Half-Year Results
22 September 2021

Results for the 26 weeks to 27 June 2021

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ten. ENTERTAINMENT GROUP PLC

Ten Entertainment Group plc
Half-Year Results 26 weeks ended 27 June 2021

Exceptional summer performance; full year trading now anticipated to be ahead of previous management expectations.

Ten Entertainment Group plc ("Ten Entertainment" or "The Group"), a leading UK based operator of 46 bowling and family entertainment centres, today announces its half-year results for the 26 weeks to 27 June 2021. During this period, the business was closed for the first 20 weeks, reopening in full on 17 May for six weeks. In 2020 the business traded for the first 12 weeks of the year, followed by 14 weeks of enforced closures due to Covid-19 restrictions. This announcement incorporates an update on recent summer trading.

	26 weeks to 27 June 2021 (H1 21)	26 weeks to 28 June 2020 (H1 20)
Total sales	**£10.6m**	£22.5m
Trading weeks	**6**	12
Like-for-like sales growth vs 2019[1]	**22.5%**	9.6%
EBITDA	**£0.6m**	£4.8m
EBITDA less property rental costs	**(£5.5m)**	(£1.5m)
Group adjusted loss before tax[1]	**(£10.7m)**	(£6.2m)
Reported loss after tax	**(£8.8m)**	(£5.6m)
(Bank net debt)[1]	**(£10.9m)**	(£6.7m)
Available debt headroom	**£28.1m**	£18.3m
Cash inflow/(outflow) after investments	**£1.7m**	(£2.6m)

Record sales since reopening, reflecting staycation boost and underlying strong customer appeal

- +22.5% like-for-like sales growth[1] in the six weeks from 17 May
- Like-for-like sales in the 11 weeks since 27 June have been +42.0%
- Footfall growth drives the most successful summer trading period in the Group's history
- Engagement with customers better than ever, with 25% more contacts in the database than March 2020

Cash position secure, and continues to improve

- Over £28m of available debt headroom – more than in March 2020
- £1.7m cash inflow in the first half despite 20 weeks of closure
- Bank net debt at H1 21 reduced to 46% of 2019 EBITDA less property rental costs
- Strong cash generation over the summer has reduced bank net debt further

Returning to long-term investment for growth

- Free cash flow in the second half enables the restart of our proven high returning investment programme
- Pipeline negotiations well advanced, with four new centres expected to be opened during FY22
- Four significant refurbishments to be complete by December
- Houdini's expansion to 30 Escape Rooms across 12 locations by year end

Current Trading

	17 weeks to 12 Sep 2021 (Restart 2)[3]	5 weeks to 20 Sep 2020 (Restart 1)[3]	11 Weeks to 15 Mar 20 (Pre Covid)	52 weeks to 29 December 2019 (Baseline)
Like-for-like sales growth[2]	**+35.8%**	(17.0%)	+9.6%	+8.0%
Customer Spend per head[2]	**£14.80**	£13.57	£14.01	£14.60
% Online bookings	**65%**	73%	45%	38%
% sales from bowling	**46%**	42%	48%	47%

An excellent start of +22.5% like-for-like growth from the first six weeks of opening has accelerated over the summer holidays, increasing the total sales growth vs 2019 to +35.8% on a like-for-like basis for the 17 weeks since reopening. UK staycations have undoubtedly been beneficial, but this very strong performance shows the underlying appeal of our customer proposition.

Most of the growth, +29.3%pts, is driven by increased footfall. Our strategy has been to attract more customers and encourage return visits by maintaining pricing and promotions at 2019 levels. This has proved successful with solid demand throughout the UK showing that customers have welcomed a return to our entertainment centres for socialising and family activities. Spend has increased on ancillary activities and food and beverage, with spend per head contributing +3.6%pts of growth. There has been a modest benefit from reduced rate VAT of +3.5%pts on food and drink, lower than some leisure operators because HMRC have still not recognised bowling as a leisure activity.

There has been some supply chain disruption and staff turnover, but thanks to the hard work of our suppliers and our employees, this has been manageable. There have been no unplanned closures due to staff or product shortages.

Outlook

- Exceptional summer trading puts the full year outlook ahead of previous management expectations
- Strong demand expected to continue, but likely to moderate to high single digit in 2021 as staycation bubble subsides
- Targeting double-digit sales growth in 2022 compared to 2019 baseline
- Good cash performance to be maintained, with significant free cash flow generation by year end
- Confidence to reinvest free cash flow in a recommencement of our high-returning strategic investment programme
- Four new centres planned for 2022, with pipeline developing well
- Existing RCF banking facility extended to January 2024
- Well positioned to withstand further closures or lockdowns should they be necessary

Graham Blackwell, Chief Executive Officer, commented:

"I am extremely proud of our teams, who have worked under challenging circumstances to deliver this record-breaking period of trading and I want to express my sincere thanks to everyone who has helped deliver this remarkable performance. I'm delighted to see our centres so busy again, with happy staff and customers. It is great to see our investment in people and our centres paying off, with our most successful ever summer.

We are now 100% focused on the future, returning to our strategy of growth through acquisitions and internal investment. We will commence some new developments over the coming months, as well as transforming our customer proposition in four of our busiest family entertainment centres across the UK.

Our cash position is secure and continues to strengthen further day by day giving us much confidence for the future."

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Matthew Smallwood
Penny Bainbridge

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

There will be a presentation today at 9.30 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 loss 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. Like-for-like sales compare sales while the business is trading from 17 May over an equivalent six-week period in 2019 adjusted for new centres. All centres were closed for the comparable six weeks in 2020.

2 Like-for-like sales growth and spend per head growth compared to 2019 figures using only centres that were open and trading in both periods.

3 Restart 1 refers to the reopening of the business in August 2020 following the first UK Lockdown due to Covid-19. During this period the business was restricted to 50% lane capacity and other Government Covid security measures. Restart 2 refers to the reopening of the business on 17 May after the Lockdown throughout the beginning of 2021. During this trading period the business had fewer trading restrictions and was able to operate at 100% lane capacity.

Chief Executive's Statement and Operating Review

The first half of 2021 continued to be impacted by Covid-19 much like the majority of H1 2020. All centres were closed for the first 20 weeks of the year because of the Covid-19 Lockdown. Our primary focus remained on conserving cash, which we did successfully. Just as importantly, we continued to improve our business and prepare to welcome our customers safely back to our centres. This has resulted in the Group emerging from the pandemic with a better business.

Since restrictions were lifted on 17 May, we have reopened extremely well, consistently creating record sales growth, particularly during the summer holiday period. We are confident that we are well positioned for long-term growth.

An extremely strong and successful reopening

Total sales for the six weeks from reopening on 17 May to the 27 June were +27.4% compared to the same period in 2019. Like-for-like sales growth over these opening six weeks were a very encouraging +22.5% compared to 2019.

This momentum continued and accelerated throughout the summer, exceeding our expectations, with total sales growth since 17 May to 12 September of +39.4% compared to the same period in 2019. Like-for-like sales growth over the same period has been an extremely strong +35.8% compared to 2019.

This growth in our business has been driven by several factors, some of which are long-term structural advantages that we have built into our business, and some of which may be more short-term that we have been well positioned to take advantage of.

