Full-Year Results
21 March 2018

Results for the 52 weeks to 31 December 2017

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Ten Entertainment Group plc
Full-Year Results

STRONG MAIDEN YEAR, GOOD TRADING, CLEAR GROWTH PROSPECTS

Ten Entertainment Group plc (“The Group”), a leading UK operator of bowling and family entertainment centres, today announces its full-year results for the 52 weeks to 31 December 2017.

The Group has delivered a strong financial and consistent operational performance and comfortably met the objectives set out at the time of its IPO in April 2017.

Financial highlights:

- Reported total sales up 5.5% to £71.0m (52 weeks vs 53 weeks)
- Proforma[2] total sales up 8.9% (52 weeks vs 52 weeks)
- Like-for-like sales growth of 3.6%, driven by both increased spend per head and footfall
- Group adjusted EBITDA[1] up 14% to £19.0m (FY16 PF[2]: £16.6m)
- Adjusted profit before tax[1], up 18% to £13.0m (FY16 PF[2]: £11.0m)
- Reported profit after tax up 43% to £5.2m (FY16: £3.6m). IPO exceptional costs of £3.1m
- Adjusted EPS up 18% at 16.2p per share
- Final dividend per share of 7.0p recommended, full-year dividend of 10.0p

Business highlights:

- Three site acquisitions successfully completed, continued opportunity to scale
- Refurbishments completed at six sites
- Business transformation Pins & Strings technology extended to five further sites
- Net Promoter Score improved to 66% (FY16: 49%)
- Games played per stop up 39% to 259 (FY16: 186)

Current Trading:

- Sales in the first 11 weeks of FY18 have started positively, with like-for-like sales year to date at 1.7%. Inevitably there was a trading impact from the unusual disruption caused by the widespread snow in week 9, resulting in a c.1.1% impact on the like-for-like performance, without which the business would have achieved like-for-like sales year to date of 2.8%.

Nick Basing, Chairman, commented:
"Ten Entertainment Group has met its initial aims set out at the time of IPO.

“These results are a positive step towards fulfilling its long term potential.

"I am confident that our simple, three-pronged growth strategy will continue to deliver superior value for shareholders through continued capital growth and our very attractive dividend policy."

Alan Hand, Chief Executive Officer, commented:
“With an excellent proposition that is designed to take advantage of the growth of customer demand for experiential activities, Ten Entertainment Group has much potential. There remains opportunity for us to leverage our financial resources to further improve our model through the roll-out of the transformative Pins & Strings technology, to continue to grow the number of sites through acquisition and to selectively refurbish our sites to deliver attractive returns. We have a highly motivated, driven team that has delivered in a busy year and will continue to deliver our exciting plans for 2018.”

Enquiries:
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There will be a presentation today at 9.00 a.m. to analysts and investors at Instinctif Partners (65 Gresham Street, London, EC2V 7NQ). The supporting slides will also be available on the Group's website, www.tegplc.co.uk, later in the day.

Forward-looking statements
This announcement contains forward-looking statements regarding the Group. These forward-looking statements are based on current information and expectations and are subject to risks and uncertainties, including market conditions and other factors outside of the Group's control. Readers are cautioned not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date hereof. The Group undertakes no obligations to publicly update any forward-looking statement contained in this release, whether as a result of new information, future developments or otherwise, except as may be required by law and regulation.

1 These are non-IFRS measures used by the Group in understanding its underlying earnings. Group adjusted EBITDA consists of earnings before interest, taxation, depreciation, amortisation costs, exceptional items, profit or loss on disposal of assets, adjustments to onerous lease and impairment provisions and derecognition of finance leases. Group adjusted profit before tax is defined as profit before exceptional items, profit or loss on disposal of assets, amortisation of acquisition intangibles, shareholder loan note interest, adjustments to onerous lease and impairment provisions and derecognition of finance leases. Adjusted basic earnings per share represents earnings per share based on adjusted profit after tax. Like-for-like sales are a measure of growth of sales adjusted for new or divested sites over a comparable trading period.

2 Against proforma results, which represent comparison to the 52 weeks ended 1 January 2017. More information on the reasons for the inclusion of this proforma comparison can be found on page 10.

CHAIRMAN'S STATEMENT

Ten Entertainment Group is focused on delivering family entertainment in a growing sector of the leisure market. Our mission is to make families and friends happy; to entertain and enthral profitably. The way that people and families interact has changed rapidly in recent times and we are able to bring families and friends together to play, and to have fun in a very modern way through the Tenpin brand. Our growth strategy is designed to support and strengthen our business model, and is focused on three simple routes: incremental organic growth; growth through acquisition; and ongoing investment into both our estate and into our support platform.

This is because firstly, many more marginal gains exist across our operations; secondly, because value has been proven in acquiring single units, converting them to "The Tenpin Way" and of course accruing scale benefits; and lastly, because sustainability of profit growth is derived from the lifeblood of a steady drip feed of capital to maintain modernity and relevance to our consumers and attract high quality operating talent. The logic is entirely evident.

We have made very good progress with this strategy during recent years.

Our self-managed growth strategy is clearly defined and is driven by the three routes, but we are also determined to see our available market grow as consumers gain enthusiasm for spending time and their income on more experiences and less traditional product purchases. Ten Entertainment Group operates with a simple, profitable, proven business model and with a proposition that is entirely customer driven, underpinned by a strong culture formed and protected by our colleagues.

2017 was a year of significant progress for the Group with the successful listing on the Main Market of the London Stock Exchange. During April 2017, we welcomed our new shareholders to benefit from our robust, de-leveraged but growing business.

Ten Entertainment Group plc has performed well during FY17: good like-for-like sales growth again, the successful completion of a further three acquisitions and refurbishments at six of our centres. Following the successful pilot of a business transformation project, Pins & Strings, we are now extending this technology into ten more of our locations in 2018 and in time, across each of our venues. The combination of these achievements has resulted in strong EBITDA growth of 14% during the year and therefore we can confidently propose a payment of a maiden full year dividend. I am pleased to report Group adjusted earnings per share of 16.2p.

A key aspect of our sustained and most recent performance is our highly experienced and motivated leadership team, together with a very special culture which is focused on delivering consistently great experiences for our customers. One way we can see this is the most crucial measure: our impressive, sector leading Net Promoter Score of 66%, up from 49% in 2016. We know it is a crucial correlate to sales growth, and therefore core underlying profit growth.

I believe operating teams across the Group, served by the senior leadership team and support group, have the right skillset to execute the Group's strategy, deliver significant further growth and drive strong returns for shareholders. On behalf of the Board, I would like to personally thank all of our teams and colleagues across the Group for their commitment and dedication to the Group during 2017. They are a remarkable group of people and we are privileged to witness their efforts and enjoyment in working for Tenpin.

To develop and protect our business further we apply good corporate governance through a strong and independently minded Board, which has been appointed to assist the Group achieve its aspirations and deliver its potential. The Board meets on a regular basis and it has already made substantial progress in fulfilling its aims.

Our strong balance sheet is currently de-levered specifically to protect against any downside risk on future covenants and give us scope for assurance and flexibility to sensibly use free cash for dividends or acquisitions. The balance sheet also provides us with good access to capital to take advantage of current and future potential to deliver long-term value to our shareholders.

The Board are recommending a final dividend of 7.0p per share, resulting in a full-year dividend of 10.0p per share.

The business is in strong shape, with much potential remaining and has a simple and proven, low risk, but high growth strategy that will enable Ten Entertainment to continue to prosper further, delight its customers more and deliver consistent and stronger returns for shareholders.

I strongly believe our business is well positioned in a growing sector of the wider leisure market, and can continue to provide our customers with great value, family-oriented entertainment, differentiated to many leisure propositions.

I am confident that the Group will continue to deliver superior value for shareholders through capital growth and a very attractive dividend policy.

Nick Basing
Chairman
21 March 2018

CHIEF EXECUTIVE'S STATEMENT

We are pleased with the Group's performance during FY17, achieving the Board's expectations by delivering total sales growth of 8.9%, adjusted EBITDA growth of 14% and adjusted earnings per share of 16.2p. Reported profit after tax grew by 43%.

Putting families and friends at the heart of our strategy has been instrumental in driving our sustainable growth model. Our strategy of organic growth, growth through acquisition and growth through ongoing investment in our estate have all combined to support our growth during FY17.

Revenue grew by 8.9% to £71.0m when compared to the proforma 52-week sales for FY16 (proforma sales reflect comparison to the 52 weeks between weeks 2-53 of FY16 to adjust for the impact of the 53rd week in FY16, explained further on page 10). This growth was driven by an encouraging combination of both like-for-like sales growth of 3.6%, driven by a combination of spend per head and footfall, and growth from the addition of new sites of 5.3%. Three site acquisitions were completed during the year, in line with our estate growth target range of two to four acquisitions per year. On a 52-week vs 53-week reported basis revenue grew by 5.5%.

Like-for-like sales growth was driven by our continuing focus on good value family entertainment, improving our customer service standards and Net Promoter Score and our ongoing investment into the estate. The refurbishments completed at the end of FY16 at five of the sites acquired in FY15 supported strong like-for-like growth in these sites, in what was their second year under the Tenpin brand. This is supportive of our unique Tenpinisation strategy, our proven process of converting acquisitions to the Tenpin model, whereby on acquisition sites go through a 7-step integration plan, introducing new company controls and IT and embedding operational systems to create multi-channel connectivity, maximise yield and review for further capital investment, all supported by our skilled people. Over and above this, we know there is further opportunity and potential for us to enhance our sales by better use of digital marketing. We have increased the size of our contactable database by 25% during the year and recruited a new digital marketing director to drive engagement with both our existing and potential new customers.

Group adjusted EBITDA on the same proforma basis grew by 14.4% to £19.0m (FY16 PF: £16.6m), with growth driven by a combination of the like-for-like sales growth and sales growth from increasing the number of sites in the estate, together with good underlying cost control from our self-help programmes. These self-help programmes included the implementation of a new payroll management system late in FY16 and improved rents at four sites as a result of negotiated lease re-gears, both of which combined to drive underlying operating cost reductions of around 1%. On a 52-week vs 53-week reported basis EBITDA grew by 8.0%.

