28 March 2017

Time Out Group plc

("Time Out", the "Company" or the "Group")

Audited Full Year Results for the twelve months ended 31 December 2016

Growth ahead of expectations

Time Out Group plc (AIM: TMO), the global media and entertainment business with food and cultural markets, is pleased to announce its maiden audited results for the year ended 31 December 2016.

The results demonstrate strong progress for the Group, with revenue accelerating in the second half of the year, in line with the Trading Update issued in January 2017.

Financial Highlights

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

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

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

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

Operational Highlights

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

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

Commenting on the results, Julio Bruno, CEO of Time Out Group plc, said:

"2016 has been a year of significant events for Time Out Group. We listed on the stock market in June to take this iconic brand to the next stage of its development, accelerating its growth and consolidating the lines of business.

At Time Out, we like to say that we are in the 'happiness business'. We inspire and enable people to discover, book and share what the world's cities have to offer. As the trusted companion of both locals and visitors, we influence hundreds of millions of travel and entertainment spend around the globe. But just as importantly, our curated, high-quality content creates a valuable brand-appropriate environment for our online advertising and e-commerce partners.

We have beaten revenue expectations but we are just at the beginning of our quest to transact with our large, global audience."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) no 596/2014.

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Notes to editors

About Time Out Group plc
Time Out Group is the leading global media and entertainment business with a content distribution network comprising digital, mobile, apps, social media and print and a physical presence via Live Events and Time Out Market. Using these platforms and its well-established global brand, Time Out seeks to inspire and enable people to make the most of a city, through curated content around food, drink, music, theatre, art, style, travel and entertainment. Time Out, listed on AIM and headquartered in the United Kingdom, is present in 108 cities and 39 countries and has a global monthly audience reach of 156 million.

FORWARD-LOOKING STATEMENTS
This document contains "forward-looking statements", which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking, including, among others, the achievement of anticipated levels of profitability, growth, the impact of competitive pricing, volatility in stock markets or in the price of the Group's shares, financial risk management and the impact of general business and global economic conditions. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. By their nature, forward-looking

statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as at the date as of which they are made, and each of Time Out Group Plc and the Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in Time Out Group Plc's or the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. Neither the Group, nor any of its agents, employees or advisors intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this document.

Chief Executive's Statement

Overview

Time Out Group comprises two divisions; Time Out Digital and Time Out Market. Time Out Digital, including the digital, print and international segments, is a multi-platform media, entertainment and e-commerce business with a global content distribution network comprising magazines, online, social channels, mobile apps, mobile web, international licensing agreements and Live Events. Time Out Market leverages the Time Out brand to bring together under one roof a city's best restaurants, bars, shops and cultural experiences based on editorial curation. Time Out Market is currently present in Lisbon, attracting 3.1 million visitors in 2016, and conditional leases have been agreed for new markets in Miami and London.

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

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

Operational review

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

Operating KPIs

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

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

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

Audience development

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

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

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

Business performance

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

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

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

Advertising

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

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

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

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

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

Local businesses: Premium Profiles

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

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

In 2016, Time Out launched its Love City Awards – created in London in 2014 – for the first time simultaneously across seven cities: London, New York, Los Angeles, Chicago, Lisbon, Paris and Tokyo.

The Awards programme is part of Time Out's commitment to champion local, independent businesses. It provided a city's restaurants, bars, cafes, shops and cultural venues with a platform to raise their profile, reach new customers and experience the benefits of Time Out's powerful digital, social and print channels. The 2016 campaign allowed Time Out to connect with businesses in cities across the globe which helped drive thousands of new as well as claimed listings. Time Out's audience used the opportunity to support their most loved businesses: a record of 100,000 businesses were nominated across all cities.

E-commerce and digital product development

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

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

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

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

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

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

users to book the best experiences or hotels in the city as it provides a bird's eye view of the city alongside inspirational content and 'near-me' booking capabilities.