Short-term pent-up demand after more than a year of hospitality and leisure restrictions has no doubt contributed to the early growth seen on reopening. Our UK-focused model is principally reliant on domestic consumers rather than tourists which makes it well placed to see the benefit of foreign travel restrictions. Many of our customers have taken their summer holidays in the UK, and our centres are an ideal place for families to enjoy a range of activities on a staycation. We ensured that we could meet this increased demand with an attractive bowling and food package that was priced at the same level as in 2019. We have yet to see these short-term factors diminish but do expect that as the UK consumer starts to travel abroad again, we may see a softening in these very high levels of demand.

Additionally, some significant structural advantages have ensured that this reopening growth has been so successful. These factors are likely to contribute to an ongoing like-for-like sales growth compared to the baseline of 2019. Our business is more digitally enabled than ever. We have grown our customer contact database by 25% since March 2020 and have combined this with a much improved digitally enabled marketing strategy. Our focus has moved to emphasise customer experience and social interaction amongst friends and across the generations in families. During Lockdown we have continued to invest in and maintain our centres to offer the best possible bowling and entertainment experience. We have a much-loved range of activities, anchored on bowling but with a variety of other games such as Arcade Machines, Pool, Escape Rooms, Soft Play areas and Laser Tag Arenas. These activities are difficult to experience at home, and our customers enjoy participating with family and friends in the social environment of our centres.

Continued customer appeal

The Group continues to offer great value entertainment at a fair price. The average price per game in H1 21, including VAT, was £5.23, down from £5.30 in H1 20. Sales growth was primarily footfall driven, with a modest increase in spend per head driven by additional ancillary spend. The smartphone-based ordering for food and drink, which was introduced in FY20 continues to be successful, supporting spend per head and improving the customer experience.

As well as a good value price proposition, our customers have much flexibility on how much they spend each time they visit. The range of food, drink and entertainment we have on offer means that customers can budget for their visit based on affordability. They can choose to bowl more than once; enjoy a variety of other activities; and buy food and drink to supplement their experience. This contributes to a total spend per head of £14.80 (net of VAT) in the 17 weeks since reopening, a growth of +3.6% compared to the equivalent period in 2019. This is a good indication that customer behaviours are very similar to our long-term historic experience.

Our customer engagement through social media channels continues to develop, with regular games, competitions and offers. We remain the most followed bowling operator in the UK on both Facebook and Instagram. The fundamental shift in customer behaviour seen after the first Lockdown has continued since the reopening in May, with advanced bookings online continuing to make up the majority of our bowling sales. Better customer communications and maximising our recent investment in the digital infrastructure are helping to drive repeat visits.

Keeping our employees and customers safe remains a priority. Although the removal of the final government restrictions on 19 July was welcomed, there are some Covid security measures that we continue to implement: meet and greet, sanitising stations, lane dividers, ball labelling and the mobile ordering app all contribute to our industry leading standards. Structurally our centres benefit from being large and open spaces with discrete places for customers to enjoy their game away from other groups if they so wish. These elements combine to give our customers confidence to return.

Cash position robust and generating profit

The encouraging reopening sales performance means that the Group has already returned to profit and cash generation. The Group returned to profit in the first month of opening and both May and June were cash positive, as were July and August.

Although there is growing confidence that the successful implementation of the vaccine programme in the UK makes the possibility of further lockdowns less likely, the Group's first priority is to continue to retain a liquidity buffer to insulate against any further closures. With over £28m of headroom at the half year and a very strong trading period over the summer, the level of cash available to the business is now greater than at the start of the pandemic in March 2020 and we are confident that the business has good resilience.

We have a proven track record of investment to drive returns in excess of 30%. We believe that there is now sufficient financial headroom for the Group to be able to confidently resume the capital investment programme at pace to deliver growth and future shareholder value.

Strategic investment has recommenced

The business expects to continue to generate free cash flow in the second half. Sales over the summer period have been very strong, and even with a weakening of demand once schools have returned, there is a good opportunity to recommence our highly successful investment strategy to drive further profit growth, including developing the expansion pipeline.

Major refurbishments are currently underway at two key centres in Nottingham and Bristol. Two further refurbishments at Plymouth and Kingston are planned for completion by the end of the year. These refurbishment programmes will modernise the centres, add additional activities such as Karaoke and Escape Rooms, and enhance the core bowling experience.

We are also continuing to invest in the latest scoring systems as we roll this out to eight further centres and although we have now substantially completed our Pins & Strings investment programme, we will continue to ensure that the bowling experience is the best-in-class in the UK. We are actively working with our suppliers to continue to ensure that we offer a quality bowling experience in all our centres.

Our recent new brownfield development in the heart of Manchester's vibrant Northern Quarter opened in September 2020. This centre is based in the popular Printworks leisure complex. It is a 12-lane centre over two floors with a contemporary design that appeals to the evening market. We are very pleased with the quality of this new opening, and it is showing very good sales and return on investment. This city-centre format has been added to the portfolio of opportunities within our pipeline.

The pipeline of potential new sites is progressing well, with advanced stage negotiations ongoing for a number of new centres. The property market has become more favourable to us in some areas, particularly with the demise of some key players in the retail sector. In seeking new sites, we will maintain our strict selection criteria to ensure we develop the best sites. We secure long-term leases, for which we pay a rent that is significantly lower than the retail sector. We are confident that we will continue to expand our estate by adding four high quality new centres during the course of FY22.

Expanding Houdini's Escape Rooms

We are very pleased with progress in our partnership with Houdini's, and by the end of the year will have 30 rooms operating from 12 locations. As a 50:50 joint venture, the sales are not included in Group sales, but we have seen Tenpin centres that offer a Houdini's Escape Room benefit from increased food and drink sales from the customers when they visit. We are also seeing return visits and good cross-fertilisation across the activities.

We are delighted to have opened an Escape Room in partnership with Stonegate Inns at The Hope Inn in Farringdon, central London. We also have two Escape Rooms in Best Western hotels in the UK. These developments are very promising in providing access to many more expansion locations, and we will continue to work closely with them to drive further growth.

The model is working well, with low initial capital requirements of <£0.1m per room and a return on investment of over 40%. The small footprint and flexible approach to building these rooms means that there are many opportunities throughout the UK, within Tenpin and with selected leisure and hospitality partners.

Optimally positioned for long-term growth

The underlying business model remains highly attractive and strongly cash generative. While the pent-up demand is likely to dissipate, the business continues to be well positioned for growth with its well-invested estate and focus on customer experience.

Environmental, Social and Governance

Our strategy is underpinned by investment in our people, and we are pleased to say that following an assessment which took place throughout July, the Group has successfully maintained the Investors in People gold accreditation until July 2024. Our people have been through a very challenging 18 months, and we are pleased to see that they feel they have been well supported through these tough times.

The incredible hard work of our employees across the UK has been fundamental to our successful reopening. Most have gone from periods of extended furlough to an incredibly challenging and busy trading period. I would like to thank every team member for their efforts and resilience over the last 18 months.

The proven energy efficient Pins & Strings rollout has recommenced with the expectation that substantially all centres will be complete by the end of FY21. We continue to pursue other opportunities to reduce our energy consumption.