As planned, we made good further progress with our acquisition programme during FY17, completing the acquisitions of three sites in Blackburn, Eastbourne and Rochdale. Tenpinisation has been completed at all three sites. Both Blackburn and Eastbourne were also refurbished during the year, with Rochdale planned for refurbishment during FY18. The sites have transitioned well to the Tenpin model and, overall, are performing in line with our original expectations.

We remain confident in the pipeline of acquisition opportunities as we look ahead, and during FY18 we expect to grow the estate further, in line with previous guidance of two to four sites per year. We have made good early progress with this objective having completed the acquisition of two sites in Warrington and Chichester in February. These sites have started their Tenpinisation programme and will undergo significant refurbishments during FY18.

During the second half of FY17, we completed refurbishments of existing estate sites in line with our plans at Derby, Swansea and Leamington Spa, together with a refurbishment at Ipswich (acquired in FY16). In total, across both the existing estate and acquired sites, six sites benefitted from Tenpinisation and refurbishment investment during FY17 at a total cost of £1.3m. During FY18 we will continue to invest in our sites, including a planned refurbishment and extension of our site in Fountain Park, and selective, return focused, investment in refurbishments at a small number of further sites in the existing estate.

Finally, on investment expenditure, and in line with our previous guidance, we completed the installation of the innovative Pins & Strings technology to a further five sites (Croydon, Parrs Wood, Northampton, Glasgow and Derby) during the second half of FY17 at a total cost of £1.0m. Pins & Strings is an innovative, new generation bowling machine that requires less maintenance, is simpler to operate and provides improved

reliability for customers, demonstrated by improvements in the key games per stop metric. We are encouraged with the early results at these sites and evidence confirms that Pins & Strings has the potential to both improve the cost efficiency of our sites and also improve the overall customer experience. As a result of the successful trial, we now plan to roll out Pins & Strings across the estate over time, and expect to introduce the technology to around a further ten sites during FY18.

Securing the future of our estate continues to be a key priority. During FY17 we completed lease re-gears, both extending the leases and improving the terms at Derby, Colchester and Stafford, reduced the rent at Maidenhead and also successfully renewed an expiring lease at our site in Swansea. We will continue to look for opportunities to both improve rental terms and secure the future of our estate during FY18.

I stated in our interim results in September that I was pleased with how our teams throughout the business performed during a very busy period which also included the completion of a successful IPO process, and I am delighted with how they continued to perform during a busy second half, allowing us to deliver results in line with our strategy. This hard work, together with the Group's focus on people, achieved deserved recognition from the "Great Place to Work" awards, and enabled the Group to maintain the prestigious Investors in People gold standard. We believe that the Group's commitment to people and their development in turn results in exceptional customer service, thereby delivering an exceptional experience. As a result, we achieved significant improvements in our Net Promoter Score during the year, moving from 49% in FY16 to 66% in FY17. I would like to thank all our colleagues for their support in providing our customers with a great experience.

Outlook

Sales in the first 11 weeks of FY18 have started positively, with like-for-like sales year to date at 1.7%. We have plans in place to continue to drive growth in line with our strategy during the current financial year and expect to perform in line with the Board's expectations. We continue to believe that there is further potential for growth in the experiential leisure market and the Group is well positioned to benefit from this trend.

Alan Hand
Chief Executive Officer
21 March 2018

OPERATING REVIEW

In April 2017, as part of its IPO process, the Group outlined its strategy to the market. The strategy has been designed to deliver sustainable growth in three key areas:

1. Organic growth
2. Growth through investment in refurbishment and technology
3. Site acquisition and Tenpinisation

Organic growth

Like-for-like sales growth in the period was 3.6%. Encouragingly, this growth was driven by a combination of both increased footfall and higher spend per head per visit. Spend per head grew by 0.6% in the year to £14.21 (FY16 PF: £14.12) with footfall growing by 3.0%.

Like-for-like sales growth was underpinned by our continued focus on offering our customers great value family entertainment through our well-established deals and promotions, our ongoing focus on customer service to improve Net Promoter Scores and an improved reliability of our lanes as measured by games per stop. In addition, our investment into refurbishments at both acquired sites and sites within the existing estate are delivering good returns and higher sales. There was growth across all four of our sales segments: bowling, food, beverage and other amusements, with bowling revenue growing at the strongest rate as we improved both the quality and reliability of our offer. Games per stop is our key measure of reliability and this metric improved by 39% to 259 (FY16: 186) during the year, underpinning the growth in bowling revenue.

During FY18 we will develop our online presence primarily through focusing on visibility and conversion of our booking sites, and by improving our CRM programme to engage more frequently and more personally with customers. The newly created and recently recruited role of Digital Marketing Director will be instrumental in developing and focusing our plans in this area. Our CRM database is an important tool in this process and our contactable database has grown by 25% since FY16. Our online revenue represented 22% of our sales in FY17 and we see an opportunity to leverage this to further grow sales. We will also continue to look for opportunities to leverage our integrated technology platforms, drive ancillary revenue spend and improve the overall customer experience.

The Group completed the planned disposal and closure of its underperforming site in Chelmsford during FY17, with the site closing on 19 July 2017. This site had a detrimental impact on trading, with sales declines of 37% year-on-year, contributing a reduction of (0.4%) to the Group's overall like-for-like sales. There are currently no further plans to exit any other sites in the estate.

Inward investment

During FY17 we completed the refurbishment of six further sites within the estate, three from the existing estate (Derby, Leamington Spa and Swansea) and three from acquisition sites (Blackburn, Ipswich and Eastbourne). These refurbishments continue to improve the overall quality of both our estate and the customer experience and are on track to perform in line with our expectations for return on investment. A planned refurbishment and annex extension at Fountain Park in 2017 was delayed by planning and legal work and is now expected to happen during the second half of FY18.

We also completed the rebranding of a further eight sites to the new Tenpin branding and logo during FY17. A total of 37 sites in the estate have now been completed, with plans in place for the remaining sites dependent upon planning being granted by the relevant local authority. This underpins the strength of our single brand, with the new brand logo designed to reflect that we put the customer at the heart of everything we do.

In addition, during the second half of FY17 a further five sites were converted to Pins & Strings, extending the trial following the successful introduction into Feltham at the end of FY16. The initial signs from the trial have been encouraging; in particular, we have seen an impact from improved reliability of the lanes with games per stop averaging over 1,000 in the trial sites compared to 259 for the estate overall. This improvement in reliability has enabled us to improve lane utilisation at peak times, leading to improved revenue and higher levels of Net Promoter Scores (NPS), with the trial sites reporting NPS in excess of 70%. We believe this technology has the potential to transform the operation of the business.

Installation costs during the trial have been broadly in line with our expectations at c.£200k per site; we therefore anticipate a further capital cost of c.£7.2m in addition to the c.£1.0m spent to date, to fully roll this

out to the current estate of 42 sites. We are encouraged by the performance of this new technology and the benefits are also broadly in line with our original expectations, through the combination of both cost reductions and improved revenue from better reliability. We therefore expect the returns on investment to be broadly in line with our expectations. The Group has a strong relationship with its main bowling equipment supplier, Qubica AMF, and we are currently working with them to develop an accelerated manufacturing and roll-out plan to introduce Pins & Strings across the estate. At this point, we anticipate introducing Pins & Strings on a phased basis to around a further 10 sites during FY18.

We also plan to invest at two to three sites within the existing estate during FY18, including the delayed refurbishment and addition of an annex extension to include four additional lanes at Fountain Park, originally planned for FY17, together with selective refurbishments at two to three further sites. The Group will continue to identify selective opportunities to invest in the quality of its sites through both refurbishment and ongoing maintenance programmes.

Site acquisitions and Tenpinisation
Net new space contributed 5.3% of the total proforma sales growth of 8.9% (proforma compared to weeks 2-53 of FY16) during the year.

The Group continued Tenpinisation at Worcester and Ipswich during the year, which were both acquired during the second half of FY16. Site Tenpinisation, including rebranding, was completed at Worcester in January 2017. Investment in refurbishment work at Ipswich, including rebranding, was completed during August 2017.

Good progress with the strategy to add between two and four sites per year was made during FY17 with the completion of three site acquisitions at good locations in Blackburn, Eastbourne and Rochdale. These three sites were acquired for a total cost of £2.9m, including fees. The Group believes that following Tenpinisation these sites will deliver a return on investment in line with our expectations of around 30%. A major refurbishment was completed at Blackburn during the first half and Eastbourne was refurbished in the second half. All three sites are performing in line with the Board's expectations. We plan to refurbish our acquired sites at Worcester and Rochdale during FY18.

The Group remains confident that there is an attractive pipeline of acquisitions available and will continue to seek to identify the right opportunities to continue to grow the estate. The Group has made progress in FY18 by adding the acquisition of a further two sites at Warrington and Chichester at a total cost of £2.7m including fees. These sites are well located but underinvested. The Group will significantly invest into branding and refurbishment at both sites during the first half of FY18 bringing these sites to the well-invested standard of a Tenpin site whilst introducing the rest of the systems, processes and controls that have now been proven as part of our Tenpinisation process. Further opportunities to acquire sites will continue to be explored during FY18.

People and culture
People and culture remains an important focus, recognised with accreditation from the "Great Place to Work" 2017 best workplaces, achieved during the first half of the financial year. This is a significant achievement for the Group and complements its Investors in People Gold status. The Group believes that engaged colleagues provide better customer experiences and it measures how customers value their experience using Net Promoter Scores. Net Promoter Score for FY17 was 66% (FY16: 49%). This strong improvement is driven by the Group's continued focus on its colleagues, which in turn helps make each customer's visit a memorable one. The Group has also successfully recruited two important roles to its senior management team during the second half of the year. The roles of Digital Marketing Director and Operations Director will both support our ambitious plans for growth during FY18.

