TimeOut
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28 March 2018

Time Out Group plc
(“Time Out”, the “Company or the “Group”)
Annual Results to 31 December 2017

Continued growth as Time Out evolves into a transactional business

Time Out Group plc (AIM: TMO), the global media and entertainment business, today announces its audited results for the year ended 31 December 2017.

The results demonstrate good progress for the Group, with revenue growth increasing in the second half of the year and in line with the Trading Update issued in January 2018.

Financial Highlights

- **Group Revenue** – increased by 19% year-on-year to £44.4m (2016: £37.1m*), driven by a combination of underlying** growth (12%) and the contribution from franchisee acquisitions in Australia and Spain
- **Growth Increasing** - H2 revenue increased 25% (14% underlying and at constant currency) on the comparable period of 2016. Underlying revenue growth for H1 at constant currency was 5%
- **Time Out Digital** - revenue of £38.4m (+15%) was driven by e-commerce, up 57% and Premium Profiles, up 43% and acquisitions; in a declining advertising market, digital advertising was flat on an underlying basis (+19% post acquisitions) whilst print revenue reduced by 4% (+2% post acquisitions)
- **Time Out Market** - revenue grew 62%* to £6.0m driven by record 3.6 million visitors (2016: 3.1 million)
- **Adjusted EBITDA** – loss of £14.2m*** (2016: £10.6m) in line with expectations and primarily due to the higher costs associated with increased customer acquisition and development of the Time Out Digital business
- **Operating Loss** – loss of £24.6m (2016: £17.9m)
- **Cash** – closing position of £28.8m (2016: £50.1m)
- **New Debt Facilities** – €9m loan secured in the period and £20m credit facility entered into in March 2018 to fund Time Out Market expansion

Operational Highlights

- **Audience** – in 2017, Time Out achieved an average global monthly audience reach of 217 million across all platforms, growing 39% YoY
- **E-commerce** – further substantial e-commerce growth was driven by affiliates sales (+66%) and proprietary Live Events (+83%) resulting in 837k items sold in the period
- **Global Expansion** – successful integration of established Time Out franchises in Australia, Spain, Hong Kong and Singapore into the network of owned and operated businesses
- **Time Out Market** – conditional lease agreement signed for a new market in New York, which is set to open in 2018; as recently announced, plans are on track for new markets in Miami in Q4 2018 and in Chicago and Boston in 2019

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

"Strong growth in e-commerce and Time Out Market continued in 2017, demonstrating that we are successfully evolving Time Out into a transactional business. Millions of customers now book theatre tickets, attractions and hotels with us, buy exclusive offers and experience one of our Live Events worldwide and Time Out Market.

"I am excited about the year ahead as we continue to capitalise on the substantial progress made to date. Time Out launched 50 years ago to help people explore the best of London and today we are the only true global marketplace for city life, with a presence in 108 fascinating cities worldwide.

"Time Out enters a new financial year in a strong position with further progress anticipated throughout 2018 in both Time Out Digital and in Time Out Market. "

* Time Out Market was acquired by the Group on 14 June 2016. All Group figures quoted in this announcement include, on a proforma basis, 12 months of trading of Time Out Market
** Underlying results are presented excluding the contribution from the acquisitions of the Australia franchisee in June 2017 and the Spain franchisee in September 2017, and the addition of Singapore and Hong Kong. The businesses combined contributed a net revenue of £2.8m in the period. EBITDA contribution was a loss of £0.5m. The figures for Time Out Market in 2016 include the first six months of that year, prior to its acquisition by the Group, given that this is a separate reportable segment. The measure is used to show the performance of the business before the effects of other acquisitions.
*** profit or loss before interest, taxation, depreciation, amortisation, share based payments, share of associate's loss and one-off exceptional items. Used by management and analysts to assess the business before one off and non-cash items.

This announcement is released by Time Out Group plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Richard Boult, Chief Financial Officer.

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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, travel and entertainment. Time Out, listed on AIM and headquartered in the United Kingdom, is present in 108 cities in 39 countries and has an average global monthly audience reach of 217 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 is a multi-platform media, entertainment and e-commerce business with a global content distribution network comprising websites, mobile apps, mobile web, social channels, magazines, Live Events and international licensing agreements. Time Out Market leverages the Time Out brand to bring a city's best restaurants, bars and cultural experiences together under one roof. Time Out Market currently operates in Lisbon and has a pipeline of new venues globally.

Operational review

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

Operating KPIs

	Year ended 31 December 2017	Year ended 31 December 2016	%
Audience and Traffic:			
Global audience reach – monthly average	216.8m	155.9m	39%
O&O† Audience – monthly average	156.3m	94.2m	66%
O&O† Unique visitors – monthly average	16.7m	16.0m	4%
E-commerce:			
Items sold	837k	618k	35%
Time Out Members	2,840k	1,997k	42%
Transacting Members	263k	169k	56%
Transactions	403k	303k	33%
Premium Profiles:			
Active listers	1,230	770	60%
Time Out Market*:			
Total tenant turnover	€33.1m	€23.5m	41%

*Proforma results including full twelve months trading for Time Out Market in 2016. 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; global audience reach includes market visitors, website traffic, social media reach and magazine readership for both 'owned and operated' as well as international licensing networks. 'Monthly average' calculated as a rolling twelve month average.

Audience development

During the year, the Group's average global monthly audience reach grew by 39% to 217 million with O&O (owned and operated business operations) growing by 66%. Excluding acquisition countries, like-for-like growth in O&O was 65%. This growth was driven by an increasing Facebook reach, which in the UK rose 109% from an average reach of 38.0m per month in 2016 to 79.4m. Followers on Facebook grew by 30% YoY, with average website visits for the period increasing by one to two percent. The proportion of visits through mobile and tablet devices now exceeds 65%.

