Ten

14 May 2020

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

Interim results for the six months ended 29 February 2020

Ten Lifestyle Group plc (AIM: TENG), a leading technology-enabled, global concierge platform for the world's wealthy and mass affluent, announces its unaudited Interim Results for the six months ended 29 February 2020 ("H1 2020", or "the period").

Financial Highlights

- Net Revenue[1] of £23.8m up 11% (H1 2019: £21.5m) with particularly strong growth (+25%) in EMEA[2]
- Adjusted EBITDA[3] profit of £2.1m (H1 2019: loss of £(2.4)m) driven by improved operational efficiencies and IFRS 16 implementation
- Operating loss of £(2.1)m (H1 2019: £(4.7)m)
- Operating expenses reduced to £21.7m (H1 2019: £23.9m)
- Cash at £9.6m (FY 2019: £12.3m) and no debt

Operational Highlights

- Successfully implemented the expansion of an existing Large contract in the Americas into an Extra Large[4] contract by adding digital and high-touch concierge services in mid-January 2020[5]
- Launched a Large contract in September 2019
- Operating efficiency continues to improve due to technology improvements as well as growing maturity in operations and supplier base
- Member satisfaction[6] has been maintained at high levels, on a global basis
- £6.3m (H1 2019: £5.7m) spent on proprietary digital platform, communications and technologies to enhance client experience and create competitive advantage

Current Trading & Outlook

Ten's business model derives its revenue substantially from service delivery rather than conversion of bookings, as outlined in the Group's trading updates announced on 6 and 30 March 2020. Ten continues to generate revenue by delivering services relevant to its members and corporate clients throughout this period of uncertainty.

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[1] Net Revenue excludes the direct cost of sales relating to certain member transactions managed by the Group.
[2] The Europe, Middle East and Africa region.
[3] Adjusted EBITDA is operating (loss)/profit before interest, taxation, depreciation, amortisation and share-based payments. Adjusted EBITDA for current period includes implementation of the new IFRS 16 Lease accounting standard. The transition method used was the Modified Retrospective method therefore comparatives have not been restated.
[4] Ten categorises its corporate client contracts based on the annualised value paid, or expected to be paid, by the corporate client for the provision of concierge and related services by Ten as: Small contracts (below £0.25m); Medium contracts (between £0.25m and £2m); Large contracts (over £2m); and Extra Large contracts (over £5m). This does not include the revenue generated from suppliers through the provision of concierge services.
[5] If the additional revenue from this expansion was a standalone new contract win it would represent an Extra Large contract by FY 2020/21 in its own right.
[6] Ten measures member satisfaction using the Net Promoter Score management tool, which gauges the loyalty of a firm's customer relationships (https://en.wikipedia.org/wiki/Net_Promoter).

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

However, supplier revenue, primarily from Travel bookings, has significantly reduced since March 2020, as previously indicated, resulting in very low revenue from commission payments[7] until global travel begins to recover (H1 2020: £2.5m, FY 2019: £5.5m).

We have taken prudent steps to reduce cost in the business. These actions included, but are not limited to, successful renegotiation with suppliers; a review of projects to focus on the most strategic core investments (including development of our technology platform, where we continue to invest); a freeze on employee bonuses and salary increases; and voluntary salary sacrifice in exchange for share options. Where it has made commercial and operational sense, the Group has also participated in available government funded coronavirus initiatives across all regions. These actions are expected to deliver at least £5m of cost savings in H2 2020 alone.

The flexibility of our service model has allowed us to deliver high service levels in March and April 2020 by offering services relevant to the current conditions in each market. The volume of service requests in March and April 2020 are 17% higher than last year and 13% higher than the H1 2020 average run rate. This has in turn increased corporate revenue in March and April 2020, compared to the same prior year period and the average H1 2020 run rate.

Cash at the end of February 2020 was £9.6m. Cost saving actions taken, increased corporate revenue and prudent cash management have enabled us to broadly maintain cash at this level at the end of March and April 2020. This has been achieved despite very low levels of commission from suppliers[7 above]

We have responded effectively to the COVID-19 pandemic, to date, although there is no certainty when or how this will end, which creates uncertainty when assessing the outlook. In the months ahead, we will continue to develop relevant service offers for our members, the customers of our contracted corporate clients. In the circumstances, there are likely to be delays to new contract launches but we continue to have positive conversations with many companies who recognise that customer loyalty and acquisition strategies will be vital as the pandemic enters new phases. Commissions are expected to remain low for the rest of 2020 and into 2021. We will continue to drive efficiencies and adjust costs to maintain a robust cash position, whilst continuing investment in the technology platform.