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

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

International

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

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

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

Time Out Market

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

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

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

Outlook

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

Financial performance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Initial Public Offering

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

Cash flow

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

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

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

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

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

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

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

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

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

Julio Bruno
Group Chief Executive Officer
28 March 2017

Consolidated Income statement

Year ended 31 December 2016

	Note	**Year ended 31 December 2016**	Year ended 31 December 2015
		£'000	£'000
Revenue	5	**35,736**	28,502
Cost of sales	5	**(14,707)**	(12,960)
Gross profit		**21,029**	15,542
Administrative expenses		**(38,882)**	(33,994)
Operating loss		**(17,853)**	(18,452)
Analysed as			
Adjusted EBITDA loss		**(10,231)**	(12,418)
Share based payments		**(1,064)**	-
Exceptional items	6	**(2,728)**	(2,969)
EBITDA loss		**(14,023)**	(15,387)
Depreciation of property, plant and equipment		**(710)**	(385)
Amortisation of intangible assets		**(3,120)**	(2,680)
Operating loss		**(17,853)**	(18,452)
Finance income		**389**	4
Finance costs		**(1,531)**	(2,520)
Share of associate's loss		**152**	-
Loss before income tax		**(18,843)**	(20,968)
Income tax credit		**203**	700
Loss for the year		**(18,640)**	(20,268)
Loss for the year attributable to:			
Owners of the parent		**(18,462)**	(20,268)
Non-controlling interests		**(178)**	-
		(18,640)	(20,268)
Loss per share:			
Basic and diluted loss per share (pence)	7	**18.9**	40.6

All amounts relate to continuing operations.

Consolidated Statement of Other Comprehensive Income

Year ended 31 December 2016

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Loss for the year	**(18,640)**	(20,268)
Other comprehensive income:		
Items that may be subsequently reclassified to the profit or loss:		
Currency translation differences	**7,087**	961
Other comprehensive income for the year, net of tax	**7,087**	961
Total comprehensive expense for the year	**(11,553)**	(19,307)
Total comprehensive expense for the year attributable to:		
Owners of the parent	**(11,369)**	(19,307)
Non-controlling interests	**(185)**	-
	(11,553)	(19,307)

Consolidated Statement of Financial Position

At 31 December 2016

	Note	**31 December 2016**	31 December 2015
		£'000	£'000
Assets			
Fixed Assets and Investments			
Intangible assets - Goodwill	9	**49,230**	35,525
Intangible assets - Other	10	**20,367**	12,720
Property, plant and equipment		**7,982**	867
Investment in associate		**7,153**	-
Other investments		**-**	8
Trade and other receivables - non current	11	**550**	550
		85,282	49,670
Current assets			
Inventories		**241**	184
Trade and other receivables	11	**11,987**	8,064
Cash and cash equivalents		**50,082**	4,282
		62,310	12,530
Total assets		**147,592**	62,200
Liabilities			
Current liabilities			
Trade and other payables	12	**(17,643)**	(12,987)
Provisions		**(186)**	-
Borrowings	13	**(1,083)**	-
		(18,912)	(12,987)
Non-current liabilities			
Trade and other payables	12	**(1,905)**	(131)
Provisions		**(149)**	-
Deferred tax liability		**(2,849)**	(1,474)
Borrowings	13	**(1,515)**	(21,463)
		(6,418)	(23,068)
Total liabilities		**(25,330)**	(36,055)
Net assets		**122,262**	26,145
Equity			
Called up share capital		**131**	957
Share premium		**103,071**	77,427
Translation reserve		**9,166**	2,072
Capital redemption reserve		**1,105**	-
Retained earnings/ (Accumulated losses)		**9,025**	(54,311)
Total parent shareholders' equity		**122,498**	26,145
Non-controlling interest		**(236)**	-
Total equity		**122,262**	26,145

