Half-Year Results
12 September 2018

Results for the 26 weeks to 1 July 2018

12 September 2018

Ten Entertainment Group plc
Half-Year Results

Ten Entertainment Group plc ("the Group" or "TEG"), a leading UK operator of family entertainment centres, today announces its half year results for the 26 weeks to 1 July 2018.

The Group performed well during the first half of FY18, despite the significant variances to the norm in weather in the period, which continued into July and early August. The business demonstrated robustness and the solid financial performance would have grown more significantly without the one-off impact on customer numbers and therefore sales demand. Variable costs have been managed to offset some of the impact. As conditions returned to normal patterns during August, the performance responded well, with sales returning strongly with like-for-like sales growth of 9.8% during August and year to date like-for-like sales growth to week 35 now at 0.8%. It is unfortunate that these recent weather factors outside of our control have detracted from what could have been a truly outstanding result.

Despite the extraordinary challenges experienced, we expect to deliver, for the year as a whole, Group adjusted EBITDA broadly in line with expectations.

***Financial highlights**:*

- Total sales up 7.7% to £37.8m
- Like-for-like sales growth of 3.1%, driven by both increased spend per head and footfall
- Group adjusted EBITDA[1] up 4.8% to £9.8m (HY17: £9.4m)
- Group adjusted profit before tax[1], up 0.4% at £6.4m (HY17: £6.4m)
- Reported profit after tax of £3.8m (HY17: £0.4m)
- Earnings Per Share of 5.89p (HY17: 0.65p)
- Interim dividend per share of 3.3p (HY17: 3.0p)
- Bank net debt remains low at £2.8m (HY17: £3.2m)

Business highlights:

- Four site acquisitions (at the top end of guidance for the full year) completed in the first 17 weeks of FY18
- Full refurbishments completed at two sites, brand relaunches planned for the four acquired sites during H2
- Business transformational Pins & Strings technology rolled-out to four further sites during H1
- 25% more bowling capacity added at a prime site location, demonstrating ability to scale existing sites
- Games played per stop up 70% to 378 (HY17: 223), driven largely by increased efficiencies of Pins & Strings
- Net Promoter Score improved to 69% (HY17: 66%)

Nick Basing, Chairman, commented:
"Despite the extraordinary weather conditions in the period, I am delighted the business delivered solid like-for-like sales growth in the first half, and now remains in positive territory for the year to date. More importantly, the business continues to invest to strengthen its quality of earnings from the current estate and add high quality additions.

"I look forward to seeing the business continue to finish the year strongly."

Alan Hand, Chief Executive Officer, commented:
"We continued to execute our clear strategy over the first half of FY18. It has delivered the upper end of our acquisitions target for the year by adding four sites, completion of refurbishments at two sites and the roll-out of the innovative Pins & Strings technology to a further four sites.

"Continual improvement to our customer proposition has been rewarded by robust sales, improving customer frequency and record net promoter scores. This together with the constant hard work of my colleagues continues to provide our customers with a memorable experience each time they visit."

Enquiries:

Ten Entertainment Group plc via Instinctif partners
Alan Hand Chief Executive Officer
Mark Willis Chief Financial Officer

Instinctif Partners Tel: 020 7457 2020
Matthew Smallwood

There will be a presentation today at 9.00 am 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 and adjustments to onerous lease and impairment provisions. 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 and adjustments to onerous lease and impairment provisions. 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.

CHIEF EXECUTIVE'S STATEMENT

Overall the business has performed well in the face of conditions outside of our control. Following last year's strong performance, the business had a good start to the year through to the end of April, with like-for-like sales growth of 7.4%. The unseasonably hot weather in May and June pared sales, resulting in a creditable 3.1% like-for-like for the first half to the end of June. The extended hot spell impacted like for like sales by 18.6% in July, which included the start of the peak period school holidays. However, with more normal conditions prevailing during August, sales have swung back to growth, delivering like-for-like sales of 9.8% for the month. As a result, year to date like-for-like sales growth to week 35 is positive at 0.8%.

The business has reduced its variable costs where possible over the summer, whilst still offering customers a great experience. We are able to do this, given our flexible staffing model that allows us to vary our hours with demand.

We remain confident that the business is making excellent progress with its strategy, and that the short-term impact of these extreme weather conditions should not impact on the Group's long-term potential.

H1 Business Review

The Group performed well during the first half of FY18 with total sales growth of 7.7% to £37.8m and group adjusted EBITDA growth of 4.8%. Reported profit after tax grew by £3.4m to £3.8m. Putting families and friends at the heart of our customer proposition is instrumental in driving our sustainable growth model. Good progress with our strategy of organic growth, growth through acquisition and ongoing investment in our estate have all combined to support our performance during the first half of FY18.

The revenue growth of 7.7% was driven by a combination of both growth in like-for-like sales and from the increase in the overall scale of the estate. Like-for-like sales were up 3.1% with spend per head and footfall both rising. The increase in the number of venues contributed 4.6% to the sales growth, supported by the acquisition of four sites during the first half, which has already delivered the upper end of our estate growth target range of two to four acquisitions by the end of this year.

Our operating model is constantly improving as we invest more into the existing estate and drive organic sales, add more sites to our estate, and make investment into better technology, both digitally through our CRM programmes, and operationally into Pins & Strings.

Like-for-like sales growth was driven by our continuing focus on great value family entertainment, improving our customer service standards, higher Net Promoter Score (NPS) and our ongoing investment into the core estate. I am pleased that we continued to see like-for-like sales increases in all four key categories of customer spend; bowling, food, beverage and other amusements.

In addition, our new digital marketing director joined the business in January and has spent his first six months focused on improving our digital offer, particularly around increasing traffic to our website, conversion rates and growing the size of our database. There is further opportunity for us to leverage digital marketing to drive organic sales growth and we will continue to develop our capabilities in this area during the second half of the year, including plans to upgrade the quality of our on-site customer WIFI and improve our CRM systems.

We made excellent progress with our acquisition strategy, buying four sites during H1; Warrington, Chichester, Leeds and Luton, all of which are well located and well suited to the Tenpin model. All four sites require significant refurbishment after long periods of under-investment in comparison to a typical Tenpin site, which we believe was significantly impacting their potential. We are confident that upon refurbishment these sites will perform well and achieve the level of returns we have historically achieved from new acquisitions. We are on track with our plans to complete the full refurbishments during the second half of FY18 at all four of these sites, with the expectation they will start to positively contribute to our performance towards the end of Q3.

I am also pleased with our progress with investment into the estate. As planned, we completed the refurbishments at two of our previous acquisitions in Rochdale and Worcester during the first half, together with agreeing the addition of an adjacent annex to one of our sites, Star City in Birmingham. Work was completed early in August, adding an additional six lanes together with a refurbishment of the existing facilities.

We also completed the installation of the Pins & Strings technology at a further four sites during the first half. We expect to convert a further eight sites during the second half of FY18. Pins & Strings performance continues to track in line with our expectations, and in addition, this new technology was also sanctioned for competition by the UK Ten Pin Bowling Association in June, removing potential perception barriers.