FINANCIAL REVIEW

FINANCIAL SUMMARY

£000	52 weeks to 31 December 2017	Unaudited Pro-Forma 52 weeks to 1 January 2017	53 weeks to 1 January 2017
Revenue	**71,040**	**65,218**	**67,319**
Cost of sales[2]	(8,119)	(7,502)	(7,738)
Gross margin	**62,921**	**57,716**	**59,581**
Total operating costs	(37,218)	(35,709)	(36,477)
Centrally allocated overheads	(2,583)	(2,254)	(2,316)
Support office	(4,108)	(3,131)	(3,183)
Group adjusted EBITDA[1]	**19,012**	**16,622**	**17,605**
Depreciation and amortisation	(5,247)	(4,345)	(4,426)
Net interest	(775)	(1,290)	(1,315)
Group adjusted profit before tax[1]	**12,990**	**10,987**	**11,864**
Exceptional items	(4,986)	(1,902)	(1,902)
(Loss) / profit on disposal of assets	(356)	58	58
Amortisation of acquisition intangibles	(607)	(1,307)	(1,307)
Shareholder loan note interest	(1,152)	(3,836)	(3,909)
Adjustments in respect of onerous lease & impairment provisions	1,403	(272)	(272)
Gain on derecognition of finance leases	-	904	904
Profit before tax	**7,292**	**4,632**	**5,436**
Taxation	(2,111)	(1,629)	(1,805)
Of which: taxation attributable to Group Adjusted Profit	*(2,457)*	*(2,068)*	*(2,276)*
Profit after tax	**5,181**	**3,003**	**3,631**
Earnings per share			
Basic earnings per share	**8.0p**	**4.6p**	**5.6p**
Adjusted basic earnings per share	**16.2p**	**13.7p**	**14.8p**
Full-year dividend	**10.0p**	**-**	**--**

1 These are non-IFRS measures used by the Group in understanding its underlying earnings. Group adjusted EBITDA consists of earnings before interest, taxation, depreciation, amortisation costs, exceptional items, profit or loss on disposal of assets, adjustments to onerous lease and impairment provisions and derecognition of finance leases. Group adjusted profit before tax is defined as profit before exceptional items, profit or loss on disposal of assets, amortisation of acquisition intangibles, shareholder loan note interest, adjustments to onerous lease and impairment provisions and derecognition of finance leases. Adjusted basic earnings per share represents earnings per share based on adjusted profit after tax. Like-for-like sales are a measure of growth of sales adjusted for new or divested sites over a comparable trading period.

2 Cost of sales and operating expenses are presented on the basis as analysed by management. Cost of sales in the financial summary are determined by management as consisting of the direct bar, food, vending, amusements and gaming machine related costs. Statutory costs of sales reflected in the Statement of comprehensive income also include the staff and call centre costs incurred by the sites. Operating expenses are split into more detail in the financial summary to obtain statutory operating profit, with overheads, support office, amortisation, depreciation and exceptional costs reflected separately.

FY16 53rd week impact

FY16 reported figures, as disclosed in the prospectus issued on 12 April 2017, included a 53rd week in order to allow the year-end date for 2016 to remain close to the end of December. In order to provide a more useful comparative to understand the underlying trading performance, proforma ("PF") sales, EBITDA and profit numbers for the 52-week period to 1 January 2017 (representing weeks 2-53 of FY16) have been provided. These proforma numbers exclude FY16 week 1 (w/e 3 January 2016), which is most comparable to FY16 week 53 (w/e 1 January 2017). These weeks include the key Christmas holiday trading period in each year and are significant trading weeks for the Group. Balance sheet and cash flow performance are reported unadjusted versus the year-end date.

£000	52 weeks to 31 December 2017	Proforma 52 weeks to 1 January 2017	53 weeks to 1 January 2017
Revenue	71,040	65,218	67,319
Group adjusted EBITDA	19,012	16,622	17,605
Group adjusted profit before tax	12,990	10,987	11,864
Profit after tax	5,181	3,003	3,631

Revenue

	52 weeks to 31 December 2017 [1]	53 weeks to 1 January 2017
Number of bowling centres	40	38
Like-for-like sales growth	3.6%	2.8%
Net new space sales growth	5.3%	22.8%
53rd week impact	-	1.5%
Total sales growth	8.9%	27.1%

[1] Proforma growth measured against the 52 weeks to 1 January 2017, weeks 2-53 of FY16.

Total sales were up 5.5% at £71.0m (FY16: £67.3m) on a reported basis. Proforma sales for the comparable period were up 8.9% (FY16 PF: £65.2m). Like-for-like sales were up 3.6%. Net new space contributed 5.3% in the period on a proforma basis. The drivers of this overall sales performance have been analysed as part of the preceding operating review.

Gross margin

The reported gross margin rate was up 10 basis points year on year at 88.6% (FY16 PF: 88.5%). The gross margin rate, combined with the growth in reported sales, resulted in gross margin being up 9.0% to £62.9m (FY16 PF: £57.7m). On a 53-week FY16 reported basis gross margin increased by 5.6% (FY16: £59.6m).

Operating costs

£000	52 weeks to 31 December 2017	Proforma 52 weeks to 1 January 2017	53 weeks to 1 January 2017
Site labour (incl. call centre)	13,895	13,061	13,388
Rent	11,191	11,100	11,318
Other property costs	6,975	6,677	6,809
Other operating costs	5,157	4,871	4,962
Total operating costs	**37,218**	**35,709**	**36,477**

Total operating costs increased by 4.2% to £37.2m (FY16 PF: £35.7m), principally driven by costs associated with the net additional sites opened during the period, together with the full-year effect of the sites acquired in the previous financial year. Underlying operating costs excluding net new space were down 0.8%, driven principally by a reduction in underlying rent costs as a result of the rent re-gears achieved at four sites, together with good labour cost control, supported by the implementation of the Fourth Hospitality payroll management system in December 2016. These cost efficiencies more than offset underlying cost inflation. On a 53-week FY16 reported basis costs increased by 2.0%.

Central administration costs
Centrally allocated overheads were up 15% at £2.6m (FY16 PF: £2.3m), mostly driven by increased levels of expense in marketing, IT and training to support the business growth plans. Support office costs were up 31% at £4.1m (FY16 PF: £3.1m) principally driven by cost inflation, recruitment costs for the previously discussed senior management roles and the impact of additional PLC related expenses. On a 53-week FY16 reported basis central overheads increased by 12% and support office costs by 29%.

Adjusted EBITDA
Adjusted EBITDA is up 14.4% at £19.0m (FY16 PF: £16.6m). The growth in EBITDA on a proforma basis is driven by a combination of the growth from like-for-like sales and good operational cost control within the core estate, together with the benefit of the additional sites within the estate. On a 53-week FY16 reported basis EBITDA grew by 8.0% (FY16: £17.6m).

Adjusted EBITDA is considered by management to be a key performance metric for the business as this is calculated excluding non-recurring costs to provide a measure that is more reflective of the underlying performance of the Group.

Depreciation
Depreciation increased by 21% to £5.2m (FY16 PF: £4.3m) in the year, principally as a result of the growth in the overall size of the estate, combined with the investment in refurbishments at five of the six FY15 acquisition sites late in FY16 together with investment in refurbishment at a further six sites during FY17. On a 53-week FY16 reported basis depreciation increased by 19%.

Finance costs

£000	52 weeks to 31 December 2017	Proforma 52 weeks to 1 January 2017	53 weeks to 1 January 2017
Interest on bank debt	(260)	(558)	(569)
Amortisation of bank financing costs	(112)	(250)	(255)
Finance lease interest charges	(218)	(327)	(333)
Other finance costs	(185)	(155)	(158)
Net interest excluding shareholder loan note interest	**(775)**	**(1,290)**	**(1,315)**

Net interest (excluding shareholder loan note interest) decreased by 40% to £0.8m (FY16 PF: £1.3m) principally driven by the refinancing of bank debt at both a lower level and on more favourable terms, together with a reduction in finance lease charges as a result of the derecognition of two finance leases at the end of FY16. On a 53-week FY16 reported basis net interest decreased by 41%.

Group adjusted profit before tax
Group adjusted profit before tax was £13.0m (FY16 PF: £11.0m) driven by the movements outlined above.

Exceptional items
Exceptional items recorded in the period were £5.0m (FY16: £1.9m). This includes a charge of £3.1m for costs relating directly to the IPO. Other exceptional items of £1.9m were driven by the write-off of capitalised loan arrangement fees in relation to existing term loans repaid on completion of the IPO (£0.7m), legal costs in association with the bank refinancing (£0.1m), legal costs associated with site acquisitions (£0.3m), other property-related fees and costs principally relating to lease re-gears and renewals (£0.5m) and other professional fees and one-off costs (£0.2m).

Disposal of assets
The loss on disposal of assets of £0.4m (FY16: gain of £0.1m) is largely driven by the removal of bowling equipment leading to a loss on disposal of £0.3m in relation to the replacement of the traditional pinsetters with Pins & Strings machines in the five trial sites.

Amortisation of acquisition intangibles
The amortisation of acquisition intangibles was a charge of £0.6m (FY16: £1.3m).

Shareholder loan note interest
Shareholder loan note interest charges decreased by 70% to £1.2m (FY16 PF: £3.8m), representing the interest payable against the balance of loan notes (FY16: £42.4m) up until 10 April 2017. The shareholder loan notes were converted to equity as part of the IPO process; there will therefore be no further interest charge incurred in future years in relation to these loan notes. On a 53-week FY16 reported basis interest charges decreased by 71%.

Adjustments in respect of onerous lease and impairment provisions
The adjustment in respect of onerous lease and impairment provisions is a credit of £1.4m (FY16: charge of £0.3m). The credit principally reflects improved performance together with rent reductions achieved and the exit of an underperforming site in Chelmsford.