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

	Note	Called up Share capital	Share premium	Translation reserve	Capital Redemption reserve	Retained earnings/ (Accumulated losses)	**Total parent Shareholders' equity**	Non-Controlling interest	**Total equity**
		£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Balance at 1 January 2015		763	58,349	1,111	-	(34,043)	**26,180**		**26,180**
Changes in equity									
Loss for the year		-	-	-	-	(20,268)	**(20,268)**	-	**(20,268)**
Other comprehensive income		-	-	961	-	-	**961**	-	**961**
Total comprehensive income		**763**	**58,349**	**2,072**	**-**	**(54,311)**	**6,873**	**-**	**6,873**
Issue of share capital		194	19,078	-	-	-	**19,272**	-	**19,272**
Balance at 31 December 2015		957	77,427	2,072	-	(54,311)	**26,145**	-	**26,145**
Changes in equity									
Loss for the year		-	-	-	-	(18,462)	**(18,462)**	(178)	**(18,640)**
Other comprehensive income		-	-	7,094	-	-	**7,094**	(7)	**7,087**
Total comprehensive income		**-**	**-**	**7,094**	**-**	**(18,462)**	**(11,368)**	**(185)**	**(11,553)**
Share-based payments		-	-	-	-	1,064	**1,064**	-	**1,064**
Pre-IPO issue of preference shares		40	3,960	-	-	-	**4,000**	-	**4,000**
Ordinary bonus shares issued		95	(95)	-	-	-	**-**	-	**-**
Share capital reduction		-	(80,887)	-	-	80,887	**-**	-	**-**
Preference bonus shares issued		72	(72)	-	-	-	**-**	-	**-**
Share capital reorganisation		(1,105)	-	-	1,105	-	**-**	-	**-**
Issue of shares for acquisitions		12	18,097	-	-	-	**18,109**	-	**18,109**
Non-controlling interest acquired ("NCI")	8	-	-	-	-	-	**-**	(232)	**(232)**
Goodwill attributable to NCI	8	-	-	-	-	-	**-**	28	**28**
Acquisition of minority interest	8	-	-	-	-	(153)	**(153)**	153	**-**
IPO issue of share capital		60	89,940	-	-	-	**90,000**	-	**90,000**
Costs associated with IPO		-	(5,299)	-	-	-	**(5,299)**	-	**(5,299)**
Balance at 31 December 2016		131	103,071	9,166	1,105	9,025	**122,498**	(236)	**122,262**

Consolidated Statement of Cash Flows

	Note	**Year ended 31 December 2016**	Year ended 31 December 2015
		£'000	£'000
Cash flows from operating activities			
Cash used in operations	14	**(15,965)**	(13,163)
Interest paid		**(316)**	(230)
Tax credits received		**8**	437
Net cash used in operating activities		**(16,273)**	(12,956)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,641)**	(605)
Purchase of intangible assets		**(1,856)**	(1,802)
Interest received		**4**	4
Pre-acquisition funding to Time Out Market		**(150)**	-
Acquisition of subsidiaries, net of cash acquired	8	**1,222**	(1,154)
Net cash used in investing activities		**(2,421)**	(3,557)
Cash flows from financing activities			
Proceeds of preference share issue		**4,000**	19,271
Proceeds from IPO		**90,000**	-
IPO transaction costs through share premium		**(5,281)**	-
Advance of new borrowings		**2,766**	-
Repayment of borrowings		**(25,999)**	(247)
Repayment of finance leases		**(26)**	-
Acquisition of minority interest		**(1,408)**	-
Acquisition of non-controlling interests		**-**	(7)
Net cash from financing activities		**64,052**	19,017
Increase in cash and cash equivalents		**45,358**	2,504
Cash and cash equivalents at beginning of year		**4,282**	1,752
Effect of foreign exchange rate change		**442**	26
Cash and cash equivalents at end of year		**50,082**	4,282

Notes to the Accounts

Year ended 31 December 2016

1. Basis of Preparation

The financial information in this preliminary announcement has been extracted from the Group audited financial statements for the year ended 31 December 2016 and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Group financial statements and this preliminary announcement were approved by the Board of Directors on 27 March 2017.

The auditors have reported on the Group's financial statements for the years ended 31 December 2016 and 31 December 2015 under s495 of the Companies Act 2006. The Auditors' reports are unqualified and do not contain a statement under section 498(2) or (3) of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2015 have been filed with the Registrar of Companies and those for the year ended 31 December 2016 will be filed following the Company's Annual General Meeting.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and IFRS Interpretations Committee ('IFRS IC') as adopted and endorsed by the European Union and have been prepared under the historical cost convention.

The same accounting policies, presentation and computation methods are followed in this preliminary announcement as in the preparation of the Group financial statements. The accounting policies have been applied consistently by the Group.

2. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Review along with the financial position of the Group, its cash flows, liquidity position and borrowing facilities. In addition, notes to the Group financial statements include details of the Group's treasury activities, funding arrangements and objectives, policies and procedures for managing various risks including liquidity, capital management and credit risks.

The Directors have considered the Group's forecasts, including taking account of reasonably possible changes in trading performance, and the Group's available banking facilities. Based on this review and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt a going concern basis in preparing these financial statements and this preliminary announcement.