In 2017, Time Out further expanded its global presence through the launch of new cities within the US, new websites and magazines and the opportunities afforded from the acquisition of franchises. City websites were launched in Porto, Frankfurt, Munich, Dusseldorf and Hamburg, and magazines were launched in the cities of Austin, San Francisco and Philadelphia to complement the Group's digital, mobile and social presence as it grows its national footprint and audience in North America. Hong Kong relaunched its magazine while two kids' magazines were also launched in London enabling Time Out to expand its engagement with customers. Launching free magazines across key cities is part of Time Out's continuing approach to print distribution and creates a halo effect on digital metrics, audience engagement and brand awareness.

Expanding the range of channels provides increasing value to advertisers. It allows them to reach Time Out's audience through new creative opportunities across the brand's global print, digital, mobile, social and event platforms. In the year, Time Out has successfully launched its content on the voice activated platforms of Alexa and the Google Assistant, offering advertisers another channel to connect with Time Out's audience.

Business performance

The performance of the Group including proforma trading of Time Out Market in 2016 for the full year is as follows*:*

	Year ended 31 December 2017	Year ended 31 December 2016*	% change	% change
	£'000	£'000		Under-lying**
Digital advertising	12,112	10,210	19%	-
Premium Profiles	2,071	1,444	43%	43%
E-commerce	7,316	4,662	57%	54%
Digital revenue	**21,499**	**16,316**	**32%**	**19%**
Print	15,493	15,238	2%	(4%)
International	1,401	1,880	(25%)	(14%)
Time Out Digital	**38,393**	**33,434**	**15%**	**7%**
Time Out Market*	5,971	3,696	62%	62%
Group Revenue	**44,364**	**37,130**	**19%**	**12%**
Gross profit	24,655	22,326	10%	1%
Operating Expenditure	(38,892)	(32,914)	(18%)	(10%)
Adjusted EBITDA	**(14,217)**	**(10,588)**	**(34%)**	**(29%)**

* Time Out Market was acquired by the Group on 14 June 2016. All Group figures quoted in this announcement include, on a proforma basis, 12 months of trading of Time Out Market

** Underlying results are presented excluding the contribution from the acquisitions of the Australia franchisee in June 2017 and the Spain franchisee in September 2017, and the addition of Singapore and Hong Kong. The businesses combined contributed a net revenue of £2.8m in the period. EBITDA contribution was a loss of £0.5m. The figures for Time Out Market in 2016 include the first six months of that year, prior to its acquisition by the Group, given that this is a separate reportable segment. The measure is used to show the performance of the business before the effects of other acquisitions.

Time Out Digital

Digital and print advertising
Digital advertising revenue grew 19% YoY, excluding the contribution from businesses acquired during the year revenue was flat. In the UK, the benefits of the organisational changes made during that period and a number of key advertising deals with partners such as Google and Marriott resulted in good growth in the second half. Digital advertising revenue in the US declined by 1%. In both the UK and US, advertising continues to move from premium digital to programmatic with programmatic revenue across the Group growing by 35%. Through investment in technology, good progress has been made in improving viewability and the user experience of the web and mobile sites so as to enhance digital revenue. Good growth has been seen in France and Portugal. The Time Out franchisee in Australia was acquired in June 2017 with offices in Melbourne and Sydney. It has a strong presence in digital advertising with total revenue growing 19% YoY. The franchisee in Spain was acquired in September 2017; it operates English, Spanish and Catalan language websites and magazines in Barcelona. Revenue in sterling has grown 28% (in euro 20%) compared to 2016. An office has been opened in Madrid with a website launched in Madrid in Q1 2018 and plans for a new magazine in April 2018.

Overall, print advertising increased 2% YoY. Excluding acquisitions, there was a decline of 4% YoY, however trends improved in the second half with a slow-down in the rate of decline. In the UK, revenue grew approximately 2% in a declining market aided by increased premium advertising and sponsored supplements and the organisational changes made in the first half. Overall revenue per page increased 11%. The US had a challenging year in a declining market with print revenue falling 13% due to a significant decline in page yields. Portugal's revenue increased by 9% through increased advertising and subscriptions revenue.

Time Out's positive, trusted content - curated by professional journalists - is of great value to advertising partners seeking brand safe environments and unique campaign approaches. The Group has seen good growth in revenue from this multi-media advertising solution strategy, with the team increasingly working globally to share ideas and drive efficiencies. Highly visible and engaging branded moments were created in 2017, spanning multiple touchpoints across digital, mobile, social, print and Live Events. The list of high-profile clients included Lexus, AMEX, TAP Air Portugal, Seamless, Budweiser and Google. Examples of campaigns were the UK's first freesheet video-in-print magazine cover ad for Three, a holiday giveaway experiential with British Airways and a unique, multi territory partnership with Marriott that saw the partner sponsor the launch of four new German city websites for Time Out as well as Time Out London's first standalone travel magazine. In addition to campaigns delivered for clients in new verticals such as tech and auto, Time Out has also secured a roster of returning clients.

Local businesses: Premium Profiles
Revenue from Premium Profiles grew by 43% and the number of active listers increased by 60% to 1,230 as of December 2017. New York grew revenue by 176% YoY and the more established offering in London continues to perform well, increasing revenue by 27%. During the year, enhancements such as video were introduced to drive sales and partners' visibility.

E-commerce

E-commerce revenue, including transactions to sell the Group's own events and third-party tickets, grew 57% YoY, with underlying growth of 53% and revenue growth increasing in the second half. Growth was driven by a 66% increase in revenue from affiliate sales, 21% from offers and 83% from Live Events. The overall number of transactions grew 33% and revenue per transaction increased to £18.11 (2016: £15.39).

With experienced senior management joining the team in the year and continued development of the e-commerce offering, affiliate revenue grew in both London and New York, with particularly strong growth in New York, where 172% growth was achieved. During 2017, significant investment was made in cost-per-click acquisition marketing, particularly in the first half to develop the Group's presence in a range of categories, especially in the hotels and travel vertical. The strength of results delivered from organic traffic compared to those from paid search led to the decision to focus efforts on organic and natural traffic with a subsequent reduction in acquisition spend in the fourth quarter.