Gain on derecognition of finance leases
The gain on derecognition of finance leases was £nil (FY16: credit of £0.9m).

Taxation
Taxation attributable to Group adjusted profit before tax was £2.5m (FY16 PF: £2.1m), representing an effective tax rate of 18.9% (FY16 PF: 18.8%). Taxation attributable to items outside of Group adjusted profit was a credit of £0.3m (FY16 PF: £0.4m). The total tax charge for the year was £2.1m (FY16 PF: £1.6m).

Profit after tax
Profit after tax grew by 73% to £5.2m (FY16 PF: £3.0m). Group adjusted profit after tax increased by 18% to £10.6m (FY16 PF: £8.9m). On a 53-week FY16 reported basis profit after tax increased by 43%.

Number of shares and earnings per share
The number of shares for the purpose of calculating basic earnings per share was 65m. This represents the average number of issued ordinary shares. The earnings per share was 8.0p. Adjusted basic earnings per share grew by 18% to 16.2p (FY16 PF: 13.7p). FY16 earnings per share has been restated to reflect the new Group capital structure.

Dividends
The Board decided with its interim results in September to announce a dividend for FY17 based on the full-year earnings for the Group and not pro rata since Admission in April as previously stated, reflecting its confidence in the Group's ability to deliver its long-term plans. It is therefore recommending a final dividend of 7.0p. This takes the full-year dividend to 10.0p per share. The final dividend, subject to approval by shareholders at the AGM, will be paid on 5 July 2018. The ex-dividend date is 24 May 2018 and the record date is 25 May 2018.

BALANCE SHEET

As at £000	31 December 2017	1 January 2017	Movement
Assets			
Goodwill & other intangible assets	26,661	25,742	919
Property, plant and equipment	34,891	34,720	171
Inventories	1,356	1,339	17
Trade and other receivables	3,521	3,346	175
Cash and cash equivalents	5,571	10,185	(4,614)
	72,000	**75,332**	**(3,332)**
Liabilities			
Finance lease liabilities	(4,245)	(5,149)	904
Bank borrowings	(5,845)	(12,120)	6,275
Trade and other payables & provisions	(6,758)	(9,632)	2,874
Shareholder loan notes	-	(42,435)	42,435
Other liabilities	(1,959)	(1,953)	(6)
	(18,807)	**(71,289)**	**52,482**
Net assets	**53,193**	**4,043**	**49,150**

Net assets as at 31 December 2017 were £53.2m, an increase of £49.2m versus the balance sheet date at 1 January 2017 (FY16: £4.0m), equivalent to 81.8 pence per share. The increase in net assets is primarily a result of the conversion of the loan notes to equity as part of the IPO transaction. Other movements include an increase of £0.9m in goodwill & other intangible assets to £26.7m, driven by the addition of goodwill arising on the acquisition of new sites. Analysis of the movement in cash and cash equivalents and bank borrowings is provided within the cash flow statement on page 14. In addition, there was a decrease in trade and other payables and provisions principally driven by the reduction in onerous lease and impairment provisions together with a lower level of capital accruals and other smaller provision movements.

Net debt analysis

As at	31 December 2017	1 January 2017	Movement
Closing cash and cash equivalents	**5,571**	**10,185**	**(4,614)**
Bank loans	(6,000)	(12,906)	6,906
Bank net debt	**(429)**	**(2,721)**	**2,292**
Shareholder loan notes	-	(42,435)	42,435
Finance leases	(4,245)	(5,149)	904
Statutory net debt	**(4,674)**	**(50,305)**	**45,631**

Bank net debt, pre-finance leases, decreased by 84% to £0.4m (FY16: £2.7m) driven by the movements in cash analysed in the following cash flow statement. The cash outflow during the year was also impacted by the level of exceptional items, principally driven by the Group's IPO costs.

CASH FLOW

£000	52 weeks to 31 December 2017	53 weeks to 1 January 2017	Movement
Cash flows from operating activities			
Group adjusted EBITDA	19,012	17,605	1,407
Movement in net working capital	(1,441)	(949)	(492)
Net cash from operating activities	**17,571**	**16,656**	**915**
Cash flows from investing activities			
Acquisition of sites by Tenpin Limited	(2,594)	(2,322)	(272)
Purchase of property, plant and equipment & software	(3,624)	(3,030)	(594)
Net cash used in investing activities	**(6,218)**	**(5,352)**	**(866)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	1	4	(3)
Finance lease capital repayments	(2,312)	(1,471)	(841)
Net repayment of bank borrowings	(6,906)	(3,594)	(3,312)
Finance costs paid	(621)	(977)	356
Net cash used in financing activities	**(9,838)**	**(6,038)**	**(3,800)**
Tax paid	**(1,861)**	**-**	**(1,861)**
Pre-exceptional cash (decrease)/increase	**(346)**	**5,266**	**(5,612)**
Exceptional items	(4,268)	(1,902)	(2,366)
(Decrease)/increase in cash and cash equivalents	**(4,614)**	**3,364**	**(7,980)**
Opening cash and cash equivalents	10,185	6,821	3,364
Closing cash and cash equivalents	**5,571**	**10,185**	**(4,614)**

Cash flows from operating activities were £17.6m (FY16: £16.7m). The increase in Group adjusted EBITDA was partially offset by a small movement in working capital in the year.

Acquisition investment was an outflow of £2.6m (FY16: £2.3m) utilised to purchase three new sites: Blackburn, Eastbourne and Rochdale. Net capital expenditure on property, plant and equipment and software was an outflow of £3.6m in the period (FY16: £3.0m), driven by Tenpinisation and refurbishment capital costs of £1.3m, investment of £1.0m in Pins & Strings machines at the five additional sites discussed earlier and an ongoing level of maintenance capital across the estate.

The net movement in borrowings was an outflow of £6.9m (FY16: £3.6m), representing the repayment of existing term loan facilities of £12.9m, partially offset by the drawdown of the replacement revolving credit facility to the amount of £6.0m.

Finance costs paid were £0.6m (FY16: £1.0m) with the reduction driven by the movement in the cash element of the finance costs previously discussed. Tax paid was £1.9m (FY16: £nil), with no tax payment being due in FY16 due to the utilisation of remaining historical trading losses within Tenpin Limited. Exceptional items result in a cash outflow of £4.3m (FY16: £1.9m), as analysed on page 11, but were principally in relation to the costs associated with the Group's IPO during the first half of the financial year.

The net movement in cash and cash equivalents was an outflow of £4.6m (FY16: inflow of £3.4m).

Financing arrangements
The Group finances its operations through a combination of cash, property leases, finance leases and access to committed bank facilities where necessary. On completion of its IPO, the Group agreed a new, three-year, £15m committed secured borrowing facility which, as at 31 December 2017, the Group had drawn down £6.0m.

The Group has additional liabilities through its obligations to pay rents under a combination of both operating and finance leases (finance leases: FY17: one site; FY16: two sites). The rental charge for the period amounted to £11.2m (FY16 PF: £11.1m), with the increase principally a result of the additional sites compared to the same period last year. In addition, the Group has further liabilities through its finance lease arrangement with Namco for its gaming machines. The finance lease capital repayments were an outflow of £2.3m during FY17 (FY16: £1.5m).

Total property lease commitments were £142.7m at 31 December 2017 (FY16: £127.4m) with the increase driven by the net two additional sites, together with the increase in average lease length from 11.3 years to 13.0 years, principally driven by the lease re-gears and renewals previously discussed. The total finance lease commitments as at 31 December 2017 amounted to £4.2m (FY16: £5.1m).

Share price
The Group's opening share price on entry to the market on 12 April 2017 was 165p. The price has ranged from a low of 148p to a high of 271p. On 29 December 2017, the closing price was 248p, giving a market capitalisation of £161m.

Accounting standards and use of non-GAAP measures
The Group has prepared its consolidated financial statements based on International Financial Reporting Standards for the 52 weeks ended 31 December 2017. The basis for preparation is outlined in note 2 to the financial statements on page 20.

The Group uses certain measures that it believes provide additional useful information on its underlying performance. These measures are applied consistently but as they are not defined under GAAP they may not be directly comparable with other companies adjusted measures. The non-GAAP measures are outlined in note 4 to the financial statements on page 22.

Principal risks and uncertainties
The Group's principal risks and uncertainties are set out on pages 24 and 25 of the annual report.

Mark Willis
Chief Financial Officer
21 March 2018

Consolidated statement of comprehensive income

for the 52-week period ended 31 December 2017

	Notes	**52 weeks to 31 December 2017 £000**	53 weeks to 1 January 2017 £000
Revenue	1	**71,040**	67,319
Cost of sales		**(21,478)**	(20,639)
Gross profit		**49,562**	46,680
Administrative expenses		**(39,640)**	(36,924)
Operating profit		**9,922**	9,756
Analysed as:			
Group adjusted EBITDA		**19,012**	17,605
Exceptional administrative costs	8	**(4,283)**	(1,902)
Onerous lease provision release/(charge)		**1,403**	(272)
Amortisation of acquisition intangibles		**(607)**	(1,307)
Depreciation and amortisation		**(5,247)**	(4,426)
(Loss)/profit on disposal of assets		**(356)**	58
Operating profit		**9,922**	9,756
Exceptional finance costs	7	**(703)**	904
Finance costs	7	**(1,927)**	(5,224)
Net finance costs	7	**(2,630)**	(4,320)
Profit before taxation		**7,292**	5,436
Taxation	9	**(2,111)**	(1,805)
Profit and total comprehensive income for the period attributable to owners of the parent		**5,181**	3,631
Earnings per share			
Basic earnings per share	10	**7.97p**	5.59p
Diluted earnings per share	10	**7.96p**	5.59p
Adjusted basic earnings per share	10	**16.20p**	14.77p
Adjusted diluted earnings per share	10	**16.18p**	14.75p

