Full-Year Results
20 March 2019

Results for the 52 weeks to 30 December 2018

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Ten Entertainment Group plc
Full-Year Results

Good performance in FY18 despite challenges, excellent future growth prospects

Ten Entertainment Group plc ("The Group"), a leading UK operator of 43 family entertainment centres, today announces its full-year results for the 52 weeks to 30 December 2018.

Financial highlights:

- Total sales up 7.5% to £76.4m
- Like-for-like sales growth of 2.7%
- Group adjusted EBITDA[1] up 8% to £20.6m (FY17: £19.0m)
- Group adjusted profit before tax[1], up 4% to £13.5m (FY17: £13.0m)
- Reported profit after tax up 57% to £8.1m (FY17: £5.2m).
- Adjusted earnings per share of 16.6p per share
- Final dividend per share of 7.7p recommended, full-year dividend of 11.0p
- Bank net debt remains low at £4.2m (FY17: £0.4m), 0.2x FY18 adjusted EBITDA

Business highlights:

- Four site acquisitions successfully completed and extensively refurbished, pipeline remains strong
- Refurbishments completed at four further existing sites, including extension of Birmingham Star City
- Business transformative 'Pins & Strings' technology extended to 13 further sites, 19 completed in total
- Lease re-gears completed at seven sites, securing estate and improving rents
- Good early progress with Digital development programme, online bookings up 26%
- Net Promoter Score improved to 69% (FY17: 66%)
- Games played per stop up significantly by 64% to 424 (FY17: 259)

Current trading and outlook:

- Sales in the first 11 weeks of FY19 have started positively, with like-for-like sales year to date at 5.1%. (This includes the benefit of the reversal of the impact from snow in FY18 of 1.1%)
- Whilst we remain mindful of the ongoing level of political and economic uncertainty, we are excited by the Group's growth potential
- The Group is well positioned in a market with growing demand for experiential leisure activities
- Strategy set, with continued focus on organic growth, growth through acquisition and growth through capital investment

Nick Basing, Chairman, commented:
"We have had another good year on all key metrics and have substantially increased the dividend.

"Our simple two-pronged strategy of investing in driving organic growth and developing scale benefits through high returning acquisitions is proving increasingly successful.

"Despite the political and economic uncertainty currently, we are well placed to enjoy the latent consumer demand for our unique brand of experiential leisure across the country.

"We anticipate further good growth and profitable progress this year."

Duncan Garrood, Chief Executive Officer, commented:
"The business is in excellent shape as reflected in the strong results reported. Following my review of the Company strategy, I am pleased to endorse that it continues to be the right way to grow our business. However, there are further opportunities to develop the existing estate through improvements in the customer experience, food and

beverage quality, innovation and the acquisition of new sites. We will also explore the potential of building new sites at available retail locations.

"I am pleased to say the new year has begun in line with our expectations."

Ten Entertainment Group plc via Instinctif Partners
Duncan Garrood, Chief Executive Officer
Mark Willis, Chief Financial Officer

Instinctif Partners Tel: 020 7457 2020
Matthew Smallwood
Tom Berger

There will be a presentation today at 9.30 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 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.

CHAIRMAN'S STATEMENT

Ten Entertainment Group plc is focused on delivering family entertainment, our mission is to make families and friends happy together; to entertain and enthral profitably. Our business is positioned in the sweet-spot of a growing trend of consumer demand for leisure experiences and competitive socialising, together with an increased enthusiasm for spending more of their time and income on experiences and less on traditional product purchases. This trend is supporting sales growth across the wider leisure market, which is valued at £108bn and is forecast to grow to £126bn by 2023.

Our business model is positioned well to take advantage of these evolving consumer trends and can continue to outperform the overall market and build share. Our self-managed growth strategy is designed to maximise opportunities through the continual strengthening of our business model and by remaining focused on three simple routes to growth: incremental organic growth; growth through acquisition; and growth through ongoing investment into both our estate and into our technology support platform. The business is also increasingly able to benefit from changes in technology, both in consumer trends and through our investment in advanced scoring systems and innovative 'Pins & Strings' technology. This strategy is well understood by our stakeholders and has been consistently well executed over recent years.

FY18 was no exception, a year in which we have delivered very encouraging growth both organically, and through our programme of acquisitions. The strength in the underlying business model allowed us to deliver an excellent performance, achieving the Board's expectations by delivering total sales growth of 7.5%, adjusted EBITDA growth of 8.1% and adjusted earnings per share of 16.6p. Reported profit after tax grew by 57%. Ten Entertainment is a measures-based business, operating a balanced scorecard approach across financial, strategic and operational measures. The Group performed well against all these metrics in FY18.

The Group delivered strong like-for-like sales growth of 2.7%, the seventh successive year of growth, demonstrating strength and resilience in what was undoubtedly a challenging year, given the backdrop of the unprecedented hot summer and ongoing levels of consumer uncertainty. We continued to focus on our self-help programmes to deliver this organic growth, including driving up levels of digital engagement, investing in our core estate, increasing the Net Promoter Score through great customer experiences and offering our customers a broad range of product choices at excellent value for money.

The Board is focused on ensuring effective deployment of our capital resources, and last year supported investments in to several, well-proven, projects. We acquired, and extensively refurbished, four well located sites in FY18, investing £6.1m in total, and we are confident that these new additions to our quality estate will deliver in line with our historic returns on acquisitions of c.30%. We also continued at pace with the roll out of the transformative 'Pins & Strings' technology, investing £2.7m of capital into 13 more centres, a programme which is delivering cash returns of c.45%. As well as these new opportunities, the Group continues to invest in its existing centres and we completed four refurbishment projects in the year investing a further £1.2m of capital, where we expect returns to be at around 50%. There remains a strong pipeline of opportunities for the Group to invest capital in programmes with very attractive returns.

We have a significant opportunity to develop our levels of digital engagement with our customers, and 2018 was an important year for us in starting this journey. We have invested in strengthening our resources in this area with a new Digital Marketing Director joining us at the start of the year, and we are making good progress in our ambition to become a multi-channel business. We made improvements to the customer experience through programmes such as enhancing our website, identifying opportunities to grow our database and improving our on-site WIFI. These improvements are leading to increased numbers of web visits, higher conversion rates and improved sales. I am confident this will be an important area of focus to support our organic growth as we progress in 2019.

During the year we have undergone a transition in leadership. After almost ten years with the business, most recently as its Chief Executive Officer, Alan Hand took the decision to leave the Group for personal reasons. We are grateful to Alan for his significant contribution. We were delighted to welcome Duncan Garrood to the Group as our new Chief Executive. Duncan joined the Board in December and brings with him a wealth of relevant, consumer focused, leisure sector experience. Following his induction to the business, Duncan has reinforced the view that the Group's strategy is the right one and is committed to its continued evolution and execution. In addition, Mark Willis, the Group's Chief Financial Officer, will leave the business at the end of March 2019, again with our thanks for his contribution, and we are delighted to have appointed Antony Smith as his replacement. Antony joined the business on 18 March and we are confident he has the right balance of skills and experience to support Duncan as we move ahead. Finally, we were also delighted to welcome

Adam Bellamy to the Board as a Non-Executive Director and Chair of Audit Committee during 2018. Adam has excellent financial and multi-site leisure experience and is another strong addition to the Board. I personally look forward to working with all these individuals. I am delighted that comprehensive search processes for these roles identified a number of high calibre candidates, reinforcing the growing strength of the brand and its potential.