The Group is continuing to grow its e-commerce segment, closely managing the return from traffic acquisition spend and the impact of website and partner technical developments. Progress achieved within the period:

- Expansion: 74 cities now have e-commerce functionality on the websites, and 15 cities have multi language options to attract visits and bookings from new audiences via Time Out's unique content.
- Optimisation: Further enhancement of the product categories with higher average booking value and higher margins through partnerships with Booking.com, HotelsCombined, Airbnb, Viator, La Fourchette, Clicktripz and Encore.
- Bookability: Optimised bookability with 24% of page views going to pages with bookable content and a book button in December 2017, compared to 16% at the start of the year; a new homepage design launched at the beginning of 2018 further driving a closer connection of content and e-commerce.
- Integration of the checkout functionality from YPlan, acquired in October 2016, has progressed: allowing an improved customer checkout experience and reductions in processing costs.

Plans to focus product development on improving the visibility and distribution of offers have reaped rewards in 2017 with revenue increasing by 21%. The performance has been enhanced by the progress made in the more effective execution of the CRM strategy of the Group with the emails of Yplan customers being successfully integrated with those of Time Out and the quality and usability of data being further enhanced by a strengthened CRM team.

To further monetise customer traffic, exclusive products have been developed and launched. In November, the Group launched a limited edition, 1,000 run 'restaurant gift box' in London which sold out quickly. Called 'Table for Two', the curated luxury gift box was filled with cards giving diners 50% off food at twelve of Time Out's 100 best restaurants in London throughout 2018. Plans are in place to expand this into other cities in 2018 and explore other exclusive products with another box having been launched in London in February 2018.

E-commerce revenue growth was also driven by a particularly good performance from Live Events arranged and sold by the Group; an area which continues to expand across both US and European cities. Time Out continues to enhance its experiential offering throughout its global footprint with sponsored events having taken place in London, New York, Chicago, Los Angeles, Paris and Lisbon. The Group arranged 791 Live Events for 155k attendees in 2017, up from 250 and 80k attendees in 2016. In pursuing new revenue opportunities, the Group accepted lower margins on certain events during the second half of 2017, impacting the gross margin of the Group by over 150 basis points. Having established events in 2017, the Group is working closely with suppliers and sponsors to ensure that events in 2018 are undertaken at an improved margin.

International

In addition to its owned and operated business operations in 76 cities across 20 countries, the Group has a presence in a further 32 cities across 20 countries through its international licensing arrangements. 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, decreased by 25%, mainly due to the acquisition of Australia and Spain and the addition, at no cost, of Hong Kong and Singapore and difficult trading conditions experienced by some of the incumbent franchisees.

Strengthening & aligning the Digital team

During the period, the Time Out Digital division reorganised its staff, resources and skill sets against the objectives of its evolving business and global strategy. Senior internal and external appointments were made to the Time Out Digital CEO (Christine Petersen) and other key roles including MD E-commerce and Chief Technology Officer. The reporting lines are now organised functionally and globally which has allowed a higher level of coordination, the sharing of best practice, content collaboration, the closer alignment of product development across the offices and has reduced the cost base. Excluding Time Out Market costs and the operating costs of the acquisitions, operating expenditure in H2 was £14.8 million (2016: £15.9 million) compared to £16.9 million (2016: £13.1 million) in the first half.

Time Out Market

Time Out Market in Lisbon has had another outstanding year, with a record 3.6 million visitors in the full year. Total tenant turnover has increased by 41% contributing to a 52% increase in local currency revenues YoY. This strong revenue growth has delivered an EBITDA of £2.3m from the Lisbon market.

The Group is on track to roll out Time Out Market to other cities globally:

- New York – A lease agreement for a new Time Out Market in New York was signed in February 2018, which is conditional on obtaining a license approval and building permits. With the location in a venue near other already operating restaurants, it is expected that the market will open in Q4 2018.
- Boston and Chicago – Conditional lease agreements have been signed for new locations in Chicago and Boston. With the benefits of planning for the sites already secured, openings are expected in 2019.
- Miami – Time Out Market Miami is expected to open in Q4 2018; the first line-up of high-profile chefs has been announced and was very positively received in the city.
- Porto – Local authority support and now waiting for final approval.

- London – With the support of the landlord, the Group appealed the declined planning permission in respect of the site in Spitalfields; if planning for the site is granted and runs to timetable it is expected that the site would open in late 2019 or early 2020; meanwhile the Group continues to explore other possible sites in London.
- The Group continues to consider proposals for new locations in other cities around the world, including a strong interest in management contracts.

In February 2018, a 5-year sponsorship agreement with a supplier of beer and soft drinks was signed in Lisbon.

Centrally the division has incurred costs of £2.0m (2016: £1.6m) as part of this rollout including start-up costs of £0.2m in respect of new markets.

Board Change

The Group is pleased to report that Adam Silver will be appointed Chief Financial Officer and to the Board of Directors from 29 March 2018. He joins from Just Eat where he was UK CFO, having joined prior to its listing on the main market of the London Stock Exchange. Prior to Just Eat, he was Group CFO and co-founder of The Karma Communications Group. Previously, Adam was an Investment Director at Ingenious Media and Hamilton Bradshaw, where he led growth capital investments in the media sector. Adam qualified as a Chartered Accountant at KPMG where he also spent a number of years within the Strategic & Commercial Intelligence practice in London and New York. Adam has a degree in Accounting and Finance from the University of Leeds. Richard Boult will step down at the same time to pursue new opportunities and the Group thanks him for his contribution.

Outlook

Clear progress has been made in 2017 evidenced by the revenue growth reported, particularly in e-commerce and Time Out Market, as the Group continues to evolve into a transactional business. The Group continues to execute on its stated growth strategy, with further progress anticipated throughout 2018 in both Time Out Digital and in Time Out Market.