Consolidated & Company statements of financial position

as at 31 December 2017

	Notes	Group		Company	
		31 December 2017 £000	1 January 2017 £000	**31 December 2017 £000**	1 January 2017 £000
Assets					
Non-current assets					
Goodwill	12	**25,171**	23,552	**-**	-
Intangible assets	12	**1,490**	2,190	**-**	-
Investments	13	**-**	-	**38,915**	-
Property, plant and equipment	14	**34,891**	34,720	**-**	-
		61,552	60,462	**38,915**	-
Current assets					
Inventories		**1,356**	1,339	**-**	-
Trade and other receivables		**3,521**	3,346	**28**	-
Cash and cash equivalents		**5,571**	10,185	**1,959**	-
		10,448	14,870	**1,988**	-
Liabilities					
Current liabilities					
Bank borrowings and finance leases	16	**(7,846)**	(4,111)	**-**	-
Trade and other payables		**(5,502)**	(7,093)	**(2,823)**	-
Corporation tax payable		**(825)**	(669)	**-**	-
Provisions		**(70)**	(293)	**-**	-
		(14,243)	(12,166)	**(2,823)**	-
Net current (liabilities)/assets		**(3,795)**	2,704	**(835)**	-
Non-current liabilities					
Bank borrowings and finance leases	16	**(2,244)**	(13,158)	**-**	-
Shareholder loan notes		**-**	(42,435)	**-**	-
Other non-current liabilities		**(233)**	(442)	**-**	-
Deferred tax liability		**(1,726)**	(1,511)	**-**	-
Provisions		**(361)**	(1,577)	**-**	-
		(4,564)	(59,123)	**-**	-
Net assets		**53,193**	4,043	**38,080**	-
Equity					
Share capital		**650**	649	**650**	-
Merger reserve		**6,171**	555	**-**	-
Share based payment reserve		**87**	-	**87**	-
Retained earnings		**46,285**	2,839	**37,343**	-
Total equity		**53,193**	4,043	**38,080**	-

The loss of the Company for the 52-week period ended 31 December 2017 was (£2.9m).

Consolidated & Company statements of cash flows

for the 52-week period ended 31 December 2017

Group	Note	52 weeks to 31 December 2017	53 weeks to 1 January 2017
		£000	£000
Cash flows generated from operating activities			
Cash generated from operations	15	**13,302**	14,754
Corporation tax paid		**(1,861)**	-
Finance costs paid		**(621)**	(977)
Net cash generated from operating activities		**10,820**	13,777
Cash flows used in investing activities			
Acquisition of sites by Tenpin Limited		**(2,594)**	(2,322)
Purchase of property, plant and equipment		**(3,463)**	(2,455)
Purchase of software		**(160)**	(575)
Net cash used in investing activities		**(6,217)**	(5,352)
Cash flows used in financing activities			
Proceeds from issue of ordinary shares		**1**	4
Finance lease principal payments		**(2,312)**	(1,471)
Drawdown of bank borrowings		**6,000**	-
Repayment of borrowings		**(12,906)**	(3,594)
Net cash used in financing activities		**(9,217)**	(5,061)
Net (decrease)/increase in cash and cash equivalents		**(4,614)**	3,364
Cash and cash equivalents – beginning of period		**10,185**	6,821
Cash and cash equivalents – end of period		**5,571**	10,185

Company	Note	52 weeks to 31 December 2017	53 weeks to 1 January 2017
		£000	£000
Cash flows generated from operating activities			
Cash generated from operations	15	**8**	-
Net cash generated from operating activities		**8**	-
Cash flows generated from financing activities			
Proceeds from allotment of ordinary shares		**1**	-
Dividends received		**1,950**	-
Net cash generated from financing activities		**1,951**	-
Net increase in cash and cash equivalents		**1,959**	-
Cash and cash equivalents – beginning of period		**-**	-
Cash and cash equivalents – end of period		**1,959**	-

Consolidated & Company statements of changes in equity

for the 52-week period ended 31 December 2017

Group

	Share capital	Share based payment reserve	Merger reserve	Retained earnings/ (accumulated losses)	Total equity
	£000	£000	£000	£000	£000
53 weeks to 1 January 2017					
Balance at 28 December 2015	649	-	555	(792)	412
Profit for the period and total comprehensive income attributable to owners of the parent	-	-	-	3,631	3,631
Balance at 1 January 2017	**649**	**-**	**555**	**2,839**	**4,043**
52 weeks to 31 December 2017					
Balance at 2 January 2017	649	-	555	2,839	4,043
Issue of ordinary shares	1	-	43,882	-	43,883
Share based payment charge	-	86	-	-	86
Group reorganisation	-	-	(38,266)	38,266	-
Profit for the period and total comprehensive income attributable to owners of the parent	-	-	-	5,181	5,181
Balance at 31 December 2017	**650**	**86**	**6,171**	**46,286**	**53,193**

Company

	Share capital	Share based payment reserve	Merger reserve	Retained earnings/ (accumulated losses)	Total equity
	£000	£000	£000	£000	£000
52 weeks to 31 December 2017					
Balance at 2 January 2017	-	-	-	-	-
Issue of ordinary shares	650	-	38,266	-	38,916
Share based payment charge	-	86	-	-	86
Group reorganisation	-	-	(38,266)	38,266	-
Dividend received	-	-	-	1,950	1,950
Loss for the period	-	-	-	(2,872)	(2,872)
Balance at 31 December 2017	**650**	**86**	**-**	**37,344**	**38,080**

Notes to the Financial Statements

1. General information

Ten Entertainment Group plc (the “Company”) is a public limited company, limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of the registered office is Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ. The consolidated financial statements of the Company for the 52-week period ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the “Group”) that were acquired by the Company on 12 April 2017 before the Company was admitted to the London Stock Exchange on 19 April 2017. The principal activity of the Group comprises the operation of tenpin bowling centres.

2. Basis of preparation

The Company was incorporated on 15 March 2017 and acquired the businesses of the Indoor Bowling Equity Limited Group on 12 April 2017 as detailed in note 3. The consolidated financial statements of the Company for the 52-week period ended 31 December 2017 have been prepared as a continuation of the existing Indoor Bowling Equity Limited business and to account for its acquisition by insertion of the holding company (Ten Entertainment Group plc) using the principles of predecessor accounting. In doing so, the comparatives for the 53-week period to 1 January 2017 have been presented as if the Group had always existed in its current form. Refer to note 5 for a detailed explanation of the Group reorganisation.

The Group and Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union, IFRS Interpretations Committee (IFRS IC) interpretations as they apply to the financial statements of the Group and the Company for the 52 weeks ended 31 December 2017 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 weeks ended 31 December 2017 and have been applied consistently. The Group and the Company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The financial statements are prepared using the historical cost basis. On publishing the company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

3. Segment reporting
Segmental information is presented in respect of the Group's business segments. Strategic decisions are made by the Board based on information presented in respect of these segments.

The Group comprises the following segments:

Tenpin Limited (Bowls) – Tenpin Limited is a leading tenpin bowling operator in the UK. All revenue is derived from activities conducted in the UK.

Central - Comprises central management including company secretarial work, the Board of Directors' and general head office assets and costs. The segment results for the 52-week period ended 31 December 2017 are used by the Board for strategic decision making, and a reconciliation of those results to the reported profit in the consolidated statement of comprehensive income, and the segment assets are as follows:

	Tenpin Limited £000	**Central £000**	**Group £000**
For the 52-week period ended 31 December 2017:			
Segment revenue – external	**71,040**	**-**	**71,040**
Adjusted EBITDA (note 4)	**20,420**	**(1,408)**	**19,012**
Segment assets/(liabilities) as at 31 December 2017	**76,022**	**(4,022)**	**72,000**
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA (note 4)	**20,420**	**(1,408)**	**19,012**
Amortisation and depreciation of intangibles and property, plant and equipment	**(5,245)**	**(2)**	**(5,247)**
Loss on disposals (note 8)	**(356)**	**-**	**(356)**
Amortisation of fair valued intangibles	**-**	**(569)**	**(569)**
Unwind of other fair value adjustments	**-**	**(38)**	**(38)**
Exceptionals (note 8)	**(1,849)**	**(3,137)**	**(4,986)**
Onerous lease provision movement	**1,403**	**-**	**1,403**
Operating profit/(loss)	**14,373**	**(5,154)**	**9,219**
Finance costs (note 7)	**(787)**	**(1,140)**	**(1,927)**
Profit/(loss) before taxation	**13,586**	**(6,294)**	**7,292**
For the 53-week period ended 1 January 2017:			
Segment revenue – external	67,319	-	67,319
Adjusted EBITDA (note 4**)**	18,178	(573)	17,605
Segment assets as at 1 January 2017	70,915	5,203	76,118
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA (note 4)	18,178	(573)	17,605
Amortisation and depreciation of intangibles and tangible fixed assets	(4,416)	(10)	(4,426)
Amortisation of fair valued intangibles	-	(971)	(971)
Unwind of other fair value adjustments	-	(336)	(336)
Profit on disposal of amusement machines (note 8)	58	-	58
One-off costs (note 8)	(1,320)	(582)	(1,902)
Onerous lease provision movement	(272)	-	(272)
Operating profit/(loss)	12,228	(2,472)	9,756
Finance costs (note 7)	(198)	(4,122)	(4,320)
Profit/(loss) before taxation	12,030	(6,594)	5,436

All assets have been allocated to segments.

4. Alternative performance measures - non-GAAP measures

The Group has identified certain measures that it believes will assist in the understanding of the performance of the business. The measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures. The non-IFRS measures are not intended to be a substitute for an IFRS performance measure but the business has included them as it considers them to be important comparables and key measures used within the business for assessing performance. These financial statements make reference to the following non-IFRS measures:

Group adjusted EBITDA – This consists of earnings before interest, taxation, depreciation, amortisation costs, exceptional items, profit or loss on disposal of assets, adjustments to onerous lease and impairment provisions and de-recognition of finance leases.

