018. Accrued interest is included above.

On 14 June 2016, the outstanding loan and interest of £9,850k was settled through an offset against the receivable due from the counterparties for the issue of 6,566,368 new ordinary shares.

Short-term loan

On 13 May 2016, Oakley Capital Investments Limited provided a short-term loan of £2,000k to provide financing for the IPO process.

On 14 June 2016, the outstanding loan and interest of £2,053k was settled partially in cash from the proceeds of the IPO, and partially through an offset against the receivable due from Oakley Capital Investments Limited for the issue of 189,760 new ordinary shares.

The fair values of all financial liabilities of the Group and Company equate to their carrying value.

NOTES TO THE

FINANCIAL STATEMENTS

22. Financial risk management and policies

Financial risk factors and management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign currency

The Group is exposed to foreign exchange risk as it operates overseas. The Group's realised gain on foreign exchange for the year was £250k (2015: £114k loss). The Group does not hedge its foreign currency risk as the majority of the Group's receivables, payables and borrowings are denominated in the functional currency of the relevant entity. Consequently, there are no material currency exposures to disclose (2015: £nil).

A sensitivity analysis was conducted at the end of the year ending 31 December 31 2016 in order to understand the exposure of the Group's income statement to currency fluctuations. This was particularly relevant during the year due to the weakening of sterling related to Brexit, as well as increased trading for subsidiaries with foreign-based trading (in euros and US dollars). The analysis used the actual monthly average rates and appreciated/depreciated each of the rates by 10%. The main assumptions revolve around this 10% adjustment to the rates which was applied linearly across the months instead of for a specific time, i.e. after Brexit.

The effects of the analysis showed that if the euro and US dollar had appreciated by 10% during the year, reported revenue would be £37,535k and the adjusted EBITDA loss would be £10,674k. If, conversely, the euro and US dollar had depreciated by 10% during the year, reported revenue would be £34,103k and adjusted EBITDA loss would be £9,821k.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. In order to minimise this risk the Group endeavours to only deal with companies which are demonstrably creditworthy. The maximum exposure to credit risk is the value of the outstanding trade receivables. The management do not consider that there is any concentration of risk within trade receivables.

The Group puts provisions in place for specific known bad debts. In addition, further provisions are made based on historical customer payment trends, current local market conditions and the normal average time taken to pay in each individual country. An analysis of the Group's trade receivables and provision for bad debts is included in note 18. The maximum credit risk exposure of the Group is the gross carrying value of each of its financial assets.

As well as credit risk on accounts receivable balances with customers, credit risk arises on cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only reputable institutions with a strong, independently rated credit rating are used.



22. Financial risk management and policies continued

Liquidity risk

Cash flow forecasting is performed by the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs whilst maintaining sufficient headroom to meet any repayment requirements.

In June 2016, the Group raised gross proceeds of £90,000k from the IPO process. This funding was partially used to repay the existing shareholder debt at the time of listing. The remainder of the proceeds will fund investment in the business. The maturity profile of the Group's borrowings is set out in note 21.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Over five years £'000	Total £'000
As at 31 December 2016					
Borrowings (ex finance lease liabilities)	1,099	499	534	564	2,696
Finance lease liabilities	52	52	26	–	130
Trade and other payables	15,620	464	157	1,252	17,493
	16,771	1,015	717	1,816	20,319

	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Over five years £'000	Total £'000
As at 31 December 2015					
Borrowings (ex finance lease liabilities)	–	12,352	9,111	–	21,463
Finance lease liabilities	23	23	23	–	67
Trade and other payables	11,386	70	5	36	11,496
	11,409	12,445	9,139	36	33,029

Interest rate risk

The Group's exposure to interest rates is low. Lines of credit are subject to increases in the Bank of England base rate, but all other debt is at a fixed rate. The Group has not completed a sensitivity analysis for this risk because the minimal debt levels would result in an immaterial impact to the accounts.

Capital risk management

The Group's capital management objective is to ensure the Group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders. To meet this objective the Group reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Group.

