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TEN

PRELIMINARY RESULTS 2023

[TEN LIFESTYLE GROUP PLC](#)

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

Preliminary results for the year ended 31 August 2023

Ten Lifestyle Group plc (AIM: TENG) a leading technology-enabled, global concierge platform for the world's wealthy and mass affluent, is pleased to announce its preliminary results for the year ended 31 August 2023.

Financial highlights

- Record Net Revenue¹ up £16.2m (35%) to £63.0m (2022: £46.8m)
 - corporate revenue² up £14.5m (35%) to £55.6m (2022: £41.1m)
 - supplier revenue³ up £1.7m (30%) to £7.4m (2022: £5.7m)
 - increased Net Corporate Revenue Retention Rate⁴ of 131% (2022: 120%)
- Step-change in Adjusted EBITDA⁵ up £7.1m to £12.0m (2022: £4.9m), an 145% improvement
 - Adjusted EBITDA margin⁶ increased by 8.7% to 19.1% (2022: 10.4%)
- Inflection point with profit before tax up £4.7m to £0.9m (2022: loss £3.8m)
- Cash and cash equivalents of £8.2m (2022: £6.6m) and net cash of £3.7m (H1 2023: £0.5m; FY 2022: £3.2m)

Operational highlights

- Active Members⁷ up 28% to 353k (2022: 275k) driven by strong growth within our existing corporate clients
- Year-on-year improved levels of member satisfaction⁸ which drives repeat use and value to our corporate clients
- £13.9m (2022: £13.6m) planned investment in proprietary digital platforms, communications and technologies to enhance member experience and create competitive advantage
- 80% of Material Contracts⁹ have now launched with the Ten Digital Platform (2022: 80%)
 - Retained all Material Contracts for fourth consecutive year

Current Trading and Outlook

We continue to drive revenue through increased activity from existing Active Members and "first time users" from our existing Eligible Member base. In addition, we have a healthy pipeline of new partnership opportunities that will further increase our Eligible Member base.

Our corporate clients pay us to improve the engagement and retention of their wealthiest customers that then drives their commercial metrics. Many of our banking clients, partly due to higher interest rates, are reporting higher levels of profitability from this customer demographic when compared with the low interest rate environment from 2008 to 2021. This improves the return on their investments with Ten and helps underpin our revenue expectations.

We expect to continue to convert our strong pipeline of contract opportunities with global financial institutions and premium brands, with multiple new contract developments since the start of the financial year due to deliver revenues from H2 2024.

We remain focused on increasing both Net Revenue and Adjusted EBITDA profitability. We plan to maintain investment in our proprietary technology, communications, and content, which provides competitive advantage,

with investment into AI. Loans raised to date will continue to support the Group's working capital requirements and we expect cash generation across the full year, with H2 being stronger than H1.

To support working capital requirements, the Group has raised a further £950k of three-year loans notes, including £250k of loan notes subscribed for by Nitro Ventures Limited, of which Jules Pancholi, Non-Executive Chairman, is a shareholder and director, on 21 November 2023 which is a related party transaction under the AIM Rules for Companies and is described further below.

Trading to date, our high corporate client retention rates, strong service levels, improving profitability, healthy sales pipeline, and continued investment to improve our technology and proposition mean that, although early in the year, we are optimistic about another year of growth for both Net Revenue and profitability.

Alex Cheatle, CEO of Ten Lifestyle Group, said;

"We have delivered a second year of 35% growth in Net Revenue and a step change in Adjusted EBITDA profitability as a result of our continued investment in our proposition, technology and people. We expect our growth engine will continue to deliver in the year ahead."

- 1 Net Revenue includes the direct cost of sales relating to certain member transactions managed by the Group.
- 2 Corporate revenue is Net Revenue from Ten's corporate clients, including service fees, implementation fees, and fees for the customisation of the Ten Digital Platform.
- 3 Supplier revenue is Net Revenue from Ten's supplier base, such as hotels, airlines and event promoters which sometimes pay commission to Ten.
- 4 Net Corporate Revenue Retention Rate is the annual percentage change in corporate revenue, less non-recurring revenue (i.e. non-recurring service fees, implementation fees, and fees for the customisation of the Ten Digital Platform), from corporate client programmes operating in the previous year.
- 5 Adjusted EBITDA is operating profit/(loss) before interest, taxation, amortisation, depreciation, share-based payment expense, and exceptional items. The Group's definition of Adjusted EBITDA has been updated in the current period to include National Insurance on share options.
- 6 Adjusted EBITDA margin is Adjusted EBITDA as a percentage of Net Revenue.
- 7 Individuals holding an eligible product, employment, account or card with one of Ten's corporate clients are "Eligible Members", with access to Ten's platform, configured under the relevant corporate client's programme, with Eligible Members who have used the platform in the past twelve months becoming "Active Members".
- 8 Ten measures member satisfaction using the Net Promoter Score management tool, which gauges the loyalty of a firm's member relationships (https://en.wikipedia.org/wiki/Net_Promoter).
- 9 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".

Analyst Presentation

An online analyst presentation will be held by video link at 9:00am on 22 November 2023.

Investor Webinar

Additionally, an Investor Webinar tailored for current and prospective investors will be presented at 5pm on 29 November 2023, providing participants a deeper insight into the Group's results and strategic initiatives and a chance to engage directly with the leadership team.

If you wish to attend either the Analyst Presentation or the Investor Webinar, kindly email investorrelations@tengroup.com. This will ensure that you receive the necessary details and access information for these events.

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](http://www.tenlifestylegroup.com/) partners with global financial institutions and other premium brands to attract and retain wealthy and mass affluent customers.

Millions of members have access to Ten's services across lifestyle, travel, dining, entertainment, and retail benefits on behalf of over fifty clients including HSBC, Coutts and Royal Bank of Canada. Ten's partnerships are based on multi-year contracts generating revenue through platform-as-a-service and technology fees.

Ten's operations are underpinned by an increasingly sophisticated personalisation platform comprising industry-first, proprietary technology, thousands of supplier relationships and 25 years of proprietary expertise delivered from over 20 global offices.

Ten is on a mission to become the most trusted service platform in the world.

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

Chairman's Statement

Introduction from Ten's incoming Chairman

As Ten's incoming Chairman, I start by expressing my deep thanks on behalf of the Group to Bruce Weatherill, who stepped down as Chairman due to ill health on 8 November 2023.

Bruce's stewardship and leadership played a pivotal role in Ten's transition to a listed company in 2017, setting the stage for Ten's future growth. Personally, I am grateful for his mentorship and support, facilitating a seamless transition to my Chairmanship. On behalf of the Board, I also extend my thanks to Gillian Davies, Non-Executive Director, who has indicated her intention to step down from the Board at the conclusion of the AGM in

February 2024, for her invaluable contributions to the Board and outstanding Chairing of the Audit and Risk Committee.

As part of the Board's orderly succession planning, we welcome Edward Knapp and Carolyn Jameson as Non-Executive Directors, following a robust recruitment process. I am confident that the Board's composition is well equipped to meet the evolving needs of our business as we move into the next stage of development.

I assure shareholders that they should continue to expect the same high levels of corporate governance, strategy and operational accountability established by Bruce. Under my Chairmanship, I intend to focus on product-market fit to ensure we are relentlessly pursuing our mission to become the most valued service in the world. We will leverage Ten's Growth Engine to build business momentum, and adeptly navigate the opportunities in the rapidly evolving technology and customer landscapes.