The Board will provide further updates, as necessary in a changing environment.

Alex Cheatle, CEO of Ten Lifestyle Group, said;
"Since the outbreak of COVID-19 in our APAC region in January 2020, Ten has been supporting its members throughout the crisis, adapting to their changing needs.

[7] Ten's revenue from its supplier base, such as hotels, airlines, and event promoters which sometimes pay commission to Ten constitute 12% of Net Revenue for the 2019 financial year, as reported in the 2019 Annual Report and Accounts.

For example, we have been sourcing the best grocery deliveries, providing offers, content and 'things to do' during lockdown, gifts for loved ones and delivering virtual events and webinars. This allows us to remain relevant to our corporate clients because we deliver valued services to their most valuable customers. We have proven to be a robust and reliable partner during the migration of most of our staff to homeworking with no service interruption and continued PCI DSS Level 1 compliance.

Until there is more clarity on when and how restrictions will be lifted and how consumer behaviour will develop, we'll continue to adopt a prudent approach to manage costs and preserve cash.

I would like to extend a huge thanks to Ten's employees worldwide, who are working tirelessly to deliver and enhance our proposition during this challenging time, as well as our corporate clients for their continuing support."

Analyst Presentation

An online analyst presentation will be held by video link at 9:00am on 14 May 2020. To attend, please RSVP investorrelations@tengroup.com.

Dial-in details for the presentation are also available:
Dial-in number: +44 (0) 20 3481 5240
Meeting ID: 821 7156 6045

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

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Notes to Editors:

About Ten Lifestyle Group Plc

Ten Lifestyle Group plc is a leading technology-enabled, global concierge platform, helping wealthy and mass affluent individuals and their families to discover, organise, and enjoy dining, live entertainment, travel and premium retail (and other relevant services) with better results and quicker than they could themselves.

Underpinned by industry-first technology, Ten provides its trusted travel and lifestyle service to its more than 2 million members, 24/7, 365 days a year, wherever they are in the world. Founded in 1998, the business listed on the AIM market of the London Stock Exchange in November 2017 (AIM: TENG). Ten Lifestyle Group's objective is to become the most trusted service platform in the world.

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

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Operating and Financial Review

£m	H1 2020	H1 2019
Revenue	25.6	22.6
Net Revenue	**23.8**	**21.5**
Operating expenses & other income (excluding depreciation, amortisation, share based payments)	(21.7)	(23.9)
Adjusted EBITDA*	**2.1**	**(2.4)**
Adjusted EBITDA % of Net Revenue	*8.7%*	*(11.3)%*
Depreciation	(2.3)	(0.4)
Amortisation	(1.4)	(1.6)
Share-based payments charge	(0.5)	(0.2)
Operating loss before interest and tax	**(2.1)**	**(4.7)**

*Adjusted EBITDA in H1 2020 includes the Groups implementation of IFRS 16 Lease accounting standard. The Group transitioned using the modified retrospective method and therefore comparatives have not been restated.

IFRS 16 Implementation

The Group adopted IFRS 16 – Leases for the financial year ending 31 August 2020, and chose to use the modified retrospective approach to adoption, which means there are no restatements to the prior year figures.

IFRS 16 introduces a single lessee accounting model, where by the Group will recognise a lease liability and a Right of use asset at 1 September 2019 for leases previously classified as operating leases. Within the income statement rent expense is replaced by depreciation and interest expense.

The adoption of IFRS 16 has resulted in a Right of use asset of £6.8m, with a corresponding Lease Liability of £7.4m as at 29 February 2020.

In order to allow users of this report to see how IFRS 16 has affected Adjusted EBITDA, we present a reconciliation below.

Adjusted EBITDA £m	6 months to 29 February 2020	6 months to 28 February 2019
EBITDA before IFRS 16 transition	-	(2.4)
Changes due to accounting policy – IFRS 16	2.1	-
EBITDA as reported	2.1	(2.4)

The changes to accounting policy have improved adjusted EBITDA from an underlying breakeven position to a profit of £2.1m. As stated, the prior year figures have not been restated.

