Full-Year Results
13 May 2020

Results for the 52 weeks to 29 December 2019

ten. ENTERTAINMENT GROUP PLC

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Ten Entertainment Group plc
Full-Year Results

Record results for 2019 with a strong start to 2020 until Covid-19 closure.
Liquidity headroom into second half of 2021 and well positioned to reopen.

Ten Entertainment Group plc ("Ten Entertainment" or "The Group"), a leading UK operator of 45 family entertainment centres, today announces its audited full-year results for the 52 weeks to 29 December 2019 which are below. Since the outbreak of the Covid-19 epidemic our top priority has been the health and safety of our staff and customers and securing the Company both financially and operationally for our investors.

2019 results

	52 weeks ended 29th December 2019	52 weeks ended 30th December 2018	**% movement**
Total sales	**£84.1m**	£76.4m	+10.2%
Like-for-like sales growth[1]	**+8.0%**	+2.7%	+5.3%pts
Group adjusted EBITDA[1]	**£23.6m**	£20.6m	+14.7%
Group adjusted profit before tax[1]	**£15.4m**	£13.5m	+14.5%
Reported profit after tax	**£9.0m**	£8.1m	+11.0%
Adjusted earnings per share	**19.3p**	16.6p	+16.3%
Basic earnings per share	**13.9p**	12.5p	+11.0%

- Profit growing faster than sales with EBITDA up +14.7%
- Free cash flow[1] conversion increased to 75.1% (FY18: 72.2%)
- Strong balance sheet with £21.0m of cash and financing facility available
- In the interests of cash conservation, the Board are not recommending to pay a final dividend for 2019

Business highlights

Inward investment drives profitable growth

- Four centres refurbished in the year driving strong sales growth
- 71% of the estate are equipped to benefit from the significant advantages of Pins & Strings technology
- Cheshire Oaks refurbishment creates new Innovation Centre for customers with great results

Focus on transforming the customer experience gaining momentum

- Improved food offer trialled at 11 sites achieving double-digit sales growth; further developments planned
- New website with improved booking engine and enhanced CRM tools launched
- 50% stake acquired in Houdini's Escape Room Experience, with nine rooms in five locations

Estate expansion supplementing the strong organic growth

- Two additional centres acquired in 2019 with Manchester Printworks under development
- Falkirk refurbishment delivered fourfold increase on pre-acquisition sales
- Property pipeline strengthened

Update on Covid-19 and trading outlook
Trading in the first 11 weeks of the year to 15 March, until enforced closure on 20th March, was strong with like-for-like sales growth of 9.3% and total sales growth of 12.7%.

The Group is well placed to operate in the "new normal" of a post Covid-19 UK.

***READINESS - As a business, we will be well prepared to open our sites to* customers**
- Staff are engaged and motivated and have been treated fairly
- We have secured Personal Protective Equipment and relevant hygiene materials
- Our sites are being configured for social distancing such that they are "Covid secure"

RELEVANCE – Our business is well positioned for the "new normal"
- Our centres are large spaces that help facilitate social distancing
- We have a broad entertainment and food & drink offering under one roof
- We provide affordable family entertainment

RESILIENCE – We have a strong balance sheet to weather the crisis
- A strong cash position gives resilience for a 2nd wave, should it happen
- Rigorous cost management is in place
- We have a strongly cash generative business model

While we are not providing profit guidance, we believe that on resumption of normal trading our prospects remain strong. Our strategy for growth is proven, and we offer good value entertainment for families and friends. We are ready to return to business with a highly relevant model in the post Covid-19 world and a resilient cash position that protects the business through this period of uncertainty.

Nick Basing, Chairman said:

"After a very strong 2019, with the eighth consecutive year of like-for-like growth showing terrific momentum and a great start to 2020, it was disappointing to have to close the doors to customers on 20th March. However, the team have responded to the challenges of Covid-19, enacting a well-managed crisis plan which positions the Company positively for a resumption of trading. It is people that make businesses and I am confident that our team will continue to provide our customers with a market leading proposition once we can reopen safely."

Duncan Garrood, Chief Executive Officer, commented:

"I am pleased with this strong set of results for 2019, delivering accelerated profitable sales growth proving our strategy. We improved, innovated and evolved our business in 2019 which will continue once we reopen.

In response to Covid-19 crisis we have reduced costs to a minimum, utilised Government assistance and secured backing from our lenders, landlords, business partners and shareholders. We are grateful to all those partners for their support as we are to the Government and our teams. Together, these actions have put us in a strong position to withstand the impact of the crisis and to take advantage of opportunities that will arise when restrictions are lifted."

Ten Entertainment Group plc via Instinctif Partners
Duncan Garrood, Chief Executive Officer
Antony Smith, Chief Financial Officer

Instinctif Partners Tel: 020 7457 2020
Matthew Smallwood
Jack Devoy

There will be a video call today at 10.30am for analysts. 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 and profit or loss on disposal of. Group adjusted profit before tax is defined as profit before exceptional items, profit or loss on disposal of assets, amortisation of acquisition intangibles, 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. Free Cash Flow is Group adjusted EBITDA less cashflows from maintenance capital, working capital, finance lease and taxation payments.

CHAIRMAN'S STATEMENT

Ten Entertainment's purpose is to make friends and families happy; we entertain and enthral profitably. We have just delivered our eighth consecutive year of like-for-like growth. We offer great value entertainment which can be enjoyed across the generations. Bowling is our anchor product and we continue to innovate and evolve the game, scoring technology and environment across our portfolio of high quality centres. This generates high margins and broadens our appeal to a wide range of customers, creating footfall for a wider entertainment offering. We are continually developing and refreshing our range of additional activities to give the most contemporary experience. We are proud to be at the forefront of the growth in competitive socialising and leisure and are delighted that in 2019 over 5.8 million customers enjoyed our leading-edge entertainment offering.

In times of crisis, the quality and capability of a team really comes to the fore and I have been delighted with the collaborative, focused and effective approach that the whole of the team have adopted. I firmly believe that the measures taken in response to Covid-19 are the appropriate ones and that they will secure our company ahead of many others in the sector. I am also very confident that this team will manage the recovery from closure just as effectively.

I am delighted with the success the business has achieved and the smooth transition to a new management team which blends a range of core bowling expertise, a wealth of experience in food and drink and new ideas from retail that have assisted in taking the business forwards. A very strong foundation for the future has been built and from that we have accelerated the pace of growth.

Our strategy remains focused on consistently delivering a high quality family entertainment experience at the heart of every one of our centres. We continually invest in maintaining and improving the core bowling activity: Pins & Strings technology is now 71% complete; investment in scoring technology is ongoing; and HyperBowl, a new format of the game, is being introduced. We have increased our level of innovation for our customers and acquired two new sites. This investment has been delivered through the growth in profit and cash generated in the business without increasing our bank borrowings. We have achieved this and delivered high returns from our investment programme and a positive cash flow, making this growth both affordable and sustainable.

2019 was the eighth successive year of like-for-like growth for the business. Organic growth through increased footfall and broadening our appeal to a wider customer base remains at the heart of our strategy and our investments. We have shown particularly good growth in machines sales and food and beverage, offering our customers more options to enjoy while they are bowling with us.

Group adjusted profit before tax rose 14.5% and adjusted earnings per share increased by 16.3%.

2019 was also a year of building foundations for future growth. We invested in a complete redesign and modernisation of the infrastructure of our website. It is much more responsive and gives an excellent customer experience. It also enables us to have a far greater understanding of our customer needs through the data we can collect from it. We are now better placed to communicate with our customers and ensure they have a memorable experience every time they visit.

The year also marked a shift in the property market, allowing us access to a broader range of potential new sites. I am excited about the forthcoming opening of our centre in Manchester Printworks. This will be our second centre to be located in the heart of a large urban city centre and affords a great opportunity for us to extend our reach into a city centre environment with a truly modern metropolitan leisure offering with competitive socialising at its heart.

2019 has been a year of stable and strong governance for the business. I am pleased to have a highly experienced and capable Board, with experience across a wide range of consumer-facing sectors and great knowledge of our business. Stability brings continuity to the business and the Board's independent thinking, and challenge, provides the executives with a testing, but productive, environment in which to pursue growth opportunities.

