Full-Year Results
29 March 2022

Results for the 52 weeks to 26 December 2021

29 March 2022

Ten Entertainment Group plc
Full-Year Results

Record breaking sales growth, a return to profit and carrying strong momentum into 2022

Ten Entertainment Group plc ("TEG" or "The Group"), a leading UK operator of 46 family entertainment centres, today announces its audited full-year results for the 52 weeks to 26 December 2021.

In the first half of the year, the business laid the foundations for a successful reopening, with significant investment in our centres, the execution of a highly successful digital strategy, and enhanced training. Those preparations enabled the Group to deliver an extremely successful second half and return to profitability for the full year.

Sales momentum has continued and accelerated into the first quarter of 2022, although this is expected to temper slightly with the return of foreign holidays over the spring and summer period and the uncertainty created by the ongoing crisis in Ukraine. It is still very early in the year, with volatility in the external market, but we have demonstrated that our business is resilient and are confident that it will continue to grow. We expect the full year profit to be ahead of current market expectations.

FY21 Financial Summary	**52 weeks ended 26th December 2021**	52 weeks ended 27th December 2020	52 weeks ended 29th December 2019	**Movement vs 2019**
Total sales	**£67.5m**	£36.3m	£84.1m	**(19.7%)**
Proportion of year open	**62%**	51%	100%	**(38%)**
Like-for-like sales growth[1]	**+29.0%**	(17.4%)	+8.0%	**+21.0%pts**
Group adjusted EBITDA[2]	**£27.1m**	£3.3m	£35.5m	**(23.6%)**
Group adjusted profit/(loss) before tax[2]	**£3.1m**	(£19.1m)	£14.2m	**(78.2%)**
Profit / (loss) after tax	**£4.0m**	(£17.7m)	£9.0m	**(55.7%)**
Bank net (debt) / cash	**(£2.5m)**	(£12.6m)	(£4.1m)	**39.0%**
Basic earnings / (loss) per share	**5.9p**	(26.3)p	13.9p	**(8.0)p**

Second Half of 2021	**26 weeks ended 26th December 2021**	26 weeks ended 29th December 2019	**Movement vs 2019**
Total sales	**£56.9m**	£42.7m	**+33.3%**
Like-for-like sales growth[1]	**+30.3%**	+8.6%	**+21.7%pts**
Group adjusted EBITDA[2]	**£26.4m**	£18.4m	**+43.5%**
Group adjusted profit before tax[2]	**£13.8m**	£7.1m	**+94.4%**
Adjusted PBT operating margin	**24.3%**	16.6%	**+7.7%pts**

Strong sales growth delivers a profitable year

- +29.0% like-for-like sales[1] growth since reopening in May compared to 2019
- £3.1m adjusted profit before tax[2] despite being closed for almost 40% of the year
- £26.4m of EBITDA[2] in a record-breaking second half

Sustained cash generation

- Full year free cash flow of £16.1m
- Bank net debt of (£2.5m), below pre-Covid level
- £6.2m of strategic capital investment in second half

Reaching a new level

- +41.7% like-for-like sales growth compared to 2019 in the 12 weeks to 20 March 2022
- In the 44 weeks since reopening in May 2021, 96% of the estate has delivered a record weekly sales figure
- Like-for-like sales in 2021 school summer holidays up 57.1% compared to 2019

Raising the Game

- Four major refurbishments completed in FY21, enhancing the customer experience
- Customer experience broadened through karaoke, escape rooms and laser tag developments
- Transformed digital strategy increased customer database by 89%

Building sustainable growth for 2022

- Four new centres secured for 2022, with pipeline for 2023 and beyond looking strong
- Seven refurbishments planned in 2022, expecting to deliver over 30% ROI
- Planning to reinstate a dividend for 2022

Strong end to 2021 carrying momentum into 2022

- Highly successful competitive socialising model well positioned to capitalise on market trends
- Despite challenging external factors, management expect growth throughout 2022
- The Group is anticipating delivering a year of record profitability, ahead of current market expectations

Graham Blackwell, Chief Executive Officer, commented:

"2021 has been a hugely successful year despite Covid related closures and restrictive trading. We have raised our game in every aspect of customer experience. Customers have embraced our highly successful competitive socialising model.

I am very pleased with the return to profitability after such a challenging first half with our growth principally driven by increased footfall. I am grateful to our teams for delivering a step-change in service under difficult circumstances. We have recognised this exceptional performance through enhanced rewards and recognition for our people.

Since the pandemic, there has been a significant change in the market, with customers wanting more from their time together. We have demonstrated that we are perfectly positioned to deliver that value for money and fun leisure experience for our customers. I am looking forward to 2022 where we will open four new state-of-the-art centres for our customers to enjoy and we will continue to invest in a first-class customer experience. We have started the year with strong momentum despite the inflationary headwinds and we are set to achieve further growth and record profitability in 2022."

Ten Entertainment Group plc via Instinctif Partners
Graham Blackwell, Chief Executive Officer
Antony Smith, Chief Financial Officer

Instinctif Partners Tel: 020 7457 2020
Matthew Smallwood
Penny Bainbridge

There will be a video call today at 9:30am for analysts. For details please contact matthew.smallwood@instinctif.com or penny.bainbridge@instinctif.com. The supporting slides will be available on the Group's website, www.tegplc.co.uk, later in the day.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. The person responsible for making this announcement is the Company Secretary.

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]Like-for-like sales compares the sales of open centres against the same centres during the same time period in 2019. This measure is the most representative gauge of performance against a pre-Covid-19 baseline comparing a 32-week trading period from 17 May 2021 to 26 December 2021 compared to 20 May 2019 to 29 December 2019.

[2]These are non-IFRS measures used by the Group in understanding its underlying earnings. Group adjusted EBITDA consists of earnings before interest, taxation, depreciation, amortisation costs, exceptional items and profit or loss on disposal of assets. Group adjusted profit before tax is defined as profit before exceptional items, profit or loss on disposal of assets, 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. Bank net debt is the total bank borrowings, less cash and cash equivalents. It excludes lease debt including those associated with gaming machines and property leases. Throughout these statements, net debt is expressed as a negative number where the Group has overall indebtedness and a positive number where there is a net cash position.

CHAIRMAN'S STATEMENT

Reaching a new level in 2021

2021 has been an extraordinary year of transition for Ten Entertainment Group, and the entire team have raised their game in taking the business to a new level. We have returned the Group to profit for the full year and have strengthened the balance sheet back to pre-pandemic levels, with significant headroom in place to provide a strong platform for future growth and investment.

We began 2021 in full UK Lockdown and the Board focused on ensuring that the business was fully prepared to relaunch. We increased our digital capabilities and reach; we prepared our teams for keeping themselves and our customers safe; we increased our efforts on building a pipeline of exciting new sites for 2022 and beyond; and we planned an upweighted strategic investment programme that we are confident will propel the business to a new level.

When the business reopened in May, our hard work was rewarded with an excellent performance, which strengthened further in the ever-important summer holiday period. We did see an element of one-off benefit from the Covid enforced staycations, but the sustained strength of our sales growth, culminating in the company's most successful ever week during the October half term, underlined that the new level of footfall and sales was not just a short-term phenomenon. This record sales performance has since been surpassed during the February 2022 half term trading.

Our business is a well-established leader in competitive socialising. Our centres offer high-quality entertainment at an affordable price and a wide choice of activities. Fundamentally, bowling is an activity that appeals across generations, and one where families and friends can get together to enjoy games, food and drink in a relaxed and sociable environment.