The capital structure of the Group consists of shareholders equity as set out in the Consolidated Statement of Changes in Equity. All working capital requirements are financed from existing cash resources and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial instruments

Fair values

The table below illustrates the fair values of all financial assets and liabilities held by the Group at 31 December 2016 and 31 December 2015.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost using the effective interest rate method and the carrying value in all cases approximate to the fair value.

The Group's financial liability for the option over the non-controlling interest of MC-Mercados da Capital, LDA is measured at fair value through profit or loss. The initial recognition, as part of the acquisition of Time Out Market Limited, was at fair value and subsequent changes in fair value are charged to the Income Statement.

All other liabilities, including loans and trade and other payables are held at amortised cost. After initial fair value recognition, these instruments are measured at amortised cost using the effective interest rate method. The carrying value of these liabilities approximates to the fair value.

Classification of financial instruments	Loans and receivables £'000	Available for sale assets £'000	Liabilities measured at amortised cost £'000	At fair value through profit or loss £'000	Total £'000
As at 31 December 2016					
Assets					
Cash and cash equivalents	50,082	–	–	–	50,082
Trade and other receivables	11,264	–	–	–	11,264
Other investments	–	–	–	–	–
	61,346	–	–	–	61,346
Liabilities					
Financing of Time Out Market	–	–	(1,493)	(1,105)	(2,598)
Finance lease obligations	–	–	(121)	–	(121)
Financial liability NCI option	–	–	–	(236)	(236)
Trade and other payables	–	–	(17,169)	–	(17,169)
Provisions	–	–	(334)	–	(334)
	–	–	(19,117)	(1,341)	(20,458)

Classification of financial instruments	Loans and receivables £'000	Available for sale assets £'000	Liabilities measured at amortised cost £'000	At fair value through profit or loss £'000	Total £'000
As at 31 December 2015					
Assets					
Cash and cash equivalents	4,282	–	–	–	4,282
Trade and other receivables	7,798	–	–	–	7,798
Other investments	–	–	–	–	–
	12,080	–	–	–	12,080
Liabilities					
Shareholder loans	–	–	(21,463)	–	(21,463)
Finance lease obligations	–	–	(67)	–	(67)
Trade and other payables	–	–	(11,429)	–	(11,429)
	–	–	(32,959)	–	(32,959)

The Group assesses at each year end reporting date whether a financial asset or group of financial assets is impaired. In the financial year 2016 there was no objective evidence that would have necessitated the impairment of loans and receivables or available for sale assets except the provision for impairment of receivables (see note 18).

The Company had trade and other receivables of £100,374k (2015: £3,057k) relating to intercompany debtors and also had trade and other payables of £1,026k (2015: £nil) related to deferred consideration and accruals.



24. Called up share capital

	Nominal value	2016 Number	2015 Number
New ordinary shares	£0.001	131,166,644	–
Ordinary shares	£1.00	–	10,550
Series 1 Preference shares	£0.01	–	89,508,500
Series 2 Preference shares	£0.01	–	5,145,120
Aggregate amounts		131,166,644	94,664,170

	Nominal value	2016 £'000	2015 £'000
New ordinary shares	£0.001	131	–
Ordinary shares	£1.00	–	11
Series 1 Preference shares	£0.01	–	895
Series 2 Preference shares	£0.01	–	51
Aggregate amounts		131	957

On 29 February 2016 4,000,000 Series 1 Preference shares of £0.01 each were allotted as fully paid at a subscription price of £1 per share.

Pre-IPO Reorganisation

On 23 May 2016, the Company undertook a bonus issue of £95k Ordinary shares which were paid up from the Company's share premium account.

On 27 May 2016, the Company undertook a capital reduction pursuant to sections 642 to 644 of the 2006 Companies Act, in order to create distributable reserves.