We are in a strong financial position with low debt and sufficient cash generation to self-fund our plans for growth. In 2019 we put in place a new financing facility for the next three years which gives further flexibility to pursue our growth ambitions and a highly resilient balance sheet to protect against short-term challenges and uncertainties.

The international instability created by the Covid-19 pandemic means that at the time of writing all of our entertainment centres are closed. Our primary concern has been to protect our shareholders' interests; ensure the safety and wellbeing of our customers and employees; and to treat our stakeholders fairly.

The Board has acted decisively to secure the appropriate liquidity for the business to endure a significant period of closure should that be mandated. Our prudent approach to cash management; our swift actions to minimise costs; together with the strong support from the UK government and key business partners means that we have sufficient liquidity to last well into 2021.

We are grateful to the large number of our shareholders who took part in a placing of shares at the end of March 2020, which saw an additional £5m of cash into the business and has helped secure our long-term future. We look forward to opening our doors to our families and friends again soon, and are confident that the strong growth seen in 2019 can return in the future.

Finally, I would like to draw attention to our amazing set of colleagues and thank them wholeheartedly for their support and commitment. I would also like to gratefully acknowledge the stellar work of the leadership team in putting the business on a strong footing in these extraordinary times.

Nick Basing
Chairman
13 May 2020

CHIEF EXECUTIVE'S STATEMENT AND OPERATING REVIEW

Overview of 2019

I am pleased with this strong set of results, delivering an eighth year of profitable sales growth. We continue to develop and innovate our customer proposition offering great value entertainment for families and friends across the UK.

The business has performed well in 2019 across all aspects of the portfolio. We have continued to invest in high returning programmes that enhance the customer experience and balance like-for-like growth in the existing estate with opening more locations in the UK. We have again grown profit faster than we have grown sales.

I am very proud of our teams across the country, who have worked tirelessly to provide excellent experiences for customers every time they visit our centres. During 2019 we strengthened and modernised our communication across the business on a digital platform and have developed our regional management teams to help build internal talent. Our ambition is to continue to promote managers from within the business.

Regrettably our plans for 2020 are under review in light of the Covid-19 situation. After a very strong start to 2020, our focus has been on securing long term liquidity for the business and our partners to ensure that we are in the strongest possible position when we reopen.

Our strategy

Our strategy is clear and remains unchanged for the medium term. Continued profit growth generates strong cash flow which is used to fund a strong dividend policy for our shareholders and the remaining cash is deployed on investing in high returning projects to support the three pillars of the strategy:

- Inward investment – modernising and developing the existing estate
- Transforming the customer experience – keeping the customer offer innovative and fresh
- Expanding the estate – acquisition of existing bowling centres and redeveloping retail units

The strategy is underpinned by an investment in our people. Well trained, motivated and rewarded employees provide better customer experiences, focused on service.

Growth

Like-for-like sales growth for the year was 8.0%, significantly ahead of the 2.7% growth seen in 2018. Even allowing for the slightly subdued nature of the 2018 performance because of the heatwave, this level of growth represents a very good step forwards in 2019 and demonstrates the underlying strength of the business.

The growth was primarily a result of increased footfall to our centres at +6.4%, although spend per head ("SPH") also grew in the year by 1.7% to £14.60. The average realised price of a game remains excellent value at only £5.21 including VAT, making bowling a highly accessible and great value leisure activity.

All categories experienced good growth year-on-year, benefiting from an improved food menu; revised drinks range; and investment in the very latest gaming machines. Bowling remains at the heart of our entertainment offering though, accounting for 47% of total sales and 43% of the sales growth.

Inward investment

2019 was a year of meaningful and targeted investment in the existing estate, with £4.2m invested in four site refurbishments and the continued rollout of the transformational Pins & Strings technology. At the end of 2019, 32 of the 45 centres (71%) are benefiting from the latest technology pinsetter machines which offer a far more reliable bowling experience for our customers and more efficiency for our centres. Over the past three years the business has made significant investment in 37 of its 45 centres and will continue to develop the customer offer across the UK to ensure it remains contemporary.

Edinburgh's Fountain Park centre was refurbished early in 2019. We took on additional space from an adjoining vacant unit which allowed the construction of four more bowling lanes equipped with the latest HyperBowl technology. Fountain Park benefits from a vibrant local community of students and the investment in refurbishing the bar area, including provision of local brands such as Tennent's lager, and updating the washroom facilities has delivered strong sales and profit growth at the centre.

Our centres at Cambridge and Parrs Wood (Manchester) also benefited from extensive bar refurbishments and new washrooms in 2019. The upgrading to Lucky Voice branded karaoke booths at Cambridge has proved popular with customers. In Parrs Wood the Sector 7 space has been repurposed to provide a broader and more modern range of machines better suited to the local customer demographic. Both sites have seen a good uplift in sales and profit.

The targeted refurbishment of existing centres began in early 2020 with our largest centre which is almost complete, but further investment is currently on hold.

13 additional centres were equipped with the latest Pins & Strings technology in 2019. Average games played per stop ("GPS"), a key measure of pinsetter reliability, has continued to increase for the estate and for 2019 was 662, a 56% improvement on 2018. The programme will continue based on appropriate prioritisation of cash. The technology means lower running costs; reduced cost of maintenance and spare parts; and a better overall customer experience, helping generate very strong returns on investment.

Transforming the customer experience

2019 has been a year of modernising and evolving the customer proposition with £2.2m invested in the latest technologies and experiences. A significant redevelopment of our centre at Cheshire Oaks has trialled several of these new concepts with fantastic feedback from our customers. A new menu has been extensively tested with customers and is being rolled out across the estate with positive results. We have invested in a joint venture with Houdini's Escape Room Experience Limited offering world class experiences for an even wider audience.

Cheshire Oaks represents a significant step forwards in our development of the overall entertainment experience. State of the art lighting systems, combined with HyperBowl and the latest scoring systems on all our lanes, give a best in class bowling experience. We have combined the bar and reception area to improve service and have developed better zoning of customer activities, from traditional favourites like pool and air hockey to the latest in Virtual Reality Gaming with Nintendo's superb Super Mario VR or Houdini's extremely popular Escape from Alcatraz room. Whilst some aspects of the centre are testbeds for new activities and are in development, we are delighted to have seen a very strong leap forward in sales and our customers clearly love the overall entertainment experience. Many of the modern design features will be incorporated into future centre developments.

We are delighted with our partnership with Houdini's which we formalised in December 2019. We have invested £300k to purchase 50% of the company as a joint venture. The company already operates nine escape rooms across five locations, three of which are at Tenpin centres, and these are profitable with a short payback period on the capital investment. The founders continue to run the business, using their expertise and knowledge to create totally immersive and industry leading escape experiences. They are fully incentivised to grow the business and deliver profitable growth. The Group will also form part of the Board of Houdini's and provide financing in the shape of an interest-bearing loan facility, access to space in suitable Tenpin centres, and expertise in property acquisition. We are excited that this mutually beneficial joint venture alliance will help accelerate the growth of Houdini's escape rooms across the UK.

Improvements in the customer offering for food and beverage have made good progress in 2019. A new drinks range was rolled out in Q4 which not only offered better terms but more importantly broadened the range and availability to our customers. We now have key locally relevant products such as Tennent's lager in Scotland and a broadened cider range in the South West. We are also trialling cocktails in several centres which are enhancing the overall appeal of our drinks range. There has been an extensive trial of a new food menu in around 20% of our estate. This has delivered good sales uplifts and will be rolled out to the rest of the estate in due course. We remain focused on providing good quality finger food appropriate to bowling, but have extended the healthy options; introduced better quality ingredients; catered for vegan and halal palates; and enhanced our presentation.

Our new website launched early in 2020. We now have a responsive and modern platform that allows booking of the entire entertainment range across our estate. The new website also gives access to far better customer data and allows better targeting of our marketing that is relevant and timely for our customers.

Expanding the estate

We welcomed two new centres to the Tenpin family in 2019. A total investment of £2.6m is lower than 2018 as the business has started to explore new build developments as well as acquisitions. These have a slightly longer gestation period and so there have been fewer new sites added in the year as a result of broadening the pipeline. We are looking forward to opening our first new build centre in Manchester's prestigious Printworks.