Revenue

Revenue for the six months to 29 February 2020 was £25.6m, up 13% on the six months to 29 February 2019. Net Revenue was £23.8m, up 11% compared to the prior period.

This revenue growth reflects organic growth in existing contracts, supported by a series of new contract launches in H1 2020, partly offset by the loss of a Large contract in June 2019.

Development of corporate contracts

Contract Category[8]	Launched by 29 February 2020	Launched by 31 August 2019
Extra Large	3	2
Large	6	5
Medium	17	17
Total	**26**	**24**

Operating expenses

Operating expenses decreased to £21.7m (H1 2019: £23.9m) primarily due to the impact of IFRS 16 adjustments moving £2.1m of operating cost to both Depreciation (£1.9m) and Interest (£0.2m). Excluding this adjustment, the underlying operating cost base was flat year on year as the business leveraged its scale and continued to deliver improved operational efficiencies offsetting one off set up costs (£0.8m) for the expansion of an existing Extra Large contract in Americas and continued investment in our product, content and technology teams.

Adjusted EBITDA

Adjusted EBITDA, as reported, takes into account all Group operating costs, other than depreciation of £2.3m (H1 2019: £0.4m), amortisation of £1.4m (H1 2019: £1.6m) and share-based payment expenses of £0.5m (H1 2019: £0.2m). On this basis, Adjusted EBITDA was a profit of £2.1m (H1 2019: loss of £2.4m).

Regional performance

Segmental Net Revenue reporting reflects our servicing location rather than the location of our corporate clients. This allows us to understand and track the efficiency and profitability of our operations around the world.

£m	**H1 2020**	**H1 2019**	**% change**
EMEA	11.9	9.5	**25%**
Americas	7.7	7.3	**5%**
APAC	4.2	4.7	**(11%)**
Total	**23.8**	**21.5**	**11%**

After fully allocating our indirect central costs including IT, platform support, non-lease costs and management across the regions, together with deducting the £2.1m credit in respect of IFRS 16 in H1 2020 to ensure a like for like comparison, the underlying Adjusted EBITDA profitability of each regional segment is:

£m	**H1 2020 (IFRS 16)**	**H1 2020 (Pre IFRS 16)**	**H1 2019**
EMEA	3.9	3.2	0.6
Americas	(1.5)	(2.5)	(2.1)
APAC	(0.3)	(0.7)	(0.9)
Total	**2.1**	**0.0**	**(2.4)**
Adjusted EBITDA % of Net Revenue	**8.7%**	**0.0%**	**(11.3%)**

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

EMEA

Net Revenue in the region increased by 25% to £11.9m (H1 2019: £9.5m). The increase in Net Revenue has been driven primarily by the launch of a Large contract in September as well as strong organic growth in our existing base business across a number of our clients. Overall Adjusted EBITDA margin of 27% for the region is approaching the mature margins we would expect after a period of investment. The continued improvement of operational efficiencies has meant that we managed to increase revenue and activity with a lower headcount and cost requirement.

AMERICAS

Net Revenue from the region increased by 5% to £7.7m (H1 2019: £7.3m). The growth in revenue was driven by organic growth as well as 6 weeks of contribution from the extension of the Extra Large contract which commenced in mid-January. Adjusted EBITDA was impacted by set up costs of approximately £0.8m in relation to this Extra Large contract, partly offset by operational efficiencies across the region.

APAC

Net Revenue decreased by 11% to £4.2m (H1 2019: £4.7m). The reduction in revenue is primarily due to the loss of a Large contract in June 2019 which reduced annualised revenue by £1.7m. Excluding this loss underlying organic growth was strong across the region and the overall Adjusted EBITDA margin improved by £0.2m.

Cash flow

£m	**H1 2020**
Loss before tax	**(3.3)**
Net finance expense	0.2
Movement in working capital	1.8
Non-cash items (share-based payments, depreciation and amortisation charges)	4.1
Pre tax operating cash inflow	**2.8**
Capital expenditure	(0.6)
Investment in intangible assets	(2.7)
Tax paid	(0.2)
Cash outflow before financing activities	**(0.7)**
Financing activities	
Repayment of lease liabilities and net interest	(2.1)
Cash outflow from financing activities	**(2.1)**
Net decrease in cash	**(2.8)**
Cash balance	**9.6**

Pre tax operating cash inflows were £2.8m, reflecting the loss before tax of £3.3m, as well as a reduction in net working capital of £1.8m due to improved debtor collection, and add back of non-cash items of £4.1m (see above) including £1.9m relating to depreciation of Right of use assets regarding IFRS 16 lease accounting.

