Half-Year Results
23 September 2020

Results for the 26 weeks to 28 June 2020

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ten. ENTERTAINMENT GROUP PLC

Ten Entertainment Group plc
Half-Year Results 26 weeks ended 28 June 2020

"In excellent shape with a proven strategy to maximise our future opportunity."

Ten Entertainment Group plc ("Ten Entertainment" or "The Group"), a leading UK operator of 46 family entertainment centres, today announces its half-year results for the 26 weeks to 28 June 2020. The results reflect a period of very significant disruption as a result of the enforced Government closure of all leisure and hospitality venues ("Lockdown") from 20 March 2020 as a result of the Covid-19 pandemic.

	26 weeks to 28 June 2020 (H1 20)	26 weeks to 30 June 2019 (H1 19)
Total sales	**£22.5m**	£41.4m
Like-for-like sales growth first 11 weeks	**9.6%**	5.1%
Group adjusted EBITDA[1]	**(£1.5m)**	£11.2m
Group adjusted profit before tax[1]	**(£5.7m)**	£7.3m
Reported profit after tax	**(£5.1m)**	£4.7m
Cash / (Bank net debt)[1]	**(£6.7m)**	(£3.2m)
Available debt headroom	**£18.3m**	£11.8m
Cash (out-flow)/in-flow after investments	**(£2.6m)**	£1.0m

- A strong start in the first quarter with accelerating like-for-like sales growth of 9.6% before Lockdown
- Robust financial position showing the resilience of the underlying business model
  - Cost control, supplier support and Government support reduced cash burn by over 70%
  - Liquidity secured through low net debt, £25m of undrawn RCF and equity raise of £4.9m and covenant waiver
  - Significant remaining headroom with Bank net debt only increasing to (£6.7m) (H1 19: (£3.2m))
- Recovered quickly from Lockdown as restrictions were eased. All centres are now fully open
- Trading has begun well at 83% of previous levels:
  - All 46 centres now open
  - Initial customer feedback has been good, with customers understanding the measures in place
  - Spend per head (SPH) has been maintained at last year's levels
- Returned to profit and cash generation despite only 50% lane capacity at this stage
- Discrete bowling lane areas well suited to Government's "Rule of Six" guidelines
- Strategically well positioned to benefit from ongoing consumer demand and future opportunities
- Seamless transition to new leadership

Nick Basing, Executive Chairman said:
I am pleased that even in extreme adversity the team have taken decisive action that has enabled the Group to emerge from Lockdown so strongly, putting in place sufficient cash liquidity to protect it through a continued period of uncertainty.

We have made a very good start, showing that we have a safe and attractive business for customers and staff. I fully expect our strategy for growth, proven over the years, to return us to profitable growth in the near future once circumstances permit."

Graham Blackwell, Chief Executive Officer, commented:
"I am pleased to have been given the opportunity to lead the Group at this crucial time and I am grateful for the fantastic support from my colleagues as we have secured our long-term position. My 30 years in the business have shown me that the strength and stability of our teams, the quality of our estate and our great service can stand the test of time.

We are really encouraged by our reopening performance. Our primary focus is to return the business to the trend of the first quarter through our strengths in operational improvements and commercial innovation. Our proven strategy remains relevant, and with a track record of eight consecutive years of like-for-like sales progression, I am confident that we will return the business to growth."

Enquiries:

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There will be a presentation today at 9.00 am to analysts via a Webcast. The supporting slides and audio will also be available on the Group's website, www.tegplc.co.uk, later in the day.

Forward-looking statements

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

1 These are non-IFRS measures used by the Group in understanding its underlying earnings. Group adjusted EBITDA consists of earnings before interest, taxation, depreciation, amortisation costs, exceptional items, profit or loss on disposal of assets and adjustments to onerous lease and impairment provisions. Group adjusted profit before tax is defined as profit before exceptional items, profit or loss on disposal of assets, amortisation of acquisition intangibles 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 centres over a comparable trading period.

Executive Chairman's Introduction

We entered 2020 with a strong sense of optimism after an excellent 2019. Our strategy continued to deliver excellent returns and good growth and we had an exciting number of new centres in the pipeline. At the time that the Covid-19 pandemic caused a dramatic halt to operations, we had been trading well, were growing and were confident for the future. Our response to the pandemic has been equally strong. Within a week of closure, we had raised £4.9m through an equity placing. We acted swiftly with our business partners and dramatically reduced our cash outflow and we welcomed the unprecedented levels of Government support. All these actions have helped us to minimise the cash outflow, and we ended the half-year with more liquidity headroom than we had in 2019.

The business is a strong one. We operate in a market that has seen long-term structural growth, and customers still want to enjoy competitive socialising activities as part of their leisure activities with families and friends. We have a highly cash generative business that operates on high margins. This will allow us to rebuild quickly so that we can refocus on our proven strategy. It is for these reasons that I remain confident for the future. Five months of Lockdown has enforced a pause in our investment programme, but our cash position remains strong, and once we have certainty of the landscape, we will be able to return to and resume our successful growth model.

We now enter a new phase as we open the business post Lockdown. I am delighted to have Graham Blackwell at the helm as our new CEO. He is ideally placed to lead the business back to its previous levels and beyond, having been instrumental in getting the business there once already.

Chief Executive's Statement and Operating Review

I am pleased to take on the leadership of the Group to guide it through this crucial phase of development and regrowth. With over 30 years' experience in the industry I remain confident of the enduring appeal of our family entertainment centres. That appeal remains, and with our operational experience and strong customer proposition, we are well placed to stabilise our position and return to growth.

The Group had an excellent start to the year, with the first 11 weeks delivering double-digit sales growth and good progress on developing the customer experience. On 20 March the Covid-19 pandemic resulted in widespread Lockdown across the UK and our entire estate was closed and remained so until the majority of centres opened again on 15 August.

Our strong Q1 sales and our prudent approach to cost and cash management meant that we began the closure period in robust financial health. Swift action from management and strong support from shareholders and many other stakeholders gave the business a good level of liquidity headroom.

In response to the Government's Lockdown measures and the growing crisis, the Board set out clear priorities: to protect our people and their jobs; to preserve the long-term future; and to prepare for reopening. I am pleased to report that we delivered against those objectives and our business is now fully open with some encouraging early results.

Protecting our people

On 20 March the Government announced the enforced closure of hospitality and leisure businesses throughout the UK. The Board responded immediately, and within a week had safely secured all centres in the estate in preparation for a period of closure. During this period, the Government also announced the Coronavirus Job Retention Scheme (CJRS), a mechanism through which staff could be furloughed with their costs covered by a Government rebate.

95% of the 1,170 people in the Group were furloughed by early April, with a small core of support staff remaining in place throughout the closure period. The Government supported 80% of wages up to a maximum of £2,500 per month for people who had been in place since the end of February.

Preserving financial security during closure meant that our employees were able to look after their families, develop their skills or help out in their local community. Many volunteered for charities or the NHS or simply supported their neighbours and friends. Our commitment to doing the right thing together with the support from the Government ensured that we could reopen our centres with well over 90% of our people able to return to work. None of our site-based people were made redundant.

Preserving the long-term future

The Group entered Lockdown with £25m of headroom in its financing facility. The Board responded to the high levels of uncertainty around closure period and decided to take the prudent action of securing an additional £4.9m of equity funding from shareholders. The successful raise, within a week of the start of Lockdown, secured significant long-term resilience with £30m of available liquidity headroom.

We were delighted with the level of support that we received from our suppliers and partners. Most of our contractual commitments providing services at our centres were paused. We halted all our capital investment except where projects were already in progress and committed. We tightly controlled our spending such that only the essential services such as insurance, security and controls were left in place.

Government support in the form of the Coronavirus Job Retention Scheme (CJRS) and the waiver of business rates was extremely welcome and enabled a significant reduction to an otherwise committed cost base without the need for more draconian action. Further cash support from the Government in terms of their Time to Pay scheme with HMRC has given the opportunity to improve working capital further.

Landlords have been supportive, with over £3m of cash rent saved since closure. This has been a mix of rent-free periods, rent deferrals and a number of lease regears that have extended our tenure in exchange for cashflow benefits during Lockdown and beyond.

Delivering of over £10m of cash saving is testament to the quality of our supplier relationships, the strength of the Government support, and the effectiveness of our operational teams. As a result, the cash burn rate was reduced by 70% to £1.4m per month. Combined with the funds raised from shareholders, this meant that the business could resist a period of closure of around 18 months without taking actions that might cause long-term damage to the underlying successful business model.

Preparing to reopen

The Group has been instrumental in developing the operating protocols for the industry as it exits Lockdown. Our operational expertise has ensured that we can implement these protocols to the highest standards in order to ensure our employees and customers can enjoy a safe environment and an enjoyable experience.