Southport was already a profitable existing bowling centre which has now undergone Tenpinisation for a relatively low level of investment. This is targeted at building on the existing customer base and enhancing the entertainment offering through more modern machines, and an improved bowling experience to attract more customers. The centre is performing well and contributed increased profitable growth in 2019.

Falkirk was acquired from a landlord for nil consideration due to its very poor state of repair due to a historic lack of investment. The refurbishment has been transformational, introducing Pins & Strings; modernising the entire machine offering; improving lighting and decor; and modernising the food and beverage offering. The centre now represents the strongest leisure offering in the local catchment area and a targeted campaign of marketing to encourage local customers to experience the new entertainment offering has been highly successful. Sales are anticipated to be three to four times higher than they were before the acquisition.

Progress has been made on developing the pipeline of new centres for the business. Manchester Printworks' build is nearly completed but construction has been impacted by Covid-19. This centre will be a metropolitan version of Tenpin with an appeal to groups of friends and work colleagues, with strong trade during the week as well as families at weekends. The design will take many learnings from our research at Cheshire Oaks and will incorporate a contemporary look and feel relevant for the city centre environment.

Community and environment

Our business is family focused, and we are proud that our centres are at the heart of the communities they serve. Each site has its own nominated charity that it works with to help raise funds and participate in local events and national fundraising activities. Colleagues are supported to help give back to their local community and are allowed paid time off to work with charitable organisations. We work with local schools to provide bowling experiences as rewards and incentives for pupils and have a broad range of local community groups and charities enjoying bowling during weekdays including discounts for NHS and service personnel. Once we reopen, Wednesdays will be dedicated to offering free bowling to NHS employees and their families and friends.

Our commitment to investment in our centres has improved our energy efficiency, and since 2018 we have delivered a 19.4% reduction in our CO_2 emissions per centre. Total Group emissions were 15.4% lower than in 2018 despite a 10.2% increase in sales. We will continue to explore ways to reduce our carbon emissions and invest in energy efficient programmes. In addition to our focus on energy efficiency, we have reduced the use of single-use plastics at our sites.

Our colleagues are the key to providing our customers with a memorable and enjoyable experience every time they visit, and we are committed to ensuring we have a safe and healthy environment for them to work in. We have a comprehensive Health and Wellbeing strategy in place which ensures that every member of the team has access to health benefits, including discounted eye care and dental treatment.

People and culture

I am delighted with the quality and talent of our teams across the organisation. Since arriving in the business, the quality of my executive leadership team has been strengthened, bringing in some key talent with expertise in their fields from retail, restaurants and leisure. We have combined this with promotions from within our business giving continuity of experience within the bowling sector. The executive team is now of the very highest quality with a blend of complementary skills which can combine experience of operating bowling centres with fresh ideas and thinking about delivering best in class customer experience.

We have driven a people first culture with all team members having Talent Talks to understand their own personal aspirations and to grow their own careers. These will in time lead to a greater proportion of planned internal promotions and development, and I know from experience that a committed and engaged team always delivers a better experience for customers.

The Group pays many of its colleagues the National Living Wage and estimates that around 51% of total pay is directly linked to statutory increases in the wage level. This means that our colleagues' wages continue to rise ahead of inflation, providing them with a better standard of living. The relatively low cost of labour as a percentage of sales compared to other operators in the leisure sector means that the Group is able to mitigate the cost of wage inflation through cost benefits with improved operational efficiencies and increased volume. Therefore, the increase in pay levels across the UK in general can be considered an opportunity as more of our customers are benefiting from increased levels of disposable income and our business continues to offer a great option for great value family entertainment. We have continued to strengthen our reward and recognition programmes to offer discounts for team members via a digital platform.

Outlook

2020 began well, with +12.7% sales growth in the 11 weeks to 15th March 2020. Like-for-like sales growth over this period has been +9.3%. However, this run of good growth was prematurely halted by the enforced closure of our sites on Friday 20th March as a result of the worldwide Covid-19 pandemic. We swiftly took action to safely close our sites, with the protection of our customer and employees of paramount importance.

Our focus since closure has been on cash conservation and securing the future of the business, and I am pleased to say that we have had very strong support from our shareholders, employees, business partners, banks and the Government. On 26th March we issued an additional 5% of equity, raising an additional £5m of funds. This, combined with our £25m revolving credit facility with the Royal Bank of Scotland, meant that we began the crisis with just over £30m of liquidity headroom.

We acted swiftly and decisively to reduce our costs in the business. We have taken full advantage of the Government support available, which includes a one year business rates holiday, a Time to Pay scheme with HMRC and placing 99% of our employees on furlough under the Coronavirus Job Retenion Scheme (CJRS). At the same time, we have been pleased with the support we have received from many of our critical business partners, and we have negotiated for long term contracts to be placed on hold. Landlords have been supportive with rent deferrals during this period of closure and wherever possible we have moved to monthly payment schemes. We have ensured that these discussions have been collaborative rather than unilateral in order to secure continued support for when we reopen our business.

The result of these swift actions is a reduction of 70% in our monthly cash consumption to around £1.4m per month. This means that the business could continue to run closed and we believe puts us in a strong position not only to ensure our longevity but to enable us to open our doors to customers on a positive footing when the time comes.

Looking further forward, we are confident that with more normal trading conditions we will build an even stronger business for the future. The leisure market has been in consistent growth and our business offers a broad entertainment offering for the whole family at good value, making it ideally positioned to benefit, even in straitened economic times. Our strategy is proven, and while these are very uncertain times in the market, we are ready to open our entertainment centres to our customers again as soon as we are allowed to.

Duncan Garrood
Chief Executive Officer
13 May 2020

FINANCIAL REVIEW

2019 was another year of profitable growth for the Group, with 10.2% (FY18: 7.5%) sales growth delivering 11.0% (FY18: 57%) of growth in profit after tax and 16.3% (FY18: 3%) increase in adjusted earnings per share. We remain committed to delivering our growth through a self-funded programme of investment, and in 2019 we delivered a positive cash inflow whilst paying a dividend of 3.7p and delivering a strong investment programme for future profit delivery.

We refinanced the business in 2019 with a larger and more flexible revolving credit facility of £25m at a lower cost of financing. This protects the business for the future with a high level of headroom for future investments or to insulate against unexpected risks.

Overall the business has demonstrated rigour and discipline in its investment programme and has delivered sales and profit growth without stretching indebtedness.

FINANCIAL SUMMARY

£000	**52 weeks to 29 December 2019**	52 weeks to 30 December 2018
Revenue	**84,122**	**76,350**
Cost of sales[1]	**(10,387)**	(8,814)
Gross margin	**73,735**	**67,536**
GP%	*87.7%*	*88.5%*
Total operating costs	**(40,855)**	(38,910)
Centrally allocated overheads	**(3,155)**	(2,994)
Support office	**(6,157)**	(5,080)
Group adjusted EBITDA[2]	**23,568**	**20,552**
Profit on share of joint venture	**10**	**-**
Depreciation and amortisation	**(7,379)**	(6,396)
Net interest	**(788)**	(693)
Group adjusted profit before tax[2]	**15,411**	**13,463**
Exceptional items	**(2,391)**	(1,701)
Loss on disposal of assets	**(932)**	(634)
Amortisation of acquisition intangibles	**(293)**	(459)
Profit before tax	**11,795**	**10,669**
Taxation	**(2,758)**	(2,527)
Of which: taxation attributable to Group adjusted profit	***(2,836)***	*(2,665)*
Profit after tax	**9,037**	**8,142**
Earnings per share		
Basic earnings per share	**13.9p**	**12.5p**
Adjusted basic earnings per share	**19.3p**	**16.6p**
Full-year dividend	**3.7p**	**11.0p**

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 costs but excludes security and machine license 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 and profit or loss on disposal of assets. Group adjusted profit before tax is defined as profit before exceptional items, profit or loss on disposal of assets and amortisation of acquisition intangibles. 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 29 December 2019	52 weeks to 30 December 2018
Revenue (£000's)	**84,122**	76,350
Number of bowling centres	**45**	43
Like-for-like sales growth	**8.0%**	2.7%
Net new space sales growth	**2.2%**	4.8%
Total sales growth	**10.2%**	7.5%

Total sales grew by 10.2% to £84.1m (FY18: £76.4m). Like-for-like sales grew by 8.0% with net new space contributing 2.2% of growth. The new space is slightly lower than in previous years with only two 2019 centres compared to four in 2018 and with the 2018 sites having been acquired in the early part of the year.