Additionally, as planned, there was £2.7m (H1 2019: £2.1m) capital investment in the period in global content, and the internal CRM platform (Ten Maid) together with continued development of the digital platform. £0.6m capital expenditure for IT infrastructure, included one off expenditure of £0.4m relating to new telephony technology. Repayment of lease liabilities and net interest of £2.1m has resulted in a cash outflow in the period of £2.8m.

Balance sheet

£m	As at 29 February 2020	As at 31 August 2019
Intangible assets	10.4	9.0
Property, plant and equipment	1.9	1.8
Right of use asset	6.8	-
Cash	9.6	12.3
Other Assets	9.1	11.1
Lease Liabilities	(7.4)	-
Other Liabilities	(12.6)	(13.3)
Net assets	**17.8**	**20.9**
Share capital/Share premium	28.6	28.6
Reserves	(10.8)	(7.7)
Total equity	**17.8**	**20.9**

Net assets remain strong with a significant cash position of £9.6m after capital investment. With transition to IFRS 16, Assets now include a Right of use asset of £6.8m and Liabilities include £7.4m of Lease liabilities. The Group is debt free at the end of the period.

Principle Risks and Uncertainties

The principle risks and uncertainties facing the Group remain broadly consistent with the Principle Risks and Uncertainties reported in Ten's 2019 Annual Report. Since the 2019 Annual Report, the Board have been monitoring and mitigating the effects of the following international events on the Group's business:

COVID-19

In March 2020, the World Health Organisation declared a global pandemic due to the COVID-19 virus that has spread across the globe, causing different governments and countries to enforce restrictions on people movements, a stop to international travel, and other precautionary measures. This has had a widespread impact economically and a number of industries have been heavily impacted. This has resulted in impacts on certain industries and a more general need to consider whether budgets and targets previously set are realistic in light of these events

As described in Current Trading & Outlook above, the COVID-19 pandemic has impacted our business but the Board believes that the business is well positioned to be able to navigate through the impact of COVID-19 due to the strength and flexibility of its service proposition, its strong balance sheet and cash position.

Brexit

The United Kingdom ('UK') formally left the European Union ('EU') on 30 January 2020. The period of time from when the UK voted to exit the EU on 23 June 2016 and the formal process initiated by the UK government to withdraw from the EU, or Brexit, created volatility in the global financial markets. The UK now enters a transition period, being an intermediary arrangement covering matters like trade and border arrangements, citizens' rights and jurisdiction on matters including dispute resolution, taking account of The EU (Withdrawal Agreement) Act 2020, which ratified the Withdrawal Agreement, as agreed between the UK and the EU. The transition period is

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currently due to end on 31 December 2020 and ahead of this date, negotiations are ongoing to determine and conclude a formal agreement between the UK and EU on the aforementioned matters.

As the Group operates subsidiaries in many countries, there are several channels available to us to continue business with the same customers, should the need arise, with little to no effect from Brexit changes. As such, the Directors currently deem that the effects of the UK's current transitional period outside the EU and the impact of ongoing discussions with the EU will not have a significant impact on the Group's operations due to the global geographical footprint of the business and the nature of is operations. However, the Directors and Senior Leadership Team are closely monitoring the situation to be in a position to manage the risk of any volatility in global financial markets and impact on global economic performance due to Brexit.

Alex Cheatle	Alan Donald
Chief Executive Officer	Chief Finance Officer
13 May 2020	13 May 2020

Consolidated statement of comprehensive income

	Note	6 months to 29 February 2020 Unaudited £'000	6 months to 28 February 2019 Unaudited £'000
Revenue	2	25,570	22,592
Cost of sales on principal transactions		(1,802)	(1,134)
Net Revenue	2	23,768	21,458
Other cost of sales		(559)	(406)
Gross profit		23,209	21,052
Administrative expenses & Other income		(25,288)	(25,709)
Operating profit/(loss) before amortisation, depreciation, interest, share based payments and taxation ("Adjusted EBITDA")		2,060	(2,430)
Depreciation		(2,286)	(428)
Amortisation	3	(1,355)	(1,639)
Share-based payment expense		(498)	(160)
Operating loss		(2,079)	(4,657)
Net finance expense		(1,244)	(103)
Loss before taxation		**(3,323)**	**(4,760)**
Taxation expense	4	(406)	(395)
Loss for the period		**(3,729)**	**(5,155)**
Other comprehensive Income:			
Exchange differences on translation of foreign operations		652	90
Total comprehensive loss for the period		**(3,077)**	**(5,065)**
Basic and diluted loss per ordinary share	5	(4.6)p	(6.4)p