We have invested in ensuring all our teams undertook a specially designed Covid training programme before they returned to work, as well as a refresher course to remind them of how we help our customers have fun in a safe environment. We have added new roles in our centres to take extra care of sanitising the lanes as well as introducing greeters at the entrance to help navigate our rules around masks and distancing, and ensuring customers are completing Track and Trace details.

Our centres have been modified to protect our customers with clear signage, one-way systems and protective screens. Our gaming areas have been reflowed to enable customers to continue to enjoy our activities at a safe distance. For now, we are limiting capacity and only using every other lane. However, we have developed protocols that mean we can open all of our lanes when the time is right.

Prior to the closure, two significant refurbishments and a new centre build were in progress. We took the opportunity during Lockdown to fully complete these programmes. Both refurbishments have built on what we have learned from our development centre at Cheshire Oaks which we refurbished in 2019, with some brand-new trial concepts. We have developed these trials and have now implemented our very latest thinking on design, customer flow and entertainment experience at two of our busiest and most important centres. Manchester Printworks, which opened last week, is the Group's first new build development. This too has the very latest in design and entertainment experience.

Our busy Acton centre now has additional lane capacity as well as a modernised bar area, improved machines and best-in-class lighting and lane effects to create a fully immersive bowling experience. We have added space for Escape Rooms which we will be opening there shortly. Star City in Birmingham has also benefited from a modern new bar and dining area and we have introduced karaoke booths and increased the number of Escape Rooms.

Manchester Printworks opened in mid-September and offers the very best in metropolitan competitive socialising, including state of the art lane effects, Beer Pong, Shuffleboard and an exciting balcony viewing area to watch the bowling and enjoy a drink. This is the Group's first new build brownfield development, giving the opportunity to design the centre from scratch and deliver a truly unique bowling experience. We have used contemporary local designers to enhance the aesthetic and have developed a bespoke menu that is well suited to the city centre customer base.

During Lockdown we increased our social media presence, and our engagement with our customers was strong, with games, competitions and offers. Facebook engagement doubled and we increased our presence on Instagram to broaden the customer reach. Since we have reopened there has been a fundamental shift in customer behaviour. Advanced bookings online have more than doubled and now make up the majority of our bowling sales. This helps us to plan and manage capacities carefully and would not have been possible without the website development we completed in January. Our new digital platforms have allowed us to communicate better with our customers during Lockdown as well as to ensure we have very strong Track and Trace capabilities and best practice Covid security measures.

We have developed a web-based ordering system for food and drink which is already proving successful. Customers can now use their phones to order and pay in a completely contact-free environment and to have their meals and drinks delivered directly to their lane or table. This not only helps social distancing but allows us to increase ancillary spend and give customers a better service. We have been pleased to see that average spend per head has been maintained since reopening.

These preparations made us ready to open strongly, and while mid-August was later than we had hoped, we did benefit from the last two weeks of the school summer holidays and we were pleased to see that our customers were happy to return, with some excellent feedback on the experience.

Environmental, social and governance

Our NHS Heroes campaign resulted in over 7,000 NHS staff registering for free bowling with their families. We have now extended this successful offer to other keyworkers and we are pleased to be welcoming and thanking those who have worked so hard over the Lockdown.

We helped our employees with the transition to furlough with additional financial support. We maintained their wages at 100% throughout April to ensure families could manage their existing financial commitments. In addition, we supported those employees unfortunate enough to miss the transition date of the end of February and have paid their furlough costs throughout Lockdown.

The Board's scrutiny of the financial position and swift action to secure long-term liquidity has been robust. The Board have embraced video conferencing as a platform to meet and make decisions and have met during Lockdown more than a dozen times to ensure that actions taken are in the best interests of all the business stakeholders.

Strategic priorities

Prior to Lockdown we had been making very pleasing progress on our strategic priorities giving us confidence that they remain the right focus for growth. However, we decided to pause our investment programme for all projects apart from those already in progress. We will continue to review our cash position and intend to reignite our strategic investment when there is more certainty.

Transforming the customer experience – We are delighted that our investment last year in our digital platforms was completed in January. This was timely, giving the business a far stronger tool to communicate with customers during Lockdown. Customer engagement on social media actually increased during the period of closure. We have developed an improved menu and secured a new food supplier which we expect will enable us to benefit from the reduction in supply in the casual dining sector. Absent refurbishments, which are on hold, this is the least capital-intensive area of our strategy and will become our principal focus in the short term. We will further develop our food and beverage offering; we can enhance and maximise our new digital platforms; and our great customer service will continue to ensure that our customers have a great time whenever they visit.

Houdini's, our Escape Room joint venture, was of course also affected by Lockdown but has conserved cash and is now back open and trading. We will continue to roll out new Escape Rooms in our estate.

Inward investment – The refurbishments during Lockdown at Acton and Birmingham Star City have significantly enhanced the estate. In the first quarter we added a further six Pins & Strings centres, bringing the total to 38 out of 46 (83%). We will reinstate the programme when our cash position allows.

Expanding our estate – We were delighted to welcome Manchester Printworks to the estate last week. This exciting new development in the heart of Manchester's Northern Quarter is the Group's first new build centre for some time. Further estate expansion is under review, with the existing pipeline being fully reassessed in the light of the Covid-19 pandemic and the availability of investment capital.

Initial trading

We opened our Welsh centres first at the beginning of August, with the majority of our centres opening in England on 15 August, followed by our Scottish centres towards the end of the month. We now have all 46 of our centres opened, including our brand new centre at Manchester Printworks, which had its opening night last week.

Initial trading has been encouraging. In the five weeks from 17 August to 20 September, like-for-like sales have been at 83% of the same period last year and spend per head has been maintained. At this level the business is profitable and cash generative.

All centres are operating with every other lane out of use in order to comply with guidelines on social distancing. This capacity restriction does limit sales growth, although the impact during holidays is less pronounced than at other times as the business has more scope to use its daytime weekday capacity.

Customer feedback has been positive. Our customers understand the restrictions in place and have been complimentary about the way our centres have been set up to help keep them safe. Structurally our centres benefit from being large and open spaces with discrete places for customers to enjoy their game away from other groups. The new "Rule of 6" is well suited to the bowling environment where games are already limited to six people per lane.

With the addition of easier smartphone-based ordering for food and drink, our centres are ideally placed to provide safe and socially distanced family activities and fun. The principal issue we have encountered is in respect of waiting times at peak which is a function of the reduced lane capacity. We continue to work to improve capacity management.

We have increased staffing to meet and greet our customers to remind them of rules, enforce capacity constraints and to help them navigate the centre, including lane booking and food and drink ordering. We have also added specific roles responsible for cleaning and sanitising the lanes and machine areas and ensuring a fast turnaround such that we can keep our customers safely moving to a clean and discrete area within their groups. These roles are performing well in ensuring we have great customer feedback on our Covid security measures as well as helping us to increase customer spend per head. The additional costs are manageable, and savings have been identified elsewhere to partially mitigate the impact.

Outlook

We have successfully positioned ourselves for a return to profitability and growth. Rigorous control of costs, excellent supplier relationships and strong support from shareholders and our bank have allowed us to limit the cash impact of the five month Lockdown. As at 20 September, the Group still retains over £15m of available liquidity headroom which will continue to provide resilience and security in these uncertain times.

Our initial trading has been encouraging and has enabled the business to return to profit and cash generation. We are confident that when capacity restrictions are lifted, we will be able to improve our sales further. However, the situation across the UK remains uncertain, with local lockdowns still likely to impact some of our centres and with changing Government guidance under constant review.

Our focus is to continue to build the confidence of our customers to enjoy their experience with us and to welcome them back to our centres. We have a strong model that resonates with our customer base, providing great value family entertainment in large centres that we have worked hard to make Covid secure.

Our capacity constraints, particularly in respect of alternate lane usage and the 10pm curfew, limit our scope for delivering sales growth in the short term. We are working closely with the Department for Digital, Culture, Media and Sport (DCMS) to address this and to agree and implement safe protocols for opening all our estate's lane capacity when appropriate to do so.

In the short term we are focused on the customer experience and sales growth. In the medium to long term our strategy remains unchanged. We will develop our customer experience; invest in our existing centres; and grow our estate. Our business remains relevant and well positioned to provide good value entertainment to a broad range of customers with their friends or families.

