Time Out

Time Out Group plc

Annual Report and Accounts 2019

Time Out Group is a leading global media and leisure business that inspires and enables people to experience the best of the city

Time Out Group comprises two highly synergistic business Divisions: Time Out Media and Time Out Market.

Across its digital and physical platforms, Time Out distributes its curated content – written by professional journalists – around the best food, drink, culture, entertainment and travel across 328 cities in 58 countries.

The Group's mission is to help people around the world go out better and enrich their lives with memorable experiences.

For more information visit **timeout.com**

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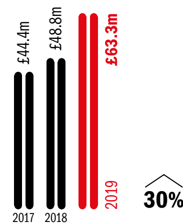
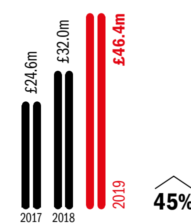
2019 highlights



Net revenue[1]

£63.3m

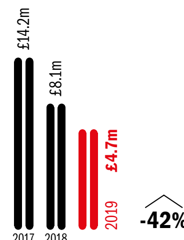
(2018: £48.8m)



Gross profit

£46.4m

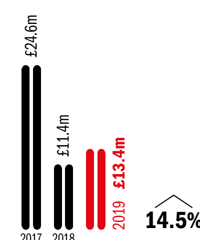
(2018: £32.0m)



Adjusted EBITDA[2] loss

£4.7m

(2018: £8.1m)



Operating loss

£13.4m

(2018: £11.4m)

Operational highlights

- **The Group's global brand audience increased by 18%** to a monthly average of 63.2m (2018: 53.6m), primarily driven by growth in social media channels.
- **Time Out Market's scale transformed by the opening of five new markets.**
  - Lisbon continued to exceed expectations with a record 4.1m visitors (2018: 3.9m), £36.8m of TTV[3] (2018: £35.1m) and adjusted EBITDA of £5.3m (2018: £4.4m).
  - Opening of four owned & operated markets in Miami, New York, Boston and Chicago, and the first management agreement in Montreal, growing the number of concessionaires to 139.
  - Dubai management agreement signed (for an expected Q1 2021 opening), increasing the number of contracted sites to 11, with a growing pipeline of attractive, global opportunities under consideration.
- **Time Out Media economics continue to rapidly improve.**
  - Digital advertising growth of 10% to 16.4m (2018: £14.9m), driven by audience growth, programmatic advertising and creative solutions.
  - Focus on higher quality revenues and operational improvements delivered a seven percentage-point increase in gross margins to 67%.
  - Continued delivery of efficiencies with 9% year-on-year savings in operating expenses.
- **Post year end, the COVID-19 pandemic has had a significant impact on trading. Further details are included on page 21.**

1 See note 4 for the explanation of gross and net revenue.

2 Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, share based payments, share of associate's loss and exceptional items. It also includes property lease costs which, under IFRS 16, is replaced by depreciation and interest charges (see note 4). This is a non-GAAP alternative performance measure that management uses to aid understanding of the underlying business performance.

3 Total transaction value includes food, bar and retail sales.

At a glance

Time Out Group comprises two highly synergistic business Divisions: Time Out Market and Time Out Media

Time Out Market

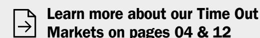
Time Out Market brings the best of the city under one roof, based on Time Out's editorial curation.

Net revenue
£23.2m

Markets
6

Visitors
5.5m

Concessionaires
139



Learn more about our Time Out Markets on pages 04 & 12

What we do

Time Out helps people go out better in cities around the world. It all began in 1968 when Time Out magazine launched to help people explore things to do in London.

Today, the Group's digital and physical presence comprises websites, mobile, magazines, live events and Time Out Market. Across these platforms, Time Out distributes its curated content – written by professional journalists – around the best food, drink, culture, entertainment and travel across 328 cities in 58 countries, reaching a global monthly brand audience of over 63m.

Digital advertising

Digital advertising growth was driven by audience growth, programmatic advertising and creative solutions.

Net revenue
£16.4m

Average monthly website unique users
23.8m

Average monthly social media unique users
32.0m

Learn more about our digital advertising on page 10

Print advertising

Print is a key driver of Time Out's brand awareness with magazines published in around 40 cities.

Net revenue
£14.8m

Average monthly circulation
3.5m

Magazines distributed in 2019
42m

Learn more about our print advertising on page 10

Other

'Other' revenues include live events, local marketing solutions and e-commerce as well as franchising.

Net revenue
£8.9m

Number of transactions (000's)
381

Active listers (000's)
862

Learn more about our other revenues on page 10

% displayed are of Net Revenue

2019: A breakthrough year for Time Out Market

The best of the city under one roof

Lisbon

A historic market building in Lisbon was turned into the world's first Time Out Market with a mission to bring the Time Out magazine to life by offering the best of the city under one roof: its best chefs, drinks and cultural experiences – based on editorial curation.

Miami

Located just off South Beach's famed Lincoln Road, Time Out Market Miami is close to the iconic Art Deco District, the fabulous beach and some of the best hotels. Its curated mix features top talent making up the city's vibrant culinary scene: James Beard Award-winning chef Norman Van Aken, 'Top Chef Season 13' winner Jeremy Ford, Antonio Bachour (known as one of the world's best pastry chefs), Azucar by Suzy Batlle and more.

New York

Time Out Market New York occupies two floors of the historic Empire Stores at 55 Water Street in Dumbo, Brooklyn. The ground floor hosts 17 culinary concepts and two bars; and the fifth floor has four additional chef-driven eateries, a bar, a stage for cultural experiences and an outdoor rooftop overlooking the East River, offering spectacular views of Manhattan's skyline, the Brooklyn Bridge and the Manhattan Bridge.

Opened May 2014

Sq ft
32,000

Restaurants
32

Bars
8

Cooking School
1

Studio
1

Shops
5

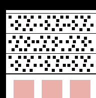
Opened May 2019

Sq ft
18,000

Restaurants
18

Bars
3

Demonstration kitchen
1

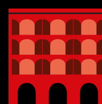


Opened May 2019

Sq ft
21,000

Restaurants
21

Bars
3



2019 SAW FIVE NEW TIME OUT MARKETS OPEN SUCCESSFULLY

In 2014, the editorial team behind Time Out Lisbon created Time Out Market Lisbon – the world's first food and cultural market based wholly on editorial curation. Today, it is Portugal's most popular attraction with over four million visitors a year. Following this success, the Group is expanding the format globally and 2019 saw the successful opening of five new Time Out Markets in North America – making this a transformative year for the Company.

The portfolio now includes six markets, together offering food from 120 of the world's best chefs across a total of 185,000 sq ft, with more sites in the pipeline.

Time Out Market is a perfect extension of the iconic Time Out brand, which since 1968 has helped people go out better in the world's greatest cities with its unique content. Now this editorial curation of the best of the city has also been brought to life in physical locations around the world.

Boston

Time Out Market Boston is located at the iconic 401 Park – a striking Art Deco building right at the heart of the popular and dynamic Fenway neighbourhood. The market is a new food and cultural destination in this part of the city which already attracts millions of visitors each year with its museums, restaurants, bars, universities and Fenway Park, home to the Boston Red Sox.

Montréal

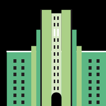
Time Out Market Montréal is the centrepiece of Centre Eaton de Montréal on Sainte-Catherine Street – a major downtown destination owned and managed by global real estate leader Ivanhoé Cambridge with whom the Company has partnered for its first management agreement. The fact that Ivanhoé Cambridge chose Time Out Market as strategic partner, making a significant investment, is proof of the strength of the format and the brand.

Chicago

Located at 916 W Fulton Market and spanning 50,000 sq ft across three floors, Time Out Market Chicago is the largest of the five new sites – it is a big celebration of a city rich in culinary and cultural experiences. There is a communal dining area surrounded by the kitchens and an impressive bar on the ground floor; the first floor offers a demo and an event kitchen, a speakeasy plus an entertainment platform with bleacher seating; a rooftop bar with skyline views can be found on the second floor.

Opened June 2019

Sq ft 25,500
Restaurants 15
Bars 2
Demonstration kitchen 1

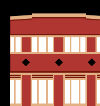


Opened November 2019

Sq ft 40,000
Restaurants 16
Bars 3
Demonstration kitchen 1
Shop 1
Cooking school 1

Opened November 2019

Sq ft 50,000
Restaurants 18
Bars 3
Event kitchen 1
Demonstration kitchen 1



Chairman's letter

In 2019, Time Out Group achieved significant milestones.

"Time Out has strengthened its position as the leading global brand for discovering the best of a city."

Peter Dubens
Non-Executive Chairman

Read my biography on page 32

The greatest progress made by Time Out Group in the last ten years was the embracing of new channels, growing its audience from those that read the magazine (3.5m monthly average), to those that visit and buy tickets on our website, share our Facebook posts or like our Instagram content (55.8m monthly average). The natural step in the journey was to unite our digital audience and our handpicked city highlights in physical locations, creating a 'phygital' business, and so in 2014 the highly successful Time Out Market Lisbon was born, bringing the magazine to life and the best of the city under one roof. This year saw the start of a successful roll out of this concept, establishing a global physical channel for Time Out's leading and trusted curation.

RESULTS

The impact of this evolution was evident in the 2019 financial performance of the Group. Group gross revenue grew by 58% year-on-year to £77.1m driven by the Time Out Market expansion and the continued success of the Lisbon site. As significantly, adjusted EBITDA loss improved by 42% to a £4.7m loss as the focus on higher quality Media revenues and operational improvements delivered an increase in gross margins to 73%. Global brand audience growth of 18% to a monthly average of over 63m is testament to the power and relevance of this leading global brand. The appeal of this valuable, young, active, mobile audience was evident from the 10% growth in digital advertising in the period, in spite of wider market trends. We were pleased to welcome significant new shareholders to the register in the period, who bring with them funding strength and deep leisure expertise. Their support of a £17.1m equity fund raising in October 2019 was a strong endorsement of the Group strategy and the recent progress made.

A GLOBAL PHYGITAL BUSINESS

Following the openings in Miami, New York, Boston, Chicago and Montreal, Time Out Market – together with Lisbon – now covers 185,000 square foot, has over 4,000 seats and provides kitchens for 120 of our host cities' best chefs, with six Michelin stars and nine James Beard Foundation Awards between then.

This platform attracted 5.5m visitors and generated a total transaction value of £65.5m in 2019. Whilst this scale and performance is impressive, the key milestone reached is the proof that the Time Out Market concept can thrive outside of Portugal and that the Group has the strength in depth to open this many world class food and cultural sites in little over a six-month period. It bodes well for the years ahead as the Group plans to introduce more and more of our discerning online audience to the world's greatest chefs and cultural experiences in this unique city by city experience. Most recently, Dubai joined the future roster of London, Porto and Prague and we look forward to adding many more cities in the years ahead. Our pipeline of opportunities has been bolstered by the challenge commercial landlords face in attracting footfall, at a time when the high street is facing declining traffic. We are also encouraged by the increased engagement with real estate developers, who have responded positively to the success of the Montreal Market – our first management agreement – located in Centre Eaton, the city's biggest shopping destination. As a consequence, we expect to sign more agreements of this kind as we build a physical footprint for the very best of local on a global scale.

COVID-19

Since the period end the outbreak of the COVID-19 pandemic has had a material impact on all areas of the Group. Time Out has responded quickly to these unprecedented times and the Board believes that, following a successful equity fundraising, a cost reduction programme and further strategic initiatives, the Group will emerge, with a stronger brand, a larger audience and will be well positioned to continue the successful Time Out Market roll-out which transformed the Group in 2019. Further disclosure is included on page 21.

PEOPLE

On behalf of our Board and our Shareholders I would like to thank everyone at Time Out Group for their hard work, dedication and passion for our brand and business. In 2019 you transformed the Group with the expansion of our physical channel. The complexity of planning, design, build and licensing that was overcome to successfully open five new Markets in just over six months was truly impressive. COVID-19 and its wake will present us with another significant challenge that we know you will once again be equal to.

In July 2020 we were deeply saddened by the loss of Time Out founder Tony Elliott. In 1968 Tony set out to reveal the best of a city to his readers, helping them discover its restaurants, art, theatre, film, museums and much more. Time Out may have since grown from magazines to digital media and latterly physical markets, but it has continued to focus on Tony's mission to unlock the secrets of a city and unearth local champions. He was a great visionary, entrepreneur and supporter of culture and the arts and will be missed by us all at Time Out.

Peter Dubens
Non-Executive Chairman

Strategic Report

EDITORIAL CURATION

Time Out started as a magazine in London in 1968 to inspire and enable people to explore and enjoy the best of the city. Since then, Time Out editors have been writing about the best food, drink and cultural experiences.

Over 50 years later, Time Out continues to be trusted and loved by consumers around the world, and its editorial curation continues to have authority. Today, a global team of local expert journalists is curating the best things to do in 328 cities in 58 countries across websites, magazines, social media and live events to help people go out better. Now this curation is also brought to life at Time Out Market.

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Our business model

Professional content

Distributed by

Cities with our content
328

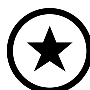
Countries
58

Re-invest

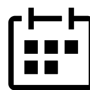
Diversified revenues

This global audience and strong traffic is monetised through advertising and commerce

Advertising

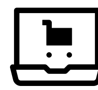


Sponsorship & Live Events



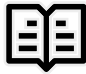
Food & Beverage

E-commerce



'Phygital' channels

Print



Web

Social

Physical

of the city

Generating

Desirable audience

Time Out has an experience-hungry, global brand audience – monthly average of 63.2m across its multiple channels

Global brand audience – monthly average (2019)

63.2m

Strategy update

Our strategy has seven pillars divided between our two business Divisions:

Time Out Group has a number of strategic focus areas across its two business Divisions – Time Out Market and Time Out Media – to help deliver against the growth strategy.

Time Out Market

Time Out Market Lisbon

Continued revenue and profit growth of the Group's flagship market

Progress in the year

- Record 4.1m visitors in its fifth anniversary year. Net revenue growth of 7% to £9.5m, including Time Out Bar revenue growth of 20% and strong performances by Studio and Chef's Academy.
- Strong cost control further contributed to an adjusted EBITDA of £5.3m (23% ahead of prior year).
- Time Out Market Lisbon demonstrated the halo effect it has on Time Out Media with the Lisbon website growing average monthly unique visitors by 45%.

Global roll-out

(owned & operated)

Establish Time Out Market as a core pillar of the Group's activities

Progress in the year

- Successful opening of four owned & operated markets in Miami, New York, Boston and Chicago.
- From the outset, the new sites have seen encouraging trading volumes, and feedback from consumers and professional critics has been very positive.
- All sites were fully contracted with the cities' best chefs and restaurateurs, growing the number of concessionaires across all markets to 139.
- All markets had an exciting programme of cultural experiences, complementing the culinary offering.
- London Waterloo and Porto markets expected to open in 2022 due to COVID-19 related delays.
- The pipeline also includes London Spitalfields, subject to approvals.

Broaden business model

(management agreements)

Accelerate Time Out Market global expansion

Progress in the year

- Successful opening of Time Out Market Montréal, the Group's first management agreement – with highly encouraging results.
- Dubai (management agreement with Emaar) signed in April 2019, set to open in Q1 2021.
- Prague (management agreement with CRESTYL Group) is set to open in 2023.
- There is very strong and growing interest for management agreements from landlords globally; the Group plans to invest in the central infrastructure required to capitalise on these opportunities which offer greater potential than initially envisaged.

Time Out Media

World class content

Continue curating the best of the city, helping people go out better

Progress in the year

- Content published across 328 cities and 58 countries.
- Creation and global distribution of key content projects: Time Out Index, 'World's coolest neighbourhoods', DO list, EAT list and DRINK list, driving incremental visits and brand awareness through accompanying global press coverage.
- Strong focus on growing volume of video content across all channels, heavily leveraging Time Out Market.
- The editorial team's chef curation for new Time Out Markets has been very successful, including Michelin star chefs and James Beard Award winners.

Growing our global audience

Grow and diversify brand audience across digital, print and physical channels

Progress in the year

- The Group's global brand audience grew by 18% to a monthly average of 63.2m.
- Strong growth in global website audience in unique users to a monthly average of 23.8m (up 12% year on year).
- The growth of Time Out's social media audience to a monthly average of 32m (up 28% year on year) was the main driver of total global brand audience, helping reduce reliance on Google and its competitors to drive Time Out website traffic.
- The expansion of Time Out Market-related content has helped grow Time Out's engaged and valuable audience in the food and drink category by 25% year on year (41% in North America).
- The growing profile of Time Out Market was further evidenced by the strong growth in website audience in Market cities.

Grow digital revenues

Continue to grow and optimise digital advertising revenues

Progress in the year

- Digital advertising growth of 10% materially outperformed a challenging market.
- Programmatic advertising growth of 28% has been the key driver of digital advertising growth with the Company aggressively pursuing Private Marketplace (PMP) and Programmatic Guaranteed (PG) business, enhanced with Time Out's first party data, to drive higher yields.
- Integrated Creative Solutions have been another key driver of digital advertising growth with proposals including a higher digital component and sales teams upskilled with digital capabilities.
- Other product developments, which helped deliver incremental direct and programmatic video revenue, included changes to the video player technology.

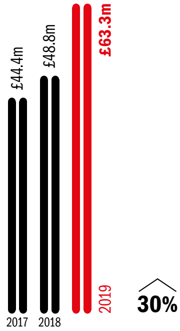
Operational efficiencies

Focus on high margin activities and cost efficiency

Progress in the year

- Seven percentage-point increase in gross margin to 67%, driven by operational improvements across all business lines and the shift in revenue mix to higher-margin digital activities.
- Print gross margins increased six percentage points to 41% with the optimisation of frequency of certain print publications.
- Live Event gross margins improved 27 percentage points to 46% with a greater focus on sponsor-led events.
- E-commerce gross margins improved eight percentage points to 82% as the Group continued to focus on organic traffic.
- The greater focus on high-margin revenue has helped to unlock further overhead efficiencies with 9% year-on-year savings in operating expenditure.

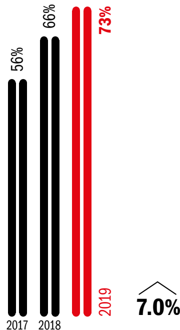
2019 FINANCIAL HIGHLIGHTS



Net revenue

£63.3m

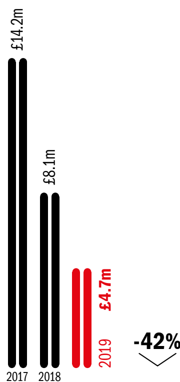
(2018: £48.8m)



Gross margin (%)

73%

(2018: 66%)



Adjusted EBITDA loss

£4.7m

(2018: £8,1m)

Chief Executive's review

2019 was a year of transformation for Time Out Group.

> **“2019 saw the successful opening of five Time Out Markets in North America and Time Out Media made significant progress during the period.”**

Julio Bruno
Chief Executive

Read my biography on page 34

GROUP SUMMARY

2019 was a transformational year for Time Out Group as it continued to deliver on its key objectives of growing the Brand's global audience, scaling Time Out Market ('Market') internationally and significantly improving the economics of Time Out Media ('Media'), which delivered positive adjusted EBITDA in the second half of the year.

Financial overview

	2019 £m	2018 £m	Change %
Market	23.2	9.0	158%
Media	40.1	39.8	1%
Group net[1] revenue	**63.3**	**48.8**	**30%**
Gross Margin %[2]	*73%*	*66%*	*7%*
Market	(0.6)	1.4	(145)%
Media	(2.2)	(7.9)	72%
Divisional adjusted EBITDA loss[3]	**(2.8)**	**(6.5)**	**57%**
Corporate costs	(1.9)	(1.6)	(18)%
Group adjusted EBITDA loss	**(4.7)**	**(8.1)**	**42%**

1 See note 4 for the explanation of net revenue.

2 Gross margin calculated as gross profit as a percentage of net revenue.

3 Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, share based payments, share of associate's loss and exceptional items. It also includes £4.0m of property lease costs which, under IFRS 16, is replaced by depreciation and interest charges (see note 4). This is a non-GAAP alternative performance measure that management uses to aid understanding of the underlying business performance.