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

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Consolidated statement of financial position

	Note	At 29 February 2020 Unaudited £'000	At 31 August 2019 Audited £'000
Non-current assets			
Intangible assets	3	10,403	9,009
Right of use assets		6,846	-
Property, plant and equipment		1,872	1,843
Total non-current assets		19,121	10,852
Current assets			
Inventories		103	56
Trade and other receivables		8,997	11,069
Cash and cash equivalents		9,580	12,341
Total current assets		18,680	23,466
Total assets		37,801	34,318
Current liabilities			
Trade and other payables		(11,981)	(12,745)
Lease Liabilities		(4,213)	-
Obligations under finance leases		-	(30)
Overseas Tax Liabilities		(617)	(596)
Total current liabilities		(16,811)	(13,371)
Net current assets		1,869	10,095
Non-current liabilities			
Lease Liabilities		(3,226)	-
Obligations under finance leases		-	(2)
Total non-current liabilities		(3,226)	(2)
Total liabilities		(20,037)	(13,373)
Net assets		17,764	20,945
Equity			
Called up share capital		81	81
Share premium account		28,480	28,480
Merger relief reserve		1,993	1,993
Treasury reserve		(30)	(30)
Foreign exchange reserve		307	(345)
Retained deficit		(13,067)	(9,234)

Total equity	17,764	20,945

Consolidated statement of changes in equity

	Share capital £'000	Share premium account £'000	Merger relief reserve £'000	Foreign exchange reserve £'000	Treasury reserve £'000	Retained deficit £'000	Total £'000
Balance at 1 September 2018 (Audited)	81	28,480	1,993	(498)	77	(1,474)	28,659
Period ended 31 August 2019:							
Loss for the year	-	-	-	-	-	(8,261)	(8,261)
Foreign exchange	-	-	-	153	-	-	153
Total comprehensive income for the year	-	-	-	153	-	(8,261)	(8,108)
Shares purchased by Employee Benefit Trust (EBT)	-	-	-	-	(107)	-	107
Equity-settled share-based payments charge	-	-	-	-	-	501	501
Balance at 31 August 2019 (Audited) (as previously reported)	81	28,480	1,993	(345)	(30)	(9,234)	20,945
Change in accounting policy (adoption of IFRS 16)						(602)	(602)
Balance at 31 August 2019 (as restated) (Unaudited)	81	28,480	1,993	(345)	(30)	(9,836)	20,343
Period ended 29 February 2020							
Loss for the period	-	-	-	-	-	(3,729)	(3,729)
Foreign exchange	-	-	-	652	-	-	652
Total comprehensive income for the period	-	-	-	652	-	(3,729)	(3,077)
Equity-settled share-based payments charge	-	-	-	-	-	498	498
Balance at 29 February 2020 (Unaudited)	81	28,480	1,993	307	(30)	(13,067)	17,764

Condensed consolidated statement of cash flows

	Note	6 months to 29 February 2020 Unaudited £'000	6 months to 28 February 2019 Unaudited £'000
Cash flows from operating activities			
Loss for the period, after tax		(3,729)	(5,155)
Adjustments for:			
Taxation expense	**4**	406	395
Finance expense		241	146
Investment income		(2)	(43)
Amortisation of intangible assets	**3**	1,355	1,639
Depreciation of property, plant and equipment		452	428
Depreciation of Right of use asset		1,834	-
Equity-settled share based payment expense		498	160
Movement in working capital:			
(Increase)/Decrease in inventories		(47)	32
Decrease/(Increase) in trade and other receivables		2,072	(1,161)
Decrease in trade and other payables		(219)	(566)
Cash generated from/(used by) operations		2,861	(4,125)
Tax paid		(207)	(395)
Net cash generated from/(used by) operating activities		2,654	(4,520)
Cashflows from Investing activities			
Purchase of intangible assets		(2,749)	(2,104)
Purchase of property, plant and equipment		(581)	(712)
Finance income		2	41
Net cash used by investing activities		(3,328)	(2,775)
Cash flows from financing activities			
Lease Liability repayments		(2,084)	-
Proceeds from treasury shares		-	(107)
Payment of finance lease obligations		-	(39)
Interest paid		(3)	(10)
Finance lease interest paid		-	(4)
Net cash used by financing activities		(2,087)	(160)
Net decrease in cash and cash equivalents		(2,761)	(7,455)
Cash and cash equivalents at beginning of period		12,341	20,659
Cash and cash equivalents at end of period			
Cash at bank and in hand		9,580	13,204
Cash and cash equivalents		9,580	13,204