Group adjusted EBITDA grew by 4.8% to £9.8m (HY17: £9.4m), with growth driven by a combination of 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 around effective site labour scheduling. Our like-for-like operating costs grew by just 1% as a result. The growth in EBITDA was subdued in part by the full year effect of the introduction of additional PLC costs, which we expect to have less of an impact during the second half as we have now fully annualised the IPO, which took place in H1 FY17.

Our teams continue to work incredibly hard to deliver our ambitious plans and are fundamental to our success. The business has recently had confirmation that it has retained its Investors in People gold standard for a further three years, driven by the hard work and dedication of our employees. I would like to thank all our colleagues for their support in providing our customers with a great experience and contributing to our impressive Net Promoter Score of 69%.

Dividend
The company has declared an interim dividend of 3.3p per share (FY17 Interim dividend: 3.0p).

Alan Hand
Chief Executive Officer
12 September 2018

OPERATING REVIEW

The Group has a clearly outlined strategy 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 3.1%, with growth driven by a combination of both increased footfall and a higher spend per head. Spend per head grew by 1.9% in the year to £14.65 (HY17: £14.37) with footfall growing by 1.2%.

Like-for-like sales growth continues to be underpinned by our ongoing focus on offering our customers great value family entertainment, outstanding customer service to improve Net Promoter Scores and an improved reliability of our lanes as measured by games played per stop. Consistent with FY17, we have continued to see growth across all four of our sales segments on both a total and a like-for-like basis; bowling, food, beverage and other amusements. Like-for-like bowling revenue was up by 4.3% supported by further improvements in both the quality and the reliability of our bowling offer. In addition, our well-established tariff, deals and promotions pricing strategy provides our customers with a consistently great value for money family activity. Games played per stop is our key measure of reliability and this metric improved by 70% to 378 (HY17: 223) during the first half. This improvement in games played per stop has helped improve utilisation at key periods. We also saw strong growth in food sales, up 9.4% on a like-for-like basis, supported by our focus on providing our customers with easy ordering whilst they bowl via our I-Serve lane ordering. I-Serve represents 30% of all food and drink orders. During the second half we plan to trial an enhanced food offer, focused around items such as sharing platters, which can easily be enjoyed whilst customers bowl.

During the first half we have improved the quality of our digital communications, including the appointment of new agencies to support the use of paid and social media, as well as implementing our first trials of audience targeted Facebook campaigns. The Group also appointed a new creative agency during the first half, leading to the launch of a new "*#Time for Tenpin"* marketing campaign over the summer. Although it is still early in our new digital programme, the first half saw a 9% increase in website visits and a 12% increase in online revenue, with repeat bookings also up 11% year on year. During the second half of FY18 we will continue to 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. Focus during the second half of FY18 will also continue on both identifying effective new routes to develop and increase our database, and to increase both the quality and frequency of communications with this group.

On 26 August we closed our bowling centre in Maidenhead. This site was historically loss-making until it's lease was re-geared in 2017. A condition of the re-gear was the inclusion of an option for the landlord to terminate the lease on short notice. This termination option has been activated with the site planned for demolition for redevelopment associated with the Cross-Rail project due to its location near to Maidenhead railway station. We expect the FY18 EBITDA impact from the closure of this site to be c.£65k. There are no other sites in the estate with landlord activated break clauses within the lease, so we therefore expect this to be a one-off event.

Inward investment

During the first half we completed the planned refurbishment of two sites, Worcester, acquired in FY16 and Rochdale, acquired in FY17. These refurbishments continue to improve the overall quality and consistency of both our estate and the customer experience, as well as completing the Tenpinisation process at both of these locations.

In addition, during the first half we identified an opportunity to 'bolt-on' an annex at a unit adjacent to Star City in Birmingham. We successfully negotiated a lease re-gear including a rent reduction on the existing space, a rent-free period, and adding the adjacent unit. We also received a £300k capital contribution from the landlord towards the building works. Construction work commenced late in the first half, and was completed during August, adding an additional six lanes to increase the site capacity to 28, as well as improving the existing facilities with a refurbishment. We believe this will be an excellent addition to a popular location. The net cost of investment was c.£450k, and we anticipate the EBITDA return from this project to be c.30%. During the second half of FY18, we will continue to invest in our estate, with work currently planned for a refurbishment at our site in York later in 2018. The Group will continue to identify opportunities to invest in the quality of its sites both through refurbishment and ongoing maintenance.

Following a successful trial in FY17, we made good progress with our programme to convert sites to Pins & Strings, with a further four sites completed in the first half (Acton, Cambridge, Dudley and Eastbourne). As a reminder, 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 played per stop metric. Games played per stop continued to average over 1,000 in the converted sites compared to 239 in the sites with

traditional pinsetters, improving the customer experience due to the improved reliability. We believe this technology has the potential to transform the operation of the business. We also remain on track to convert further sites to Pins & Strings during FY18, with eight more installations planned during the second half. This will result in 12 conversions during FY18, an increase of two on our previous guidance of 10 and by the end of FY18 18 out of our 43 sites will have Pins & Strings installed.

Site acquisitions and Tenpinisation
Net new space contributed 4.6% of the total sales growth of 7.7% during the first half.

The Group has made excellent early progress with the strategy to add between two and four sites per year, achieving the top end of this guidance during the first half of the current financial year. Four acquisitions were completed, with sites added to the portfolio at great quality locations in Warrington, Chichester, Leeds and Luton. The sites in Chichester and Luton are both within leisure developments, co-located with cinemas and restaurants. Warrington is on a retail park with excellent transport links and Leeds is a well-located, city centre site, with high population density. These sites were acquired at a total cost of £4.1m, including fees.

All four sites were acquired requiring significant investment in both systems and facilities, and we estimate that a further c.£2m will be required for Tenpinisation and refurbishment during the second half, resulting in a total investment of c.£6.1m across the four sites. The refurbishment of these sites will include a brand new interior design, providing a very relevant and contemporary feel. The sites will be strongly family orientated with a focus on providing an ‘all-day’ customer experience.

Since the half year, Warrington and Chichester have completed their refurbishments early in August, with the final stage of Tenpinisation being the introduction of Tenpin tariffs and promotional pricing. Both sites have now been successfully relaunched as Tenpin venues, supported by local marketing programmes across multiple media channels, including social, press and local radio. We anticipate that work at Leeds and Luton will be completed ahead of the key October half term and Christmas trading periods.

The underinvested condition of the sites on acquisition, together with the need for increased levels of staffing to improve customer experience, exacerbated by the timing of the acquisitions coinciding with a period of sustained hot weather, resulted in the four acquired sites contributing a small overall trading loss to the Group result during the first half of £140k. Following the completion of their refurbishment, we are confident that these sites will deliver a return on investment in line with our historical levels of c.30%, and we expect them to start to make a positive contribution from the end of Q3.

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.

People and culture
People and culture remains an important focus, recognised with the Group maintaining its Investors in People gold status for the next three years. 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 HY18 was 69% (HY17: 66%). This improvement on an already strong position is driven by the Group’s continued focus on giving each customer a memorable visit. The number of ‘memorable visits’ recorded in customer surveys increased by 22% over the period.