The Group continued to make focused, strategic investment into the Time Out Digital business throughout 2017 to drive future growth and operating efficiencies, and has also developed an exciting pipeline of new sites for additional Time Out Markets in 2018 and thereafter.

Management remains confident that the Group will deliver against full year expectations.

Financial performance

Revenue

Reported Group revenue for the year has increased by 24% from £35.7m to £44.4m primarily through organic growth and the acquisition of Time Out franchise partners in Australia and Spain. Growth excluding acquisitions and the effect of currency was £3.6m. 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. Accounting on a proforma basis for a full year of Time Out Market in 2016, Group revenue grew by 19%.

Gross margin

The overall gross margin (revenue less cost of sales) of the Group declined by three percentage points YoY to 56% (2016: 59%). This was predominantly driven by the traffic acquisition strategy in the e-commerce business for the hotel vertical and the expansion at a low margin of Live Events. The declines were offset in part by the higher gross margin of the businesses acquired in Spain and Australia.

The margin in Time Out Market declined by 4.4 percentage points principally due to the opening of the Time Out Bar in Lisbon. The bar, operated directly by Time Out, started in December 2016, and its first year of operation has contributed £0.8m of revenue.

Operating expenditure

Group operating expenditure before exceptional costs, share based payments, depreciation and amortisation, was £38.9m (2016: £32.9m). Excluding the effect of currency translation, total costs grew by £5.1m of which £2.5m relates to businesses acquired. Without the acquired businesses and at constant currency, H1 operating expenditure grew by 26% year on year and declined by 1% in H2 year on year as a result of the reorganisation undertaken in June 2017. Of the remainder, Time Out Market increased by £1.0m due to associated costs of expanding globally, the growth in the operations in Lisbon and the start-up costs for new markets.

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 £14.2m (2016: £10.2m loss), a decline of £4.0m, due to cost of sales, the traffic acquisition strategy, the expansion of Time Out Digital activities and a full year of costs associated with being a listed company.

Exceptional costs

One-off exceptional costs include £1.8m (2016: £1.3m) of costs relating to redundancy and other payments to reorganise the Group, £0.2m of office relocation costs in London, £0.6m of non-cash charges for the revaluation of options to acquire the minority interest in Time Out Market Lisbon and £0.5m of costs related to the acquisition of new countries.

Share based payments
The value of these options at issuance has been amortised over the time to vesting of the option. As at 31 December 2017, 10.9m options were outstanding.

Operating loss
The operating loss for the year was £24.6m (2016: £17.9m) including depreciation of £1.1m (2016: £0.7m) and amortisation of intangible assets of £4.4m (2016: £3.1m).

The amortisation of intangible assets included £2.3m (2016: £1.0m) relating to acquired intangible assets. Other intangible asset amortisation, primarily amortisation of software both acquired and internally developed, was £2.1m (2016: £2.2m).

Net finance costs
Net finance costs in 2017 of £0.8m (2016: £1.1m) mainly comprise interest on third party loans and the foreign exchange loss on financial assets. The decrease in finance costs on loans is a result of the repayment of senior and mezzanine debt in 2016.

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 $1.29 (2016: $1.36). The operations reporting in euros have been consolidated at a rate of €1.14 (2016: €1.22).

Currency effects for the year as a whole were not significant but there was a substantial change between each half. The impact on the revenues of the Group and its underlying revenue performance is as follows.

£ million	2016	f/x	%	Underlying at constant currency	%	Acquisitions	2017
H1 Revenue	16.6	1.0	6%	0.8	5%	0.3	18.7
H2 Revenue	20.5	(0.1)	(1%)	2.8	14%	2.5	25.7
Full Year	37.1	0.9	2%	3.6	9%	2.8	44.4

Associates
Time Out currently holds a 37.8% shareholding in Flypay. Flypay is a mobile technology platform providing solutions for ordering and payment within the hospitality sector. The investment is accounted for as an associate and the Group's share of Flypay's loss for 2017 of £1.0m and is included as 'Share of associate's loss' on the income statement. The investment in Flypay is recorded at £6.2m at 31 December 2017.

Cash flow

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Cash flows from operating activities		
Adjusted EBITDA	(14,217)	(10,231)
Movement in working capital	(3,528)	(2,134)
Other movements	(197)	(358)
Cash used in operations	**(17,942)**	**(12,723)**
Exceptional cash flows	(2,877)	(3,242)
Capital expenditure	(4,386)	(3,497)
Operating cashflow	**(25,205)**	**(19,454)**
Net Interest paid	(389)	(312)
Tax credits received	3	8
Free cashflow	**(25,591)**	**(19,766)**
Pre-acquisition funding to Time Out Market	-	(150)
Acquisition of subsidiaries, net of cash acquired	(470)	1,222
Proceeds of pre-IPO preference share issue	-	4,000
Proceeds from IPO	-	90,000
IPO costs	-	(5,281)
Costs relating to share issue	(5)	-
Advance of new borrowings	7,809	2,766
Repayment of borrowings	(1,169)	(25,999)
Repayment of finance leases	(59)	(26)
Acquisition of minority interest	(196)	(1,408)
Cash to restricted cash	(1,093)	-
Movement in cash	**(20,774)**	**45,358**

Operating cash flow

The cash used in operations before exceptional costs was £17.3m (2016: £12.7m) including a net working capital outflow of £3.2m (2016: £2.1m). Working capital balances have been impacted by the payment of a lease deposit on the new head office building, the deposit on the previous office being repaid in January 2018. This and other one off flows in 2017 were £2m including the seasonal growth in working capital of the business acquired in Australia. A strong last quarter for sales in the year led to a higher level of receivables than in prior periods and is the prime cause of the increase in the underlying cash out flow.