Like-for-like sales have benefited from a weaker 2018 comparative due to the heatwave experienced in that year. Management estimates that this impact is c. 2%pts, and therefore the underlying like-for-like sales growth for 2019 is 6%, which is at the upper end of target for the year.

Gross margin

Gross margin has reduced slightly in 2019 but remains high at 87.7% (FY18: 88.5%) reflecting the margin rich nature of the bowling sales. Whilst the slight shift in product mix from bowling to food and machines is slightly margin dilutive, these sales are principally add-on sales from customers already visiting, and also attract good margin. Therefore, a slight erosion in overall gross margin is not considered to be a cause for concern but rather an indication of the underlying health of our ancillary products and customer offering.

Sales growth in 2019 has been driven principally by a strong increase in footfall from existing centres (+6.4%) as well as new centres (+2.2%). This has been supplemented by a +1.7% increase in spend per head ("SPH"). Pricing was held stable in 2019 with the SPH growth resulting from our improved ancillary product offerings, with more customers choosing to play other amusements or to drink and eat with us. We have seen food sales and machine sales grow ahead of the core bowling product as customers have enjoyed a wider range of activities when they visit us. This shows the benefit of our focus on modernising our offering across the business.

Operating costs

Our operating costs have been well controlled throughout the year. Operating costs increased by 5.0% to £40.9m (FY18: £38.9m) which is half the +10.2% growth rate in sales. New centres have added to the costs, and increased labour has been deployed in line with the increase in customers to ensure good customer service and to deliver incremental bar and food sales. Overall, operating costs as a percentage of sales have reduced in the year as a reflection of the operational gearing that the business generates as it grows.

The business has continued to benefit from good property deals and rent re-gears and, whilst the portfolio of centres has now largely been re-geared following the IPO in 2017, the business continues to seek opportunities to improve its commercial position.

Support Office costs

Support Centre costs grew by £1.1m (+21.2%) in the year as a result of an investment in activities to continue to drive customer innovation and like-for-like sales growth. We have guided that we anticipate overheads to persist at this new increased level going forwards as the business continues to maximise its market opportunities for growth.

Principal increases in support costs this year have been: developing and trialling a new menu; negotiating an improved drinks contract delivering lower costs for the next three years; investing in an enhanced operations structure to maximise centre performance; and an increased spend on customer marketing communications and managing our online offering. Each of these elements has contributed to like-for-like growth in 2019. We have also been able to pay a modest bonus for central colleagues and centres, equivalent to around 0.9% of EBITDA, in recognition of the strong growth in sales and EBITDA.

Group adjusted EBITDA

Group adjusted EBITDA has increased by 14.7% to £23.6m (FY18: £20.6m). Like-for-like sales have been the principal driver of this profit growth, as well as the cost reductions generated through Pins & Strings and rent re-gears. The model is efficient, with £7.7m of incremental sales generating £3.0m of additional EBITDA; a conversion rate of 39%, well ahead of the business underlying margin of 28.0%.

Depreciation, amortisation and capital expenditure

Depreciation and amortisation in 2019 was 15.3% higher than last year at £7.4m (FY18: £6.4m) as a result of the ongoing investment in the business in modernising our asset base. Maintenance capital spend, on items that are direct replacements and not customer facing, was £2.4m, with a further £6.4m of spend on inward investment and transforming the customer experience. This total investment in the existing estate at £8.8m is slightly higher than the overall depreciation reflecting an ongoing programme of overall improvement of our asset base. In addition, £2.6m has been invested in growing the estate through the acquisition and refurbishment of two new centres.

These additions to the asset base have been instrumental in generating a significant proportion of the overall sales growth and have resulted in an increase in the overall depreciation charge. Overall the increase in adjusted profit after tax is +11.9% which is in line with the growth in adjusted EBITDA and shows that the increased depreciation is proportionate to the overall business growth.

Finance costs

£000	**52 weeks to 29 December 2019**	52 weeks to 30 December 2018
Interest on bank debt	**(277)**	(197)
Amortisation of bank financing costs	**(56)**	(67)
Finance lease interest charges	**(282)**	(187)
Other finance costs	**(173)**	(242)
Net interest	**(788)**	**(693)**

Net interest has increased by £0.1m (+13.7%) in the year. This is proportionate to the +14.1% increase in net debt to £12.2m at the year end. The interest in bank net debt in the final quarter has benefited from the improved financing costs from our new revolving credit facility agreed during Q3 2019. This revised facility offers a £25m revolving credit facility which can be drawn at any time providing banking covenants are met. The margin and arrangement fees are both significantly lower than the previous facility, reflecting the ongoing progress of the business and its enhanced financial position.

Group adjusted profit before tax

Group adjusted profit before tax has increased by £1.9m to £15.4m. This is a 14.5% increase, in line with the +14.7% increase in Group adjusted EBITDA and comfortably ahead of the sales growth of 10.2%.

Exceptional items

	52 weeks to 29 December 2019 £000	52 weeks to 30 December 2018 £000
Provision for updated HMRC guidance	**822**	—
Redundancy and restructuring costs	**643**	385
Costs relating to acquisitions and one-off lease changes	**926**	1,316
Total exceptional costs	**2,391**	1,701

Three elements of exceptional spend have been identified in 2019 resulting in a charge of £2.4m, of which £1.4m is a cash outflow with the balance being a movement in provision.

Recent case law in 2019 based on a company in a somewhat similar industry has led the business to review how that ruling may apply to the bowling sector. The Group has proactively engaged with HMRC in this

matter. Whilst there is a range of possible outcomes, until a final position has been agreed, a provision of £0.8m has been made to cover any potential tax settlement and associated fees.

The new management team reviewed the senior leadership, central and operations structures during 2019 which resulted in some redundancies and one-off costs to move to a new structure. These costs included redundancy payments for some central staff and specific centre staff, technicians being made redundant due to the implementation of Pins & Strings, as well as some costs of change in the office infrastructure.

Costs relating to acquisitions and one-off lease changes have been incurred in relation to the two centre acquisitions in 2019 and the formation of a joint venture with Houdini's Escape Room Experience Ltd. In addition, the Group completed its review of the property lease portfolio to take advantage of changes in the property market which have made Tenpin an attractive tenant for landlords and has incurred fees in respect of the signing of these new lease agreements. It is anticipated that the Group will not incur further re-gear costs through exceptional items going forward.

Disposal of assets

The business has continued the rollout of the latest technology of bowling pinsetters, referred to as Pins & Strings. When these are installed, it results in a non-cash loss on disposal of the existing pinsetters and in 2019 this loss was (£0.7m), slightly higher than in 2018 when the loss was (£0.6m). Although the programme does result in this non-cash loss, the technology generates a significant return on investment from reduced costs and an improved customer experience. The business will continue with a full rollout of the new technology, with further losses expected in FY20 as the final old pinsetter assets are eliminated from the estate.

Amortisation of acquisition intangibles

The amortisation of acquisition intangibles charge was £0.3m (FY18: £0.5m) with the decline arising from the amortisation of customer lists to nil.

Taxation

The tax charge for the year is £2.8m (FY18: £2.5m) which is higher due to the increase in profit before taxation to £11.8m (FY18: £10.7m). The tax charge amounts to 23.4% (FY18: 23.7%) of profit before tax compared to the statutory tax rate of 19% due to certain exceptional costs not being allowable for tax purposes. Taxation attributable to Group adjusted profit before tax is £2.8m (FY18: £2.7m) at an effective tax rate of 18.4% (FY18: 19.8%) which is more in line with the statutory tax rate.

Profit after tax

Profit after tax increased 11.0% to £9.0m (FY18: £8.1m).

Number of shares and earnings per share

The number of shares remains unchanged at 65,000,000. Earnings per share were 13.9p, up 11% from last year's 12.5p. Adjusted earnings per share were up 16.3% to 19.3p (FY18:16.6p).