Successfully securing B Corp certification in the year underscores our strategy to create a unique value proposition aligned to the goals of both corporate clients and members.

I will measure the success of my Chairmanship not only by the performance of the business, but through the improvement of the share price to a level that reflects the true value for our Shareholders that the Board believes Ten delivers. We have a high degree of conviction that we are operating in a large and growing market, and in our strategy to address it. Our focus for the future will be on exceptional operational accountability and execution, demonstrating our value to all stakeholders and thereby enhancing shareholder value and liquidity.

Overview

Once again, Ten has achieved record levels of Net Revenue, accompanied by a step-change in Adjusted EBITDA profitability and margin. This success was a result of the 'growth engine' at the heart of Ten's business model. Our proposition has improved, leading to increased activation and engagement of more members, supported by our corporate clients. Our investments in technology have also made us more efficient and profitable. Our improved proposition also helped justify improved commercial terms with our corporate clients.

Our overall Net Revenue increased 35% when compared to the prior year to £63.0m (2022: £46.8m), with Adjusted EBITDA increased by £7.1m to £12.0m, a 145% improvement on the prior year (2022: £4.9m) and Adjusted EBITDA margin up 8.7% to 19.1% (2022:10.4%).

We continued to deliver on our mission to become the world's most trusted service. We strengthened our ability to attract and retain wealthy and mass affluent customers as members on behalf of global financial institutions and other premium brands. Continued investment in our industry-first, proprietary technology, communications and content amounted to £13.9m (2022: £13.6m). This drives growth and sets us apart in the market. Most importantly, it strengthened our proposition to global financial institutions, and other premium brands, by improving their ability to attract and retain wealthy and mass affluent customers as members.

Having achieved scale in many of the world's major economies, through expanding with existing customers and partnering with new ones, we proudly deliver our increasingly sophisticated and personalised platform with thousands of integrated supplier partners from over 20 global service centres. The market potential remains large and addressable. Our Active Member base has grown to over 353k (2022: 275k), with millions more members eligible to access Ten's lifestyle, travel, dining, entertainment, and retail benefits on behalf of over 50 corporate clients.

Retaining all Material Contracts for the fourth consecutive year, an improved Net Corporate Revenue Retention Rate and expanding corporate revenue from existing clients demonstrates the depth and strength of our partnerships with our corporate clients. We believe that our established corporate clients now view Ten as an integral partner for premium product marketing, customer engagement and insight initiatives. Many are now entrusting us with technology integration, personalisation, and unique content projects that elevate member experiences, drive operational efficiencies, and solidify Ten's position as their trusted concierge technology partner.

Throughout the year, we have expanded existing and forged new strategic corporate client partnerships, with the vast majority of Material Contracts incorporating the Ten Digital Platform into their customer loyalty proposition. Our technology underpins Ten's competitive strategy as the partner of choice to a number of global financial institutions and premium brands seeking to attract and retain affluent customers.

Continued investment in technology, strategic partnerships, and our people has not only fortified our resilience but has also laid the groundwork for sustained growth through improved member and corporate client proposition whilst also achieving further efficiencies.

Strategy

Our strategy is to provide preferred access to a range of premium services for the customers of our corporate clients, facilitating seamless organisation of their travel, dining, entertainment and other lifestyle needs.

Central to our strategy is the creation of tailored customer loyalty propositions, driving both new and existing corporate clients to invest in Ten's increasingly sophisticated personalisation platform. This investment not only enhances the profitability and loyalty of their most valuable customers but also fuels our continuous advancements in technology, content, and service quality. This, in turn, fortifies our unique member proposition and propels the Growth Engine at the heart of Ten's business model.

The Group thrives on established and new corporate client partnerships, primarily in the financial services sector, with a strong track-record of growing the value of these partnerships over time. We are also working with other premium brands seeking to enhance engagement, retention and acquisition of their high-value customers.

Ten's unique member proposition ensures members access attractive and often premium benefits and experiences not available to the public. Membership leverages combined buying power and operational scale, enabling members to achieve better and more cost-effective outcomes, more conveniently than they could on their own. The member proposition is accessible for online search and booking through Ten's market-leading proprietary lifestyle and travel technology platform - the "Ten Digital Platform" - or via our expert Lifestyle Managers, available by phone, email, live chat and WhatsApp.

Our continued investments in technology comprise our Ten Digital Platform - and in the supportive infrastructure for our team. Backed by 25 years of expertise, our Lifestyle Managers provide members with 24/7 services in over 18 languages, reflecting in our Net Promoter Score (NPS) that indicates positive member impact to us and our corporate clients.

Artificial Intelligence (AI) and Environmental, Social and Governance (ESG) considerations have been pivotal in shaping our decision-making and strategy and will remain so in the future. AI presents significant opportunities for operational efficiency and customer experience and we have adopted strategy of rapid experimentation across all areas of the business.

Beyond supporting good governance and global climate change management, ESG offers a substantial opportunity to enhance our differentiation and value proposition to both our members and our corporate clients. The attainment of B Corp status this year is a crucial milestone, underscoring our commitment to executing this strategy successfully.

The ESG Working Group, established in 2021, will remain under my Chairmanship, focusing on assessing material ESG risks and opportunities stemming from our business. Its ongoing efforts aim to deliver on our strategy by developing internal reporting and transparency, instigating behavioural change within the business, and ensuring that we offer our members ESG-friendly choices in their interactions with us.

The Board's commitment to ESG is exemplified by our successful B Corp certification this year, following strong shareholder support for the amendment to our Articles of Association in July 2022. We are dedicated to maintaining our B Corp certification, ensuring it continues to deliver significant positive effects for the Group and all stakeholders.

Results

Net Revenue grew by 35% to £63.0m (2022: £46.8m), surpassing pre-COVID-19 levels (2019: £45.8m). This growth was fuelled, in part, by the increased budgets of our corporate clients leveraging Ten's platform to enhance their own customer metrics, a clear demonstration of client-product-market fit and shared goal alignment. Additionally, there was heightened demand for technical platform integration services and member marketing services. Successful contract repricing, both in the year and in previous years, also contributed to performance.

Delivering Adjusted EBITDA profitability and maintaining a net cash position, whilst maintaining investments in technology, are key performance indicators of the Group's strategic Growth Engine. Notably, the Group secured contract developments during the year, including launching a new programme in the Americas that has grown to the equivalent of a Medium contract, expanding a programme in Latin America to the equivalent of a Large contract and winning a new contract in Europe expected to grow to a Medium contract.

The Group retained all of its Material Contracts and entered new agreements with existing corporate clients for multi-year contract extensions, significant expansions, and paid-for projects to customise the Ten Digital Platform. To support our substantial growth and the launch of new programmes, we raised a moderate level of debt, demonstrating a strategic approach to working capital requirements.

Board composition and our People

The Group continues to benefit from a stable and impactful founder-led executive management team, showcasing strength in leadership, innovation and resilience to grow the business over the long term in all regions.

