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Ten Lifestyle Group PLC
11 May 2022

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

Interim results for the six months ended 28 February 2022

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 28 February 2022 ("H1 2022", or "the period").

Financial

- Net Revenue[1] increased 21% to £20.8m (H1 2021: £17.2m) with growth in all three global regions (EMEA, Americas, APAC)
    - Corporate revenue of £18.4m (13% higher than H1 2021: £16.3m)
    - Supplier revenue of £2.4m (167% higher than H1 2021: £0.9m and back to pre-COVID levels)
- Operating expenses increased to £19.9m (H1 2021: £15.5m after £2.1m benefit of payroll assistance[2]) due to an increase in employees during the period to support a recovery in demand
- Adjusted EBITDA[3] fell to £0.9m (H1 2022: £1.7m) due to the higher cost base and the impact of Omicron[4] in Q2
- Loss before tax improved to £(2.8)m (H1 2021: £(3.6)m) largely due to a reduction in the share option charge and lower depreciation
- Cash and cash equivalents of £5.1m (H1 2021: £9.2m, FY 2021: £6.7m)

Operational

- 100% retention of Material Contracts[5] with some key contract renewals and contract extensions signed, including with Barclays Bank, DNB Bank and St James's Place
- High conversion rate of the new business pipeline has seen new contract wins with market leading wealth managers in each of EMEA, the Americas and APAC
- Continued investment in proprietary digital platforms, communications, and technologies to improve service quality and efficiencies, £6.5m (H1 2021: £5.5m)
- 9% increase in total Active Members[6] during the period to 221k (FY 2021: 203k[7]), with growth in all regions
- Recovery of high member satisfaction levels[8] following a temporary decline at the start of the period due to an increase in service demands while staff were recruited and trained

CURRENT TRADING AND OUTLOOK

In the two months since the end of February, monthly request numbers have increased in all regions, with Net Revenue now above pre-COVID levels (H1 2020: £23.8m) and travel bookings increasing Supplier revenue above pre-COVID levels (H1 2020: £2.5m). This is despite travel remaining subdued in parts of the Americas and APAC and the closure of our Moscow office from 9 March.

Further easing of worldwide travel restrictions and concerns are expected to result in further organic growth in request numbers and related revenue. In addition, three previously announced new Material Contracts are expected to launch in the second half of the year and drive further growth across the rest of this financial year.

We continue to make improvements to servicing, content, digital and operational efficiencies, including the productive deployment of new staff recruited before Omicron, to deliver improved profitability in the second half and achieve full year Adjusted EBITDA in line with the Board's expectations. We also continue to invest in technology to further drive the growth engine whilst maintaining a positive net cash position.

Alex Cheatle, CEO of Ten Lifestyle Group, said;

"As we anticipated, revenue from corporate clients grew at the start of the period as we accelerated out of the pandemic. The arrival of Omicron at the end of November then stalled growth. However, we have now returned to growth and since February, Net Revenue is tracking above levels last seen in the period before COVID emerged (H1 2020: £23.8m).

In order to manage the increased level of demand, we recruited new staff at the start of the period and retained them despite the temporary fall in demand caused by Omicron, to support new contract launches and the recovery in demand we are now seeing. This increase in cost base, combined with the nonrecurrence of payroll assistance, caused a short-term fall in profitability during the period.

We believe the improvements made to our member proposition and operational efficiencies, along with contracted launches in the coming months, our strong pipeline of new business opportunities and the gradual return of demand for our core services, means we are well positioned to continue to drive our growth engine."

Analyst Presentation
An online analyst presentation will be held by video link today at 9:00am.

The Group will also be presenting an Investor Webinar for current and prospective investors on Tuesday 17 May 2022 at 5:30pm BST.

To attend either the Analyst Presentation or the Investor Webinar, please email investorrelations@tengroup.com.

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

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

[2] During the COVID pandemic, Ten Group benefited from various forms of payroll assistance from governments in countries where it operated (i.e. furlough) and operated a voluntary Salary Sacrifice Scheme in exchange for share options, as described on pages 52 and 53 of the 2021 Annual Report & Accounts.

[3] Adjusted EBITDA is operating profit/(loss) before interest, taxation, amortisation, depreciation, share-based payment expense and exceptional items.

[4] The Omicron variant of COVID-19 was first reported to the World Health Organization on 24 November 2021 and quickly spread around the world, causing countries to re-imposed lockdown measures.