Capital expenditure of £4.4m (2016: £3.5m) includes £2.4m (2016: £1.8m) of capitalised software development costs relating to the teams working on the website and digital platforms, the cost of leasehold improvements and other equipment. Of the leasehold improvements, £1.5m was in respect of the development of new Time Out Market locations across the US, in London and Porto.

Acquisitions

The Group undertook two business combinations in the period. It acquired the ordinary share capital of Print & Digital Publishing Pty Limited ("TO Australia") for shares. The acquisition was completed on 2 June 2017.

On 14 August 2017, the Group acquired the entire issued share capital of 80 Mes Publicacions, S.L., a Spanish company which previously was a franchisee of the Group, in exchange for purchase consideration of cash of £905k and deferred consideration of £909k in the form of shares or cash at the discretion of Group management, with payment on the first anniversary of the acquisition date.

On 28 March and 16 June 2017 the Group took over the existing franchisee operations in Hong Kong and Singapore, respectively. No consideration was paid.

New borrowings

In November 2017 Time Out Market received a loan from Incus Capital Advisors, S.L. of €9.0m denominated in Euros and repayable in instalments over 5 years. The loan has an interest rate of 11% over EURIBOR. It is subject to a financial covenant in respect of the EBITDA of Time Out Market Lisbon.

On 27 March 2018 the Company entered into a £20m term loan facility agreement with Oakley Capital Investments Limited ("OCI"). The facility is for a period of 19 months and has an interest rate of between 10% to 15% depending on amounts drawn. The proceeds of the new facilities are intended to be used by the Group to fund future Time Out Market developments.

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

Net cash and borrowings

Net cash at the period end was £19.3m (2016: £47.5m) as follows:

	At 31 December 2017 £'000	At 31 December 2016 £'000
Cash and cash equivalents	**28,746**	50,082
Borrowings	**(9,398)**	(2,598)
Net cash	**19,348**	47,484

Julio Bruno
Group Chief Executive Officer
27 March 2018

Consolidated Income statement
Year ended 31 December 2017

	Note	**Year ended 31 December 2017**	Year ended 31 December 2016
		£'000	£'000
Revenue	5	**44,364**	35,736
Cost of sales	5	**(19,709)**	(14,707)
Gross profit		**24,655**	21,029
Administrative expenses		**(49,293)**	(38,882)
Operating loss		**(24,638)**	(17,853)
Finance income		**72**	389
Finance costs		**(825)**	(1,531)
Share of associate's loss and gain on investment		**(954)**	152
Loss before income tax		**(26,345)**	(18,843)
Income tax credit		**325**	203
Loss for the year		**(26,020)**	(18,640)
Loss for the year attributable to:			
Owners of the parent		**(25,048)**	(18,462)
Non-controlling interests		**(972)**	(178)
		(26,020)	(18,640)
Loss per share:			
Basic and diluted loss per share (pence)	7	**19.0**	18.9

All amounts relate to continuing operations.

Consolidated Statement of Other Comprehensive Income

Year ended 31 December 2017

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Loss for the year	**(26,020)**	(18,640)
Other comprehensive income:		
Items that may be subsequently reclassified to the profit or loss:		
Currency translation differences	**(3,151)**	7,087
Other comprehensive income for the year, net of tax	**(3,151)**	7,087
Total comprehensive expense for the year	**(29,171)**	(11,553)

Total comprehensive expense for the year attributable to:		
Owners of the parent	**(28,169)**	(11,368)
Non-controlling interests	**(1,002)**	(185)
	(29,171)	(11,553)

Consolidated Statement of Financial Position
At 31 December 2017

	Note	**31 December 2017**	31 December 2016
		£'000	£'000
Assets			
Fixed Assets and Investments			
Intangible assets - Goodwill	9	**50,057**	49,230
Intangible assets - Other	10	**19,044**	20,367
Property, plant and equipment		**8,834**	7,982
Investment in associate		**6,199**	7,153
Trade and other receivables - non current	11	**958**	550
		85,092	85,282
Current assets			
Inventories		**276**	241
Trade and other receivables	11	**14,602**	11,987
Cash and bank balances	12	**29,839**	50,082
		44,717	62,310
Total assets		**129,809**	147,592
Liabilities			
Current liabilities			
Trade and other payables	13	**(17,839)**	(17,643)
Provisions		**(67)**	(186)
Borrowings	14	**(1,220)**	(1,083)
		(19,126)	(18,912)
Non-current liabilities			
Trade and other payables	13	**(2,291)**	(1,905)
Provisions		**-**	(149)
Deferred tax liability		**(2,623)**	(2,849)
Borrowings	14	**(8,178)**	(1,515)
		(13,092)	(6,418)
Total liabilities		**(32,218)**	(25,330)
Net assets		**97,591**	122,262
Equity			
Called up share capital		**133**	131
Share premium		**106,042**	103,071
Translation reserve		**6,045**	9,166
Capital redemption reserve		**1,105**	1,105
Retained earnings/ (accumulated losses)		**(14,496)**	9,025
Total parent shareholders' equity		**98,829**	122,498
Non-controlling interest		**(1,238)**	(236)
Total equity		**97,591**	122,262

Consolidated Statement of Changes in Equity
Year ended 31 December 2017

	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 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 reorganization		(1,105)	-	-	1,105	-	**-**	-	**-**
Issue of shares for acquisitions		12	18,097	-	-	-	**18,109**	-	**18,109**
Non-controlling interest acquired ("NCI")		-	-	-	-	-	**-**	(232)	**(232)**
Goodwill attributable to NCI		-	-	-	-	-	**-**	28	**28**
Acquisition of minority interest		-	-	-	-	(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**
Changes in equity									
Loss for the year		**-**	**-**	**-**	**-**	**(25,048)**	**(25,048)**	**(972)**	**(26,020)**
Other comprehensive income		**-**	**-**	**(3,121)**	**-**	**-**	**(3,121)**	**(30)**	**(3,151)**
Total comprehensive income		**-**	**-**	**(3,121)**	**-**	**(25,048)**	**(28,169)**	**(1,002)**	**(29,171)**
Share-based payments		**-**	**-**	**-**	**-**	**1,527**	**1,527**	**-**	**1,527**
Issue of shares for acquisitions		**2**	**2,971**	**-**	**-**	**-**	**2,973**	**-**	**2,973**
Balance at 31 December 2017		**133**	**106,042**	**6,045**	**1,105**	**(14,496)**	**98,829**	**(1,238)**	**97,591**