Reconciliation of operating profit to Group adjusted EBITDA	**52 weeks to 31 December 2017**	53 weeks to 1 January 2017
	£000	£000
Group adjusted EBITDA	**19,012**	17,605
Amortisation of software	(237)	(109)
Amortisation of fair valued items on acquisition	(607)	(1,307)
Loss on disposals	(356)	58
Depreciation of property, plant & equipment	(5,010)	(4,317)
Operating profit before one-off items	**12,802**	11,930
Onerous lease provision released	1,403	(272)
Operating profit before exceptional items	**14,205**	11,658
Exceptional items - IPO	(3,101)	0
Exceptional items - Other	(1,885)	(1,902)
Operating profit	**9,219**	9,756

Adjusted underlying profit after tax – This consists of the profit after tax adjusted for exceptional items, profit or loss on disposal of assets, amortisation of acquisition intangibles, shareholder loan note interest, adjustments to onerous lease and impairment provisions and de-recognition of finance leases.

Exceptional costs - Exceptional items are those significant items which management considers to be one-off and non-recurring. The separate reporting of these per note 8 helps to provide a better indication of underlying performance.

Proforma sales – This consists of the sales for the 52-week period to 1 January 2017 representing weeks 2 to 53 of FY16. This number will exclude the sales for week 1 which is the week ending 3 January 2016 which is the most comparable to the 53rd week included in the FY16 results. This has been done to provide a more useful comparative to understand the underlying trading performance for the 52 weeks to 31 December 2017.

Like-for-like sales – These are a measure of growth of sales adjusted for new or divested sites over a comparable trading period.

5. Group reorganisation

On 12 April 2017 as part of the Offer and Admission of the ordinary share capital of the Company to the premium segment of the Main Market of the London Stock Exchange, a Group reorganisation was carried out resulting in the Company becoming the ultimate holding company of the Group. The steps carried out on 12 April 2017 and their impact on the financial statements are as follows:

Capitalisation of shareholder loan notes

Indoor Bowling Equity Limited shareholders converted their holding of £43,586,573 shareholder loan notes for 824,253 shares at a nominal value of £1 increasing the number of issued shares to 2,028,175. A share premium reserve of £42,762,320 was recognised for the difference in the value of the issued shares swapped for the shareholder loan notes.

Share for share exchange - acquisition of TEG Holdings Limited by Ten Entertainment Group plc
The Company acquired the entire share capital of TEG Holdings Limited with the consideration being the issue and allotment of shares in the Company. The Company issued 64,901,400 shares at £0.01 each as consideration for the entire holding in TEG Holdings Limited. The investment in TEG Holdings Limited was £38,914,665 with the excess over the value of the issued shares being £38,265,649 and accounted for in the merger reserve account. The Company allotted a further 98,400 shares to bring the share capital to 65,000,000 shares immediately prior to the issue of the prospectus on 12 April 2017.

Admission
On 12 April 2017 the Company announced its Initial Public Offering ("IPO") of 65,000,000 shares, including 16,250,000 shares in the capital of the Company (offered at a price of 165p per share by certain discretionary investment management and/or advisory clients of Harwood Capital LLP, the Executive Directors and Nick Basing) representing 25% of the Company's issued ordinary shares on Admission. The Company was admitted to the premium segment of the Main Market of the London Stock Exchange on 19 April 2017.

Capital reduction
Subsequent to the IPO, on 7 June 2017 shareholders of the Company approved a special resolution for the reduction of its share capital, which involved the capitalisation of £38,265,649.03 of the merger reserve into new B ordinary shares and the reduction in full of these B ordinary shares to distributable reserves. As the Company is a publicly listed entity, this process required approval by a court order. On 28 June 2017 the High Court of England and Wales confirmed the reduction of 38,265,649 B ordinary shares which was registered at Companies House on 28 June 2017. The effect of the reduction and cancellation is to create distributable reserves to support the Board's future dividend policy.

6. Staff cost and numbers

Staff costs – Group	**52 weeks to 31 December 2017 £000**	53 weeks to 1 January 2017 £000
Wages and salaries	**15,080**	14,327
Social security costs	**921**	848
Other pension costs	**137**	67
Share based payments	**87**	-
	16,225	15,242

Staff costs included within cost of sales are £13.3m (2016: £12.9m). The balance of staff costs is recorded within administrative expenses. Details of Directors' remuneration are set out in the Directors' report. No Directors have accrued any retirement benefits. The highest paid Director for the 52-week period ended 31 December 2017 received remuneration of £205,754 (2016: £263,536). All key management positions are held by Executive Directors of Ten Entertainment Group plc and, accordingly, no further disclosure of key management remuneration is deemed necessary.

The average monthly number of persons employed (including Executive Directors) during the period, analysed by category, was as follows:

Staff numbers – Group	**52 weeks to 31 December 2017 Number**	53 weeks to 1 January 2017 Number
Staff	**953**	812
Administration	**47**	38
Unit management	**134**	210
	1,134	1,060

Staff costs and average monthly numbers - Company	**52 weeks to 31 December 2017 £000**	53 weeks to 1 January 2017 £000
Wages and salaries	**843**	304
Social security contributions	**79**	41
Cash-settled share based payments	**87**	-
	1,009	345
Staff numbers	**Number**	Number
Administration (including Executive Directors)	**9**	2

7. Finance costs

	52 weeks to 31 December 2017 £000	53 weeks to 1 January 2017 £000
Interest on bank loans and overdrafts	**260**	569
Amortisation of debt issuance costs	**112**	255
Shareholder loan note interest	**1,152**	3,909
Finance lease interest	**218**	333
Notional interest on unwinding of discount on provisions	**42**	51
Other	**143**	107
Finance costs	**1,927**	5,224
Exceptional finance costs		
Write off of capitalised finance costs of repaid loans	**703**	-
Gain on derecognition of finance leases	**-**	(904)
Total finance costs	**2,630**	4,320

8. Profit before taxation
The following items have been included in arriving at a profit before taxation:

	52 weeks to 31 December 2017	53 weeks to 1 January 2017
	£000	£000
Staff costs (note 6)	16,225	15,242
Consumables charged to cost of sales	1,387	1,347
Depreciation of property, plant and equipment (note 14)	5,010	4,317
Amortisation of software (note 12)	237	109
Amortisation of fair valued intangibles on acquisition (note 12)	569	971
(Loss) / profit on disposal of assets[2]	(356)	58
Onerous lease provision movements	(1,403)	272
Operating lease rentals payable – property	11,102	11,085
Share based payments	87	-
Repairs on property, plant and equipment	1,789	1,795
Exceptional items:		
Professional fees, taxes and other IPO costs	3,101	-
Professional fees, taxes and other costs in acquisition of sites	325	547
Professional fees, costs and taxes from property re-gears[3]	520	1,355
Professional fees and other one-off costs[1]	337	-
Total exceptional administrative costs	4,283	1,902
Write off of capitalised finance costs of repaid loans	703	-
Gain on derecognition of finance leases	-	(904)
Total exceptional items	4,986	998
Auditors' remuneration:		
Fees payable to Company's auditors for the company and consolidated financial statements	158	50
Audit of Company's subsidiaries	40	40
Fee payable related to IPO	260	-
	458	90

[1]Professional fees and other one-off costs have been on corporate related transactions undertaken by the Group and redundancy costs.

[2]Loss on disposals includes £282k of bowling equipment disposed of at the sites where Pins & Strings have been implemented and thus have replaced the bowling machinery which is now redundant. The Group anticipates that it will continue to roll out Pins & Strings across the entire estate over a period of a further three years; this will result in around a further £1.4m write-off of bowling equipment.

[3]Professional fees, taxes and other costs arising on lease re-gears are treated as exceptional as they are believed to be one-off in nature at a site level. These costs are currently arising as the Group looks to take advantage of changes in the property market which have made Tenpin an attractive tenant for landlords. It is anticipated that the Group will continue to look to continue to take advantage of the changes in market conditions and could incur further re-gear costs through its exceptional items over the next two to three-year period.

9. Taxation

Recognised in the statement of comprehensive income:

	52 weeks to 31 December 2017 £000	53 weeks to 1 January 2017 £000
Current tax:		
Current tax on profits for the period	**2,017**	669
Deferred tax:		
Origination and reversal of temporary differences	**(69)**	719
Adjustment in respect of prior years	**163**	427
Change in tax rate to 19% effective 1 April 2017	**-**	(10)
Tax charge in statement of comprehensive income	**2,111**	1,805

The tax on the Group's profit before tax differs (2016: differs) from the theoretical amount that would arise using the standard rate of tax in the UK of 19.24% (2016: 20%). The differences are explained below.

	52 weeks to 31 December 2017 £000	53 weeks to 1 January 2017 £000
Profit before taxation	**7,290**	5,436
Tax using the UK corporation tax rate of 19.24% (2016: 20%)	**1,403**	1,087
Expenses not deductible	**629**	658
Allowable depreciation on finance leases	**(84)**	(357)
Adjustment in respect of prior years	**163**	427
Effect of tax losses	**-**	-
Change in tax rate to 20% effective 1 April 2015	**-**	(10)
Tax charge	**2,111**	1,805

The Finance Bill 2015 included legislation to reduce the main rate of corporation tax to 19% for the financial years beginning 1 April 2017, 1 April 2018 and 1 April 2019, and to 17% for the financial year beginning 1 April 2020. These changes had been substantively enacted at the balance sheet date and consequently are included in these financial statements by using a blend rate of 19% which has been used to determine the overall net deferred tax liability, as the temporary differences are expected to reverse at the various rates over those periods.

10. Earnings per share

Basic earnings per share for each period is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Earnings per share is based on the capital structure of the Company and includes the weighted average of the 65,000,000 ordinary shares issued upon the Admission of the Company on 19 April 2017. The total shares in issue at the end of the 52-week period was 65,000,000. The weighted average number of shares for the preceding periods has been stated as if the Group share for share exchange had occurred at 27 December 2015.