Dividends

The Board is not recommending a final dividend for the year due to the potential impact of Covid 19 and will instead conserve the cash to assist trading. Thus the full-year dividend will remain at 3.7p per share. The Board will review the dividend policy again once the Group resumes normal trading and has sufficient cash resources to support the Group's strategic plans.

BALANCE SHEET

As at £000	**29 December 2019**	30 December 2018	Movement
Assets			
Goodwill & other intangible assets	**30,314**	29,014	1,300
Property, plant and equipment	**47,248**	41,717	5,531
Inventories	**1,297**	1,505	(208)
Trade and other receivables	**4,929**	4,307	622
Cash and cash equivalents	**2,188**	5,298	(3,110)
	85,976	81,841	4,135
Liabilities			
Finance lease liabilities	**(8,109)**	(6,467)	(1,642)
Bank borrowings	**(6,109)**	(9,412)	3,303
Trade and other payables & provisions	**(11,505)**	(8,487)	(3,018)
Other liabilities	**(3,342)**	(2,567)	(775)
	(29,065)	(26,933)	(2,132)
Net assets	**56,911**	54,908	2,003

Net debt analysis

As at	**29 December 2019**	30 December 2018	Movement
Closing cash and cash equivalents	**2,188**	5,298	(3,110)
Bank loans	**(6,250)**	(9,500)	3,250
Bank net debt	**(4,062)**	(4,202)	140
Finance leases	**(8,109)**	(6,467)	(1,642)
Statutory net debt	**(12,171)**	(10,669)	(1,502)

CASH FLOW

	52 weeks to 29 December 2019	52 weeks to 30 December 2018	
	£000	£000	Movement
Cash flows from operating activities			
Group adjusted EBITDA	**23,568**	20,552	3,016
Maintenance capital	**(2,369)**	(2,417)	48
Movement in working capital	**1,829**	2,020	(191)
Finance lease and taxation payments	**(5,325)**	(5,313)	(12)
Free cash flow	**17,703**	**14,842**	**2,861**
Dividends paid	**(7,150)**	(6,500)	(650)
Cash flow available for investment	**10,553**	**8,342**	2,211
Inward investment	**(4,183)**	(4,109)	(74)
Transforming customer experience	**(2,198)**	(250)	(1,948)
Expanding the estate	**(2,618)**	(6,030)	3,412
Exceptionals & share based payments	**(1,414)**	(1,726)	312
Cash flow after investment	**140**	**(3,773)**	**3,913**
(Repayment)/Draw down of debt	**(3,250)**	3,500	(6,750)
Opening cash and cash equivalents	**5,298**	5,571	(273)
Cash and cash equivalents – end of period	**2,188**	5,298	(3,110)

Financing arrangements

In September 2019 the Group entered into a new Bank Facility Agreement with its bankers, Royal Bank of Scotland ("RBS"). The facility consisted of a £25m revolving credit facility which includes a £2m overdraft facility that has been separately carved out and replaces the prior facility that was in place with RBS. The facility is for three years and incurs a margin of 1.4% plus LIBOR and has the same key terms and security arrangements as the prior facility. The facility does have associated covenants but in the light of the current Covid-19 closures the bank has formally waived all covenant testing until June 28th 2021 at the earliest.

The Group also finances certain acquisitions by entering into finance leases with the suppliers. The Group has finance leased its gaming machine estate with Bandai Namco Europe Limited since 2014 with the balance at the end of FY19 amounting to £7.3m. It also has finance lease arrangements for centre Wi-Fi equipment and coffee machines amounting to £0.5m.

The Group has additional liabilities related to its obligation to the landlords for the renting of the property that the centres trade from. The Group has 45 (FY18:42) operating leases and one (FY18: one) finance lease related to its trading sites. The rental related to these properties amounted to £11.9m (FY18: £11.8m) with the total commitment being the current rent until the end of their leases which amounts to £197.4m (FY18: £182.8m), with the increase arising from the acquisition of Falkirk and Southport, entering a new lease for Manchester Printworks and the re-gears at four sites where the terms of the leases were extended leading to the increase in the average lease length to 16.3 years from 15.8 years. These operating leases will be treated according to IFRS 16 in the next financial year and this is explained in more detail below.

IFRS 16

The Group's financial year commenced on 31 December 2018 and the adoption of IFRS began for year ends commencing on 1 January 2019. The Group has not early adopted this standard and the financial statements for FY19 have been prepared based on the application of IAS 17 and the Group will adopt IFRS 16, the new financial reporting standard for leases, for FY2020. IFRS 16 has no impact on the running of the Group and there will be no change to the Group's cash flows. IFRS 16 does, however, have an effect on the assets, liabilities and income statement of the Group, and there are also changes to the classification of cash flows relating to lease contracts. IFRS 16 permits a choice on the method of implementation and, after careful

consideration, the Group has decided to adopt the modified retrospective approach. This adoption means that all prior year comparatives are not restated, but the cumulative effect of adoption is recognised as an adjustment to reserves in the opening balance sheet for FY2020. More detail on the impact of IFRS 16 on our FY2020 financial statements can be found on pages 81 and 82 of the financial statements.

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 29 December 2019. The basis for preparation is outlined in note 2 on page 21.

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 on page 24.

Principal risks and uncertainties

The Group's principal risks and uncertainties are set out on pages 28 to 29 of the Annual Report.

It is worth noting in particular the risk associated with Covid-19. At the time of signing all sites in the Group are closed due to the ongoing international pandemic. The business has taken significant actions to conserve cash, raise financing and work with the banks to ensure liquidity is available. These actions, described in the CEO's Operating Review mean that the Directors are confident that the business has sufficient liquidity to continue closed for well over 12 months. Therefore these accounts have been prepared on a Going Concern basis.

Antony Smith
Chief Financial Officer
13 May 2020

Consolidated statement of comprehensive income
for the 52-week period ended 29 December 2019

	Notes	**52 weeks to 29 December 2019 £000**	52 weeks to 30 December 2018 £000
Revenue	3	**84,122**	76,350
Cost of sales		**(24,930)**	(22,423)
Gross profit		**59,192**	53,927
Administrative expenses		**(46,609)**	(42,565)
Operating profit		**12,583**	11,362
Analysed as:			
Group adjusted EBITDA		**23,568**	20,552
Exceptional administrative costs	7	**(2,391)**	(1,7201)
Amortisation of acquisition intangibles		**(293)**	(459)
Depreciation and amortisation		**(7,379)**	(6,396)
Profit on share of joint venture		**10**	-
Loss on disposal of assets		**(932)**	(634)
Operating profit		**12,583**	11,362
Finance costs	6	**(788)**	(693)
Profit before taxation		**11,795**	10,669
Taxation	9	**(2,758)**	(2,527)
Profit and total comprehensive income for the period attributable to owners of the parent		**9,037**	8,142
Earnings per share			
Basic earnings per share	10	**13.90p**	12.53p
Diluted earnings per share	10	**13.87p**	12.50p
Adjusted basic earnings per share	10	**19.33p**	16.61p
Adjusted diluted earnings per share	10	**19.27p**	16.58p

Consolidated and Company statements of financial position

as at 29 December 2019

		Group		Company	
	Notes	**29 December 2019 £000**	30 December 2018 £000	**29 December 2019 £000**	30 December 2018 £000
Assets					
Non-current assets					
Goodwill	12	**29,350**	28,045	-	-
Intangible assets	12	**653**	969	-	-
Investments in joint venture	13	**310**	-	310	-
Investments	14	**-**	-	38,915	38,915
Property, plant and equipment	15	**47,248**	41,717	-	-
		77,561	70,731	39,225	38,915
Current assets					
Inventories		**1,297**	1,505	-	-
Trade and other receivables		**4,929**	4,307	2,412	29
Cash and cash equivalents		**2,188**	5,298	3	2,147
		8,414	11,110	2,415	2,176
Liabilities					
Current liabilities					
Bank borrowings and finance leases	17	**(9,227)**	(11,476)	9	-
Trade and other payables		**(9,819)**	(7,354)	(6,871)	(4,699)
Corporation tax payable		**(907)**	(719)	-	-
Provisions		**(91)**	(63)	-	-
		(20,044)	(19,612)	(6,862)	(4,699)
Net current liabilities		**(11,630)**	(8,502)	(4,447)	(2,523)
Non-current liabilities					
Bank borrowings and finance leases	17	**(4,991)**	(4,403)	**-**	-
Other non-current liabilities		**(1,284)**	(481)	**-**	-
Deferred tax liability		**(2,057)**	(2,087)	**-**	-
Provisions		**(688)**	(350)	**-**	-
		(9,020)	(7,321)	**-**	-
Net assets		**56,911**	54,908	34,778	36,392
Equity					
Share capital		**650**	650	650	650
Merger reserve		**6,171**	6,171	-	-
Share based payment reserve		**275**	159	275	159
Retained earnings		**49,815**	47,928	33,853	35,583
Total equity		**56,911**	54,908	34,778	36,392

