21 January 2021

Ten Entertainment Group plc
Full-Year Trading Update

"Strong growth potential, well positioned to take advantage of tailwinds on reopening"

Ten Entertainment Group plc ("TEG" or "the Group"), a leading UK based operator of 46 family entertainment centres, today announces a trading update for the 52 weeks to 27 December 2020.

- Liquidity extended significantly into 2022 with new £14m financing facility and revised covenants
- Highly experienced leadership team with Graham Blackwell today confirmed as permanent CEO
- Exceptional trading performance pre-lockdown with 9.6% like-for-like growth in first 11 weeks
- Significant progress in digital capability with H2 online bookings growing to over 70% of sales
- Expect a rapid return to cash generation as high-margin model benefits from reduced market capacity
- Market-leading and well-invested family entertainment brand poised to benefit from pent-up demand

Trading

	Pre Covid			**Full Lockdown**	**Reopening**		**Retightening**			
YOY % change	**Jan**	**Feb**	**Mar**	**Apr - Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
Total Sales	+10.6	+20.3	(40.1)	(100.0)	(64.1)	(26.4)	(41.0)	(89.7)	(85.7)	(56.9)
Like-for-like[1]	+7.5	+16.7	(24.9)	n/a	(18.0)	(26.0)	(39.5)	(62.1)	(64.3)	(17.4)

Pre Covid trading was strong, delivering +12.7% total sales growth and +9.6% like-for-like sales growth in the first 11 weeks of the year before the Lockdown continuing the business's strong momentum of 8 consecutive years of like-for-like growth. A particularly strong February with well executed half-term plans delivered like-for-like sales growth of +16.7%.

Over the course of the year, our centres were closed for 49% of the available time, with a full national Lockdown from late March until mid-August and a further English and Scottish Lockdown in November.

Reopening in mid-August was encouraging, with August and September delivering 77% of last year's sales despite operating at only 50% capacity. Initial consumer appeal, as the country exited Lockdown, demonstrated good pent-up demand for our family entertainment centres. Our market leading Covid security measures, including a rigorous cleaning regime and a food and drink ordering app for table service, ensured that our customers felt safe to return. Further investments have now been made in lane dividers at all sites which means that our business can now safely operate 100% of available lanes.

However, as the regulatory landscape continued to evolve and tighten there was a significant impact on consumer demand. The introduction of curfews; Rule of Six; complex constraints governing alcohol sales; and most significantly a ban on household mixing created considerable consumer confusion and impacted on our ability to run our centres profitably in the final quarter of the year.

Total sales for FY20 were £36.3m which is (56.9%) down on FY19 and (17.4%) down on a like-for-like basis adjusting for enforced site closure periods. Unsurprisingly, with the significant disruption which has impacted all but three months of 2020, the Group expects to report a loss for FY20.

The Board are satisfied that consumer demand for family entertainment remains strong and the underlying fundamentals of the business model remain in place. This is a highly cash generative model that typically generates 75% of EBITDA into free cash flow. We are confident that as restrictions are eased, growth will return as consumers emerge from a year of Lockdowns and restrictions.

Liquidity

In March the Board acted swiftly to secure an additional £5m of equity funding and to significantly reduce the monthly cash burn to £1.4m per month. This allowed the business to close the year with £12.4m of liquidity headroom, enough to continue closed for at least another 8 months.

Cash conservation measures remain in place, with full utilisation of Government support packages where applicable and strong support from suppliers and landlords meaning that the cash burn rate is expected to remain at between £1.4-1.6m per month while fully closed.

To further strengthen the liquidity, the Group is pleased to announce today that it has agreed a further £14m term loan with RBS under the Government's CLBILS scheme and a covenant reset of the existing £25m RCF facility. This assures liquidity well into 2022 should the Lockdown continue. The ongoing support provided by RBS throughout this time has been very welcome, and this additional strength to the balance sheet will mean that the business will be ready to reopen and return to growth as the Lockdown eases.

Leadership

The Group is pleased to confirm the appointment of Graham Blackwell as CEO following a successful period as interim. His 30 years' experience in the sector and operational acumen is second to none and has been extremely valuable during this challenging time. Graham's expertise in his role as Chief Commercial Officer has been instrumental in gaining the support of our supplier base and minimising our cash burn through 2020. The Board are confident that he is the best person to lead the business back to growth.

Nick Basing will return to his Non-Executive Chairman role from 1st April 2021 continuing to provide his expert leadership in guiding the Board and the executive team as they return this strong business back to its growth trajectory.

Outlook

Our underlying business model remains highly attractive and strongly cash generative with fully modernised sites, and a long-standing track record of organic growth and successful acquisition investment.

Once the national position has eased, we are confident that customers will be eager to return to experience again our great value family entertainment offer. The reduced market capacity from the closure of casual dining and leisure businesses is likely to be favourable to our business as Lockdown eases and pent-up demand is released.

TEG plans to announce its full-year results at the end of March 2021. Since there is currently little clarity in the trading visibility the Group continues to withhold financial guidance.

Nick Basing, Interim Executive Chairman, commented:

"Our leadership team have ensured that the business has been maintained in first-class shape for when we are able to reopen fully. We have used this extraordinarily challenging year to strengthen our underlying business model, and I'm delighted to confirm Graham Blackwell as CEO who as an executive is second to none. The relevance of our great value family entertainment proposition should ensure a rapid return to our trajectory of sustained growth."

Graham Blackwell, Chief Executive Officer, commented:

"We expect there to be significant pent-up demand when our business reopens. Our highly popular competitive socialising model, operating in safe, spacious and well-invested centres, will be extremely attractive to people in a post vaccine environment. We have secured strong liquidity headroom well into 2022 and anticipate a rapid return to profitability and previous sales levels once the Government eases trading restrictions."

Enquiries:

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About Ten Entertainment Group plc

The Group is a market leading family entertainment business in the UK market with a total of 46 entertainment centres anchored on Tenpin Bowling and trading under the Tenpin brand with approximately 1,100 bowling lanes across the estate. The Group also has a variety of entertainment offerings, such as amusement machines, table-tennis, soft play, escape rooms, laser games and pool tables, plus food and beverages.

[1] Like-for-like sales are a measure of sales change adjusted for new sites, divested sites, and temporary site closures over a comparable trading period.