Revenue growth

Group net revenue growth of 30% to £63.3m (2018: £48.8m) was primarily driven by Market (158% growth), which benefitted from the successful opening of five new food and cultural markets in North America, including the first management agreement in Montreal; Time Out Market Lisbon also continued to exceed expectations with net revenue growth of 7% to £9.5m. Media revenue growth of 1% was also encouraging within the context of a challenging media landscape and the continued delivery of the operational plan to focus on higher-margin activities and, in doing so, curtail the volume of low-margin live events, optimise the frequency of certain print publications and concentrate e-commerce efforts on organic traffic.

Adjusted EBITDA loss improvement

Media's strong focus on gross margins and operational efficiencies enabled it to improve its full-year adjusted EBITDA loss by 72% to a loss of £2.2m (2018: £7.9m loss). This operational strategy further drove the seven percentage point increase in Group gross margins to 73% (2018: 67%) and the overall 42% year-on-year improvement in Group adjusted EBITDA loss to a loss of £4.7m (2018: £8.1m loss).

Although it was a period of significant investment in the Market cost base, in support of the accelerated global roll-out, both Divisions made positive contributions to the Group achieving the critical milestone of divisional adjusted EBITDA (before corporate costs) of £0.9m in H2.

Chief Executive's review continued

Operational KPIs

The following operating KPIs reflect the global, and increasingly integrated, nature of the Group:

	2019	2018	Change	%
Global brand audience – monthly average[1]	63.2m	53.6m	9.6m	18%
Market TTV[2]	£65.5m	£35.1m	£30.4m	87%
Number of market concessionaires[3]	139	45	94	209%

1 Global brand audience is the estimated monthly average in the period including all owned & operated cities and franchises. It has been redefined to include print circulation, unique website visitors, unique social users (as reported by Facebook and Instagram with social followers on other platforms used as a proxy for unique users), social followers (for other social media platforms), opted in members and Market visitors. Facebook and Instagram have only reported unique users since September 2018 and therefore the H1 2018 unique users has been estimated by applying the growth in followers on these platforms between H1 2018 and H1 2019.

2 Total transaction value across all Time Out Markets including food, drink and other retail sales.

3 Number of concessionaires across all markets opened at period end.

The growth and diversification of the brand's reach across Time Out's digital, print and physical channels is a primary objective for the Group. Results were positive during the year, with 18% growth in global brand audience to a monthly average of 63.2m, driven by material and accelerating gains across Time Out's social channels and global websites.

Social media audience

The expansion of Time Out's social media audience, which is particularly attractive for the Group's advertising partners, was the main driver of total Global brand audience in the year – with full-year growth of 28% (48% in H2) to a monthly average of 32.0m (2018: 25.0m). In particular, strong progress has been made on Instagram where global unique users grew 177% to a monthly average of 5.1m. The Group has delivered similarly encouraging gains on Facebook, where unique users grew 22% to an average of 19.9m.

A key factor in this growth has been the deployment of AI technology which has enabled the editorial teams to optimise the production, scheduling and distribution of content – including higher volumes of video and Instagram stories. On Instagram, new Time Out Market handles were launched in North America, alongside the streamlining of other Time Out handles to focus on highest value pages. Furthermore, all social channels were seeded with content series featuring Time Out Market chefs and bartenders, food dishes and live media events (e.g. the 'Undateables Live'), which combined to drive higher engagement rates.

Website audience

Strong growth in Time Out's global website audience was also encouraging with a 12% year-on-year increase in unique users to a monthly average of 23.8m – further reflecting the strong focus on the upskilling of our teams to produce higher volumes of quality, 'digital-first' content, more efficiently.

While the team continued to produce and optimise content for search engines ('SEO'), which remains the largest source of web traffic (c. 60% share) and grew 11%, the reliance on Google and its competitors is reducing with social referrals now accounting for 20% of traffic and growing 63% in the period – a direct result of the social strategy outlined above and a trend management expects to continue in 2020.

The Group's content strategy maintained a strong focus on the curation of the best things to do in cities around the world – written by professional journalists. This regular, high-quality and local content creation is supported by key global content projects throughout the year including the highly successful 'Time Out Index' of the world's best cities, the 'World's Coolest Neighbourhoods', 'The DRINK List', 'The EAT List' and 'The DO List' – which collectively drove 7% of all website traffic and generated significant brand awareness through accompanying global press coverage in leading publications such as BBC, CNN, Mail Online, NBC and many more. At the same time, the expansion of Time Out Market-related content has helped grow Time Out's engaged and valuable audience in the food and drink category by 25% year-on-year (41% in North America), providing a larger base of food-and-drink consumers to which the markets can be promoted.

The growing profile of Time Out Market was further evidenced by the strong growth in Time Out website audience in Market cities – with Lisbon growing average monthly unique users by 45%. Strong growth was also delivered in Miami (33%), Boston (139%) and Montreal (averaging 170k unique users since its launch shortly before opening) – cities where Time Out has not traditionally had a Media presence.

Beyond Market cities, growth of the 'unstaffed' locations launched in H2 2018 has been very significant, now accounting for 16% of audience in 2019, with key 'staffed' APAC cities also delivering similar levels of growth as the Market cities.

Print circulation

Circulation decreased 5% to a monthly average of 3.5m, due to the decision to optimise the frequency of certain publications. However, with 42m magazines distributed in the period, Print remains a key driver of Time Out's brand awareness and the engagement with them within Time Out Market has been a further positive demonstration of the synergies that exist between the Media and Market propositions.

Time Out Market visitors and other KPIs

The profile and reach of the brand also continues to benefit from the growth of the physical Time Out Market audience, which grew 43% to 5.5m visitors in total in 2019 (2018: 3.9m) – driven by the opening of the five new markets in North America – with Lisbon alone attracting over 4m visitors (6% growth).

As a result, Time Out Market TTV grew 87% to £65.5m of which Lisbon accounted for £36.8m (5% growth). Furthermore, the number of concessionaires within the portfolio increased by 207% to 139, consisting of 120 of the best chefs of the Time Out Market cities, including six Michelin stars and nine James Beard Award winners.

TIME OUT MARKET TRADING OVERVIEW

	2019 £m	2018 £m	Change %
Owned Operations	22.2	8.8	152%
Management Fees	1.0	0.2	400%
Net Revenue	**23.2**	**9.0**	**158%**
Gross profit	19.6	8.0	145%
Gross Margin %	*83%*	*89%*	*(4)%*
Operating expenses (trading)	(14.3)	(3.4)	(321)%
Trading EBITDA[1]	**5.3**	**4.6**	**15%**
Central costs	(3.2)	(2.5)	(28)%
Adjusted EBITDA (before pre-opening costs)	**2.1**	**2.1**	**0%**
Pre-opening costs	(2.7)	(0.7)	(283)%
Adjusted EBITDA	**(0.6)**	**1.4**	**(143)%**

1 Trading EBITDA represents the adjusted EBITDA from owned and operated markets post opening, and the development fees relating to management agreements. It is presented before pre-opening costs of new markets and other central costs of the Market business.

Time Out Market P&L overview

2019 was a pivotal year for Time Out Market with a transformation in scale, alongside significant investment in the cost base. Net revenue growth of 158% to £23.2m (2018: £9.0m) was primarily driven by the opening of four new 'owned & operated' markets in Miami (May), New York (May), Boston (June) and Chicago (November). Time Out Market Montreal, the Group's first management agreement, also opened in November and, combined with additional pre-development fee income from the signing of further management agreements for upcoming Time Out Markets in Prague and Dubai – drove the growth in management fees in 2019.

Despite the growth in trading-related operating expenses from the opening of the four new owned & operated markets, the Group delivered £5.3m of adjusted Trading EBITDA (2018: £4.6m), a 16% year-on-year increase. However, a £0.7m (30%) increase in central costs (primarily headcount-related), combined with a £2.0m increase in operating costs of the new markets in the pre-opening periods ('pre-opening costs'), drove an overall 145% decline in adjusted EBITDA to a full year loss of £0.6m (2018: profit of £1.4m).

Lisbon overview

Time Out Market Lisbon had another outstanding period of trading in its fifth anniversary year exceeding all expectations. The market updated and diversified its food offer by successfully replacing eight concessionaires, including the addition of Michelin-star chef João Rodrigues – clearly demonstrating the continued strength and appeal of the concept to the best restaurateurs and chefs of the city.

Chief Executive's review continued

Net revenue grew 7% to £9.5m (2018: £8.8m), primarily driven by the aforementioned growth in visitors, but also benefitting from 20% growth in Time Out Bar revenue and strong performances by the Studio and Chef's academy. Good cost control further contributed to an adjusted EBITDA of £5.3m, 23% ahead of the prior year.

New markets opened in 2019

The openings of the five new markets in North America were successful with encouraging trading volumes from the outset – driven by the strength of the chosen locations, quality and profile of the chef line-ups, and extensive and sustained press coverage. Consumer feedback has been very positive, generating a large number of online reviews with an average Google review rating of 4.4 (out of 5). Feedback from professional critics has been equally positive, with just a few examples including reviews in the Miami Herald ("Time Out Market Miami is the food hall to conquer all food halls"), the New York Times ("In Brooklyn, a new food hall with breath-taking views") and the Chicago Tribune ("The chef line up is dazzling").

Visitors to the markets not only get to experience food from some of the city's best chefs but also curated, cultural experiences – a key differentiator versus other more formulaic food hall offerings. As such, activation of the markets has been a key focus from the outset, 'bringing the magazine to life' through a number of signature events (e.g. around Super Bowl, Valentines), art installations (e.g. during Miami's Art Basel) and smaller-scale, regular activations (e.g. live music, comedy) – which engage locals and tourists alike, and grow awareness of the markets.

As with the early stages of Time Out Market Lisbon, the understanding of the US consumer base and local seasonality patterns is evolving and the Group is developing targeted plans for incremental marketing investments to supplement Time Out's extensive owned Media platforms. The team is also exploring how best to integrate online and app collection and delivery services into the markets.

Key operational insights have also been leveraged from each opening and rapidly applied across the portfolio helping the Group gradually deliver improvements to beverage mix and margins, as well as efficiencies in staffing levels and outsourced services such as cleaning and security.

Planned openings

Time Out Dubai, a management agreement which was signed in April 2019 with Emaar Malls, is expected to open in Q1 2021. Located in Souk Al Bahar, an Arabian-style retail, entertainment and dining destination in the heart of downtown Dubai, the market will offer a unique waterfront position next to the iconic Burj Khalifa. It will occupy 30,000 sq ft, accommodating 670 seats and will include food from 16 of the top chefs and restaurateurs of the city, three lounges and cultural experiences. Construction has commenced, and curation is progressing very well with approximately 50% of concessionaire agreements already signed.

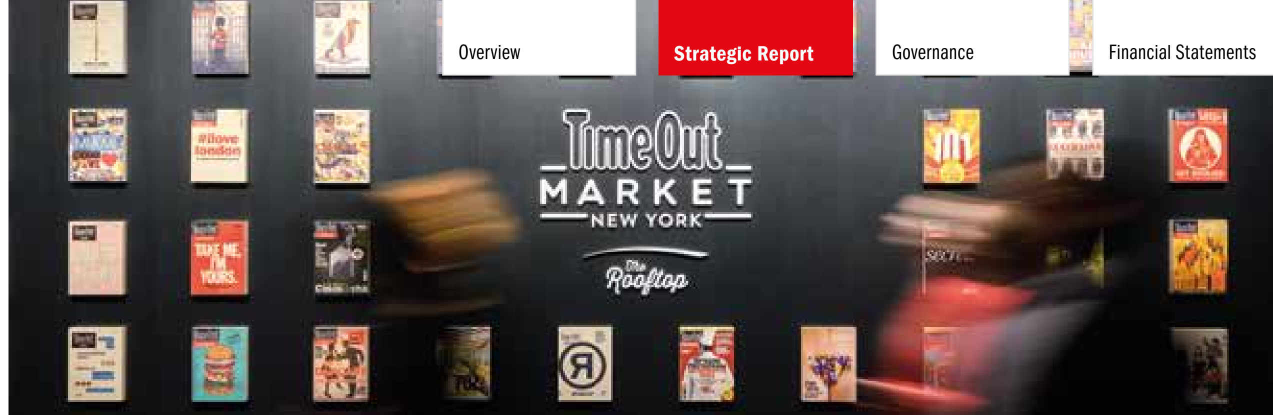
Beyond 2020, the schedule of planned Time Out Market openings remains strong, including a mix of owned & operated and management agreements. The COVID-19 pandemic has impacted the expected opening dates, which may be subject to further delays during the global recovery.

- **London Waterloo (owned & operated) –** currently expected to open in H1 2022 following a COVID-19 related delay.
- **Porto (owned & operated) –** the project was formally approved by the Directorate-General for Cultural Heritage during the year and is currently expected to open in H1 2021.
- **London Spitalfields (owned & operated) –** the revised planning submission has been completed and the Group awaits the outcome.
- **Prague (management agreement) –** currently expected to open in 2023.

Development pipeline

There is a strong and growing pipeline under review of other potential locations in cities around the world. The Group is particularly encouraged by the level of interest from potential management agreement partners, with landlords viewing Time Out Market as an excellent solution for their footfall requirements.

Management agreements appear to offer significantly greater potential for the Group than initially envisaged, with these projects requiring no capital outlay and providing long-term visibility over guaranteed revenue.



TIME OUT MEDIA TRADING OVERVIEW

	2019 £m	2018 £m	Change %
Digital advertising	16.4	14.9	10%
Print	14.8	15.4	(4)%
Live events	1.9	2.4	(21)%
Local Marketing Solutions	1.9	2.1	(10)%
Advertising sales	**35.0**	**34.8**	**1%**
E-commerce	3.9	3.8	3%
Franchising	1.2	1.2	0%
Net revenue	**40.1**	**39.8**	**1%**
Gross Profit	26.8	24.0	12%
Gross Margin %	*67%*	*60%*	*7%*
Operating expenditure	(29.0)	(31.9)	9%
Adjusted EBITDA loss	**(2.2)**	**(7.9)**	**72%**

Time Out Media P&L overview

2019 was an outstanding year for Time Out Media, with rapid progress made with the implementation of the operational plan (announced in 2018) to focus on growing higher margin activities and delivery of operational efficiencies. Net revenue growth of 1%, combined with further gross margin improvements of seven percentage points, drove growth in gross profit of 12%.

The shift in revenue mix to higher margin Digital Advertising and E-commerce was a key contributor to this improvement in gross margin. Importantly, material gains were also delivered within each Media business line as a result of greater commercial discipline and other operational improvements: Print gross margins increased six percentage points to 41% with the optimisation of frequency of certain print publications, alongside changes to printing and distribution, and better yield management; Live Event gross margins improved 27 percentage points to 46% with a greater focus on sponsor-led events, typically as part of a creative solutions; and E-commerce gross margins improved eight percentage points to 82%, as the Company continued to focus on organic traffic.

This greater focus has also enabled further overhead efficiencies, with operating expenditure savings of 9% (£2.9m) in the year, most materially in headcount-related costs but with further gains across almost all other cost categories.

The combined impact of the above has been a £5.7m (72%) improvement in adjusted EBITDA loss to a loss of £2.2m (2018: £7.9m), with Media reaching the key milestone of £0.7m positive adjusted EBITDA in H2.

EBITDA improvements were delivered across all countries, with the most significant gains in the UK (£2.7m) and US (£1.7m), where Media has its largest presence. The US Media business, in particular, is critical to the growth of Time Out Market in North America and, although it remains loss-making, is expected to deliver further EBITDA gains in the medium term.

Digital advertising

Total Advertising sales grew 1% in the year which is an encouraging performance in the context of the wider media landscape and the operational changes outlined above. Importantly, the strong focus on digital advertising has resulted in its revenues growing 10% in the year, with further notable gains in the UK (15% growth), US (5%), Portugal (104%), Spain (33%) and Hong Kong/Singapore (57%). While digital advertising revenue fell in France (-24%) and Australia (-10%), both countries still delivered positive EBITDA in the period.

Chief Executive's review continued

Programmatic advertising growth of 28% has been the key driver of the increase in Digital advertising revenue, benefitting from audience growth as well as the restructuring and training of sales teams to build more strategic relationships with agencies and media trading desks. Tactics were also deployed to increase yields on remnant inventory – including the global implementation of 'Prebid', an open source technology which allowed our supply-side platform (SSP) partners to bid against each other, and 'Open Bidding' to enable SSP bidding partners to compete with Google AdX. During the period, due to industry-wide agency and client concerns around transparency and fraud across the programmatic sector, the Group aggressively pursued Private Marketplace (PMP) and Programmatic Guaranteed (PG) business, enhanced with Time Out's first party data, which further helped drive higher yields. Other product developments, which helped deliver incremental direct and programmatic video revenues, included changes to Time Out's video player technology which enabled the business to serve individual and carousel players with Time Out content.

Integrated Creative Solutions have been the other key driver of digital advertising growth – incorporating brand content, which leverages Time Out's in-house editorial capabilities, and social display (as a rich media format). Sales teams have been upskilled with digital capabilities and a strategic focus has been on ensuring outgoing creative solution proposals include a higher digital component.

Print advertising

Print revenue, which declined 4% (approximately 2% adjusted for the aforementioned changes to US print frequency), was a highlight of 2019 within a global market in which magazine advertising is estimated to have declined 10% (Source: Group M, This Year Next Year, Dec 2019). This is further evidence of the authority of the Time Out brand and the desirable audience its high-quality content continues to reach.

The UK has been the standout success, with Print revenue growth of 6% in a UK market that declined 12% in 2019 (Source: Group M). While primarily driven by the sale of all available cover wraps in the year, custom print (as part of wider creative solutions) has also played a key role in this growth. For example, to drive consideration of the new Seat Tarraco, Time Out created bespoke Time Out Magazines in Glasgow, Manchester and Birmingham for the first time in its 50-year history. 300,000 magazines were distributed by co-branded teams and all content was also represented online and amplified with high impact display ads, native placements, dedicated emails and across Time Out's social platforms.

Other revenue

The live event revenue decline was directly linked to the change of strategy to focus on sponsor-led events as part of higher-margin creative solutions, with gross profit growing by £0.5m (95%) in the period. Examples included an experiential-driven campaign for Nescafe's Azera brand, for which Time Out programmed a series of 15 street events supported by a media campaign which included printed content. In the US, similar activations were staged for clients such as Netflix and Nickelodeon and increasingly were integrated with Time Out Market, where activations included custom cocktails and tasting dinner for brands such as Fever Tree and Tap Portugal.

Local Marketing Solutions (formerly Premium Profiles) had a more challenging period with weak new subscriber acquisition in London and Paris, impacted by turnover within the sales team and difficult high street conditions for local operators.

E-commerce (formerly Affiliates & Offers) grew 3% in the year, primarily relying on organic traffic. Technology improvements and a strong mix of deals drove higher conversion rates of Offers. Affiliates also had a strong year with all lines of business growing in light of improvements to content in key verticals (e.g. Hotels, Attractions), as well as the addition and renegotiation of key partnerships.

FINANCIAL REVIEW

Revenue

Gross revenue for the year increased by 58% to £77.1m (2018: £48.8m). While this was primarily driven by the expansion of Time Out Market in the year, with five new markets opening in North America since May 2019, it is also heavily impacted by the revenue recognition for food sales in the new markets. Previous financial reporting of Time Out Market revenue has

	2019 £m	2018 £m
Gross revenue	**77.1**	**48.8**
Concessionaire share	(13.9)	–
Net revenue	**63.3**	**48.8**
Gross profit	46.4	32.0
Operating expenses	(59.8)	(43.5)
Operating loss	**(13.4)**	**(11.4)**
Operating loss	**(13.4)**	**(11.4)**
Property lease costs	(4.0)	–
Depreciation & amortisation		
– Intangible and property, plant & equipment	8.4	5.7
– Right-of-use assets	3.0	–
Share-based payments	1.0	0.8
Exceptional items	0.3	(3.2)
Adjusted EBITDA	**(4.7)**	**(8.1)**
Finance income	0.7	0.1
Finance costs	(7.8)	(2.6)
Share of associate's loss and fair value gain	–	(1.2)
Loss before tax	**(7.1)**	**(3.7)**

almost exclusively related to Time Out Market Lisbon, where revenue is reported after concessionaires' share due to differences in the operational model adopted. Therefore, and as explained further in note 4, an adjusted measure of 'net revenue' (which excludes concessionaires' share of food sales) has been introduced to provide management and investors with a clearer understanding of the underlying growth trend. On this basis, Group net revenue increased by 30% in the period to £63.3m (2018: £48.8m).