Operating teams across the Group, served by the senior leadership team and support centre colleagues, have the right skillset to execute the Group's strategy, deliver 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 hard work during 2018, delivering a strong performance while facing difficult trading conditions. The Group has a strong evolving culture of engagement, inclusivity and innovation, and our investment in our people is key to our continued success.

Good corporate governance remains a key focus and is applied through a strong, experienced and independently minded Board. Full details on our approach to corporate governance is outlined within our annual report. We continue to operate with a healthy, de-levered balance sheet, with a bank debt to adjusted EBITDA ratio at 0.2 times, to protect against any downside risk and give us scope to sensibly use free cash for dividends and 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 is recommending a final dividend of 7.7p per share, resulting in a full-year dividend of 11.0p per share.

I would like to both thank our existing shareholders for their support of the business, and welcome new shareholders in the year to the business. I am delighted to report that the business is in strong shape, with much potential remaining to deliver strong returns. I strongly believe our business is well placed in a growing sector of the wider leisure market and is well positioned to maximise the benefit from the changing trends in consumer demand towards experiential leisure. There is much we can still do. 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
20 March 2019

CHIEF EXECUTIVE'S STATEMENT

Having joined the Board in December, at the end of the financial year, I am delighted in my first statement as Chief Executive to be able to report a strong financial performance. A full review of this performance can be found in the following operating and financial reviews.

In my initial months with the Group I have been able to visit almost every site in the estate, and have spent time with the teams in the support centre. I am delighted with the quality and ability of my colleagues throughout the business, especially their focus on high levels of customer service and their commercial mindsets. While our estate is performing well, I believe there is an opportunity to empower our sites further to drive local innovation and ultimately deliver higher sales in each of our local markets. I look forward to working with the teams to develop plans in this area during FY19.

I have also spent time reviewing the Group's strategy in detail, and whilst I believe there are good opportunities to progress it further, I have concluded, with the Board's support, that the current strategy is fit for purpose, well understood by our stakeholders, and is proving to be driving strong results. Therefore, our strategy of growth through organic development, growth through acquisition and growth through investment into both the estate and new technology will remain fundamentally unchanged. Our focus will be on developing this strategy over the coming months to ensure we are able to maximise the returns available from each of these areas of strategic growth.

Overall, my review has reaffirmed what I believed prior to joining; that the business is well positioned in a growing leisure market. The market in which we operate encompasses a range of choices for the consumer on where to spend their discretionary income, with the bowling sector representing a small proportion at just 0.3% of the total. Our proposition of family entertainment centres with a curated range of indoor leisure activities, anchored around bowling, can continue to evolve through innovation. We have an ongoing opportunity to develop our product ranges, to continue to evolve and develop our food and beverage offer ensuring it remains relevant and appealing to our customers, whilst looking to provide exceptional customer experiences. Together, these elements can lead to ongoing growth and an increased share of the overall market.

I am excited by our plans for FY19, in which we have set ourselves ambitious targets for growth. We will continue to look for opportunities to grow the overall estate by two to four sites per annum, predominantly through acquisition, but we will also look for opportunities in locations where we are not represented that may become available to us as the retail landscape continues to evolve. We will continue the proven roll-out of the 'Pins & Strings' technology at pace, and we will trial innovations in both product and our F&B offer. Finally, we have significant further developments planned for our digital communications to improve our reach to both existing and potential customers.

Outlook

Sales in the first 11 weeks of FY19 have started positively, with like-for-like sales year to date at 5.1%. I am confident in the plans we have in place for the remainder of the financial year and we are already making good progress towards them. We therefore expect to continue to drive growth according to our strategy during the current financial year and to perform in line with the Board's expectations. I believe that there is further potential for growth in the broader leisure market, and in the competitive socialising and experiential leisure sub-sectors. The Group is well positioned to benefit from this long-term sustainable trend.

Duncan Garrood
Chief Executive Officer
20 March 2019

OPERATING REVIEW

Our self-managed growth strategy is focused on three simple and sustainable routes:

1. Incremental organic growth
2. Growth through acquisition and Tenpinisation
3. Growth through investment in refurbishment and technology

Organic growth

Like-for-like sales growth for the year was 2.7%, a strong performance despite the impact of the record hot summer, which we believe impacted the full-year like-for-like sales performance by c.2%. Growth was driven by an increased spend per head per visit, which grew by 3.9% in the year to £14.76 (FY17: £14.21). Footfall, and therefore like-for-like games volumes, were marginally down by around 1% in the year, however, excluding the impact of the hot weather, in particular in July, there continued to be underlying footfall growth.

Like-for-like sales growth was underpinned by our ongoing focus on offering our customers great value family entertainment, high levels of customer service and improved reliability of our lanes. Like-for-like sales growth was supported by a higher proportion of bowling sales at full tariff, a result of improved reliability at peak times. Games played per stop is our key measure of reliability and this metric improved by 64% to 424 (FY17: 259) driven largely by the continued transition to 'Pins & Strings' technology.

We continue to offer an established programme of promotions, which provide outstanding value at off peak times to drive volume, whilst maximising our revenue through full tariff pricing at peak times. Overall, our proposition remains extremely competitive with other leisure pursuits, with the blended average selling price of a single bowling game across our tariff and promotions being marginally over £5. The family-friendly environment at our sites encourages longer dwell times, customers choosing to play multiple games and purchase from our range of ancillary products and services resulted in the average spend per head, per visit, of £14.76. In addition, our investment into refurbishments in the existing estate continue to deliver good returns and support like-for-like sales growth.

Product innovation is an important area of development for the Group, focusing on identifying products to improve dwell time, increase visit frequency and attract new customers. Late in 2018, three new products were introduced in trial sites. At Star City we have introduced the UK's first installation of a brand-new bowling concept called HyperBowl. HyperBowl is an exciting innovation bringing a completely new approach to game play, lane technology and scoring, designed to appeal to both our existing customers and to introduce a new, younger generation to bowling. It is a bowling game designed around an interactive bumper system where lights on the bumpers create moving targets that players aim to hit or avoid and includes progressive levels with increasing difficulty and risk and reward. The manufacturer, Qubica, has designed HyperBowl on the principle that it 'plays like a video game on a bowling lane'. Using existing lanes with new interactive bumper technology and the latest scoring system, it will allow us to interchange between traditional bowling and HyperBowl depending on the customer's choice of game.

In addition, we are currently trialling a technology-based darts product in Star City with automated scoring system, and an escape room concept at our site in Southampton, working in partnership with an established local business. Both darts and escape rooms are growing in popularity and sit well in our competitive socialising, entertainment-based proposition, need relatively little space, and can be supported by our ancillary products. We will monitor these trials as we progress through FY19.

During the year we improved 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 our "*#Time for Tenpin"* marketing campaign. The priority for FY18 was to drive an increase in both web traffic and conversion, post the implementation of new 'GDPR' regulations (following which we hold a 'clean' database of verified contacts). Changes to the digital proposition included a new homepage, with simplified layout and more effective signposting to booking, use of in the moment messaging via "*#Time for Tenpin"* campaigns, and improvements to paid advertising and search engine optimisation. We are encouraged by the early progress, which saw online bookings up 26% and a 12% improvement in conversion during FY18.