In addition to the Non-Executive changes to the Board detailed in my introduction, I was pleased to welcome Victoria Carvalho, Chief Proposition Officer, as an Executive Director of the Board on 22 February 2023. Victoria brings extensive experience, spanning over 20 years in strategic roles focused on operational growth, including notable positions at Nasdaq and Thomas Reuters in New York and London. Since joining Ten in 2018 as a member of the Senior Leadership Team, she has played a pivotal role in developing Ten's unique proposition, providing access to a diverse range of benefits and experiences across major consumer markets.

At the same time, we bid farewell to Sarah Hornbuckle as an Executive Director, who continues to contribute as the Client Services Director. We extend our sincere thanks to Sarah for her dedicated service since joining in 2001 and to the Board, playing an instrumental role in the success of Ten.

Our commitment to developing our people is evident, in part, through the Ten Academy and Ten's Global Leadership Programme - a twelve-month internal development initiative shaping the Group's future leaders on a global scale. Nurturing an employee culture rooted in Ten's principles of transparency, education, promotion, engagement, and Diversity, Equity, and Inclusion (DEI) Programme, underpinned by our recent B Corp certification, continues to support our diverse, global workforce and helps us attract, retain and develop the best talent.

In strategic alignment with our commitment to sustained growth, the Group adjusted headcount this year, emphasising operational efficiency, regional variations in demand, and a reorganisation of the business, preparing the business for the next phase of growth.

On behalf of the Board, I express gratitude to the entire Ten team for their adaptability, professionalism, and steadfast commitment throughout the year. Their contributions are invaluable, and we take great pride in their dedication to our collective success.

Summary

Amidst a challenging macro environment, Ten has not only weathered the storm but excelled with record Net Revenue and Adjusted EBITDA profit and margin, showcasing the resilience of our business model and the inherent value we bring to corporate clients as integral components of their customer engagement strategies. Our ability to retain and grow corporate clients speaks to the strength of our partnerships, serving as the chosen loyalty platform for many of the world's leading brands.

We believe changes in technology, consumer's evolving lifestyle demands and the fact that corporate clients need to create deeper connections with their customers means there is considerable room for growth in the market. Actions taken this year, and those planned for 2024, underscore our commitment to seizing these global opportunities.

I express sincere gratitude to our Shareholders for their support throughout the year.

Jules Pancholi
Non-Executive Chairman
21 November 2023

Chief Executive's statement

Overview

In the year, we achieved remarkable milestones, including a 35% growth in Net Revenue for the second consecutive year. The Group also more than doubled Adjusted EBITDA to £12.0m (2022: £4.9m), increased its Adjusted EBITDA margin and achieved its first positive profit before tax (PBT) since IPO. This marks a step-change in Ten's profitability, whilst continuing to invest into our proprietary technology, including AI, that will drive our future success.

The "Growth Engine" at the heart of our business continues to demonstrate its effectiveness.

By delivering high service levels across our high-touch and digital platforms, which improve customer profitability metrics for our corporate clients, we have retained all of our Material Contracts for the fourth consecutive year, increased Net Corporate Revenue Retention Rate to 131% (2022: 120%) as well as securing new contracts.

We closed the period with a record Net Revenue run rate, improved Adjusted EBITDA, an enhanced digitally enabled service platform, and a healthy sales pipeline of new business, positioning the Group well for the next phase of growth.

Record Net Revenue and profitability

Our market-leading digital capabilities differentiate us from our competition, paving the way for record Net Revenue and Adjusted EBITDA profitability. Notably, Net Revenue increased by 35% to £63.0m (2022: £46.8m), Adjusted EBITDA was up £7.1m to £12.0m (2022: £4.9m), a 145% improvement on the prior year and Adjusted EBITDA margin increased by 8.7% to 19.1% (2022:10.4%).

The substantial growth in Net Revenue from our corporate clients, which increased 35% to £55.6m (2022: £41.1m) can be attributed, in part, to increased member activity (paid for by our corporate clients) and revenue from contract developments. Additionally, Net Revenue from our supplier partners, predominantly commission related to our members' travel, rose by 30% to £7.4m (2022: £5.7m). Operating expenses and other income increased by £9.1m to £51.0m (2022: £41.9m), principally driven by increased headcount required to service the heightened activity across the business.

A step-change in Adjusted EBITDA profit and margin (and PBT) was fuelled by enhanced efficiencies, driven by the growing professionalism of our operational staff and advancements in our technology.

Cash generated from operations in the year increased by £6.7m to £11.5m (2022: £4.8m). The Group concluded the year with cash and cash equivalents totalling £8.2m (2022: £6.6m) and improved net cash of £3.7m (H1 2023: £0.5m; FY 2022: £3.2m).

REGIONAL ANALYSIS

Europe

In Europe, our commitment to enhancing services for members and corporate clients in our most mature markets, alongside our expansion into maturing markets in Continental Europe, has proven successful.

Regional Net Revenue achieved robust growth of 26% to £25.9m (2022: £20.6m). This was fuelled by increased member activity, contract expansions, and heightened member engagement rates, paid for by supportive corporate clients. Notably, several flagship corporate clients with Material Contracts increased their budgets during the period. We retained all Material Contracts and we won new mandates from corporate clients in the region.

Developments in the region also resulted in strong Adjusted EBITDA growth of £4.3m to £9.2m (2022: £4.9m), a 88% increase. This represents a 36% Adjusted EBITDA margin for our most mature region.

Americas

We celebrate another year of substantial growth and enhanced Adjusted EBITDA profitability in the Americas. Developing this region, home to almost 50% of the world's High Net Worth Individuals, is a key objective for Ten. Net Revenue in the region was up 56% to £25.8m (2022: £16.5m), driven by the healthy growth of existing contracts and new client mandates. The region also achieved an Adjusted EBITDA profit of £1.9m (2022: £(0.7)m) due to the success of contracts launched in the prior year, after a period of investment in growth.

We believe that key developments in the US market, the largest market in the region, such as JPM Chase's proactive efforts in developing travel and lifestyle offerings and Capital One's acquisition of Velocity Black, a smaller competitor of Ten, for a reported US\$296m¹⁰, have had a positive ripple effect, sparking interest from other banks and wealth managers in Ten's proposition, paving the way for Ten to engage with potential new corporate clients.

AMEA

The AMEA region demonstrated solid growth, with Net Revenue increasing by 16% to £11.3m (2022: £9.7m) and achieving a £0.2m increase in Adjusted EBITDA to £0.9m (2022: £0.7m), an 29% increase.

¹⁰ Hurley, J. (2023, June 2). Founders of Velocity Black bank US\$80m from Capital One. The Times. Retrieved from <https://www.thetimes.co.uk/article/founders-of-velocity-black-bank-80m-from-capital-one-z6gtj9qx0>

Our investments in technology, AI and content continues to drive our market-leading digital capability

We continued to benefit from the quality, operational, and competitive advantages of our digital capability. We invested £13.9m in technology, communications, and content in the year (2022: £13.6m). We believe that our strategic focus on market-leading digital capability clearly differentiates us from our competitors and underpins our long-term "Growth Engine" strategy to become the world's most trusted service.

Throughout the year, these investments led to significant advancements in our digital roadmap. Notable improvements include enhanced personalisation, user experience and the introduction of new "self-serve" digital capability, ultimately reducing the cost to serve and delivering a stronger Return on Investment for our client's customer loyalty budgets, unlocking additional budget to spend on Ten's full suite of services.