Gross margin

Group gross profit increased by 45% in the period, benefitting from the improvement in gross margin (as a percentage of net revenues) from 66% to 73%. This seven percentage-point gain was primarily driven by Time Out Media, which improved its gross margin from 60% to 67% in the year through its operational focus on growing its highest-margin digital activities, while also improving the gross margin across all business lines by implementing a range of initiatives including curtailing low margin live events, optimising the frequency and distribution of print, and focussing e-commerce activities on organic traffic. Group gross margin will further benefit in future from the shift of revenue to Time Out Market which delivered 83% gross margin in 2019 which was slightly lower than prior year due to the higher proportion of Time Out bar sales in new markets than in Lisbon.

Implementation of IFRS 16 (Leases)

IFRS 16 was adopted on 1 January 2019 and, for comparison purposes, the impact of this new standard on key financial measures has been highlighted below and further explanation provided in note 29. In summary, the adoption of IFRS 16 has reduced the reported operating loss of the Group by £1.0m and decreased net assets at 31 December 2019 by £4.2m.

Chief Executive's review continued

Operating expenses

The significant growth in operating expenses in the year of 27% (a £11.0m increase) was driven by Market, which increased its total operating expenses by £13.3m in the period. This was primarily a result of the trading-related operating costs of the new markets (which increased by £10.6m), but also included investments in the pre-opening costs of each market (£2.0m) and the central infrastructure (£0.7m) required to scale the operation globally. This increase was partially offset by Media, which reduced its operating costs by £2.9m (a 9% year-on-year saving) due to the continued delivery of headcount-related efficiencies and savings across the majority of other cost categories.

Adjusted EBITDA

Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, share-based payments, share of associate's losses and exceptional items. Although IFRS 16 was adopted in the period, the £4.0m cost of property leases has been included in the operating expenses discussed above, as the Board believes it provides a fairer reflection of the operating margins of the business.

The 42% reduction in Group adjusted EBITDA loss to a £4.7m loss (2018: £8.1m loss) was predominantly as result of Media delivering a 72% year-on-year improvement to an EBITDA loss of £2.2m (2018: £7.9m) – driven by 1% net revenue growth, a seven percentage-point increase in gross margin and 9% operating cost savings. Importantly, the Division also achieved the key milestone of positive EBITDA in H2.

This was partially offset by the investment in Time Out Market's cost base with the Division delivering an EBITDA loss of £0.6m in the period (2018: £1.4m profit). Corporate costs also increased by £0.3m in the period due to higher executive remuneration.

Operating loss

The reported operating loss was £13.4m (2018: £11.4m), a 17% year-on-year improvement, and includes an additional net benefit of £1.0m from the adoption of IFRS 16 – comprising the saving of £4.0m of property lease costs (previously reported in operating expenditure), offset by £3.0m of incremental depreciation on the right of use asset created in relation to these property leases.

Exceptional items

The net exceptional cost of £0.3m is materially lower than the prior year on a like-for-like basis, and relates to employee redundancy costs and a small gain arising on the exercise of the Time Out Market option over the remaining 3.7% of MC-Mercados da Capital (Time Out Market Lisbon). The net exceptional gain in the prior year of £3.1m was driven by the £4.5m profit on disposal of the Group's investment in Flyt Limited, partially offset by staff restructuring costs of £0.8m and a £0.6m non-cash charge relating to the revaluation of the option over the minority interest in Time Out Market Lisbon.

Share based payments

The value of these options at issuance has been amortised over the time to vesting of the option. There were 12.9m options outstanding at 31 December 2019 (31 December 2018: 9.7m).

Depreciation

The depreciation charge of £3.6m (2018: 1.1m) increased by £2.5m, driven principally by the additional depreciation following the construction and fit-out of the new Time Out Market locations (£2.7m). A further depreciation charge of £3.0m was recognised on right-of-use assets after the implementation of IFRS 16.

Amortisation

The amortisation of intangible assets of £4.7m (2018: £4.6m) includes £2.2m (2018: £2.2m) relating to acquired intangible assets and £2.3m (2018: £2.2m) relating to other intangible assets, primarily acquired and internally developed software.

Net finance costs

Net finance costs of £7.1m (2018: £2.5m) primarily relates to interest on debt of £4.4m (2018: £1.9m) – driven by the additional £32.7m of debt funding secured since 1 July 2018 – coupled with the foreign exchange gain on financial liabilities of £0.6m (2018: £0.3m loss), and the amortisation of deferred financing costs of £0.3m (2018: £0.1m).

In addition, the interest costs in respect of lease liabilities following the implementation of IFRS 16, was £3.0m in the period.

Foreign exchange

The revenue and costs of Group entities reporting in dollars have been consolidated in these financial statements at an average exchange rate of $1.27 (2018: $1.34). The operations reporting in euros have been consolidated at a rate of €1.14 (2018: €1.13).

Cash flow

Cash and cash equivalents decreased by £10.9m to £13.4m (2018: £4.7m decrease). The most significant outflow was £26.2m of capital expenditure, primarily in relation to the construction and fit out of new Time Out Market locations. Media invested a further £1.9m in capitalised software development costs relating to the teams working on the Group's digital platforms. While the Group completed the construction of owned & operated markets in the year, Time Out Market Montreal (as a management agreement) required no outlay by the Group.

Cash used in operations of £2.1m (2018: £11.8m) was driven by the EBITDA loss and a net working capital outflow of £0.5m (2018: £3.2m). Working capital benefitted from a one-off cash inflow on the opening of new markets of £2.3m, representing the delay between cash receipt from sales and payments to concessionaires, and from increased trade creditors and deferred income of £1.5m. These inflows were offset by the £1.9m repayment following the discontinuation of invoice discounting facilities, investment of £1.0m in inventory as the markets opened, increase in trade receivables of £0.5m and the payment of a Market rent deposit of £0.6m. The other material outflow relates to the acquisition of the remaining 3.7% of MC-Mercados da Capital (Time Out Market Lisbon) for £1.2m in June 2019.

Additional debt finance of £15.5m was secured in the period which helped fund the investments outlined above. The Group also successfully completed a £17.1m cash placing in October 2019.

Net cash and borrowings

	31 December 2019 £m	31 December 2018 £m
Cash and cash equivalents	13.4	24.3
Borrowings	(43.3)	(29.1)
Adjusted net debt	**(29.9)**	**(4.8)**
IFRS 16 Lease liabilities	(32.4)	–
Net debt	**(62.3)**	**(4.8)**

Borrowings include the £20.0m of loan notes from Oakley Capital Investments Limited ('OCI') plus accrued interest of £3.3m. In addition, Time Out Market secured further debt funding of €15m from Incus Capital Advisors, S.L. ('Incus'), principally on the same economic terms as the €9.0m loan secured in November 2017. At 31 December 2019, the balance of the Incus debt, including accrued interest was £19.6m.

As at 31 December 2019 the Group had an option over an additional debt facility of £18m. Subsequent to the equity fundraise discussed below this option has expired.

OUR RESPONSE TO COVID-19

The global impact of the tragic COVID-19 pandemic has had a significant adverse impact on the trading of the Group and the Company and has overshadowed a truly transformational year for Time Out.

Our primary concern has been the wellbeing and safety of our employees, their families, our guests, concessionaires and their teams. To ensure the safety of all and to support the local and global efforts to reduce transmission, on 16 March 2020 the Group temporarily closed its six Time Out Markets in Boston, Chicago, Lisbon, Miami, Montreal and New York. In addition, the Group moved to a policy of managed remote working.

Chief Executive's review continued

Initial impact

The global lockdown led to reduced Time Out Media travel and leisure advertising campaigns, resulting in the temporary suspension of print editions. Coupled with no revenue from Time Out Market, the Group took decisive action to manage the impact on cash. Immediate cash savings were identified through a focused review of contracts with all non-essential spending suspended and all material lease agreements reviewed with the landlords to secure rent deferrals. All 2020 salary increases were reversed, all 2020 bonus schemes were cancelled, up to 30% of staff were furloughed across the Group and the senior management team took a temporary pay cut of 25%. The capital expenditure related to further Time Out Market roll-outs was also delayed until 2021.

We engaged in discussions with our lenders and shareholders to explore ways to support the Group during the expected uncertainty caused by COVID-19. In June 2020 we completed a cash placing and open offer of shares raising net proceeds of £45.9m. We also secured a deferral of capital and interest repayments on the Incus Capital Advisors SA facility of £4.3m from June and November 2020 to November 2021 and a revision to the facility financial covenants. £26.7m of the placing and share offer proceeds were used to fully settle the capital and interest of the Oakley Capital Investments Limited facility. This has allowed us to strengthen the balance sheet, reduce debt and build a cash reserve. Should further funding be required in the future, the Board is confident that the Group will be able to secure access to additional funding from existing or new investors or from other lenders.

Maintaining our audience

Initiatives such as a temporary 'Time In' rebrand, the digitisation of the magazine and house bound relevant content have sought to retain the audience during this period of disruption. These measures have seen significantly more content published across a broadening range of categories during the lockdown period. Social media post sharing grew five-fold to June 2020 and at the time of writing website traffic had grown approximately 10% year on year. We believe that the Group is well placed to benefit from this increased digital traffic as marketing budgets return.

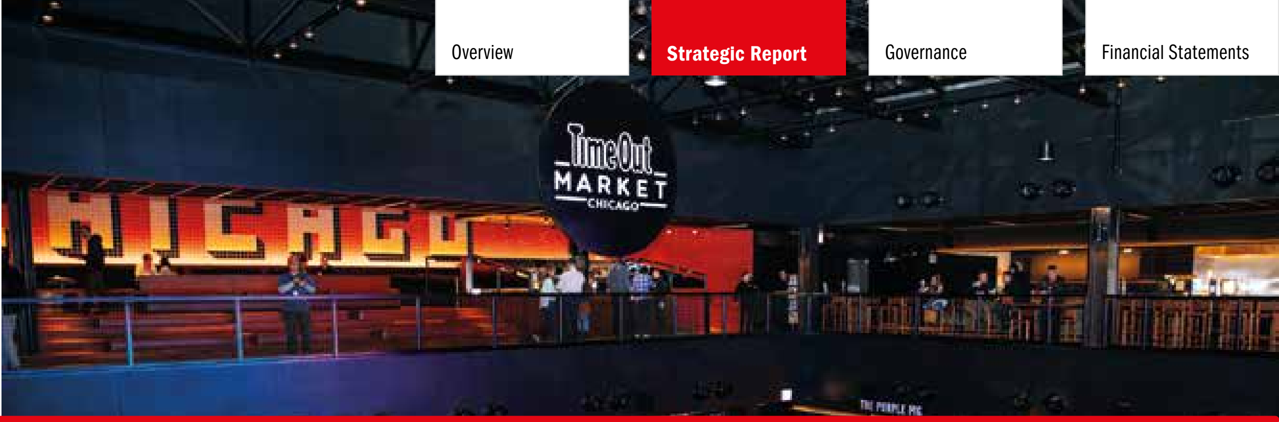
We believe that the scale and layout of well-ventilated Time Out Market venues is well suited to allow social distancing in an enjoyable environment. The markets have been adapted to include distanced seating plans, table partitioning, cashier shields, sanitisation teams and the introduction of collection and home delivery. As a result of these measures and government restrictions being lifted, the Lisbon and Montreal Markets reopened in July followed by New York, Boston and Chicago in August. We continue to monitor local government advice in Miami which will determine the re-opening of this last market.

The road to recovery has, we believe, started as we issue this Annual Report and it is still too early to determine how the ultimate severity and duration of the virus will impact our longer-term trading.

Going concern

The Group has prepared the 2019 financial statements on a going concern basis. The Directors confirm that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operation for at least 12 months from the date of the approval of these financial statements. This confirmation is made having considered its current financial position, latest forecasts and the capital expenditure requirements. The base case assumed that the Time Out Markets would re-open with revenue reduced in the first six months following re-opening by 50% of the budget for 2020, rising to 85% of budget for the next six months following re-opening. All capital expenditure in 2021 will be funded from the net proceeds of the equity fundraise described above. It also assumes Time Out Media revenue will be reduced by 50% of the budget for 2020 and a similar amount in 2021 due to limited print editions. Under this base case scenario, the Group can meet its liquidity requirements for the next 12 months. At 31 July 2020, the Group had a cash balance of £19.8m.

The impact of the pandemic on trading could be more prolonged or severe than currently forecast due to factors such as a second lockdown, further government restrictions and/or a further dent to consumer confidence. The Group has reflected this in a downside scenario which assumes a reduction of 75% of the Time Out Market budget for 2020 in



the first six months following re-opening, and a reduction of 60% of budget for the next six months following re-opening and a 60% reduction in Time Out Media revenue over the period described above. This assumes no further savings in the forecast fixed cost base, no reduction to the planned capital expenditure and includes the facility repayments due in November 2021. Under this scenario, the Group will need to raise additional funding from investors or financing from lenders no later than August 2021. Although we consider that there are strong grounds for believing that such funding could be secured, there can be no guarantee that would be the case.

This scenario and the required funding give rise to a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern. See note 1 to the financial statements for further information.

OUTLOOK

As a result of the significant progress made in 2019, Management remain confident in the Group's long-term prospects. However, in the near term, the COVID-19 pandemic will continue to have a significant impact on trading.

We are operating in an environment of rapidly changing circumstances, with the full impact of COVID-19 being dependent on the duration and severity of the virus and the response by governments and consumers alike. However the Board believes that, following the successful refinancing, a cost reduction programme and further strategic initiatives, the Group will emerge, following the immediate impact of COVID-19, with a stronger brand, a larger audience and a higher operating margin and will be well positioned to continue the successful Time Out Markets roll-out which transformed the Group in 2019. In the meantime, the pipeline of new Time Out Market management agreements continues to grow as landlords worldwide search for much needed proven concepts and footfall generators and that increase the appeal of their real estate.

Julio Bruno
Chief Executive

Corporate social responsibility

Highlighting green issues, engaging with local communities and limiting waste

OUR APPROACH

Time Out has been at the heart of city life for decades and is committed to engaging with and supporting local causes in cities around the world. This includes highlighting green issues and sustainability, to raise awareness amongst Time Out readers, and ensuring processes are in place to limit waste – for example within Time Out Market and our magazine production supply chain. Since a local connection has always been key to Time Out, there are a variety of activities dedicated to engaging with local communities.

DIVERSITY AND INCLUSION

Cultural and racial diversity and inclusion have always been part of Time Out's DNA right from the beginning and both continue to be important values for us as a brand, for our employees and for our audience. These are central themes throughout Time Out content and Time Out Market activities, but also within the Company with the workforce consisting of approximately 50% female and 50% male employees. The Group's senior leadership team includes an equal female and male split. The Company is committed to continuing to actively promote diversity and inclusion and will be further developing our framework over the coming year.

EDITORIAL CONTENT AROUND BUILDING GREEN CITIES

Time Out editorial teams globally run campaigns to highlight green issues and sustainability in the city, and to drive positive change amongst our global audience. For example, in 2019, a series of Time Out London magazines focused on a variety of green issues including: a whole magazine focused on recycling in the city, with the cover made from recycled Time Out magazines; others celebrated green spaces in the city and restaurants going waste-free; another magazine was dedicated to London as an urban forest and the city's conservation projects. In addition, available advertising inventory is regularly donated to green causes as part of an ongoing campaign, there is a 'green online hub' on www.timeout.com on how to build a green city, and green ticks and badges are given to green events and venues which are featured editorially.

SUPPORTING CHARITIES

Time Out members of staff in offices around the world regularly organise and participate in local charity initiatives. This includes Payroll Giving, staff participating in marathons and other charity support.

In addition, Time Out recently donated a two-week work experience placement with the editorial team as a prize to a breast cancer charity to support a fundraising event. We are also proud that Time Out Market concessionaires support local charities: in Miami, Salt & Brine not only delivers some of the city's best oysters; the team also introduced sustainability efforts in partnership with Florida Sea Grant at the University of Florida – a programme supporting research, education and extension to conserve coastal resources and enhance economic opportunities for the people of Florida. With less than 25% of oyster habitats remaining in the world, Salt & Brine is donating their discarded oyster shells to Sea Grant's pilot programme with the vision of rebuilding oyster reefs around the Gulf of Mexico and up the Southeastern seaboard.

ENGAGING WITH LOCAL COMMUNITIES

Each Time Out Market is dedicated to working with local companies and suppliers, and part of this is also to engage with the local community. Across all markets, community engagements regularly take place : Time Out Market Boston, for example, gave one of its concessionaires access to its demonstration kitchen to host a charity event they support; Time Out Market Lisbon organised a workshop at its Chef's Academy for a group of young people from APSA (Associação Portuguesa de Sindrome de Asperger) with top chefs teaching them how to make pasta; Time Out Market Chicago worked with much-acclaimed Chef Erick Williams to host an educational event at the market in partnership with EMBARC, a Chicago-based program that provides community-driven, experienced-based learning opportunities for low-income high school students.

LIMITING WASTE

Time Out is dedicated to produce, deliver and distribute its magazines in a sustainable way, ensuring printers the Company works with focus on environmental aspects and impact of their own sites. In the UK for example, the printer we work with uses eco-friendly materials and processes, reducing and eliminating single-use plastic, minimising the carbon footprint, robust recycling processes (e.g. for plates used on the printing presses and materials like coloured cardboards) and using compostable paper. In addition, all Time Out Markets serve food on chinaware and with cutlery, and beverages served in glassware instead of using plastic – with 5.5m visitors in 2019, this helped reduce and avoid a significant amount of waste.

Time Out
LONDON

Get a handle on how to recycle your whole city life - including this Time Out!
MAG FOR LIFE

MEDIA

Time Out
Green Light

Principal risks and uncertainties

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. The list is therefore not intended to be exhaustive.

There is currently not a Risk Committee in place, so the Audit Committee reviews the risk register 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.

REGULATORY RISKS

Risk	Mitigation Action/Control
Privacy and Data Protection Risk	As the Group's digital offering expands, 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. The Group has developed and implemented information security policies and procedures (for example, password policies and remote access policies), security monitoring software, physical access limitations and detection and monitoring of fraud from internal staff. Access to the network is protected by a firewall system supplied by specialist third parties. 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.
Health and Safety	The health and safety of the Group's employees and customers is a key priority. We are required to comply with local health and safety legislation, including fire safety, food hygiene and allergens. Each Time Out Market location completes site-specific risk assessments and general managers are required to undertake regular compliance inspections. Furthermore, third party consultants conduct bi-monthly 'mock' inspections at each market and any action points are addressed by the general manager. Concessionaires are provided with the appropriate cold and dry storage in their kitchens, as well as in shared areas which can only be accessed by their team and Time Out Market employees to prevent unauthorised access and/or cross-contamination. Remote temperature monitoring and alarm systems are installed in refrigerated storage areas and twice-daily inspections are conducted to ensure adequate air flow. Furthermore, receiving and back-of-house clerks check temperatures of all goods before going into storage. Each Time Out Media location has a nominated health and safety co-ordinator to ensure that local health and safety requirements are fully assessed, and the required actions are implemented to ensure compliance.

OPERATIONAL RISKS

Risk	Mitigation Action/Control
Technological Risk IT Systems	The Group is particularly dependent on its IT infrastructure, and any system performance issues or shortcomings, such as system, software or infrastructure failure, damage or denial of access, could cause significant 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. The Group mitigates these risks by moving critical systems to the cloud where possible and is currently completing the migration of its publishing system to the cloud. The Group continues to partner with specialist third-party solution providers to review and maintain our business continuity and disaster recovery plans, to ensure these can be effectively delivered if required.
Technological Risk Technological Advancements	Time Out's continued growth is dependent on up-to-date and effective technological systems. Any failure to ensure that IT capacity and capability keep pace with the business could impair the Group's ability to grow. The Group makes ongoing investments in IT systems, security and people to ensure that systems keep pace with the development of the business. Key investment areas are identified annually, and progress tracked regularly to ensure that the objectives are being met.