Perhaps as a result of the difficult circumstances many people have lived through over the last couple of years, we have seen that our customers want more from their time together. I believe that this is one of the reasons why our business has significantly outperformed the wider hospitality sector, with customers prioritising a fun, social and competitive environment in which they can also enjoy food and drink. This trend was already developing in 2019 and has been accelerated by the lifestyle and attitude changes that were driven by the restrictions which Covid enforced.

Our strategy has evolved to include an increasing focus on our digital platforms, but the fundamentals remain consistent. Every action we have taken in 2021 has been focused on four clear strategic imperatives: providing a first-class customer experience, digitally enabled, in high-quality centres, with increasing UK coverage. We have been rewarded with remarkable sales growth of around 30% consistently since we reopened in May.

One of our key themes since reopening has been to make our customers feel like Player 1 each time they visit. I have been delighted with the hard work and dedication that I have witnessed from our people in delivering this, and I would like to thank each and every one of them for their contribution to our business. In 2021 we were delighted to be able to reward their loyalty with a new recognition structure, giving our people the opportunity to share in our business success and to be rewarded for their hard work.

We have continued to develop our sustainability programme, engaging external experts to increase the knowledge of the Board in this key area, identifying climate-based risks, and building a sustainable action plan. Each refurbishment and new centre has sustainability designed in, using low energy technologies throughout. Our electricity is from 100% renewable sources and one of our key goals is to develop microgeneration utilising the large roof space available on our centres. We will increase our focus in 2022 and refine our longer-term plans for reaching net zero.

We also understand the importance of operating an ethical and sustainable business model. We have recognised the challenges of the labour market and have responded by enhancing our benefits and wellbeing support as well as increasing success-related rewards for our teams. Our strategic supplier relationships have limited our exposure to price rises and supply chain issues. Our long-term energy contracts, focused on 100% renewable electricity supplies, have been beneficial in mitigating much of the inflationary pressure seen elsewhere in the market. We will continue to focus our decision making on the long-term interests of all our stakeholders and I am confident that this will continue to bring benefits to all of them.

We are two years on from the start of the Covid-19 pandemic and we find ourselves facing into a new landscape. The success of the vaccine roll-out means that lockdowns have recently been avoided and are looking increasingly less likely in the future. Our business has adapted extremely well in delivering for our customers in this changing environment, where demand for great value entertainment is stronger than ever. The trend towards experiential leisure is accelerating and we are well positioned to maximise our growth.

I have been a member of the Board since 2018 and was honoured to be appointed Chairman in 2021. I would like to extend my personal thanks to our Executive team and Board, who have navigated the Group through these challenging times with clarity of purpose and a focus on the long-term sustainable growth of the business. We now have less bank debt than we had at the end of 2019, which gives us confidence to accelerate our investment programme in 2022. We will have at least four new centres by the end of the year, and a pipeline of several more to come in 2023. We plan to refurbish a record number of centres this year, having proven that each refurbishment

creates a substantial uplift in customer experience and profitability. Alongside this investment programme, we expect to return to paying a dividend to our shareholders, balancing disciplined capital investment with shareholder returns.

I am optimistic about our prospects for 2022 and am delighted to report that we now expect full year profit to be ahead of current market expectations. I am also very excited about our continued growth prospects into the future. While we do expect some of the extraordinary growth seen in 2021 to be tempered slightly as the one-off tailwinds fade, the underlying structural growth in our business will remain. I am pleased that we have returned to strong and consistent growth, creating value for all our stakeholders.

Adam Bellamy
Chairman
29 March 2022

CHIEF EXECUTIVE'S STATEMENT AND OPERATING REVIEW

Overview of 2021

2021 has been a year of milestones and records for the business. We have returned to profit, delivering full year Group adjusted profit before tax of £3.1m. We enjoyed our biggest ever summer holiday period with sales growth of +57%. We executed our strongest ever October half term campaign, which was surpassed in February 2022 with another record-breaking week. During 2021 we delivered seven of the top-ten trading weeks in the Group's history, consistently raising the bar on our sales delivery. Our excellent cash inflows in the second half have strengthened the Group's balance sheet back to its pre-pandemic levels, with lower bank net debt than we had at the end of 2019.

Despite being closed for the first 20 weeks (38%) of the year, the Group delivered sales of £67.5m. This is higher than the full year sales in FY16; a mark of how far the business has come in its development. The momentum with which we exited the year has built a sustainable platform for growth in 2022 and beyond.

Our relentless focus on great service, high-quality centres and growing our estate remains at the core of our strategy. Our digital engagement with our customers has strengthened enormously, with an 89% growth in our customer database and enhanced engagement across all the major social media platforms. The sector-leading sales growth throughout 2021 is testament to the success of our strategy.

Sustained Sales Growth

The business reopened on 17 May, along with most other indoor hospitality operators. Initial trade before the summer holidays delivered like-for-like sales growth of +16.9% compared to 2019. This was an encouraging start but was hampered by tight Government restrictions which remained in place until "Freedom Day" (19 July 2021).

Freedom Day and the school summer holidays saw a rapid and sustained uplift in the like-for-like performance compared to 2019. Over the full summer holiday period, sales were +57.1% compared to 2019. The lack of foreign travel helped, although it is difficult to disaggregate this staycation effect. However, there is no doubt that much of this growth is an underlying reflection of the strength of our customer proposition.

Our pricing strategy has more than offset the inflationary pressures across the cost base. Where direct input costs have increased, we have passed this on in the retail pricing. For our bowling, which is based on our fixed assets and so not subject to the same inflationary increases, we have optimised our pricing strategy to balance demand to the available capacity. This has allowed us to retain our core focus on great value for money. The increased footfall at peak times has created strong sales growth and we have spread our demand further across the week by continuing to offer off-peak incentives to fill the shoulder periods and focused deals to attract families during the school holidays. This strategy has optimised the demand and capacity throughout the year, and the increased footfall has generated significant cost efficiencies which are higher than the cost of inflation in our overheads.

We had anticipated that sales growth would soften once the school holidays had ended, and pent-up demand had subsided. This happened to some extent, but we were extremely encouraged to see that like-for-like sales growth remained well over 30% from September all the way through to mid-December, only falling away for a very short period with the uncertainty surrounding the onset of Omicron. This was a transitory effect as customers sought to "protect" their family Christmas and sacrificed the usual work and friends pre-Christmas parties.

The combined effect is that in the period from reopening on 17 May to the end of the year, total sales growth compared to the same period in 2019 was a very strong +32.4%.

In the first 12 weeks of 2022 up to 20 March, the momentum has continued and even accelerated. Like-for-like sales growth over this period compared to 2019 has been +41.7% and +36.2% compared to 2020. The recent February half term has surpassed the record previously set in October 2021 half term as the Group's largest ever week's sales. We have continued to create new records, including our biggest ever October and February half term weeks, our largest ever weekend and busiest ever Christmas week. 96% of our centres have experienced their largest ever week of sales.

While this extraordinary growth has continued consistently into the first quarter of 2022, the second and third quarters are expected to normalise back to low double-digit levels. A combination of a late Easter, the Platinum Jubilee celebrations, and a summer of foreign travel are all likely to slightly suppress the relative demand. The mounting crisis in Ukraine is putting significant inflationary pressure into the UK economy and this is likely to further squeeze disposable incomes. However, the structural changes in the market and our targeted investments mean that we expect that growth compared to 2019 can continue to be delivered.