Graham Blackwell
Chief Executive Officer
23 September 2020

Financial Review

£000	26 weeks to 28 June 2020 (IFRS 16) [3]	26 weeks to 28 June 2020 (IAS 17)	26 weeks to 30 June 2019	Movement
Revenue	**22,471**	**22,471**	**41,444**	**(18,973)**
Cost of sales[1]	(3,084)	(3,084)	(4,999)	1,915
Gross margin	**19,387**	**19,387**	**36,445**	**(17,058)**
Total operating costs	(9,465)	(15,701)	(20,241)	4,540
Central and support overheads	(5,112)	(5,140)	(4,984)	(156)
Group adjusted EBITDA[2]	**4,810**	**(1,454)**	**11,220**	**(12,674)**
Depreciation and amortisation	(9,627)	(3,957)	(3,520)	(437)
Net interest	(2,123)	(277)	(401)	123
Group adjusted profit before tax[2]	**(6,940)**	**(5,690)**	**7,299**	**(12,989)**
Exceptional items	-	-	(1,169)	1,169
(Loss)/profit on disposal of assets	-	-	(57)	57
Amortisation of acquisition intangibles	(54)	(74)	(151)	77
Adjustments in respect of onerous lease & impairment provisions	-	-	12	(12)
Profit before tax	**(6,994)**	**(5,764)**	**5,934**	**(11,698)**
Taxation	696	696	(1,261)	1,957
Of which: taxation attributable to Group adjusted profit	696	696	(1,443)	2,139
Profit after tax	**(6,298)**	**(5,068)**	**4,673**	**(9,741)**
Earnings per share				
Basic earnings per share	**(9.45)p**	**(7.61)p**	**7.19p**	**(14.80)p**
Adjusted basic earnings per share	**(9.37)p**	**(7.50)p**	**9.01p**	**(16.51)p**

The results are presented on an IFRS 16 basis and on an IAS 17 basis to enable comparatives to H1 19. For the purposes of this review, unless otherwise stated the commentary will refer to the figures on an IAS 17 basis.

The first half of 2020 is very clearly split into two distinct trading periods. The business traded until 20 March and then was fully closed in Lockdown for the remainder of the period. During this Lockdown, the business generated no income. The split is trading for 11.7 weeks and was closed for the remaining 14.3 weeks: a 45% open and 55% closed split of the period.

As a result, total sales were £22.5m which is a reduction of (45.8%) on H1 19. This had a knock-on impact on the gross margin which ended the period at £19.4m, a (46.8%) reduction year-on-year. The gross margin rate for the Group remained high at 86.3% which reflects the nature of our business model where 47% of revenue comes from bowling sales which have no associated COGS. Gross margin fell by 160bps compared to last year. This was principally a result of increased waste as the Group entered Lockdown where c.£0.4m of fresh food and drink was written off due to the centre closures. Absent this write off, underlying gross margin remained broadly at last year's levels.

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

2 These are non-IFRS measures used by the Group in understanding its underlying earnings. Group adjusted EBITDA consists of earnings before interest, taxation, depreciation, amortisation costs, exceptional items, profit or loss on disposal of assets, adjustments to onerous lease and impairment provisions and derecognition of finance leases. Group adjusted profit before tax is defined as profit before exceptional items, profit or loss on disposal of assets, amortisation of acquisition intangibles 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 centres over a comparable trading period.

3 The period for the 26 weeks ending 28 June 2020 is disclosed in two columns with one reflecting the results after the adoption of IFRS 16 and one reflecting the results under IAS 17, as if IFRS 16 had not been adopted. This is to aid the comparison of the performance against the prior year.

The enforced closure created a focus on reducing the operating costs of the Group in the second quarter in order to minimise the cash outflow and conserve the liquidity of the business. Total operating costs for H1 20 were £15.7m, a saving of £4.5m compared to H1 19. This 22.4% year-on-year reduction reflects the strong work by the Operations and Commercial teams to reduce costs while the business was in Lockdown. During the 14 weeks of Lockdown, the cost reduction was 50% and was principally a result of reduced staffing costs with the support of the Government's Coronavirus Job Retention Scheme (CJRS) and the rate cut for the hospitality sector. These Government measures benefited the business by £3.7m with further savings generated through reduced contractual payments, lower use of site consumables and energy. The cost savings were in part offset by one-off expenses to clean, sanitise and make safe our centres as they were mothballed. It should be noted that rent on an IAS 17 basis continued to be charged to the P&L, although cash savings were made through negotiations with the landlords to preserve cashflow.

Central and Support costs increased in H1 20 by 3.1% to £5.1m (H1 19: £5.0m). Significant savings were made to the support office cost base but these were more than offset by the increased costs incurred in order to secure liquidity. Savings included support office staff savings through the CJRS scheme. In line with the site-based teams, the Group supported the payment of salaries at 100% in April and then moved to the Government supported 80% for the balance of Lockdown. We also elected to top up salaries to a full 80% for those individuals who earn more than the CJRS £2,500 monthly threshold. Staff furloughing and CJRS relief on Support Centre staff saved £0.2m in the HY 20 Central and Support cost base. Other savings were made by deferrals and waivers of contractual commitments and a reduction in marketing spend. However, many contracts for essential services, such as IT infrastructure, insurance, and professional services remained in place to manage the business in Lockdown.

The Group also bore additional one-off Central and Support costs during Lockdown of £0.5m. These included development and roll-out of Covid security protocols and measures; HR support to control the furlough process; IT investment to develop essential Covid security apps (Track and Trace and Web based F&B ordering); and legal and professional fees to enact changes to contractual arrangements including lease regears.

The business has not reported any exceptional items in the period. The continued work on lease regears is now incorporated into the central costs.

Financing

£000	26 weeks to 28 June 2020	26 weeks to 30 June 2019
Interest on bank debt	(159)	(136)
Amortisation of bank financing costs	(25)	(33)
Finance lease interest charges	(1,906)	(145)
Other finance costs	(33)	(87)
Net interest excluding shareholder loan note interest	**(2,123)**	**(401)**

Finance costs increased to £2.1m in H1 20 (H1.19: £0.4m) comprising the implied interest relating to the lease liability under IFRS 16 of £1.9m and £0.2m associated with our bank borrowing facilities. Interest on the bank net debt increased as a function of the higher drawings on the RCF facility.

Taxation

A tax credit of (£0.7m) has been recognised for H1 20 (H1.19: £1.3m charge) arising from the recognition of a deferred tax asset on the loss generated in the period. The Group expects to generate profits in the future which this loss can be utilised against.

Statutory net debt

As at	28 June 2020	28 June 2020	29 December 2019	Movement	30 June 2019
	IFRS 16	IAS 17			
Closing cash and cash equivalents	**13,326**	**13,326**	**2,188**	**11,138**	**3,027**
Bank loans	(20,000)	(20,000)	(6,250)	(13,750)	(6,200)
Bank net debt	**(6,674)**	**(6,674)**	**(4,062)**	**(2,612)**	**(3,173)**
Finance leases – Machines and other	(7,621)	(7,621)	(8,109)	488	(7,273)
Finance leases – Property	(182,893)	-	-	-	-
Statutory net debt	**(197,188)**	**(14,295)**	**(12,171)**	**(2,124)**	**(10,446)**

The increase in the cash balances by £11.1m to £13.3m is detailed in the cash flow below and has mainly arisen from the £4.9m in net proceeds from the share placement in March 2020 and the higher drawdown of the bank loans which increased from (£6.3m) at FY19 to (£20.0m) at HY20.

The Group increased its bank borrowings to ensure that it had sufficient cash resources during the uncertainty of the Covid-19 pandemic and Lockdown period. The Group still has a further £5.0m of the RCF bank loan facility available to draw down if required.

On an IAS 17 comparative basis, the business has only increased net debt by £2.1m to (£14.3m) in the period between the year end and the half-year results. This is a function of strong cash generation in the first quarter, shareholder funds raised and a robust approach to cash conservation.

With the adoption of IFRS 16 by the Group from 30 December 2019, as explained further on note 5, the Group now recognises a finance lease liability for its property lease which as at H1 20 amounts to (£182.9m).

Cash flow

	26 weeks to 28 June 2020 £000	26 weeks to 30 June 2019 £000	Movement	52 weeks to 29 December 2019 £000
Cash flows from operating activities				
Group adjusted EBITDA	**(1,454)**	11,220	(12,674)	23,568
Maintenance capital	**(357)**	(1,430)	1,073	(2,369)
Movement in working capital	**2,775**	192	2,583	1,829
Finance lease and taxation payments	**(1,858)**	(2,522)	664	(5,325)
Free cash flow	**(894)**	7,460	(8,354)	17,703
Dividends paid	**(2,405)**	(2,145)	(260)	(7,150)
Cash flow available for investment	**(3,299)**	5,315	(8,614)	10,553
Proceeds from issue of shares	**4,878**	-	4,878	-
Existing estate refurbishments	**(2,615)**	(1,202)	(1,413)	(4,183)
Transformative investment	**(8)**	(478)	470	(2,198)
Centre acquisitions including Tenpinisation	**(1,429)**	(1,536)	107	(2,618)
Exceptionals & share based payments	**(139)**	(1,070)	931	(1,414)
Cash flow after investment	**(2,612)**	1,029	(3,641)	140
(Repayment)/Draw down of debt	**13,750**	(3,300)	17,050	(3,250)
Opening cash and cash equivalents	**2,188**	5,298	(3,110)	5,298
Cash and cash equivalents – end of period	**13,326**	3,027	10,299	2,188

Free cash flow has been significantly impacted by the Lockdown which halted sales generation for the last 14 weeks of the period. As a result, an EBITDA loss was generated. A robust approach to cash management restricted maintenance capital spend to only 25% of last year's level and finance lease and tax payments were reduced following negotiation with suppliers. A significant improvement in the working capital position arose from initiatives such as HMRC's Time to Pay scheme as well as concessions from suppliers and landlords. These measures ensured that despite the Lockdown, the underlying business only consumed (£0.9m) of free cash flow in H1 20.