Consolidated Statement of Cash Flows

	Note	**Year ended 31 December 2017**	Year ended 31 December 2016
		£'000	£'000
Cash flows from operating activities			
Cash used in operations	15	**(20,819)**	(15,965)
Interest paid		**(459)**	(316)
Tax credits received		**3**	8
Net cash used in operating activities		**(21,275)**	(16,273)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,954)**	(1,641)
Purchase of intangible assets		**(2,432)**	(1,856)
Interest received		**70**	4
Pre-acquisition funding to Time Out Market		**-**	(150)
Acquisition of subsidiaries, net of cash acquired	8	**(470)**	1,222
Net cash used in investing activities		**(4,786)**	(2,421)
Cash flows from financing activities			
Proceeds of preference share issue		**-**	4,000
Proceeds from IPO		**-**	90,000
IPO transaction costs through share premium		**-**	(5,281)
Costs relating to share issue		**(5)**	-
Advance of new borrowings		**7,809**	2,766
Repayment of borrowings		**(1,169)**	(25,999)
Repayment of finance leases		**(59)**	(26)
Acquisition of minority interest		**(196)**	(1,408)
Cash to restricted cash		**(1,093)**	-
Net cash from financing activities		**5,287**	64,052
Increase in cash and cash equivalents		**(20,774)**	45,358
Cash and cash equivalents at beginning of year		**50,082**	4,282
Effect of foreign exchange rate change		**(562)**	442
Cash and cash equivalents at end of year		**28,746**	50,082

Notes to the Accounts

Year ended 31 December 2017

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 2017 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 2018.

The auditors have reported on the Group's financial statements for the years ended 31 December 2017 and 31 December 2016 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 2016 have been filed with the Registrar of Companies and those for the year ended 31 December 2017 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 year-on-year.

2. Going concern

The Directors confirm they have a reasonable expectation that the Company and Group has adequate resources to continue in operation for the foreseeable future and at least 12 months from the date of signing the Group and Company financial statements and consider it appropriate to adopt the going concern basis of accounting in preparing the Group and Company financial statements.

This confirmation is made having considered the financial position of the Group on the basis of the latest budgets and forecasts, the cash balance of £29.8 million at 31 December 2017 and the availability of future financing, including the £20 million credit facility entered into in March 2018, committed until October 2019, to help accelerate the roll-out of new markets. As new markets are opened the Directors will explore alternative financing options from a number of potential sources. The Directors have considered downside risks to the Group’s plans, together with options available to mitigate these risks to reduce the rate of cash burn in the short to medium term, and assessed the potential impact these would have on the Group’s liquidity. In evaluating these risks the Directors have considered the Group’s history of operating losses and the cash outflows that are expected to continue as the Group undertakes the expenditures required for the continued expansion of the Time Out Market business.

3. Accounting policies

The principal accounting policies applied in the preparation of the Group and Company 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 Time Out events are recognised in the month of the event. Tickets for Time Out offers and commissions for sales of tickets to external events and experiences are recognised at the point of sale.
- Licence/royalty revenue is recognised over the contract period in accordance with the substance of the underlying agreement. Where these revenues are uncertain, they are recognised only on receipt.
- Market related revenue is predominantly turnover related rent from restaurants in the markets and is recognised as the turnover is earned by the sub-letting restaurants. 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 the 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.

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 group of key management personnel, as identified in the strategic report, 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:

	2017		2016	
	Closing rate	**Average rate**	Closing rate	Average rate
US dollar	**1.35**	**1.29**	1.23	1.36
Euro	**1.13**	**1.14**	1.17	1.22
Hong Kong dollar	**10.54**	**10.18**	-	-
Singaporean dollar	**1.80**	**1.80**	-	-
Australian dollar	**1.73**	**1.69**	-	-

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:

- 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, including live events;
- 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 service.

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 2017

	Print	**Digital**	**International**	**Markets**	**Total**
	£'000	£'000	£'000	£'000	**£'000**
Revenue	15,493	21,499	1,401	5,971	**44,364**
Cost of sales	(9,824)	(9,053)	-	(832)	**(19,709)**
Gross profit	5,669	12,446	1,401	5,139	**24,655**
Administrative expenses					(49,293)
Operating loss					**(24,638)**
Analysed as					
Adjusted EBITDA loss					(14,217)
Share based payments					(1,527)
Exceptional items					(3,155)
EBITDA loss					(18,899)
Depreciation of property, plant and equipment					(1,124)
Amortisation of intangible assets					(4,420)
Profit / loss on disposal of fixed assets					(195)
Operating loss					(24,638)
Finance income					**72**
Finance costs					**(825)**
Gain on investment and share of associate's loss					**(954)**
Loss before income tax					**(26,345)**
Income tax credit					**325**
Loss for the year					**(26,020)**

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)
Analysed as					
Adjusted EBITDA loss					(10,231)
Share based payments					(1,064)
Exceptional items					(2,728)
EBITDA loss					(14,023)
Depreciation of property, plant and equipment					(710)
Amortisation of intangible assets					(3,120)
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)

Revenue is analysed geographically by origin as follows:

	2017	2016
	£'000	£'000
Europe	**26,575**	20,289
Americas	**14,313**	13,567
Rest of World	**3,476**	1,880
	44,364	35,736

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

	2017	2016
	£'000	£'000
Print advertising and circulation	**15,493**	15,238
Digital advertising	**12,112**	10,210
Premium profiles	**2,071**	1,444
E-commerce	**7,316**	4,662
International	**1,401**	1,880
Markets	**5,971**	2,302
	44,364	35,736

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

6. Exceptional items

Costs are analysed as follows:

	2017	2016
	£'000	£'000
Restructuring costs	**1,787**	1,261
Fees relating to acquisitions in the year	**539**	514
Advisory fees in relation to the IPO	**7**	953
Fair value loss on deferred consideration	**596**	-
Office relocation costs	**226**	-
	3,155	2,728

The 2017 restructuring costs include employee termination costs of £1,787k incurred to compensate members of senior management and other employees for loss of office and to reflect the Group's new global organisation structure. Restructuring costs are treated as exceptional only where they are as a result of fundamental changes in the operating structure of the Group and which management do not consider to be part of ongoing or underlying activities.