During the first half of the year, there were a number of changes to the Board including the appointment of an independent Non-Executive Chairman, Adam Bellamy. Laura May was appointed to the Board as an independent Non-Executive Director and Audit Committee chair. Julie Sneddon has been appointed Senior Independent Director. These changes have resulted in an increased level of independence as well as improved gender diversity; 33% of our Board are female.

Outlook

Following the exceptional trading over the summer, we now expect our full year performance to be ahead of previous management expectations.

Our hard work in the first five months of the year in preparing for the best possible opening has been rewarded by an exceptional level of sales growth on reopening. The short-term boost from UK staycations and the pent-up demand has not yet subsided, but we do expect it to over time. Nonetheless, we expect that the solid underlying levels of demand will continue for the business and that we can return sustainably to our previous track record of growth.

Our financial position is robust. We have secured an extension of our RCF to January 2024. We have reduced our deferred cash liabilities to around £3m, which is principally property rent and VAT. At the expected levels of growth, strong cash generation will continue. We have recommenced our capital investment programme and will utilise our free cash flow in the second half to invest back in the business to drive growth and consolidate our high demand.

We anticipate four new openings in 2022 and in the short-term are focusing on major refurbishments of some of our significant centres to help underpin the like-for-like growth.

There remains some caution about the prospect of tightening restrictions during the winter period, but we have proven our business model to be very robust and our customers to be highly engaged and ready to enjoy our centres when they are allowed, even with restrictions in place.

We anticipate some pricing pressures in labour and cost of goods and this is likely to compress margins a little. However, as a proportion of our sales the impact is relatively small, and we consider these inflationary pressures to be manageable. Our pricing strategy will remain to offer good value to our customers and to use the resultant increased footfall and frequency as the engine for profit growth.

Graham Blackwell
Chief Executive Officer
22 September 2021

Financial Review

A note on trading and alternative profit measures and comparatives

The trading periods for 2020 and 2021 have been significantly disrupted due to Covid restrictions and Lockdowns. The periods in which the business was open and trading are set out in the table below:

	26 weeks to 27 June 2021	26 weeks to 28 June 2020
All centres open	**Weeks 21-26**	**Weeks 1-12**
All centres closed	Weeks 1-20	Weeks 13-26
% open	**23%**	**45%**
Restrictions while open	*Rule of 6* *Table service* *Capacity limits*	*None*

Management considers 2019 a useful baseline comparative when comparing sales performance once the business has reopened. This is appropriate due to the seasonal variations in trade and provides the best comparator for when the business was open normally and without disruption.

When referring to like-for-like sales in this section, this means a comparison of the six weeks of trading in 2021 from 17th May against the equivalent six weeks of trading in 2019 and adjusting for centres which were not open in both periods.

£000	26 weeks to 27 June 2021	26 weeks to 28 June 2020	Movement
Revenue	**10,610**	**22,471**	**(11,861)**
Cost of sales [1]	(1,126)	(3,084)	1,958
Gross margin	**9,484**	**19,387**	**(9,903)**
Gross Margin %	*89.4%*	*86.3%*	*+3.1%pt*
Total operating costs	(5,652)	(9,465)	3,813
Central and support overheads	(3,201)	(5,112)	1,911
EBITDA	**631**	**4,810**	**(4,179)**
Depreciation and amortisation	(8,666)	(8,212)	(454)
Net interest	(2,666)	(2,831)	165
Group adjusted Loss before tax [2]	**(10,701)**	**(6,233)**	**(4,468)**
Amortisation of acquisition intangibles	(68)	(54)	(14)
Loss before tax	**(10,769)**	**(6,287)**	**(4,482)**
Taxation	1,970	696	1,274
Loss after tax	**(8,799)**	**(5,591)**	**(3,208)**
Earnings per share			
Basic earnings per share	**(12.87)p**	**(8.39)p**	**(4.48)p**
Adjusted basic earnings per share	**(12.77)p**	**(8.31)p**	**(4.46)p**

Total sales were £10.6m which is a reduction of (52.8%) on H1 20. This had a knock-on impact on the gross margin which ended the period at £9.5m, a (51.1%) reduction year-on-year. The gross margin rate for the Group remained high at 89.4% which reflects the nature of our business model where 46% of revenue comes from bowling sales which have no associated COGS. Gross margin rate rose by +3.1%pts compared to last year. This was due to two factors: last year's gross margin was artificially suppressed by

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 Group adjusted loss before tax is defined as profit before exceptional items, profit or loss on disposal of assets, amortisation of acquisition intangibles and adjustments to impairment provisions

£0.4m due to the write-off on food and drink stock when all centres closed due to Lockdown in March; and H1 21 gross margin was enhanced by £0.3m due to the reduced rate of VAT on food and non-alcoholic beverages. Absent these factors, underlying gross margin rate remained broadly at 2019 levels and is expected to stabilise in the long term at historic levels.

Total operating costs for H1 21 were £5.7m, a saving of £3.8m compared to H1 20. This 40.3% year-on-year reduction reflects the focus of the Operations and Commercial teams to reduce costs while the business was in Lockdown. Lockdown costs are managed to around 50% of the normal cost base and this continued through the first 20 weeks of the year while the business was closed. The business continued to support its employees with payment of wages while they were unable to work. We received £4.0m of Coronavirus Job Retention Scheme ('CJRS') support in H1 21 which covered 83% of the total cost of supporting our site-based teams who were on furlough during the 20 week period of closure. The Group only utilised CJRS when centres were fully closed and has not continued to use the scheme after reopening.

There was a significant cost to prepare the centres for reopening, which included staff training; deep cleaning and sanitisation; purchase of consumables and equipment to continue to maintain best-in-class Covid security; and recruitment of new team members. These costs were covered by the Government's restart grants, which totalled £0.7m in H1 21.

Business rates remained on hold for the first half of the year and recommenced in July, albeit at a reduced level. Overall, it is expected that business rates will be £3.3m lower in 2021 than in a normal year, and these will revert to previous levels in FY22. The reduced business rates while trading, combined with Government closure grants, has helped to mitigate the property rental costs that the business has incurred during closures. These property costs (which include cash rental payments) during closure have been 26% covered by this support in H1 21.

Central and Support costs reduced in H1 21 by 37.4% to £3.2m (H1 20: £5.1m). One-off costs in respect of lease regears, contractual amendments and professional fees were incurred, and the development of the highly successful new digital campaign to restart the business were all incurred during the Lockdown period.

The business has not reported any exceptional items in the period.

Financing

£000	26 weeks to 27 June 2021	26 weeks to 28 June 2020
Interest on bank debt	(207)	(159)
Amortisation of bank financing costs	(15)	(58)
Finance lease interest charges	(2,444)	(2,614)
Net interest excluding shareholder loan note interest	**(2,666)**	**(2,831)**

Finance costs decreased to £2.7m in H1 21 (H1 20: £2.8m) comprising the implied interest relating to the lease liability under IFRS 16 of £2.4m and £0.2m associated with our bank borrowing facilities. Interest on the bank net debt increased as a function of the higher drawings. The full £14.0m Coronavirus Large Business Interruption Loan Scheme ('CLBILS') term loan facility was drawn in January and further drawings from the RCF facility in the period and the non-utilisation fees on that facility are included in the interest charge. The adjustment for the practical expedient on rent concessions received has been put through the finance lease interest charges line.