FINANCIAL REVIEW

£000	26 weeks to 1 July 2018	26 weeks to 2 July 2017
Revenue	**37,804**	**35,095**
Cost of sales[1]	(4,246)	(4,267)
Gross margin	**33,558**	**30,828**
Total operating costs	(19,595)	(18,419)
Centrally allocated overheads	(1,563)	(1,259)
Support office	(2,579)	(1,779)
Group adjusted EBITDA[2]	**9,821**	**9,371**
Depreciation and amortisation	(3,098)	(2,559)
Net interest	(329)	(446)
Group adjusted profit before tax[2]	**6,394**	**6,366**
Exceptional items	(809)	(4,452)
(Loss)/profit on disposal of assets	(439)	44
Amortisation of acquisition intangibles	(233)	(290)
Shareholder loan note interest	-	(1,151)
Adjustments in respect of onerous lease & impairment provisions	13	79
Profit before tax	**4,926**	**596**
Taxation	(1,100)	(177)
Of which: taxation attributable to Group Adjusted Profit	*(1,227)*	*(1,204)*
Profit after tax	**3,826**	**419**
Earnings per share		
Basic earnings per share	**5.89p**	**0.65p**
Adjusted basic earnings per share	**7.95p**	**7.94p**
Interim dividend	**3.3p**	**3.0p**

1 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.

2 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 and adjustments to onerous lease and impairment provisions. 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.

Revenue

	26 weeks to 1 July 2018	26 weeks to 2 July 2017
Revenue	37,804	35,095
Number of bowling centres	44	41
Like-for-like sales growth	3.1%	0.4%
Net new space sales growth	4.6%	5.0%
Total sales growth	7.7%	5.4%

Total sales were up 7.7% at £37.8m (HY17: £35.1m). Like-for-like sales were up 3.1%. Net new space contributed 4.6% in the half. 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 100 basis points year on year at 88.8% (HY17: 87.8%). The gross margin rate, combined with the growth in reported sales, resulted in gross margin being up 8.9% to £33.6m (HY17: £30.8m).

Operating costs

£000	26 weeks to 1 July 2018	26 weeks to 2 July 2017
Site labour (incl. call centre)	(7,175)	(6,336)
Rent	(5,985)	(5,647)
Other property costs	(3,664)	(3,369)
Other operating costs	(2,771)	(3,067)
Total operating costs	**(19,595)**	**(18,419)**

Total operating costs increased by 6.4% to £19.6m (HY17: £18.4m), 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 up 0.9%, with good ongoing cost control, including improved labour scheduling, partially offsetting the impact of underlying cost inflation.

Central administration costs
Centrally allocated overheads were up 24.1% at £1.6m (HY17: £1.3m), driven by both the growth in the overall size of the estate, increased investment to support the continued growth in sales and an increase in the level of insurance premiums. Support office costs were up 45.0% at £2.6m (HY17: £1.8m) principally driven by the introduction of the two previously guided additional senior management roles in operations and digital marketing, together with the full-year impact of additional PLC related expenses.

Group adjusted EBITDA
Group adjusted EBITDA is up 4.8% at £9.8m (HY17: £9.4m). The growth in EBITDA 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, partially offset by the impact of the increased level of central costs. The impact of the additional PLC related expense will reduce during the second half of the current financial year as the anniversary of the Group's IPO passed during H1. 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 21.1% to £3.1m (HY17: £2.6m) in the year, principally as a result of the growth in the overall size of the estate, combined with the ongoing programme of investment into refurbishments.

Finance costs

£000	26 weeks to 1 July 2018	26 weeks to 2 July 2017
Interest on bank debt	(84)	(175)
Amortisation of bank financing costs	(32)	(80)
Finance lease interest charges	(122)	(128)
Other finance costs	(91)	(63)
Net interest excluding shareholder loan note interest	**(329)**	**(446)**

Net interest (excluding shareholder loan note interest) decreased by 26.2% to £0.3m (HY17: £0.4m) principally driven by the refinancing of bank debt at both a lower level and on more favourable terms completed part way through FY17.

Group adjusted profit before tax
Group adjusted profit before tax was £6.4m (HY17: £6.4m) driven by the movements outlined above.

Exceptional items
Exceptional items recorded in the period were £0.8m (HY17: £4.5m), principally driven by legal and other one-off costs associated with the four site acquisitions completed in the first half (£0.4m), provision for the dilapidation costs associated with the previously discussed planned second half closure of Maidenhead (£0.1m) and other property related fees and costs principally relating to the lease re-gear at the site in Star City (£0.2m).

Disposal of assets
The loss on disposal of assets of £0.4m (HY17: profit of £0.0m) is largely driven by the removal of bowling equipment in relation to the replacement of the traditional pinsetters with Pins & Strings machines in the four sites converted during the first half.

Amortisation of acquisition intangibles
The amortisation of acquisition intangibles was a charge of £0.2m (HY17: £0.3m).

Shareholder loan note interest
Shareholder loan note interest charges £nil (HY17: £1.2m), driven by the removal of shareholder loan note debt following the conversion of shareholder loan notes to equity as part of the IPO process in FY17.

Adjustments in respect of onerous lease and impairment provisions
The adjustment in respect of onerous lease and impairment provisions is a credit of £0.0m (HY17: £0.1m).

Taxation
Taxation attributable to Group adjusted profit before tax was £1.2m (HY17: £1.2m), representing an effective tax rate of 19.2% (HY17: 18.9%). Taxation attributable to items outside of Group adjusted profit was a credit of £0.1m (HY17: £1.0m). The total tax charge for the period was £1.1m (HY17: £0.2m).

Profit after tax
Profit after tax grew by 813% to £3.8m (HY17: £0.4m).

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 5.89p (HY17: 0.65p). Adjusted basic earnings per share were up 0.1% at 7.95p (HY17: 7.94p).

Dividends
The Board have declared an interim dividend of 3.3p per share (FY17 Interim: 3.0p). The interim ex-dividend date is 22 November 2018, the record date 23 November 2018 and the interim dividend payment date is 4 January 2019.

BALANCE SHEET

As at £000	1 July 2018	31 December 2017	Movement	2 July 2017
Assets				
Goodwill & other intangible assets	29,257	26,661	2,596	27,060
Property, plant & equipment	38,675	34,891	3,784	35,113
Inventories	1,323	1,356	(33)	1,387
Trade and other receivables	3,933	3,521	412	2,381
Cash and cash equivalents	7,217	5,571	1,646	2,805
	80,405	**72,000**	**8,405**	**68,746**
Liabilities				
Finance lease liabilities	(5,254)	(4,245)	(1,009)	(4,697)
Bank borrowings	(9,877)	(5,845)	(4,032)	(5,813)
Trade and other payables & provisions	(12,735)	(6,758)	(5,977)	(7,702)
Other liabilities	(1,941)	(1,959)	18	(2,173)
	(29,807)	**(18,807)**	**(11,000)**	**(20,385)**
Net assets	**50,598**	**53,193**	**(2,595)**	**48,361**

Net assets as at 1 July 2018 were £50.6m, a decrease of £2.6m versus the balance sheet date at 31 December 2017 (FY17: £53.2m), equivalent to 77.8 pence per share. The reduction in net assets is principally a result of the recognition at the half-year balance sheet date of an 'other payable' item in relation to the FY17 final dividend of £4.6m, paid on 5 July (HY17: £nil).