Delivering Profit and Cash

Consistently strong sales have created excellent cash generation and ultimately a return to full year profitability. Despite the 20 weeks of closure, the Group delivered £10.1m of cash inflow in the year to reduce the bank net debt to (£2.5m) at the year end. This is lower than at the end of 2019 (£4.1m) and represents a very secure financial position. Our £25m RCF facility with RBS is sufficient to maintain the business's liquidity headroom for our future growth plans. It is our intention to repay the £14m CLBILS term loan later in 2022 which will reduce our financing costs and allow for a resumption of dividend payments.

Group adjusted profit before tax for the year was £3.1m, with £13.8m of profit in the second half more than sufficient to offset the (£10.7m) loss reported for the first half.

At the start of the year, we set ourselves the stretching goal of restoring our financial position to pre-Covid levels and delivering a better than breakeven profit for the year and I am delighted that we more than delivered against these very challenging targets. The business has created momentum to launch into a very promising next phase of growth.

A Focus on High-Returning Strategic Investment
There has been a significant shift in customer behaviours over the past 12 months. Experiential leisure has seen very strong growth as customers seek value for their leisure time and money. The Group offers a wide range of activities that can be combined with great food and drink to enjoy with family and friends. This is becoming increasingly popular in comparison to a trip to the pub or restaurant. Our like-for-like growth over the past 10 months since May 2021 has been +32.7%, which is significantly higher than that seen in most other hospitality venues, demonstrating the value of our competitive social model.

The resilience and strength of the business model has reset the cash position to allow a return to our programme of strategic investment. The strategy has been reviewed in detail and remains fit for purpose, with an enhanced emphasis on the digital experience for our customers.

The Group applies a disciplined approach to capital allocation, focusing on high-returning strategic investments. Average returns have been consistently above 30%, with a proven model of refurbishments, new centres and investments in customer experiences. Since reopening, these returns have continued to be delivered.

First-Class Customer Experience
Our emphasis in 2021 has been to develop the customer experience so that every visitor can feel like Player 1. A great experience starts with our people, where we have invested significant time in developing recruitment, training, and reward programmes. We have targeted our pricing and promotional strategy to ensure that our players enjoy a great value experience at every visit. The range of games for our customers to play has been extended, and in 2021 we saw a significant shift in participation across a wider range of activities.

We have significantly increased the range of activities on offer. We now operate 24 escape rooms across 12 locations in the UK, with a strong pipeline for 2022. We have 15 laser tag arenas, three soft play areas and karaoke rooms in eight of our centres. Adding these experiences into our existing centres generates an average return on investment of over 30%.

In addition to broadening the customer experience, we have simplified our menu to focus on core products that our customers can enjoy together while they are playing. We have supplemented our bar offering by introducing cocktails and mocktails as well as introducing a quality hot drinks menu. The key focus of each of these initiatives is to use our existing space to its maximum potential.

As a result of all these changes, the total revenue per head (RPH) in 2021 increased by 7.9% to £15.10. This measure indicates the overall engagement in the broad range of activities across our centres when customers visit. Bowling sales are still 44% of our turnover, but our accelerated growth into these other revenue streams is helping to optimise the sales density and efficiency of our centres. During the year we saw a 3.9% increase in our customers enjoying non-bowling activities. These additional activities are being rolled out to the estate as part of the refurbishment programme and as stand-alone projects where space allows.

Our recruitment and onboarding process is now fully digital, freeing up our managers' time to focus on getting the right people and ensuring we can speed up the onboarding process. During 2021, our recruitment and training systems have given us an extremely flexible way to bring new people into our business. This has allowed us to manage the challenging labour market successfully.

We introduced revolutionary new digital training tools for our team members in our centres. The training takes the form of a series of games in a bespoke app that takes our staff through the basics of great service and process. The games award points and stars so that our people are incentivised to level-up and repeat the training where they may have fallen short. This enhanced training has delivered three main benefits: it has speeded up the onboarding of new staff; it has greatly enhanced customer service; and it has helped increase our ancillary sales.

We have significantly improved our manager bonus scheme to make it directly linked to over-delivery of targeted profit. We have aligned this development with a targeted awards programme to recognise great customer experience delivery. This has facilitated improved retention of key people and created a direct link between an individual's pay, great customer service and strong profit performance.

As well as great service, our customer experience depends on delivering good value for money. The core bowling product is based on our fixed assets and not subject to the same inflationary pressures as most other leisure and hospitality operators. During 2021 we targeted our promotional pricing strategy to optimise the yield in our centres. The average realised price for a game of bowling in 2021 was £5.01 including VAT which is 3.7% lower than in 2019.

This approach drove a mix shift into periods and centres where there was available capacity, maximising our yield potential and increasing sales density across the estate over the weekly cycle. Average utilisation has increased by 22% compared to 2019. Overall, visiting our centres represents extremely good value for money for our customers, and that has been demonstrated by the strong growth in footfall of over 20%.

Digitally Enabled
A key element of our progress and growth has been the seamless digitally integrated experience. In 2021, 63% of bowling was booked online with customers taking advantage of our enhanced website and integrated booking system. This online booking is almost double the proportion experienced in 2019. We have significantly grown our contactable customer database by 89% and the frequency of visit of our most valuable customer segments has also increased.

In July 2020 we were the first in the UK bowling industry to introduce an online ordering system for food and drink, and this has continued to perform well throughout 2021. It has proved to be an effective driver of ancillary sales. Food and drink sales grew by 41.3%, increasing the overall sales mix of food and drink to 28.5% (FY19: 26.2%). By simplifying our menu, we have improved the speed and efficiency of food service, encouraging customers to order more often. We have also introduced several package deals, which encourages sharing snacks while players bowl.

Through better understanding of our customers, we have step-changed our social engagement with them. Our new TikTok channel stimulates interest, particularly in our younger demographic. Facebook still provides a route for more traditional targeted marketing and customer promotions and Instagram has become a crucial tool for launching new centres and refurbishments. This three-pillar social media strategy has helped us reach more customers in 2021 and created an aggregate following of over 224k people on social media.

We are continuing to develop the customer journey. In 2022 we will be expanding the overall player experience of our well-established competitive socialising model. We are investing in the latest interactive bowling software technology across the estate which greatly enhances gameplay and engagement.

In High-Quality Centres
Our customers come to us for the bowling experience but stay longer to enjoy the food, drink and ancillary activities. A crucial driver of this is to ensure that our centres are well maintained and of high quality. During 2021, in addition to our regular maintenance capital expenditure, we have invested a further £2.6m to improve our centres.

The refurbishments that we completed in 2020 at Acton and Birmingham Star City have shown significant growth ahead of the estate, delivering a return on investment of over 30%.

In 2021 we continued our refurbishment programme, investing a total of £2.4m in four significant transformations at Nottingham, Kingston, Bristol and Plymouth. These developments have refreshed the bar and food areas, creating a modern look and feel. We have invested significantly in the lane lighting to enhance the overall atmosphere in the centres. A key driver is to make efficient use of space and we have converted some under-utilised areas into additional social and leisure activities. We have installed karaoke rooms, upgraded our laser tag arenas, and incorporated Houdini's escape rooms. All these additional activities improve the sales density of the centres and drive an uplift in food and drink sales because of the increased footfall.

In addition to these large-scale refurbishments, we have significantly upweighted our investment in the underlying bowling product. Over the past 5 years we have successfully completed the installation of Pins & Strings technology which has transformed the reliability of the lanes and increased our yield. We are now turning our focus to ensuring that the rest of the bowling product is best in class. We are replacing lanes, improving the gutters and ball returns and enhancing the overall lighting and bowling experience to ensure each player enjoys a modern and exciting game every time they visit.