[5] 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 (between £2m and £5m); and Extra Large contracts (over £5m). This does not include the revenue generated from suppliers through the provision of concierge services. Medium, Large and Extra Large contracts are collectively Ten's "Material Contracts".

[6] Active Members are members eligible to use Ten's services by virtue of them holding an account, card, employment or other such position or product linked to a corporate client programme who have used Ten's services at least once in the 12 months prior.

[7] The number of Active Members in the prior year has been recalculated using a more accurate measure of member eligibility, consistent with the definition of Active Members, which has resulted in the figure for FY 2021 being revised from 210k to 203k.

[8] 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).

OPERATING AND FINANCIAL REVIEW

CHIEF EXECUTIVE'S STATEMENT

We started the financial year strongly with the launch of a Large contract with Credit Saison, a leading premium credit card issuer in Japan and expansion of an Extra Large contract with a corporate client in EMEA. These, alongside the lifting of pandemic restrictions in EMEA and the USA, resulted in the return to pre-COVID levels of global travel bookings. Additional staff were recruited in response to the growth in order to service increased demand.

The Group's cost base increased as a result of this recruitment and nonrecurrence of payroll assistance received in H1 2021, before Omicron reduced member activity and revenue in the second half of the period. The additional headcount was largely retained to support the forecast expansion of existing contracts and new contract launches. We saw this anticipated recovery in demand at the end of the period and it has accelerated since the end of the period.

Despite disruption to the recovery in levels of member activity caused by Omicron, Net Revenue increased by 21% compared to prior year.

The impact of lower demand due to Omicron, after the recruitment of staff reduced Adjusted EBITDA to £0.9m compared to prior year (H1 2021: £1.7m). Loss before tax fell to £(2.8)m compared to the prior year (H1 2021: £(3.6)m), largely due to the absence of a salary sacrifice scheme and a reduction in depreciation from lower office costs.

Corporate client developments

Total Material Contracts Held by Size		
Contract size	Launched by 28 February 2022	Signed and expected to be launched by 31 August 2022
Extra Large	3	3
Large	6	6
Medium	17	20
Total	**26**	**29**

During the period three new Material Contracts have been won as well as multiple Small contract wins; all expected to launch by the end of the financial year. These include a Medium contract with one of Japan's largest wealth management businesses, a Medium contract to initially launch in the USA with one of the world's largest private banks and a Medium contract with one of the UK's largest wealth managers.

The Group retained all its Material Contracts in the period, securing contract renewals and extensions with existing corporate clients, including Barclays Bank, DNB Bank and St James's Place. This demonstrates the competitive resilience of Ten's competitive position and the apparent value of our concierge service to our clients as a customer retention tool.

Ten has been engaged by certain existing clients to deliver bespoke, paid-for digital projects to develop and enhance the Ten's proprietary digital platform and content to increase their customer metrics.

Members

As the world progressively emerges from the pandemic, we are seeing a gradual increase (+9%) in the number of Active Members using the service in all regions, which generally results in increased Net Revenue from corporate accounts.

Member satisfaction levels dipped in the Autumn due to increase in demand and lag between hiring new staff and them becoming fully trained, effective, and efficient. Service levels have recovered during the second half of the period.

FINANCIAL REVIEW

Results

£m	**H1 2022**	**H1 2021**
Revenue	21.3	17.5
Net Revenue	**20.8**	**17.2**
Operating expenses and Other income	(19.9)	(15.5)
Adjusted EBITDA	**0.9**	**1.7**

Adjusted EBITDA % of Net Revenue	4.3%	9.8%
Depreciation	(1.3)	(1.8)
Amortisation	(2.2)	(1.9)
Share-based payments and exceptional items charge	(0.3)	(1.2)
Operating loss before interest and tax	**(2.9)**	**(3.2)**
Net finance income/(expense)	0.1	(0.4)
Loss before taxation	**(2.8)**	**(3.6)**
Taxation charge	(0.4)	(0.3)
Loss for the period	**(3.2)**	**(3.9)**

Revenue

Revenue for the period was £21.3m, a 22% increase on H1 2021 (£17.5m). Net Revenue (which is our key revenue measure) for the period was £20.8m, a 21% increase on the same period of the prior year (H1 2021: £17.2m) and a 19% increase on the previous period (H2 2021: £17.5m), however it remained 13% lower than H1 2020: £23.8m, which was the last period before international lockdowns took effect.