The business raised a net £4.9m from an equity placing on 25 March which helped improve the liquidity headroom further.

At the start of Lockdown there were a number of capital programmes that were already committed and in progress. These projects were all completed, the main ones being the completion of Manchester Printworks and refurbishments at Acton and Star City, as well as six implementations of Pins & Strings and the finalisation of the IT development started in 2019. The total of £4.0m of capital spend is all anticipated to be returns generating once the business rebuilds from Lockdown.

Accounting standards and use of non-GAAP measures

The Group has prepared its consolidated financial statements based on International Financial Reporting Standards for the 26 weeks ended 28 June 2020. The basis for preparation is outlined in note 2 to the financial statements.

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

IFRS 16

The Group has applied IFRS 16 as at 30 December 2019. A right-of-use asset and a lease liability is included on the balance sheet, and interest and depreciation has been charged to the consolidated income statement instead of existing rental expenses. A charge to retained earnings has been recognised for the impairment that has been calculated on adoption of IFRS 16 for the amount by which the assets carrying amount exceeds its recoverable amount. The adoption of IFRS 16 doesn't impact on the operation of the business and has no changes to the cash flows of the Group. The Group has adopted the modified retrospective method under which comparative data is not restated and the cumulative effect of applying IFRS 16 is recognised in retained earnings at the date of initial application.

A summary of the impact on the Group consolidated income statement and consolidated statement of financial position is as below:

	H1 FY 2020 £000
Administrative expenses	
Rent	6,276
Onerous lease and lease incentive adjustments	12
Depreciation	(5,671)
Net reduction to administrative expenses	617
Finance costs	(1,847)
Net decrease to profit before tax	(1,230)

Impact on the Group consolidated statement of financial position from the following entries upon adoption of the standard:

	H1 FY 2020 £000
Assets	169,304
Liabilities	(177,603)
Retained earnings	(8,299)

Further detail of the adoption of IFRS 16 is included in note 5.

Covid-19 financial update

As highlighted previously, all centres were closed on 20 March, in line with government guidance but the three Welsh centres reopened on 5 August 2020 and 35 centres in England opened on 15 August 2020 and the remaining centres reopening on a staggered basis in August and September. The closure of the centres had a significant impact on the performance of the Group but the following schemes offered by the government were taken up:

- 12 months rates relief which provided a £5.0m cash saving, with £1.3m received in H1;
- Time to Pay for the VAT quarter to March 2020 providing a £1.7m cash saving; and
- furlough relief from the Government's Coronavirus Job Retention Scheme (CJRS) providing a £2.6m cash saving as at the end of the interim period.

The Group increased it bank drawings to (£20.0m) to ensure it had sufficient cash during the Lockdown period. The Group had cash and cash equivalents of £13.3m leaving net debt of (£6.7m) as at the interim period end and still has £5.0m of the bank facility available to draw on.

The Board has always adopted a prudent approach to the Group's cost base and capital expenditure and identified self-help initiatives by working with suppliers and landlords to reduce the cost base in the short term to ensure the Group remains in a strong financial position.

Going concern

As part of the adoption of the going concern basis, the Group has considered the uncertainty caused by the recent Covid-19 outbreak. All of the Group's centres were closed for trade from 20 March 2020 with the three Welsh centres only reopening on 5 August 2020, 35 centres in England opening on 15 August 2020 and the remaining centres reopening on a staggered basis in August and September. In response to the Covid-19 pandemic, in the period since 20 March 2020, the Group has:

- raised £4.9m in cash resources from its shareholders after completing the Placing announced on 25 March 2020;
- taken advantage of the business rates relief available until March 2021;
- claimed furlough relief from the Government's Coronavirus Job Retention Scheme (CJRS);
- taken advantage of the VAT payment deferral up to 30 June 2020;
- increased its drawdown on its bank borrowings with Royal Bank of Scotland (RBS) to £20m, with £5m still available;
- obtained a waiver letter setting aside any potential breaches of the financial covenants until the end of June 2021; and
- negotiated rent deferrals and rent regears with landlords.

As part of the review and the potential impact of the Covid-19 outbreak on the Group's results for the next 12 months, a base case and a downside scenario were prepared. The base case assumed resumption of business in August, with trade ramping up until the end of FY21 at levels of between 60% and 90%, while still factoring the impact of socially distanced operations on the revenue and cost lines. A downside scenario was prepared using the following key assumptions:

- trade levels assumed at 20% down on the base case scenario;
- a "second wave" lockdown occurred and there was no trade in December and January;
- all administration costs remained as normal during this two month closure, with no furlough claims reflected;
- trade resumed from February 2021 onwards for the rest of the year at levels of between 65% to 70% of 2019 levels

The downside scenario would still provide sufficient liquidity within its £25m debt financing facilities such that the business would still have headroom of over 20% of the facility throughout the downside case. The waiver letter with RBS expires at the end of June 2021 and the financial covenants will need to be reported on to RBS at the end of September 2021. Under the base case scenario the covenants will be passed but under a downside scenario they would not be met. An extension of the waiver letter would need to be negotiated and the Directors believe that it is likely that an agreement could be reached with RBS in these circumstances.

Accepting the risks as described above, the Directors have concluded that the potential impact of the Covid-19 pandemic and uncertainty over possible mitigating actions to prevent a breach of covenants, represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, having assessed these options and the impact of a potential liquidity shortfall in the event of further periods of closure the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. The interim financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The Group continues to adopt the going concern basis as set out in note 3 to the financial statements.

Antony Smith
Chief Financial Officer
23 September 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 26 week period ended 28 June 2020

	Notes	**26 weeks to 28 June 2020 Unaudited £000**	26 weeks to 30 June 2019 Unaudited £000	52 weeks to 29 December 2019 Audited £000
Revenue	7	**22,471**	41,444	84,122
Cost of sales		**(7,481)**	(12,081)	(24,930)
Gross profit		**14,990**	29,363	59,192
Administrative expenses		**(19,861)**	(23,028)	(46,609)
Operating (loss)/profit		**(4,871)**	6,335	12,583
Analysed as:				
Group adjusted EBITDA		**4,810**	11,220	23,568
Exceptional administrative costs		**-**	(1,157)	(2,391)
Amortisation of acquisition intangibles		**(54)**	(151)	(293)
Depreciation and amortisation		**(9,627)**	(3,520)	(7,379)
Profit on share of joint venture		**-**	-	10
(Loss) / profit on disposal of assets		**-**	(57)	(932)
Operating (loss)/profit		**(4,871)**	6,335	12,583
Finance costs		**(2,123)**	(401)	(788)
(Loss)/profit before taxation		**(6,994)**	5,934	11,795
Taxation		**696**	(1,261)	(2,758)
(Loss)/profit for the period and total comprehensive (loss)/income attributable to owners of the parent		**(6,298)**	4,673	9,037
Earnings per share				
Basic earnings per share	8	(9.45p)	7.19p	13.90p
Diluted earnings per share	8	(9.45p)	7.17p	13.87p
Adjusted basic earnings per share	8	(9.37p)	9.01p	19.33p
Adjusted diluted earnings per share	8	(9.37p)	8.98p	19.27p

IFRS 16 was adopted on 30 December 2019 without restating prior year figures as permitted by the standard. As a result, the primary statements are shown on an IFRS 16 basis for the 26 weeks ended 28 June 2020 and on an IAS 17 basis for the 26 weeks ended 30 June 2019 and year ended 29 December 2019. Note 5 provides a reconciliation of the two measures.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 June 2020