Other movements in liabilities include; an increased level of finance leases reflecting the increased size of the estate overall, together with an increase in the number of machines replaced on new four-year term finance leases as the original leases expired. An increase in bank borrowings which is partially offset by an increase in cash and cash equivalents reflecting the timing of investments made during the first half and an increase in other payables as a result of timing which is expected to unwind in the second half of the financial year.

The increase in liabilities is partially offset by an increase in assets, principally driven by a higher level of both goodwill & other intangible assets and property, plant & equipment, which is a result of the previously discussed site acquisitions and capital investment into the existing estate.

Net debt analysis

As at	1 July 2018	31 December 2017	Movement	2 July 2017
Closing cash and cash equivalents	**7,217**	**5,571**	**1,646**	**2,805**
Bank loans	(10,000)	(6,000)	(4,000)	(6,000)
Bank net debt	**(2,783)**	**(429)**	**(2,354)**	**(3,195)**
Finance leases	(5,254)	(4,245)	(1,009)	(4,697)
Statutory net debt	**(8,037)**	**(4,674)**	**(3,363)**	**(7,892)**

Bank net debt, pre-finance leases, increased by £2.4m to £2.8m (FY17: £0.4m) driven by the movements in cash analysed in the following cash flow statement.

CASH FLOW

£000	26 weeks to 1 July 2018	26 weeks to 2 July 2017	Movement	52 weeks to 31 December 2017
Cash flows from operations				
Group adjusted EBITDA	9,821	9,371	450	19,012
Movement in net working capital	1,113	(112)	1,225	(1,441)
Net cash from operations [1]	**10,934**	**9,259**	**1,675**	**17,571**
Cash flows from investing activities				
Acquisition of sites by Tenpin Limited	(3,908)	(2,594)	(1,314)	(2,594)
Purchase of property, plant and equipment & software	(4,511)	(1,366)	(3,145)	(3,624)
Net cash used in investing activities	**(8,419)**	**(3,960)**	**(4,459)**	**(6,218)**
Cash flows from financing activities				
Proceeds from issue of ordinary shares	-	-	-	1
Finance lease capital repayments	(1,195)	(1,133)	(62)	(2,312)
Net drawdown / (repayment) of bank borrowings	4,000	(6,906)	10,906	(6,906)
Dividends paid	(1,950)	-	(1,950)	-
Finance costs paid	(293)	(335)	42	(621)
Net cash used in financing activities	**562**	**(8,374)**	**8,936**	**(9,838)**
Tax paid	**(1,023)**	**(736)**	**(287)**	**(1,861)**
Pre-exceptional cash increase/(decrease)	**2,054**	**(3,811)**	**5,865**	**(346)**
Exceptional items	(408)	(3,569)	3,161	(4,268)
Increase/(decrease) in cash and cash equivalents	**1,646**	**(7,380)**	**9,026**	**(4,614)**
Opening cash and cash equivalents	5,571	10,185	(4,614)	10,185
Closing cash and cash equivalents	**7,217**	**2,805**	**4,412**	**5,571**

1 Net cash from operations excludes corporation tax paid, finance costs paid and exceptional items paid which have been deducted from net cash generated from operating activities in the condensed consolidated statement of cash flows.

Cash flows from operations were £10.9m (HY17: £9.3m) driven by a combination of both an increase in Group adjusted EBITDA and a positive movement in working capital. This movement in working capital is largely driven by an increase in trade and other payables, which is a result of timing and is expected to unwind during the second half of the current financial year.

Acquisition investment was an outflow of £3.9m, including working capital payments, (HY17: £2.6m), relating to the purchase of the four sites in the period. Net capital expenditure on property, plant & equipment and software was an outflow of £4.5m (HY17: £1.4m), driven by Tenpinisation and refurbishment capital costs of £1.0m, investment of £2.4m in Pins & Strings machines for the four sites converted in the period and deposit payments on the remainder of the FY18 conversion programme, and an ongoing level of maintenance capital across the estate of £1.1m.

Dividends paid were £2.0m, which represented the payment of the FY17 interim dividend in January 2018.

The net movement in borrowings was an inflow of £4.0m (HY17: outflow of £6.9m), representing an increase in the level of the debt drawn down to £10.0m during the period.

Finance costs paid were £0.3m (HY17: £0.3m). Tax paid was £1.0m (HY17: £0.7m). Exceptional items were an outflow of £0.4m (HY17: £3.6m) representing the cash elements of the exceptional items analysed on page 9 paid during the period, principally in relation to the legal fees associated with acquisitions and lease re-gears.

The net movement in cash and cash equivalents was an inflow of £1.6m (HY17: outflow of £7.4m).

Financing arrangements
The Group finances its operations through a combination of cash, property leases, finance leases and access to committed bank facilities where necessary. In April 2017 the Group agreed a three-year, £15.0m committed secured borrowing facility which, as at 1 July 2018, the Group had drawn down £10.0m.

The Group has additional liabilities through its obligations to pay rents under a combination of both operating and finance leases (finance leases: HY18: one site; HY17: two sites). The rental charge for the period amounted to £6.0m (HY17: £5.6m), 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 £1.2m in the period (HY17: £1.1m).

Total property lease commitments were £142.9m at 1 July 2018 (HY17: £135.0m) with the increase driven by additional sites, together with an increase in average lease length from 12.0 years to 12.7 years as a result of lease re-gears in the last 12 months. The total finance lease commitments as at 1 July 2018 amounted to £5.3m (HY17: £4.7m) with the increase a result of additional sites within the estate and an ongoing programme to replace machines which will come to the end of their four-year lease period during FY18. The replacement programme reflects the start of new finance leases, under the same terms as the existing structure, and therefore, whilst increasing finance lease commitments, does not impact margin rate or cash flow.

Accounting standards and use of non-GAAP measures
The Group has prepared its consolidated financial statements based on International Financial Reporting Standards for the 26 weeks ended 1 July 2018. The basis for preparation is outlined in note 2 to the financial statements on page 17.

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 18.

Principal risks and uncertainties
The Group's principal risks and uncertainties are assessed in detail as set out in the full Annual Report for the 52 weeks ended 31 December 2017. The Group continues to adopt the going concern basis as set out on page 18.

Mark Willis
Chief Financial Officer
12 September 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 26 week period ended 1 July 2018

	Notes	**26 weeks to 1 July 2018 Unaudited**	26 weeks to 2 July 2017 Unaudited	52 weeks to 31 December 2017 Audited
		£000	£000	£000
Revenue	8	**37,804**	35,095	71,040
Cost of sales		**(11,140)**	(10,603)	(21,478)
Gross profit		**26,664**	24,492	49,562
Administrative expenses		**(21,409)**	(21,596)	(39,640)
Operating profit		**5,255**	2,896	9,922
Analysed as:				
Group adjusted EBITDA		**9,821**	9,371	19,012
Exceptional administrative costs	6	**(809)**	(3,749)	(4,283)
Onerous lease provision released		**13**	79	1,403
Amortisation of acquisition intangibles		**(233)**	(290)	(607)
Depreciation and amortisation		**(3,098)**	(2,559)	(5,247)
(Loss) / profit on disposal of assets		**(439)**	44	(356)
Operating profit		**5,255**	2,896	9,922
Exceptional finance costs	6	**-**	(703)	(703)
Finance costs		**(329)**	(1,597)	(1,927)
Net finance costs		**(329)**	(2,300)	(2,630)
Profit before taxation		**4,926**	596	7,292
Taxation		**(1,100)**	(177)	(2,111)
Profit for the period and total comprehensive income attributable to owners of the parent		**3,826**	419	5,181
Earnings per share				
Basic earnings per share	7	5.89p	0.65p	7.97p
Diluted earnings per share	7	5.87p	0.65p	7.96p
Adjusted basic earnings per share	7	7.95p	7.94p	16.20p
Adjusted diluted earnings per share	7	7.92p	7.94p	16.18p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 1 July 2018