In August, we closed our site in Maidenhead. This site was historically loss-making prior to a lease re-gear 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 was activated with the site planned for demolition for redevelopment associated with the Cross-Rail project due to its location near to Maidenhead railway station. 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. Maidenhead's contribution to EBITDA in FY18 was c.£100k.

Given the changing face of the retail landscape, our proposition in a growing leisure market continues to make us attractive tenants to landlords. Maximising this opportunity in the current market enabled us to complete lease re-gears on more favourable terms at seven sites during FY18, whilst also providing security to these locations through extended leases. The re-gears completed during the year will contribute a combined reduction of rent of more than £300k per annum on a full-year basis. We also continued to focus on good operational cost controls, and through our programme of initiatives we were able to mitigate the impact of cost inflation and reduce costs on a like-for-like basis by c.1% during FY18. We expect to see cost pressure in FY19 from changes to the national living wage, scheduled rent reviews and utility costs in particular and will continue to look to mitigate these where possible. We also expect to continue to increase the level of resource in our support centre, in particular in our digital teams, to support our ambitious growth plans.

During FY19 we will continue to focus on opportunities to grow sales organically, further improving our digital offer, refurbishing selected existing sites within the estate and continue to trial new products. We will also continue to look for opportunities to further improve the effectiveness of our pricing strategies and look for opportunities to maximise revenue.

Site acquisitions and Tenpinisation

The Group made excellent progress with the strategy to add between two and four sites per year, achieving the top end of this guidance in FY18. Four acquisitions were completed, at high 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 required significant investment in both systems and facilities. Comprehensive refurbishments were completed at all four sites during FY18 at a total cost of c.£2.0m. The refurbishment of these sites included a brand-new interior design, providing a relevant and contemporary feel. The sites are now strongly family orientated with a focus on providing an 'all-day' customer experience. In addition, all four sites have been equipped with the latest scoring system, which is fully-integrated with our booking system, enabling real time lane availability. Warrington and Chichester refurbishments were completed early in August, with the final stage of Tenpinisation being the introduction of Tenpin tariffs and promotional pricing. Both sites were successfully relaunched as Tenpin venues, supported by local marketing programmes across multiple media channels, including social, press and local radio. Work at Leeds and Luton was delayed slightly by planning consents, with both sites finally being completed during December, with the full launches following early in FY19 and benefits to accrue throughout the year.

As previously disclosed, 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. As guided, the sites contributed positively during the second half, and for the year overall. Following their refurbishments and launch, we are confident that these sites will deliver in line with historic acquisition cash returns on investment of c.30% during FY19.

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. We have made good progress with this objective early in FY19, having just announced our plan to acquire a well-located site in Southport.

Investment into refurbishments and technology

During FY18 we also completed refurbishments at three existing sites, Worcester, Rochdale and York, investing a total of £750k. These refurbishments continue to improve the overall quality and consistency of both our estate and the customer experience, as well as driving incremental revenue and overall returns in line with our expectations of c.50%.

In addition, we identified an opportunity to 'bolt-on' an annex at an adjacent unit to Star City in Birmingham, which included a rent reduction on the existing space, a rent-free period and a capital contribution from the

landlord covering the building work. Completed in August, we added six lanes in the new space, increasing capacity to 28 lanes and increased the number of amusement machines on site. The net cost investment was c.£420k, and we are currently seeing returns significantly above our initial expectations of c.30%.

We also made excellent progress with our programme to convert sites to ‘Pins & Strings’, with a total of 13 sites completed during the year, ahead of our guidance of 10 at the start of the year, at a total investment cost of £2.7m. 19 sites in the estate have now been converted to ‘Pins & Strings’ in total. 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 19 converted sites compared to 242 in the sites with traditional pinsetters, improving the customer experience with improved reliability. We believe this technology has the potential to transform the operation of the business and we are still seeing returns in line with our expectations of c.45% as we have rolled the technology to more of the estate, with each site costing c.£215k to convert.

During FY19 we will continue to invest in selected refurbishments, including the refurbishment of and an extension to our site in Edinburgh, adding four additional lanes. We will also continue to roll-out the conversion to ‘Pins & Strings’, with a further 12 conversions planned in the year. Finally, we will look to invest in new products where the returns support investment, such as extending the trial of HyperBowl to a selected number of lanes or sites. We have secured supply of a number of lanes from the manufacturer to support a broader trial during FY19.

People and culture

People and culture remain an important focus, recognised with the Group maintaining its Investors in People gold status during FY18, an accolade that stays with us 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 Score. Net Promoter Score for FY18 was 69% (FY17: 66%). We will continue to develop our teams during FY19, fostering a culture of empowerment at sites to support a culture of innovation. In addition, we will continue to scale our resource in the support centre, in particular in our digital teams, to support our ongoing growth plans.

FINANCIAL REVIEW

FINANCIAL SUMMARY

£000	52 weeks to 30 December 2018	52 weeks to 31 December 2017
Revenue	**76,350**	**71,040**
Cost of sales[1]	(8,814)	(8,119)
Gross margin	**67,536**	**62,921**
Total operating costs	(38,910)	(37,218)
Centrally allocated overheads	(2,994)	(2,583)
Support office	(5,080)	(4,108)
Group adjusted EBITDA[2]	**20,552**	**19,012**
Depreciation and amortisation	(6,396)	(5,247)
Net interest	(693)	(775)
Group adjusted profit before tax[2]	**13,463**	**12,990**
Exceptional items	(1,726)	(4,986)
(Loss) / profit on disposal of assets	(634)	(356)
Amortisation of acquisition intangibles	(459)	(607)
Shareholder loan note interest	-	(1,152)
Adjustments in respect of onerous lease & impairment provisions	25	1,403
Profit before tax	**10,669**	**7,292**
Taxation	(2,527)	(2,111)
Of which: taxation attributable to Group Adjusted Profit	*(2,665)*	*(2,457)*
Profit after tax	**8,142**	**5,181**
Earnings per share		
Basic earnings per share	**12.5p**	**8.0p**
Adjusted basic earnings per share	**16.6p**	**16.2p**
Full-year dividend	**11.0p**	**10.0p**

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 represent 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

	52 weeks to 30 December 2018	52 weeks to 31 December 2017
Revenue (£000's)	76,350	71,040
Number of bowling centres	43	40
Like-for-like sales growth	2.7%	3.6%
Net new space sales growth	4.8%	5.3%
Total sales growth	7.5%	8.9%

Total sales were up 7.5% at £76.4m (FY17: £71.0m). Like-for-like sales were up 2.7%. Net new space contributed 4.8% in the year. 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 down 10 basis points year on year at 88.5% (FY17: 88.6%). The gross margin rate, combined with the growth in reported sales, resulted in gross margin being up 7.3% to £67.5m (FY17: £62.9m).

Operating costs

£000	52 weeks to 30 December 2018	52 weeks to 31 December 2017
Site labour (incl. call centre)	14,207	13,895
Rent	11,821	11,191
Other property costs	7,454	6,975
Other operating costs	5,428	5,157
Total operating costs	**38,910**	**37,218**

Total operating costs increased by 4.5% to £38.9m (FY17: £37.2m), 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 1.0%, with good ongoing cost control supported by the benefit of reduced labour costs in sites converted to 'Pins & Strings' more than offsetting the impact of underlying cost inflation.