	Notes	**26 weeks to 28 June 2020 Unaudited £000**	26 weeks to 30 June 2019 Unaudited £000	52 weeks to 29 December 2019 Audited £000
Assets				
Non-current assets				
Goodwill	9	**29,350**	29,350	29,350
Intangible assets	9	**495**	776	653
Investments in joint venture		**310**	-	310
Property, plant and equipment	10	**47,808**	43,250	47,248
Right of use assets	11	**173,679**	-	-
		251,642	73,376	77,561
Current assets				
Inventories		**875**	1,449	1,297
Trade and other receivables		**2,151**	4,957	4,929
Cash and cash equivalents		**13,326**	3,027	2,188
Corporation tax receivable		**463**	-	-
		16,815	9,433	8,414
Liabilities				
Current liabilities				
Bank borrowings and finance leases[1]	13	**(38,998)**	(8,802)	(9,227)
Trade and other payables		**(11,770)**	(12,456)	(9,819)
Corporation tax payable		**-**	(930)	(907)
Provisions		**-**	(63)	(91)
		(50,768)	(22,251)	(20,044)
Net current liabilities		**(33,953)**	(12,818)	(11,630)
Non-current liabilities				
Bank borrowings and finance leases[1]	13	**(171,402)**	(4,616)	(4,991)
Other non-current liabilities		**-**	(959)	(1,284)
Deferred tax liabilities		**(1,362)**	(2,113)	(2,057)
Provisions		**-**	(341)	(688)
		(172,764)	(8,029)	(9,020)
Net assets		**44,925**	52,529	56,911
Equity				
Share capital		**683**	650	650
Share premium		**4,844**	-	-
Share based payments reserve		**414**	257	275
Merger reserves		**6,171**	6,171	6,171
Retained earnings		**32,813**	45,451	49,815
Total equity		**44,925**	52,529	56,911

IFRS 16 was adopted on 30 December 2019 without restating prior year figures as permitted by the standard. As a result, the primary statements are shown on an IFRS 16 basis for the 26 weeks ended 28 June 2020 and on an IAS 17 basis for the 26 weeks ended 30 June 2019 and year ended 29 December 2019. Note 5 provides a reconciliation of the two measures.

[1] The IFRS 16 lease liabilities are presented as current and non-current balances within these two sections

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 26 week period ended 28 June 2020

	Notes	**26 weeks to 28 June 2020 Unaudited £000**	26 weeks to 30 June 2019 Unaudited £000	52 weeks to 29 December 2019 Audited £000
Cash flows generated from operating activities				
Cash generated from operations	12	**6,258**	10,342	23,917
Corporation tax paid		**(1,370)**	(1,022)	(2,616)
Finance costs paid		**(2,098)**	(365)	(681)
Net cash generated from operating activities		**2,790**	8,955	20,620
Cash flows used in investing activities				
Investment in joint venture		**-**	-	(300)
Acquisition of centres by Tenpin Limited		**-**	(1,456)	(1,400)
Purchase of property, plant and equipment		**(4,412)**	(3,109)	(8,556)
Purchase of software		**-**	(81)	(212)
Net cash used in investing activities		**(4,412)**	(4,646)	(10,468)
Cash flows (used in)/ from financing activities				
Cash costs capitalised from new borrowings		**-**	-	(153)
Cash received from issue of new shares		**5,005**	-	-
Fees paid for issue of new shares		**(127)**	-	-
Finance lease principal payments		**(3,463)**	(1,135)	(2,709)
Dividends paid		**(2,405)**	(2,145)	(7,150)
Drawdown of bank borrowings		**18,350**	6,200	17,000
Repayment of borrowings		**(4,600)**	(9,500)	(20,250)
Net cash from/(used in) financing activities		**12,760**	(6,580)	(13,262)
Net increase/(decrease) in cash and cash equivalents		**11,138**	(2,271)	(3,110)
Cash and cash equivalents – beginning of period		**2,188**	5,298	5,298
Cash and cash equivalents – end of period		**13,326**	3,027	2,188

IFRS 16 was adopted on 30 December 2019 without restating prior year figures as permitted by the standard. As a result, the primary statements are shown on an IFRS 16 basis for the 26 weeks ended 28 June 2020 and on an IAS 17 basis for the 26 weeks ended 30 June 2019 and year ended 29 December 2019. Note 5 provides a reconciliation of the two measures.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 28 June 2020

	Share capital £000	Share premium	Share based payment reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Unaudited 26 weeks to 28 June 2020						
Balance at 29 December 2019	650	-	275	6,171	49,815	56,911
Adjustment on initial application of IFRS 16	-	-	-	-	(8,299)	(8,299)
Adjusted balance at 30 December 2019	**650**	**-**	**275**	**6,171**	**41,516**	**48,612**
Share based payment charge	-	-	139	-	-	139
Issue of shares [1]	33	4,844	-	-	-	4,877
Dividends paid	-	-	-	-	(2,405)	(2,405)
Loss for the period and total comprehensive loss attributable to owners of the parent	-	-	-	-	(6,298)	(6,298)
Balance at 28 June 2020	**683**	**4,844**	**414**	**6,171**	**32,813**	**44,925**
Unaudited 26 weeks to 30 June 2019						
Balance at 30 December 2018	650	-	159	6,171	47,928	54,908
Share based payment charge	-	-	98	-	-	98
Dividends paid	-	-	-	-	(7,150)	(7,150)
Profit for the period and total comprehensive income attributable to owners of the parent	-	-	-	-	4,673	4,673
Balance at 30 June 2019	650	-	257	6,171	45,451	52,529
52 weeks to 29 December 2019						
Balance at 1 January 2019	650	-	159	6,171	47,928	54,908
Dividends paid	-	-	-	-	(7,150)	(7,150)
Share based payment charge	-	-	116	-		116
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

IFRS 16 was adopted on 30 December 2019 without restating prior year figures as permitted by the standard. As a result, the primary statements are shown on an IFRS 16 basis for the 26 weeks ended 28 June 2020 and on an IAS 17 basis for the 26 weeks ended 30 June 2019 and year ended 29 December 2019. Note 5 provides a reconciliation of the two measures.

[1] The share issue arose from the share placement announced on 25 March 2020. 3,250,000 ordinary shares were issued for gross proceeds of £5,005,000. The balance exceeding the nominal value has been included as share premium and netted off against the costs arising from the share placement.

1 General information

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

The condensed consolidated interim financial statements for the 26 week period ended 28 June 2020 ("interim financial statements") comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group comprises the operation of tenpin bowling centres.

The financial information for the 26 week period ended 28 June 2020 has been reviewed by the Company's auditors. Their report is included within this announcement.

The financial information does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the 52 week period to 29 December 2019 which were approved by the board of directors on 13 May 2020 and have been filed with the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The interim financial statements were approved by the directors on 23 September 2020.

2 Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim financial reporting" as endorsed by the European Union and the Disclosures and Transparency Rules of the United Kingdom's Financial Conduct Authority, and incorporate the consolidated results of the Company and all its subsidiaries for the 26 week period ended 28 June 2020. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements. The comparative financial information is for the 26 week period ended 30 June 2019.

The interim financial statements are presented in Pounds Sterling, rounded to the nearest thousand pounds, except where otherwise indicated; and under the historical cost convention as modified by the recognition of certain financial assets/liabilities at fair value through profit or loss.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the presentation of the Group's consolidated financial statements for the year ended 29 December 2019, other than the adoption of IFRS 16 Leases which became effective for the Group from 30 December 2019. A number of other new European Union endorsed amendments to existing standards are also effective for periods beginning on or after 30 December 2019. IFRS 16 is a replacement for IAS 17 Leases. There has been a significant impact on the Group's accounting for leases as a result of IFRS 16, the effect of which is set out in note 5.

At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the Group have been published but are not yet effective. Except for the amendment to IFRS 16, these have not been adopted early by the Group and the impact of these standards is not expected to be material. On the amendment to IFRS 16 to allow deferred rentals to be treated as variable payments rather than modifications, this has been adopted early as it was effective from 1 June 2020.

3 Going concern

As part of the adoption of the going concern basis, the Group has considered the uncertainty caused by the recent Covid-19 outbreak. All of the Group's centres were closed for trade from 20 March 2020 with the three Welsh centres only reopening on 5 August 2020, 35 centres in England opening on 15 August 2020 and the remaining centres reopening on a staggered basis in August and September. In response to the Covid-19 pandemic, in the period since 20 March 2020, the Group has:

- raised £4.9m in cash resources from its shareholders after completing the Placement announced on 25 March 2020;
- taken advantage of the business rates relief available until March 2021;
- claimed furlough relief from the Government's Coronavirus Job Retention Scheme (CJRS);
- taken advantage of the VAT payment deferral up to 30 June 2020;
- increased its drawdown on its bank borrowings with Royal Bank of Scotland (RBS) to £20m, with £5m still available;
- obtained a waiver letter setting aside any potential breaches of the financial covenants until the end of June 2021; and
- negotiated rent deferrals and rent regears with landlords.

As part of the review and the potential impact of the Covid-19 outbreak on the Group's results for the next 12 months, a downside scenario was prepared using the following key assumptions:

- a base case was prepared with trade levels of between 60% and 90% of last year and the downside case assumed levels of 20% down on the base scenario;
- a "second wave" lockdown occurred and there was no trade in December and January;
- all administration costs remained as normal during this two month closure, with no furlough claims reflected;
- trade resumed from February 2021 onwards for the rest of the year at levels of between 65% to 70% of 2019 levels

The downside scenario would still provide sufficient liquidity within its £25m debt financing facilities such that the business would still have headroom of over 20% of the facility throughout the downside case. The waiver letter with RBS expires at the end of June 2021 and the financial covenants will need to be reported on to RBS at the end of September 2021. Under the base case scenario the covenants will be passed but under a downside scenario they would not be met. An extension of the waiver letter would need to be negotiated and the Directors believe that it is likely that an agreement could be reached with RBS in these circumstances.