	Notes	**26 weeks to 1 July 2018 Unaudited £000**	26 weeks to 2 July 2017 Unaudited £000	52 weeks to 31 December 2017 Audited £000
Assets				
Non-current assets				
Goodwill	9	**28,045**	25,275	25,171
Intangible assets	9	**1,212**	1,785	1,490
Property, plant and equipment	10	**38,675**	35,113	34,891
		67,932	62,173	61,552
Current assets				
Inventories		**1,323**	1,387	1,356
Trade and other receivables		**3,933**	2,381	3,521
Cash and cash equivalents		**7,217**	2,805	5,571
		12,473	6,573	10,448
Liabilities				
Current liabilities				
Bank borrowings and finance leases	13	**(11,936)**	(7,917)	(7,846)
Trade and other payables		**(11,189)**	(6,049)	(5,502)
Corporation tax payable		**(1,124)**	170	(825)
Provisions		**(70)**	(293)	(70)
		(24,319)	(14,089)	(14,243)
Net current liabilities		**(11,846)**	(7,516)	(3,795)
Non-current liabilities				
Bank borrowings and finance leases	13	**(3,195)**	(2,593)	(2,244)
Other non-current liabilities		**(234)**	(286)	(233)
Deferred tax liabilities		**(1,707)**	(1,887)	(1,726)
Provisions		**(352)**	(1,530)	(361)
		(5,488)	(6,296)	(4,564)
Net assets		**50,598**	48,361	53,193
Equity				
Share capital		**650**	650	650
Share based payments reserve		**166**	16	87
Merger reserves		**6,171**	6,171	6,171
Retained earnings		**43,611**	41,524	46,285
Total equity		**50,598**	48,361	53,193

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 26 week period ended 1 July 2018

	Notes	**26 weeks to 1 July 2018 Unaudited**	26 weeks to 2 July 2017 Unaudited	52 weeks to 31 December 2017 Audited
		£000	£000	£000
Cash flows generated from operating activities				
Cash generated from operations	12	**10,526**	5,690	13,302
Corporation tax paid		**(1,023)**	(736)	(1,861)
Finance costs paid		**(293)**	(335)	(621)
Net cash generated from operating activities		**9,210**	4,619	10,820
Cash flows used in investing activities				
Acquisition of sites by Tenpin Limited		**(3,908)**	(2,594)	(2,594)
Purchase of property, plant and equipment		**(4,425)**	(1,366)	(3,463)
Purchase of software		**(86)**	-	(160)
Net cash used in investing activities		**(8,419)**	(3,960)	(6,217)
Cash flows from/(used in) financing activities				
Proceeds from issue of ordinary shares		**-**	-	1
Finance lease principal payments		**(1,195)**	(1,133)	(2,312)
Dividends paid		**(1,950)**	-	-
Drawdown of bank borrowings		**4,000**	6,000	6,000
Repayment of borrowings		**-**	(12,906)	(12,906)
Net cash from/(used in) financing activities		**855**	(8,039)	(9,217)
Net increase/(decrease) in cash and cash equivalents		**1,646**	(7,380)	(4,614)
Cash and cash equivalents – beginning of period		**5,571**	10,185	10,185
Cash and cash equivalents – end of period		**7,217**	2,805	5,571

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 1 July 2018

	Share capital £000	Share based payment reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Unaudited 26 weeks to 1 July 2018					
Balance at 1 January 2018	**650**	**87**	**6,171**	**46,285**	**53,193**
Share based payment charge	**-**	**79**	**-**	**-**	**79**
Dividends paid	**-**	**-**	**-**	**(6,500)**	**(6,500)**
Profit for the period and total comprehensive income attributable to owners of the parent	**-**	**-**	**-**	**3,826**	**3,826**
Balance at 1 July 2018	**650**	**166**	**6,171**	**43,611**	**50,598**
Unaudited 26 weeks to 2 July 2017					
Balance at 1 January 2017	649	-	555	2,839	4,043
Issue of ordinary shares	1	-	-	-	1
Share based payment charge	-	16	-	-	16
Group reorganisation	-	-	5,616	38,266	43,882
Profit for the period and total comprehensive income attributable to owners of the parent	-	-	-	419	419
Balance at 2 July 2017	**650**	**16**	**6,171**	**41,524**	**48,361**
52 weeks to 31 December 2017					
Balance at 2 January 2017	649	-	555	2,838	4,042
Issue of ordinary shares	1	-	43,882	-	43,883
Share based payment charge	-	87	-	-	87
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	87	6,171	46,285	53,193

1 General information

Ten Entertainment Group plc (the "Company") is a public limited company incorporated and domiciled in England, United Kingdom under company registration number 10672501. The address of the registered office is Aragon House, University Way, Cranfield Technology Park, Cranfield, MK43 0EQ.

The condensed consolidated interim financial statements for the 26 week period ended 1 July 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group comprises the operation of tenpin bowling centres.

The financial information for the 26 week period ended 1 July 2018 has been reviewed by the Company's auditors. Their report is included within this announcement.

The financial information does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the 52 week period to 31 December 2017 which were approved by the board of directors on 21 March 2018 and have been filed with the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 434 of the Companies Act 2006.

This report was approved by the directors on 12 September 2018.

2 Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim financial reporting" as endorsed by the European Union and the Disclosures and Transparency Rules of the United Kingdom's Financial Conduct Authority, and incorporate the consolidated results of the Company and all its subsidiaries for the 26 week period ended 1 July 2018. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements. The comparative financial information is for the 26 week period ended 2 July 2017.

The accounting policies applied by the Company in this report are consistent with those of the annual financial statements of the Company for the 52 week period to 31 December 2017, as described in those financial statements except for income taxes. Income tax in the interim period is accrued using the tax rate that would be applicable to expected total annual profit.

IFRS 9 Financial Instruments (2009) and amendment IFRS 9 Financial Instruments are effective for periods commencing on or after 1 January 2018. IFRS 9 is a replacement for IAS 39 Financial Instruments and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. There has been no impact on the Group as the financial instruments held are simple instruments which are held to contractual cashflows. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. The Group has a low volume of simple receivable balances of which there is a low history of impairment provisions. Phase 3 relates to less stringent requirements for general hedge accounting and has no impact as the group has no derivatives or hedges The adoption of this standard has no impact on the condensed consolidated interim financial statements of the Group.

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and introduces a five-step approach to revenue recognition based on performance obligations in customer contracts. The adoption of this standard and changes to the accounting policies has no impact on the condensed consolidated interim financial statements when compared with the Annual financial statements. The Group has not incurred any losses on assets resulting from contracts with customers and has not had to further disaggregate any revenue from contracts with customers.