Our strategy of continuing to develop the atmosphere and enjoyment of our centres continues to drive footfall. This combines with our enhanced customer service, increased variety of games and our investment in digital to ensure that we can continue to drive high returns on investment for each refurbishment we carry out. We expect our refurbishment programme to continue to deliver returns of over 30%.

An Expanding Estate
We have a winning customer formula that delivers strong footfall across the UK in our 46 centres. We have expertise in delivering a high-quality competitive social experience with a wide variety of activities anchored on the core bowling product. Our aim is to continue to expand the estate with quality new centres each year.

During 2021 we did not add any new centres to the estate due to the uncertainty in the external environment. However, we did benefit from a strong performance from our new centre in the heart of Manchester's vibrant northern quarter at Printworks. This is a 12-lane centre in a high footfall metropolitan location. Printworks has exceeded expectations, with a more evening-focused clientele. 2021 also benefited compared to 2019 from the annualisation of sales from Southport and Falkirk. Together these three centres are delivering a return on the £6m investment of over 30%.

We have made excellent progress in developing the pipeline of new centres for the future and will open four new centres in 2022. We have already started work on a new centre in an empty retail unit in Walsall and expect this to open in the second half of the year and we have almost finalised the acquisition of a new centre in the Home Counties. In addition to these two centres, we are well developed on a further five opportunities, mostly repurposed retail space, which we are confident we will be able to open over the course of the next 18 months.

We are maintaining our focus on good quality locations at affordable long term rental deals. Our property cost across the estate including all service charges is only £11.22 per square foot. This low average rent base means that we can invest in high-quality centres as a destination entertainment venue for our customers and continue to drive long-term returns on investment of over 30% on our new centres.

This significant expansion programme is accelerating as a result of the recent availability of varying sized retail space and because landlords are seeing the benefits of TEG as an attractive partner and a long-term stable tenant that brings significant footfall to their estate.

Sustainable Development

Our new centres and refurbishments are all being developed with sustainability in mind. We are rolling out low energy lighting solutions across the estate to supplement the programme already completed on the energy efficient Pins & Strings pinsetter machines. We continue to develop our energy reduction investments across the estate, reducing our overall carbon consumption. In conjunction with this, we continue to source 100% of our electricity from guaranteed renewable sources.

We have made good progress towards adoption of the Task Force on Climate Related Financial Disclosures (TCFD) reporting in 2022 and have conducted our readiness assessments. We have engaged with external consultants to develop our strategy for delivery of our net zero aspirations and expect to report on these in full during the course of 2022, incorporating a broad suite of metrics for the business to track progress.

We continue to develop our diversity and inclusion agenda. 33% of the Board are female and 50% of the management population of the Group is female.

We worked hard to ensure our key stakeholders suffered as little as possible as a result of the Covid Lockdowns. All our suppliers have been paid in full or have newly negotiated contracts in place. During the whole Covid period, we made no enforced redundancies and paid out over £12.4m to colleagues who were unable to work due to Covid-19. This was fortunately 71% funded by the Government's Coronavirus job Retention scheme (CJRS). Our landlords have now been repaid in full or have benefited from regeared leases to compensate for any property shortfalls. The £5m additional funds from shareholders have been reinvested into the business in 2021, generating returns in excess of 30%.

Now that the cash position is fully recovered and the bank net debt is below pre-pandemic levels, it is our intention later in the year to make full early repayment of the £14m CLBILS term loan. This will pave the way for the Group to reinstate a dividend for 2022. We will provide further detail on this at our half-year update later in the year.

Outlook

We are delighted with how strongly we have begun 2022, with sales growth over the first 12 weeks of the year +41.7% ahead of the same period in 2019. This maintains the momentum from the end of last year, starting the year on a strong footing.

We are expecting the second and third quarters to be slightly more challenging, with a late Easter, Platinum Jubilee events and a return to foreign holidays all likely to impact on the demand for UK-based experiential leisure. The current squeeze on cost of living from rising fuel prices, food prices and inflation in general are all likely to have an impact on disposable income. As a result, we expect our growth to moderate to low double digits for the balance of the year.

Labour costs are relatively low compared to other businesses in the hospitality industry, representing less than 20% as a proportion of total sales. Labour costs are expected to be subject to around 7% inflation through pay rises and an increase in National Insurance contributions. However, our high sales growth rate means that the business has been able to use labour efficiencies to offset these inflationary pressures, which has enabled us to keep prices low for our customers. This creates a virtuous circle as footfall increases due to our centres becoming comparatively even better value for money.

Our property costs, which comprise around 20% of sales, are subject to long-term leases where increases are generally subject to a cap and collar mechanism and therefore not as vulnerable to short-term inflationary pressures. Food and drink direct costs and consumables only comprise around 11% of the total cost base and have been passed through to the customer. Electricity is fixed until 2024 and the Group has a number of other fixed term contracts which are expected to result in relatively modest inflationary pressures in the year ahead despite the market volatility.

Although it is still early in the year, with some uncertainty in the external market, we are confident that our business is resilient and will continue to grow. We have a strong strategy in place with a proven track record of financial returns.

Our cash position is fully restored with a pipeline of investments in place for the year ahead. Demand remains robust, and we are continuing to show significant sales growth against our 2019 baseline comparative. As a result, we expect the full year profit to be ahead of current market expectations.

Graham Blackwell
Chief Executive Officer
29 March 2022

FINANCIAL REVIEW

2021 marked the full recovery of the business, returning to very strong profitability in the second half and restoring bank net debt to below 2019 levels. Even though the business was only open for 62% of the year, sales of £67.5m delivered a full year profit before tax of £4.4m.

At the start of the year, the target was to recover the financial position back to pre-pandemic levels. Originally this was expected to take 18-24 months. However, the consistently high sales growth and the associated operating efficiencies has meant that this target has been achieved well ahead of schedule by the end of 2021.

To help understanding of the business trading environment, comparisons in this financial review are made between the 2021 figures and 2019 unless otherwise stated. The level of disruption experienced in FY20 makes comparisons difficult to draw any meaningful conclusions.

FINANCIAL SUMMARY

£000	**52 weeks to 26 December 2021**	52 weeks to 27 December 2020	52 weeks to 29 December 2019	Movement vs FY19
Revenue	**67,521**	36,269	84,122	(16,601)
Cost of goods sold [1]	**(9,446)**	(4,854)	(10,387)	941
Gross margin[1]	**58,075**	31,415	73,735	(15,660)
GP%	**86.0%**	86.6%	87.7%	(1.7%)
Total operating costs	**(22,141)**	(18,051)	(28,923)	6,782
Centrally allocated overheads	**(2,214)**	(4,537)	(3,155)	941
Support office	**(6,661)**	(5,480)	(6,157)	(504)
Group adjusted EBITDA	**27,059**	3,347	35,500	(8,441)
Less property rent costs	**(12,436)**	(11,171)	(11,932)	(504)
Group adjusted EBITDA after rental costs[2]	**14,623**	(7,824)	23,568	(8,945)
Add back property rental costs	**12,436**	11,171	n/a	n/a
Depreciation and interest on Right of Use Property Assets	**(14,495)**	(14,040)	n/a	n/a
Depreciation and amortisation	**(8,413)**	(7,986)	(7,379)	(1,034)
Net interest	**(504)**	(423)	(788)	284
(Loss) / profit on disposal of assets	**(442)**	99	(932)	490
Amortisation of acquisition intangibles	**(130)**	(142)	(293)	163
Group adjusted profit/(loss) before tax[2]	**3,075**	(19,145)	14,176	(11,101)
Impairment reversal/(charge)	**1,124**	(2,521)	-	1,124
Exceptional items	**238**	0	(2,381)	2,619
Profit/(loss) before tax	**4,437**	(21,666)	11,795	(7,358)
Taxation	**(432)**	3,919	(2,758)	2,326
Of which: taxation attributable to Group adjusted (loss)/profit	**(387)**	3,463	(2,836)	2,449
Profit/(loss) after tax	**4,005**	(17,747)	9,037	(5,032)
Earnings/(loss) per share				
Basic earnings/(loss) per share	**5.9p**	(26.3)p	13.9p	(8.0p)
Adjusted basic earnings/(loss) per share	**5.9p**	(23.2)p	19.3p	(13.4p)
Full-year dividend	–	–	3.7p	(3.7p)