The acquisition fees are costs associated with the acquisition of subsidiaries and licensing partners in the year of £487k and fees related to corporate reorganisations of £52k. The fair value loss relates to a minority interest held in Time Out Market.

Office relocation costs relate to the costs associated with the head office move. The balance also include the partial release of the provision made in 2016 for an onerous lease.

The 2016 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 2016 restructuring costs include employee termination costs of £847k incurred to compensate members of senior management for loss of office as part of the reorganisation of the Group structure required as part of the listing process. The prior year balance also includes 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.

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.

	2017	2016
	Number	Number
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**131,985,250**	97,768,759
	£'000	£'000
Loss from continuing operations for the purpose of loss per share	**25,048**	18,462
	Pence	Pence
Basic and diluted loss per share	**19.0**	18.9

8. Business combinations

During 2017, the Group acquired Print & Digital Publishing Pty ("Time Out Australia") and Time Out Spain Media SL (previously 80 Mes 4 Publicacions) ("Time Out Spain"). The Group had a presence in both locations prior to acquisition, through international licencing agreements.

As a result of these acquisitions, the Group continues its global expansion program, allowing further growth and monetisation opportunities across e-commerce, advertising and Premium Profiles.

Time Out Australia

On 2 June 2017, the Group acquired 100% of the issued ordinary share capital of Print & Digital Publishing Pty Limited for the issue of 1,656,930 Ordinary Shares valued at £2,212k based on a share price of £1.335. Pre-acquisition international licensing revenues of £38k have been recognised as revenue directly in the income statement.

The fair value of the assets and liabilities acquired are as follows:

	£'000
Property, plant and equipment	8
Customer relationships	593
Trade and other receivables	201
Cash and cash equivalents	37
Deferred tax liability	(178)
Trade and other payables	(485)
Net assets acquired	**176**
Goodwill	2,036
Consideration paid	**2,212**

Revenue of £1,734k and operating profit of £79k 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 for the year would have been £2,891k and the operating loss contribution to the Group for the year would have been £209k.

The goodwill represents the value of the assembled workforce in the Australian business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs of £255k have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2017.

Time Out Spain

On 14 August 2017, the Group acquired 100% of the issued ordinary share capital and share premium of company Time Out Spain Media SL in exchange for purchase consideration of cash of £905k and deferred consideration of £909k in the form of shares or cash, with payment on the first anniversary of the acquisition date. Pre-acquisition international licensing revenues of £53k have been recognised as revenue directly in the income statement.

The fair value of the assets and liabilities acquired are as follows:

	£'000
Property, plant and equipment	32
Customer relationships	668
Investments	16
Trade and other receivables	830
Cash and cash equivalents	398
Deferred tax liability	(167)
Trade and other payables	(501)
Borrowings	(362)
Net assets acquired	**914**
Goodwill	962
Consideration paid	905
Deferred consideration	971
Total consideration	**1,876**

Revenue of £911k and operating loss of £44k 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 for the year would have been £2,496k and the operating loss contribution to the Group for the year would have been £20k.

The goodwill represents the value of the assembled workforce in the Spanish business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs of £182k have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2017.

9. Goodwill

	2017	2016
Cost	**£'000**	£'000
At 1 January	**49,230**	35,525
Acquisitions	**2,998**	8,180
Finalisation of PY acquisition fair values	**-**	(164)
Exchange differences	**(2,171)**	5,689
	50,057	49,230

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

	2017	2016
	£'000	£'000
Digital	**33,333**	33,231
Print	**8,586**	8,180
Market	**8,138**	7,819
	50,057	49,230

There were no impairment losses relating to goodwill at the end of the year (2016: £nil).

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the business 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 31 December 2017, determined by comparison of the carrying value to 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 5.0x to 2017 Digital revenues, 8.0x 2017 Market revenues and 1.0x to 2018 forecast Print revenues, which are based upon sensitised benchmarks for comparable businesses. The 2018 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 18% in the next 12 months or the multiple used decreased to 0.82x, or print revenue declined by 9% and the multiple used decreased to 0.92x, it would 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 2016	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**	**8,990**	**26,746**
Acquisitions	-	-	-	1,261	5	**1,266**
Finalisation of PY acquisition fair values	-	-	-	-	-	**-**
Additions	60	2,367	-	-	5	**2,432**
Disposals	-	(2,035)	-	-	-	**(2,035)**
Exchange differences	(368)	(24)	62	(430)	10	**(750)**
At 31 December 2017	**5,299**	**7,610**	**1,371**	**4,369**	**9,010**	**27,659**
Amortisation						
At 1 January 2016	385	3,710	-	-	509	**4,604**
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**	**6,379**
Charge for the year	348	2,099	94	1,206	673	**4,420**
Eliminated on disposal	-	(2,024)	-	-	-	**(2,024)**
Exchange differences	(69)	(13)	11	(88)	(1)	**(160)**
At 31 December 2017	**1,227**	**3,853**	**128**	**1,502**	**1,905**	**8,615**
Net book value						
At 31 December 2017	4,072	3,757	1,243	2,867	7,105	**19,044**
At 31 December 2016	4,659	3,511	1,286	3,154	7,757	**20,367**
At 1 January 2016	4,212	3,379	-	-	5,128	**12,719**

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 £4,420k (2016: £3,120k).