Consolidated and Company statements of cash flows

for the 52-week period ended 29 December 2019

Group	Notes	**52 weeks to 29 December 2019 £000**	52 weeks to 30 December 2018 £000
Cash flows generated from operating activities			
Cash generated from operations	16	**23,917**	20,846
Corporation tax paid		**(2,616)**	(2,472)
Finance costs paid		**(681)**	(619)
Net cash generated from operating activities		**20,620**	17,755
Cash flows used in investing activities			
Investment in joint venture		**(300)**	-
Acquisition of sites by Tenpin Limited		**(1,400)**	(3,908)
Purchase of property, plant and equipment		**(8,556)**	(8,708)
Purchase of software		**(212)**	(190)
Net cash used in investing activities		**(10,468)**	(12,806)
Cash flows (used in)/generated from financing activities			
Cash costs capitalised from new borrowings		**(153)**	-
Finance lease principal payments		**(2,709)**	(2,222)
Dividends paid		**(7,150)**	(6,500)
Drawdown of bank borrowings		**17,000**	8,500
Repayment of borrowings		**(20,250)**	(5,000)
Net cash used in financing activities		**(13,262)**	(5,222)
Net decrease in cash and cash equivalents		**(3,110)**	(273)
Cash and cash equivalents – beginning of period		**5,298**	5,571
Cash and cash equivalents – end of period		**2,188**	5,298

Company	Notes	**52 weeks to 29 December2019 £000**	52 weeks to 30 December 2018 £000
Cash flows used in operating activities			
Cash used in operations	16	**(2,104)**	(7)
Net cash used in operating activities		**(2,104)**	(7)
Cash flows used in investing activities			
Investment in joint venture		**(300)**	-
Net cash used in investing activities		**(300)**	-
Cash flows generated from/(used in) financing activities			
Dividends received		**7,410**	6,695
Dividends paid		**(7,150)**	(6,500)
Net cash from financing activities		**260**	195
Net (decrease)/increase in cash and cash equivalents		**(2,144)**	188
Cash and cash equivalents – beginning of period		**2,147**	1,959
Cash and cash equivalents – end of period		**3**	2,147

Consolidated and Company statements of changes in equity

for the 52-week period ended 29 December 2019

Group	Share capital £000	Share based payment reserve £000	Merger reserve £000	Retained earnings/ (accumulated losses) £000	Total equity £000
52 weeks to 1 January 2018					
Balance at 31 December 2017	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
Share based payment charge	**-**	**116**	**-**	**-**	**116**
Dividends paid	**-**	**-**	**-**	**(7,150)**	**(7,150)**
Profit for the period and total comprehensive income attributable to owners of the parent	**-**	**-**	**-**	**9,037**	**9,037**
Balance at 29 December 2019	**650**	**275**	**6,171**	**49,815**	**56,911**

Company	Share capital £000	Share based payment reserve £000	Merger reserve £000	Retained earnings/ (accumulated losses) £000	Total equity £000
52 weeks to 30 December 2018					
Balance at 1 January 2018	650	86	-	37,344	38,080
Profit for the period [1]	-	-	-	4,739	4,739
Share based payment charge	-	73	-	-	73
Dividend paid	-	-	-	(6,500)	(6,500)
Balance at 30 December 2018	650	159	-	35,583	36,392
Share based payment charge	**-**	**116**	**-**	**-**	**116**
Dividend paid	**-**	**-**	**-**	**(7,150)**	**(7,150)**
Profit for the period [1]	**-**	**-**	**-**	**5,420**	**5,420**
Balance at 29 December 2019	**650**	**275**	**-**	**33,853**	**34,778**

1 The profit for the period in the company is made up of the dividend income received of £7,410k and the loss after tax of £1,990k

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 29 December 2019 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 29 December 2019 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 29 December 2019 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 29 December 2019 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 29 December 2019			
Segment revenue – external	**84,122**	**-**	**84,122**
Bowling	**39,912**	—	**39,912**
Food and drink	**21,426**	—	**21,426**
Machines & amusements	**19,649**	—	**19,649**
Other	**3,135**	—	**3,135**
Adjusted EBITDA (note 4)	**25,526**	**(1,958)**	**23,568**
Segment assets as at 29 December 2019	**88,420**	**(2,445)**	**85,975**
Segment liabilities as at 29 December 2019	**(28,189)**	**(875)**	**(29,064)**
Reconciliation of adjusted EBITDA to reported operating profit			
Adjusted EBITDA (note 4)	**25,526**	**(1,958)**	**23,568**
Amortisation and depreciation of intangibles and property, plant and equipment	**(7,379)**	—	**(7,379)**
Loss on disposals (note 7)	**(932)**	—	**(932)**
Profit on share of joint venture (note 13)	**10**	—	**10**
Amortisation of fair valued intangibles	**(114)**	**(179)**	**(293)**
Exceptional items (note 7)	**(2,300)**	**(91)**	**(2,391)**
Operating profit/(loss)	**14,811**	**(2,228)**	**12,583**
Finance (costs)/income (note 6)	**(865)**	**77**	**(788)**
Profit/(loss) before taxation	**13,946**	**(2,151)**	**11,795**

For the 52-week period ended 30 December 2018

Segment revenue – external	76,350	-	76,350
Bowling	36,578	-	36,578
Food and drink	19,811	-	19,811
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)
Exceptional items (note 7)	(1,537)	(164)	(1,701)
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

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 and profit or loss on disposal of assets.

Reconciliation of operating profit to Group adjusted EBITDA	**52 weeks to 29 December 2019 £000**	52 weeks to 30 December 2018 £000
Group adjusted EBITDA	**23,568**	20,552
Amortisation of software	**(283)**	(286)
Amortisation of fair valued items on acquisition	**(293)**	(459)
Loss on disposals	**(932)**	(634)
Depreciation of property, plant and equipment	**(7,096)**	(6,110)
Profit on share of joint venture	**10**	-
Operating profit before one-off items	**14,974**	13,063
Exceptional items – other	**(2,391)**	(1,701)
Operating profit	**12,583**	11,362

Costs of sales – 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 costs but excludes security and machine license costs incurred by the sites.

Reconciliation of cost of sales	**52 weeks to 29 December 2019 £000**	52 weeks to 30 December 2018 £000
Cost of sales per the financial review	**(10,387)**	(8,814)
Site labour costs	**(15,173)**	(14,208)
Machine license and security costs in administrative expenses	**630**	599
Cost of sales per the statement of comprehensive income	**(24,930)**	(22,423)

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 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. The reconciliation of this % to the total sales growth is reflected on page 11.

Free cash flow – this is Group adjusted EBITDA less cash flows from maintenance capital, working capital, finance lease and taxation payments.

Return on Capital Employed (ROCE) - This is operating profit as a percentage of total capital employed which consists of non-current assets and current assets less current liabilities.

Bank net debt – This is made up of bank borrowings less cash and cash equivalents.