1 Cost of goods sold and gross margin are presented on the basis as analysed by management. The cost of sales as reflected in the statement of comprehensive income consists of direct bar, food, vending, amusements, gaming machine related costs, PDQ machine costs and staff costs. Cost of goods sold includes a judgement whereby staff costs are excluded but security and machine licence costs incurred by the centres are included. Deducting cost of goods sold from revenue gives gross margin which varies to the gross profit as reported in the Consolidated Statement of Income. This is how cost of goods sold and gross margin are reported by the business monthly and at centre level as labour costs are judged as material and thus reported separately with operating costs. Please see note 2, Alternative Performance Measures which reconciles these two measures.

2 These are non-IFRS measures used by the Group in understanding its underlying earnings. Group adjusted EBITDA after rental costs consists of earnings before interest, taxation, depreciation, amortisation costs, rental costs, exceptional items, impairment reversal/(charge) and profit or loss on disposal of assets. Group adjusted profit/(loss) before tax is defined as profit before exceptional items, impairment reversal/(charge) and tax. Adjusted basic earnings per share represent earnings per share based on adjusted profit after tax. Like-for-like sales are a measure of growth of sales adjusted for new or divested sites and adjusting for whether a centre was forced to close due to Covid regulations over a comparable trading period.

Sales performance
Once the business reopened on 17 May, sales growth was immediate, and it strengthened and peaked during the summer holidays before settling at around 30% for the balance of the year. Only the final two weeks of the year leading up to Christmas showed slower growth, and this was principally a result of the uncertainty surrounding the Omicron variant. Since Christmas and throughout the Q1 trading period, the sales growth has accelerated.

	2021 sales			2022 sales
	Reopening	Summer holidays	Post summer	Q1 peak trading
YOY % change vs 2019	17 May to 25 Jul	26 Jul to 5 Sept	6 Sept to 26 Dec	27 Dec to 20 Mar
Total Sales	+21.0%	+60.2%	+26.6%	+49.3%
Like-for-like	+16.9%	+57.1%	+23.5%	+41.7%

Gross margin
Gross margin for the year was 86.0%, a modest 1.7%pt decline compared to 2019. By its nature bowling is reliant on a fixed asset base with a low cost of sale, so the overall margin is very high. Labour costs are not included in this measure of gross profit, with the principal cost of goods sold being the cost of the food and drink, as well as the supplier margin and consumable costs for the machines.

Sales grew across all categories, but there was slightly stronger growth in food and beverage compared to 2019. This was a function of an improved menu and enhanced ordering systems that removed the wait and added convenience to at lane ordering. The result of this small mix shift to food and beverage has been a slight erosion of the gross margin, but this is to be welcomed as it represents incremental ancillary sales.

Operating costs
Total operating costs for the year were £22.1m. This is £6.8m lower than in 2019 as a function of cost savings made during the first 20 weeks and a reduction in the business rates for our centres throughout the year.

In the second half of the year, the operating costs were £16.4m, (£2.0m) more than in 2019. This 13.9% increase was driven by significantly increased sales volumes (+33.3%) from new centres and higher footfall in existing centres. There were inflationary pressures in labour, consumables and services, but these were largely offset by the cost efficiencies arising from the increased footfall. The strong operational gearing benefit from the increased sales volume is shown in the second half where operating costs as a % of sales fell by 4.8%pts to 28.8% (H2 19: 33.6%). Half of this fall was a function of the reduced level of business rates which will revert to normal levels in 2022, but the remaining 2%pt benefit is a function of that increased model efficiency from better sales growth.

The Group expects to continue to experience cost inflation during 2022, particularly in labour and consumables. These inflationary pressures will be mitigated through pricing and continued optimisation of our footfall to maximise the yield and capacity of our centres.

Central costs
Central costs comprise centrally allocated overheads and the cost of the support office, including the PLC. Total central costs reduced by £0.4m in 2021 compared to 2019.

During the first half of the year, the business was focused on minimising costs and preserving cash wherever possible. Many of the central staff were on furlough, with the CJRS scheme contributing to help mitigate their costs. Overall, the CJRS scheme paid around 71% of the total cost of retaining our people while they were unproductive as a result of Lockdowns. The business also significantly reduced its marketing spend and closed down a number of activities in order to preserve cash flow. £0.7m of restart grant income was received which was fully utilised in preparing the centres for reopening, including enhanced cleaning, safety measures and staff retraining.

In the second half of 2021, total central and support costs were £5.9m, which is £1.6m higher than in 2019. This is driven by three principal factors, all related to the very strong +33.3% total sales growth in the half. Marketing activity was upweighted by around £0.5m in the half in order to digitally engage with our customers to drive footfall and repeat visits. We also increased our activity in building the very strong pipeline of new sites that we have in place for 2022 and 2023. This incurred increased professional fees, legal costs and an upweighted internal property department totalling an additional £0.2m. Finally, the rapid turnaround of the business and a return to profit triggered incentive payments for management teams which contributed an increase of £0.9m in the second half. Staff retention was key at all levels in 2021 in an increasingly competitive and inflationary environment. The Group implemented an improved performance related bonus scheme that rewarded those individuals who helped to deliver increases in profitability. This linked total remuneration to individual performance at every level of the business. By implementing the increases in this way, the Group has been able to focus on rewarding and retaining the key people in the business who are driving growth.

Total central costs for the full year have been reduced compared to 2020 by £1.1m (11.4%). Both years benefited from reduced staffing costs as a result of furloughed employees, but one-off crisis management costs from 2020, such as the investment in Covid protection measures and implementation of new systems and processes have not been repeated in 2021. As the Group looks forward to a fully trading year of investment and growth in 2022, it is expected that central costs will remain at the run rate seen in the second half of 2021.

Group adjusted EBITDA

The Group looks at EBITDA on a pre and post rental cost basis. Group adjusted EBITDA after property rental costs is a measure used internally as it takes into account the cash impact of the ongoing annual property rental costs to ensure that centres are producing the appropriate cash flow to make an adequate level of return. This measure is broadly equivalent to the old IAS 17 basis of recording rental costs.

In 2021, the Group returned to a significant level of EBITDA, delivering £14.6m of EBITDA after property rent costs. This is below the £23.6m delivered in 2019, but of course was significantly impacted by the first five months of the year operating at a loss due to closures.