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). The effective date for the Group is 1 January 2019. The Group has reviewed its contracts in place for right of use assets and has identified that the site property operating leases are the main contracts that are impacted by the standard. Any leases with break clauses that render the lease as short term have been excluded. These assets are expected to be recognised as finance leases with the asset capitalised under property, plant and equipment and the

liability under finance leases in borrowings. The Group anticipates that it will apply the full retrospective approach which will result in a material charge to retained earnings upon transition and going forward a material decrease in operating lease rental costs; material increases in depreciation and finance costs and a decrease in profit before and after tax. As at the reporting date, the Group has non-cancellable operating lease commitments of £142.9m. The Directors are in the process of evaluating the impact of IFRS 16 on the Group and identifying a timeline at to when further quantitative information can be made available.

3 Going concern

The Group meets its day-to-day working capital requirements with the assistance of its bank facilities. The Group's forecasts and projections take account of reasonably possible changes in trading performance and show that the Group should be able to operate within the level of its current facilities, meet future debt repayments and will continue to comply with its banking covenants for at least the foreseeable future. At 1 July 2018 the Group has net current liabilities which is mainly due to timing with the drawdown of £10.0m of the bank debt used to acquire the 4 new sites and purchases of property, plant and equipment. The directors' have not identified any material uncertainties that would prevent the Group from operating for at least the following 12 months from the date of approving these condensed consolidated interim financial statements. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

4 Accounting estimates, judgements and non GAAP measures

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 week period ended 31 December 2017.

The Company 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 condensed interim 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 and adjustments to onerous lease and impairment provisions. The reconciliation to operating profit is included on the condensed consolidated statement of comprehensive income.

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 and adjustments to onerous lease and impairment provisions. The reconciliation of this number to profit after tax is included under note 7.

Exceptional costs - Exceptional items are those significant items which management consider to be one-off and non-recurring. The separate reporting of these per note 6 helps to provide a better indication of underlying performance.

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

5 Performance share plan awards

The Company operates a Performance Share Plan (PSP) for its executive directors. In accordance with IFRS 2 Share Based Payments, the value of the awards is measured at fair value at the date of the grant. The fair value is written off on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually vest. The Company currently has two schemes in place.

- 2017 Share Scheme – This scheme was announced on 22 May 2017 when 739,393 awards were granted. The vesting of the awards is conditional upon the achievement of two performance conditions which will be measured following the announcement of results for the year to 31 December 2019 ("FY2019"). The first performance condition applying to the awards will be based on Earnings per Share of the Company ("EPS") and will apply to 50 per cent. of the total number of Share Awards granted. The second performance condition will be based on Total Shareholder Return ("TSR") of the Company over the period from the date of grant to the announcement of results for FY2019 relative to a comparator group of companies and will apply to the remaining 50 per cent. of Share Awards granted. Upon the resignation of the Chief Executive Officer, Alan Hand, on 5 June 2018, 333,333 of these awards are now not expected to vest.

- 2018 Share Scheme - This scheme was announced on 14 June 2018 when 207,089 awards were granted to the Chief Financial Officer and Chief Commercial Officer. The vesting of these awards is conditional upon the achievement of two performance conditions which will be measured following the announcement of results for the year to 27 December 2020 ("FY2020"). The first performance condition applying to the awards will be based on EPS of the Company and will apply to 50 per cent. of the total number of Share Awards granted. The second performance condition will be based on TSR of the Company over the period from the date of grant to the announcement of results for FY2020 relative to a comparator group of companies and will apply to the remaining 50 per cent. of Share Awards granted.

During the 26 week period ended 1 July 2018 the Group recognised a net charge of £78,936 (2 July 2017: £16,008, 31 December 2017: £87,069) to administration costs related to these awards. This is net of £39,252 which was released relating to the options for Alan Hand which will no longer vest due to his resignation.

6 Exceptional administrative costs

	26 weeks to 1 July 2018	26 weeks to 2 July 2017	52 weeks to 31 December 2017
	£000	£000	£000
IPO professional fees, taxes and other costs	**-**	3,075	3,101
Professional fees, taxes and other costs in acquisition of sites	**508**	282	325
Professional fees and other one off costs	**301**	392	857
Total exceptional items	**809**	3,749	4,283
Write-off of capitalised finance costs of repaid loans	**-**	703	703

Professional fees, taxes and other costs in acquisition of sites consisted of legal fees around the due diligence and drafting of the Business Purchase Agreements entered into with the sellers and professional fees from property agents incurred in reviewing the property leases and negotiating the assignment of these leases from the sellers to Tenpin Limited. The professional fees and other one off costs mainly consisted of the provision for the dilapidation costs associated with the planned second half closure of Maidenhead and then property related fees, taxes and costs relating to the lease re-gear at the Tenpin site in Star City.

7 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 in issue. The total shares in issue at the end of the 26 weeks to 1 July 2018 was 65,000,000.

The Company has 613,149 potentially issuable shares (2017: 739,393) all of which relate to share options issued to Directors of the Company and exclude the 333,333 issued to Alan Hand which are not expected to vest due to his resignation. Diluted earnings per share amounts are calculated by dividing profit for the year and

total comprehensive income attributable to equity holders of the parent 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 have been calculated in order to compare earnings per share year on year and to aid future comparisons. Earnings have 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	**26 weeks to 1 July 2018 Unaudited £000**	**26 weeks to 2 July 2017 Unaudited £000**	52 weeks to 31 December 2017 Audited £000
Profit after tax	**3,826**	419	5,181
Weighted average number of shares in issue	**65,000,000**	65,000,000	65,000,000
Adjustment for share awards	**236,843**	14,553	79,153
Diluted weighted average number of shares in issue	**65,236,843**	65,014,553	65,079,153
Basic earnings per share (pence)	**5.89p**	0.65p	7.97p
Diluted earnings per share (pence)	**5.87p**	0.65p	7.96p

Below is the calculation of the adjusted earnings per share.

Adjusted earnings per share	**26 weeks to 1 July 2018 Unaudited £000**	**26 weeks to 2 July 2017 Unaudited £000**	52 weeks to 31 December 2017 Audited £000
Profit after tax	**3,826**	419	5,181
Amortisation of fair valued items on acquisition	**233**	290	607
Loss/(profit) on disposals	**439**	(44)	356
Exceptional costs	**809**	3,749	4,283
Exceptional costs within finance costs	**-**	703	703
Onerous lease releases	**(13)**	(79)	(1,403)
Shareholder loan note interest	**-**	1,152	1,152
Tax impact on above adjustments	**(127)**	(1,027)	(346)
Adjusted underlying earnings after tax	**5,167**	5,163	10,533
Adjusted profit after tax	**5,167**	5,163	10,533
Weighted average number of shares in issue	**65,000,000**	65,000,000	65,000,000
Adjusted basic earnings per share	**7.95p**	7.94p	16.20p
Adjusted diluted earnings per share	**7.92p**	7.94p	16.18p

8 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 (Bowls) - Tenpin 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 are used by the board for strategic decision making, and a reconciliation of those results to the reported profit/(loss) in the consolidated statement of comprehensive income, and the segment assets are as follows:

	Tenpin £000	**Central £000**	**Group £000**
For the 26 week period ended 1 July 2018:			
Segment revenue – external	**37,804**	**-**	**37,804**
Adjusted EBITDA	**10,736**	**(915)**	**9,821**
Segment net assets/(liabilities) as at 1 July 2018	**70,226**	**10,179**	**80,405**
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	**10,736**	**(915)**	**9,821**
Amortisation and depreciation of intangibles and property, plant and equipment	**(3,098)**	**-**	**(3,098)**
Amortisation of fair valued intangibles	**(68)**	**(165)**	**(233)**
Loss on disposals	**(439)**	**-**	**(439)**
Exceptional costs (note 6)	**(752)**	**(57)**	**(809)**
Onerous lease provision movement	**13**	**-**	**13**
Operating profit/(loss)	**6,392**	**(1,137)**	**5,255**
Finance (costs)/income	**(412)**	**83**	**(329)**
Profit/(loss) before taxation	**5,980**	**(1,054)**	**4,926**

	Tenpin £000	Central £000	Group £000
For the 52-week period ended 31 December 2017:			
Segment revenue – external	71,040	-	71,040
Adjusted EBITDA	20,420	(1,408)	19,012
Net segment assets/(liabilities) as at 31 December 2017	76,022	(4,022)	72,000
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	20,420	(1,408)	19,012
Amortisation and depreciation of intangibles and property, plant and equipment	(5,245)	(2)	(5,247)
Loss on disposals	(356)	-	(356)
Amortisation of fair valued intangibles	-	(569)	(569)
Unwind of other fair value adjustments	-	(38)	(38)
Exceptionals	(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	(787)	(1,140)	(1,927)
Profit/(loss) before taxation	13,586	(6,294)	7,292

	Tenpin £000	Central £000	Group £000
For the 26 week period ended 2 July 2017:			
Segment revenue – external	35,095	-	35,095
Adjusted EBITDA	9,891	(520)	9,371
Segment net assets/(liabilities) as at 2 July 2017	72,534	(3,789)	68,745
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	9,891	(520)	9,371
Amortisation and depreciation of intangibles and property, plant and equipment	(2,516)	(43)	(2,559)
Amortisation of fair valued intangibles	-	(290)	(290)
Profit on disposal of amusement machines	44	-	44
Exceptional costs	(2,348)	(2,104)	(4,452)
Onerous lease provision movement	79	-	79
Operating profit/(loss)	5,150	(2,957)	2,193
Finance costs	(376)	(1,221)	(1,597)
Profit/(loss) before taxation	4,774	(4,178)	596

All assets have been allocated to segments.

Disaggregation of revenue

In addition to the breakdown of revenue into the above segments we have analysed revenue further as following:

	26 week period ended 1 July 2018 Unaudited £000	26 week period ended 2 July 2017 Unaudited £000	26 week period ended 2 July 2017 Audited £000
Bowling	**18,083**	16,535	33,876
Beverage	**6,373**	6,098	12,421
Food	**3,551**	3,132	6,408
Other amusements	**9,797**	9,330	18,335
	37,804	35,095	71,040

9 Goodwill and intangible assets

	Fair valued intangibles on acquisition	Goodwill	Software	Total
	£000	£000	£000	£000
Cost				
At 1 January 2017	**2,981**	**23,552**	**726**	**27,259**
Disposals	-	-	8	8
Additions	-	1,723	-	1,723
At 2 July 2017	**2,981**	**25,275**	**734**	**28,990**
Disposals	(43)	(104)	-	(147)
Additions	-	-	86	86
At 31 December 2017	**2,938**	**25,171**	**820**	**28,929**
Additions	14	2,874	85	2,973
At 1 July 2018	**2,952**	**28,045**	**905**	**31,902**
Accumulated amortisation and impairment losses				
At 1 January 2017	**1,380**	**-**	**137**	**1,517**
Charge for the period - amortisation	290	-	123	413
At 2 July 2017	**1,670**	**-**	**260**	**1,930**
Charge for the period - amortisation	236	-	102	338
At 31 December 2017	**1,906**	**-**	**362**	**2,268**
Charge for the period - amortisation	233	-	144	377
At 1 July 2018	**2,139**	**-**	**506**	**2,645**
Net book value				
At 1 July 2018	**813**	**28,045**	**399**	**29,257**
At 31 December 2017	1,032	25,171	458	26,661
At 2 July 2017	1,311	25,275	474	27,060

10 Property, plant and equipment

	Long leasehold premises £000	Short leasehold premises £000	Amusement machines £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 January 2017	**2,122**	**10,180**	**6,089**	**21,849**	**40,240**
Additions	-	-	535	1,366	1,901
Acquisition of new sites	-	-	-	879	879
Disposals	-	-	(139)	-	(139)
At 2 July 2017	**2,122**	**10,180**	**6,485**	**24,094**	**42,881**
Additions	-	1	1,281	2,228	3,510
Disposals	-	(612)	(939)	(948)	(2,499)
At 31 December 2017	**2,122**	**9,569**	**6,827**	**25,374**	**43,892**
Additions	-	-	2,314	4,330	6,644
Acquisition of new sites	-	-	-	1,129	1,129
Disposals	-	-	(1,033)	(782)	(1,815)
At 1 July 2018	**2,122**	**9,569**	**8,108**	**30,051**	**49,850**
Accumulated depreciation and impairment					
At 1 January 2017	**65**	**815**	**2,112**	**2,528**	**5,520**
Charge for the period	39	303	935	1,159	2,436
Disposals – Depreciation	-	-	(188)	-	(188)
At 2 July 2017	**104**	**1,118**	**2,859**	**3,687**	**7,768**
Charge for the period	27	303	994	1,255	2,579
Disposals - Depreciation	-	(584)	(406)	(356)	(1,346)
At 31 December 2017	**131**	**837**	**3,447**	**4,586**	**9,001**
Charge for the period	27	421	1,101	1,405	2,954
Disposals - Depreciation	-	-	(622)	(158)	(780)
At 1 July 2018	**158**	**1,258**	**3,926**	**5,833**	**11,175**
Net book value					
At 1 July 2018	**1,964**	**8,311**	**4,182**	**24,218**	**38,675**
At 31 December 2017	1,991	8,732	3,380	20,788	34,891
At 2 July 2017	2,018	9,062	3,626	20,407	35,113

11 Business combinations

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

Business combination – Chichester

On 5 February 2018, the Group acquired the assets and trade of the Chichester bowling site, part of MFA Bowl Limited. The Group entered into a Business Purchase Agreement with MFA Bowl Limited and acquired control of the assets for £0.8m as summarised below:

Consideration as at 5 February 2018	**£000**
Cash consideration paid	839
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	216
Deferred tax liabilities	(39)
Other assets and liabilities, net	39
Total identifiable net assets	216
Goodwill	623
Total	839

Acquisition-related costs of £0.1m have been charged to administrative expenses and included in exceptional items. 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 £0.2m which will be depreciated over 20 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. 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 1 January 2018 to the date of acquisition. Due to not having access to the information they are not reflected here. The sales and profit generated by the site since acquisition are impacted by the uncertainty of the business combination and thus are not a true reflection of the sites performance and so this will be disclosed in the full year end financial statements after the site has traded for a longer period. 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 – Warrington

On 5 February 2018, the Group acquired the assets and trade of the Warrington bowling site by acquiring control of the entire share capital of Quattroleisure Limited from LA Bowl (Warrington) Limited by entering a Share Purchase Agreement for £1.7m as summarised below:

Consideration as at 5 February 2018	**£000**
Cash consideration paid	1,697
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	376
Deferred tax liabilities	(67)
Other assets and liabilities, net	(3)
Total identifiable net assets	306
Goodwill	1,391
Total	1,697

Acquisition-related costs of £0.1m have been charged to administrative expenses and included in exceptional items. 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 20 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. 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 1 January 2018 to the date of acquisition. Due to not having access to the information they

are not reflected here. The sales and profit generated by the site since acquisition are impacted by the uncertainty of the business combination and thus are not a true reflection of the sites performance and so this will be disclosed in the full year end financial statements after the site has traded for a longer period. 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 – Luton

On 24 April 2018, the Group acquired the assets and trade of the Luton bowling site known as the Galaxy, part of MFA Bowl Limited. The Group entered into a Business Purchase Agreement with MFA Bowl Limited and acquired control of the assets for £0.8m as summarised below:

Consideration as at 24 April 2018	**£000**
Cash consideration paid	836
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	215
Deferred tax liabilities	(39)
Other assets and liabilities, net	36
Total identifiable net assets	212
Goodwill	624
Total	836

Acquisition-related costs of £0.1m have been charged to administrative expenses and included in exceptional items. 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 £0.2m which will be depreciated over 20 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. 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 1 January 2018 to the date of acquisition. Due to not having access to the information they are not reflected here. The sales and profit generated by the site since acquisition are impacted by the uncertainty of the business combination and thus are not a true reflection of the sites performance and so this will be disclosed in the full year end financial statements after the site has traded for a longer period. 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 – Leeds

On 24 April 2018, the Group acquired the assets and trade of the Leeds bowling site known as 1st Bowl, part of MFA Bowl Limited. The Group entered into a Business Purchase Agreement with MFA Bowl Limited and acquired control of the assets for £0.5m as summarised below:

Consideration as at 24 April 2018	**£000**
Cash consideration paid	536
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	322
Deferred tax liabilities	(58)
Other assets and liabilities, net	36
Total identifiable net assets	300
Goodwill	236
Total	536

Acquisition-related costs of £0.1m have been charged to administrative expenses and included in exceptional items. 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 £0.3m which will be depreciated over 20 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. 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 1 January 2018 to the date of acquisition. Due to not having access to the information they are not reflected here. The sales and profit generated by the site since acquisition are impacted by the uncertainty of the business combination and thus are not a true reflection of the sites performance and so this will be disclosed in the full year end financial statements after the site has traded for a longer period. 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.

12 Cashflow from operations

Cash flows from operating activities	**26 weeks to 1 July 2018 Unaudited £000**	26 weeks to 2 July 2017 Unaudited £000	52 weeks to 31 December 2017 Audited £000
Profit for the period	**3,826**	419	5,181
Adjustments for:			
Tax	**1,100**	177	2,111
Finance costs, net	**329**	1,597	1,927
Non-cash exceptionals	**400**	735	718
Non-cash share based payments charge	**79**	-	87
Loss on disposal of assets	**439**	-	356
Amortisation of intangible assets	**377**	413	806
Depreciation of property, plant and equipment	**2,954**	2,436	5,010
Changes in working capital:			
Decrease/(increase) in inventories	**32**	(47)	(17)
(Increase)/decrease in trade and other receivables	**(413)**	965	(175)
Increase/(decrease) in trade and other payables	**1,412**	(911)	(1,304)
Decrease in provisions	**(9)**	(94)	(1,398)
Cash generated from operations	**10,526**	5,690	13,302

13 Bank borrowings and finance leases

	26 weeks to 2 July 2017 Unaudited	26 weeks to 2 July 2017 Unaudited	52 weeks to 31 December 2017 Audited
Current liabilities	**£000**	£000	£000
Bank loans	**10,000**	6,000	6,000
Finance leases	**2,059**	2,104	2,001
Capitalised financing costs	**(123)**	(187)	(155)
	11,936	7,917	7,846
Non - current liabilities			
Finance leases	**3,195**	2,593	2,244
	3,195	2,593	2,244

The bank loans with the Royal Bank of Scotland plc consist of £15m committed Revolving Credit Facility (RCF) and £5m uncommitted Accordion Facility. The loans incur interest at LIBOR plus a margin of 1.75%. The Group has drawn £10m of the RCF as at the half year end.

14 Financial risk management

Cash flow and fair value interest rate risk

Cash flow interest rate risk derives from the Group's floating rate financial liabilities, being its bank debt and overdraft facility, which are linked to LIBOR plus a margin of 1.75%. The Group has no fair value interest rate risk. The average period to the expected maturity date of the interest-free financial liabilities, being the onerous lease provision, is 9 years. Sensitivity analysis: in managing interest rate risk the Group aims to reduce the

impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, sustained changes in interest rates would have an impact on the Group's earnings.

Credit risk
As almost all of the Group's sales are for cash, the Group is exposed to minimal credit risk.

Liquidity risk
The Group's cash position and cash flow forecasts are reviewed by management on a daily basis. The current bank facilities consist of £15m RCF and a £5m uncommitted Accordion facility.

15 Principal risks and uncertainties

The Group recognises that the effective management of risk is key in achieving its strategic objectives. Ultimate responsibility for the Group's risk management framework sits with the Board. The Group has focused on introducing a risk management process, to identify, evaluate and monitor the risks it faces. Each risk has been assessed to determine the likelihood of occurrence together with the potential impact on the Group. Please refer to the Annual Report of the Group for the 52 week period to 31 December 2017 which were approved by the board of directors on 21 March 2018 and have been filed with the Registrar of Companies for the full analysis of the risks assessed for the Group.

16 Related Parties
There are no related party transactions nor any related party balances receivable or payable that are not intercompany related. All intercompany transactions and balances have been eliminated on consolidation. There were no material related party transactions requiring disclosure, other than compensation of key management personnel which will be disclosed in the Group's Annual Report and Accounts for the year ending 30 December 2018.

17 Post balance sheet events
The tenpin bowling site at Maidenhead was closed on 26 August 2018 and the property handed back to the landlord after they activated the termination option included in the lease.

18 Dividends
The Board have declared an interim dividend of 3.3p per share (FY17 Interim: 3.0p). The interim ex-dividend date is 22 November 2018, the record date 23 November 2018 and the interim dividend payment date is 4 January 2019.

DIRECTORS RESPONSIBILTY STATEMENT

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and
- their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report.

The directors confirm to the best of their knowledge that the condensed interim financial statements have been prepared in accordance with the Accounting Standards Board 2007 statement on half yearly financial reports. The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of interim financial statements may differ from legislation in other jurisdictions.

The responsibility statement was approved by the Board on 12 September 2018 and signed on its behalf by:

Alan Hand	**Mark Willis**
CEO	**CFO**
12 September 2018	**12 September 2018**

INDEPENDENT REVIEW REPORT TO TEN ENTERTAINMENT GROUP PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Ten Entertainment Group Plc's condensed consolidated financial statements (the "interim financial statements") in the Half-Year Results of Ten Entertainment Group Plc for the 26 week period ended 1 July 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 1 July 2018;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-year results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-year results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-year results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 September 2018

a) The maintenance and integrity of the Ten Entertainment Group Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.