This revenue improvement was driven primarily by recovery in the business at the start of the period offset by lower demand due to the impact of the Omicron on member activity.

Corporate revenue was £18.4m, (paid by our corporate clients to service their customers) compared to the prior year (H1 2021: £16.3m) but remains 14% below pre-COVID levels (H1 2020: £21.3m). Supplier revenue (predominantly travel related) was £2.4m, an 167% increase compared to the prior year (H1 2021: £0.9m) and a return to pre-COVID levels (H1 2020: £2.5m), despite Omicron affecting global travel during the period.

Operating expenses & other income excluding depreciation, amortisation, share based payments and exceptional items

Operating expenses increased to £19.9m (H1 2021: £15.5m after benefit of £1.4m of government salary subsidies and £0.7m salary sacrifice savings), driven by increased activity in the period, particularly at the start of the period as we recruited staff to service increases in requests alongside nonrecurrence of payroll assistance from the previous year. Operating expenses remain 8% lower than pre-COVID levels (H1 2020: £21.7m) due to improved efficiencies.

When the impact of Omicron reduced activity, a decision was made to retain staff as we saw Omicron as having a short-term impact on the business and it was more efficient to retain staff rather than reduce and then rehire.

Adjusted EBITDA

Adjusted EBITDA, as reported, takes into account all Group operating costs, other than depreciation of £1.3m (H1 2021: £1.8m), amortisation of £2.2m (H1 2021: £1.9m), share-based payment expenses of £0.3m (H1 2021: £0.8m) and exceptional charges of £0.0m (H1 2021: £0.4m). On this basis, Adjusted EBITDA was a profit of £0.9m (H1 2021: £1.7m).

Depreciation has declined by £0.5m, primarily due to a reduction in Right-of-use Asset (lower lease costs). Amortisation increased by £0.3m, reflecting our continued technology investment. Share-based payment expenses decreased by £0.5m as the number of options granted in the period was lower than in the prior year.

As a result of the above, Loss before tax has improved by 22% to £(2.8)m (H1 2021: £(3.6)m).

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 2022**	**H1 2021**	**% change**
EMEA	10.0	8.7	**+15%**
Americas	6.5	5.0	**+30%**
APAC	4.3	3.5	**+23%**
Total	**20.8**	**17.2**	**+21%**

After fully allocating our indirect central costs including IT, platform support, non-lease costs and management across the regions, the Adjusted EBITDA profitability of each regional segment is:

£m	H1 2022	H1 2021
EMEA	1.8	3.0
Americas	(1.1)	(1.7)
APAC	0.2	0.4
Total	**0.9**	**1.7**
Adjusted EBITDA % of Net Revenue	**4.3%**	**9.8%**

EMEA

Net Revenue in the region increased by 15% to £10.0m (H1 2021: £8.7m). The increase in Net Revenue of £1.3m is primarily driven by recovery of base business and higher supplier revenue due to increased demand primarily at the start of the period offset by slowing of activity in the second half of the period due to the Omicron variant. Adjusted EBITDA of £1.8m is lower than prior year of £3.0m due to additional staff and nonrecurrence of payroll assistance, as previously explained.

AMERICAS

Net Revenue from the region increased by 30% to £6.5m (H1 2021: £5.0m). The £1.5m increase in revenue in the region also reflected the recovery in base business activity and increase in Supplier revenue as travel restrictions started to ease. As a result, the Adjusted EBITDA loss of £(1.1)m is lower than prior year of £(1.7)m.

APAC

Net Revenue increased by 23% to £4.3m (H1 2021: £3.5m). This increase is primarily due to the new Large contract with Credit Saison that launched in September 2021. The region remains relatively subdued from an activity perspective as the impact of various lockdowns have further delayed recovery in the region in the period. Further revenue recovery is dependent on the timing on international travel and domestic activity fully opening up again in the region. Adjusted EBITDA profit of £0.2m compared to an Adjusted EBITDA profit of £0.4m in the prior period.