Risk	Mitigation Action/Control
Key Management	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. 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, and key individuals are incentivised through the Group's LTIP scheme.
Potential security incidents	Each Time Out Market is exposed to some risk of terrorist and/or other visitor incidents. These incidents would have an immediate impact on the Group's revenue and a longer term impact on the Group's reputation. Each market engages third-party security specialists to provide a visible security presence throughout, in addition to market-wide CCTV monitoring. Each market has a general manager responsible for on-going monitoring of physical security and regular testing of evacuation plans. This is supplemented by 'Active Shooter' training to ensure that local teams react appropriately. General managers regularly meet with local police to understand and address any additional threats and provides regular communication to concessionaires about relevant government policies.
Brand Protection	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 revenue, as well as its ability to attract high-calibre 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.

ECONOMIC RISKS

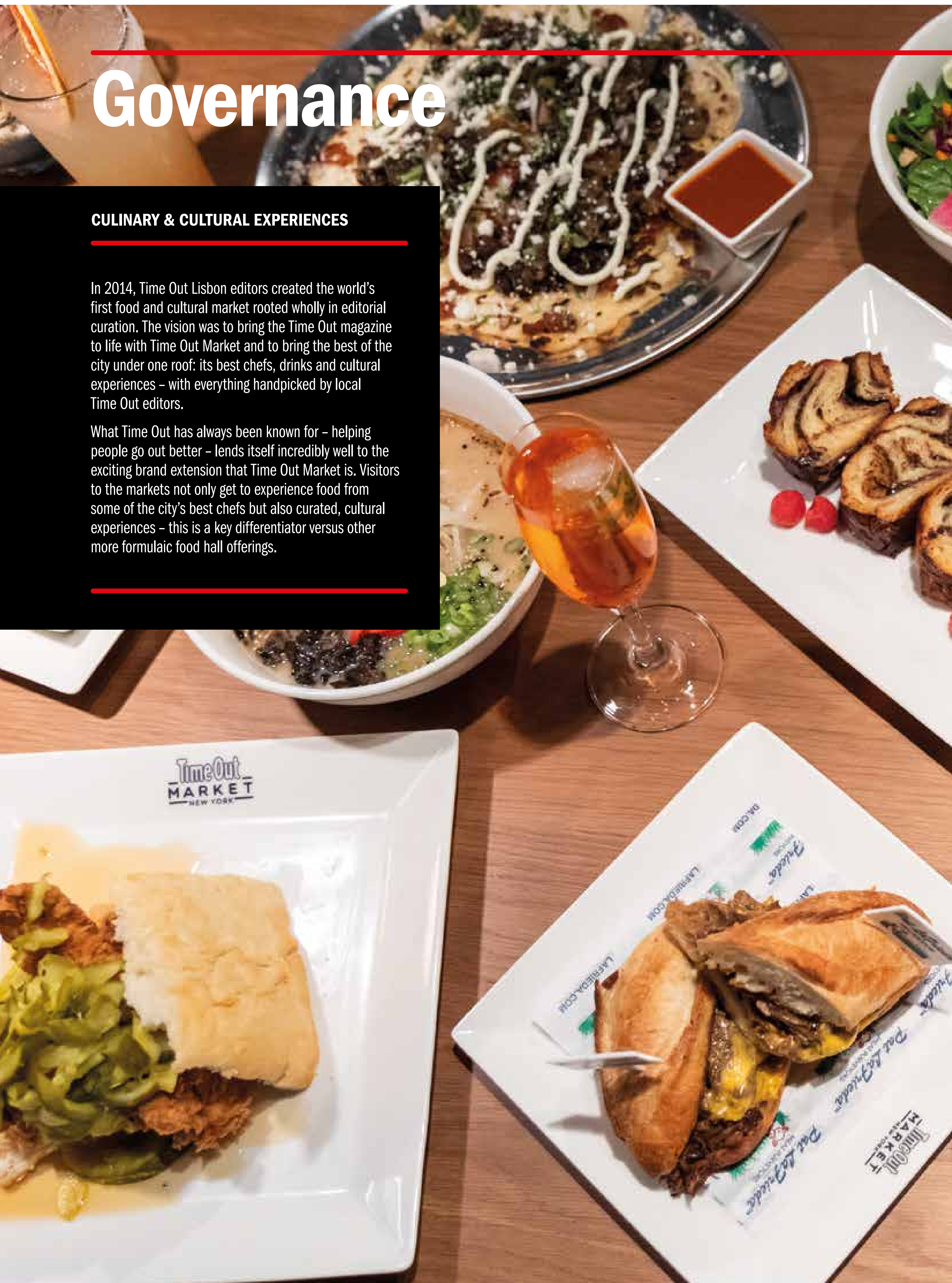
Risk	Mitigation Action/Control
Consideration of risk posed by COVID-19	The COVID-19 pandemic has had a seismic impact on the Group and industry, causing major disruption to the travel, tourism and hospitality sectors which has had materially impact on the operations of the Time Out Markets and has created significant delays and cancellations to Time Out Media advertising campaigns. The impact of any government enforced social distancing restrictions as we re-open and changes to consumer behaviour are both risks to our medium and longer term trading. During the period of closure and lockdown, we have taken all possible action to reduce our cost base. The Board continues to monitor government advice and actively communicate with our employees, customers and suppliers as we begin to re-open the business with the appropriate measures to minimise transmission of the virus.
Competition	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 several risk factors relating to product demand, prices, recognition of the 'Time Out' brand and the ability to attract and retain new customers. The Group continues to invest 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 can respond to changes in the competitive landscape and to the needs of its readership audience and commercial partners.
Consideration of risks posed by Brexit	The Group continues to monitor the impact on its business now that the UK has left the European Union. The Group currently considers that key areas of risk are around staff, currency volatility and data privacy regulation. The exact nature of the exit is yet to be finalised and the Group will continue to monitor developments during the transition period to re-evaluate these risks and plan accordingly.
Foreign Exchange Risk	A substantial portion of the Group's consolidated revenue is denominated in US dollars and euros. Since the Group reports its financial results in sterling, fluctuations in rates of exchange between sterling and the other currencies, particularly US dollars and euros, may have a material effect on the Group's results of operations. The finance team monitors currency fluctuations for impact on financial results and cash requirements across the Group. This is used to determine any hedging requirements.

S172 statement

Our stakeholders	Why we engage	What matters to this group	How we engage
Shareholders and debt providers	Continued access to capital is important for our business as we continue to diversify. We work to ensure that our shareholders and key debt providers have a good understanding of our strategy and business model, growth opportunities and performance.	• Strategy and business model • Long-term growth potential • Financial performance • Capital expenditure requirements and liquidity	• The CEO, CFO and Investor Relations Director conduct an ongoing investor relations programme which includes individual meetings with institutional shareholders following the interim and full-year results • Copies of the Annual Report are sent to all shareholders and can be downloaded from the investor section on www.timeout.com, which also contains other information relevant to our investors • Shareholders have the opportunity to ask the Board questions during each Annual General Meeting • The Group CFO and Time Out Market CEO hold an annual meeting with the Group's key debt provider
Employees	Our experienced and diverse workforce is our key asset, and attracting and retaining this talent is critical to our success.	• Business strategy and financial stability • Opportunities for development and progression • Key values such as diversity and inclusion • Fair pay and benefits • Job satisfaction • Working for an innovative company rooted in an iconic brand	• The CEO conducts Quarterly Vision inductions for all new starters globally to ensure understanding of the brand and business objectives • Executive management team make presentations to all global staff providing an update on financial performance, business strategy and key progress • Employee engagement, onboarding and exit surveys provide employees a chance to provide anonymous feedback which is shared with management and used to develop strategies to increase employee satisfaction • Annual performance reviews (with mid-year check-ins) engage staff about their contribution, development and career aspirations. There is also a companywide culture of weekly one-to-ones with line managers, team meetings and regular functional 'stand-ups' • Regular social events organised by local social committees • A diversity and inclusion framework is being developed which extends beyond local anti-discrimination legislation • Training opportunities include management development, presentation and communication skills, 'lunch and learn' series and financial contributions to professional training contracts • Environment initiatives are led by cross-functional teams across our regional offices
Global audience	Time Out's brand and curated content, and the audience that engages with it, is at the heart of everything we do.	• High quality, independent and professionally generated content which helps our audience discover and experience the best things to do in a city • The confidence that they can trust Time Out's curation and recommendations • A consistent, authentic brand experience across all our print, digital (web and social) and physical channels • The ability to experience the best food, drink and cultural events in a unique single location at all Time Out Markets	• All Time Out's interactions with our audience are tracked through multiple analytics platforms • This data is combined with qualitative consumer feedback, gathered through platforms such as Hotjar and further supplemented by user research projects, to evaluate the functionality of our digital products against user objectives and to understand further needs. For example, a key objective for 2020 is a major creative revamp of all print and digital products to deepen Time Out's engagement with its consumers across all touchpoints • Time Out works with professional journalists to ensure expertise, experience and local knowledge • In the Time Out Markets, we regularly refresh the proposition to ensure the culinary mix is up to date and the experience is as frictionless as possible – an example of which is the current initiative to implement a mobile app to enable pre or at-table ordering for visitors

Maximising value and ensuring long-term success includes taking account of what is important to our key stakeholders.

Our stakeholders	Why we engage	What matters to this group	How we engage
Advertising clients	Agency and direct client relationships are critical to the generation and growth of advertising revenues.	• Brands are seeking innovative, integrated and bespoke advertising solutions from a trusted media partner which can reach a highly desirable audience • Advertising clients seek a positive, brand-safe environment for their campaigns which Time Out's trusted high-quality content and global brand can offer	• Regular sales calls, in person (often in Time Out Markets) and via video conference drive deep, long-term relationships and immersion into the brand • Senior Management hold a series of meetings with agency investment teams to update them on our business proposition • Agency-wide presentations and 'lunch and learn' events, to strengthen mutual understanding and build awareness of our brand • Attendance at industry events, conferences and networking groups to grow and enrich client relationships, whilst widening our footprint in the market • C-level introductions (in-person) elevate Time Out's relationships with key advertising clients, so we better understand their business needs • Production of custom print executions for the benefit of our clients' employees, sharing our editorial expertise on their local office area
Concessionaires	Time Out Market's proposition depends on attracting and retaining the best chefs and restaurateurs of a city – it is crucial that we build strong partnerships that create long-term value for both parties.	• Visitor volumes and consistent footfall • Revenue and margin potential • The accolade of being the 'best of a city' • Access to a new customer base • Building a profile with an international customer base	• Weekly operational communication by Time Out Market General Managers with each concessionaire • Chief Marketing Officer delivers a Quarterly marketing plan, including summaries of recent activity and planned upcoming activity • One to two meetings every year with Time Out Market CEO • Commercial Manager holds quarterly meetings (in person or via video conference) providing advice and insights, and incorporating a performance review, which includes a deep dive on Menu, Pricing, Sales, Covers, Average spend and customer service
Landlords	Strong, long-term relationships with landlords – whether owned & operated or management agreements – in a unique location are key to creating long-term value for both parties.	• Visitor footfall to drive site appeal to other potential tenants • Real estate value growth • Long-term partnership • The addition of a new culinary and cultural destination to their site, neighbourhood and city • The value of working with a highly recognised, global brand	• Time Out Market CEO maintains regular contact with all landlords and meets with them in person, quarterly or half-yearly • Time Out Market General Managers interact with landlords and/or the landlord's representative(s) on a monthly basis • General Managers hold monthly meetings with Management Agreement partners for operational reviews • Time Out Market Finance Director conducts monthly meetings with management agreement partner's Finance team to review results • Time Out Market CEO and key staff hold quarterly meetings with Management Agreement partners to review operations, financial performance and relationship
Community and environment	We are committed to engaging with and supporting the communities we operate in and minimising the impact of our business operations on the environment.	• Time Out readers are interested in sustainability and green issues • Time Out Market being a responsible neighbour and minimal disruption • Waste management and recycling • Sustainable sourcing • Charitable donations	• Time Out is dedicated to raising awareness amongst its readers around green issues and sustainability through regular editorial features and campaigns • Time Out is dedicated to producing, delivering and distributing its magazines in a sustainable way • Time Out Market serves food on china and with cutlery, and beverages in glassware to minimise waste • Time Out Market is dedicated to working with local companies and suppliers, and part of this is to engage with the local community; for example, top chefs host charity events in the markets, supporting local organisations and causes • Time Out members of staff in offices around the world regularly organise and participate in charity initiatives



Governance

CULINARY & CULTURAL EXPERIENCES

In 2014, Time Out Lisbon editors created the world's first food and cultural market rooted wholly in editorial curation. The vision was to bring the Time Out magazine to life with Time Out Market and to bring the best of the city under one roof: its best chefs, drinks and cultural experiences – with everything handpicked by local Time Out editors.

What Time Out has always been known for – helping people go out better – lends itself incredibly well to the exciting brand extension that Time Out Market is. Visitors to the markets not only get to experience food from some of the city's best chefs but also curated, cultural experiences – this is a key differentiator versus other more formulaic food hall offerings.

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Board of Directors

PETER DUBENS

Non-Executive Chairman

Date joined

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

Experience

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 and Corporate Finance operations managing over €3bn. 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. Mr Dubens has substantial public company experience, he is a Director of Oakley Capital Investments plc and previously held the position of Chairman of Pipex Communications plc and 365 Media Group plc.

JULIO BRUNO

Chief Executive Officer

Date joined

Mr Bruno joined the Group in October 2015 as Executive Chairman and was appointed Group CEO in June 2016 when he took the Company public on London's AIM.

Experience

Mr Bruno has a successful international executive career, spanning several countries and top 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. Prior to this, Mr Bruno held senior international positions at Regus plc, Energizer and Diageo plc.

He is involved with the start-up community as an investor and board adviser in various companies globally. Mr Bruno holds a BSc in Business Management and Economics from SUNY (State University of New York), a master's degree in International Business from the University of London Birbeck, and a postgraduate certificate in leadership from Wharton, University of Pennsylvania. In 2019, he was awarded the Officers' Cross of the Order of Civil Merit of Spain.

LORD ROSE OF MONEWDEN

Non-Executive Director

Date joined

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

Experience

Lord Rose has led a distinguished career in retail for over 40 years, 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, Majid Al Futtaim Retail, Dressipi and Ocado.

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.

ADAM SILVER

Chief Financial Officer
(Resigned 31 July 2020)

Mr Silver joined the Group in March 2018 as CFO.

Mr Silver joined the Group as Chief Financial Officer and was appointed to the Board on 29 March 2018. He joined from Just Eat where he was UK CFO, having joined prior to its listing on the main market of the London Stock Exchange. Prior to Just Eat, he was Group CFO and co-founder of The Karma Communications Group.

Previously, Mr Silver was an Investment Director at Ingenious Media and Hamilton Bradshaw, where he led growth capital investments in the media sector. Mr Silver qualified as a Chartered Accountant at KPMG where he also spent a number of years within the Strategic & Commercial Intelligence practice in London and New York. He has a degree in Accounting and Finance from the University of Leeds.

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 20 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, Intergenia, 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.

TONY ELLIOTT

Founder/Non-Executive Director
(Deceased 17 July 2020)

Mr Elliott founded Time Out in 1968 with £70 during a summer break from Keele University.

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. He was a Non-Executive Director of the Company since November 2010, having previously served as Executive Chairman of Time Out since 1968. He stepped down in September 2019 as a Director and/or trustee of Create London and The Factory Trust (Manchester). At the end of 2017, he retired as Director and/or trustee of The Roundhouse (where he continued to serve as Vice Chair), Somerset House Trust and Somerset House Enterprises Ltd. In addition, he previously acted as a Director and/or trustee of numerous cultural institutions. 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. In June 2017 he was appointed a CBE. Tony passed away in July 2020. He was a great visionary, entrepreneur and supporter of culture and the arts and will be missed by us all at Time Out.

www.timeout.com/london/things-to-do/tony-elliott-tribute

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 an award-winning entrepreneur and fervent advocate of UK enterprise, regional growth and entrepreneurship. Mr Riley is a member of and chairs the Group's Audit Committee and Remuneration Committee.

Corporate governance report

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.

During the period 1 January to 31 December 2019, the Board comprised seven Directors, two of whom were Executive Directors and five of whom were Non-Executive Directors. The composition of the Board throughout 2019 and continuing into 2020 reflects a blend of different experiences and backgrounds. Biographical details of current Board members are shown on pages 32 and 33. 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, the Company regarded Lord Rose and Matthew Riley 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. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. 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.

On 31 July 2020, Adam Silver resigned from the Board and his role as Chief Financial Officer and the Company has begun a formal process to appoint a new Chief Financial Officer.

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;
- setting budgets and forecasts;
- 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 of remuneration for Executive Directors; and
- approval of appointment of Key Management Personnel and Directors.

Non-Executive Directors communicate directly with Executive Directors and senior management between formal Board meetings.

The Board met six times during 2019. 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 Chairman so that their contribution can be included in the wider Board discussion.

The following table shows Directors' attendance at scheduled Board and Committee meetings for the year to 31 December 2019:

	Board	Audit	Remuneration
Peter Dubens	6/6	–	–
Lord Rose	4/6	3/3	1/1
Alexander Collins	5/6	–	–
Tony Elliott	5/6	–	–
Matthew Riley	6/6	3/3	1/1
Julio Bruno*	6/6	3/3	–
Adam Silver*	6/6	3/3	–

* These Directors are not members of the Committee but are invited to be in attendance at meetings

BOARD COMMITTEES

The Board has delegated specific responsibilities to the Audit Committee and the Remuneration Committee, details of which are set out below. Each committee has written terms of reference setting out its duties, authorities and reporting responsibilities.

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 the external Auditor 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, and it has unrestricted access to the Group's external Auditor.

Membership of the Audit Committee includes only Independent Non-Executive Directors. During 2019 and currently, the Audit Committee is comprised of Lord Rose and Matthew Riley and is chaired by Mr Riley.

More information about this Board committee can be found in the Audit Committee report on page 39.

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.

Membership of the Remuneration Committee includes only Independent Non-Executive Directors. Throughout 2019 and currently, the Remuneration Committee is comprised of Lord Rose and Matthew Riley and is chaired by Mr Riley.

More information about this Board Committee can be found in the Directors' remuneration report on page 41.

BOARD EFFECTIVENESS

All Directors take part in a thorough induction process on joining the Board, tailored to the existing knowledge and experience of the Director concerned.

The performance of the Board is fundamental to the Company's success. The performance of the Board and its Committees, including individual members, is evaluated regularly by the Chairman, with the aim of improving their effectiveness.

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

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 Market.
- Chief Financial Officer.

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.

Corporate governance report continued

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 continues to refine its approach to business continuity and disaster recovery and further testing and risk assessments were carried out through 2019 for both head office and overseas locations. The Group continues to mitigate risks by moving critical systems to the cloud where possible. The Group uses the services of a specialised third party solution provider, currently working on refining business continuity and disaster recovery plans, to ensure these shall be effectively delivered if needed.

THE QCA CODE

The Company continues to observe the QCA Code (the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies, published by the Quoted Companies Alliance Code), following adoption of the QCA Code in September 2018. In accordance with the requirements of the QCA Code, the Board continues to set out its corporate governance statement on the Group's website, including clear signposting to the availability of corporate governance disclosures by the Group.

CONSIDERATION OF RISKS POSED BY BREXIT

The Group continues to consider the potential impacts on its business, now that the UK has left the European Union. The Group currently considers that key areas of risk are around staff, currency volatility and data privacy regulation. Various scenarios have been discussed and considered against the backdrop which still lacks clarity on potential outcomes from Brexit, including possible changes to EU citizens' rights to work in UK, for example. The Group will continue to monitor developments during the 'transition period' during 2020 (and beyond), and to assess risks and to plan, in order to effectively manage impacts on the business.

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 emailed enquiries are handled by the Group's Investor Relations Director and/or the Company Secretary. The Group has an ongoing programme 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 Annual General Meeting will be held on 28 September 2020 at 77 Wicklow Street, London, WC1X 9JY. The notice of the Annual General Meeting accompanies this Annual Report and Accounts.

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

Anne Crompton
Company Secretary

Audit committee report

MATTHEW RILEY
Chairman of the Audit Committee

Committee Members

Matthew Riley (Chair)

Lord Rose of Monewden

Meetings in the year	Committee Attendance
3	100%

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 Report and Accounts 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 the external Auditor and advising on the appointment of the external Auditor.