11. Trade and other receivables

	2017	2016
Current:	**£'000**	£'000
Trade debtors (net)	**9,922**	7,032
Other debtors	**2,717**	2,517
Prepayment and accrued income	**1,963**	2,438
	14,602	11,987
Non-current:		
Other debtors	**958**	550
	958	550

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

As at 31 December 2017, Group trade receivables of £3,467k (2016: £1,587k) 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 (2016: over three months).

As at 31 December 2017, Group trade receivables of £409k (2016: £416k) were impaired and provided for. The individually impaired receivables mainly relate to international trade receivables. The ageing analysis of these trade receivables is over three months (2016: over three months).

The non-current balance relates to office lease deposits that will mature in 2019 and 2020.

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

	2017	2016
	£'000	£'000
At 1 January	**416**	157
Acquisitions	**10**	146
Provision for receivable impairment	**290**	260
Receivables written off during the year as uncollectable	**(274)**	(162)
Unused amounts reversed	**(45)**	-
Exchange differences	**12**	15
At 31 December	**409**	416

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

12. Cash and bank balances

	2017	2016
	£'000	£'000
Cash and cash equivalents	**28,746**	50,082
Restricted cash	**1,093**	-
	29,839	50,082

13. Trade and other payables

	2017	2016
	£'000	£'000
Current:		
Trade creditors	**3,720**	4,919
Social security taxes	**531**	575
Other creditors	**1,849**	1,764
Deferred consideration	**971**	809
Line of credit	**3,733**	3,424
Accruals and deferred income	**6,331**	6,028
Value Added Tax	**704**	124
	17,839	17,643
Non-current:		
Deferred consideration	**738**	307
Other creditors	**1,553**	1,598
	2,291	1,905

Line of credit amounts included above represent the Group's accounts receivable financing agreements with RBS Invoice Finance Limited in the UK and US 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 up to 80%-85% of eligible assigned accounts receivable.

The interest rate in effect for the UK agreement for the year ended 31 December 2017 was 2.85% above the Bank of England Base Rate (2015: 2.85% above for the UK and around 10% for the US). At 31 December 2017, UK accounts receivable assigned to RBS Invoice Finance Limited were £3,317k (2016: £2,483k) and US accounts receivable assigned to RBS Invoice Finance Limited were £3,721k (2016: £2,222k assigned to Access Capital, Inc). The facility is secured by way of charges over certain of the Group's assets.

Included within other creditors is an amount of £105k (2016: £121k) relating to finance leases undertaken for IT equipment. There were £42k (2016: £26k) of costs associated with these leases included in depreciation and £8k (2016: £2k) included in finance costs. Deferred consideration comprises amounts payable in cash or ordinary shares of Time Out in respect of the Time Out Spain acquisition, of which further details can be found in note 8. Other creditors also includes liabilities for our e-commerce business.

The non-current other creditors relates to a lease concession for the Lisbon market and deferred consideration to minority interests in the Lisbon market. There are put and call options on the deferred consideration which can be exercised by the minority shareholder or the Group in 2019.

14. Borrowings

	2017	2016
	£'000	£'000
Current:		
Loan stock and loan notes	**-**	1,171
Sponsorship loans	**329**	784
Bank loans	**891**	128
	1,220	1,083
Non-current:		
Loan stock and loan notes	**-**	1,194
Sponsorship loans	**-**	321
Bank loans	**8,178**	-
	8,178	1,515

Borrowings repayable as follows:

	2017	2016
	£'000	£'000
Between nil and one year	**1,220**	1,083
Between one and two years	**936**	491
Between two and five years	**6,887**	512
Over five years	**355**	512
	9,398	2,598

Loan stock

Group

The balance at 31 December 2017 consists of non interest bearing loans from major suppliers under exclusivity contracts of £329k, financing provided by a local Urban Development Fund as part of the Joint European Support for Sustainable Investment in City Areas (JESSICA) initiative of £1,244k, a loan entered in to in November 2017 of £7,495k and financing acquired with Time Out Spain of £330k.

The JESSICA loan is charged at a rate of the six-moth EURIBOR rate plus 1.75% repayable in instalments to 2024.

Time Out Market entered in to a new loan in November 2017 at a rate of 11% above EURIBOR, repayable in instalments annually through to November 2022.

The financing acquired with Time Out Spain consists of a bank loan charged at a rate of EURIBOR plus 3% subject to a minimum of 3% and maximum of 4%, maturing July 2021.

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

15. Notes to the cash flow statement

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

	2017	2016
	£'000	£'000
Loss before income tax	**(26,345)**	(18,843)
Add back:		
Net finance costs	**753**	1,142
Share based payments	**1,527**	1,064
Depreciation charges	**1,124**	710
Amortisation charges	**4,420**	3,120
Fair value gain on investments	**626**	(730)
Loss on disposals of fixed assets	**195**	16
Non-cash movements	**(256)**	77
Share of associate's loss	**954**	577
Increase in inventories	**(51)**	(29)
Increase in trade and other receivables	**(2,230)**	(1,982)
Decrease in trade and other payables	**(1,536)**	(1,087)
Cash used in operations	**(20,819)**	(15,965)

16. Related party transactions

The Group is controlled by Oakley Capital Limited and Oakley Capital Private Equity, who together owned 57.6% of the Company's shares as at the year ended 31 December 2017.

Management share awards
Details of management share awards are contained in the Remuneration Report of the Annual Report and Accounts.

Other
The Group engages with Oakley Advisory, a subsidiary of Oakley Capital Investments Limited, on a consultancy basis and pays it a fee of £55k per annum. Further to this, advisory fees of £125k were paid to Oakley Advisory during 2017 in relation to the 2016 Yplan (Leanworks Limited) acquisition.