The Company has 79,153 potentially issuable shares (2016: nil), all of which relate to share options issued to Directors of the Company. Diluted earnings per share amounts are calculated by dividing profit for the year and total comprehensive income attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year together with the dilutive number of ordinary shares.

Adjusted basic earnings per share has been calculated in order to compare earnings per share year on year and to aid future comparisons. Earnings has been adjusted to exclude IPO expenses, share based payments and other one-off costs (and any associated impact on the taxation charge). Adjusted diluted earnings per share is calculated by applying the same adjustments to earnings as described in relation to adjusted earnings per share divided by the weighted average number of ordinary shares outstanding during the year adjusted by the effect of the outstanding share options.

Basic and diluted	**52 weeks to 31 December 2017 £000**	53 weeks to 1 January 2017 £000
Profit after tax	**5,181**	3,631
Basic weighted average number of shares in issue	**65,000,000**	64,901,600
Adjustment for share awards	**79,153**	-
Diluted weighted average number of shares in issue	**65,079,153**	65,000,000
Basic earnings per share (pence)	**7.97p**	5.59p
Diluted earnings per share (pence)	**7.96p**	5.59p

Adjusted earnings per share	**52 weeks to 31 December 2017 £000**	53 weeks to 1 January 2017 £000
Profit after tax	**5,181**	3,631
Amortisation of fair valued items on acquisition	**607**	1,307
Loss/(profit) on disposals	**356**	(58)
Exceptional costs	**4,283**	1,902
Exceptional costs within finance costs	**703**	(904)
Onerous lease provision movements	**(1,403)**	272
Shareholder loan note interest	**1,152**	3,909
Tax impact on above adjustments	**(346)**	(471)
Adjusted underlying earnings after tax	**10,533**	9,588
Adjusted profit after tax	**10,533**	9,588
Weighted average number of shares in issue	**65,000,000**	64,901,600
Adjusted basic earnings per share	**16.20p**	**14.77p**
Adjusted diluted earnings per share	**16.18p**	**14.75p**

11. Business combinations

As part of the Group's strategy to grow and expand, the following sites were acquired as part of a business combination.

Business combination – Eastbourne

On 21 February 2017, the Group acquired the assets and trade of the Eastbourne bowling site known as The Lanes, part of the David Lloyd Leisure Centre. The Group entered into a Business Purchase Agreement with David Lloyd Leisure Limited and acquired the assets for £1.5m.

The table below summarises the consideration paid for the acquisition, the fair value of the assets acquired and the liabilities assumed on the date of acquisition:

Consideration as at 21 February 2017	**£000**
Cash consideration paid	1,538
Identifiable assets acquired and liabilities assumed	
Inventory	21
Property, plant and equipment	467
Cash and cash equivalents	6
Deferred tax liabilities	(67)
Other assets and liabilities, net	23
Total identifiable net assets	450
Goodwill	1,088
Total	1,538

Acquisition related costs of £0.1m have been charged to administrative expenses and included in exceptional items. Food and bar stocks were initially recognised with a step up in value from their historical cost of £0.02m which was expensed when the inventories were sold. Property, plant and equipment fair values were determined internally looking at the market prices for the acquired assets and for similarly aged assets elsewhere in the Company's business which resulted in a step up from the assets' book values of £0.4m which will be depreciated over five years. Deferred tax liabilities were recognised on the fair values of assets acquired and their tax bases which will be released as the related fair value measurement differences are recognised in the statement of comprehensive income. Since the date of the business combination the site generated £1.1m of sales and made EBITDA of £0.3m which has been included in the statement of comprehensive income. As part of the due diligence, the sales and profit numbers prior to acquisition from the seller's management accounts were reviewed including the period from 2 January 2017 to the date of acquisition. Due to not having access to the information they are not reflected here to provide a guide to potential full-year performance. The goodwill is made up of the expected benefits to arise from Tenpinisation of the site's operations and processes under the management of the Tenpin brand. None of the goodwill is expected to be deductible for tax purposes.

Business combination - Rochdale
On 26 June 2017, the Group acquired the assets and trade of the Rochdale bowling site known as Sandbrooke Leisure. The Group entered into a Business Transfer Agreement with Sandbrooke Leisure Limited and acquired the assets for £1.0m.

The table below summarises the consideration paid for the acquisition, the fair value of the assets acquired and the liabilities assumed on the date of acquisition:

Consideration as at 26 June 2017	**£000**
Cash consideration paid	1,056
Identifiable assets acquired and liabilities assumed	
Inventory	16
Property, plant and equipment	543
Cash and cash equivalents	22
Deferred tax liabilities	(54)
Other assets and liabilities, net	(2)
Total identifiable net assets	525
Goodwill	531
Total	1,056

Acquisition related costs of £0.1m have been charged to administrative expenses and included in exceptional items. Food and bar stocks were initially recognised with a step up in value from their historical cost of £0.02m which was expensed when the inventories were sold. Property, plant and equipment fair values were determined internally looking at the market prices for the acquired assets and for similarly aged assets elsewhere in the Company's business which resulted in a step up from the assets' book values of £0.1m which will be depreciated over five years. Deferred tax liabilities were recognised on the fair values of assets acquired and their tax bases which will be released as the related fair value measurement differences are recognised in the statement of comprehensive income. Since the date of the business combination the site generated £0.6m of sales and made EBITDA of £0.1m which has been included in the statement of comprehensive income. As part of the due diligence, the sales and profit numbers prior to acquisition from the seller's management accounts were reviewed including the period from 2 January 2017 to the date of acquisition. Due to not having access to the information they are not reflected here to provide a guide to potential full-year performance. The goodwill is made up of the expected benefits to arise from Tenpinisation of the site's operations and processes under the management of the Tenpin brand. None of the goodwill is expected to be deductible for tax purposes.

The acquisition of the site in Blackburn was not deemed to be a business combination per IFRS 3 but the acquisition of assets as per IAS 16 Property, Plant and Equipment.

12. Goodwill and intangible assets

Group	Fair valued intangibles on acquisition	Goodwill	Software	Total
	£000	£000	£000	£000
Cost				
At 27 December 2015	**2,098**	**22,757**	**151**	**25,006**
Additions	840	795	575	2,210
At 2 January 2017	**2,938**	**23,552**	**726**	**27,216**
Disposals	-	-	(66)	(66)
Additions	-	1,619	160	1,779
At 31 December 2017	**2,938**	**25,171**	**820**	**28,929**
Accumulated amortisation and impairment losses				
At 27 December 2015	366	-	28	394
Charge for the period - amortisation	971	-	109	1,080
At 2 January 2017	**1,337**	**-**	**137**	**1,474**
Charge for the period - amortisation	569	-	237	806
Disposals – amortisation	-	-	(12)	(12)
At 31 December 2017	**1,906**	**-**	**362**	**2,268**
Net book value				
At 31 December 2017	**1,032**	**25,171**	**458**	**26,661**
At 1 January 2017	1,601	23,552	589	25,742
At 27 December 2015	1,732	22,757	123	24,612

Goodwill is tested for impairment at each financial year end based on the recoverable amount of each CGU. The overall process for testing impairment follows the same methodology as detailed in note 12 for property, plant and equipment. Due to the strong performance of the Group, there is significant headroom before any goodwill would become impaired. As part of the business combination accounting for the acquisition of Essenden Limited in 2015, the fair value of customer lists, rebate contracts and the Tenpin Limited website were recognised and will be amortised over the period for which the benefits are expected to be recognised. The goodwill acquired during the period arose on the business combination of the site in Eastbourne on 21 February 2017 and Rochdale on 26 June 2017 as detailed in note 11. The amortisation charged on the above intangible assets is included in other administrative expenses in the statement of comprehensive income.

13. Investments

Company	Subsidiaries shares £000
As at incorporation on 15 March 2017	-
Acquisition of TEG Holdings Limited on 12 April 2017	38,915
At 31 December 2017	**38,915**

The Directors believe that the carrying value of the investments is supported by the underlying net assets of the business and the future profits that will be generated by the Group.

Group investments
The Company has investments in the following subsidiary undertakings, which affected the results and net assets of the Group.

	Parent	Country of registration	Percentage of shares held
Companies owned directly by Ten Entertainment Group plc			
TEG Holdings Limited		England & Wales	100%
Companies owned indirectly by Ten Entertainment Group plc			
Tenpin Limited	TEG Holdings Limited	England & Wales	100%
Indoor Bowling Equity Limited	TEG Holdings Limited	England & Wales	100%
Indoor Bowling Acquisitions Limited	Indoor Bowling Equity Limited	England & Wales	100%
Essenden Limited	Indoor Bowling Acquisitions Limited	England & Wales	100%
Georgica Limited	Essenden Limited	England & Wales	100%
Georgica Holdings Limited	Georgica Limited	England & Wales	100%
Tenpin Five Limited	Tenpin Limited	England & Wales	100%
Tenpin One Limited	Tenpin Limited	England & Wales	100%
Georgica (Lewisham) Limited	Georgica Holdings Limited	England & Wales	100%
GNU 5 Limited	Georgica Holdings Limited	England & Wales	100%
Tenpin (Sunderland) Limited	Tenpin Limited	England & Wales	100%
Tenpin (Halifax) Limited	Tenpin Limited	England & Wales	100%

Ten Entertainment Group plc and TEG Holdings Limited registered office is at Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford, MK43 0EQ. The rest of the Group companies are registered at 5 St George's House, St George's Road, Wimbledon, SW19 4DR.

Tenpin Five Limited and Tenpin One Limited are claiming exemption from the audit and the preparation of financial statements in accordance with Section 476A of the Companies Act 2006. A parent guarantee will be issued for the liabilities of these companies which only consist of intercompany loans with the parent company and thus the guarantee is not expected to be called upon.