COMPOSITION AND ROLE OF THE AUDIT COMMITTEE

The Audit Committee's members during the year were Lord Rose of Monewden and Matthew Riley who is Chair of the Audit Committee. Adam Silver also attended Committee meetings in his role as Chief Financial Officer. The Committee met three times in 2019 and aims to meet at least three times annually. Details on attendance for these meetings can be found in the Corporate Governance Report on page 36.

The Board is satisfied that the members of the Committee have appropriate, recent and relevant financial experience. Lord Rose and Mr Riley each have experience as Chief Executive Officers in major listed companies and ultimately responsible for finance functions. More information on Mr Riley and Lord Rose's backgrounds can be found in the Directors' biographies on pages 34 and 35.

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 Annual Report and Accounts;
- 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 of the interim results and dividend;
- assessment of the need for an internal audit function; and
- review of the regular whistleblowing reports.

Audit committee report continued

ACTIVITIES FOR THE YEAR

The main activities for the year included:

- review of the FY19 audit plan and audit engagement letter;
- consideration of key audit matters and how they are addressed;
- review of the interim financial results and Annual Report and Accounts;
- consideration of the external audit report and management representation letter;
- going concern review;
- review levels of financial processes and procedures;
- meeting with the external Auditor without management present;
- consideration of the external Auditor's lead Partner rotation, and alternative external Auditor service providers; and
- review of whistleblowing and anti-bribery arrangements.

ROLE OF THE EXTERNAL AUDITOR

The Audit Committee monitors the relationship with the external Auditor, PricewaterhouseCoopers LLP who were appointed in 2014, 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 advice on the administration of the share option scheme.

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 Annual General Meeting.

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 37 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

MATTHEW RILEY
Chairman of the Remuneration Committee

Committee Members
Matthew Riley (Chair)
Lord Rose of Monewden

Meetings in the year	Committee Attendance
1	100%

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

COMPOSITION AND ROLE

The Remuneration Committee's members during the year were Lord Rose of Monewden and Matthew Riley who is Chairman of the Committee. 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 during the year to 31 December 2019.

More information about the members of this Committee can be found on page 34 in the Directors' 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.

No Director has any involvement in setting their own remuneration.

Remuneration consists of the following elements:

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

Directors' remuneration report continued

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

The following table summarises the actual total gross remuneration, for qualifying services, of the Directors who served during the year to 31 December 2019 and prior year. Bonus amounts included are calculated on an accruals basis and were actually paid in March 2019.

Year ended 31 December 2019 (Audited)

	Salary £'000	Benefits £'000	Pension £'000	Bonus £'000	Share Options £'000	Total £'000
EXECUTIVE						
Julio Bruno[1]	300	7	28	300	205	840
Adam Silver[2]	200	6	10	160	–	376
NON-EXECUTIVE						
Peter Dubens	–	–	–	–	–	–
Lord Rose of Monewden[3]	35	–	–	–	–	35
Alexander Collins	–	–	–	–	–	–
Tony Elliott	35	18	–	–	–	53
Matthew Riley[4]	45	–	–	–	–	45
TOTAL	**615**	**31**	**38**	**460**	**205**	**1,349**

1 Julio Bruno received £28,000 in cash in lieu of pension contributions.

2 Adam Silver received £10,000 in cash in lieu of pension contributions.

3 In addition to the amounts disclosed above, Lord Rose of Monewden received a consultancy fee of £23,000 (2018: £45,000 per annum) for services provided to Time Out Market. This consultancy agreement was discontinued in June 2019.

4 Matthew Riley receives £10,000 per annum in respect of his committee chair fees.

Year ended 31 December 2018 (Audited)

	Salary £'000	Benefits £'000	Pension £'000	Bonus £'000	Share Options £'000	Termination £'000	Total £'000
EXECUTIVE							
Julio Bruno[1]	300	7	27	–	86	–	420
Adam Silver	152	5	7	73	–	–	237
Richard Boult[2]	63	2	4	–	–	119	188
Christine Petersen[3]	269	11	3	–	39	130	452
NON-EXECUTIVE							
Peter Dubens	–	–	–	–	–	–	–
Lord Rose of Monewden[4]	35	–	–	–	–	–	35
Alexander Collins	–	–	–	–	–	–	–
Tony Elliott	35	17	–	–	–	–	52
Matthew Riley[5]	45	–	–	–	–	–	45
TOTAL	899	42	41	73	125	249	1,429

1 Julio Bruno received £27,000 in cash in lieu of pension contributions.

2 Richard Boult resigned as Director on 29 March 2018.

3 Christine Peterson received £10,000 in cash in lieu of pension contributions. Ms Peterson resigned as Director on 31 December 2018.

4 In addition to the amounts disclosed above, Lord Rose of Monewden received a consultancy fee of £45,000 per annum for services provided to Time Out Market.

5 Matthew Riley receives £10,000 per annum in respect of his committee chair fees.

DIRECTORS' SHAREHOLDINGS

The Directors, who served in the year to 31 December 2019 and who held an interest in the ordinary shares of the Company, were as follows:

	Shareholding at 31 December 2019	Shareholding at 31 December 2018
EXECUTIVE		
Julio Bruno	392,124	192,124
Adam Silver	–	–
NON-EXECUTIVE		
Peter Dubens	2,650,302	2,350,302
Lord Rose of Monewden	–	–
Alexander Collins	–	–
Tony Elliott	1,822,347	1,822,347
Matthew Riley	–	–

Directors' remuneration report continued

DIRECTORS' INTERESTS

Options granted to Directors in the years ended 31 December 2019 and 2018, together with details of the share option schemes, are set out in note 28.

In the year to 31 December 2019, Julio Bruno exercised options over 200,000 ordinary shares on 25 April 2019. The options were awarded equally on 21 April 2017 and 13 April 2018 at nil cost. Mr Bruno continues to hold the shares. At 31 December 2019, the total number of shares Mr Bruno holds in the Company was 392,124.

In 2018, the following Directors exercised share options:

1. Julio Bruno exercised options over 100,000 ordinary shares on 28 June 2018. The options were awarded on 21 April 2017 at nil cost. Mr Bruno continues to hold the shares. At 31 December 2018, the total number of shares Mr Bruno holds in the Company was 192,124.
2. Christine Petersen exercised options over 50,000 ordinary shares on 15 November 2018. The options were awarded on 21 April 2017 at nil cost. Ms. Petersen sold all 50,000 of the ordinary shares exercised at an average price of 77 pence per share on the same day. Following this share option exercise, Ms. Petersen does not hold any shares in the Company.

SHARE PRICE

The market price of the Company's ordinary shares at 31 December 2019 was 119p (2018: 71p) and the range during the year was 68p to 134.5p (2018: 69.5p to 133p).

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

Matthew Riley
Chairman of the Remuneration Committee

Directors' report

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2019. The Corporate Governance report on pages 36 to 38 also forms part of the Directors' Report.

GENERAL INFORMATION

The Company referenced in the Annual Report and Accounts is Time Out Group plc, a company registered in England and Wales and located at 77 Wicklow Street, London WC1X 9JY. 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.

PRINCIPAL ACTIVITIES

Time Out launched in London in 1968 with a magazine to help people discover the exciting new urban cultures that had started up all over the city. Today, the Group's digital and physical presence comprises websites, mobile, magazines, live events and Time Out Market. Across these platforms Time Out distributes its curated content – written by professional journalists – around the best food, drink, culture, entertainment and travel across 328 cities in 58 countries. Time Out Market is a food and cultural market which brings the best of the city under one roof: its best chefs, drinks and cultural experiences – based on editorial curation. The first Time Out Market opened in Lisbon in 2014 and Miami, New York, Boston, Montreal and Chicago followed in 2019 with a further pipeline of other global locations.

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	Pages
Key Performance Indicators ('KPIs')	Strategic section	14, 15
Business Review including Outlook	Strategic section	14–25
Principal Risks & Uncertainties	Strategic section	28–29
Corporate Governance	Governance section	36–38
Accounts and Note Disclosure	Financial statements	57–105

BRANCHES OUTSIDE THE UK

The Group has subsidiaries in the UK, Portugal, Spain, Australia, Hong Kong, Singapore, Canada, Czech Republic and the United States of America. It also operates a branch in France.

FUTURE DEVELOPMENTS

A review of the Group's outlook can be found in the Chief Executive's Review on page 21.

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 58. The Company has prepared the individual Company accounts in accordance with UK GAAP, including The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 101).

The Group loss for the year after taxation was £20.9m (2018: £15.5m). The Directors do not recommend the payment of a dividend (2018: £nil).

POST BALANCE SHEET EVENTS

Information relating to events since the end of the year is given in note 31 of the accounts.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of this Report, together with their biographical details are shown on pages 34 and 35.

DIRECTORS' INTERESTS

The Directors' interests in the Company's shares and options over ordinary shares are shown in the Directors' remuneration report on page 43.

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 Limited, 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 Limited, the members of this plan may exercise these vested awards within three months of the publication of Time Out Group plc's audited accounts in 2021. The value of the awards will be 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. The indemnity was in force throughout the financial period and at the date of approval of the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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 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.

The Directors of the ultimate parent Company are responsible for the maintenance and integrity of the ultimate parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

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 DONATIONS

The Company made no political donations during the year (2018: £nil).

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 23 of the accounts.

SHARE CAPITAL

The Company's share capital comprises one class of ordinary shares with a nominal value of £0.001 each. At 31 December 2019, 148,486,076 ordinary shares were in issue (2018: 134,651,891 ordinary shares).

SUBSTANTIAL SHAREHOLDINGS

In accordance with the Disclosure and Transparency Rules DTR 5, the Company as at 31 July 2020 (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 Limited	80,461,015	28.41%
Oakley Capital Investment Limited	67,436,385	23.81%
Lombard Odier Asset Management	33,486,778	11.82%
Invesco Perpetual Asset Management	23,695,818	8.37%
Richard Caring	18,268,057	6.45%
Landsdowne Partners	10,198,945	3.60%

Invesco Perpetual has an interest in Oakley Capital Investment Limited that pre-dates its ownership interest in the Company.

SHARE OPTION SCHEMES

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

GOING CONCERN

The Directors assessment of going concern is set out on page 24 of the Strategic Report.

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 as described in the Directors' Interests section of this report.

Matthew Riley is a Director and significant shareholder in Daisy Group Holdings Limited. Time Out England Limited engages with a subsidiary company to provide information technology services.

Further information is set out in note 30 of the accounts.

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 has created an HR portal to ensure all employees have access to relevant policies and information. We also use it to encourage suggestions from employees in areas that are important to them.

DIVERSITY

The Group is committed to reflecting diversity in its workforce and aims to improve this balance going forward. As of 31 December 2019, the Group had the following employees:

	Male	Female	Total
All employees	300	302	602
Senior managers	14	11	25
Board of Directors	7	–	7

Directors' report continued

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 Annual General Meeting will be held on 28 September 2020. The ordinary business comprises receipt of the Directors' report and the audited financial statements for the period ending 31 December 2019, the re-election of Directors, the reappointment of PwC as independent Auditor and authorisation of the Directors to determine the Auditor's 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 Accounts.

OTHER POLICIES IN PLACE

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

STATEMENT S172

The Directors are required by law to act in a way that promotes the success of the Company for the benefit of shareholders as a whole. In doing so, the Company must also give due consideration to the wider expectations of responsible business behaviour, having regard to the interests of its key stakeholders, as set out in the strategy report on page 30. The Board is conscious of its obligations under the Companies Act, including s172 duties.

Duty to promote the success of the Company

As required by Section 172 of the UK's Companies Act, a director of a company must act in the way he considers, in good faith, would most likely promote the success of the company for the benefit of shareholders. In doing this, the director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers, and others;
- impact of the company's operations on the community and environment;
- Company's reputation for high standards of business conduct; and
- need to act fairly as between members of the company

By understanding our key stakeholder groups, we can factor their concerns and needs into Boardroom discussions. Board processes are reviewed and will be updated where necessary to ensure key stakeholders are considered in those discussions.

The Directors' Report was approved by the Board on 31 August 2020 and signed on its behalf by

Anne Crompton
Company Secretary

Independent auditors' report

to the members of Time Out Group plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2019 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 parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts ('Annual Report'), which comprise: the consolidated and company statements of financial position as at 31 December 2019; the consolidated income statement and statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN – GROUP AND COMPANY

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's and Company's ability to continue as a going concern.

The COVID-19 pandemic has had a significant adverse impact on the Group's current trading and any projection of future performance is inherently uncertain. The key drivers of uncertainty are the actions being taken by governments to respond to the pandemic and the response of consumers to the pandemic both of which will impact on revenues in both the Markets and Media businesses. As outlined in note 1 to the financial statements, the Group developed a base case and a severe but plausible downside scenario taking into account these factors. Whilst the base case shows that the Group has adequate financing facilities in place up to and including November 2021 when it is required to recommence repayments of the Incus loan, the severe but plausible downside scenario shows that the Group would need to seek additional funding by raising new equity or debt no later than August 2021 in order to continue in operational existence.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Independent auditors' report continued

AUDIT PROCEDURES PERFORMED

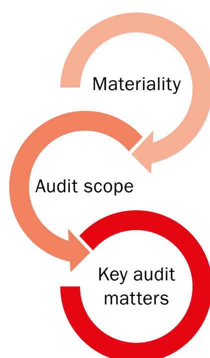
In concluding there is a material uncertainty, our audit procedures evaluated the Directors' assessment of the impact of the pandemic on the base case forecast revenue being more prolonged and severe including factors such as a second lockdown, further government restrictions and a further dent to consumer confidence. We considered the aforementioned impact on cash and therefore the potential need for the Group and Company to raise additional funding from investors or financing from lenders.

In assessing the impact of the above, which are referred to in Note 1 of the financial statements, we performed the following procedures on the Directors' assessment that the Group and Company will continue as a going concern:

- agreed the underlying cash flow projections to management approved budgets, assessed how these budgets had been compiled, and assessed the accuracy of management's budgets by reviewing actual trading for the Markets and Media business in the period from the start of the pandemic through to the date of approval of the financial statements (the 'intervening period');
- challenged management's base case assessment concerning a second lock-down and sensitising revenue assumptions further;
- assessed and agreed the cost base reductions made in the intervening period to the budgets and the ability of the Group and Company to maintain this level of cost control;
- read the key terms of the Incus loan capital and interest deferral and covenant waiver through to November 2021;
- read the key terms of the completed cash placing documentation including agreeing proceeds through to cash and the subsequent settlement of the Oakley Capital Investments Limited facility; and
- checked the mathematical accuracy of the spreadsheet used to model the base case and downside case and considered scenarios where additional funding would be required by December 2021.

OUR AUDIT APPROACH

Overview



- Overall Group materiality: £765,000 (2018: £488,000), based on 1% of total revenues.
- Overall Parent Company materiality: £726,750 (2018: £463,000), based on 1% of total assets capped at 95% of Group materiality.

- The focus of the Group team's work was on the UK and USA operations, including the four new markets in Boston, Miami, Chicago and New York.
- We received reporting from PwC Portugal in relation to the audit of MC-Mercados da Capital Lda (Lisbon Market)

- Valuation of goodwill and intangible assets (Group)
- Revenue recognition of the Markets (Group)
- Impact of COVID-19 on the Group and Company

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of impairment of goodwill and intangible assets (Group)	
The group financial statements contain significant balances in respect of goodwill and intangible assets amounting to £50,068k and £14,528k as at 31 December 2019 (notes 11 and 12). As the business continues to be loss making, there is a risk these assets may be impaired. As a result of the above, IAS 36 "Impairment of assets" requires management to perform an impairment assessment. In determining whether an impairment exists, management uses a value in use discounted cash flow model which includes a number of judgemental assumptions which could be subject to manipulation. The key assumptions in the cash flow model were the weighted average cost of capital of 10%, growth rates and margins.	We determined that the impact of COVID-19 was a non-adjusting post balance sheet event and as such used pre-COVID-19 cash flows in our impairment work. See below for further COVID-19 explanation. We obtained management's impairment assessment and performed the following audit procedures: • assessed the appropriateness of the identification of cash generating units, factoring in the current management and reporting structures; • evaluated management's impairment calculations for each CGU and challenged management on their key assumptions specifically in regards to historically achieved growth rates; • consulted with our internal valuation experts to assess the reasonableness of the discount rates used; • assessed the long term growth rates used in the model by comparing to external data; • compared budgets against historical performance figures for Media CGUs and the Lisbon market; • assessed the reasonableness of the assumptions within the markets Pre COVID-19 cash flow forecasts such as number of visitors and average spend per visitor; • tested the mathematical accuracy of the calculations; • performed sensitivity analysis on the uncertainties in management's projections; and • assessed the disclosures in the financial statements related to goodwill and intangible assets for compliance with the requirements of accounting standards. Based on the work performed, we determined that the pre COVID-19 cash flow projections were reasonable and that no impairment of either goodwill or intangible assets was required.
Revenue recognition of the markets (Group)	
Five new markets were opened during FY19. Market agreements are non-standardised and involve 'owned & operated' markets and 'management agreement' markets. Certain market agreements also include pre-development fees. We have paid particular attention to the revenue recognition policies for each market agreement (note 1) and the presentation and disclosure of revenue gross (principal) or net (agent) of concessionaire share of revenue (note 4). In relation to pre-development fees we have also assessed cut-off.	We have evaluated the recognition policies for each market agreement. Management wrote accounting papers to support their assessment of revenue recognition. We obtained all markets contracts, and assessed the contractual terms to the requirements of IFRS 15 'Revenue from Contracts with Customers'; paying particular attention to revenue being recognised gross or net of concessionaires' share (the principal/agent concept) and pre-development fees being recognised over time or based on the input method. Revenue recognised was agreed to the underlying Market agreements and cash receipts. From the work performed we are in agreement with management's recognition policies for the markets.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 on the Group and Company	
On 11 March 2020 the World Health Organisation declared Coronavirus (COVID-19) a global pandemic. As a result, the Board of Directors and management invested a significant amount of time to fully consider the impact on the Group and Company. Management have treated the COVID-19 Pandemic as a non-adjusting post balance sheet event as at 31 December 2019. At the year-end no pandemic had been declared, no lockdowns had occurred and there was no evidence as to human-to-human transmission of Coronavirus. Consequently, management considered the implications on the financial statements to be inclusion of additional disclosures in the financial statements and the assessment of the Group's and Company's going concern status. Management therefore assessed the going concern status by preparing cash flow forecasts assuming a base case budget and a severe but plausible downside budget. Given the evolving and uncertain nature of the global pandemic on the Group's operations, management identified a material uncertainty related to going concern.	We reviewed management's determination that COVID-19 is a non-adjusting post balance sheet event for the Group and Company and we agreed with this determination. We encouraged management to include appropriate post balance sheet events disclosures in the financial statements including commentary in the strategic report on actions taken by management in the intervening period and concluded that appropriate disclosures had been made. The above "Material uncertainty related to going concern" section sets out our work and conclusions in respect of going concern.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and Company, the accounting processes and controls, and the industry in which they operate.

The Group reports its operating results and financial position across 2 segments; Market and Media. The Media segment further breaks down by statutory entities and the Market segment into the Lisbon and North American Markets. The Group financial statements are a consolidation of the Group's operating businesses and central functions.

The Group engagement team performed the audits of the Media and Markets businesses directly, with the exception of the Lisbon market.

We engaged and received reporting from PwC Portugal in relation to the audit of MC-Mercados da Capital Lda (Lisbon Market). We issued instructions to our component team which highlighted key areas of focus and maintained regular communication with them throughout the process. We also reviewed their working papers and final reporting to ensure procedures were in line with our instructions and provided us with the audit evidence we required.

In the previous year specified audit procedures were performed over the markets in Boston, Miami, Chicago and New York. However, as these markets fully opened during the year, we performed full scope audit procedures on these operations in the current year.

In addition, the Group engagement team also assessed the appropriateness, completeness and accuracy of the Group consolidation journals and other adjustments performed for consolidation purposes and obtained an understanding of the internal control environment related to the financial reporting process.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Overall materiality	£765,000 (2018: £488,000).	£726,750 (2018: £463,000).
How we determined it	1% of total revenues.	1% of total assets, capped at Group materiality..
Rationale for benchmark applied	Based on the performance measures disclosed in the Annual Report, revenue is the primary measure used by shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the parent company, and is a generally accepted auditing benchmark for a holding company.