Notes to the Interim unaudited condensed Financial Information

1. Basis of preparation

These interim consolidated financial statements have been prepared using accounting policies based on International Financial Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 31 August 2019 Annual Report. The financial information for the half years ended 29 February 2020 and 28 February 2019 does not constitute statutory accounts within the meaning of Section 434 (3) of the Companies Act 2006 and both periods are unaudited.

The annual financial statements of Ten Lifestyle Group plc ('the Group') are prepared in accordance with IFRS as adopted by the European Union. The comparative financial information for the year ended 31 August 2019 included within this report does not constitute the full statutory Annual Report for that period. The statutory Annual Report and Financial Statements for year ended 31 August 2019 have been filed with the Registrar of Companies. The Independent Auditors' Report in the Annual Report and Financial Statements for the year ended 31 August 2019 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2)-(3) of the Companies Act 2006.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its year ended 31 August 2019 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2019, and will be adopted in the year ended 31 August 2020 financial statements. New standards impacting the Group that will be adopted in the annual financial statements for the year ended 31 August 2020, and which have given rise to changes in the Group's accounting policies is IFRS 16 *Leases*.

Details of the impact of this standard are provided below. Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to have a material impact on the Group.

IFRS 16 leases

The Group adopted IFRS 16 from 1 September 2019, replacing the existing guidance in IAS 17 - "Leases" (hereafter – "IAS 17"). IFRS 16 changes the existing guidance in IAS 17 and requires lessees to recognise a lease liability that reflects future lease payments and a "Right of use asset" in all lease contracts within scope, with no distinction between financing and capital leases. IFRS 16 exempts lessees in short-term leases or the when underlying asset has a low value. The Group has elected to apply the practical expedients permitted by the standard as follows:

- Use of a single discount rate to all leases with reasonably similar characteristics.
- Exclusion of initial direct costs for the measurement of Right of use asset.
- The use of hindsight in determining the lease term where the contract contains option to extend or terminate the lease.

The adoption of IFRS 16 has resulted in the Group recognising Right of use assets and lease liabilities for all contracts of £6.9 million and £7.5 million respectively that are, or contain, a lease. The difference between the Right of use assets and lease liabilities has been recognised as an adjustment to retained earnings on 1 September, 2019. For leases historically classified as operating leases, under legacy accounting requirements the group does not recognise related assets or liabilities, disclosing instead the total commitment in its annual financial statements. The Group has elected to apply the modified retrospective method. Therefore, there will be no impact on any comparative accounting period (interim or annual), with any leases recognised on the statement of financial position on the date of initial application of IFRS 16, being 1 September 2019, as well as any adjustment to the previously stated equity as a result of any difference between the Right of use assets and related liabilities recorded. Specifically, lease liabilities have been measured equal to remaining lease payments discounted using the incremental borrowing rate at the date of initial adoption. Right of use assets have been measured as if IFRS 16 had always been applied but using the incremental borrowing rate at the date of initial application. The difference between the Right of use assets and lease liabilities recognised upon adoption has been recognised as an adjustment to retained earnings on 1 September 2019.

Finally, instead of recognising an operating expense for its operating lease payments, the group now recognises interest on its lease liabilities and depreciation on its Right of use assets. This has increased the reported Adjusted EBITDA by the amount of its current operating lease cost, which for 6 months ended 29 February 2020 was approximately £2.1 million.

Adjusted Measure of Performance

The Group considers Adjusted EBITDA, which is defined as operating profit or loss before interest, tax, depreciation and amortisation, share based payment expense and exceptional items as the most appropriate measure of the Group's underlying performance. For comparability, Adjusted EBITDA for the current period also includes an adjustment for the impact of IFRS 16 of approximately £2.1 million.