Comparing performance in the second half of the year, EBITDA after property rental was £20.1m compared to £12.4m in 2019, a very significant 62.4% increase. This extreme growth is principally a function of the increased sales volume. This allows the Group to defray its fixed cost base over a higher sales level. Typically, the margin for Group Adjusted EBITDA after property rent costs, (EBITDA divided by sales), has been around 28%, but in H2 21 this increased significantly to 35.3%. This was a function of the ongoing temporary cost support measures such as reduced business rates as well as the benefit of the increased footfall. There is an expectation of an increase in costs as a result of inflation and the reintroduction of business rates in April 2022. Price rises and cost efficiencies have been implemented to mitigate these increases, and the Group expects to maintain its margin at around 28% for the medium to long term.

Depreciation, amortisation and capital expenditure

There is no suitable comparative for depreciation and amortisation in 2019 due to the FY20 adoption of IFRS16, so this section will focus on 2020 as a comparative measure.

Total depreciation on Right of Use (ROU) assets was £14.5m compared to £14.0m in 2020. This increase reflects the full year impact of our additional centre in Manchester Printworks, as well as a modest increase from several rent regears that took place in 2021 in order to defer some of the cash conservation measures taken during Lockdown.

Overall, the total cost of depreciation and interest on our ROU assets is £2m higher than the cash rental costs incurred. This is a function of long leases that are early in their tenure, creating a resultant £2m drag on PBT but having no cash impact.

Other depreciation in the year was £8.4m, a 5.3% increase on 2020 as a function of the Group's return to its strategic capital investment programme. The Group expects depreciation to continue to rise over the medium term as it invests in significant refurbishments and new centres as part of its high-returning growth strategy.

During the year, maintenance capital was low at £0.9m, only 1.3% of sales. This is similar to the £0.7m spent in 2020. Typically, the Group plans to spend around 3% of sales on maintenance capital, to ensure that the site infrastructure remains well maintained. However, due to caution during Lockdowns, management have preserved this cash. The Group expects in the short term to catch up some of this maintenance spend in 2022 with increased investment before returning to the long-term target of 3% of sales.

A further £6.2m was invested in 2021 in capital programmes to drive growth. This was principally driven by £2.6m investment in four significant centre refurbishments and a continued roll-out of Pins & Strings. A further £0.6m was invested in our digital strategy, improving the website, scoring environment and customer experience. In terms of cash flow, the Group invested a further £2.8m in deposits and forward payments for future 2022 projects in order to secure equipment and materials in order to support its investment programme. Although a working capital movement, this has been included in the cash flow summary to ensure transparency around the investment programme.

The strategic investment programme will accelerate in 2022 with seven refurbishments and four new centres planned, as well as a continued investment in the digital infrastructure.

Finance costs and banking arrangements

£000	52 weeks to 26 December 2021	52 weeks to 27 December 2020
Interest on bank debt	(391)	**(330)**
Amortisation of bank financing costs	(124)	**(49)**
Lease interest charges	(5,481)	**(5,393)**
Other finance income/(costs)	11	**(43)**
Net interest	(5,986)	**(5,815)**

Net interest showed a modest increase of £171k (2.9%) in the year. The increased debt from CLBILS contributed to a slight increase on bank debt and the regearing of a number of leases to secure the deferral of cash from Lockdown has created an increase in the lease interest charges.

The Group currently has two financing facilities in place: a £25m RCF and a £14m term loan under the Government's CLBILS scheme. Both terminate in January 2024. The Group has now returned its balance sheet to normal levels, with bank net debt at the end of 2021 at only (£2.5m). The original £25m commercial RCF facility is considered more than adequate for the Group's needs and, therefore the Group intends to make an early repayment on the CLBILS loan later in 2022.

Group adjusted profit before tax

Despite the first 20 weeks of the year being closed, the Group has delivered a full year adjusted profit before tax of £3.1m. In the second half of the year, the PBT was £13.9m which is only (2.1%) lower than the Group delivered in a full year of 2019 (FY19: £14.2m). This very strong growth is a function of the high level of sales and is further supported by some one-off cost savings which will moderate in 2022.

Disposal of assets

The business has continued the roll-out of the latest technology of bowling pinsetters, referred to as Pins & Strings. When these are installed, it results in a non-cash loss on disposal of the existing pinsetters. In 2021, the loss of (£0.4m) was related to this. The programme is now complete.

Impairment and exceptional items

In 2020, there was a (£2.5m) impairment charge on the ROU assets because the future cash flow did not support the asset value. This impairment review is at the harshest possible measure because the cash inflows are discounted at the Group's WACC whereas the assets are discounted using an Incremental Borrowing Rate (IBR). The issue was exacerbated for year end 2020 because the assessment was made during a Lockdown and therefore the forecasted future cash flows were suppressed. A review of the impairment modelling has resulted in a £1.1m write back of that impairment charge as the Group is now able to include a stronger cash forecast for its centres.

There has also been an exceptional write back of part of a provision made in FY19. This relates to a potential HMRC payment which following a case review the Group now thinks is unlikely to be necessary.

Taxation

A return to profit has generated a tax charge for the year of (£0.4m). The effective tax rate is 10%, which is significantly lower than the actual tax rate of 19%. The principal differences arise because the impairment release is not subject to taxation and there has been a reduction in the tax charge resulting from a revaluation of the net deferred tax asset which has resulted from the movement in the tax rate to 25% from 19%.

Profit after tax

The Group generated a profit after tax of £4.0m. Basic earnings per share were 5.9p

Number of shares

The number of shares in issue is 68,367,784. Increases in issued share capital in the year arose from the issue of 20,814 shares in May in respect of the partial vesting of the 2018 LTIP scheme.

Dividends

The Board is not recommending a dividend for 2021, but it believes it has now fully restored financial stability to the Group. In 2020, the Group set the cash priorities to have sufficient headroom; reduce the debt; and return to strategic investment. Each of these criteria have now been successfully delivered. As a result, the Group intends to return to paying a dividend for FY22. The quantum of the dividend payment will be reviewed as the year progresses to ensure that the restored cash position remains in place. In order to be able to pay a dividend, the Group must fully discharge its obligations under the CLBILS scheme. This is now considered appropriate, and it is expected to be repaid early during FY22.

BALANCE SHEET

£000	26 December 2021	27 December 2020	Movement
Assets			
Goodwill and other intangible assets	**29,939**	30,136	(197)
Property, plant and equipment	**39,530**	41,453	(1,923)
Deferred tax asset	**4,374**	4,118	256
Right-of-use assets	**167,324**	157,145	10,179
Inventories	**1,226**	508	718
Trade and other receivables	**5,426**	1,672	3,754
Cash and cash equivalents	**11,511**	7,394	4,117
	259,330	242,426	16,904
Liabilities			
Lease liabilities	**(195,662)**	(185,146)	(10,516)
Bank borrowings	**(13,832)**	(19,908)	6,077
Trade and other payables and provisions	**(13,503)**	(5,981)	(7,522)
Other liabilities	**(2,270)**	(1,582)	(688)
	(225,267)	(212,617)	(12,649)
Net assets	**34,063**	29,809	4,254

NET DEBT ANALYSIS

£000	26 December 2021	27 December 2020	Movement
Closing cash and cash equivalents	**11,511**	7,394	4,117
Bank loans	**(14,000)**	(20,000)	6,000
Bank net debt	**(2,489)**	(12,606)	10,117
Leases – machines and other	**(5,613)**	(6,945)	1,332
Leases – property	**(190,049)**	(178,201)	(11,848)
Net debt	**(198,151)**	(197,752)	(399)