For each component (defined as in scope Media statutory entities and the Lisbon and North American markets), we allocated a materiality that was less than our overall group materiality. The range of materiality allocated across components was between £52,000 and £726,750. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £38,000 (Group audit) (2018: £24,400) and £38,000 (Parent Company audit) (2018: £24,400) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report continued

REPORTING ON OTHER INFORMATION CONTINUED

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 46, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the parent 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.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

31 August 2020

Financial Statements

INTEGRATED ADVERTISING SOLUTIONS

With an experience-hungry audience, trusted brand and channels spanning digital, print, social and experiential, Time Out is a unique partner for clients seeking integrated and differentiated advertising solutions.

One example of this in 2019 was Time Out teaming up with O2 Priority, William Grant & Sons UK and its premium spirits brands to host the annual Hotboozapalooza – an anti-mulled wine festival serving up wildly original hot cocktails. The event consisted of a multi-channel and experiential-driven campaign supported by print as well as PR, digital content and advertising.

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Consolidated income statement

Year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Revenue	4	**77,140**	48,778
Cost of sales	4	**(30,713)**	(16,732)
Gross profit		**46,427**	32,046
Administrative expenses		**(59,786)**	(43,480)
Operating loss		**(13,359)**	(11,434)
Finance income	8	**690**	76
Finance costs	8	**(7,809)**	(2,616)
Share of associate's loss		**–**	(1,198)
Loss before income tax		**(20,478)**	(15,172)
Income tax charge	9	**(430)**	(317)
Loss for the year		**(20,908)**	(15,489)
Loss for the year attributable to:			
Owners of the parent		**(18,354)**	(14,630)
Non-controlling interests		**(2,554)**	(859)
		(20,908)	(15,489)
Loss per share:			
Basic and diluted loss per share (pence)	10	**(13.3)**	(10.9)

All amounts relate to continuing operations

The notes on pages 65 to 105 are an integral part of these consolidated accounts.

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.

Consolidated statement of comprehensive income

Year ended 31 December 2019

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Loss for the year	**(20,908)**	(15,489)
Other comprehensive (expense)/income:		
Items that may be subsequently reclassified to the profit or loss:		
Currency translation differences	**(3,424)**	3,042
Other comprehensive (expense)/income for the year, net of tax	**(3,424)**	3,042
Total comprehensive expense for the year	**(24,332)**	(12,447)
Total comprehensive expense for the year attributable to:		
Owners of the parent	**(21,648)**	(11,734)
Non-controlling interests	**(2,684)**	(713)
	(24,332)	(12,447)

Consolidated statement of financial position

At 31 December 2019

	Note	31 December 2019 £'000	31 December 2018 £'000
Assets			
Non current assets			
Intangible assets – Goodwill	11	**50,068**	51,703
Intangible assets – Other	12	**14,528**	17,735
Property, plant and equipment	13	**48,763**	25,716
Right-of-use assets	14	**28,309**	–
Trade and other receivables – non current	18	**5,815**	5,154
		147,483	100,308
Current assets			
Inventories	17	**1,359**	376
Trade and other receivables	18	**15,801**	15,118
Cash and bank balances	19	**13,420**	24,347
		30,580	39,841
Total assets		**178,063**	140,149
Liabilities			
Current liabilities			
Trade and other payables	20	**(21,413)**	(20,352)
Borrowings	21	**(4,695)**	(1,106)
Lease liabilities	22	**(2,636)**	–
		(28,744)	(21,458)
Non-current liabilities			
Trade and other payables	20	**(1,271)**	(1,451)
Deferred tax liability	9	**(1,749)**	(2,357)
Borrowings	21	**(38,616)**	(28,004)
Lease liabilities	22	**(29,786)**	–
		(71,422)	(31,812)
Total liabilities		**(100,166)**	(53,270)
Net assets		**77,897**	86,879
Equity			
Called up share capital	25	**148**	135
Share premium		**123,290**	106,937
Translation reserve		**5,647**	8,941
Capital redemption reserve		**1,105**	1,105
Accumulated losses		**(47,420)**	(28,288)
Total parent shareholders' equity		**82,770**	88,830
Non-controlling interest		**(4,873)**	(1,951)
Total equity		**77,897**	86,879

The financial statements on pages 58 to 105 were authorised for issue by the Board of Directors on 31 August 2020 and were signed on its behalf.

Julio Bruno
Chief Executive

Time Out Group PLC
Registered NO: 07440171

Company statement of financial position

As at 31 December 2019

	Note	31 December 2019 £'000	31 December 2018 £'000
Assets			
Non-current assets			
Investments	16	**87,042**	89,449
		87,042	89,449
Current assets			
Trade and other receivables	18	**137,783**	120,355
		137,783	120,355
Total assets		**224,825**	209,804
Liabilities			
Current liabilities			
Trade and other payables	20	**(171)**	(135)
		(171)	(135)
Non-current liabilities			
Borrowings	21	**(23,242)**	(20,779)
		(23,242)	(20,779)
Total liabilities		**(23,413)**	(20,914)
Net assets		**201,412**	188,890
Equity			
Called up share capital	25	**148**	135
Share premium		**123,290**	106,937
Capital redemption reserve		**1,105**	1,105
Retained earnings		**76,869**	80,713
Total equity		**201,412**	188,890

The Company loss for the year was £4.9m (2018: loss of £1.4m).

The financial statements on pages 58 to 105 were authorised for issue by the Board of Directors on 31 August 2020 and were signed on its behalf.

Julio Bruno
Chief Executive

Time Out Group PLC
Registered Number: 07440171

Consolidated statement of changes in equity

Year ended 31 December 2019

	Note	Called up share capital £'000	Share premium £'000	Translation reserve £'000	Capital redemption reserve £'000	Accumulated losses £'000	Total parent Shareholders' equity £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2018		133	106,042	6,045	1,105	(14,496)	98,829	(1,238)	**97,591**
Changes in equity									
Loss for the year		–	–	–	–	(14,630)	(14,630)	(859)	**(15,489)**
Other comprehensive income		–	–	2,896	–	–	2,896	146	**3,042**
Total comprehensive expense		–	–	2,896	–	(14,630)	(11,734)	(713)	**(12,447)**
Share based payments	28	–	–	–	–	838	838	–	**838**
Issue of shares for acquisitions		2	895	–	–	–	897	–	**897**
Balance at 31 December 2018		**135**	**106,937**	**8,941**	**1,105**	**(28,288)**	**88,830**	**(1,951)**	**86,879**
Implementation of IFRS 16		–	–	–	–	**(1,881)**	**(1,881)**	**(183)**	**(2,064)**
Balance at 1 January 2019 (restated)		**135**	**106,937**	**8,941**	**1,105**	**(30,169)**	**86,949**	**(2,134)**	**84,815**
Changes in equity									
Loss for the year		–	–	–	–	(18,354)	**(18,354)**	(2,554)	**(20,908)**
Other comprehensive expense		–	–	(3,294)	–	–	**(3,294)**	(130)	**(3,424)**
Total comprehensive expense		–	–	(3,294)	–	(18,354)	**(21,648)**	(2,684)	**(24,332)**
Share based payments	28	–	–	–	–	1,048	**1,048**	–	**1,048**
Adjustment arising on change in non-controlling interest		–	–	–	–	55	**55**	(55)	–
Issue of shares		13	16,353	–	–	–	**16,366**	–	**16,366**
As at 31 December 2019		**148**	**123,290**	**5,647**	**1,105**	**(47,420)**	**82,770**	**(4,873)**	**77,897**

Company statement of changes in equity

Year ended 31 December 2019

	Note	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018		133	106,042	1,105	81,304	**188,584**
Changes in equity						
Loss for the year		–	–	–	(1,429)	**(1,429)**
Total comprehensive expense		–	–	–	(1,429)	**(1,429)**
Share based payments	28	–	–	–	838	**838**
Issue of shares		2	895	–	–	**897**
Balance at 31 December 2018		**135**	**106,937**	**1,105**	**80,713**	**188,890**
Changes in equity						
Loss for the year		–	–	–	(4,892)	**(4,892)**
Total comprehensive expense		–	–	–	(4,892)	**(4,892)**
Share based payments	28	–	–	–	1,048	**1,048**
Issue of shares		13	16,353	–	–	**16,366**
Balance at 31 December 2019		**148**	**123,290**	**1,105**	**76,869**	**201,412**

Consolidated statement of cash flows

Year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cash flows from operating activities			
Cash used in operations	26	**(1,934)**	(11,817)
Interest paid		**(980)**	(1,223)
Tax credits received		**(665)**	(228)
Net cash used in operating activities		**(3,579)**	(13,268)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(26,195)**	(14,989)
Purchase of intangible assets		**(1,895)**	(2,917)
Interest received		**53**	76
Proceeds from the disposal of investments		**–**	9,470
Net cash used in investing activities		**(28,037)**	(8,360)
Cash flows from financing activities			
Costs relating to share issues		**(757)**	–
Proceeds from share issue		**17,110**	–
Advance of new borrowings		**15,478**	20,000
Repayment of borrowings		**(5,897)**	(3,044)
Repayment of finance leases		**–**	(74)
Repayment of lease liabilities		**(3,898)**	–
Acquisition of minority interest		**(1,248)**	–
Net cash from financing activities		**20,788**	16,882
Decrease in cash and cash equivalents		**(10,828)**	(4,746)
Cash and cash equivalents at beginning of year		**24,347**	28,746
Effect of foreign exchange rate change		**(99)**	347
Cash and cash equivalents at end of year		**13,420**	24,347

Notes to the financial statements

1. CORPORATE INFORMATION

The consolidated financial statements of Time Out Group plc and its subsidiaries (the 'Group') for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 31 August 2020. 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 77 Wicklow Street, London, WC1X 9JY.

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 2019 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 pound 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

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.

Alternative performance measures

Adjusted EBITDA is profit or loss before interest, taxation, depreciation, amortisation, share based payments, share of associate's loss and exceptional items. It also includes property lease costs which, under IFRS 16, is replaced by depreciation and interest charges. It is used by management and analysts to assess the business before one-off and non-cash items. A reconciliation of adjusted EBITDA to operating loss is presented in note 4.

Net revenue is calculated as gross revenue less the concessionaires share of revenue and is further explained in note 4.

Adjusted net debt is cash less borrowings and excludes any finance lease liability recognised under IFRS 16.

Basis of preparation

The consolidated financial statements of Time Out Group plc have been prepared under the historic cost convention except for certain financial liabilities measured at fair value 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 2019 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 2019 and have been applied consistently to all years presented. The Company has taken advantage of the disclosure exemptions under FRS 101 in respect of:

a. IFRS 3 Business Combinations;
b. 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; and
g. IAS 7 Statement of cash flows.

Notes to the financial statements continued

2. ACCOUNTING POLICIES CONTINUED

Going concern

These financial statements have been prepared under the going concern basis of accounting as the Directors have a reasonable expectation that the Group and Company will continue in operational existence and be able to settle their liabilities as they fall due for the foreseeable future, being a period of not less than one year from the date of approval of these financial statements. In making this determination, the Directors have considered the financial position of the Group, projections of its future performance and the financing facilities that are in place.

The COVID-19 pandemic has had a significant adverse impact on the Group's current trading and any projection of future performance is inherently uncertain. The key drivers of uncertainty are the actions that may be taken by governments to respond to the pandemic (which could restrict our ability to operate our Markets business), the response of our customers to the pandemic itself and to adverse changes in their economic circumstances (which will impact on revenues in both our Markets and Media businesses).

We have taken, and will continue to take, steps to minimise our discretionary expenditure and therefore the principal driver of our future profitability and cash flows will be the revenues we are able to generate from our two business streams. We have also agreed with our lender, Incus Capital Finance, that no payments of interest or capital will be required on our £19.6m term loan before November 2021 and that the quarterly financial covenants that apply to that loan will not be measured before the 31 December 2021 measurement date.

We have modelled two scenarios which we consider to be reasonably possible potential outcomes. The base case assumed that the Time Out Markets would re-open with revenue reduced in the first six months following re-opening by 50% of the budget for 2020, rising to 85% of budget for the next six months following re-opening. All capital expenditure in 2021 will be funded from the net proceeds of the equity fundraise described above. It also assumes Time Out Media revenue will be reduced by 50% of the budget for 2020 and a similar amount in 2021 due to limited print editions. In this case, we have adequate financing facilities in place up to and including November 2021 when we are required to commence repayments of the Incus loan. However at that point, the headroom available would be minimal.

The downside case is a projection of a severe but plausible scenario whereby the impact of the pandemic on revenue could be more prolonged or severe than currently forecast due to factors such as a second lockdown, further government restrictions and/or a further dent to consumer confidence. The Group has reflected this in a downside scenario which assumes a reduction of 75% of the budget for 2020 in the first six months following re-opening, and a reduction of 60% of budget for the next six months following re-opening and Time Out Media revenue reducing by 60% over the period described above. This downside case assumes no further savings in the forecast fixed cost base and no reduction to the planned capital expenditure and includes the facility repayments due in November 2021. In the downside case, we would need to seek additional funding by raising new equity or debt no later than August 2021 in order for the Group and Company to continue in operation. Although we consider that there are strong grounds for believing that such funding could be secured, there can be no guarantee that would be the case.

The requirement to seek additional funding in the event that the impact of the COVID-19 pandemic is as severe as we have modelled in the downside case indicates the existence of a material uncertainty that may cast significant doubt on the ability of the Group and Company to continue as a going concern.

Notwithstanding the material uncertainty described above, the Directors consider it appropriate to prepare the financial statements under the going concern basis.

New and amended standards adopted by the Group

On 1 January 2019, the Group implemented IFRS 16 'Leases'. The impact of implementation is set out in note 29.

Apart from the implementation described above, the same accounting policies and methods of computation are followed in these condensed set of financial statements as applied in the Group's latest annual audited financial statements.

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 £4.9m (2018: £1.4m 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 and presented as exceptional items.

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 on consolidation. 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.

Notes to the financial statements continued

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 group of key management personnel, as identified in the Strategic Report, that makes strategic decisions.

Foreign currencies

The functional and presentational currency of the Group is pound 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.

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

Trademarks and copyrights

Trademark and copyright assets are amortised over a period of 15 years from the month of acquisition.

Development costs

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.

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.

Customer relationships and other intangible assets

These intangible assets are comprised of customer and advertiser relationships and internally generated software related to the US business, acquired in 2014, reacquired trade-name rights and customer relationships relating to the Portuguese businesses acquired in 2015 and 2016 respectively, as well as those relating to the acquisition of Australia and Spain in 2018.

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 trade-name rights).

Notes to the financial statements continued

2. ACCOUNTING POLICIES CONTINUED

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.

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.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants, and they are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Classification of financial assets

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 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.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ('ECL') on investments in financial assets that are measured at amortised cost or at FVTOCI, trade receivables and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Notes to the financial statements continued

2. ACCOUNTING POLICIES CONTINUED

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the in profit or loss. However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

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 items. Inventories are comprised of raw materials and goods held for resale. 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.

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.

Cash and bank balances

Cash and bank balances comprises cash and cash equivalents, being cash at bank and in hand and short-term deposits with a maturity of three months or less, and monies held in restricted accounts and deposits which represent cash held by the Group in accounts with conditions that restrict the use of these monies by the Group and, as such, does not meet the definition of cash and cash equivalents.

Line of credit

Certain of the Group's accounts receivable balances are assigned, with recourse, to financial institutions. In return, the Group receives a cash advance of 80%–85% of eligible accounts receivable. Both financial assets and financial liabilities are recognised with regards to this arrangement. This facility was fully settled during the year.

Share capital

Ordinary shares are classified as equity, only to the extent that they do not meet the definition of a financial liability. Incremental costs directly attributable to the issue of new ordinary shares of 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.

Notes to the financial statements continued

2. ACCOUNTING POLICIES CONTINUED

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.

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. A defined contribution plan is a pension plan under which the Group and employee pay fixed contributions, on a mandatory, contractual or voluntary basis depending on the location, to a third party financial provider. 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 when due.

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.

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 Time Out events are recognised in the month of the event. Tickets for Time Out offers and commissions for sales of tickets to external events and experiences 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. Where these revenues are uncertain, they are recognised only on receipt.
- 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.

Interest income and expenses

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

Notes to the financial statements continued

2. ACCOUNTING POLICIES CONTINUED

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in profit or loss. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Exceptional items

Exceptional items are disclosed separately in the financial statements where, given their nature or size, it is necessary to do so to provide further understanding of the financial performance of the Group. Exceptional items mainly relate to costs associated with a material restructuring (including termination payments and associated legal fees), costs relating to acquisitions, including legal and consultancy fees and the revaluation of minority interests.

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.

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 and intangibles

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) Deferred tax

The Group has £27.8m of tax losses available to offset future tax liabilities. The Group makes a judgement as to the recognition of a deferred tax asset in relation to these losses based on the expected medium-term profitability. The Group has historically been in a taxable loss position. However, with the roll-out of the Time Out Market locations, the short to medium-term profitability is reviewed at each reporting period to assess the potential recognition of a deferred tax asset.

Notes to the financial statements continued

2. ACCOUNTING POLICIES CONTINUED

Critical accounting estimates and judgements continued

d) Capitalisation of pre-opening expenditure

When investing in the expansion of new Time Out Market sites, the Group makes a judgement as to when the new site has passed feasibility and reached development stage. During feasibility, all costs associated with the new site are expensed. When a site reaches development stage, which is normally determined following the agreement of Heads of Terms for a new lease, applicable costs incurred are capitalised as an item of property, plant and equipment. Impairment reviews are performed on the pre-opening expenditure balances at least every six months.

e) Impact of COVID-19

The impact of COVID-19 has been assessed to be a non-adjusting post balance sheet event. In concluding that there was a material uncertainty over going concern the Directors had to consider a number of possible scenarios due to the uncertainty around the length and severity of the impact of COVID-19. They also needed to use their judgement to assess the most likely scenario and the impact this would have on the covenants and the facilities to assess what the material uncertainty was. Refer to going concern on page 66 for details. Additionally the ultimate impact of the pandemic may give rise to impairments of intangibles assets in the year ending 31 December 2020.

New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and as such have not been adopted in these financial statements.

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. EXCHANGE RATES

The significant exchange rates to pound sterling for the Group are as follows:

	2019		2018	
	Closing rate	Average rate	Closing rate	Average rate
US dollar	**1.32**	**1.27**	1.27	1.34
Euro	**1.18**	**1.14**	1.11	1.13
Hong Kong dollar	**10.27**	**9.99**	9.97	10.51
Singaporean dollar	**1.77**	**1.74**	1.74	1.81
Australian dollar	**1.88**	**1.83**	1.81	1.79
Canadian dollar	**1.72**	**1.69**	1.74	1.73

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 comprises two operating segments:

- Time Out Market – this includes Time Out's share of concessionaires' sales, revenue from Time Out operated bars and other revenue which include retail, events and sponsorship.
- Time Out Media – this includes the sale of digital and print advertising, local marketing solutions, live events tickets and sponsorship, commissions generated e-commerce transactions, and fees from our franchise partners.

Year ended 31 December 2019

	Time Out Market £'000	Time Out Media £'000	Corporate costs £'000	Total £'000
Gross revenue	37,086	40,054	–	77,140
Concessionaire share of revenue	(13,857)	–	–	(13,857)
Net revenue	23,229	40,054	–	63,283
Gross profit	19,580	26,847	–	46,427
Administrative expenses	(23,859)	(34,041)	(1,886)	(59,786)
Operating loss	**(4,279)**	**(7,194)**	**(1,886)**	**(13,359)**
Operating loss	(4,279)	(7,194)	(1,886)	(13,359)
Amortisation of intangible assets	825	3,841	–	4,666
Depreciation of property, plant and equipment	3,308	367	–	3,675
Depreciation of right-of-use assets	1,792	1,158	–	2,950
EBITDA	1,646	(1,828)	(1,886)	(2,068)
Property lease costs	(2,232)	(1,729)	–	(3,961)
Share based payments	–	1,048	–	1,048
Exceptional items	(28)	306	–	278
Adjusted EBITDA loss	**(614)**	**(2,203)**	**(1,886)**	**(4,703)**
Finance income				690
Finance costs				(7,809)
Loss before income tax				**(20,478)**
Income tax charge				(430)
Loss for the year				**(20,908)**

In previous periods, the revenue in the Income Statement includes all Media revenue, revenue generated from our Lisbon market (representing Time Out's share of the food and beverage sales made by concessionaires to consumers, and other revenue from Time Out operated bars, sponsorship, retail, the Time Studio, events and co-working spaces) and any fees from management agreements.