Our early adoption of AI reflects our commitment to harnessing its potential in 2024 and beyond to turbo-charge our Growth Engine by improving efficiency and also service quality. We are already seeing material results in multiple areas and are completely committed to leveraging AI in 2024 and beyond.

In the short term, AI is already driving efficiency and output across the business from translations to coding and quality assurance for high touch requests. We have also launched an AI "co-pilot" for Lifestyle Managers, who comprise the largest group of employees, to support more efficient and high quality service.

Our unique "not available on the internet" assets, such as exclusive tables at top restaurants, tickets for sold-out shows, exclusive events and value-add benefits at hotels, empowers our AI to deliver value for our members via our digital self-serve and high touch channels. This advantage, coupled with our digital self-serve and high-touch channels, sets us apart from mass-market AI interfaces reliant on publicly available assets.

Enhanced member proposition, satisfaction, and engagement

Throughout the year, we have strengthened our core propositions, to deliver a more compelling and accessible offering to serve existing members and attract new members.

The attractiveness and accessibility of our proposition directly correlates with heightened engagement, usage, and advocacy among our members. Member engagement and satisfaction are key to building value for corporate clients, who want to improve the engagement, retention, and acquisition of their most valued customers. This, in turn, justifies increased corporate spending with us and attracts new corporate clients and new supplier partners to work with us.

We are delighted to have achieved another strong year of member satisfaction, as measured by Net Promoter Score (NPS), showing a marginal increase from the previous year.

We believe that our member satisfaction levels and strengthened member proposition have resulted in an increase in repeat usage of our service and growing numbers of Active Members using the service. These metrics not only underscore the success of our member-focused initiatives but also serve as compelling evidence of the return on corporate client investment in our service, contributing significantly to our high levels of corporate client retention.

Summary

We have retained all our Material Contracts for the fourth consecutive year, with an increased Net Corporate Revenue Retention Rate of 131% (2022: 120%), and have launched new contracts in the year. We have continued our record of retaining all Material Contracts where we have launched our Ten Digital Platform.

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

By developing the platform, and in turn our corporate clients, we have grown Net Revenue by 35% during the year. Our commitment to innovation is underscored by our continued investments in technology, including AI, content, and supplier partnerships, which has enhanced the service to members and corporate clients. This strategy recognises the importance of innovation in building our market position and improving service levels, whilst delivering a step-change in Adjusted EBITDA profitability of £7.1m to £12.0m (2022: £4.9m) and Adjusted EBITDA margin up to 19.1% (2022:10.4%).

I am proud of how our people across our offices globally continue to professionally deliver and innovate high-quality service to our members, paid for by our corporate clients. I would like to express my thanks also to our outstanding management team, which continues to drive the business successfully towards our mission of becoming the world's most trusted service.

Alex Cheatle
Chief Executive Officer
21 November 2023

Financial Review

Net Revenue increased by 35% to £63.0m. The growth in Net Revenue has been driven by strong growth in both corporate revenue and supplier revenue. Record Adjusted EBITDA profitability at £12.0m, delivering an inflexion point for the business as we made our maiden profit before tax of £0.9m since IPO in November 2017. As a result, the Adjusted EBITDA margin increased to 19.1% and the operating cashflow of the Group increased to £11.5m.

	2023	2022
	£m	£m
Revenue	66.7	48.7
Corporate revenue	55.6	41.1
Supplier revenue	7.4	5.7
Net Revenue	63.0	46.8
Operating expenses and other income	(51.0)	(41.9)
Adjusted EBITDA	12.0	4.9
Adjusted EBITDA %	19.1%	10.4%
Depreciation	(2.9)	(2.7)
Amortisation	(5.3)	(4.6)
Share-based payments	(0.9)	(0.5)
Exceptional items charge	(1.1)	(0.8)
Operating profit/ (loss) before interest and tax	1.8	(3.7)
Net finance expense and foreign exchange	(0.9)	(0.1)
Profit / (loss) before taxation	0.9	(3.8)
Taxation credit/(expense)	3.6	(0.5)
Profit / (loss) for the period	4.5	(4.3)
Profit / (loss) after tax %	6.7%	(8.8)%
Net cash	3.7	3.2

Adjusted EBITDA

Adjusted EBITDA is not a statutory measure; however, the Board believes it is appropriate to include this as an additional metric as it is one of the main measures of performance used by the Board. It reflects the underlying profitability of our business operations, excluding amortisation of investment in platform infrastructures, exceptional charges and share-based payment expenses and related taxes.

Revenue and Net Revenue

Revenue for the twelve months to 31 August 2023 was £66.7m, up 37% on the twelve months to 31 August 2022 (2022: £48.7m). Net Revenue¹³ for the twelve months to 31 August 2023 was £63.0m, up 35% compared to the prior year (2022: £46.8m), 29% at constant currency. Net Revenue, which includes the direct cost of sales relating to member transactions managed by the Group, is Ten's preferred measure of revenue as it includes the cost of member transactions where Ten is the principal service provider (i.e. cost of airline tickets packaged with hotels under the Group's ATOL licences).

The uplift in Net Revenue of 35% was principally driven by record active member numbers and requests which have helped to grow both corporate revenue and supplier revenue to its highest levels.

The table below provides a five year history of Net Revenue. This highlights the strong growth over the past two years post the impact of the pandemic in 2020 and 2021.

Net Revenue	2023	2022	2021	2020	2019
	£m	£m	£m	£m	£m
Corporate revenue	55.6	41.1	31.9	40.9	40.3
Supplier revenue	7.4	5.7	2.8	3.3	5.5
	63.0	46.8	34.7	44.2	45.8

Contract analysis

The following tables set out an analysis of our contracts by size and by region. We have analysed only our Material Contracts. Note, the contract size is based on the annualised value paid or expected to be paid by the corporate client for the provision of concierge and related services by Ten. This does not include the revenue generated from supplier partners through the provision of these concierge services.

Contract by size	2023	2022	change
Extra Large	3	3	-
Large	6	6	-
Medium	19	19	-
	28	28	-

Contract by region	2023	2022	change
Europe	10	10	-
Americas	11	11	-
AMEA	6	6	-
Global	1	1	-
	28	28	-

The Group has retained all material contracts in the year which has helped to generate record revenues in the year. Although the number of Material Contracts have not increased during the period, a number of new mandates won have augmented existing Material Contracts, including the expansion of a digitally enabled concierge programme in the Americas for premium customers.

Regional analysis

While there is a clear overlap between the geographic location of our corporate clients and their members' requests, members use our concierge services across all the regions. Net Revenue by region reflects our servicing location rather than the location of our corporate clients. This allows us to track the efficiency and profitability of our operations around the world and is therefore presented on this basis.

In the year, we have changed the regional structure to align to the operational management of the Group with Middle East and Africa moving from EMEA to Asia. This has created two new regions: Europe, and Asia Middle East and Africa (AMEA). Prior year figures have been restated to reflect this change.

Net Revenue	2023	2022	% change
	£m	£m	
Europe	25.9	20.6	26%
Americas	25.8	16.5	56%
AMEA	11.3	9.7	16%
	63.0	46.8	35%

In **Europe**, Net Revenue increased by 26%. The Group has continued to drive growth in existing corporate contracts through strong member proposition and offers. This has led to record levels of revenue being generated from these relationships. Member activity has also reached record levels which has driven growth in supplier revenue in the region.