Accepting the risks as described above, the Directors have concluded that the potential impact of the Covid-19 pandemic and uncertainty over possible mitigating actions to prevent a breach of covenants, represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, having assessed these options and the impact of a potential liquidity shortfall in the event of further periods of closure the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. The interim financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

4 Accounting estimates, judgements and non GAAP measures

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 week period ended 29 December 2019.

The Company has identified certain measures that it believes will assist in the understanding of the performance of the business. The measures are not defined under IFRS and they may not be directly comparable with other companies adjusted measures. The non-IFRS measures are not intended to be a substitute for an IFRS performance measure but the business

has included them as it considers them to be important comparables and key measures used within the business for assessing performance. These condensed interim financial statements make reference to the following non-IFRS measures:

Group adjusted EBITDA – This consists of earnings before interest, taxation, depreciation, amortisation costs, exceptional items, profit or loss on disposal of assets and adjustments to onerous lease and impairment provisions. The reconciliation to operating profit is included on the condensed consolidated statement of comprehensive income.

Adjusted underlying profit after tax – This consists of the profit after tax adjusted for exceptional items, profit or loss on disposal of assets, amortisation of acquisition intangibles and adjustments to onerous lease and impairment provisions. The reconciliation of this number to profit after tax is included under note 7.

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

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

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

5 IFRS 16 Leases

IFRS 16 Leases replaces existing guidance under IAS 17 and introduces a fundamental change to the recognition, measurement, presentation and disclosure of leases for lessees.

The Group adopted IFRS 16 with effect from 30 December 2019. The Group applied the standard using the modified retrospective approach and thus comparative information has not been restated and is presented, as previously reported, under IAS 17. The new standard results in all property leases being recognised on the Statement of Financial Position as, from a lessee perspective, there is no longer any distinction between operating and finance leases. Under IFRS 16, an asset, based on the right to use a leased item over a long-term period and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group leases properties, which under IAS 17 were classified as operating leases with payments made charged to profit or loss as arising over the period of the lease. From 30 December 2019, under IFRS 16, leases are recognised as a right-of-use asset with a corresponding lease liability from the date at which the leased asset becomes available for use by the Group. Each lease payment is allocated between the liability and a finance cost. The finance cost is charged to profit or loss over the lease period using the effective interest method. The right-of-use asset is depreciated over the shorter of the asset's useful life and the determined lease term, on a straight-line basis.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Short-term leases (leases of less than 12 months) and leases with less than 12 months remaining as at the date of adoption of the new standard are not within the scope of IFRS 16;
- Leases for which the asset is of low value (IT equipment and small items of office equipment) are not within the scope of IFRS 16;
- Exclusion of initial direct costs from the measurement of the right-of-use asset on transition.

On transition to IFRS 16, the Group elected to apply the practical expedient to apply the definition of a lease from IAS 17 for contracts in place at 30 December 2019 and has not applied IFRS 16 to arrangements that were not previously identified as leases under IAS 17. For all leases, these liabilities and assets were measured at the present value of the remaining lease payments, discounted using the Group's average incremental borrowing rate as of 30 December 2019, specific to the portfolio of leases. This was 2.10% for property leases. This rate was deemed appropriate given that the respective type of lease have reasonably similar characteristics. Under IFRS 16, the right-of-use assets are tested for impairment in accordance with IAS 36 'Impairment of Assets'. This replaces the previous requirement to recognise a provision for onerous leases. An impairment assessment of the cash generating unit ("CGU") assets was performed on transition at 30 December 2019 with an impairment charge of £9.1m identified as part of the adoption of IFRS 16. The impairment assessment has been carried out on the same basis as the estimate at year end which is detailed in the Statement of Accounting Policies as applied to the consolidated financial statements for the 52 week period ended 29 December 2019. Due to the Covid-19 pandemic, a number of landlords allowed the deferral of rent payments for periods prior to the period end. The Group has not treated

these as lease modifications but rather as variable lease payments and the impact was not material to adjust the consolidated statement of income.

The effect of the accounting policy change on the Consolidated Statement of Financial Position at implementation on 30 December 2019 was:

	As at 29 December 2019	IFRS adjustment	As at 30 December 2019
Assets	£000	£000	£000
Right of use assets	-	171,863	171,863
Prepayments	2,559	(2,559)	-
	2,559	**169,304**	**171,863**
Liabilities			
Finance lease – Property current	-	(12,958)	(12,958)
Finance lease – Property non-current	-	(166,847)	(166,847)
Deferred income – Lease incentive	(1,423)	1,423	-
Onerous lease provision	(779)	779	-
	(2,202)	**(177,603)**	**(179,805)**
Retained Earnings			
Retained earnings	49,815	(8,299)	41,516
	49,815	**(8,299)**	**41,516**

The adoption of IFRS 16 reduced opening retained earnings as at 30 December 2019 by £8.3m.

During the period ended 28 June 2020, the application of IFRS 16 resulted in increased adjusted EBITDA, as reported in the Consolidated Income Statement and Statement of Comprehensive Income, of £6.3m in comparison to treatment under IAS 17. There was an increase to operating profit of £0.6m. The differences have arisen as operating lease payments under IAS 17 were replaced by a depreciation charge on right-of-use assets, onerous lease provision under IAS 17 has been replaced by impairment of assets and adjustments to rent free periods and other lease incentives. Profit before taxation therefore decreased by a total of £1.2m with the inclusion of £1.9m of finance costs under the new standard. The table below reconciles operating profit between IAS 17 and the new standard, IFRS 16:

	£000
Add: Operating lease costs under IAS 17	6,276
Impact on adjusted EBITDA for the period ended 28 June 2020:	**6,276**
Less: Depreciation of right of use assets for leases previously recognised as operating leases under IAS 17	(5,671)
Add: amortisation of lease incentives recognised on consolidation	22
Less: Onerous lease provision previously recognised under IAS 17	(10)
Impact on operating profit for the period ended 28 June 2020	**617**
Less: Finance costs (interest)	(1,847)
Net decrease to profit before tax	**(1,230)**

6 Performance share plan awards

The Company operates a Performance Share Plan (PSP) for its executive directors. In accordance with IFRS 2 Share Based Payments, the value of the awards is measured at fair value at the date of the grant. The fair value is written off on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually vest. Due to the Covid-19 pandemic, no 2020 scheme has been announced. The Company currently has three schemes in place that arose in prior years as detailed as follows:

- 2017 Share Scheme – This scheme was announced on 22 May 2017 and vested on 22 May 2020 when Graham Blackwell exercised 96,970 options being 50% of the awards granted him and 96,970 ordinary shares were allotted

to him. This consisted of 50% of the awards that vested upon the Total Shareholder Return (TSR) condition being met.

- 2018 Share Scheme - This scheme was announced on 14 June 2018 when 207,089 awards were granted to the Chief Financial Officer, Mark Willis and Chief Commercial Officer, Graham Blackwell and updated on 11 December 2018 when the new Chief Executive Officer, Duncan Garrood was issued 111,940 awards on the same terms. The vesting of these awards is conditional upon the achievement of two performance conditions which will be measured following the announcement of results for the year to 27 December 2020 ("FY2020"). The first performance condition applying to the awards will be based on EPS of the Company and will apply to 50 per cent. of the total number of Share Awards granted. The second performance condition will be based on TSR of the Company over the period from the date of grant to the announcement of results for FY2020 relative to a comparator group of companies and will apply to the remaining 50 per cent. of Share Awards granted. Upon the resignation of the Chief Financial Officer, Mark Willis on 29 October 2018, 111,940 of these awards are now not expected to vest and upon the resignation of the Chief Executive Officer, Duncan Garrood on 8 September 2020, a further 111,940 awards are not expected to vest which will be adjusted for in the 2nd half of the year.

- 2019 Share Scheme - This scheme was announced on 20 May 2019 when 456,666 awards were granted to the three executive directors. The vesting of these awards is conditional upon the achievement of two performance conditions which will be measured following the announcement of results for the year to 2 January 2022 ("FY2021"). The first performance condition applying to the awards will be based on EPS of the Company and will apply to 50 per cent. of the total number of Share Awards granted. The second performance condition will be based on TSR of the Company over the period from the date of grant to the announcement of results for FY2021 relative to a comparator group of companies and will apply to the remaining 50 per cent. of Share Awards granted. Upon the resignation of the Chief Executive Officer, Duncan Garrood on 8 September 2020, 200,000 of these awards are not expected to vest which will be adjusted for in the 2nd half of the year.