During the year, the Group opened four new owned and operated markets in which all transactions are made directly between Time Out Market and the consumer. The Group also opened Time Out Market Montreal, its first management agreement, in which Time Out operates the bar and recognises the related revenue, in addition to the on-going management fee. This contrasts with Lisbon market where consumers transact directly with the concessionaires for any food and beverage purchases (excluding the Time Out operated bar) and Time Out Market is paid a share of revenue by the concessionaires. Therefore, the total value of all food, beverage and retail transactions in the new markets is included in the income statement, representing the gross revenue of these operations.

To aid comparability between periods, an adjusted revenue measure ('net revenue') has been introduced which is calculated as gross revenue less the concessionaires share of revenue. There was no difference between gross and net revenue in prior periods and Time Out Market Lisbon revenue will continue to recognise revenue on the same basis as it has historically.

The implementation of IFRS 16 on 1 January 2019 materially benefitted EBITDA in the year as property lease costs (£4.0m) are no longer included within administrative expenses and instead are replaced by additional depreciation costs (£3.0m) and interest costs (£3.0m). Adjusted EBITDA is presented including the property lease costs to aid comparison of profitability between periods. Due to the rapid transformation of the Group, the most appropriate measures of performance are evolving and will be subject to continual review.

Notes to the financial statements continued

4. SEGMENTAL INFORMATION CONTINUED

Year ended 31 December 2018

	Time Out Market £'000	Time Out Media £'000	Corporate costs £'000	Total £'000
Gross and Net revenue	8,999	39,779	–	48,778
Gross profit	8,011	24,035	–	32,046
Administrative expenses	(8,633)	(37,786)	2,939	(43,480)
Operating loss	**(622)**	**(13,751)**	**2,939**	**(11,434)**
Operating loss	(622)	(13,751)	2,939	(11,434)
Amortisation of intangible assets	834	3,758	–	4,592
Depreciation of property, plant and equipment	626	443	–	1,069
Loss on disposal of property, plant and equipment	22	3	–	25
EBITDA	860	(9,547)	2,939	(5,748)
Share based payments	–	838	–	838
Exceptional items	514	813	(4,534)	(3,207)
Adjusted EBITDA	**1,374**	**(7,896)**	**(1,595)**	**(8,117)**
Finance income				76
Finance costs				(2,616)
Share of associate's loss				(1,198)
Loss before income tax				**(15,172)**
Income tax charge				(317)
Loss for the year				(15,489)

Revenue is analysed geographically by origin as follows:

	2019 £'000	2018 £'000
Europe	**36,699**	33,736
North America	**36,375**	11,149
Rest of World	**4,066**	3,893
	77,140	48,778

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

	2019 £'000	2018 £'000
Advertising sales	**34,967**	34,785
E-commerce	**3,932**	3,830
Franchising	**1,155**	1,164
Time Out Media	**40,054**	39,779
Owned operations	**36,038**	8,834
Management fees	**1,048**	165
Time Out Market	**37,086**	8,999
	77,140	48,778

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

The Group has applied the European Securities and Markets Authority (ESMA) 'Guidelines on Alternative Performance Measures' in these annual results.

In the context of these results, an alternative performance measure (APM) is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

The reconciliation of adjusted EBITDA to operating loss is contained within the segmental reporting note above.

5. STAFF COSTS

Group

	2019 £'000	2018 £'000
Wages and salaries	**22,075**	20,064
Social security costs	**3,249**	2,567
Other pension costs	**498**	553
Share based payments	**1,046**	833
	26,868	24,017

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

	2019	2018
Sales and Marketing	**146**	140
Editorial and Production	**125**	141
Product Development	**33**	47
Administration	**178**	69
	482	397

The remuneration of the Executive Directors and Officers who are the key management personnel of the Group, is set out below in aggregate for each of the applicable categories specified in IAS 24 'Related Party Disclosures'. Key management personnel is defined as; the Group Chief Executive Officer, the Chief Executive Officer, Time Out Market, and the Chief Financial Officer.

Further information about the remuneration of individual Executive Directors is provided in the Remuneration Report on page 42.

	2019 £'000	2018 £'000
Short-term employee benefits	**1,429**	1,257
Post-employment benefits	**63**	66
Termination benefits	**–**	249
Share based payments	**205**	125
	1,697	1,697

Information regarding the highest paid Director is below:

	2019 £'000	2018 £'000
Short-term employee benefits	**607**	307
Post-employment benefits	**28**	27
Share based payments	**205**	86
	840	420

Notes to the financial statements continued

6. EXCEPTIONAL ITEMS

Costs/(income) are analysed as follows:

	2019 £'000	2018 £'000
Restructuring costs	**306**	802
Revaluation of minority interest	**(28)**	514
Gain on disposal of associate	**–**	(4,469)
Adjustment to deferred consideration	**–**	(65)
Office relocation costs	**–**	11
	278	(3,207)

The restructuring costs in the period relate to redundancy costs (2018: £0.8m). The small gain relates to the difference on the exercise of the option over non-controlling interest in MC-Mercados da Capital (Time Out Market Lisbon) exercised in the year.

Other exceptional items in 2018 included the profit on disposal relates to the sale of shares on Flyt Limited and the fair value loss relates to the remeasurement of the option over non-controlling interest in Time Out Market Limited.

7. OPERATING COSTS

	2019 £'000	2018 £'000
Concessionaire share of revenue	**13,857**	–
Cost of inventories recognised as cost of sales	**4,748**	2,521
Staff costs	**26,868**	24,017
Depreciation of property, plant and equipment	**3,675**	1,069
Depreciation of right of use asset	**2,950**	–
Amortisation of intangible assets	**4,666**	4,592
Operating lease rentals – land and buildings	**496**	2,213
(Gain)/loss on foreign exchange	**(48)**	24
Other expenses	**33,287**	25,776
	90,499	60,212
Analysed as:		
Charged to cost of sales	**30,713**	16,732
Operating expenses	**61,572**	45,941
	92,285	62,673
Staff costs capitalised	**(1,786)**	(2,461)
	90,499	60,212

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

	2019 £'000	2018 £'000
Fees payable to the Company's auditors for the audit of the consolidated and parent Company financial statements	**176**	145
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	**70**	70
	246	215
Fees payable to the Company's auditors for audit related assurance services	**–**	26
Fees payable to the Company's auditors for non-audit services		
Tax advisory work	**–**	60
Other services	**20**	13
	266	314

Post year end, a further audit fee of £50,000 was agreed. Audit fees of the Group and Company are borne by Time Out England Ltd, a subsidiary company.

8. FINANCE INCOME AND COSTS

Finance income

	2019 £'000	2018 £'000
Bank interest receivable	**53**	46
Interest on sponsorship contracts	**–**	30
Foreign exchange gain on financing items	**637**	–
	690	76

Finance costs

	2019 £'000	2018 £'000
Interest on line of credit	**23**	98
Interest on finance leases	**3,032**	5
Interest on loan stock and loan notes	**2,444**	914
Interest on sponsorship loans	**96**	72
Interest on bank loans	**1,951**	992
Foreign exchange loss on financing items	**–**	259
Amortisation of deferred financing costs	**257**	144
Other	**6**	132
	7,809	2,616

Notes to the financial statements continued

9. TAXATION

Analysis of income tax

	2019 £'000	2018 £'000
Current tax		
Current tax charge	**878**	665
Deferred tax		
Deferred tax credit	**(448)**	(348)
	430	317

Factors affecting the tax expense

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £'000	2018 £'000
Loss on ordinary activities before income tax	**(20,478)**	(15,172)
Loss on ordinary activities multiplied by the domestic tax rates applicable to profits in the respective countries	**(4,202)**	(2,206)
Effects of:		
Expenses not deductible for tax purposes	**1,232**	1,818
Income not taxable	**(1,060)**	(1,982)
Unrecognised tax losses in the year	**4,702**	2,982
Other tax adjustments, reliefs and transfers	**206**	53
Deferred tax movements	**(448)**	(348)
Total tax expense	**430**	317

Potential deferred tax assets of £27.8m (2018: £23.1m) relating to timing differences on property, plant and equipment, 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.

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

	2019 £'000	2018 £'000
Carrying value at beginning of year	**2,357**	2,623
Income statement credit	**(448)**	(348)
Foreign exchange	**(160)**	82
	1,749	2,357

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.

	2019 Number	2018 Number
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**137,989,108**	133,867,852

	£'000	£'000
Loss from continuing operations for the purpose of loss per share	**(18,354)**	(14,630)

	Pence	Pence
Basic and diluted loss per share	**(13.3)**	(10.9)

11. INTANGIBLE ASSETS – GOODWILL

Group

Cost	2019 £'000	2018 £'000
At 1 January	**51,703**	50,057
Exchange differences	**(1,635)**	1,646
At 31 December	**50,068**	51,703

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

	2019 £'000	2018 £'000
Time Out Media	**42,272**	43,467
Time Out Market	**7,796**	8,236
	50,068	51,703

There were no impairment losses relating to goodwill at the end of the year (2018: £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. This 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 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.

The recoverable amount of each CGU has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on a detailed bottom up budget for the initial 12 month period. A further four years are forecast using relevant growth rates and CGU specific operation and financial assumptions. Cash flows beyond the five year period are extrapolated into perpetuity using an estimated long-term growth rate of 2%. The cash flows are then discounted using a weighted average cost of capital of 10%.

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 Time Out Media or Time Out Market CGUs to exceed their recoverable amounts.

The impact of COVID-19 has been treated as a non-adjusting post balance sheet event, therefore this impairment review was based on pre-COVID-19 cash flow projections.

The Company has no goodwill (2018: £nil).

Notes to the financial statements continued

12. 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 2018	5,299	7,610	1,371	4,369	9,010	**27,659**
Acquisitions	–	–	–	–	2	**2**
Additions	39	2,859	–	–	19	**2,917**
Disposals	–	(329)	–	–	–	**(329)**
Exchange differences	234	15	19	380	–	**648**
At 31 December 2018	5,572	10,155	1,390	4,749	9,031	**30,897**
Reclassifications	–	–	–	202	(202)	**–**
Additions	34	1,829	–	–	32	**1,895**
Disposals	–	–	–	–	18	**18**
Exchange differences	(142)	(9)	(86)	(257)	(216)	**(710)**
At 31 December 2019	**5,464**	**11,975**	**1,304**	**4,694**	**8,663**	**32,100**
Accumulated Amortisation						
At 1 January 2018	1,227	3,853	128	1,502	1,905	**8,615**
Charge for the year	340	2,336	95	1,255	566	**4,592**
Eliminated on disposal	–	(226)	–	–	–	**(226)**
Exchange differences	62	13	6	100	–	**181**
At 31 December 2018	1,629	5,976	229	2,857	2,471	**13,162**
Charge for the year	356	2,386	94	844	986	**4,666**
Reclassifications	–	–	–	(806)	806	**–**
Exchange differences	(50)	(10)	(27)	(93)	(76)	**(256)**
At 31 December 2019	**1,935**	**8,352**	**296**	**2,802**	**4,187**	**17,572**
Net book value						
At 31 December 2019	**3,529**	**3,623**	**1,008**	**1,892**	**4,476**	**14,528**
At 31 December 2018	3,943	4,179	1,161	1,892	6,560	17,735
At 1 January 2018	4,072	3,757	1,243	2,867	7,105	19,044

The Company has no intangible assets (2018: £nil).

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Fixtures and Fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2018	1,026	1,258	7,806	**10,090**
Additions	722	424	16,658	**17,804**
Disposals	(50)	(40)	(4)	**(94)**
Exchange differences	20	41	196	**257**
At 31 December 2018	1,718	1,683	24,656	**28,057**
Additions	8,077	1,058	18,372	**27,507**
Disposals	174	2	8	**184**
Exchange differences	(91)	(51)	(961)	**(1,103)**
At 31 December 2019	**9,878**	**2,692**	**42,075**	**54,645**
Accumulated Depreciation				
At 1 January 2018	224	675	357	**1,256**
Charge for the year	252	352	465	**1,069**
Eliminated on disposal	(28)	(34)	(4)	**(66)**
Exchange differences	14	24	44	**82**
At 31 December 2018	462	1,017	862	**2,341**
Charge for the year	1,085	412	2,178	**3,675**
Eliminated on disposal	179	2	9	**190**
Exchange differences	(83)	(40)	(201)	**(324)**
At 31 December 2019	**1,643**	**1,391**	**2,848**	**5,882**
Net book value				
At 31 December 2019	**8,235**	**1,301**	**39,227**	**48,763**
As at 31 December 2018	1,256	666	23,794	25,716
At 1 January 2018	802	583	7,449	8,834

Group

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

	2019 £'000	2018 £'000
Cost	–	175
Accumulated depreciation	–	(136)
Net book value	–	39

Notes to the financial statements continued

13. PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

	2019 £'000	2018 £'000
Gross finance lease liabilities – minimum lease payments:		
No later than one year	–	32
Later than one year and no later than five years	–	7
	–	39
Future finance charges on finance lease liabilities	–	(2)
Present value of finance lease liabilities	–	37

The present value of finance lease liabilities is as follows:

	2019 £'000	2018 £'000
No later than one year	–	30
Later than one year and no later than five years	–	7
	–	37

The Company has no property, plant and equipment (2018: £nil).

14. RIGHT-OF-USE ASSETS

Group

	Buildings £'000	Total £'000
Cost		
At 1 January 2019	**18,152**	**18,152**
Additions	**13,737**	**13,737**
Exchange differences	**(545)**	**(545)**
At 31 December 2019	**31,344**	**31,344**
Accumulated Depreciation		
At 1 January 2019	**–**	**–**
Charge for the year	**2,950**	**2,950**
Exchange differences	**85**	**85**
At 31 December 2019	**3,035**	**3,035**
Net book value		
At 31 December 2019	**28,309**	**28,309**
As at 1 January 2019	18,152	18,152

The maturity analysis of lease liabilities is presented in note 22.

Amounts recognised in profit and loss

	2019 £'000
Interest expense on lease liabilities	**3,032**
Expense relating to short-term leases	**496**
Expense relating to leases of low value assets	**170**

The total cash outflow for leases amounts to £4.6m.

15. INVESTMENT IN ASSOCIATE

The Group disposed of it's share of Flyt Limited on 20 December 2018, realising a gain on disposal of £4,5m. The Group's share of post-tax results from Flypay Limited accounted for using the equity method was a loss of £1.2m in 2018.

16. OTHER INVESTMENTS

Company

	Shares in Group undertakings	
	2019 £'000	**2018 £'000**
Cost and Net Book Value		
At 1 January	**89,449**	89,449
Impairment	**(2,407)**	–
At 31 December	**87,042**	89,449

During the year the Company impaired the carrying value of its investment in YPlan Inc. YPlan was acquired in October 2016 and was a platform for the Group to grow and develop its booking platform. The updated Group platform has now been successfully rolled out and the assets transferred to our existing trading entities.

As at 31 December 2019, the Company held direct and indirect investments in the following undertakings, 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	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out New York Limited	100%	Holding company	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out Spain Media SL	100%	Publishing & e-commerce	7–9 Via Laietana, no 20 1st floor, Barcelona 08003	Spain
Print & Digital Publishing Pty	100%	Publishing & e-commerce	41 Bridge Rd, Glebe NSW 2037	Australia
Indirect subsidiaries:				
Time Out Group BC Limited	100%	Holding company	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out Digital Limited	100%	Holding company	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out Magazine Limited	100%	Dormant	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out Nominees Limited	100%	Dormant	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out England Limited	100%	Publishing & e-commerce	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out International Limited	100%	Dormant	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out Market Limited	85%	Holding company	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out Market London Limited	85%	Operator of cultural market	77 Wicklow Street, London WC1X 9JY	England and Wales
Leanworks Limited	100%	E-commerce	77 Wicklow Street, London WC1X 9JY	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 Market US Holdings LLC	85%	Holding company	1540 Broadway, 42nd Floor New York, NY 10036	United States of America

Notes to the financial statements continued

16. OTHER INVESTMENTS CONTINUED

Name of company	Holding	Nature of business	Registered address	Country of registration (or incorporation)
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	85%	Operator of cultural market	1540 Broadway, 42nd Floor New York, NY 10036	United States of America
Time Out Market Chicago LLC	85%	Operator of cultural market	1540 Broadway, 42nd Floor New York, NY 10036	United States of America
Time Out Market Boston LLC	85%	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, 1250–144 Lisboa	Portugal
MC-Mercados da Capital, LDA	85%	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 Hong Kong Company Limited	100%	Publishing & e-commerce	Rms 3201–3204, 32/F Harbour Ctr 25 Harbour Rd, Wanchai Hong Kong	Hong Kong
Time Out Media Singapore Pte Limited	100%	Publishing & e-commerce	The Hive, 4/F 59 New Bridge Road, Singapore 059405	Singapore
Time Out Market Central London Limited	85%	Operator of cultural market	77 Wicklow Street, London WC1X 9JY	England and Wales
Time Out Market New York LLC	85%	Operator of cultural market	1540 Broadway, 42nd Floor New York, NY 10036	United States of America
Time Out Market Canada Holdings Inc	85%	Holding company	200–1000 rue De La Gauchetière O Montréal (Québec) H3B4W5 Canada	Canada
Concept TOM Montreal Inc	85%	Operator of cultural market	200–1000 rue De La Gauchetière O Montréal (Québec) H3B4W5 Canada	Canada
Time Out Market Prague SRO	85%	Operator of cultural market	V celnici 1031/4, Nové Město, 110 00 Praha 1	Czech Republic
Time Out Market Dubai Limited	85%	Operator of cultural market	77 Wicklow Street, London WC1X 9JY	England and Wales

All subsidiaries' reporting periods are consistent with the Group and all subsidiary undertakings are included in the consolidation.

In June 2019 the option over 3.7% of MC-Mercadoes da Capital was exercised for consideration of £1.2m, this gave rise to a gain of £28k in the year. During the year the subsidiary Time Out Market Dubai Limited was incorporated. During 2018 the subsidiaries; Time Out New York LLC, Time Out Market Canada Holdings Inc, Concept TOM Montreal Inc, Time Out Prague SRO, and Time Out Market Central London Ltd were incorporated.

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

	2019 £'000	2018 £'000
Raw materials	**248**	298
Finished goods	**1,111**	78
	1,359	376

The Company has no inventories (2018: £nil).

18. TRADE AND OTHER RECEIVABLES

Group

	2019 £'000	2018 £'000
Current:		
Trade debtors (net)	**10,240**	10,633
Other debtors	**2,816**	1,820
Prepayment and accrued income	**2,712**	2,665
Sales taxes	**33**	–
	15,801	15,118

	2019 £'000	2018 £'000
Non-current:		
Other debtors	**5,815**	5,154
	5,815	5,154

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

As at 31 December 2019, Group trade receivables of £1.9m (2018: £2.8m) 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 (2018: over three months).

As at 31 December 2019, Group trade receivables of £1.3m (2018: £0.9m) were impaired and provided for. The ageing analysis of these trade receivables is over three months (2018: over three months).

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

	2019 £'000	2018 £'000
At 1 January	**836**	409
Provision for receivable impairment	**922**	434
Receivables written off during the year as uncollectable	**(465)**	(27)
Exchange differences	**(33)**	20
At 31 December	**1,260**	836

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

Notes to the financial statements continued

18. TRADE AND OTHER RECEIVABLES CONTINUED

Company

	2019 £'000	2018 £'000
Amounts owed by Group undertakings	**137,764**	120,300
Other debtors	**19**	36
Prepayment and accrued income	**–**	19
	137,783	120,355

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

19. CASH AND BANK BALANCES

Group

	2019 £'000	2018 £'000
Cash and cash equivalents	**13,420**	18,092
Restricted cash – Escrow accounts	**–**	6,255
	13,420	24,347

Monies held in restricted accounts represent cash held by the Group in accounts with conditions that restrict the use of these monies by the Group and, as such, does not meet the definition of cash and cash equivalents.