We are pleased to announce that we have extended the existing RCF facility with RBS to run co-terminus with the CLBILS which expires in January 2024. This secures sufficient available funds for more than 2 years and gives liquidity certainty to protect and grow the business for the future. There is an arrangement fee of 0.75% of the facility at £187.5k, as well as legal fees, which will both be incurred in the second half and amortised over the remaining life of the facility. The new RCF has a slightly higher margin at 185bps but a lower non-utilisation fee of 40% of the margin, which means that at current borrowing levels the new finance incurs a slightly lower overall interest expense. The covenants remain unchanged as set out in note 3 of these statements.

The Group does not intend to declare a dividend in respect of FY21 as it continues to focus on liquidity security, debt reduction and high-returning strategic capital investment.

Taxation

A tax credit of (£2.0m) has been recognised for H1 21 (H1 20: £0.7m credit) 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 £000	27 June 2021	27 December 2020	Movement	28 June 2020
Closing cash and cash equivalents	**17,103**	7,394	9,709	13,326
Bank loans	**(28,000)**	(20,000)	(8,000)	(20,000)
Bank net debt	**(10,897)**	(12,606)	1,709	(6,674)
Finance leases – Machines and other	**(5,781)**	(6,945)	1,164	(7,621)
Finance leases – Property	**(181,339)**	(178,201)	(3,138)	(165,829)
Statutory net debt	**(198,017)**	(197,752)	(265)	(180,124)

Bank net debt has reduced in the period since year end to £10.9m; an inflow of £1.7m. This cash inflow is despite the business being closed for 77% of the period and reflects the continued focus of management to ensure that cash is tightly managed.

The Group's cash position is very robust, with more available liquidity headroom than before the pandemic in March 2020. As at 27 June there was over £28m of liquidity headroom, and even after adjusting for the very short-term working capital benefit of the June rent quarter and payroll, there was still in excess of £23m available. Debt facilities of £39m comprise the £25m RCF facility and the £14m CLBILs which both expire in January 2024, albeit the CLBILS term loan is subject to repayments of £1,167k per quarter from January 2022 with a final bullet payment of £4,667k on maturity in January 2024.

Cash flow

	26 weeks to 27 June 2021 £000	26 weeks to 28 June 2020 £000	Movement £000	52 weeks to 27 December 2020 £000
Cash flows from operating activities				
Group adjusted EBITDA	**631**	4,810	(4,179)	3,347
Property rental costs	**(6,117)**	(6,264)	147	(11,207)
EBITDA less property rental costs	**(5,486)**	(1,454)	(4,032)	(7,860)
Maintenance capital	**(205)**	(357)	152	(741)
Movement in working capital	**7,962**	2,775	5,187	5,489
Finance lease and taxation payments	**(668)**	(1,858)	1,190	(1,636)
Free cash flow	**1,603**	(894)	2,497	(4,748)
Dividends paid	**-**	(2,405)	2,405	(2,405)
Cash flow available for investment	**1,603**	(3,299)	4,902	(7,153)
Proceeds from issue of shares	**-**	4,878	(4,878)	4,878
Existing estate refurbishments	**-**	(2,615)	2,615	(2,710)
Transformative investment	**-**	(8)	8	(483)
Centre acquisitions including Tenpinisation	**-**	(1,429)	1,429	(3,105)
Exceptionals & share based payments	**106**	(139)	245	29
Cash flow after investment	**1,709**	(2,612)	4,321	(8,544)
Draw down/(repayment) of debt	**8,000**	13,750	(5,750)	13,750
Opening cash and cash equivalents	**7,394**	2,188	5,206	2,188
Cash and cash equivalents – end of period	**17,103**	13,326	3,777	7,394

Free cash flow has been significantly impacted by the Lockdown which halted sales generation for the first 20 weeks of the period resulting in an EBITDA loss. Despite this loss, management have been highly focused on cash conservation, and the limited maintenance capital together with a very robust working capital management, in collaboration with suppliers, has helped deliver a cash inflow of £1.7m in the period.

About half of the working capital benefit is very short-term and is a result of the Q3 rent payment and the June payroll both falling after the accounting date.

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 27 June 2021. 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.

In addition, the unusual nature of the impact of Covid-19 closures has meant that the most useful baseline comparative is often 2019. Management have clearly stated where performance is compared against the 2019 baseline which has been adopted in areas to help understand the comparative sales and profit performance. It is the Group's intention to continue to use a 2019 baseline comparison where this is appropriate and no equivalent prior year trading comparator is available.

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 5 January 2021 until 17 May 2021, when all centres were reopened for trade and have remained open to the date of this report. In response to the Covid-19 pandemic, during the closed period from 5 January 2021, the Group has:

- raised £14.0m in cash resources from a new CLBILs term loan facility agreement with RBS in January 2021;
- taken advantage of the business rates relief available until December 2021;
- claimed furlough relief from the Government's Coronavirus Job Retention Scheme ('CJRS') during the closure period;
- negotiated rent deferrals and rent regears with landlords;
- significantly reduced the level of capital expenditure during the closed period;
- did not declare a final dividend for 2020 nor an interim dividend for 2021; and
- have extended the £25.0m RCF facility which expires in September 2022, to January 2024.

As part of the negotiation of the CLBILS facility in January 2021, the covenants were renegotiated and amended to the following:

Current covenants:

Fixed charge covenant (Adjusted EBITDA plus rent to rent adjusted finance costs)	Leverage covenant (Ratio of total net debt to adjusted EBITDA)
Testing for 2021 waived, replaced by new covenants	Testing for 2021 waived, replaced by new covenants
March 2022 – reference level – 1.10x	March 2022 – reference level – 7.50x
June 2022 – reference level – 1.25x	June 2022 – reference level – 5.00x
September 2022 – reference level – 1.50x	September 2022 – reference level – 4.00x
December 2022 – reference level – 1.50x	December 2022 – reference level – 2.25x

New covenants:

Introduced for January 2021 to December 2021:

Minimum EBITDA	Minimum liquidity
Quarter 1 – £5,550,000 EBITDA loss	Quarter 1 – £4,750,000 in cash and cash equivalents
Quarter 2 – £10,550,000 cumulative EBITDA loss	Quarter 2 – £4,000,000 in cash and cash equivalents
Quarter 3 – £10,550,000 cumulative EBITDA loss	Quarter 3 – £1,500,000 in cash and cash equivalents
Quarter 4 – £12,550,000 cumulative EBITDA loss	Quarter 4 – £1,500,000 in cash and cash equivalents

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 severe but plausible downside case were prepared. The base case assumes the level of trade for the second half of 2021 and for the 12 months of 2022, return to the same level as those experienced in 2019 with an increase for new sites and an overlay of like-for-like growth of +7% which is in the range of our medium-term experience and expectations. The cost base will return to the same level as 2019 for the 12 months of 2022 but the 2021 second half will include the business rates benefit from the "Expanded Retail Discount" which is capped at £2.0m, being provided by the local councils.