Going Concern

In March 2020, the World Health Organisation declared a global pandemic due to the COVID-19 virus that has spread across the globe, causing different governments and countries to enforce restrictions on people movements, a stop to international travel, and other precautionary measures. This has had a widespread impact economically and a number of industries have been heavily impacted. This has resulted in supply chain disruption in certain industries, uncertainty over cash collection from certain suppliers, and a more general need to consider whether budgets and targets previously set are realistic in light of these events.

In carrying out the going concern assessment, the Directors have considered a number of scenarios, taking account of the possible impacts of the pandemic, in relation to revenue forecasts for the next 12 months. A material downside scenario assumed that current agreed contractual minimum revenues will be maintained over the period, other variable revenue will reduce by 50%, no new contract revenue, as well as no meaningful recovery in commissions earned from suppliers. In such a scenario, the Group has identified cost reductions which could be implemented, to help mitigate the impact on cash outflows.

In reaching their going concern assessment, the Directors have considered the foreseeable future, a period extending 12 months from the date of approval of this half-yearly financial report. This assessment has included consideration of the forecast performance of the business, as noted above, the cash and financing facilities available to the Group.

In light of all of this analysis, the Directors are satisfied that, even if this downside scenario were to occur, the Group has sufficient cash resources over the period. As such, the consolidated financial statements have been prepared on a going concern basis.

The Board of Directors approved this interim report on 13 May 2020.

2. Segmental Information

The total revenue for the Group has been derived from its principal activity; the provision of concierge services.

	6 months to 29 February 2020 Unaudited £'000	6 months to 28 February 2019 Unaudited £'000
EMEA	11,908	9,398
Americas	7,674	7,318
Asia	4,186	4,742
Net Revenue	**23,768**	**21,458**
Add back: Cost of sales on principal transactions	1,802	1,134
Revenue	**25,570**	**22,592**
EMEA	3,868	559
Americas	(1,533)	(2,088)
Asia	(275)	(901)
Adjusted EBITDA	**2,060**	**(2,430)**
Depreciation	(2,286)	(428)
Amortisation	(1,355)	(1,639)
Share-based payment expense	(498)	(160)
Operating loss	**(2,079)**	**(4,657)**
Foreign exchange loss	(1,005)	(136)
Other net finance (expense)/income	(239)	33
Loss before taxation	**(3,323)**	**(4,760)**
Taxation charge	(406)	(395)
Loss for the period	**(3,729)**	**(5,155)**

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

Adjusted EBITDA is a Group non-GAAP specific measure excluding interest, taxation, depreciation, amortisation, share-based payments and exceptional costs, the latter being expenses which are considered to be one-off and non-recurring in nature (where applicable).

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

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

3. Intangible Assets

The Group capitalised £2.7m (H1 2019: £2.1m, FY 2019: £4.3m) of costs representing the development of Ten's global digital platform, TenMAID (Ten's proprietary customer relationship management system) and new data warehouse during the period, resulting in a net book value of £10.4m (H1 2019: £8.2m, FY 2019: £9.0m) after an amortisation charge of £1.4m (H1 2019: £1.6m, FY 2019: £3.0m).

No impairment charge was required in relation to intangible assets in the period (H1 2019: £nil, FY 2019: £nil).

4. Taxation

The income tax expense has been recognised based on the best estimate of the weighted average annual effective UK corporation tax rate expected for the full financial year. The Group currently forecasts a loss before tax for the financial year ending 31 August 2020 and therefore no charge has been recognised in regard to UK corporation tax in the period.

The income tax expense of £0.4m (H1 2019: £0.4m) represents foreign taxes recognised by overseas Group companies on a territory by territory basis using the expected effective tax rate for the full year.

5. Loss per Share

£'000	**6 months to 29 February 2020 Unaudited**	**6 months to 29 February 2020 Unaudited**
Loss attributable to equity shareholders of the parent	(3,729)	(5,155)
Weighted average number of ordinary shares in issue	80,650,049	80,650,049
Impact of bonus issue	-	-
Weighted average number of ordinary shares in issue adjusted for bonus issue	**80,650,049**	**80,650,049**
Basic and diluted loss per share (pence)	**(4.6)p**	**(6.4)p**

Where the Group has incurred a loss in the six month period to 29 February 2020, the diluted earnings per share is the same as the basic loss per share as the loss has an anti-dilutive effect.

6. Cautionary Statement

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