Escrow accounts relate to cash balances used to fund expected Time Out Market construction costs.

20. TRADE AND OTHER PAYABLES

Group

	2019 £'000	2018 £'000
Current:		
Trade creditors	**6,086**	3,231
Social security taxes	**624**	579
Other creditors	**3,255**	1,533
Deferred consideration	**–**	1,262
Line of credit	**–**	1,972
Accruals and deferred income	**9,647**	10,115
Corporation tax creditor	**300**	665
Value Added Tax	**1,501**	995
	21,413	20,352
Non-current:		
Other creditors	**1,271**	1,451
	1,271	1,451

In April 2019, the Group discontinued the use of line of credit facilities. Line of credit amounts included above represent the Group's accounts receivable financing agreements with RBS Invoice Finance Limited in the UK and US. Under the agreement, accounts receivable were assigned, with recourse, to this financial institution. In return the Group received an advance of 80%–85% of eligible assigned accounts receivable.

The interest rate in effect for the UK agreement for the year ended 31 December 2019 was 2.85% above the Bank of England Base Rate (2018: 2.85% above for the UK and around 10% for the US). At 31 December 2019, UK accounts receivable assigned to RBS Invoice Finance Limited were £nil (2018: £3.3m) and US accounts receivable assigned to RBS Invoice Finance Limited were £nil (2018: £3.5m). The facility is secured by way of charges over certain of the Group's assets.

Other creditors also includes liabilities for our e-commerce business as well as pension liabilities.

The non-current other creditors relate to a lease concession for the Lisbon market expiring 2031.

Company

	2019 £'000	2018 £'000
Trade creditors	**116**	2
Accruals and deferred income	**55**	133
	171	135

21. BORROWINGS

Group

	2019 £'000	2018 £'000
Current:		
Bank loans	**4,695**	1,106
	4,695	1,106
Non-current:		
Loan notes	**23,242**	20,779
Bank loans	**15,374**	7,225
	38,616	28,004

Borrowings repayable as follows:

	2019 £'000	2018 £'000
Between nil and one year	**4,695**	1,106
Between one and two years	**38,106**	21,875
Between two and five years	**510**	5,949
Over five years	**–**	180
	43,311	29,110

The fair value of all financial liabilities is not materially different from the carrying value.

21. BORROWINGS CONTINUED

The loan notes are a £20.0m term loan facility agreement with Oakley Capital Investments Limited (‘OCI’). The initial facility, which was agreed in March 2018, was for a period of 19 months expiring on 31 October 2019 and had an interest rate of between 10% to 15% depending on amounts drawn. The facility was subsequently converted into a loan note agreement, with an extended term to 31 October 2021. In return for granting security over certain Time Out trademarks and domain name, the previous interest rate mechanism was replaced with a flat rate of 12%. At year end, the full facility was drawn with the proceeds used to fund Time Out Market developments. The loan notes were settled in full in June 2020 at the book value.

The bank loans comprise:

- a loan provided by a local Urban Development Fund as part of the Joint European Support for Sustainable Investment in City Areas (JESSICA) initiative of 0.9m (2018: £1,1m), charged at a rate of the six-moth EURIBOR rate plus 1.75% repayable in instalments to 2024; and
- a term loan facility of £19.0m (2018: £6.9m) at a rate of 11% above EURIBOR, repayable in instalments annually through to November 2022, £12.8m of this balance was drawn during the year. The facility has a covenant based on the rolling 12 month EBITDA of the Time Out Lisbon Market.
- a bank loan of £0.2m (2018: £0.3m) at a rate of EURIBOR plus 3% subject to a minimum of 3% and a maximum of 4%, repayable in July 2021.

Company

	2019 £’000	2018 £’000
Non-current:		
Loan notes	**23,242**	20,779
	23,242	20,779

Refer to OCI facility detailed above.

The fair value of all financial liabilities is not materially different from the carrying value.

22. LEASE LIABILITIES

	2019 £’000
Analysed as:	
Current	**2,636**
Non-current	**29,786**
	32,422

	2019 £’000
Maturity analysis:	
Year three	**3,871**
After five years	**28,551**
	32,422

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within Group finance.

23. 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 in overseas markets. The Group's realised gain on foreign exchange for the year was £48,000 (2018: £24,000 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 (2018: £nil).

A sensitivity analysis was conducted at the end of the year ending 31 December 2019 in order to understand the exposure of the Group's income statement to currency fluctuations. 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.

The effects of the analysis showed that if the euro and US dollar had appreciated by 10% during the year, reported revenue would be £67.4m and the adjusted EBITDA loss would be £2.9m. If, conversely, the euro and US dollar had depreciated by 10% during the year, reported revenue would be £59.9m and adjusted EBITDA loss would be £2.7m.

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.

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.

The maturity profile of the Group's borrowings is set out in note 21.

Notes to the financial statements continued

23. FINANCIAL RISK MANAGEMENT AND POLICIES CONTINUED

Liquidity risk continued

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.

As at 31 December 2019	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Over five years £'000	Total £'000
Loan notes	**–**	**27,647**	**–**	**–**	**27,647**
Bank loans	**6,924**	**18,335**	**510**	**–**	**25,769**
Lease liabilities	**7,793**	**8,063**	**20,090**	**32,100**	**68,046**
Trade and other payables	**21,413**	**127**	**127**	**1,017**	**22,684**
	36,130	**54,172**	**20,727**	**33,117**	**144,146**

As at 31 December 2018	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Over five years £'000	Total £'000
Loan notes	–	25,228	–	–	25,228
Bank loans (excluding finance lease liabilities)	1,991	2,557	5,997	180	10,825
Finance lease liabilities	30	7	–	–	37
Trade and other payables	20,322	145	145	1,161	21,773
	22,343	27,937	6,142	1,341	57,763

Interest rate risk

The Group's exposure to interest rates is low as the majority of our debt is at fixed interest rates. Lines of credit, which were fully settled in April 2019, were 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 level of floating rate debt 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 total parent 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.

24. FINANCIAL INSTRUMENTS

Fair values

The table below illustrates the fair values of all financial assets and liabilities held by the Group at 31 December 2019 and 31 December 2018.

The Group's financial liability for the option over the non-controlling interests of MC-Mercados da Capital, LDA, that was exercised in June 2019, was 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 were 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 fair value of all financial liabilities is not materially different from the carrying value.

Classification of financial instruments As at 31 December 2019	At amortised cost £'000	At fair value through profit and loss £'000	Total £'000
Assets			
Cash and bank balances	**13,420**	**–**	**13,420**
Trade and other receivables	**18,904**	**–**	**18,904**
	32,324	**–**	**32,324**
Liabilities			
Financing	**(43,311)**	**–**	**(43,311)**
Lease liabilities	**(32,422)**	**–**	**(32,422)**
Trade and other payables	**(22,684)**	**–**	**(22,684)**
	(98,417)	**–**	**(98,417)**

Classification of financial instruments As at 31 December 2018	At amortised cost £'000	At fair value through profit and loss £'000	Total £'000
Assets			
Cash and bank balances	24,347	–	24,347
Trade and other receivables	18,748	–	18,748
	43,095	–	43,095
Liabilities			
Financing	(29,110)	–	(29,110)
Finance lease obligations	(37)	–	(37)
Option over minority interest	–	(1,262)	(1,262)
Trade and other payables	(17,687)	–	(17,687)
	(46,834)	(1,262)	(48,096)

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 fair value is not materially different from the carrying value.

The Group assesses at each year end reporting date whether a financial asset or group of financial assets is impaired. In the financial year 2019 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).

Notes to the financial statements continued

24. FINANCIAL INSTRUMENTS CONTINUED

Financial liabilities measured at fair value through profit and loss

	Financing of TO Market	Minority interest	Total
Balance at 1 January 2018	329	738	1,067
Deferred consideration paid	–	–	–
Debt repayments	(328)	–	(328)
Gains and losses recognised in profit or loss	(1)	524	523
Balance at 31 December 2018	**–**	**1,262**	**1,262**
Exercise of put option	**–**	**(1,234)**	**(1,234)**
Debt repayments	**–**	**–**	**–**
Gains and losses recognised in profit or loss	**–**	**(28)**	**(28)**
Balance at 31 December 2019	**–**	**–**	**–**

Company

Classification of financial instruments As at 31 December 2019	At amortised cost £'000	At fair value through profit or loss £'000	Total £'000
Assets			
Trade and other receivables	**137,783**	**–**	**137,783**
	137,783	**–**	**137,783**
Liabilities			
Loan notes	**(23,242)**	**–**	**(23,242)**
Trade and other payables	**(171)**	**–**	**(171)**
	(23,413)	**–**	**(23,413)**

Classification of financial instruments As at 31 December 2018	At amortised cost £'000	At fair value through profit and loss £'000	Total £'000
Assets			
Trade and other receivables	120,336	–	120,336
	120,336	–	120,336
Liabilities			
Loan notes	(20,779)	–	(20,779)
Trade and other payables	(135)	–	(135)
	(20,914)	–	(20,914)

25. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid	Nominal value	2019 Number	2018 Number
Ordinary shares	£0.001	**148,486,076**	134,651,891
Aggregate amounts		**148,486,076**	134,651,891

		2019 £'000	2018 £'000
New ordinary shares	£0.001	**148**	135
Aggregate amounts		**148**	135

During the year 13,468,939 were issued as part of the share placing that took place in October 2019. In the prior year, the Company issued 1,060,423 ordinary shares being the deferred consideration payable in relation to the acquisition of Time Out Spain Media SL (previously 80 Mes 4 Publicacions). The fair value of the shares issued was £0.9m.

During the year, the Company issued 365,246 (2018: 228,579) shares to employees following the exercise of share options. The fair value of the shares issued was £379,000 (2018: £191,000).

26. NOTES TO THE CASH FLOW STATEMENT

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

	2019 £'000	2018 £'000
Loss before income tax	**(20,478)**	(15,172)
Add back:		
Net finance costs	**7,119**	2,540
Share based payments	**1,048**	838
Depreciation charges	**6,625**	1,069
Amortisation charges	**4,666**	4,592
Fair value loss on minority interest	**–**	514
Gain on disposals of fixed assets	**–**	(4,469)
Non-cash movements	**48**	242
Share of associate's loss	**–**	1,198
Increase in inventories	**(1,030)**	(86)
Increase in trade and other receivables	**(2,456)**	(3,094)
Decrease in trade and other payables	**2,524**	11
Cash used in operations	**(1,934)**	(11,817)

Notes to the financial statements continued

27. PENSION COMMITMENTS

The Group operates defined contribution pension schemes on behalf of its employees. During the year, contributions of £498,000 (2018: £553,000) were made on behalf of employees and at the year end £117,000 (2018: £99,000) remained outstanding.

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:

	2019 £'000	2018 £'000
Expense arising from share option plans	**1,048**	838

Long Term Incentive Plan

Awards have been made to the Executive Directors as follows:

Director	Exercise price (p)	Date of grant	Number of options awarded	Vesting dates	Expiry date
Julio Bruno	150p*	14/06/16	2,166,667	14/06/2017	14/06/2026
	150p*		2,166,666	14/06/2018	14/06/2026
	150p*		2,166,667	14/06/2019	14/06/2026
	nil	21/04/17	100,000	21/04/2018	22/04/2027
	nil		100,000	21/04/2019	22/04/2027
	nil		100,000	21/04/2020	22/04/2027
	129.5p	13/04/2018	100,000	13/04/2019	12/04/2028
	129.5p		100,000	13/04/2020	12/04/2028
	129.5p		100,000	13/04/2021	12/04/2028
	nil		100,000	13/04/2019	12/04/2028
	nil		100,000	13/04/2020	12/04/2028
	nil		100,000	13/04/2021	12/04/2028
	90p	02/04/2019	333,334	28/03/2020	02/04/2029
	90p		333,333	28/03/2021	02/04/2029
	90p		333,333	28/03/2022	02/04/2029
	nil		200,000	28/03/2020	02/04/2029
	nil		200,000	28/03/2021	02/04/2029
	nil		200,000	28/03/2022	02/04/2029
Adam Silver	129.5p	13/04/18	100,000	13/04/2019	12/04/2028
	129.5p		100,000	13/04/2020	12/04/2028
	129.5p		100,000	13/04/2021	12/04/2028
	nil		16,667	13/04/2019	12/04/2028
	nil		16,667	13/04/2020	12/04/2028
	nil		16,666	13/04/2021	12/04/2028
	90p	02/04/2019	233,334	28/03/2020	02/04/2029
	90p		233,333	28/03/2021	02/04/2029
	90p		233,333	28/03/2022	02/04/2029
	nil		100,000	28/03/2020	02/04/2029
	nil		100,000	28/03/2021	02/04/2029
	nil		100,000	28/03/2022	02/04/2029

* These awards were granted as part of the initial public offering of the Group and vest a third on each of the first, second and third anniversaries of grant.

The only specific performance condition attached to these awards is of continued service. A third of each award's options vest each year on the anniversary date for three years after grant. There is a 12 month lock-up period following each vesting date. More information can be found in the Directors' Remuneration Report on page 41.

Other awards made during the year and prior year were as follows:	Exercise price (p)	Number of options awarded	Expiry date
Senior managers – August 2016	141	825,000	23/08/2026
Senior managers – October 2016	141	1,916,667	21/10/2026
YPlan employees – October 2016	nil	1,262,876	21/10/2026
Senior managers – April 2017	nil–135	1,175,000	21/04/2027
Senior managers – October 2017	144	350,000	03/10/2027
Senior managers – March 2018	nil–129.50	834,984	28/03/2028
Senior managers – April 2018	nil–129.50	499,998	13/04/2028
Senior managers – May 2018	0.852–1.10	99,996	29/05/2028
Senior managers – March 2019	nil–0.90	1,599,963	28/03/2019
Senior managers – December 2019	122.50	470,000	12/12/2019

The only specific performance condition attached to these awards is of continued service. A third of each award's options vest each year on the anniversary date for three years after grant. There is a 12 month lock-up period following each vesting date.

The total movement during the year is as follows:

	2019		2018	
	Weighted average exercise price (pence per option)	Number of options	Weighted average exercise price (pence per option)	Number of options
Outstanding at 1 January	**132**	**9,667,903**	136	10,915,663
Options exercised in the year	**Nil**	**(365,245)**	Nil	(228,579)
Options lapsed in the year	**117**	**(1,112,496)**	115	(3,404,157)
Options granted in the year	**69**	**4,669,961**	76	2,384,976
Outstanding at 31 December	**115**	**12,860,123**	132	9,667,903
Exercisable at 31 December		**7,181,417**		5,291,251
Weighted average remaining contractual life		**8.43**		6.71

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

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%	0.53%–0.74%
Peer group volatility	47.5%–48.9%	20.8%–21.7%
Expected option life in years	1–3	3
Expected dividend yield	nil	nil
Share price at grant date	150p	90p–122.5p
Exercise price at grant date	150p	nil–122.5p
Weighted average fair value of options at grant date	40p	7p–141p

The weighted average fair value of options granted during the year was 31p (2018: 48p).

Notes to the financial statements continued

28. SHARE BASED PAYMENTS CONTINUED

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Expiry date	Exercise price (p)	Share options 2019	Share options 2018
IPO award	14/06/2026	150	**6,500,000**	6,500,000
Senior managers – August 2016	23/08/2026	141	**250,000**	250,000
Senior managers – October 2016	21/10/2026	141	**25,000**	250,000
YPlan employees – October 2016	21/10/2026	nil	**16,838**	95,417
Senior managers – April 2017	21/04/2027	nil–135	**225,000**	1,012,500
Senior managers – October 2017	03/10/2027	144	**175,000**	175,000
Senior managers – March 2018	28/03/2028	nil–130	**239,992**	359,991
Senior managers – April 2018	13/04/2028	nil–195	**849,998**	949,998
Senior managers – May 2018	29/04/2028	85–110	**58,331**	74,997
Senior managers – March 2019	28/03/2029	nil–0.90	**1,449,966**	–
Senior managers – April 2019	02/04/2029	nil–0.90	**2,599,998**	–
Senior managers – December 2019	12/12/2029	122.50	**470,000**	–
			12,860,123	9,667,903

29. IMPLEMENTATION OF IFRS 16 LEASES

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 12%.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Measurement of lease liabilities

	2019 £'000
Operating lease commitments disclosed as at 31 December 2018	57,473
Other adjustments	(15,395)
	42,078
Discounted at the incremental borrowing rate	(22,285)
Lease liability recognised as at 1 January	19,793
Of which are:	
Current lease liabilities	1,249
Non-current lease liabilities	18,544
Lease liability recognised as at 1 January	19,793

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

Impact on the Income Statement

	Year ended 31 December 2019 £'000
Reduction in property lease costs	3,961
Decrease in EBITDA loss	3,961
Increase in depreciation costs	(2,950)
Decrease in operating loss	1,011
Increase in interest costs	(3,032)
Net increase in loss before tax	(2,021)

Impact on the Statement of Financial Position

	31 December 2019 £'000
Right-of-use assets	28,309
Lease liabilities – Current	2,636
– Non-current	29,786
	32,422

30. RELATED PARTY TRANSACTIONS

Group

The Group is controlled by Oakley Capital Limited and Oakley Capital Private Equity, who together owned 51.7% of the Company's shares as at the year ended 31 December 2019. There is a summary of majority ownership interests in the Directors Report on page 47.

In 2018 the Company entered into a £20.0m term loan facility agreement with Oakley Capital Investments Limited ('OCI'). The initial facility was for a period of 19 months expiring on 31 October 2019 and had an interest rate of between 10% to 15% depending on amounts drawn. The facility was subsequently converted into a Loan Note agreement, with an extended term to 31 October 2021. In return for granting security over certain Time Out trademarks and domain name, the previous interest rate mechanism was replaced with a flat rate of 12%. At year end, the full facility has been drawn down with the proceeds used to fund Time Out Market developments. In June 2020, this facility was settled in full and the related security released.

OCI is a substantial shareholder in the Company as defined by the AIM Rules and as such entering into the loan facility constitutes a related party transaction pursuant to AIM Rule 13. With the exception of Peter Dubens, who is a Director of OCI, the Directors of the Group consider that, having consulted with Liberum, the terms of the transaction are fair and reasonable insofar as shareholders are concerned.

Relating to Time Out Market Limited

Time Out Digital Limited had a debtor balance with Time Out Market Limited at the year end of £44.4m (31 December 2018: £32.8m) which related to funding. Time Out England Limited has a debtor balance with Time Out Market Limited at the year end of £9.5m (2018: £5.1m) related to transfer pricing charges and trading between companies.

Management share awards

Details of management share awards are contained in the Directors' Remuneration Report on page 41 and in note 28.

Other

The Group engages with Oakley Advisory, a subsidiary of Oakley Capital Investment Limited, on a consultancy basis but did not pay a fee in the years ended 31 December 2019 or 31 December 2018.

Financing transactions with related parties are detailed in note 21.

As part of the cash placing complete in October 2019, Invesco Asset Management Limited ('Invesco') purchased an aggregate of 2,125,984 shares. Invesco is a related party of the Company for the purposes of the AIM Rules by virtue of their status as a substantial shareholder holding 10% or more of the existing Ordinary Shares.

Company

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

	2019 £'000	**2018 £'000**
Time Out Group MC Limited	**1,112**	1,112
Time Out Group BC Limited	**20,731**	20,731
Time Out Digital Limited	**66,728**	66,485
Time Out England Limited	**33,937**	16,684
Time Out America LLC	**395**	427
Time Out New York Limited	**14,861**	14,861
	137,764	120,300

31. POST BALANCE SHEET EVENTS

As set out in the Strategic Report on page 21, COVID-19 has had a significant adverse impact on the Group. In order to support the Group through this period, the Company launched and successfully completed a placing and open offer in June 2020, issuing 134,707,395 new ordinary shares at 35p a share and raising gross proceeds of £47.1m.

Following this, £26.7m of the proceeds was used to fully settle the loan note facility and related interest provided by Oakley Capital Investments Limited.

In June 2020, the loan facility with Incus Capital Advisors SA was revised to defer capital and interest repayments of £4.3m due in June 2020 and November 2020 to November 2021. Certain financial covenants were also revised.

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