Central administration costs

Centrally allocated overheads were up 16% at £3.0m (FY17: £2.6m) largely driven by 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 24% at £5.1m (FY17: £4.1m) principally driven by the introduction of the two previously guided additional senior management roles in operations and digital marketing, additional support centre roles to continue to support the growth of the business and and the full-year impact of additional PLC related expenses.

Group adjusted EBITDA

Group adjusted EBITDA is up 8.1% at £20.6m (FY17: £19.0m). The growth in EBITDA is driven by a combination of the growth from like-for-like sales, further focus on maximising cost efficiency to mitigate cost inflation pressures 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. Group 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 and amortisation

Depreciation and amortisation increased by 22% to £6.4m (FY17: £5.2m) 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 and an increased number of amusement machines in the like-for-like estate.

Finance costs

£000	52 weeks to 30 December 2018	52 weeks to 31 December 2017
Interest on bank debt	(197)	(260)
Amortisation of bank financing costs	(67)	(112)
Finance lease interest charges	(187)	(218)
Other finance costs	(242)	(185)
Net interest excluding shareholder loan note interest	**(693)**	**(775)**

Net interest (excluding shareholder loan note interest) decreased by 11% to £0.7m (FY17: £0.8m) principally driven by the refinancing of bank debt at both a lower level and on more favourable terms completed part way through FY17, partially offset by an increase in other finance costs.

Group adjusted profit before tax
Group adjusted profit before tax was £13.5m (FY17: £13.0m) driven by the movements outlined above.

Exceptional items
Exceptional items recorded in the period were £1.7m (FY17: £5.0m), primarily as a result of legal and other one-off costs associated with the four site acquisitions completed in the year (£0.5m), dilapidation costs associated with the previously discussed closure of Maidenhead (£0.1m), other property related fees and costs principally relating to the seven lease re-gears completed during the year (£0.7m), redundancy costs primarily relating to reduction in the number of technician roles required as sites are converted to 'Pins & Strings' (£0.2m), and recruitment costs in relation to the search for a new Chief Executive Officer (£0.1m).

Disposal of assets
The loss on disposal of assets of £0.6m (FY17: £0.4m) is largely driven by the removal of bowling equipment in relation to the replacement of the traditional pinsetters with 'Pins & Strings' machines in the 13 sites converted during the year.

Amortisation of acquisition intangibles
The amortisation of acquisition intangibles charge was £0.5m (FY17: £0.6m).

Shareholder loan note interest
Shareholder loan note interest charges were £nil (FY17: £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 (FY17: £1.4m).

Taxation
Taxation attributable to Group adjusted profit before tax was £2.7m (FY17: £2.5m), representing an effective tax rate of 19.8% (FY17: 18.9%). Taxation attributable to items outside of Group adjusted profit was a credit of £0.1m (FY17: £0.3m). The total tax charge for the year was £2.5m (FY17: £2.1m).

Profit after tax
Profit after tax grew by 57% to £8.1m (FY17: £5.2m).

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. Earnings per share were 12.5p (FY17: 8.0p). Adjusted basic earnings per share were up 3% at 16.6p (FY17: 16.2p).

Dividends
The Board is recommending a final dividend of 7.7p per share. This takes the full-year dividend to 11.0p per share. The final dividend, subject to approval by shareholders at the AGM, will be paid on 4 July 2019. The ex-dividend date is 23 May 2019 and the record date is 24 May 2019.

BALANCE SHEET

As at £000	30 December 2018	31 December 2017	Movement
Assets			
Goodwill & other intangible assets	29,014	26,661	2,353
Property, plant and equipment	41,717	34,891	6,826
Inventories	1,505	1,356	149
Trade and other receivables	4,307	3,521	786
Cash and cash equivalents	5,298	5,571	(273)
	81,841	**72,000**	**9,841**
Liabilities			
Finance lease liabilities	(6,467)	(4,245)	(2,222)
Bank borrowings	(9,412)	(5,845)	(3,567)
Trade and other payables & provisions	(8,487)	(6,758)	(1,729)
Other liabilities	(2,567)	(1,959)	(608)
	(26,933)	**(18,807)**	**(8,126)**
Net assets	**54,908**	**53,193**	**1,715**

Net assets as at 30 December 2018 were £54.9m, an increase of £1.7m versus the balance sheet date at 31 December 2017 (FY17: £53.2m), equivalent to 84.5 pence per share, with an increase in assets, partially offset by an increase in liabilities. The increase in assets is largely 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. Analysis of the movement in cash and cash equivalents and bank borrowings is provided within the cash flow statement on page 13.

The movement in liabilities includes; an increased level of finance leases, predominantly Namco amusement machines, 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 and an increase in other payables as a result of timing variances which are expected to unwind in the first half of FY19.

Net debt analysis

As at	30 December 2018	31 December 2017	Movement
Closing cash and cash equivalents	**5,298**	**5,571**	**(273)**
Bank loans	(9,500)	(6,000)	(3,500)
Bank net debt	**(4,202)**	**(429)**	**(3,773)**
Finance leases	(6,467)	(4,245)	(2,222)
Statutory net debt	**(10,669)**	**(4,674)**	**(5,995)**

Bank net debt, pre-finance leases, increased to £4.2m (FY17: £0.4m) driven by the movements in cash analysed in the following cash flow statement. Overall debt leverage remains low, with bank debt to EBITDA at 0.2x as at 30 December 2018.

CASH FLOW

£000	52 weeks to 30 December 2018	52 weeks to 31 December 2017	Movement
Cash flows from operating activities			
Group adjusted EBITDA	20,552	19,012	1,540
Movement in net working capital	2,020	(1,441)	3,461
Net cash from operating activities	**22,572**	**17,571**	**5,001**
Cash flows from investing activities			
Acquisition of sites	(3,908)	(2,594)	(1,314)
Purchase of property, plant and equipment & software	(8,898)	(3,624)	(5,274)
Net cash used in investing activities	**(12,806)**	**(6,218)**	**(6,588)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	-	1	(1)
Finance lease capital repayments	(2,222)	(2,312)	90
Net drawdown / (repayment) of bank borrowings	3,500	(6,906)	10,406
Dividends paid	(6,500)	-	(6,500)
Finance costs paid	(619)	(621)	2
Net cash used in financing activities	**(5,841)**	**(9,838)**	**3,997**
Tax paid	**(2,472)**	**(1,861)**	**(611)**
Pre-exceptional cash increase/(decrease)	**1,453**	**(346)**	**1,799**
Exceptional items	(1,726)	(4,268)	2,542
(Decrease)/increase in cash and cash equivalents	**(273)**	**(4,614)**	**4,341**
Opening cash and cash equivalents	5,571	10,185	(4,614)
Closing cash and cash equivalents	**5,298**	**5,571**	**(273)**

Cash flows from operating activities were £22.6m (FY17: £17.6m), driven by both an increase in Group adjusted EBITDA, combined with a timing related benefit from working capital.

Acquisition investment was an outflow of £3.9m, including working capital payments, (FY17: £2.6m), relating to the purchase of the four sites in the year. Net capital expenditure on property, plant & equipment and software was an outflow of £8.9m (FY17: £3.6m), driven by Tenpinisation and refurbishment capital costs of £3.4m, investment of £2.7m in 'Pins & Strings' machines for the 13 sites converted during the year, format development, innovation and improved site wireless costs of £0.5m and an ongoing level of innovation investment and maintenance capital across the estate of £2.4m.