14. Property, plant and equipment

Group	Long leasehold premises £000	Short leasehold premises £000	Amusement machines £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 27 December 2015	**2,617**	**9,879**	**4,963**	**18,164**	**35,623**
Additions	-	301	2,149	3,685	6,135
Disposals	(495)	-	(1,023)	-	(1,518)
At 2 January 2017	**2,122**	**10,180**	**6,089**	**21,849**	**40,240**
Additions	-	1	1,816	3,463	5,280
Acquisition of new sites	-	-	-	1,010	1,010
Disposals	-	(612)	(1,078)	(948)	(2,638)
At 31 December 2017	**2,122**	**9,569**	**6,827**	**25,374**	**43,892**
Accumulated depreciation and impairment					
At 27 December 2015	**51**	**230**	**563**	**600**	**1,444**
Charge for the period	91	585	1,713	1,928	4,317
Disposals - depreciation	(72)	-	(169)	-	(241)
At 2 January 2017	**70**	**815**	**2,107**	**2,528**	**5,520**
Charge for the period	61	606	1,929	2,414	5,010
Disposals - depreciation	-	(584)	(589)	(356)	(1,529)
At 31 December 2017	**131**	**837**	**3,447**	**4,586**	**9,001**
Net book value					
At 31 December 2017	**1,991**	**8,732**	**3,380**	**20,788**	**34,891**
At 2 January 2017	2,052	9,365	3,982	19,321	34,720
At 27 December 2015	2,566	9,649	4,400	17,564	34,179

Property, plant and equipment is reviewed for impairment on an annual basis. The recoverable amount of each CGU (each of the 40 (2016: 38) sites open as at the period end has been treated as a CGU) has been calculated as the higher of its value in use and its fair value less cost to sell. The calculation of value in use is based on pre-tax cash flow projections from the financial budgets approved by the Board covering a one-year period and extrapolated by management using an estimated medium-term growth rate for a further two years. Cash flows beyond this three-year period are extrapolated over the life of the lease relating to that site, extended by 15 years (for non-onerous sites) for short leasehold premises in England and Wales where the provisions of the Landlord and Tenants Act apply and the Company has the right and expects to extend the lease on expiry, or over 50 years for a long leasehold or freehold site.

The key assumptions of the value in use calculation are:

	31 December 2017	**1 January 2017**
Period on which management approved forecasts are based	3 years	3 years
Growth rate applied beyond approved forecast period	2%	2%
Pre-tax discount rate	12.6%	12.9%

The budgets which underlie the calculations are compiled on a site by site basis, with gross margin, staff cost, property cost and other operating profit assumptions being based on past performance and known factors specific to that site which are expected by management to affect future performance, to reflect the operating circumstances and risks relevant to each part of the business. They also include an allocation of central overheads which are allocated across the sites based on turnover. The pre-tax discount rate applied to the cash flow projections approximates the Group's weighted average cost of capital, adjusted only to reflect the way in which the market would assess the specific risks associated with the estimated cash flows of the bowling businesses and to exclude any risks that are not relevant to estimated cash flows of the bowling businesses, or for which they have already been adjusted. This pre-tax discount rate has been benchmarked against the discount rates applied by other companies in the leisure sector.

The key assumptions to which the calculation is sensitive remain the future trading performance and the growth rate that is expected of each site, which have a similar effect on the quantum of the onerous lease provision as the discount rate assumed. If the sales in the budgets which underlie the calculations were reduced by 5%, reducing the cash flows of the bowls by 4%, the onerous lease charge would increase by £0.0m (2016: £0.2m). If the pre-tax discount rate applied in the calculations is increased by 1%, the impairment charge increases by £0.1m (2016: £0.1m). For the calculation of fair value less cost to sell, management has assumed that each Tenpin Limited business could be sold for a multiple of 5x EBITDA (2016: 5x EBITDA).

The depreciation and impairment charges are recognised in administrative expenses in the statement of comprehensive income. Bank borrowings are secured on property, plant and equipment for the value of £20.0m (2016: £20.0m). Properties held under finance leases had a net book value of £0.2m (2016: £0.2m) and the finance lease depreciation charged in the period was £0.1m (2016: £0.1m). Amusement machines held under finance leases had a net book value of £3.9m (2016: £4.0m) and the finance lease depreciation charged in the period was £1.9m (2016: £1.7m).

15. Cash generated from operations

Cash flows from operating activities	**Group 52 weeks to 31 December 2017 £000**	Group 53 weeks to 1 January 2017 £000	**Company 52 weeks to 31 December 2017 £000**	Company 53 weeks to 1 January 2017 £000
Profit/(loss) for the period	**5,181**	3,631	**(2,873)**	-
Adjustments for:				
Tax	**2,111**	1,805	**-**	-
Finance costs	**1,927**	4,320	**-**	-
Non-cash one-off costs	**718**	-	**-**	-
Non-cash share based payments charge	**87**	-	**87**	-
Loss on disposal of assets	**356**	-	**-**	-
Amortisation of intangible assets	**806**	1,080	**-**	-
Depreciation of property, plant and equipment	**5,010**	4,317	**-**	-
Changes in working capital:				
Increase in inventories	**(17)**	(9)	**-**	-
(Increase)/decrease in trade and other receivables	**(175)**	320	**(29)**	-
(Decrease)/increase in trade and other payables	**(1,304)**	(982)	**2,823**	-
(Decrease)/increase in provisions	**(1,398)**	272	**-**	-
Cash generated from operations	**13,302**	14,754	**8**	-

16. Bank borrowings and finance leases

Current liabilities	**Group 31 December 2017 £000**	Group 1 January 2017 £000	**Company 31 December 2017 £000**	Company 1 January 2017 £000
Bank loans	**6,000**	2,872	**-**	-
Finance leases	**2,001**	2,025	**-**	-
Capitalised financing costs	**(155)**	(786)	**-**	-
	7,846	4,111	**-**	-

Non-current liabilities	**Group 31 December 2017 £000**	Group 1 January 2017 £000	**Company 31 December 2017 £000**	Company 1 January 2017 £000
Bank loans	**-**	10,034	-	-
Finance leases	**2,244**	3,124	-	-
	2,244	13,158	-	-

Bank borrowings are repayable as follows:

Bank loans	**Group 31 December 2017 £000**	Group 1 January 2017 £000	**Company 31 December 2017 £000**	Company 1 January 2017 £000
Within one year	**6,000**	2,872	**-**	-
Between one and two years	**-**	2,872	**-**	-
Between two and five years	**-**	7,162	**-**	-
	6,000	12,906	**-**	-

Available borrowings are as follows:

Group	Currency	Interest rates	Maturity	Total available	Total drawn
Revolving credit facility	GBP	LIBOR + 1.75%	Apr-20	14,500	6,000
Accordion facility	GBP	LIBOR + 1.75%	Apr-20	5,000	-
Bank overdraft	GBP	LIBOR + 1.75%	Annually	500	-
Total borrowings				20,000	6,000

Finance lease liabilities - Group

The payment profile of minimum lease payments under finance leases are as follows:

Net	Property leases		Machines leases		Total	
	31 December 2017 £000	1 January 2017 £000	**31 December 2017 £000**	1 January 2017 £000	**31 December 2017 £000**	1 January 2017 £000
Within one year	**3**	43	**1,998**	1,982	**2,001**	2,025
Between one and two years	**3**	47	**1,071**	1,519	**1,074**	1,566
Between two and five years	**9**	173	**888**	1,037	**897**	1,210
After five years	**273**	348	**-**	-	**273**	348
	288	611	**3,957**	4,538	**4,245**	5,149

Gross	Property leases		Machines leases		Total	
	31 December 2017 £000	1 January 2017 £000	**31 December 2017 £000**	1 January 2017 £000	**31 December 2017 £000**	1 January 2017 £000
Within one year	**23**	95	**2,107**	2,119	**2,129**	2,214
Between one and two years	**23**	95	**1,125**	1,583	**1,147**	1,678
Between two and five years	**67**	286	**912**	1,060	**981**	1,346
After five years	**586**	682	**-**	-	**586**	682
	699	1,158	**4,144**	4,762	**4,843**	5,920
Future finance charges on finance leases	**(411)**	(547)	**(187)**	(224)	**(598)**	(771)
Present value of finance lease liabilities	**288**	611	**3,957**	4,538	**4,245**	5,149

Finance leases are in place for one (2016: two) property at a value of £0.3m (2016: £0.6m). The leases of amusement machines are from Bandai Namco Europe Limited with a value of £4.0m (2016: £4.5m).

Analysis of statutory net debt

Net (debt)/cash as analysed by the Group consists of cash and cash equivalents less bank loans and overdrafts and amounts to (£0.4m) (2016: (£2.8m)). Statutory net debt as analysed below includes finance leases and the shareholder notes.

Analysis of statutory net debt	Cash and cash equivalents £000	Bank loans and overdrafts £000	Net cash excluding notes and leases £000	Finance leases £000	Shareholder loan notes £000	Statutory net debt £000
Balance at 28 December 2015	**6,821**	**(16,500)**	**(9,679)**	**(6,437)**	**(38,526)**	**(54,642)**
Cash flows	3,364	3,594	6,958	1,856	-	8,814
Finance lease acquisition of amusement machines	-	-	-	(1,505)	-	(1,505)
Derecognition of property finance leases	-	-	-	1,270	-	1,270
Interest on finance leases	-	-	-	(333)	-	(333)
Loan note interest (note 5)	-	-	-	-	(3,909)	(3,909)
Balance at 1 January 2017 and 2 January 2017	**10,185**	**(12,906)**	**(2,721)**	**(5,149)**	**(42,435)**	**(50,305)**
Cash flows	(4,614)	6,906	2,292	2,312	-	4,604
Finance lease acquisition of amusement machines	-	-	-	(1,475)	-	(1,475)
Derecognition of property finance leases	-	-	-	285	-	285
Interest on finance leases	-	-	-	(218)	-	(218)
PIK note repayments	-	-	-	-	43,587	43,587
PIK note interest (note 5)	-	-	-	-	(1,152)	(1,152)
Balance at 31 December 2017	**5,571**	**(6,000)**	**(429)**	**(4,245)**	**-**	**(4,674)**