Americas Net Revenue grew significantly in the year, an increase of 56%. The growth in this region was driven by increased member activity across the region as the Group benefited from the full year trading of contracts launched just prior to the impact of the pandemic and expansions secured during the period.

In **AMEA**, Net Revenue grew by 16%, lower than other regions as pandemic restrictions took longer to be lifted at the start of the financial year.

Operating expenses and other income

Operating expenses and other income increased by £9.1m to £51.0m, an increase of 22% (2022: £41.9m). The increase in cost was principally driven by additional headcount required to service the uplift in activity across the business. Average number of employees in the year has grown by 13% to 1,244 (2022: 1,101). The lower increase in Operating expenses and headcount versus Net Revenue growth is driven by improved operational efficiencies across the Group.

Regional Adjusted EBITDA

As a result of our Net Revenue growth and delivering on operational efficiencies, Adjusted EBITDA has increased by £7.1m to £12.0m (2022: £4.9m), £11.1m at constant currency. Adjusted EBITDA is after expenses, other than

depreciation of £2.9m (2022: £2.7m), amortisation of £5.3m (2022: £4.6m), exceptional items expenses of £1.1m (2022: £0.8m) and share-based payments of £0.9m (2022: £0.5m).

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

Adjusted EBITDA	2023 £m	2022 £m	change £m
Europe	9.2	4.9	4.3
Americas	1.9	(0.7)	2.6
AMEA	0.9	0.7	0.2
	12.0	4.9	7.1

The above regional split has taken account of the new regional structure introduced this year to align to our operational management structure as previously explained.

Europe

Adjusted EBITDA of £9.2m (2022: £4.9m) is an increase year on year of £4.3m. The increase in profitability was driven by the strong growth in both corporate revenue and supplier revenue, whilst supported by efficiencies gained in the operating costs of the segment. The segment benefited from hiring which had taken place in the previous year allowing the headcount to grow by only 8% whilst driving Adjusted EBITDA growth by 88%.

Americas

The Americas region achieved an Adjusted EBITDA profit of £1.9m (2022: loss £0.7m). The growth in Adjusted EBITDA was the result of the success of the investments made to grow the business across the region. The region has now benefited from a full year of trading on contracts launched in the prior year, whilst continuing to invest in the operations to support future potential contract wins.

AMEA

The AMEA region Adjusted EBITDA grew to £0.9m (2022: £0.7m). The region has benefited from the ending of travel restrictions during the year, which has driven the majority of the EBITDA growth.

Amortisation

Amortisation costs, relating to the internal platform (TenMAID) and the member-facing platforms, were £5.3m in 2023 (2022: £4.6m) reflecting continued investment in technology to drive improvements in service levels, efficiency, and competitive advantage.

Net finance expense

Net finance expense in the year was £0.9m (2022: £0.1m); the expense included loan interest of £0.4m (2022: £0.1m), IFRS 16 lease interest expense of £0.2m (2022: £0.2m) as well as foreign exchange losses on the translation of inter-company balances in the year of £0.2m (2022: gain of £0.2m).

Share-based payments

The share-based payments expense in the year was £0.9m (2022: £0.5m). These related to share-based payments expense reflecting share grants made under management incentive plans as well as the associated national insurance expenses.

Exceptional items expense

The exceptional items expense was £1.1m (2022: £0.8m). The expenses incurred principally related to a one-off restructuring program during the year to drive further operational efficiencies including rationalisation of roles in our senior leadership team and regional management teams. In addition, further costs were incurred relating to the closure of our Russian operation last year plus an historic overseas tax charge relating to 2019.

Profit before tax (PBT)

The Group has made its first annual PBT since listing, achieving a PBT of £0.9m compared to a loss before tax of £3.8m in 2022.

Deferred Tax and Taxation

The Group has previously not recognised any deferred tax asset associated to historical losses within the Group due to the loss-making position of the Group. In the current period, the Group's PBT is £0.9m. The generation of profits indicates that the Group can generate future taxable profits allowing it to utilise historical tax losses. Based on current forecasts, there are sufficient probable future profits to recognise a deferred tax asset relating to historical losses of £5.3m, primarily driven by the UK entity (£4.2m).

The taxation expense for the year was a tax credit of £3.6m (2022: tax expense of £0.5m). The tax credit for the year was the result of the recognition of deferred tax assets related to historical losses of £5.3m (2022: £nil), offset by timing differences on deferred tax of £1.0m (2022: £nil) and current year foreign taxes net of prior year adjustments of £0.7m (2022: £0.5m).

Earnings per share (basic, diluted and underlying)

The profit after tax for the year was £4.5m (2022: loss £4.3 m), resulting in a basic profit per share (excluding treasury shares) of 5.4p (2022: loss per share of 5.2p) and diluted profit per share of 5.2p (2022: loss per share of 5.2p). Diluted earnings per share is calculated as per IAS 33 by adjusting the weighted average number of ordinary shares outstanding for the dilutive effect of "in the money" share options.

Basic underlying earnings per share of 0.4p (2022 (4.2p)) and diluted underlying earnings per share of 0.4p (2022 (4.2p)).

Underlying earnings per share is calculated by adjusting the profit / (loss) attributable to equity shareholders for exceptional items of £1.1m (2022: £0.8m) along with deferred tax arising from the recognition of historical losses of £5.3m (2022: £nil). No changes are made to the weighted average number of ordinary shares. The Board does not recommend the payment of a dividend.

Group cash flow

	2023 £m	2022 £m
Profit/(loss) before tax	0.9	(3.8)
Net finance expense	0.9	0.1
Working capital changes	0.4	(0.1)

Non-cash items (share-based payments, depreciation and amortisation charges, exceptional items)	9.3	8.6
Operating cash flow	11.5	4.8
Capital expenditure	(0.5)	(0.9)
Investment in intangibles	(7.3)	(6.4)
Taxation paid	(0.8)	(0.6)
Cash inflow / (outflow)	2.9	(3.1)
Cash flows from financing activities		
Sale of treasury shares	0.1	0.5
Issue of shares	0.6	1.4
Loan receipts >1 year	1.2	3.4
Invoice financing facility	0.1	-
Repayment of leases and net interest	(3.2)	(2.7)
Net cash (used by)/generated from financing activities	(1.2)	2.6
Foreign currency movements	(0.1)	0.4
Net increase/(decrease) in cash and cash equivalents	1.6	(0.1)
Cash and cash equivalents	8.2	6.6
Net cash	3.7	3.2

Cash generated from operations increased by £6.7m (140%) to £11.5m (2022: £4.8m). Non-cash items in the year of £9.3m (2022: £8.6m) were substantially made up of depreciation of £2.9m and amortisation charges of £5.3m for the year. The expenditure that was capitalised on IT equipment and infrastructure, the Ten Digital Platform and TenMAID totalled £7.8m (2022: £7.3m) as we continued to invest in our technology.

Net cash from financing activities was primarily due to loan receipts of £1.2m (2022: £3.4m), receipts from the issue of equity of £0.6m (2022: £1.4m), offset by IFRS 16 lease payments and interest of £3.2m (2022: £2.7m). This has led to an overall increase in cash and cash equivalents of £1.6m during the year with Net cash at £3.7m (2022: £3.2m), an increase of £0.5m.