Dividends paid were £6.5m (FY17: £nil).

The net movement in borrowings was an inflow of £3.5m (FY17: outflow of £6.9m), representing an increase in the level of the debt drawn down to £9.5m during the period. The increase in the level of bank debt was primarily a result of the £2.7m investment in the continued roll-out of the 'Pins & Strings' conversions, funded through debt in line with previous guidance.

Finance costs paid were £0.6m (FY17: £0.6m). Tax paid was £2.5m (FY17: £1.9m). Exceptional items were an outflow of £1.7m (FY17: £4.3m) representing the cash elements of the exceptional items analysed on page

11 paid during the year, principally in relation to the legal fees associated with acquisitions, lease re-gears and redundancy costs.

The net movement in cash and cash equivalents was an outflow of £0.3m (FY17: £4.6m).

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 30 December 2018, the Group had drawn down £9.5m.

The Group has additional liabilities through its obligations to pay rents under a combination of both operating and finance leases (finance leases: FY18: one site; FY17: one site). The rental charge for the period amounted to £11.8m (FY17: £11.2m), 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 £2.2m during FY18 (FY17: £2.3m) with an increase in the number of machines more than offset by a payment timing benefit.

Total property lease commitments were £182.8m at 30 December 2018 (FY17: £142.7m) with the increase driven by the net three additional sites, together with the increase in average lease length from 13.0 years to 15.8 years, principally driven by the lease re-gears and renewals previously discussed. The new accounting standard for leasing (IFRS 16), is applicable for financial years beginning on or after 1 January 2019. The Groups next financial year commences on 31 December 2018, before the applicable date and so this standard is not expected to be adopted early. The total finance lease commitments as at 30 December 2018 amounted to £6.5m (FY17: £4.2m). The increase in finance lease commitments is largely a result of the replacement of a number of machines which had reached the end of the initial four-year lease period combined with the increase in the size of the estate.

Accounting standards and use of non-GAAP measures
The Group has prepared its consolidated financial statements based on International Financial Reporting Standards as adopted by the European Union for the 52 weeks ended 30 December 2018. The basis for preparation is outlined in note 2 to the financial statements on page 19.

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 27 to 29 of the annual report.

Mark Willis
Chief Financial Officer
20 March 2019

Consolidated statement of comprehensive income

for the 52-week period ended 30 December 2018

	Notes	**52 weeks to 30 December 2018 £000**	52 weeks to 31 December 2017 £000
Revenue	3	**76,350**	71,040
Cost of sales		**(22,423)**	(21,478)
Gross profit		**53,927**	49,562
Administrative expenses		**(42,565)**	(39,640)
Operating profit		**11,362**	9,922
Analysed as:			
Group adjusted EBITDA		**20,552**	19,012
Exceptional administrative costs	7	**(1,726)**	(4,283)
Onerous lease provision release		**25**	1,403
Amortisation of acquisition intangibles		**(459)**	(607)
Depreciation and amortisation		**(6,396)**	(5,247)
Loss on disposal of assets		**(634)**	(356)
Operating profit		**11,362**	9,922
Exceptional finance costs	6	**-**	(703)
Finance costs	6	**(693)**	(1,927)
Net finance costs	6	**(693)**	(2,630)
Profit before taxation		**10,669**	7,292
Taxation	9	**(2,527)**	(2,111)
Profit and total comprehensive income for the period attributable to owners of the parent		**8,142**	5,181
Earnings per share			
Basic earnings per share	10	**12.53p**	7.97p
Diluted earnings per share	10	**12.50p**	7.96p
Adjusted basic earnings per share	10	**16.61p**	16.20p
Adjusted diluted earnings per share	10	**16.58p**	16.18p

Consolidated and Company statements of financial position

as at 30 December 2018

	Notes	Group		Company	
		30 December 2018 £000	31 December 2017 £000	**30 December 2018 £000**	31 December 2017 £000
Assets					
Non-current assets					
Goodwill	12	**28,045**	25,171	**—**	—
Intangible assets	12	**969**	1,490	**—**	—
Investments	13	—	—	**38,915**	38,915
Property, plant and equipment	14	**41,717**	34,891	**—**	—
		70,731	61,552	**38,915**	38,915
Current assets					
Inventories		**1,505**	1,356	**—**	—
Trade and other receivables		**4,307**	3,521	**29**	29
Cash and cash equivalents		**5,298**	5,571	**2,147**	1,959
		11,110	10,448	**2,176**	1,988
Liabilities					
Current liabilities					
Bank borrowings and finance leases	16	**(11,476)**	(7,846)	**—**	—
Trade and other payables		**(7,354)**	(5,502)	**(4,699)**	(2,823)
Corporation tax payable		**(719)**	(825)	**—**	—
Provisions		**(63)**	(70)	**—**	—
		(19,612)	(14,243)	**(4,699)**	(2,823)
Net current liabilities		**(8,502)**	(3,795)	**(2,523)**	(835)
Non-current liabilities					
Bank borrowings and finance leases	16	**(4,403)**	(2,244)	**—**	—
Other non-current liabilities		**(481)**	(233)	**—**	—
Deferred tax liability		**(2,087)**	(1,726)	**—**	—
Provisions		**(350)**	(361)	**—**	—
		(7,321)	(4,564)	**—**	—
Net assets		**54,908**	53,193	**36,392**	38,080
Equity					
Share capital		**650**	650	**650**	650
Merger reserve		**6,171**	6,171	**—**	—
Share based payment reserve		**159**	87	**159**	87
Retained earnings		**47,928**	46,285	**35,583**	37,343
Total equity		**54,908**	53,193	**36,392**	38,080

Consolidated and Company statements of cash flows

for the 52-week period ended 30 December 2018

Group	Notes	**52 weeks to 30 December 2018 £000**	52 weeks to 31 December 2017 £000
Cash flows generated from operating activities			
Cash generated from operations	15	**20,846**	13,302
Corporation tax paid		**(2,472)**	(1,861)
Finance costs paid		**(619)**	(621)
Net cash generated from operating activities		**17,755**	10,820
Cash flows used in investing activities			
Acquisition of sites by Tenpin Limited		**(3,908)**	(2,594)
Purchase of property, plant and equipment		**(8,708)**	(3,463)
Purchase of software		**(190)**	(160)
Net cash used in investing activities		**(12,806)**	(6,217)
Cash flows used in financing activities			
Proceeds from issue of ordinary shares		**-**	1
Finance lease principal payments		**(2,222)**	(2,312)
Dividends paid		**(6,500)**	-
Drawdown of bank borrowings		**8,500**	6,000
Repayment of borrowings		**(5,000)**	(12,906)
Net cash used in financing activities		**(5,222)**	(9,217)
Net decrease in cash and cash equivalents		**(273)**	(4,614)
Cash and cash equivalents – beginning of period		**5,571**	10,185
Cash and cash equivalents – end of period		**5,298**	5,571