On 14 June 2016, the share capital of the Company was re-organised into a single class of shares as follows:

- a bonus issue of 7,221,847 Series 1 Preference shares of £0.01 each to be paid up out of the Company's share premium account was made;
- each of the Ordinary shares of £1.00 each were converted into 1,000 new Ordinary shares of £0.001 each and redesignated as deferred shares and their rights varied accordingly;
- each of the Series 1 preference shares of £0.01 each was subdivided into 10 new Series 1 preference shares of £0.001 each, 948,317,722 of the Series 1 preference shares of £0.001 each were converted into and redesignated as deferred shares and their rights varied accordingly;
- each of the Series 2 preference shares of £0.01 each was subdivided into 10 new Series 2 preference shares of £0.001 each, and each of the Series 2 preference shares of £0.001 each were converted into and redesignated as deferred shares and their rights varied accordingly;
- 58,986,718 of the Series 1 preference shares of £0.001 each were converted into and redesignated as Ordinary shares of £0.001 each and their rights varied accordingly.

IPO

On admission:

- the Company issued 6,353,281 Ordinary shares to Oakley Capital Investments Limited in consideration of the acquisition of Time Out Market Limited (see note 11);
- the Company issued 4,660,000 Ordinary shares to Oakley Capital Investments Limited in consideration of the acquisition of an additional 41.5% of the issued share capital of Flypay Limited (see note 15);
- the Company issued 60,000,000 Ordinary shares to investors.

NOTES TO THE FINANCIAL STATEMENTS

24. Called up share capital continued

Post-IPO

The Company issued 1,166,644 Ordinary shares to the owners of Leanworks Limited in consideration of the acquisition of YPlan (see note 11).

2015 commentary

During the year the Company issued 910 Ordinary shares at a value of £1 per share. 19,270,620 Series 1 Preference shares of £0.01 each were allotted as fully paid at a subscription price of £1 per share during the year.

25. Notes to the cash flow statement

Group reconciliation of loss before income tax to cash used in operations

	2016 £'000	2015 £'000
Loss before income tax	(18,843)	(20,969)
Add back:		
Net finance costs	1,142	2,517
Share based payments	1,064	–
Depreciation charges	710	385
Amortisation charges	3,120	2,680
Fair value gain on investments	(730)	–
Loss on disposals of fixed assets	16	–
Non-cash movements	77	(454)
Share of associate's loss	577	–
(Decrease)/increase in inventories	(29)	148
Increase in trade and other receivables	(1,982)	(411)
(Decrease)/increase in trade and other payables	(1,087)	2,941
Cash used in operations	(15,965)	(13,163)



26. Operating leases

Group

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases over land and buildings, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	2,200	1,469
Between one and five years	5,932	3,900
In more than five years	2,047	1,217
	10,179	6,586

The leases relate to rental agreements in London, New York and other locations.

At the reporting date, the Group also had outstanding commitments for future minimum lease payments under cancellable operating leases related to Time Out Market locations in Miami, London and Porto, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	96	–
Between one and five years	11,793	–
In more than five years	22,477	–
	34,366	

If planning permissions are not received in each respective jurisdiction, these leases are cancellable without recourse.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2016 £'000	2015 £'000
Within one year	916	–
Between one and five years	1,914	–
In more than five years	1,047	–
	3,877	

The receivables relate to the market in Lisbon.

The Company does not have any operating leases (2015: £nil).

27. Pension commitments

The Group operates defined contribution pension schemes on behalf of its employees. During the year, contributions of £496k (2015: £463k) were made on behalf of employees and at the year end £137k (2015: £129k) remained outstanding.

NOTES TO THE FINANCIAL STATEMENTS

28. Share based payments

Group

The charge in respect of share based payment transactions included in the Group's Income Statement for the year is as follows:

	2016 £'000	2015 £'000
Expense arising from share option plans	1,064	–

Long Term Incentive Plan

IPO Award

An award was made to the Group Chief Executive Officer and Chief Financial Officer on the listing date, 14 June 2016, as follows:

Director	Exercise price (p)	Number of options awarded	Vesting dates
Julio Bruno	150	6,500,000	A third on each of the first, second and third anniversaries of the grant
Richard Boulton	150	266,667	The third anniversary of appointment

There are no specific performance conditions attached to these awards, other than the service conditions noted above.