The additional loan receipts of £1.2m are repayable in August 2025. The loans are guaranteed by Ten Lifestyle Group Plc. Interest is payable quarterly in arrears in cash at 8% per annum during the term of the loan, a 1% administration fee payable in cash at drawdown.

Group balance sheet

	2023	2022
	£'m	£'m
Intangible assets	15.4	13.4
Property, plant and equipment	0.9	0.9
Right-of-use assets	1.9	2.2
Deferred tax asset	4.3	-
Cash	8.2	6.6
Other current assets	12.1	10.1
Current lease liabilities	(1.7)	(1.8)
Current liabilities	(20.9)	(17.3)
Short term borrowings	(1.6)	(1.5)
Non-current lease liabilities	(0.4)	(0.9)
Long-term borrowings	(3.0)	(1.9)
Net assets	15.2	9.8
Share capital/share premium	31.4	30.7
Reserves	(16.2)	(20.9)
Total equity	15.2	9.8

Net assets were £15.2m (2022: £9.8m). The increase in the year was driven by increased profitability in addition to the recognition of a deferred tax asset of £4.3m. This is made up of the £5.3m recognition of historical losses offset by utilisation of deferred tax of £0.3m in the year, and recognition of in other temporary differences of £0.7m. The Group has also continued to invest in its digital platforms, driving the increase in intangible assets. This was offset by the increase in long-term borrowing arrangements.

Key Financial Performance Indicators (KFPIs)

Management accounts are prepared on a monthly basis and include KPIs covering revenue, Adjusted EBITDA, cash balances, and Material Contracts, and are measured against both the Group's budget and the previous years' actual results. The KFPIs for the year are:

	2023	2022	2021	2020
Net Revenue (£m)	63.0	46.8	34.7	44.2
Corporate (£m)	55.6	41.1	31.9	40.9
Supplier (£m)	7.4	5.7	2.8	3.3
Net Revenue growth %	35%	35%	-21.6%	-3.5%
Adjusted EBITDA	12.0	4.9	4.4	4.8
Adjusted EBITDA Margin %	19.1%	10.4%	12.8%	10.8%
Net cash (£m)	3.7	3.2	6.7	10.0
Material Contracts	28	28	24	23

Each month the Board assesses the performance of the Group based on these KFPIs, operational performance indicators, including the number of Active Members, sales performance, corporate client development, technology updates. The Group's performance has strengthened since being previously impacted by COVID-19, achieving records across several its KFPIs.

Going concern

The impact of plausible adverse macroeconomic scenarios on Ten's business still warrants focus and real-time management. The Group is particularly exposed to the adverse impacts to variable revenues from these scenarios as well as the risk of corporate revenue contracts not being renewed.

The Group has set its budget for 2024 and forecast for the following year but we recognise that there are scenarios under which the Group could be impacted by reductions in the number of member engagements and

by prospective corporate clients failing to renew contracts. From our budget base case, a stress scenario of 20% reduction in variable revenues was performed as well as a severe downside scenario of 90% reduction in variable revenues. In each of these scenarios, if revenue is not in line with cash flow forecasts, the Directors have identified cost savings associated with the reduction in revenue and can identify further cost savings if necessary.

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

Post Year End events

Since the end of the year, the Group has:

- Announced the further expansion of an existing contract with a financial services client in the Americas, which will now increase from a Medium to a Large contract and announced a new contract win with a global Private Bank client, anticipated to equate to a Medium contract.
- Raised a further £950k of three-year loans notes, including £250k of loan notes subscribed for by Nitro Ventures Limited on 21 November 2023, which constitutes a related party transaction under the AIM Rules for Companies as Jules Pancholi, Non-Executive Chairman, is a shareholder and director of Nitro Ventures Limited. The loan notes are repayable on 25 November 2026 and are guaranteed by Ten Lifestyle Group Plc. Interest is payable quarterly in arrears in cash at 12% per annum during the term of the loan and a 1% administration fee is payable in cash at drawdown. An early repayment premium will be payable by the Company of 5% should it repay the loan notes on or before 24 November 2024 or of 3% should it repay the loan notes on or before 24 November 2025.

The independent directors of the Company (with the exception of Jules Pancholi who is involved in the related party transaction) consider, having consulted with Singer Capital Markets Advisory LLP, the Company's nominated adviser, that the terms of Nitro Ventures Limited's subscription for loan notes is fair and reasonable insofar as shareholders are concerned.

- Extended the £1.5m loan, originally entered into in March 2022, with Mrs S Weatherill, wife of the previous Chairman Mr B Weatherill until December 2024.

Alan Donald
Chief Financial Officer
21 November 2023

Consolidated Statement of Comprehensive Income for the year ended 31 August 2023

	Note	2023 £'000	2022 £'000
Revenue	3	66,656	48,651
Cost of sales on principal member transactions		(3,653)	(1,839)
Net Revenue	3	63,003	46,812
Other cost of sales		(2,032)	(1,428)
Gross profit		60,971	45,384
Administrative expenses		(60,012)	(49,519)
Other income		836	386
Operating profit before amortisation, depreciation, interest, share-based payments, exceptional items and taxation ("Adjusted EBITDA")		12,004	4,878
Depreciation		(2,916)	(2,713)
Amortisation	8	(5,287)	(4,608)
Share-based payment expense		(908)	(537)
Exceptional items	4	(1,098)	(769)
Operating profit / (loss)		1,795	(3,749)
Net finance expense		(871)	(101)
Profit / (loss) before taxation		924	(3,850)
Taxation credit/(expense)		3,623	(466)
Profit / (loss) for the year		4,547	(4,316)
Other comprehensive expense:			
Foreign currency translation differences		(564)	(137)
Total comprehensive profit / (loss) for the year		3,983	(4,453)
Basic profit / (loss) per ordinary share	6	5.4p	(5.2)p
Diluted profit / (loss) per ordinary share	6	5.2p	(5.2)p
Basic underlying profit / (loss) per ordinary share	6	0.4p	(4.2)p
Diluted underlying profit / (loss) per ordinary share	6	0.4p	(4.2)p

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

Consolidated Statement of Financial Position as at 31 August 2023

Company No: 08259177

	Note	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	8	15,394	13,397

Property, plant and equipment	912	939
Right of use assets	1,911	2,274
Deferred tax asset	7	4,297
Total non-current assets	22,514	16,610
Current assets		
Inventories	511	118
Trade and other receivables	11,608	9,930
Cash and cash equivalents	8,229	6,584
Total current assets	20,348	16,632
Total assets	42,862	33,242
Current liabilities		
Trade and other payables	(20,059)	(16,459)
Provisions	(931)	(846)
Lease liabilities	(1,738)	(1,834)
Borrowings	(1,622)	(1,500)
Total current liabilities	(24,350)	(20,639)
Net current liabilities	(4,002)	(4,007)
Non-current liabilities		
Borrowings	(2,950)	(1,940)
Lease liabilities	(399)	(820)
Total non-current liabilities	(3,349)	(2,760)
Total liabilities	(27,699)	(23,399)
Net assets	15,163	9,843
Equity		
Called up share capital	85	84
Share premium account	31,272	30,658
Merger relief reserve	1,993	1,993
Treasury reserve	606	513
Foreign exchange reserve	(1,111)	(547)
Retained deficit	(17,682)	(22,858)
Total equity	15,163	9,843