5. Staff cost and numbers

Staff costs – Group	**52 weeks to 29 December 2019 £000**	52 weeks to 30 December 2018 £000
Wages and salaries	**17,553**	16,091
Social security costs	**1,154**	1,019
Other pension costs	**180**	146
Share based payments (note 7)	**116**	73
	19,003	17,329

Staff costs included within cost of sales are £14.6m (2018: £13.36). 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 29 December 2019 received remuneration of £348,633 (2018: £293,125) and no share options were exercised or due to be exercised. 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 29 December 2019 Number**	52 weeks to 30 December 2018 Number
Staff	**978**	899
Administration	**56**	56
Unit management	**153**	127
	1,187	1,082

Staff costs – Company	**52 weeks to 29 December 2019 £000**	52 weeks to 30 December 2018 £000
Wages and salaries	**1,125**	1,061
Social security costs	**96**	91
Other pension costs	**13**	14
Share based payments (note 7)	**116**	73
	1,350	1,239

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

6. Finance costs

	52 weeks to 29 December 2019 £000	52 weeks to 30 December 2018 £000
Interest on bank loans and overdrafts	**277**	197
Amortisation of debt issuance costs	**56**	67
Finance lease interest	**282**	187
Notional interest on unwinding of discount on provisions	**7**	7
Other	**166**	235
Finance costs	**788**	693

7. Profit before taxation

The following items have been included in arriving at a profit before taxation:	**52 weeks to 29 December 2019 £000**	52 weeks to 30 December 2018 £000
Staff costs (note 5)	**19,003**	17,329
Consumables charged to cost of sales	**1,770**	1,360
Depreciation of property, plant and equipment (note 15)	**7,096**	6,110
Amortisation of software (note 12)	**283**	286
Amortisation of fair valued intangibles on acquisition (note 12)	**245**	425
Loss on disposal of assets(1)	**932**	634
Profit on share of joint venture (note 13)	**(10)**	-
Operating lease rentals payable – property	**11,932**	11,821
Share based payments	**116**	73
Repairs on property, plant and equipment	**1,943**	1,834
Exceptional items:		
Provision for updated HMRC guidance (2)	**822**	—
Redundancy and restructuring costs (3)	**643**	385
Costs relating to acquisitions and one off lease changes (4)	**926**	1,316
Total exceptional costs	**2,391**	1,726
Auditors' remuneration:		
Fees payable to Company's auditors for the Company and consolidated financial statements	**53**	28
Audit of Company's subsidiaries	**70**	95
Audit related assurance services	**39**	37
	162	160

1 The loss on disposals arises from bowling equipment and spares 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 of accelerated depreciation of bowling equipment.

2 Recent case law in 2019 based on a company in a somewhat similar industry has led the business to review how that ruling may apply to the bowling sector. The Group has proactively engaged with HMRC in this matter. Whilst there is a range of possible outcomes, until a final position has been agreed, a provision of £0.8m has been made to cover any potential tax settlement and associated fees.

3 Redundancy and restructuring costs relate to a one off restructuring exercise carried out at the support centre and then specific site staff and technicians being made redundant due to the implementation of Pins & Strings.
4 These professional fees, taxes and other costs are one-off costs that have been incurred in site acquisitions including signing new leases and corporate-related transactions undertaken by the Group relating to the joint venture arrangement. This figure also includes the one-off costs of reviewing the property lease portfolio 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 not incur further re-gear costs through exceptional items going forward.

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 13 May 2020. The result for the financial period dealt with in the financial statements of Ten Entertainment Group plc was a profit of £5.4m (2018: profit of £4.7m). 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 29 December 2019 £000	52 weeks to 30 December 2018 £000
Current tax:		
Current tax on profits for the period	**2,678**	2,366
Adjustment in respect of prior years	**126**	-
Deferred tax:		
Origination and reversal of temporary differences	**(92)**	161
Adjustment in respect of prior years	**46**	-
Tax charge in statement of comprehensive income	**2,758**	2,527

The tax on the Group's profit before tax differs (2018: differs) from the theoretical amount that would arise using the standard rate of tax in the UK of 19% (2018: 19%). The differences are explained below.

	52 weeks to 29 December 2019 £000	52 weeks to 30 December 2018 £000
Profit before taxation	**11,795**	10,669
Tax using the UK corporation tax rate of 19% (2018: 19%)	**2,241**	2,027
Expenses not deductible	**509**	328
Adjustment in respect of prior years	**172**	-
Allowable depreciation on finance leases	**(414)**	(415)
Permanent differences	**250**	587
Tax charge	**2,758**	2,527

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 29 December 2019 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 179,451 potentially issuable shares (2018: 126,617), 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 29 December 2019 £000**	52 weeks to 30 December 2018 £000
Profit after tax	**9,037**	8,142
Basic weighted average number of shares in issue	**65,000,000**	65,000,000
Adjustment for share awards	**179,451**	126,617
Diluted weighted average number of shares in issue	**65,179,451**	65,126,617
Basic earnings per share (pence)	**13.90p**	12.53p
Diluted earnings per share (pence)	**13.87p**	12.50p

Below is the calculation of the adjusted earnings per share:

Adjusted earnings per share	**52 weeks to 29 December 2019 £000**	52 weeks to 30 December 2018 £000
Profit after tax	**9,037**	8,142
Amortisation of fair valued items on acquisition	**293**	459
Loss on disposals	**932**	634
Profit on share of joint venture	**(10)**	-
Exceptional costs	**2,391**	1,726
Tax impact on above adjustments	**(78)**	(138)
Adjusted underlying earnings after tax	**12,565**	10,798
Adjusted profit after tax	**12,565**	10,798
Weighted average number of shares in issue	**65,000,000**	65,000,000
Adjusted basic earnings per share	**19.33p**	16.61p
Adjusted diluted earnings per share	**19.27p**	16.58p

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 – Southport

On 1 April 2019, the Group acquired the assets and trade of a bowling site in Southport. The Group entered into a Business Purchase Agreement with the seller and acquired control of the assets for £1.5m as summarised below:

Consideration as at 1 April 2019	**£000**
Cash consideration paid	1,400
Cash paid for other assets being prepaid rent	56
	1,456
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	111
Deferred tax liabilities	(16)
Other assets and liabilities, net	56
Total identifiable net assets	151
Goodwill	1,305
Total	1,456

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 £0.1m 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. As not all of the information was provided they are not disclosed 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 – Falkirk

On 3 June 2019, the Group acquired the assets and trade of a bowling site in Falkirk. The Group entered into a purchase agreement and a new 25-year lease. The business was acquired for a nil value with no purchase price paid in exchange for the Group entering into the 25-year lease for the property and the bowling equipment.

Property, plant and equipment fair values were determined internally as nil as well since most of the value of the assets would be in the bowling equipment which were not acquired. The majority of the other assets were ageing and a significant refurbishment plan has also started on the site to bring it in line with the rest of the Group's estate.

As part of the due diligence, the sales and profit numbers prior to acquisition from the seller's management accounts were reviewed. As not all of the information was provided they are not disclosed here to provide a guide to potential full-year performance. Since the date of the business combination, the site generated £0.3m of sales and made an EBITDA loss of £0.1m 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.

12. Goodwill and intangible assets

Group	Fair valued intangibles on acquisition £000	Goodwill £000	Software £000	Total £000
Cost				
At 1 January 2018	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
Additions	—	1,305	212	1,517
At 29 December 2019	**2,938**	**29,350**	**1,222**	**33,510**
Accumulated amortisation and impairment losses				
At 1 January 2018	1,906	-	362	2,268
Charge for the period – amortisation	425	-	286	711
At 30 December 2018	2,331	-	648	2,979
Charge for the period – amortisation	245	-	283	528
At 30 December 2018	**2,576**	**-**	**931**	**3,507**
Net book value				
At 29 December 2019	**362**	**29,350**	**291**	**30,003**
At 30 December 2018	607	28,045	362	29,014
At 1 January 2018	1,032	25,171	458	26,661

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 IAS 36 to group CGUs, in order to reflect the level at which goodwill is monitored by management. The whole Group is considered to be one group of CGUs, for the purposes of goodwill impairment testing, 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 15 for property, plant and equipment. Due to the strong performance of the Group, there is significant headroom in excess of £163.3m 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 was recognised and will be amortised over the period for which the benefits are expected to be recognised. The goodwill acquired during the period arose on the business combination of the site in Southport on 1 April 2019 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 in joint venture

	£000
At 1 January 2018	-
Acquisitions and disposals	-
At 30 December 2018	-
Investment in new joint venture	300
Share of post tax profit in new venture	10
At 29 December 2019	**310**

Company	Country of incorporation	Ownership interest %	Principal activity
Houdini's Escape Room Experience Limited (Registered address: 11 Stares Close, Gosport, Hampshire, England, PO13 9RZ)	UK	50%	Leisure

In December 2019, the Company entered into a Share Purchase Agreement and acquired 50% of the share capital of Houdini's Escape Rooms Experience Limited for £0.3m. The Company also entered into a joint venture agreement to determine the arrangements around the selection of Directors, dividend policy, premise use, provision of services, put and call option arrangements and deadlock procedures. Tenpin Limited and Houdini's also entered into a £2.5m loan facility agreement whereby Houdini's can borrow money from Tenpin Limited over a three-year period to fund the building of escape rooms on their premises. The loans will incur a market rate of interest and have been secured by a Debenture Agreement that the two parties entered. As the purpose of the Joint Venture is to fund and build escape rooms there is a restriction in the agreement around the payment of dividends by Houdini's. Houdini's has a financial year ending 31 July 2019 and once its accounts have been finalised and submitted the Group will look at changing the date to be that of the Group.