Company	Notes	**52 weeks to 30 December 2018 £000**	52 weeks to 31 December 2017 £000
Cash flows (used in)/generated from operating activities			
Cash (used in)/generated from operations	15	**(7)**	**8**
Net cash (used in)/generated from operating activities		**(7)**	**8**
Cash flows generated from financing activities			
Proceeds from allotment of ordinary shares		**-**	**1**
Dividends paid		**(6,500)**	**-**
Dividends received		**6,695**	**1,950**
Net cash generated from financing activities		**195**	**1,951**
Net increase in cash and cash equivalents		**188**	**1,959**
Cash and cash equivalents – beginning of period		**1,959**	**—**
Cash and cash equivalents – end of period		**2,147**	**1,959**

Consolidated and Company statements of changes in equity

for the 52-week period ended 30 December 2018

Group	Share capital £000	Share based payment reserve £000	Merger reserve £000	Retained earnings/ (accumulated losses) £000	Total equity £000
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
52 weeks to 30 December 2018					
Balance at 1 January 2018	**650**	**86**	**6,171**	**46,286**	**53,193**
Dividends paid	**—**	**—**	**—**	**(6,500)**	**(6,500)**
Share based payment charge	**—**	**73**	**—**	**—**	**73**
Profit for the period and total comprehensive income attributable to owners of the parent	**—**	**—**	**—**	**8,142**	**8,142**
Balance at 30 December 2018	**650**	**159**	**6,171**	**47,928**	**54,908**

Company	Share capital £000	Share based payment reserve £000	Merger reserve £000	Retained earnings/ (accumulated losses) £000	Total equity £000
52 weeks to 31 December 2017					
Balance at 15 March 2017	—	—	—	—	—
Issue of ordinary shares	650	—	38,266	—	38,916
Share based payment charge	—	86	—	—	86
Group reorganisation	—	—	(38,266)	38,266	—
Loss for the period	—	—	—	(922)	(922)
Balance at 31 December 2017	650	86	—	37,344	38,080
52 weeks to 30 December 2018					
Balance at 1 January 2018	**650**	**86**	**—**	**37,344**	**38,080**
Share based payment charge	**—**	**73**	**—**	**—**	**73**
Dividend paid	**—**	**—**	**—**	**(6,500)**	**(6,500)**
Profit for the period [1]	**—**	**—**	**—**	**4,739**	**4,739**
Balance at 30 December 2018	**650**	**159**	**—**	**35,583**	**36,392**

[1] The profit for the period in the company is made up of the dividend income received of £6,695k and the loss after tax of £1,956k

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 Company's ordinary shares are traded on the London Stock Exchange. The address of the registered office is Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ. The consolidated financial statements of the Group for the 52-week period ended 30 December 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.

2. Basis of preparation

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 30 December 2018 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 30 December 2018 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. There are no differences in the measurement of segment profit or loss, assets and liabilities for each segment.

The Group comprises the following segments:

Tenpin Limited – 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 30 December 2018 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 30 December 2018			
Segment revenue – external	**76,350**	**-**	**76,350**
Bowling	**36,209**	**-**	**36,209**
Food and drink	**20,180**	**-**	**20,180**
Machines & amusements	**16,987**	**-**	**16,987**
Other	**2,974**	**-**	**2,974**
Adjusted EBITDA (note 4)	**22,393**	**(1,841)**	**20,552**
Segment assets as at 30 December 2018	**77,880**	**3,961**	**81,841**
Segment liabilities as at 30 December 2018	**(21,470)**	**(5,463)**	**(26,933)**
Reconciliation of adjusted EBITDA to reported operating profit			
Adjusted EBITDA (note 4)	**22,393**	**(1,841)**	**20,552**
Amortisation and depreciation of intangibles and property, plant and equipment	**(6,396)**	**-**	**(6,396)**
Loss on disposals (note 7)	**(634)**	**-**	**(634)**
Amortisation of fair valued intangibles	**(129)**	**(330)**	**(459)**
Exceptionals (note 7)	**(1,562)**	**(164)**	**(1,726)**
Onerous lease provision movement	**25**	**-**	**25**
Operating profit/(loss)	**13,697**	**(2,335)**	**11,362**
Finance (costs)/income (note 6)	**(827)**	**134**	**(693)**
Profit/(loss) before taxation	**12,870**	**(2,201)**	**10,669**

For the 52-week period ended 31 December 2017

Segment revenue – external	**71,040**	-	**71,040**
Bowling	**33,732**	**-**	**33,732**
Food and drink	**18,829**	**-**	**18,829**
Machines & amusements	**15,569**	**-**	**15,569**
Other	**2,910**	**-**	**2,910**
Adjusted EBITDA (note 4)	**20,420**	**(1,408)**	**19,012**
Segment assets 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 7)	**(356)**	**—**	**(356)**
Amortisation of fair valued intangibles	**—**	**(569)**	**(569)**
Unwind of other fair value adjustments	**—**	**(38)**	**(38)**
Exceptionals (note 7)	**(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)/income (note 6)	**(787)**	**(1,140)**	**(1,927)**
Profit/(loss) before taxation	**13,586**	**(6,294)**	**7,292**

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 and amortisation costs, exceptional items, profit or loss on disposal of assets, adjustment to onerous lease and impairment.

Reconciliation of operating profit to Group adjusted EBITDA	**52 weeks to 30 December 2018 £000**	52 weeks to 31 December 2017 £000
Group adjusted EBITDA	**20,552**	**19,012**
Amortisation of software	**(286)**	**(237)**
Amortisation of fair valued items on acquisition	**(459)**	**(607)**
Loss on disposals	**(634)**	**(356)**
Depreciation of property, plant and equipment	**(6,110)**	**(5,010)**
Operating profit before one-off items	**13,063**	**12,802**
Onerous lease provision released	**25**	**1,403**
Operating profit before exceptional items	**13,088**	**14,205**
Exceptional items – IPO	**-**	**(3,101)**
Exceptional items – other	**(1,726)**	**(1,885)**
Operating profit	**11,362**	**9,219**

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 acquisitions intangibles, adjustments to onerous lease and impairment provisions. The reconciliation of this number to profit after tax is included under note 10.

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 7 helps to provide a better indication of underlying performance.

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

5. Staff cost and numbers

Staff costs – Group	**52 weeks to 30 December 2018 £000**	52 weeks to 31 December 2017 £000
Wages and salaries	**16,091**	15,080
Social security costs	**1,019**	921
Other pension costs	**146**	137
Share based payments (note 7)	**73**	87
	17,329	16,225

Staff costs included within cost of sales are £13.6m (2017: £13.3m). 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 and directors that resigned during the year received no compensation for loss of office. The highest paid Director for the 52-week period ended 30 December 2018 received remuneration of £293,125 (2017: £205,754) and no share options were exercised or due to be exercised. The remuneration figure includes pension of £13,750 as reflected in the Directors' remuneration table. 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 30 December 2018 Number**	52 weeks to 31 December 2017 Number
Staff	**899**	953
Administration	**56**	47
Unit management	**127**	134
	1,082	1,134

Staff costs – Company	**52 weeks to 30 December 2018 £000**	52 weeks to 31 December 2017 £000
Wages and salaries	**1,061**	843
Social security costs	**91**	66
Other pension costs	**14**	13
Share based payments (note 7)	**73**	87
	1,239	1,009

Staff numbers – Company	**Number**	Number
Administration (including Executive Directors)	9	9