Under this scenario, the Group is expected to be profitable in 2022, have sufficient liquidity and to have no covenant breaches within the next 12 months from the signing of these interim financial statements.

A plausible downside scenario was prepared using the following key assumptions:

- A full lockdown in January 2022, trade returning to 64% of base case for February, before returning to base case levels for the rest of the year. This would result in a (14%) decline in trade levels for the 2022 full year versus the base case;
- in line with the revenue reduction, there is a reflective reduction in variable operating costs including employee costs;
- fixed costs such as rent are maintained at the same level as the base case; and
- capital expenditure costs are restricted to maintenance capital only.

The Group is expected to be profitable in 2022 and have robust liquidity but due to the leverage and fixed cost covenants commencing again in 2022, any national lockdown would result in the Group breaching the fixed charge and leverage covenants in March 2022 and would need to negotiate a waiver with its lenders up to the end of September 2022 in order to avoid its borrowings becoming repayable immediately. The Group's relationship with RBS is very good and as reflected by the previous waivers and covenant changes that have been given by the Bank, it is expected that they would provide a short-term waiver for these covenants in this scenario.

Nevertheless, in the event of lockdown measures impacting the Group's operations, the possibility of a covenant breach at the end of March 2022 cannot be discounted, and as such represents a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Taking the above and the principal risks faced by the Group and Company into consideration, and the Directors' expectation that they could negotiate an extension to the covenant should the need arise, the Directors are satisfied that the Group and Company have adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. The interim financial statements do not include the adjustments that would result if the Group and Company 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
22 September 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 26 week period ended 27 June 2021

	Notes	**26 weeks to 27 June 2021 Unaudited**	26 weeks to 28 June 2020 Unaudited restated	52 weeks to 27 December 2020 Audited
		£000	£000	£000
Revenue	7	**10,610**	22,471	36,269
Cost of sales		**(4,154)**	(7,481)	(14,095)
Gross profit		**6,456**	14,990	22,174
Administrative expenses		**(14,559)**	(18,446)	(38,025)
Operating loss		**(8,103)**	(3,456)	(15,851)
Analysed as:				
Group adjusted EBITDA		**631**	4,810	3,347
Amortisation of acquisition intangibles		**(68)**	(54)	(142)
Depreciation and amortisation		**(8,666)**	(8,212)	(16,634)
Impairment		**-**	-	(2,521)
Profit on disposal of assets		**-**	-	99
Operating loss		**(8,103)**	(3,456)	(15,851)
Finance costs		**(2,666)**	(2,831)	(5,815)
Loss before taxation		**(10,769)**	(6,287)	(21,666)
Taxation		**1,970**	696	3,919
Loss for the period and total comprehensive loss attributable to owners of the parent		**(8,799)**	(5,591)	(17,747)
Earnings per share				
Basic earnings per share	8	(12.87p)	(8.39p)	(26.30p)
Diluted earnings per share	8	(12.87p)	(8.39p)	(26.30p)

Prior year comparatives for the period ended 28 June 2020 have been restated due to a prior year adjustment. See note 5 to the interim financial statements for further details.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 27 June 2021

	Notes	**26 weeks to 27 June 2021 Unaudited £000**	26 weeks to 28 June 2020 Unaudited restated £000	52 weeks to 27 December 2020 Audited £000
Assets				
Non-current assets				
Goodwill	9	**29,350**	29,350	29,350
Intangible assets	9	**355**	471	476
Investments in joint venture		**310**	310	310
Property, plant and equipment	10	**38,566**	42,650	41,453
Right of use assets	11	**156,559**	155,831	157,145
Deferred tax asset		**6,088**	3,168	4,118
		231,228	231,780	232,852
Current assets				
Inventories		**1,050**	875	508
Trade and other receivables		**1,194**	2,151	1,672
Cash and cash equivalents		**17,103**	13,326	7,394
Corporation tax receivable		**10**	463	2,302
		19,357	16,815	11,876
Liabilities				
Current liabilities				
Bank borrowings and lease liabilities	13	**(43,871)**	(31,535)	(34,031)
Trade and other payables		**(12,833)**	(11,770)	(8,282)
		(56,704)	(43,305)	(42,313)
Net current liabilities		**(37,347)**	(26,490)	(30,437)
Non-current liabilities				
Bank borrowings and lease liabilities	13	**(171,182)**	(161,799)	(171,024)
Deferred tax liabilities		**(1,582)**	(1,362)	(1,582)
		(172,764)	(163,161)	(172,606)
Net assets		**21,117**	42,129	29,809
Equity				
Share capital		**684**	683	683
Share premium		**4,844**	4,844	4,844
Share based payments reserve		**356**	414	250
Merger reserve		**6,171**	6,171	6,171
Retained earnings		**9,062**	30,017	17,861
Total equity		**21,117**	42,129	29,809

Prior year comparatives for the period ended 28 June 2020 have been restated due to a prior year adjustment. See note 5 to the interim financial statements for further details.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 26 week period ended 27 June 2021

	Notes	**26 weeks to 27 June 2021 Unaudited £000**	26 weeks to 28 June 2020 Unaudited £000	52 weeks to 27 December 2020 Audited £000
Cash flows generated from operating activities				
Cash generated from operations	12	**5,208**	6,258	4,480
Corporation tax received/(paid)		**2,292**	(1,370)	(715)
Finance costs paid		**(2,651)**	(2,098)	(5,766)
Net cash generated from/(used in) operating activities		**4,849**	2,790	(2,001)
Cash flows used in investing activities				
Purchase of property, plant and equipment		**(205)**	(4,412)	(6,044)
Purchase of software		**-**	-	(119)
Net cash used in investing activities		**(205)**	(4,412)	(6,163)
Cash flows (used in)/ from financing activities				
Gross proceeds from issue of new shares		**-**	5,005	5,038
Transaction costs from share issue		**-**	(127)	(160)
Lease principal payments		**(2,935)**	(3,463)	(2,853)
Dividends paid		**-**	(2,405)	(2,405)
Drawdown of bank borrowings		**18,000**	18,350	18,350
Repayment of borrowings		**(10,000)**	(4,600)	(4,600)
Net cash from financing activities		**5,065**	12,760	13,370
Net increase in cash and cash equivalents		**9,709**	11,138	5,206
Cash and cash equivalents – beginning of period		**7,394**	2,188	2,188
Cash and cash equivalents – end of period		**17,103**	13,326	7,394

Prior year comparatives for the period ended 28 June 2020 have been restated due to a prior year adjustment. See note 5 to the interim financial statements for further details.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 27 June 2021