Consolidated Statement of Changes in Equity for the year ended 31 August 2023

	Called up 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 31 August 2021	82	29,356	1,993	(410)	5	(19,079)	11,947
	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(4,316)	(4,316)
Foreign exchange	-	-	-	(137)	-	-	(137)
Total comprehensive loss for the year	-	-	-	(137)	-	(4,316)	(4,453)
Issue of new share capital	2	1,302	-	-	-	-	1,304
Shares purchased by Employee Benefit Trust (EBT)	-	-	-	-	508	-	508
Equity-settled share-based payments charge	-	-	-	-	-	537	537
Balance at 31 August 2022	84	30,658	1,993	(547)	513	(22,858)	9,843
Profit for the year	-	-	-	-	-	4,547	4,547
Foreign exchange	-	-	-	(564)	-	-	(564)
Total comprehensive income for the year	-	-	-	(564)	-	4,547	3,983
Employee Benefit Trust (EBT) costs	-	-	-	-	93	-	93
Equity-settled share-based payments charge	-	-	-	-	-	629	629
Issue of new share capital	1	614	-	-	-	-	615
Balance at 31 August 2023	85	31,272	1,993	(1,111)	606	(17,682)	15,163

Consolidated Statement of Cash Flows for the year ended 31 August 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit/(loss) for the year, after tax		4,547	(4,316)
Adjustments for:			
Taxation (credit)/expense	5	(3,623)	466
Net finance expense		871	101
Amortisation of intangible assets	8	5,287	4,608
Depreciation of property, plant and equipment		511	483
Depreciation of right of use asset		2,405	2,230
Equity-settled share-based payment expense		629	537
Exceptional items	4	427	769
		-	-
Movement in working capital:			
Increase in inventories		(393)	(18)
Increase in trade and other receivables		(1,222)	(2,012)
Increase in trade and other payables		2,106	2,020
Cash generated from operations		11,545	4,868
Tax paid		(826)	(623)
Net cash generated from operating activities		10,719	4,245
Cashflows from investing activities			
Purchase of intangible assets	8	(7,284)	(6,452)
Purchase of property, plant and equipment		(531)	(866)
Finance income		7	1
Net cash used by investing activities		(7,808)	(7,317)
Cash flows from financing activities			
Lease liability repayments		(2,538)	(2,427)
Sale of treasury shares		102	508
Net receipts from invoice financing		122	-
Interest paid		(442)	(73)
Interest paid on IFRS 16 lease liabilities		(216)	(185)
Cash receipts from issue of share capital		615	1,302
Loan receipts - loan notes		1,185	3,440
Net cash (used by)/generated from financing activities		(1,172)	2,565
Foreign currency cash and cash equivalents movements		(94)	429
Net increase/decrease in cash and cash equivalents		1,645	(78)
Cash and cash equivalents at beginning of the period		6,584	6,662
Cash and cash equivalents at end of the period		8,229	6,584
Cash at bank and in hand		8,229	6,584
Cash and cash equivalents		8,229	6,584

1. Basis of preparation

The financial information set out in this document does not constitute the Company's statutory accounts for the years ended 31 August 2023 or 2022. Statutory accounts for the years ended 31 August 2022 and 31 August 2023, which were approved by the Directors on 21 November 2023, have been reported on by the Independent Auditors. The Independent Auditors' Reports on the Annual Report and Financial Statements for each of 2022 and 2023 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 August 2022 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 August 2023 will be delivered to the Registrar in due course, and are available from the Company's registered office at Floor 2, 355 Euston Road, London, England, NW1 3AL and are available from the Company's website: <https://www.tenlifestylegroup.com/investors>.

The financial information set out in these results has been prepared using the recognition and measurement principles of UK adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated). The accounting policies adopted in these results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 August 2022. There are deemed to be no new standards, amendments and interpretations to existing standards, which have been adopted by the Group that have had a material impact on the financial statements.

2. Going concern

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

Whilst the Company has grown significantly post the COVID-19 pandemic, continued management of costs is in place to ensure operating performances align to the Board's expectations. The Board believes that the business is able to navigate through any macro-economic conditions that may impact performance due to the strength of its member proposition, its balance sheet and the net cash position of the Group.

The Group has set its budget for 2024 and forecast for the following year but we recognise that there are scenarios under which the Group could be impacted by reductions in the number of member engagements and by prospective corporate clients failing to renew contracts. From our budget base case, a stress scenario of 20% reduction in variable revenues was performed as well as a severe downside scenario of 90% reduction in variable revenues. In each of these scenarios, if revenue is not in line with cash flow forecasts, the Directors have identified cost savings associated with the reduction in revenue and can identify further cost savings if necessary to ensure there is adequate cash and day to day working capital going forward.

Having assessed the principal risks and other matters discussed in connection with the going concern statement, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3. Segment reporting

The total revenue for the Group has been derived from its principal activity, the provision of concierge services. This has been disaggregated appropriately into operational segment and geographical location.

The Group has three reportable segments: Europe, Asia-Pacific, the Middle East and Africa (AMEA) and North and South America ("the Americas"). During the year, the Group changed the reportable segments to reflect the updated management structure of each region, as a result, the comparative period has been re-presented to align to the new reportable segments. Each segment is a strategic business unit and includes businesses with similar operating characteristics. They are managed separately in similar time zones to reflect the geographical management structure.

	2023 £'000	2022 £'000
Europe	25,914	20,615
Americas	25,834	16,534
AMEA	11,255	9,663
Net Revenue	63,003	46,812
Add back: cost of sales on principal transactions	3,653	1,839
Revenue	66,656	48,651
Europe	9,207	4,907
Americas	1,943	(700)
AMEA	854	671
Adjusted EBITDA	12,004	4,878
Amortisation	(5,287)	(4,608)
Depreciation	(2,916)	(2,713)
Share-based payment expense & national insurance	(908)	(537)
Exceptional items	(1,098)	(769)
Operating profit/(loss)	1,795	(3,749)
Foreign exchange (loss)/gain	(220)	157
Other net finance expense	(651)	(258)
Profit/(loss) before taxation	924	(3,850)
Taxation credit/(expense)	3,623	(466)
Profit/(loss) for the year	4,547	(4,316)

Statutory revenue for the Americas and AMEA segments is the same as the Net Revenue amounts disclosed above. Statutory revenue for the Europe segment was £29,567k (2022: £22,454k).

The Group's statutory revenue from external corporate clients is generated from commercial relationships entered into by various Group companies, which, given the global nature of the Group's service delivery model, may not reflect the location where the services are delivered, as reflected in the Net Revenue segmentation noted below.

The Group's statutory revenue is disaggregated into the following revenue streams. In addition, the Group disaggregates revenue into services where the Group is considered agent or principal as below:

Segmental reporting continued

	2023 £'000	2022 £'000
Direct concierge service revenue	52,257	38,030
Offers and benefits revenue	1,170	1,129
Indirect concierge service revenue	11,095	7,516
Digital platform fees	2,134	1,976
Revenue	66,656	48,651
Corporate revenue	55,561	41,116
Supplier revenue	11,095	7,535
Revenue	66,656	48,651
Supplier revenue (cost of sales on principal member transactions)	(3,653)	(1,839)
Net Revenue	63,003	46,812
Revenue from services as principal	61,416	46,570
Revenue from services as agent	5,240	2,081
	66,656	48,651

Net Revenue is a non-GAAP Company measure that includes 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 non-GAAP Company specific measure excluding interest, taxation, amortisation, depreciation, share-based payment and exceptional costs. Adjusted EBITDA is the main measure of performance

used by the Board, which is considered to be the chief operating decision maker. Adjusted EBITDA is the principal operating metric for a segment.