Cash flow

	H1 2022 £m
Loss before tax	**(2.8)**
Movement in working capital	0.5
Non-cash items (share-based payments, depreciation, amortisation charges and exceptional items)	3.7
Pre-tax operating cash in flows	**1.4**
Capital expenditure	(0.5)
Investment in intangibles	(2.9)
Taxation	(0.2)
Cash outflow	**(2.2)**
Cash receipts from issue of new shares and sale of treasury shares	1.8
Repayment of leases and net interest	(1.2)
Net Financing activities	**0.6**
Foreign currency movements	0.1
Reduction in cash	**(1.5)**
Cash and cash equivalents balance	5.1

Pre-tax operating cash inflows of £1.4m, reflected a loss before tax of £2.8m, increased net working capital of £0.5m, and add back of non-cash items of £3.7m, as highlighted above.

Additionally, as planned, there was £2.9m (H1 2021: £2.5m) of capital investment in the period in both our global content, our internal CRM platform (TenMAID) and the continued development of our digital platform.

Cash receipts from issue of new shares of £1.3m, primarily from exercising of salary sacrifice options and some CSOP options, sale of treasury shares of £0.5m offset by Repayment of leases and net interest of £1.2m has resulted in a cash outflow in the period of £1.5m.

Balance sheet

£'m	H1 2022	FY 2021
Intangible assets	12.3	11.6
Property, plant and equipment	0.7	0.6
Right-of-use assets	2.7	2.6

Cash	5.1	6.7
Other current assets	8.4	5.8
Current liabilities	(17.2)	(13.7)
Other non-current liabilities	(1.3)	(1.7)
Net assets	**10.7**	**11.9**
Share capital/Share premium	30.7	29.4
Reserves	(20.0)	(17.5)
Total equity	**10.7**	**11.9**

With the increase in business activity, other current assets grew by £2.6m primarily due to trade receivables and current liabilities, increased by £3.5m as deferred income increased. Net assets of £10.7m includes cash of £5.1m as at 28 February 2022.

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 2021 Annual Report. The conflict in Ukraine has had limited macroeconomic impact on Ten's core service categories in the affected region and the impact of the closure of the Group's Moscow office from 9 March 2022 is expected to be limited (the Russia business contributed <1.5% of the Group's Net Revenue in the period). Additional steps have been taken to ensure the Group's continued compliance with international sanctions.

Alex Cheatle
Chief Executive Officer
10 May 2022

Alan Donald
Chief Finance Officer
10 May 2022

Consolidated statement of comprehensive income

	Note	6 months to 28 Feb 2022	6 months to 28 Feb 2021
		Unaudited £'000	**Unaudited £'000**
Revenue	2	21,326	17,484
Cost of sales on principal member transactions		(574)	(318)
Net Revenue	2	**20,752**	**17,166**
Other cost of sales		(638)	(328)
Gross profit		**20,114**	**16,838**
Administrative expenses		(23,139)	(20,202)
Other income		150	150
Operating profit before amortisation, depreciation, interest, share based payments, exceptional items and taxation ("Adjusted EBITDA")		886	1,689
Depreciation		(1,305)	(1,765)
Amortisation	3	(2,156)	(1,877)
Share-based payment expense		(300)	(816)
Exceptional items		-	(445)
Operating loss		**(2,875)**	**(3,214)**
Net Finance Income/(expenses)		36	(365)
Loss before taxation		**(2,839)**	**(3,579)**
Taxation expense	4	(316)	(351)
Loss for the period		**(3,155)**	**(3,930)**
Other comprehensive expense:			
Foreign currency translation differences		(174)	(135)
Total comprehensive loss for the period		**(3,329)**	**(4,065)**

Basic and diluted loss per ordinary share	**5**	(3.8)p	(4.9)p

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

Consolidated statement of financial position

	Note	6 months to 28 Feb 2022 Unaudited £'000	31 August 2021 Audited £'000
Non-current assets			
Intangible assets	**3**	12,329	11,555
Property, plant and equipment		719	561
Right of use assets		2,674	2,601
Total non-current assets		**15,722**	**14,717**
Current assets			
Inventories		70	98
Trade and other receivables		8,358	5,707
Cash and cash equivalents		5,122	6,662
Total current assets		**13,550**	**12,467**
Total assets		**29,272**	**27,184**
Current liabilities			
Trade and other payables		(14,761)	(11,487)
Provisions		(596)	(568)
Lease Liabilities		(1,819)	(1,504)
Total current liabilities		**(17,176)**	**(13,559)**
Net current liabilities		**(3,626)**	**(1,092)**
Non-current liabilities			
Lease Liabilities		(1,356)	(1,678)
Total non-current liabilities		**(1,356)**	**(1,678)**
Total liabilities		**(18,532)**	**(15,237)**
Net assets		**10,740**	**11,947**
Equity			
Called up share capital		84	82
Share premium account		30,658	29,356
Merger relief reserve		1,993	1,993
Treasury reserve		523	5
Foreign exchange reserve		(584)	(410)
Retained deficit		(21,934)	(19,079)
Total equity		**10,740**	**11,947**