	Share capital £000	Share premium	Share based payment reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Unaudited 26 weeks to 27 June 2021						
Balance at 27 December 2020	683	4,844	250	6,171	17,861	29,809
Share based payment charge	-	-	106	-	-	106
Issue of shares	1	-	-	-	-	1
Loss for the period and total comprehensive loss attributable to owners of the parent	-	-	-	-	(8,799)	(8,799)
Balance at 27 June 2021	**684**	**4,844**	**356**	**6,171**	**9,062**	**21,117**
Unaudited 26 weeks to 28 June 2020 - restated						
Balance at 30 December 2019	650	-	275	6,171	41,516	48,612
Restatement (note 5)	-	-	-	-	(3,503)	(3,503)
Adjusted balance at 30 December 2019	**650**	**-**	**275**	**6,171**	**38,013**	**45,109**
Share based payment charge	-	-	139	-	-	139
Issue of shares	33	4,844	-	-	-	4,877
Dividends paid	-	-	-	-	(2,405)	(2,405)
Profit for the period and total comprehensive income	-	-	-	-	(5,591)	(5,591)
Balance at 28 June 2020	**683**	**4,844**	**414**	**6,171**	**30,017**	**42,129**
52 weeks to 27 December 2020						
Balance at 29 December 2019	650	-	275	6,171	49,815	56,911
Adjustment on initial application of IFRS 16	-	-	-	-	(14,970)	(14,970)
Taxation on IFRS 16 transition adjustment	-	-	-	-	3,168	3,168
Adjusted balance at 30 December 2019	**650**	-	**275**	**6,171**	**38,013**	**45,109**
Share based payment charge	-	-	(25)	-	-	(25)
Issue of shares	33	4,844	-	-	-	4,877
Dividends paid	-	-	-	-	(2,405)	(2,405)
Profit for the period and total comprehensive income attributable to owners of the parent	-	-	-	-	(17,747)	(17,747)
Balance at 27 December 2020	**683**	**4,844**	**250**	**6,171**	**17,861**	**29,809**

Prior year comparatives for the period ended 28 June 2020 have been restated due to a prior year adjustment. See note 5 to the interim financial statements for further details.

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 27 June 2021 ("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 27 June 2021 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 27 December 2020 which were approved by the board of directors on 29 March 2021 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 22 September 2021.

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 27 June 2021. 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 28 June 2020. Prior year comparatives for the period ended 28 June 2020 have been restated due to a prior year adjustment. See note 5 to the interim financial statements for further details.

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 27 December 2020. A number of other new European Union endorsed amendments to existing standards are also effective for periods beginning on or after 28 December 2020.

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 and have not been adopted early by the Group. The impact of these standards is not expected to be material.

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 5 January 2021 until 17 May 2021, when all centres were reopened for trade and have remained open to the date of this report. In response to the Covid-19 pandemic, during the closed period from 5 January 2021, the Group has:

- raised £14.0m in cash resources from a new CLBILs term loan facility agreement with RBS in January 2021;
- taken advantage of the business rates relief available until December 2021;
- claimed furlough relief from the Government's Coronavirus Job Retention Scheme ('CJRS') during the closure period;
- negotiated rent deferrals and rent regears with landlords;
- significantly reduced the level of capital expenditure during the closed period;
- did not declare a final dividend for 2020 nor an interim dividend for 2021; and
- have extended the £25.0m RCF facility which expires in September 2022, to January 2024.

As part of the negotiation of the CLBILS facility in January 2021, the covenants were renegotiated and amended to the following:

Current covenants:

Fixed charge covenant (Adjusted EBITDA plus rent to rent adjusted finance costs)	Leverage covenant (Ratio of total net debt to adjusted EBITDA)
Testing for 2021 waived, replaced by new covenants	Testing for 2021 waived, replaced by new covenants
March 2022 – reference level – 1.10x	March 2022 – reference level – 7.50x
June 2022 – reference level – 1.25x	June 2022 – reference level – 5.00x
September 2022 – reference level – 1.50x	September 2022 – reference level – 4.00x
December 2022 – reference level – 1.50x	December 2022 – reference level – 2.25x

New covenants:
Introduced for January 2021 to December 2021:

Minimum EBITDA	Minimum liquidity
Quarter 1 – £5,550,000 EBITDA loss	Quarter 1 – £4,750,000 in cash and cash equivalents
Quarter 2 – £10,550,000 cumulative EBITDA loss	Quarter 2 – £4,000,000 in cash and cash equivalents
Quarter 3 – £10,550,000 cumulative EBITDA loss	Quarter 3 – £1,500,000 in cash and cash equivalents
Quarter 4 – £12,550,000 cumulative EBITDA loss	Quarter 4 – £1,500,000 in cash and cash equivalents

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 severe but plausible downside case were prepared. The base case assumes the level of trade for the second half of 2021 and for the 12 months of 2022, return to the same level as those experienced in 2019 with an increase for new sites and like-for-like growth. The cost base will return to the same level as 2019 for the 12 months of 2022 but the 2020 second half will include the business rates benefit from the "Expanded Retail Discount" which is capped at £2.0m, being provided by the local councils.

Under this scenario, the Group is expected to be profitable in 2022, have sufficient liquidity and to have no covenant breaches within the next 12 months from the signing of these interim financial statements.

A plausible downside scenario was prepared using the following key assumptions:

- A full lockdown in January 2022, trade returning to 64% of base case for February, before returning to base case levels for the rest of the year. This would result in a (14%) decline in trade levels for the 2022 full year versus the base case
- in line with the revenue reduction, there is a reflective reduction in variable operating costs including employee costs;
- fixed costs such as rent are maintained at the same level as the base case; and
- capital expenditure costs are restricted to maintenance capital only.

The Group is expected to be profitable in 2022 and have strong liquidity but due to the leverage and fixed cost covenants commencing again in 2022, any national lockdown would result in the Group breaching the fixed charge and leverage

covenants in March 2022 and would need to negotiate a waiver with its lenders up to the end of September 2022 in order to avoid its borrowings becoming repayable immediately. The Group's relationship with RBS is strong and as reflected by the previous waivers and covenant changes that have been given by the Bank, it is expected that they would provide a short-term waiver for these covenants in this scenario.

Nevertheless, in the event of lockdown measures impacting the Group's operations, the possibility of a covenant breach at the end of March 2022 cannot be discounted, and as such represents a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Taking the above and the principal risks faced by the Group and Company into consideration, and the Directors' expectation that they could negotiate an extension to the covenant should the need arise, the Directors are satisfied that the Group and Company have adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. The interim financial statements do not include the adjustments that would result if the Group and Company 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 27 December 2020.

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 comparators 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 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 impairment provisions. The reconciliation of this number to profit after tax is included under note 8.

Like-for-like sales - are a measure of growth of sales adjusted for new, divested or temporary closures of centres over a comparable trading period being 2019.

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

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

5 Prior period restatement

Following the finalisation of the Group's transition to IFRS 16 on 30 December 2019, the financial statements for the comparative six-month period ended 28 June 2020 have been restated to reflect a revised opening IFRS 16 lease liability and ROU asset at the date of transition, along with corresponding adjustments to the lease interest and ROU asset depreciation recognised in the period.

The restatement results in a £3.5m net reduction to opening retained earnings on 30 December 2019, a reduction in the Right of Use asset value with a corresponding decrease to the lease liability of £17.8m and an increase of £3.2m to the deferred tax asset. The reduction to the depreciation charge of £1.5m and an increase in interest expense of £0.7m were for the period to 28 June 2020.

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, a 2021 scheme has not yet been announced. The Company currently has three active schemes in place that arose in prior years as detailed as follows:

- 2018 Share Scheme – This scheme was announced on 14 June 2018 and vested on 11 June 2021 when Graham Blackwell exercised 20,814 options being 22% of the awards granted to him and 20,814 ordinary shares were allotted to him. This consisted of 22% of the awards that vested upon the Total Shareholder Return (TSR) condition being met.