6. Finance costs

	52 weeks to 30 December 2018 £000	52 weeks to 31 December 2017 £000
Interest on bank loans and overdrafts	**197**	260
Amortisation of debt issuance costs	**67**	112
Shareholder loan note interest	**-**	1,152
Finance lease interest	**187**	218
Notional interest on unwinding of discount on provisions	**7**	42
Other	**235**	143
Finance costs	**693**	1,927
Exceptional finance costs		
Write off of capitalised finance costs of repaid loans	**-**	703
Total finance costs	**693**	2,630

7. Profit before taxation

The following items have been included in arriving at a profit before taxation:	**52 weeks to 30 December 2018 £000**	52 weeks to 31 December 2017 £000
Staff costs (note 5)	**17,329**	16,225
Consumables charged to cost of sales	**1,360**	1,387
Depreciation of property, plant and equipment (note 14)	**6,110**	5,010
Amortisation of software (note 12)	**286**	237
Amortisation of fair valued intangibles on acquisition (note 12)	**425**	569
Loss on disposal of assets(1)	**634**	356
Onerous lease provision movements	**(25)**	(1,403)
Operating lease rentals payable – property	**11,821**	11,102
Share based payments	**73**	87
Repairs on property, plant and equipment	**1,834**	1,789
Exceptional items:		
IPO professional fees, taxes and other costs	**-**	3,101
Staff redundancy costs and CEO recruitment fees(2)	**385**	-
Professional fees, taxes and other costs in acquisition of sites	**515**	325
Professional fees, costs and taxes from property re-gears(3)	**722**	520
Professional fees and other one-off property costs(4)	**104**	337
Total exceptional administrative costs	**1,726**	4,283
Write off of capitalised finance costs of repaid loans	**-**	703
Total exceptional items	**1,726**	4,986
Auditors' remuneration:		
Fees payable to Company's auditors for the Company and consolidated financial statements	**28**	40
Audit of Company's subsidiaries	**95**	117
Audit related assurance services	**37**	41
Fee payable related to IPO	**-**	260
	160	458

(1) Loss on disposals includes £623k 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 two years; this will result in around a further £0.7m write off of bowling equipment.

(2) This includes one off staff redundancy costs related to the closed site, the new sites and technicians being made redundant due to the implementation of Pins & Strings. The recruitment fees for the new CEO have been treated as one off as they are not expected to occur annually.

(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.

(4) Professional fees and other one-off costs have been on corporate-related transactions undertaken by the Group.

8. Results attributable to Ten Entertainment Group plc

The financial statements of the Company, Ten Entertainment Group plc, were approved by the Board of Directors on 20 March 2019. The result for the financial period dealt with in the financial statements of Ten Entertainment Group plc was a profit of £4.7m (2017: loss of £(0.9)m). As permitted by Section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented in respect of the Company.

9. Taxation

Recognised in the statement of comprehensive income:

	52 weeks to 30 December 2018 £000	52 weeks to 31 December 2017 £000
Current tax:		
Current tax on profits for the period	**2,366**	2,017
Deferred tax:		
Origination and reversal of temporary differences	**161**	(69)
Adjustment in respect of prior years	**-**	163
Tax charge in statement of comprehensive income	**2,527**	2,111

The tax on the Group's profit before tax differs (2017: differs) from the theoretical amount that would arise using the standard rate of tax in the UK of 19% (2017: 19.24%). The differences are explained below.

	52 weeks to 30 December 2018 £000	52 weeks to 31 December 2017 £000
Profit before taxation	**10,669**	7,292
Tax using the UK corporation tax rate of 19% (2017: 19.24%)	**2,027**	1,403
Expenses not deductible	**328**	629
Allowable depreciation on finance leases	**(415)**	(84)
Permanent differences	**587**	163
Tax charge	**2,527**	2,111

A reduction in the UK corporation tax rate from 19 per cent to 17 per cent (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Group's future current tax charge accordingly and the deferred tax liability at 30 September 2018 has been calculated based on these rates.

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. The total shares in issue at the end of the 52-week period were 65,000,000.

The Company has 126,617 potentially issuable shares (2017: 79,153), 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 30 December 2018 £000**	52 weeks to 31 December 2017 £000
Profit after tax	**8,142**	5,181
Basic weighted average number of shares in issue	**65,000,000**	65,000,000
Adjustment for share awards	**126,617**	79,153
Diluted weighted average number of shares in issue	65,126,617	65,079,153
Basic earnings per share (pence)	**12.53p**	7.97p
Diluted earnings per share (pence)	**12.50p**	7.96p

Below is the calculation of the adjusted earnings per share:

Adjusted earnings per share	**52 weeks to 30 December 2018 £000**	52 weeks to 31 December 2017 £000
Profit after tax	**8,142**	5,181
Amortisation of fair valued items on acquisition	**459**	607
Loss on disposals	**634**	356
Exceptional costs	**1,726**	4,283
Exceptional costs within finance costs	**-**	703
Onerous lease provision movements	**(25)**	(1,403)
Shareholder loan note interest	**-**	1,152
Tax impact on above adjustments	**(138)**	(346)
Adjusted underlying earnings after tax	**10,798**	10,533
Adjusted profit after tax	**10,798**	10,533
Weighted average number of shares in issue	**65,000,000**	65,000,000
Adjusted basic earnings per share	**16.61p**	16.20p
Adjusted diluted earnings per share	**16.58p**	16.18p

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 – 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. As they have not been audited they are not reflected here to provide a guide to potential full year performance. Since the date of the business combination the site generated £1.0m of sales and made EBITDA of £0.2m which has been included in the statement of comprehensive income. 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. As they have not been audited they are not reflected here to provide a guide to potential full year performance. Since the date of the business combination the site generated £0.9m of sales and made EBITDA of £0.1m which has been included in the statement of comprehensive income. 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. As they have not been audited they are not reflected here to provide a guide to potential full year performance. Since the date of the business combination the site generated £0.6m of sales and made EBITDA of £(0.1)m which has been included in the statement of comprehensive income. The site performance was impacted from the disruption of a full refurbishment in the second half of the year. 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. As they have not been audited they are not reflected here to provide a guide to potential full year performance. Since the date of the business combination the site generated £0.5m of sales and made EBITDA of £0.0m which has been included in the statement of comprehensive income. The site performance was impacted from the disruption of a full refurbishment in the second half of the year. 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. Goodwill and intangible assets

Group	Fair valued intangibles on acquisition £000	Goodwill £000	Software £000	Total £000
Cost				
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
Additions	**—**	**2,874**	**190**	**3,064**
At 30 December 2018	**2,938**	**28,045**	**1,010**	**31,993**
Accumulated amortisation and impairment losses				
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
Charge for the period – amortisation	**425**	**—**	**286**	**711**
At 30 December 2018	**2,331**	**—**	**648**	**2,979**
Net book value				
At 30 December 2018	607	28,045	362	29,014
At 31 December 2017	1,032	25,171	458	26,661
At 1 January 2017	1,601	23,552	589	25,742

Impairment testing is carried out at the cash-generating unit ("CGU") level on an annual basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each individual centre is considered to be a CGU. However, for the purposes of testing goodwill for impairment, it is acceptable under IAS36 to group CGUs, in order to reflect the level at which goodwill is monitored by management. The whole Group is considered to be one CGU, for the purposes of goodwill impairment test, on the basis of the level at which goodwill is monitored by management and historical allocation of goodwill upon acquisition. The overall process for testing impairment follows the same methodology as detailed in note 14 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 sites in Chichester and Warrington on 5 February 2018 and Leeds and Luton on 24 April 2018 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
Acquisitions and disposals	—
At 30 December 2018	**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%
Quattroleisure Limited	Tenpin Limited	England & Wales	100%
Tenpin (Halifax) Limited	Tenpin Limited	England & Wales	100%

Ten Entertainment Group plc and all its Group companies have their registered office at Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford, MK43 0EQ.