Consolidated statement of changes in equity

Share	Share	Merger	Foreign	Treasury	Retained	Total

	capital	premium account	relief reserve	exchange reserve	reserve	deficit	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 September 2020 (Audited)	**81**	**28,480**	**1,993**	**(405)**	**15**	**(14,931)**	**15,233**
Loss for the year	-	-	-	-	-	(5,774)	(5,774)
Foreign exchange	-	-	-	(5)	-	-	(5)
Total comprehensive income for the year	-	-	-	(5)	-	(5,774)	(5,779)
Shares purchased by Employee Benefit Trust (EBT)	-	-	-	-	(10)	-	(10)
Issue of share capital	1	876					877
Equity-settled share-based payments charge	-	-	-	-	-	1,626	1,626
Balance at 31 August 2021	**82**	**29,356**	**1,993**	**(410)**	**5**	**(19,079)**	**11,947**
Period ended 28 February 2022							
Loss for the year						(3,155)	(3,155)
Foreign exchange	-	-	-	(174)	-	-	(174)
Total comprehensive income for the year	-	-	-	(174)	-	(3,155)	(3,329)
Equity-settled share-based payments charge	-	-	-	-	-	300	300
Shares sold by Employee Benefit Trust (EBT)					518	-	518
Issue of new share capital	2	1,302	-	-	-	-	1,304
Balance at 28 February 2022 (Unaudited)	**84**	**30,658**	**1,993**	**(684)**	**523**	**(21,934)**	**10,740**

Condensed consolidated statement of cash flows

	Note	6 months to 28 Feb 2022	6 months to 28 Feb 2021
		£'000	**£'000**
Cash flows from operating activities			
Loss for the year, after tax		(3,155)	(3,930)
Adjustments for:			
Taxation expense	**4**	316	351
Net Finance Income		(36)	173
Amortisation of intangible assets	**3**	2,156	1,877
Depreciation of property, plant and equipment		229	376
Depreciation of right-of-use asset		1,076	1,389
Equity-settled share based payment expense		300	816
Impairment		-	445
Movement in working capital:			
Decrease in inventories		28	5
(Increase)/Decrease in trade and other receivables		(2,723)	1,698
Increase/(Decrease) in trade and other payables		3,201	(786)
Cash from by operations		**1,392**	**2,414**
Tax paid		(236)	(227)
Net cash from operating activities		**1,156**	**2,187**
Cashflows from Investing activities			
Purchase of intangible assets	**3**	(2,927)	(2,525)

Purchase of property, plant and equipment	(457)	(49)
Net cash used by investing activities	**(3,384)**	**(2,574)**
Cash flows from financing activities		
Lease Liability repayments	(1,093)	(1,544)
Sale of treasury shares	518	-
Interest paid on IFRS16 lease liabilities	(93)	(167)
Cash receipts from issue of share capital	1,302	597
Net cash used by financing activities	**634**	**(1,114)**
Foreign currency movements	54	(284)
Net decrease in cash and cash equivalents	(1,540)	(1,785)
Cash and cash equivalents at beginning of period	**6,662**	**10,957**
Cash and cash equivalents at end of period		
Cash at bank and in hand	5,122	9,172
Cash and cash equivalents	**5,122**	**9,172**

Notes to the Interim 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 2021 Annual Report. The financial information for the half years ended 28 February 2022 and 28 February 2021 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 International standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated). The comparative financial information for the year ended 31 August 2021 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 2021 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 2021 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 2021 annual financial statements. The Groups tax charge is not accounted for under the same basis as IAS 34. The tax charge is calculated using the expected effective tax rate at the reporting date. There are no new standards effective yet and that would be expected to have a material impact on the entity in the current period.

Going Concern

As at 28 February 2022, the date of the interim consolidated financial statements, the Group had cash of £5.1m. Subsequent to the period's end, as announced on 28 March 2022, the Group borrowed £1.5m from a related party for 15 months to support the business' normal working capital cycles, to allow the Group to continue to invest in its technology platform and to support revenue growth, in line with management's expectations.