- 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 was adjusted for in 2020.

- 2020 Share Scheme - This scheme was announced on 30 November 2020 when 428,572 awards were granted to the two executive directors. The vesting of these awards is conditional upon the achievement of two performance conditions and a share price underpin which will be measured following the announcement of results for the year to 1 January 2023 ("FY2022"). 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. No award or part of an award may vest unless the average share price of the Company calculated over a three-month period ending on the vesting date exceeds the share price on the date of grant.
  During the 26 week period ended 27 June 2021 the Group recognised a net charge of £105,953 (28 June 2020: £139,463, 27 December 2020: £24,831) 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 27 June 2021:			
Segment revenue – external	10,610	-	10,610
Adjusted EBITDA	1,648	(1,017)	631
Segment total assets as at 27 June 2021	235,100	15,485	250,585
Segment total liabilities as at 27 June 2021	(216,519)	(12,949)	(229,468)
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	**1,648**	**(1,017)**	**631**
Amortisation and depreciation of intangibles and property, plant and equipment	(8,666)	-	(8,666)
Amortisation of fair valued intangibles	(48)	(20)	(68)
Operating loss	**(7,066)**	**(1,037)**	**(8,103)**
Finance (costs)/income	(2,438)	(228)	(2,666)
Loss before taxation	**(9,504)**	**(1,265)**	**(10,769)**

	Tenpin	Central	Group
	£000	£000	£000
For the 52-week period ended 27 December 2020:			
Segment revenue – external	36,269	–	36,269
Adjusted EBITDA	5,466	(2,119)	3,347
Segment total assets as at 27 December 2020	223,200	21,528	244,728
Segment total liabilities as at 27 December 2020	(193,029)	(21,890)	(214,919)
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	5,466	(2,119)	3,347
Amortisation and depreciation of intangibles, property, plant and equipment and right-of-use assets	(16,634)	–	(16,634)
Amortisation of fair valued items	(142)	–	(142)
Impairment	(2,521)	–	(2,521)
Profit on disposals	99	–	99
Operating loss	(13,732)	(2,119)	(15,851)
Finance costs	(5,654)	(161)	(5,815)
Loss before taxation	(19,386)	(2,280)	(21,666)

	Tenpin £000	Central £000	Group £000
For the 26 week period ended 28 June 2020 - restated:			
Segment revenue – external	22,471	-	22,471
Adjusted EBITDA	5,894	(1,084)	4,810
Segment total assets as at 28 June 2020	230,534	18,061	248,595
Segment total liabilities as at 28 June 2020	(186,638)	(19,827)	(206,465)
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	(8,212)	-	(8,212)
Amortisation of fair valued intangibles	(34)	(20)	(54)
Operating loss	(2,352)	(1,104)	(3,456)
Finance (costs)/income	(2,859)	28	(2,831)
Loss before taxation	(5,211)	(1,076)	(6,287)

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 27 June 2021 Unaudited £000	26 week period ended 28 June 2020 Unaudited £000	52 week period ended 27 December 2020 Audited £000
Bowling	**4,833**	10,555	16,830
Food and drink	**2,875**	5,926	9,898
Machines and amusements	**2,579**	5,169	8,298
Other	**323**	821	1,243
	10,610	22,471	36,269

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 68,348,800 ordinary shares in issue. The total shares in issue at the end of the 26 weeks to 27 June 2021 was 68,367,784.

The Company has 199,553 potentially issuable shares (H1 20: 663,755) 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 impairment, exceptionals 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 27 June 2021 Unaudited £000**	26 weeks to 28 June 2020 Unaudited restated £000	52 weeks to 27 December 2020 Audited £000
Loss after tax	**(8,799)**	(5,591)	(17,747)
Weighted average number of shares in issue	**68,348,800**	66,617,889	67,471,461
Adjustment for share awards	**199,553**	192,004	103,673
Diluted weighted average number of shares in issue	**68,547,435**	66,809,893	67,575,134
Basic earnings per share (pence)	**(12.87p)**	(8.39p)	(26.30p)
Diluted earnings per share (pence)	**(12.87p)**	(8.39p)	(26.30p)

Below is the calculation of the adjusted earnings per share.

Adjusted earnings per share	**26 weeks to 27 June 2021 Unaudited £000**	26 weeks to 28 June 2020 Unaudited restated £000	52 weeks to 27 December 2020 Audited £000
Loss after tax	**(8,799)**	(5,591)	(17,747)
Amortisation of fair valued items on acquisition	**68**	54	142
(Profit)/loss on disposals	**-**	-	(99)
Impairment	**-**	-	2,521
Tax impact on above adjustments	**-**	-	(456)
Adjusted underlying earnings after tax	**(8,731)**	(5,537)	(15,639)
Adjusted loss after tax	**(8,731)**	(5,537)	(15,139)
Weighted average number of shares in issue	**68,348,800**	66,617,889	67,471,461
Adjusted basic earnings per share	**(12.77p)**	(8.31p)	(23.18p)
Adjusted diluted earnings per share	**(12.77p)**	(8.31p)	(23.18p)

9 Goodwill and intangible assets

	Fair valued intangibles on acquisition	Goodwill	Software	Total
	£000	£000	£000	£000
Cost				
At 29 December 2019	**2,938**	**29,350**	**1,222**	**33,510**
Adjustment on initial application of IFRS 16	-	-	(40)	(40)
Additions	-	-	-	-
At 28 June 2020 (restated)	**2,938**	**29,350**	**1,182**	**33,470**
Additions	-	-	119	119
Adjustment on initial application of IFRS 16	-	-	-	-
At 27 December 2020	**2,938**	**29,350**	**1,301**	**33,589**
Disposals	-	-	(9)	(9)
At 27 June 2021	**2,938**	**29,350**	**1,292**	**33,580**
Accumulated amortisation and impairment losses				
At 29 December 2019	**2,576**	**-**	**931**	**3,507**
Charge for the period - amortisation	54	-	104	158
Adjustment on initial application of IFRS 16	-	-	(16)	(16)
At 28 June 2020 (restated)	**2,630**	**-**	**1,019**	**3,649**
Charge for the period - amortisation	47	-	67	114
Adjustment on initial application of IFRS 16	-	-	-	-
At 27 December 2020	**2,677**	**-**	**1,086**	**3,763**
Charge for the period - amortisation	48	-	73	121
Disposal – amortisation	-	-	(9)	(9)
At 27 June 2021	**2,725**	**-**	**1,150**	**3,875**
Net book value				
At 27 June 2021	213	29,350	142	29,705
At 27 December 2020	261	29,350	215	29,826
At 28 June 2020	308	29,350	163	29,821