During the 26 week period ended 28 June 2020 the Group recognised a net charge of £139,463 (30 June 2019: £98,424, 29 December 2019: £116,195) to administration costs related to these awards.

7 Segment reporting

Segmental information is presented in respect of the Group's business segments. Strategic decisions are made by the Board based on information presented in respect of these segments. The Group comprises the following segments:

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

Central - Comprises central management including company secretarial work, the board of directors and general head office assets and costs. The segment results are used by the Board for strategic decision making, and a reconciliation of those results to the reported profit/(loss) in the consolidated statement of comprehensive income, and the segment assets are as follows:

	Tenpin	**Central**	**Group**
	£000	**£000**	**£000**
For the 26 week period ended 28 June 2020:			
Segment revenue – external	22,471	-	22,471
Adjusted EBITDA	5,894	(1,084)	4,810
Segment total assets as at 28 June 2020	249,934	18,061	267,995
Segment total liabilities as at 28 June 2020	(203,243)	(19,827)	(223,070)
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	**5,894**	**(1,084)**	**4,810**
Amortisation and depreciation of intangibles and property, plant and equipment	(9,627)	-	(9,627)
Amortisation of fair valued intangibles	(34)	(20)	(54)
Operating loss	**(3,767)**	**(1,104)**	**(4,871)**
Finance (costs)/income	(2,151)	28	(2,123)
Loss before taxation	**(5,918)**	**(1,056)**	**(6,994)**

	Tenpin	Central	Group
	£000	£000	£000
For the 52-week period ended 29 December 2019:			
Segment revenue – external	84,122	-	84,122
Adjusted EBITDA	25,526	(1,958)	23,568
Segment total assets as at 29 December 2019	88,420	(2,445	85,975
Segment total liabilities as at 29 December 2019	(28,189)	(875)	(29,064)
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	**25,526**	**(1,958)**	**23,568**
Amortisation and depreciation of intangibles and property, plant and equipment	(7,379)	-	(7,379)
Loss on disposals	(932)	-	(932)
Profit on share of joint venture	10	-	10
Amortisation of fair valued intangibles	(114)	(179)	(293)
Exceptionals	(2,300)	(91)	(2,391)
Operating profit/(loss)	14,811	(2,228)	12,583
Finance costs	(865)	77	(788)
Profit/(loss) before taxation	13,946	(2,151)	11,795

	Tenpin £000	Central £000	Group £000
For the 26 week period ended 30 June 2019:			
Segment revenue – external	41,444	-	41,444
Adjusted EBITDA	12,287	(1,067)	11,220
Segment total assets as at 30 June 2019	81,384	1,425	82,809
Segment total liabilities as at 30 June 2019	(44,121)	13,841	(30,280)
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	**12,287**	**(1,067)**	**11,220**
Amortisation and depreciation of intangibles and property, plant and equipment	(3,520)	-	(3,520)
Amortisation of fair valued intangibles	(61)	(90)	(151)
Loss on disposals	(57)	-	(57)
Exceptional costs	(1,169)	-	(1,169)
Onerous lease provision movement	12	-	12
Operating profit/(loss)	7,492	(1,157)	6,335
Finance (costs)/income	(437)	36	(401)
Profit/(loss) before taxation	7,055	(1,121)	5,934

All assets have been allocated to segments.

Disaggregation of revenue

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

	26 week period ended 28 June 2020 Unaudited £000	26 week period ended 30 June 2019 Unaudited £000	52 week period ended 29 December 2019 Audited £000
Bowling	**10,555**	20,218	39,912
Food and drink	**5,926**	10,119	21,426
Machines and amusements	**5,169**	9,503	19,649
Other	**821**	1,604	3,135
	22,471	41,444	84,122

8 Earnings per share

Basic earnings per share for each period is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Earnings per share is based on the capital structure of the Company and includes the weighted average of the 66,617,889 ordinary shares in issue. The total shares in issue at the end of the 26 weeks to 28 June 2020 was 68,346,970.

The Company has 663,755 potentially issuable shares (2019: 857,694) 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 parent Company by the weighted average number of ordinary shares outstanding during the year together with the dilutive number of ordinary shares.

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

Basic and diluted	**26 weeks to 28 June 2020 Unaudited £000**	26 weeks to 30 June 2019 Unaudited £000	52 weeks to 29 December 2019 Audited £000
(Loss)/profit after tax	**(6,298)**	4,673	9,037
Weighted average number of shares in issue	**66,617,889**	65,000,000	65,000,000
Adjustment for share awards	**-**	191,908	179,451
Diluted weighted average number of shares in issue	**66,617,889**	65,191,908	65,179,451
Basic earnings per share (pence)	**(9.45p)**	7.19p	13.90p
Diluted earnings per share (pence)	**(9.45p)**	7.17p	13.87p

Below is the calculation of the adjusted earnings per share.

Adjusted earnings per share	**26 weeks to 28 June 2020 Unaudited £000**	26 weeks to 30 June 2019 Unaudited £000	52 weeks to 29 December 2019 Audited £000
(Loss)/profit after tax	**(6,298)**	4,673	9,037
Amortisation of fair valued items on acquisition	**54**	151	293
Loss on disposals	**-**	57	932
Profit on share of joint venture	**-**	-	(10)
Exceptional costs	**-**	1,157	2,391
Tax impact on above adjustments	**-**	(182)	(78)
Adjusted underlying earnings after tax	**(6,244)**	5,856	12,565
Adjusted profit after tax	**(6,244)**	5,856	12,565
Weighted average number of shares in issue	**66,617,889**	65,000,000	65,000,000
Adjusted basic earnings per share	**(9.37p)**	9.01p	19.33p
Adjusted diluted earnings per share	**(9.37p)**	8.98p	19.27p

9 Goodwill and intangible assets

	Fair valued intangibles on acquisition	Goodwill	Software	Total
	£000	£000	£000	£000
Cost				
At 30 December 2018	**2,938**	**28,045**	**1,010**	**31,993**
Additions	-	1,305	81	1,386
At 30 June 2019	**2,938**	**29,350**	**1,091**	**33,379**
Disposals	-	-	-	-
Additions	-	-	131	131
At 29 December 2019	**2,938**	**29,350**	**1,222**	**33,510**
Additions	-	-	-	-
At 28 June 2020	**2,938**	**29,350**	**1,222**	**33,510**
Accumulated amortisation and impairment losses				
At 30 December 2018	**2,331**	**-**	**648**	**2,979**
Charge for the period - amortisation	130	-	144	274
At 30 June 2019	**2,461**	**-**	**792**	**3,253**
Charge for the period - amortisation	115	-	139	254
At 29 December 2019	**2,576**	**-**	**931**	**3,507**
Charge for the period - amortisation	54	-	104	158
At 28 June 2020	**2,630**	**-**	**1,035**	**3,665**
Net book value				
At 28 June 2020	308	29,350	187	29,845
At 29 December 2019	362	29,350	291	30,003
At 30 June 2019	477	29,350	299	30,126

Due to the Covid-19 pandemic, the Group has assessed goodwill, intangibles and property, plant and equipment for impairment. The Group has used the same principles that were applied in the 2019 Annual Report with each centre being identified as a cash generating unit (CGU), though for goodwill, the Group was considered to be one CGU. There has been no impairment recognised given the recent reopening of the centres and this will be reassessed again at the year end. The overall process for testing impairment follows the same methodology as detailed in note 10 for property, plant and equipment.

10 Property, plant and equipment

	Long leasehold premises £000	Short leasehold premises £000	Amusement machines £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 30 December 2018	**2,122**	**9,569**	**9,461**	**33,901**	**55,053**
Additions	-	-	1,940	3,109	5,049
Acquisition of new centres	-	-	-	111	111
Disposals	-	-	(890)	(79)	(969)
At 30 June 2019	**2,122**	**9,569**	**10,511**	**37,042**	**59,244**
Additions	-	-	1,684	6,842	8,526
Disposals	-	-	(624)	(864)	(1,488)
At 29 December 2019	**2,122**	**9,569**	**11,571**	**43,020**	**66,282**
Additions	-	-	-	4,443	4,443
Disposals	-	-	(61)	-	(61)
At 28 June 2020	**2,122**	**9,569**	**11,510**	**47,463**	**70,664**
Accumulated depreciation and impairment					
At 30 December 2018	**185**	**1,743**	**4,391**	**7,017**	**13,336**
Charge for the period	27	484	1,029	1,838	3,378
Disposals - Depreciation	-	-	(706)	(14)	(720)
At 30 June 2019	**212**	**2,227**	**4,714**	**8,841**	**15,994**
Charge for the period	27	485	1,148	2,058	3,718
Disposals - Depreciation	-	-	(458)	(220)	(678)
At 29 December 2019	**239**	**2,712**	**5,404**	**10,679**	**19,034**
Charge for the period	27	484	1,163	2,178	3,852
Disposals - Depreciation	-	-	(30)	-	(30)
At 28 June 2020	**266**	**3,196**	**6,537**	**12,857**	**22,856**
Net book value					
At 28 June 2020	**1,856**	**6,373**	**4,973**	**34,606**	**47,808**
At 29 December 2019	1,883	6,857	6,167	32,341	47,248
At 30 June 2019	1,910	7,342	5,797	28,201	43,250

Due to the Covid-19 pandemic, property, plant and equipment was tested for impairment on the same principles as reflected in the 2019 Annual Report. The recoverable amount of each CGU open at the period end 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 forecasts after accounting for the impact of Covid-19 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 centre. The Right of Use Asset values have also been factored into the impairment calculations along with the adjustment to the 2019 year end pre-tax discount rate which has been changed to 8.06% after accounting for the transition to IFRS 16 and the significant change in the debt to equity ratio. A £9.1m impairment provision has been made against the right of use asset on transition but there has been no further impairment recognised during the period given the recent reopening of the centres and this will be reassessed again at the year end.