3. Accounting policies

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

Revenue recognition

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

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

Subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

3. Accounting policies (continued)

Non-controlling interests

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

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

Associates

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

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

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

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

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

Segmental reporting

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

Service concession arrangements

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

4. Exchange rates

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

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

5. Segmental information

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

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

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

Year ended 31 December 2016

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

5. Segmental information (continued)

Year ended 31 December 2015

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

Revenue is analysed geographically by origin as follows:

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

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

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

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

6. Exceptional items

Costs are analysed as follows:

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

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

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

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

7. Loss per share

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

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

	2016	2015
	Number	Number
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**97,768,759**	49,906,844
	£'000	£'000
Loss from continuing operations for the purpose of loss per share	**18,462**	20,268
	Pence	Pence
Basic and diluted loss per share	**18.9**	40.6

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

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

8. Business combinations

a) 2016 acquisition of Hall Street Barcelona SL

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

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

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

b) Acquisition of Time Out Market Limited

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

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

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

	£'000
Property, plant and equipment	5,113
Intangible assets - other	1,250
Intangible assets - customer relationships	3,275
Deferred tax liability	(819)
Trade and other receivables	584
Cash and cash equivalents	836
Trade and other payables	(3,222)
Financial liability for option over non-controlling interest	(1,548)
Borrowings	(3,408)
Non-controlling interest in subsidiary	203
Net assets acquired	**2,265**
Non-controlling interest in Time Out Market Limited	29
Fair value of existing equity investment	-
Goodwill	7,237
Consideration paid	**9,530**

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

8. Business combinations (continued)

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

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

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

c) 2016 acquisition of YPlan

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

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

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

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

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

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

8. Business combinations (continued)

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

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

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

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

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

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

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

9. Goodwill

	2016	2015
Cost	**£'000**	£'000
At 1 January	**35,525**	33,091
Acquisitions	**8,180**	1,227
Finalisation of PY acquisition fair values	**(164)**	-
Exchange differences	**5,689**	1,207
	49,230	35,525

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

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

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

9. Goodwill (continued)

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

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

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

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

10. Intangible assets – other

Group

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

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

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

11. Trade and other receivables

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

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

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

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

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

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

	2016	2015
	£'000	£'000
At 1 January	**157**	148
Acquisitions	**146**	-
Provision for receivable impairment	**260**	180
Receivables written off during the year as uncollectable	**(162)**	(168)
Unused amounts reversed	**-**	(7)
Exchange differences	**15**	4
At 31 December	**416**	157

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

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

12. Trade and other payables

	2016	2015
	£'000	£'000
Current:		
Trade creditors	**4,919**	2,766
Social security taxes	**575**	562
Other creditors	**1,764**	1,369
Deferred consideration	**809**	-
Line of credit	**3,424**	2,445
Accruals and deferred income	**6,028**	5,434
Value Added Tax	**124**	411
	17,643	12,987
Non-current:		
Deferred consideration	**307**	86
Other creditors	**1,598**	45
	1,905	131

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

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

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

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

13. Borrowings

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

Borrowings repayable as follows:

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

Financing of Time Out Market

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

Loan stock

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

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

Loan notes

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

13. Borrowings (continued)

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

Senior debt

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

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

Mezzanine debt

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

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

Short-term loan

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

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

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

14. Notes to the cash flow statement

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

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

15. Related party transactions

The Group is controlled by Oakley Capital Investment Limited ("OCIL") and Oakley Capital Private Equity, who together owned 58.55% of the Company's shares as at the year ended 31 December 2016.

The following transactions were carried out with related parties:

Acquisition of Time Out Market Limited

On 14 June 2016, the Group acquired the entire issued preference share capital and an additional 76.6% of the ordinary share capital of Time Out Market Limited from OCIL, a controlling related party. The Group issued 6,353,281 ordinary shares as consideration, with a total fair value of £9,530k. More information can be found in note 8.

Other relating to Time Out Market Limited

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

Acquisition of associate interest in Flypay Limited

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

Other

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

As part of the IPO, Time Out Group plc (the "Company") issued 6,353,281 ordinary shares to OCIL in consideration of the acquisition of Time Out Market Limited and issued 4,660,000 ordinary shares to OCIL in consideration of the acquisition of an additional 41.5% of the issued share capital of Flypay Limited. The Company issued 60,000,000 ordinary shares to investors.

Financing transactions with related parties are detailed in note 13.