10 Property, plant and equipment

	Fixed furnishings £000	Amusement machines £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 29 December 2019	**11,691**	**11,571**	**43,020**	**66,282**
Additions	-	-	4,443	4,443
Adjustments on initial application of IFRS 16	-	(10,217)	(469)	(10,686)
Disposals	-	-	-	-
At 28 June 2020 (restated)	**11,691**	**1,354**	**46,994**	**60,039**
Additions	-	47	2,105	2,152
Disposals	(323)	-	-	(323)
At 27 December 2020	**11,368**	**1,401**	**49,099**	**61,868**
Additions	-	-	205	205
Disposals	-	-	-	-
At 27 June 2021	**11,368**	**1,401**	**49,304**	**62,073**
Accumulated depreciation and impairment				
At 29 December 2019	**2,951**	**5,404**	**10,679**	**19,034**
Charge for the period	511	66	2,178	2,755
Adjustment on initial application of IFRS 16	-	(4,378)	(22)	(4,400)
Disposals - depreciation	-	-	-	-
At 28 June 2020 (restated)	**3,462**	**1,092**	**12,835**	**17,389**
Charge for the period	511	67	2,165	2,743
Impairment charge	-	-	450	450
Disposals - depreciation	(167)	-	-	(167)
At 27 December 2020	**3,806**	**1,159**	**15,450**	**20,415**
Charge for the period	508	54	2,530	3,092
Disposals - Depreciation	-	-	-	-
At 27 June 2021	**4,314**	**1,213**	**17,980**	**23,507**
Net book value				
At 27 June 2021	**7,054**	**188**	**31,324**	**38,566**
At 27 December 2020	7,562	242	33,649	41,453
At 28 June 2020	8,229	262	34,159	42,650

11 Right of use assets

	Leasehold properties £000	Amusement machines & other £000	Total £000
Cost			
At transition on 30 December 2019	164,920	10,727	175,647
Impairment of assets on transition to IFRS 16	(16,275)	-	(16,275)
Lease disposals	-	(61)	(61)
Modification of leases	6,260	-	6,260
Lease surrenders	-	-	-
At 28 June 2020 - restated	**154,905**	**10,666**	**165,571**
Lease additions	-	444	444
Modification of leases	8,609	-	8,609
Lease disposals	-	(287)	(287)
At 27 December 2020	**163,514**	**10,823**	**174,337**
Lease additions	**-**	**15**	**15**
Modification of leases	**4,906**	**-**	**4,906**
Lease disposals	**-**	**(8)**	**(8)**
At 27 June 2021	**168,420**	**10,830**	**179,250**
Accumulated depreciation and impairment			
At transition on 30 December 2019	-	4,416	4,416
Charge for the period	4,211	1,143	5,354
Disposals - Depreciation	-	(30)	(30)
At 28 June 2020 – restated	**4,211**	**5,529**	**9,740**
Charge for the period	4,437	1,174	5,611
Disposals – depreciation	-	(231)	(231)
Impairment charge	2,072	-	2,072
At 27 December 2020	**10,720**	**6,472**	**17,192**
Charge for the period	**4,410**	**1,091**	**5,501**
Disposals – depreciation	**-**	**(2)**	**(2)**
Impairment charge	**-**	**-**	**-**
At 27 June 2021	**15,130**	**7,561**	**22,691**
Net book value			
At 27 June 2021	**153,290**	**3,269**	**156,559**
At 27 December 2020	152,794	4,351	157,145
At 28 June 2020 – restated	150,694	5,137	155,831

The lease modification relates to changes to 7 leases during the period end with one being a regear with a rent free period agreed in exchange for an increase in the term of the lease while the other 6 were just rent free periods being given.

12 Cashflow from operations

Cash flows from operating activities	**26 weeks to 27 June 2021 Unaudited £000**	26 weeks to 28 June 2020 Unaudited restated £000	52 weeks to 27 December 2020 Audited £000
Loss for the period	**(8,799)**	(5,591)	(17,747)
Adjustments for:			
Tax	**(1,970)**	(696)	(3,919)
Finance costs, net	**2,666**	2,831	5,815
Non-cash exceptionals	**-**	-	-
Non-cash share based payments charge	**106**	139	(25)
Loss on disposal of assets	**-**	-	(125)
Amortisation of intangible assets	**121**	158	272
Depreciation of property, plant and equipment	**3,092**	3,852	5,498
Depreciation of right to use assets	**5,501**	4,256	10,965
Impairment	**-**	-	2,521
Changes in working capital:			
(Increase)/decrease in inventories	**(542)**	423	789
Decrease/(increase) in trade and other receivables	**478**	220	3,257
Decrease/(increase) in trade and other payables	**4,555**	666	(2,821)
Cash generated from operations	**5,208**	6,258	4,480

13 Bank borrowings and leases

Current liabilities	**26 weeks to 27 June 2021 Unaudited £000**	26 weeks to 28 June 2020 Unaudited restated £000	52 weeks to 27 December 2020 Audited £000
Bank loans	**28,000**	20,000	20,000
Leases – Machines/other	**2,730**	3,066	3,201
Leases – Property	**13,208**	8,585	10,922
Capitalised financing costs	**(67)**	(116)	(92)
	43,871	31,535	34,031
Non - current liabilities			
Leases – Machines/other	**3,051**	4,555	3,744
Leases – Property	**168,131**	157,244	167,280
	171,182	161,799	171,024

The bank loans with the Royal Bank of Scotland plc consist of a £25.0m committed Revolving Credit Facility (RCF) and £14.0m CLBILS term loan facility. The loans incur interest at LIBOR plus a margin of 1.40%. The Group has drawn £14.0m of the RCF and the full £14.0m of the term loan as at the interim period.

There were no additional property leases acquired during the period but the increase in the period was from the modification to 7 leases as explained in note 11, less the repayments made during 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. 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 and a £14.0m CLBILS term loan facility. 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 5 January 2021 until 17 August 2021 when all 46 centres reopened, and all the centres have remained fully open until the date of this report. There still remains some uncertainty as to whether this will change if the pandemic were to significantly worsen, but this has been reviewed and factored into the going concern review in note 3. 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 27 December 2020.

The Group's principal risks and uncertainties are assessed in detail as set out in the full Annual Report for the 52 weeks ended 27 December 2020. 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

16 Related Parties

There are no related party transactions nor any related party balances receivable or payable that are not intercompany related. All intercompany transactions and balances have been eliminated on consolidation. There were no material related party transactions requiring disclosure, other than compensation of key management personnel which was disclosed in the Group's Annual Report and Accounts for the year ending 27 December 2020.

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 22 September 2021 and signed on its behalf by:

Graham Blackwell
CEO
22 September 2021

Antony Smith
CFO
22 September 2021

Independent review report to Ten Entertainment Group plc
Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Ten Entertainment Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half-Year Results of Ten Entertainment Group plc for the 26 week period ended 27 June 2021 (the "period").

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 to the interim financial statements concerning the Group's ability to continue as a going concern. The Group's forecasts and projections include a downside scenario which forecasts a 14% reduction in trading levels on the disclosed base case in 2022 due to a lockdown in January 2022 with no trade and reduced trade in February 2022. In this downside scenario, whilst liquidity would remain within the available cash and financing facilities, the Group would be in breach of the fixed charge and leverage covenants in March 2022 and would need to negotiate a waiver with its lenders up to the end of September 2022 in order to avoid its borrowings becoming repayable immediately. These conditions, along with other matters explained in note 3 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 27 June 2021;
- 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 of Ten Entertainment Group plc 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
22 September 2021