Prior to the above agreements, in 2019 Houdini's built and operated escape rooms at three of Tenpin's sites which were covered by a revenue share agreement between the parties. Going forward after entering into the joint venture arrangement, Tenpin will charge Houdini's an operating licence fee instead.

14. Investments

Company	Subsidiaries shares £000
At 1 January 2018	38,915
Acquisitions and disposals	-
At 30 December 2018	38,915
Acquisitions and disposals	-
At 29 December 2019	**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.

15. 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 1 January 2018	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
Additions	-	-	3,624	9,951	13,575
Acquisition of new sites	-	-	-	111	111
Disposals	-	-	(1,514)	(943)	(2,457)
At 29 December 2019	**2,122**	**9,569**	**11,571**	**43,020**	**66,282**
Accumulated depreciation and impairment					
At 1 January 2018	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
Charge for the period	54	969	2,177	3,896	7,096
Disposals – depreciation	-	-	(1,164)	(234)	(1,398)
At 29 December 2019	**239**	**2,712**	**5,404**	**10,679**	**19,034**
Net book value					
At 29 December 2019	**1,883**	**6,857**	**6,167**	**32,341**	**47,248**
At 30 December 2018	1,937	7,826	5,070	26,884	41,717
At 1 January 2018	1,991	8,732	3,380	20,788	34,891

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 45 (2018: 43) 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:

	29 December 2019	30 December 2018
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	**13.0%**	12.9%

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

The key assumptions to which the calculation is sensitive remain the future trading performance and the growth rate that is expected of each site. If the discount rate applied in the calculations is increased by 1%, the impairment charge increases by £0.04m (2018: £nil). If the growth rate applied is changed to 0% then impairment increases by £0.05m (2018: £0.1m). Increasing the discount rate to 14% results in impairment in two of the new sites but the business has been prudent in forecasting their growth and expects they will become more profitable sites in the future. The discount would have to increase to 21% for the impairment charge to reach £0.9m. 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 (2018: 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 £25.0m (2018: £20.0m). Properties held under finance leases had a net book value of £0.2m (2018: £0.2m) and the finance lease depreciation charged in the period was £0.0m (2018: £0.1m). Amusement machines held under finance leases had a net book value of £6.2m (2018: £5.1m) and the finance lease depreciation charged in the period was £2.2m (2018: £2.2m).

16. Cash generated from operations

Cash flows from operating activities	**Group 52 weeks to 29 December 2019 £000**	Group 52 weeks to 30 December 2018 £000	**Company 52 weeks to 29 December 2019 £000**	Company 52 weeks to 30 December 2018 £000
Profit/(loss) for the period	**9,037**	8,142	**(1,990)**	(1,956)
Adjustments for:				
Tax	**2,758**	2,527	**-**	-
Finance costs	**788**	693	**-**	-
Profit on share of Joint Venture	**(10)**	-	**(10)**	-
Non-cash one-off costs	**800**	-	**-**	-
Non-cash share based payments charge	**116**	73	**116**	73
Loss on disposal of assets	**921**	634	**-**	-
Amortisation of intangible assets	**528**	711	**-**	-
Depreciation of property, plant and equipment	**7,096**	6,110	**-**	-
Changes in working capital:				
Increase/(decrease) in inventories	**208**	(149)	**-**	-
Increase in trade and other receivables	**(622)**	(678)	**(2,383)**	(1)
Increase in trade and other payables	**1,938**	2,808	**2,163**	1,877
Increase/(decrease) in provisions	**359**	(25)	**-**	-
Cash generated from/(used in) operations	**23,917**	20,846	**(2,104)**	(7)

17. Bank borrowings and finance leases

Current liabilities	**Group 29 December 2019 £000**	Group 30 December 2018 £000	**Company 29 December 2019 £000**	Company 30 December 2018 £000
Bank loans	**6,250**	9,500	-	-
Finance leases	**3,118**	2,064	-	-
Capitalised financing costs	**(141)**	(88)	(9)	-
	9,227	11,476	(9)	-

In September 2019, the Group entered into a £25.0m facility with the Royal Bank of Scotland plc ("RBS"). This facility consists of a committed £25.0m facility split into a £23.0m revolving credit facility and a £2.0m overdraft facility. All loans carry interest at LIBOR plus a margin of 1.40%.

Non-current liabilities	**Group 29 December 2019 £000**	Group 30 December 2018 £000	**Company 29 December 2018 £000**	Company 30 December 2018 £000
Finance leases	**4,991**	4,403	**-**	-

Bank borrowings are repayable as follows:

Bank loans	**Group 29 December 2019 £000**	Group 30 December 2018 £000	**Company 29 December 2019 £000**	Company 30 December 2018 £000
Within one year	**6,250**	9,500	**-**	-
	6,250	9,500	**-**	-

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 + 1.40%	Sept 2022	23,000	6,250
Bank overdraft	GBP	LIBOR + 1.40%	Annually	2,000	-
Total borrowings				25,000	6,250

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

	Property leases		Machines & other leases		Total	
Net	**29 December 2019 £000**	30 December 2018 £000	**29 December 2019 £000**	30 December 2018 £000	**29 December 2019 £000**	30 December 2018 £000
Within one year	**3**	3	**3,115**	2,061	**3,118**	2,064
Between one and two years	**3**	3	**2,323**	1,704	**2,326**	1,707
Between two and five years	**12**	11	**2,389**	2,417	**2,401**	2,428
After five years	**264**	268	**-**	-	**264**	268
	282	285	**7,827**	6,182	**8,109**	6,467

	Property leases		Machines & other leases		Total	
Gross	**29 December 2019 £000**	30 December 2018 £000	**29 December 2019 £000**	30 December 2018 £000	**29 December 2019 £000**	30 December 2018 £000
Within one year	**23**	21	**3,242**	2,255	**3,265**	2,276
Between one and two years	**23**	23	**2,385**	1,827	**2,408**	1,850
Between two and five years	**68**	68	**2,407**	2,497	**2,475**	2,565
After five years	**540**	564	**-**	-	**540**	564
	654	676	**8,034**	6,579	**8,688**	7,255
Future finance charges on finance leases	**(372)**	(391)	**(207)**	(397)	**(579)**	(788)
Present value of finance lease liabilities	**282**	285	**7,827**	6,182	**8,109**	6,467

Finance leases are in place for one (2018: one) property at a value of £0.3m (2018: £0.3m), amusement machines from Bandai Namco Europe Limited with a value of £7.3m (2018: £6.1m) and WiFi equipment with a value of £0.1m (2018: £0.1m) and coffee machines acquired in 2019 with a value of £0.5m.

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 (£4.1m) (2018: (£4.2m)). 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 2018	**5,571**	**(6,000)**	**(429)**	**(4,245)**	**-**	**(4,674)**
Cash flows	(273)	(3,500)	(3,773)	2,222	-	(1,551)
Finance lease acquisition of amusement machines	-	-	-	(4,444)	-	(4,444)
Balance at 30 December 2018	**5,298**	**(9,500)**	**(4,202)**	**(6,467)**	**-**	**(10,669)**
Cash flows	**(3,110)**	**3,250**	**140**	**2,709**	**-**	**2,849**
Finance lease acquisition of amusement machines	**-**	**-**	**-**	**(4,351)**	**-**	**(4,351)**
Balance at 29 December 2019	**2,188**	**(6,250)**	**(4,062)**	**(8,109)**	**-**	**(12,171)**