CASH FLOW

£000	52 weeks to 26 December 2021	52 weeks to 27 December 2020	Movement
Cash flows from operating activities			
Group adjusted EBITDA	**27,059**	(7,860)	34,919
Maintenance capital [4]	**(910)**	(741)	(169)
Movement in working capital [1]	**3,521**	5,489	(1,968)
Lease and taxation payments [2]	**(13,579)**	(1,636)	(11,943)
Free cash flow[3]	**16,091**	(4,748)	20,839
Dividends paid	**-**	(2,405)	2,405
Cash flow available for investment	**16,091**	(7,152)	23,243
Proceeds from issue of shares	**-**	4,878	(4,878)
Strategic investments [4]:			
Existing estate	**(6,166)**	(3,190)	(2,976)
Estate expansion	**(56)**	(3,105)	3,049
Exceptionals and share-based payments	**248**	25	223
Draw down/(repayment) of debt	**(6,000)**	13,750	(19,750)
Cash flow after investment	**4,117**	5,206	(1,089)
Opening cash and cash equivalents	**7,394**	2,188	5,206
Cash and cash equivalents – end of period	**11,511**	7,394	4,117

1 The movement in working capital is the balance of £758k from the "Changes in working capital" section of note 18 in the notes to the financial statements less the £40k of amortisation of the consolidated fair value rent free periods recognised upon acquisition, plus the £2,803k of advance payments to suppliers of capital projects which is reflected as part of the existing estate spend in the above table and as reconciled in note 5 in the notes to the financial statements.
2 This is calculated from the statement of cash flows being the corporation tax paid, finance costs paid and finance lease principal payments.
3 Free cash flow - This is cash generated from operations less measures judged as maintenance capital, finance lease payments, taxation payments or receipts, advance payments to suppliers of capital projects and non-cash share based payments. Please see note 5, Alternative Performance Measures which reconciles these two measures.

4 These 3 lines relate to the spend on capital projects and are reconciled to cash outflows from investing activities in note 5, Alternative Performance Measures.

Accounting standards and use of non-GAAP measures
The Group has prepared its consolidated financial statements based on International Financial Reporting Standards as adopted by the European Union for the 52 weeks ended 26 December 2021. The basis for preparation is outlined in the accounting policies to the financial statements on page 72 of the 2021 annual report.

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 2 to the financial statements on pages 77 to 78 of the 2021 annual report.

Note on alternative performance measures
The Group uses a number of alternative performance measures ("APM"s) in the disclosure of its results. It should be noted that due to the disrupted nature of 2020 and 2021, the Group has used and will continue to use 2019 as a baseline comparator for some performance measures in order to be able to compare the business against a pre-covid trading period.

Group adjusted EBITDA	This measurement is earnings before interest, taxation, depreciation, amortisation, exceptional items, impairment reversal/(charge) and profit or loss on disposal of assets. This has been done to show the underlying trading performance of the Group which these other costs or income can distort. The reconciliation to operating profit is included in Note 5 to the financial statements.
Group adjusted EBITDA after rental costs	This is earnings before interest, taxation, depreciation, amortisation, exceptional items, impairment reversal/(charge) and profit or loss on disposal of assets, less a deduction for the cash cost of rent. This measure is to reflect the underlying earnings after the transition to IFRS 16 Leases. The reconciliation to operating profit is included in Note 5.
EBITDA operating margin	This is the Group adjusted EBITDA after rental costs divided by sales, expressed as a percentage.
Cost of goods sold and gross margin	The cost of sales as reflected in the statement of comprehensive income consists of direct bar, food, vending, amusements, gaming machine related costs, PDQ machine costs and staff costs. Cost of goods sold includes a judgement whereby staff costs are excluded but security and machine licence costs incurred by the centres are included. Deducting cost of goods sold from revenue gives the gross margin. This is how cost of goods sold and gross margin are reported by the business monthly and at centre level as labour costs are judged as material and thus reported separately with operating costs. The reconciliation is included in Note 5.
Operating profit/(loss) before exceptional items	This is operating profit/(loss) before exceptional items and impairment reversal/(charge).
Group adjusted profit/(loss) before tax	This consists of the profit before tax adjusted for items judged as exceptional and relating to impairment reversal/(charge).
Adjusted underlying profit after tax and adjusted earnings per share	This consists of the profit after tax adjusted for exceptional items and impairment reversal/(charge) and is used to determine the adjusted earnings per share. The reconciliation of this number to profit after tax is included under Note 11 to the financial statements.
Exceptional items	These items are those significant cost or income items which management judges to be one-off in nature and are not excepted to continue to be incurred as part of the regular trading performance of the business. The separate reporting of these per Note 8 helps to provide a better indication of underlying performance.
Like-for-like sales	These are a measure of growth of sales adjusted for new or divested sites over a comparable trading period.
Return on Capital Employed ('ROCE')	This measure is calculated as operating profit as a percentage of total capital employed which consists of non-current assets and current assets less current liabilities per the statement of financial position. This measure is reflected under KPIs.
Bank net debt	This is bank borrowings less cash and cash equivalents as per the statement of financial position.
Free cash flow	This is cash generated from operations less maintenance capital, advances to suppliers for capital projects, finance lease payments, taxation payments or receipts and non-cash share based payments. This is reconciled in note 5.

These APMs are used as they provide the user with additional information that helps them to interpret the results using measures that the Board consider relevant and helpful. These measures are additional and are not intended to replace or detract from the full financial statements included herein.

It should be noted that like-for-like sales refer to sales in centres that were open and trading in both periods. The measure excludes new centres that were not in place in the prior year, but also excludes periods where existing centres were in an enforced closure period in the current period due to Covid-19 restrictions.

Antony Smith
Chief Financial Officer
29 March 2022

Consolidated statement of comprehensive income

for the 52-week period ended 26 December 2021

	Note	**52 weeks to 26 December 2021 £000**	52 weeks to 27 December 2020 £000
Revenue	4	**67,521**	36,269
Cost of sales		**(22,511)**	(14,095)
Gross profit		**45,010**	22,174
Administrative expenses		**(35,711)**	(35,504)
Impairment reversal/(charge)		**1,124**	(2,521)
Operating profit/(loss)		**10,423**	(15,851)
Finance costs	7	**(5,986)**	(5,815)
Profit/(loss) before taxation		**4,437**	(21,666)
Taxation	10	**(432)**	3,919
Profit/(loss) and total comprehensive income/(loss) for the period		**4,005**	(17,747)
Earnings per share			
Basic earnings/(loss) per share	11	**5.86p**	(26.30)p
Diluted earnings/(loss) per share	11	**5.84p**	(26.30)p

Consolidated and Company statements of financial position

as at 26 December 2021

		Group		Company	
	Note	**26 December 2021 £000**	27 December 2020 £000	**26 December 2021 £000**	27 December 2020 £000
Assets					
Non–current assets					
Goodwill	12	**29,350**	29,350	**—**	—
Intangible assets	12	**279**	476	**—**	—
Investments in joint venture	13	**310**	310	**310**	310
Investments	14	**—**	—	**38,915**	38,915
Property, plant and equipment	15	**39,530**	41,453	**—**	—
Right-of-use assets	16	**167,324**	157,145	**—**	—
Deferred tax asset		**4,374**	4,118	**—**	—
		241,167	232,852	**39,225**	39,225
Current assets					
Inventories	17	**1,226**	508	**—**	—
Trade and other receivables	18	**5,426**	1,672	**209**	62
Corporation tax receivable		**10**	2,302	**—**	—
Cash and cash equivalents	19	**11,511**	7,394	**4,424**	4,577
		18,173	11,876	**4,633**	4,639
Liabilities					
Current liabilities					
Bank borrowings and leases	22	**(16,661)**	(34,031)	**—**	6
Trade and other payables		**(13,513)**	(8,282)	**(3,089)**	(1,312)
		(30,174)	(42,313)	**(3,089)**	(1,306)
Net current liabilities		**(12,001)**	(30,437)	**1,544**	3,333
Non-current liabilities					
Bank borrowings and leases	22	**(192,833)**	(171,024)	**—**	—
Deferred tax liability		**(2,270)**	(1,582)	**—**	—
		(195,103)	(172,606)	**—**	—
Net assets		**34,063**	29,809	**40,769**	42,558
Equity					
Share capital	20	**684**	683	**684**	683
Share premium		**4,844**	4,844	**4,844**	4,844
Merger reserve		**6,171**	6,171	**—**	—
Share-based payment reserve		**498**	250	**498**	250
Retained earnings		**21,866**	17,861	**34,743**	36,781
Total equity		**34,063**	29,809	**40,769**	42,558