Other awards made during the year were as follows:

Senior managers August 2016	141	825,000
Senior managers October 2016	141	1,916,667
YPlan employees	0.1	1,262,876

The only specific performance condition attached to these awards is of continued service. A quarter of each award's options vest each year on the anniversary date for four years after grant. There is a 12 month lock-in period following each vesting date. More information can be found in the Directors' Report on page 31.

The total movement during the year is as follows:

	2016 Number of options	2015 Number of options
Outstanding at 1 January	–	–
Options exercised in the year	–	–
Options lapsed in the year	(986,021)	–
Options granted in the year	10,771,210	–
Outstanding at 31 December	9,785,189	–

The options which lapsed during the year relate to employees who have left the Company.

Of the 9,785,189 options outstanding at the year-end, none were exercisable. No options were exercised in the year and none expired. The weighted average exercise price of options granted during the year was 143p.



28. Share based payments continued

The fair value of the award was valued using the Black-Scholes model, the assumptions used in the valuation are:

	IPO award	Mgmt award
Risk-free interest rate	0.3% - 0.4%	0.1% - 0.4%
Peer group volatility	47.5% - 48.9%	45.7% - 48.3%
Expected option life in years	1-3	1-4
Expected dividend yield	nil	nil
Share price at grant date	150p	141p - 143p
Exercise price at grant date	150p	nil - 141p
Weighted average fair value of options at grant date	40p	39p - 141p

The weighted average fair value of options granted during the year was 47p. The weighted average expected life of the options was 1.49 for IPO award and 1.94 for the management awards.

29. Related party transactions

Group

The Group is controlled by Oakley Capital Investment Limited ("OCIL") and Oakley Capital Private Equity, who together owned 58.55% of the Company's shares as at the year ended 31 December 2016. There is a summary of majority ownership interests in the Directors Report on page 33.

The following transactions were carried out with related parties:

Acquisition of Time Out Market Limited

On 14 June 2016, the Group acquired the entire issued preference share capital and an additional 76.6% of the ordinary share capital of Time Out Market Limited from OCIL, a controlling related party. The Group issued 6,353,281 ordinary shares as consideration, with a total fair value of £9,530k. More information can be found in note 11.

Other relating to Time Out Market Limited

Time Out Digital Limited had a debtor balance with Time Out Market Limited at the year-end of £5,251k of which £3,147k related to funding. In addition to the funding, Time Out Digital Limited provided £1,750k in July 2016 in order to buy out a minority interest in the Lisbon market and pay off a shareholder loan in that company. The rest of the balance relates to transfer pricing charges and trading between companies.

Acquisition of associate interest in Flypay Limited

On 14 June 2016, the Group acquired a further 41.5% of the ordinary share capital of Flypay Limited, from OCIL, a controlling related party. The Group issued 4,660,000 ordinary shares as consideration, with a total fair value of £6,990k. In October 2016, the Group's share was diluted to 37.8% due to further investment from other investors. The dilution resulted in a fair value gain of £730k which is recognised in the income statement. More information can be found in note 15.

NOTES TO THE FINANCIAL STATEMENTS

29. Related party transactions continued

Other

During the year, Time Out America paid \$80k to Oakley Capital for 2012 Directors' Fees. The cost of the fees were included in prior year results. The Group also engages with Oakley Advisory, a subsidiary of Oakley Capital Investment Limited, on a consultancy basis and pays it a minimum fee of £60k per annum.

Financing transactions with related parties are detailed in note 21.

The issue of share capital to related parties is detailed in note 24.

Company

The Company had the following balances outstanding with related parties, all of whom are companies within the Group:

	2016 £'000	2015 £'000
Time Out Group MC Limited	1,112	3,565
Time Out Group BC Limited	20,731	–
Time Out Digital Limited	63,954	(443)
Time Out England Limited	(188)	22
Time Out America LLC	(97)	(128)
Time Out New York Limited	14,861	–
	100,373	3,016

30. Events after the reporting period

There were no events to report after the period end.



COMPANY

INFORMATION

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