11 Right of use assets

	Leasehold properties £000
Cost	
At transition on 30 December 2019	180,940
Impairment of assets on transition to IFRS 16	(9,077)
Lease additions	-
Modification of leases	7,487
Lease surrenders	-
At 28 June 2020	**179,350**
Accumulated depreciation and impairment	
At transition on 30 December 2019	-
Charge for the period	5,671
Disposals - Depreciation	-
At 28 June 2020	**5,671**
Net book value	
At 28 June 2020	**173,679**
At 29 December 2019	-

The lease modification relates to the regear of 2 leases at the period end with a rent free period agreed in exchange for an increase in the term of the leases.

12 Cashflow from operations

Cash flows from operating activities	**26 weeks to 28 June 2020 Unaudited £000**	26 weeks to 30 June 2019 Unaudited £000	52 weeks to 29 December 2019 Audited £000
(Loss)/profit for the period	**(6,298)**	4,673	9,037
Adjustments for:			
Tax	**(696)**	1,261	2,758
Finance costs, net	**2,123**	401	788
Profit on share of joint venture	**-**	-	(10)
Non-cash exceptionals	**-**	-	800
Non-cash share based payments charge	**139**	98	116
Loss on disposal of assets	**-**	57	921
Amortisation of intangible assets	**158**	274	528
Depreciation of property, plant and equipment	**3,852**	3,378	7,096
Depreciation of right to use assets	**5,671**	-	-
Changes in working capital:			
Decrease in inventories	**423**	56	208
Increase in trade and other receivables	**220**	(613)	(622)
Increase in trade and other payables	**666**	769	1,938
(Increase)/decrease in provisions	**-**	(12)	359
Cash generated from operations	**6,258**	10,342	23,917

13 Bank borrowings and finance leases

	26 weeks to 28 June 2020 Unaudited	26 weeks to 30 June 2019 Unaudited	52 weeks to 29 December 2019 Audited
Current liabilities	**£000**	£000	£000
Bank loans	**20,000**	6,200	6,250
Finance leases – Machines/other	**3,066**	2,658	3,118
Finance leases – Property	**16,048**	-	-
Capitalised financing costs	**(116)**	(56)	(141)
	33,998	8,802	9,227
Non - current liabilities			
Finance leases – Machines/other	**4,555**	4,616	4,991
Finance leases – Property	**166,847**	-	-
	171,402	4,616	4,991

The bank loans with the Royal Bank of Scotland plc consist of a £25.0m committed Revolving Credit Facility (RCF). The loans incur interest at LIBOR plus a margin of 1.40%. The Group has drawn £20.0m of the RCF as at the interim period.

14 Financial risk management

Cash flow and fair value interest rate risk
Cash flow interest rate risk derives from the Group's floating rate financial liabilities, being its bank debt and overdraft facility, which are linked to LIBOR plus a margin of 1.4%. The Group has no fair value interest rate risk. The average period to the expected maturity date of the interest-free financial liabilities, being the onerous lease provision, is 8 years. Sensitivity analysis: In managing interest rate risk the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, sustained changes in interest rates would have an impact on the Group's earnings.

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

Liquidity risk
The Group's cash position and cash flow forecasts are reviewed by management on a daily basis. The current bank facilities consist of a £25.0m RCF. The risk around liquidity is discussed further under the going concern note 3.

15 Principal risks and uncertainties

Ultimate responsibility for the Group's risk management framework sits with the Board who review the Group's risk appetite on an annual basis. The Group's business has been significantly disrupted as a result of the Covid-19 pandemic. All of the Group's centres were closed for trade from 20 March 2020 with the three Welsh centres only reopening on 5 August 2020 and 35 centres in England opening on 15 August 2020. There still remains some uncertainty as to whether this will change as local lockdowns get implemented and there is still the risk that a country wide lockdown could happen again if the pandemic were to significantly worsen. There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining months of the financial year.

The Covid-19 pandemic will have an impact on the economic condition in the UK and hence on the Group and could potentially increase other risk factors including the impact on third party suppliers. These two risks were identified at 29 December 2019, but Covid-19 has increased their likelihood.

The Group's principal risks and uncertainties are assessed in detail as set out in the full Annual Report for the 52 weeks ended 29 December 2019. The Group does not believe there have been any significant changes to its principal risks that will impact on the Group in the remaining half of the year which in summary include:

- Operational – ageing of estate, deterioration of assets and loss of key personnel
- Operational – allergens related to food and bar services provided
- Regulatory changes – new laws, re-interpreted laws and updates from case law

- Business interruption – risk of cyber-attacks, terrorism, failure or unavailability of IT infrastructure

The Group's Board notes that whilst the immediate uncertainties surrounding Brexit have been removed, a level of uncertainty will remain until negotiations around trading arrangements are concluded. However, Brexit may ultimately impact consumer prosperity and disposable income, which may adversely affect demand for the Group's services.

16 Covid-19

All centres were closed on 20 March, in line with government guidance but the three Welsh centres reopened on 5 August 2020 and 35 centres in England opened on 15 August 2020. The closure of the centres had a significant impact on the performance of the Group but the following schemes offered by the government were taken up:

- 12 months rates relief which provided a £5.0m cash saving, with £1.3m received in H1;
- Time to Pay for the VAT quarter to March 2020 providing a £1.7m cash saving; and
- furlough relief from the Government's Coronavirus Job Retention Scheme (CJRS) providing a £2.6m cash saving as at the end of the interim period.

The Group increased it bank drawings to (£20.0m) to ensure it had sufficient cash during the Lockdown period. The Group had cash and cash equivalents of £13.3m leaving net debt of (£6.7m) as at the interim period end and still has £5.0m of the bank facility available to draw on.

The Board has always adopted a prudent approach to the Group's cost base and capital expenditure and identified self-help initiatives by working with suppliers and landlords to reduce the cost base in the short term to ensure the Group remains in a strong financial position.

17 Related Parties

There are no related party transactions nor any related party balances receivable or payable that are not intercompany related. All intercompany transactions and balances have been eliminated on consolidation. There were no material related party transactions requiring disclosure, other than compensation of key management personnel which was disclosed in the Group's Annual Report and Accounts for the year ending 29 December 2019.

18 Post balance sheet events

The Group closed all 45 centres on 20 March 2020 and has re-opened all the centres over August and September 2020 as Lockdown restrictions were eased and the businesses were allowed to reopen.

DIRECTORS RESPONSIBILTY STATEMENT

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

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

The directors confirm to the best of their knowledge that the condensed interim financial statements have been prepared in accordance with the Accounting Standards Board 2007 statement on half yearly financial reports.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of interim financial statements may differ from legislation in other jurisdictions.

The responsibility statement was approved by the Board on 23 September 2020 and signed on its behalf by:

Graham Blackwell
Interim-CEO
23 September 2020

Antony Smith
CFO
23 September 2020

Report on the condensed consolidated financial statements

Our conclusion

We have reviewed Ten Entertainment Group plc's condensed consolidated financial statements (the "interim financial statements") in the Half-Year Results of Ten Entertainment Group plc for the 26 week period ended 28 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Emphasis of matter

Without modifying our conclusion on the interim financial statements, we have considered the adequacy of the disclosure made in note 3 of the interim financial statements concerning the group's ability to continue as a going concern. The group's forecasts and projections includes a downside scenario which includes a 20% reduction in trading levels on the disclosed base case, and a further second wave full lockdown in December 2020 and January 2021 with no trade, and administration costs remaining as per base case during this two month closure. In this downside scenario, whilst liquidity would remain within the available cash and financing facilities, the group would be in breach of its banking covenants and would need to negotiate a waiver up to September 2021 with its lenders in order to avoid its borrowings becoming repayable immediately.

These conditions, along with other matters explained on page 11 to the interim financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the group were unable to continue as a going concern.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 28 June 2020;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

What a review of interim financial statements involves

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
23 September 2020

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