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 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**
Additions	**—**	**—**	**4,525**	**8,801**	**13,326**
Acquisition of new sites	**—**	**—**	**—**	**1,129**	**1,129**
Disposals	**—**	**—**	**(1,891)**	**(1,403)**	**(3,294)**
At 30 December 2018	**2,122**	**9,569**	**9,461**	**33,901**	**55,053**
Accumulated depreciation and impairment					
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**
Charge for the period	**54**	**906**	**2,183**	**2,967**	**6,110**
Disposals – depreciation	**—**	**—**	**(1,239)**	**(536)**	**(1,775)**
At 30 December 2018	**185**	**1,743**	**4,391**	**7,017**	**13,336**
Net book value					
At 30 December 2018	**1,937**	**7,826**	**5,070**	**26,884**	**41,717**
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

Property, plant and equipment is reviewed for impairment on an annual basis and there were no indications of impairment in the period. The recoverable amount of each CGU (each of the 43 (2017: 40) 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:

	30 December 2018	31 December 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	**12.9%**	12.6%

The budgets which underly 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 underly the calculations were reduced by 5%, reducing the cash flows of the sites by 4%, the onerous lease charge would increase by £0.0m (2017: £0.0m). If the discount rate applied in the calculations is increased by 1%, the impairment charge increases by £0.0m (2017: £0.1m). The discount rate would need to increase to 19% before we would have our first indication of impairment at a site. 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 (2017: 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 (2017: £20.0m). Properties held under finance leases had a net book value of £0.2m (2017: £0.2m) and the finance lease depreciation charged in the period was £0.1m (2017: £0.1m). Amusement machines held under finance leases had a net book value of £5.1m (2017: £3.9m) and the finance lease depreciation charged in the period was £2.2m (2017: £1.9m).

15. Cash generated from operations

Cash flows from operating activities	**Group 52 weeks to 30 December 2018 £000**	Group 52 weeks to 31 December 2017 £000	**Company 52 weeks to 30 December 2018 £000**	Company 52 weeks to 31 December 2017 £000
Profit/(loss) for the period	**8,142**	5,181	**(1,956)**	(2,873)
Adjustments for:				
Tax	**2,527**	2,111	**—**	—
Finance costs	**693**	1,927	**—**	—
Non-cash one-off costs	**-**	718	**—**	—
Non-cash share based payments charge	**73**	87	**73**	87
Loss on disposal of assets	**634**	356	**—**	—
Amortisation of intangible assets	**711**	806	**—**	—
Depreciation of property, plant and equipment	**6,110**	5,010	**—**	—
Changes in working capital:				
Increase in inventories	**(149)**	(17)	**—**	—
Increase in trade and other receivables	**(678)**	(175)	**(1)**	(29)
Increase/(decrease) in trade and other payables	**2,808**	(1,304)	**1,877**	2,823
Decrease in provisions	**(25)**	(1,398)	**—**	—
Cash generated from/(used in) operations	**20,846**	13,302	**(7)**	8

16. Bank borrowings and finance leases

Current liabilities	**Group 30 December 2018 £000**	Group 31 December 2017 £000	**Company 30 December 2018 £000**	Company 31 December 2017 £000
Bank loans	**9,500**	**6,000**	-	-
Finance leases	**2,064**	**2,001**	-	-
Capitalised financing costs	**(88)**	**(155)**	-	-
	11,476	**7,846**	-	-

On 12 April 2017, the Group entered into a £20m facility with the Royal Bank of Scotland plc (RBS). This facility consists of a committed £14.5m Revolving Credit Facility, a £0.5m overdraft and an undrawn £5.0m accordion facility. All loans carry interest at LIBOR plus a margin 1.75%.

Non-current liabilities	**Group 30 December 2018 £000**	Group 31 December 2017 £000	**Company 30 December 2018 £000**	Company 31 December 2017 £000
Finance leases	**4,403**	**2,244**	**-**	-

Bank borrowings are repayable as follows:

Bank loans	**Group 30 December 2018 £000**	Group 31 December 2017 £000	**Company 30 December 2018 £000**	Company 31 December 2017 £000
Within one year	**9,500**	6,000	-	-
	9,500	6,000	-	-

The drawdown under the Revolving Credit Facility (RCF) has been included as payable within one year on the basis that the business draws down and repays under the RCF on a regular basis.

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	9,500
Accordion facility	GBP	LIBOR + 1.75%	Apr–20	5,000	-
Bank overdraft	GBP	LIBOR + 1.75%	Annually	500	-
Total borrowings				20,000	9,500

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

	Property leases		Machines & other leases		Total	
Net	**30 December 2018 £000**	31 December 2017 £000	**30 December 2018 £000**	31 December 2017 £000	**30 December 2018 £000**	31 December 2017 £000
Within one year	**3**	3	**2,061**	1,998	**2,064**	2,001
Between one and two years	**3**	3	**1,704**	1,071	**1,707**	1,074
Between two and five years	**11**	9	**2,417**	888	**2,428**	897
After five years	**268**	273	—	—	**268**	273
	285	288	**6,182**	3,957	**6,467**	4,245

	Property leases		Machines & other leases		Total	
Gross	**30 December 2018 £000**	31 December 2017 £000	**30 December 2018 £000**	31 December 2017 £000	**30 December 2018 £000**	31 December 2017 £000
Within one year	**21**	23	**2,255**	2,107	**2,276**	2,129
Between one and two years	**23**	23	**1,827**	1,125	**1,850**	1,147
Between two and five years	**68**	67	**2,497**	912	**2,565**	981
After five years	**564**	586	—	—	**564**	586
	676	699	**6,579**	4,144	**7,255**	4,843
Future finance charges on finance leases	**(391)**	(411)	**(397)**	(187)	**(788)**	(598)
Present value of finance lease liabilities	**285**	288	**6,182**	3,957	**6,467**	4,245

Finance leases are in place for one (2017: one) property at a value of £0.3m (2017: £0.3m), amusement machines from Bandai Namco Europe Limited with a value of £6.1m (2017: £4.0m) and WIFI equipment with a value of £0.1m (2017: nil).

Analysis of statutory net debt

Net (debt)/cash as analysed by the Group consists of cash and cash equivalents less bank loans and amounts to (£4.2m) (2017: (£0.4m)). Statutory net debt as analysed below includes finance leases.

	Cash and cash equivalents £000	Bank loans £000	Net cash excluding notes and leases £000	Finance leases £000	Shareholder loan notes £000	Statutory net debt £000
Balance at 1 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 6)	—	—	—	—	(1,152)	(1,152)
Balance at 31 December 2017	5,571	(6,000)	(429)	(4,245)	—	(4,674)
Cash flows	**(273)**	**(3,500)**	**(3,773)**	**2,222**	**—**	**(1,737)**
Finance lease acquisition of amusement machines	**—**	**—**	**—**	**(4,444)**	**—**	**(4,071)**
Balance at 30 December 2018	**5,298**	**(9,500)**	**(4,202)**	**(6,467)**	**—**	**(10,669)**