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

Three corporate clients (2022: two) generated more than 10% of total revenue each during the year ended 31 August 2023. The total combined revenue of these corporate clients was £23.9m (2022: £9.5m) and was mainly included in the Europe and Americas segments.

4. Exceptional items

	2023	2022
	£'000	£'000
Restructuring costs	995	-
Loss on disposal of subsidiary and restructuring	18	519
Provision for overseas tax authority costs	85	250
	<u>1,098</u>	<u>769</u>

The Group recognised an exceptional charge which related to restructuring costs incurred during the year of £995k (2022: £nil). During the year, the Group recognised a further £18k (2022: £519k) related to the disposal of the Russian subsidiary, Ten Group (RUS) LLC in 2022. The Group also recognised an additional provision of £85k (2022: £250k) related to overseas taxes and penalties.

5. Income tax expense

	2023	2022
	£'000	£'000
Current tax		
UK current tax expense	-	-
Foreign taxes related to current year	843	466
Prior year adjustments in respect of foreign taxes	(169)	-
Deferred tax		
Origination and reversal of timing differences	1,009	-
Historical losses recognised	(5,306)	-
Total tax (credit) / expense	<u>(3,623)</u>	<u>466</u>

The tax expense for the year can be reconciled to the income statement as follows:

	2023	2022
	£'000	£'000
Profit/(loss) before taxation	<u>924</u>	<u>(3,850)</u>
Expected tax credit based on a corporation tax rate of 21.5% (2022: 19.0%)*	199	(732)
Effect of expenses not deductible in determining taxable profit	60	3
Effect of taxes related to previous years	(169)	-
Origination and reversal of timing differences	1,009	975
Historical losses recognised	(5,306)	-
Overseas tax rate differences	584	220
Taxation (credit) / expense for the year	<u>(3,623)</u>	<u>466</u>

*A blended rate of 21.5% has been used in the current period following the change in the corporation tax rate from 19% to 25% on 1 of April 2023

6. Earnings per share

	2023	2022
	£'000	£'000
Basic earnings per share		
Profit/(loss) attributable to equity shareholders of the parent	<u>4,547</u>	<u>(4,316)</u>
Weighted average number of ordinary shares in issue (net of treasury)	83,894,193	83,699,615
Basic profit/(loss) per share (pence)	<u>5.4p</u>	<u>(5.2)p</u>

Basic profit per ordinary share

Basic profit per ordinary share is calculated by dividing the net result for the year attributable to shareholders by the weighted number of ordinary shares outstanding during the year. (2022: (5.2)p)

	2023	2022
	£'000	£'000
Diluted earnings per share		
Profit/(loss) attributable to equity shareholders of the parent	<u>4,547</u>	<u>(4,316)</u>
Weighted average number of ordinary shares in issue (net of treasury)	86,986,163	83,699,615
Diluted profit/loss per share (pence)	<u>5.2p</u>	<u>(5.2)p</u>

Diluted earnings per ordinary share

Diluted earnings per share is calculated as per IAS 33 by adjusting the weighted average number of ordinary shares outstanding for the dilutive effect of "in the money" share options, which are the only dilutive potential common shares for the Group. The net profit attributable to ordinary shareholders is divided by the adjusted weighted average number of shares. "Out of the money" share options are excluded from the calculation as they are non-dilutive. Where the Group has incurred a loss in the year, the diluted loss per share is the same as the basic loss per share as the loss has an anti-dilutive effect.

Underlying earnings per share	2023	2022
	£'000	£'000
Profit/(loss) attributable to equity shareholders of the parent	4,547	(4,316)
Excluding Exceptional Items & Taxes	1,098	769
Exceptional Items	(5,306)	-
Recognition of historical tax losses	339	(3,547)
Underlying profit/(loss) attributable to equity shareholders of the parent	83,894,193	83,699,615
Basic weighted average number of ordinary shares in issue (net of treasury)		
Basic underlying profit/(loss) per share (pence)	0.4p	(4.2)p
Diluted weighted average number of ordinary shares in issue (net of treasury)	86,986,163	83,699,615
Diluted underlying profit/(loss) per share (pence)	0.4p	(4.2)p

Underlying earnings per ordinary share

Underlying earnings per share is calculated by adjusting the profit / (loss) attributable to equity shareholders for exceptional items (note 5) and associated taxes along with non-underlying tax items such as deferred tax arising from the recognition of historical losses. No changes are made to the weighted average number of ordinary shares.

7. Deferred tax

	2023	2022
	£'000	£'000
Opening balance	-	-
Credited/(charged) to the statement of comprehensive income:		
Share-based payments	-	-
Historical losses	4,999	-
Movement in other temporary differences	(702)	-
Closing balance	4,297	-

Deferred tax	Intangible assets £'000	Capital allowances £'000	Losses £'000	Other temporary differences £'000	Total £'000
Opening Balance as at 1 September 2022	-	-	-	-	-
Credited/(Charged) to the statement of comprehensive income					
Movement in deferred tax balances	(1,672)	715	-	255	(702)
Utilisation of historical losses	-	-	(307)	-	(307)
Recognition of historical losses	-	-	5,306	-	5,306
Closing balance as at 31 August 2023	(1,672)	715	4,999	255	4,297

As at 31 August 2023, the Group has unused tax losses of £61.1m that are available for offset against future taxable profits. During the year ended 31 August 2023, a deferred tax asset has been recognised in respect of £21.0m of such losses (2022: £nil). Due to uncertainty as to the level and timing of taxable profits in the future, no deferred tax asset has been recognised in respect of the remaining £40.1m (2022: £31.6m). The losses that remain unrecognised are not expected to expire.

8. Intangible assets

	Capitalised development costs £'000	Website £'000	Trademarks £'000	Total £'000
Cost				
At 31 August 2021	35,036	1,909	-	36,945
Additions	6,452	-	-	6,452
Impairment	-	-	-	-
Disposals	(4)	-	-	(4)
Write-off	-	-	-	-
At 31 August 2022	41,484	1,909	-	43,393
Additions	7,284	-	-	7,284
Disposal	-	-	-	-
At 31 August 2023	48,768	1,909	-	50,677
Accumulated amortisation				
At 31 August 2021	23,481	1,909	-	25,390

Charge for the year	4,608	-	-	4,608
Disposal	(2)	-	-	(2)
At 31 August 2022	28,087	1,909	-	29,996
Charge for the year	5,287	-	-	5,287
Disposal	-	-	-	-
At 31 August 2023	33,374	1,909	-	35,283
Carrying amount				
At 31 August 2022	13,397	-	-	13,397
At 31 August 2023	15,394	-	-	15,394

All additions are related to internal expenditure. The useful economic lives of the capitalised development platforms and website are assessed to be five years and three years respectively.

9. Cautionary Statement

This document contains certain forward-looking statements relating to Ten Lifestyle plc (the "Group"). The Group 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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