As indicated in the Current Trading and Outlook above, in the two months since the end of February monthly request numbers have increased in all regions with Net Revenue now above pre-COVID levels (H1 2020: £23.8m) and travel bookings driving Supplier revenue above pre-COVID levels (H1 2020: £2.5m).

The Directors have taken account of this position when considering forecasts to support their going concern conclusion. The following has been considered:

- Base Case cashflow forecast to 31 August 2023
- Downside cashflow forecast to 31 August 2023
- Mitigating actions available

Base Case Scenario

The Base Case forecast reviewed by the Directors is in line with expectations for the current financial year and FY 2023. The Net Revenue assumptions in the Base Case forecast are consistent with growth trends around base business growth, net contract wins and Supplier revenue growth. Cost assumptions reflect changes in Net Revenue as well as continual improvements in operational efficiencies.

Under this scenario, the Group will remain in a net cash position during the forecasted period.

Downside scenario and mitigating actions

The Directors consider that the major risks in the Base Case forecast is that our Net Revenue growth assumptions are not met and remain flat during the period. If this scenario were to develop, the Group has a number of mitigating actions available to it, including reducing direct operating costs to align to Net Revenue growth rates as well as reducing indirect costs supporting the business.

The Directors are confident that the impact of these mitigating actions would ensure the Group remains in a net cash position during the forecasted period.

Conclusion

Having considered the forecast scenarios, including the main risks within them and mitigating actions described, there is a reasonable expectation that the Group has adequate financial resources to continue to operate for at least the next twelve months from the date of this interim report. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The Board of Directors approved this interim report on 10 May 2022.

2. Segmental Information

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

	6 months to 28 Feb 2022 (Unaudited) £'000	**6 months to 28 Feb 2021 (Unaudited) £'000**
EMEA	10,014	8,735
Americas	6,483	4,997
APAC	4,255	3,434
Net Revenue	**20,752**	**17,166**
Add back: Cost of sales on principal member transactions	574	318
Revenue	**21,326**	**17,484**
EMEA	1,830	2,956
Americas	(1,143)	(1,653)
APAC	199	386
Adjusted EBITDA	**886**	**1,689**
Amortisation	(2,156)	(1,877)
Depreciation	(1,305)	(1,765)
Share-based payment expense	(300)	(816)
Exceptional Items	-	(445)
Operating loss	**(2,875)**	**(3,214)**
Foreign exchange gain/(loss)	129	(192)
Other net finance expense	(93)	(173)
Loss before taxation	**(2,839)**	**(3,579)**
Taxation expense	(316)	(351)
Loss for the year	**(3,155)**	**(3,930)**

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 licence's. 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 £2.9m (H1 2021: £2.5m, FY 2021: £5.4m) of costs representing the development of Ten's global digital platform, TenMAID (Ten's proprietary customer relationship management system) resulting in a net book value of £12.3m (H1 2021: £10.7m, FY 2021: £11.6m) after an amortisation charge of £2.2m (H1 2021: £1.9m, FY 2021: £4.0m).

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 for the financial year ending 31 August 2021 and therefore no charge has been recognised in regard to UK corporation tax in the period.

The income tax expense of £0.4m (H1 2021: £0.4m) includes foreign taxes recognised by overseas Group companies on a territory by territory basis using the expected effective tax rate for the full year.

5. Earnings Per Share

	6 months to 28 Feb 2022 £'000	**6 months to 28 Feb 2021 £'000**
Loss attributable to equity shareholders of the parent	(3,155)	(3,930)
Weighted average number of ordinary shares in issue (net of treasury)	83,195,255	80,302,498
Basic loss per share (pence)	(3.8)p	(4.9)p

Where the Group has incurred a loss in the six-month period to 28 February 2022, the diluted earnings per share is the same as the basic loss per share as the loss has an anti-dilutive effect.

6. Post-period events

As a result of the conflict in Ukraine, the Group ceased its limited business activities in Russia (c. 1-2% of the Group's annual Net Revenue) and closed its Moscow office from 9 March. Additional steps have been taken to ensure compliance with international sanctions.

As announced on 28 March 2022, the Group borrowed £1.5m from a related party for a 15 month term to support the business' normal working capital cycles, to allow the Group to continue to invest in its technology platform and to support revenue growth, in line with management's expectations.

7. 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.

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