Consolidated and Company statements of cash flows

for the 52-week period ended 26 December 2021

Group	Note	**52 weeks to 26 December 2021 £000**	52 weeks to 27 December 2020 £000
Cash flows generated from/(used in) operating activities			
Cash generated from operations	21	**30,827**	4,480
Corporation tax received/(paid)		**2,292**	(715)
Finance costs paid		**(5,866)**	(5,766)
Net cash generated from/(used in) operating activities		**27,251**	(2,001)
Cash flows used in investing activities			
Purchase of property, plant and equipment *		**(7,108)**	(6,044)
Purchase of software		**(24)**	(119)
Net cash used in investing activities		**(7,132)**	(6,163)
Cash flows (used in)/ generated from financing activities			
Gross proceeds from issue of new shares		**—**	5,038
Transaction costs from share issue		**—**	(160)
Lease principal payments		**(10,002)**	(2,853)
Dividends paid		**—**	(2,405)
Drawdown of bank borrowings		**22,000**	18,350
Repayment of borrowings		**(28,000)**	(4,600)
Net cash (used in)/ generated from financing activities		**(16,002)**	13,370
Net increase in cash and cash equivalents		**4,117**	5,206
Cash and cash equivalents – beginning of period		**7,394**	2,188
Cash and cash equivalents – end of period	19	**11,511**	7,394

* This includes £2,803k in advances to suppliers for capital projects that are reflected under receivables

Company	Note	**52 weeks to 26 December 2021 £000**	52 weeks to 27 December 2020 £000
Cash flows used in operating activities			
Cash used in operations	21	**(153)**	(5,358)
Net cash used in operating activities		**(153)**	(5,358)
Cash flows used in investing activities			
Net cash used in investing activities		**—**	—
Cash flows generated from financing activities			
Net cash received from issue of new shares		**—**	4,878
Dividends received		**—**	7,459
Dividends paid		**—**	(2,405)
Net cash generated from financing activities		**—**	9,932
Net (decrease)/increase in cash and cash equivalents		**(153)**	4,574
Cash and cash equivalents – beginning of period		**4,577**	3
Cash and cash equivalents – end of period	19	**4,424**	4,577

Consolidated and Company statements of changes in equity

for the 52-week period ended 26 December 2021

Group	Share capital £000	Share premium £000	Share-based payment reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 29 December 2019 (as originally reported)	650	—	275	6,171	49,815	56,911
Adjustment on initial application of IFRS 16	—	—	—	—	(14,970)	(14,970)
Taxation on IFRS 16 adjustment	—	—	—	—	3,168	3,168
Balance at 30 December 2019 (adjusted)	650	—	275	6,171	38,013	45,109
Dividends paid	—	—	—	—	(2,405)	(2,405)
Issue of shares	33	4,844	—	—	—	4,877
Share-based payment credit	—	—	(25)	—	—	(25)
Loss for the period and total comprehensive loss	—	—	—	—	(17,747)	(17,747)
Balance at 28 December 2020	683	4,844	250	6,171	17,861	29,809
Share based payment charge	**—**	**—**	**248**	**—**	**—**	**248**
Issue of share net of transaction costs	**1**	**—**	**—**	**—**	**—**	**1**
Profit for the period and total comprehensive income	**—**	**—**	**—**	**—**	**4,005**	**4,005**
Balance at 26 December 2021	**684**	**4,844**	**498**	**6,171**	**21,866**	**34,063**

Company	Share capital £000	Share premium £000	Share-based payment reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 30 December 2019	650	—	275	—	33,853	34,778
Profit for the period	—	—	—	—	5,333	5,333
Issue of shares net of transaction costs	33	4,844	—	—	—	4,877
Share-based payment credit	—	—	(25)	—	—	(25)
Dividend paid	—	—	—	—	(2,405)	(2,405)
Balance at 27 December 2020	683	4,844	250	—	36,781	42,558
Share-based payment charge	**—**	**—**	**248**	**—**	**—**	**248**
Issue of shares net of transaction costs	**1**	**—**	**—**	**—**	**—**	**1**
Loss for the period	**—**	**—**	**—**	**—**	**(2,038)**	**(2,038)**
Balance at 26 December 2021	**684**	**4,844**	**498**	**—**	**34,743**	**40,769**

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company's ordinary shares are traded on the London Stock Exchange. The address of the registered office is Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ. The consolidated financial statements of the Group for the 52-week period ended 26 December 2021 comprise the Company and its subsidiaries (together referred to as the 'Group'). The principal activity of the Group comprises the operation of tenpin bowling centres.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 weeks ended 26 December 2021 and have been applied consistently, to all periods presented in these consolidated financial statements. The Group and the Company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The financial statements are prepared using the historical cost basis. On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

3. GOING CONCERN

In assessing the going concern position of the Group and Company for the Annual Report and the financial statements for the year ended 26 December 2021, the Group has considered a base case scenario and a plausible downside scenario.

Base Case

The base case scenario was prepared with the following key assumptions reflected:

- All sites are open and trading throughout the period
- There are no effects of Covid-19 reflected in the performance
- Like for Like sales are versus FY19 and reflect growth
- Labour inflation and the increases from the National Living Wage are included
- Cost inflation is reflected in the operating and administrative costs
- Site acquisitions and new builds are reflected in the trade and in the cash flows
- Increased levels of capital spend are reflected in the cash flows to maintain and refurbish the sites after the periods of closures during the pandemic years
- The £14m CLBILS term loan will be repaid in 2022
- The Group returns to being tax paying

The scenario results in trade levels that are improved on FY19. This flows into the cash flow performance but with the increased spend on capital, the free cash flow is slightly lower than FY19 and results in the net debt balance increasing slightly up on the (£2.5m) net debt reported at the end of FY21. The Group will have significant liquidity levels with most of the £25m RCF facility available and will pass both of its below banking covenants with significant headroom. The leverage and fixed cost covenant return for testing in FY2022 and are as follows:

Leverage covenant

March 2022 – reference level – 1.10x
June 2022 – reference level – 1.25x
September 2022 – reference level – 1.50x
December 2022 – reference level – 1.50x

Fixed charge covenant

March 2022 – reference level – 7.50x
June 2022 – reference level – 5.00x
September 2022 – reference level – 4.00x
December 2022 – reference level – 2.25x

Downside case

The downside case takes the base case and flexes the assumptions for plausible impacts. These are summarised as follows:

- Total sales for FY22 are kept flat with the FY19 actual sales of £84.1m. This scenario assumes that is there is like-for-like decline of -2.5%, no sales from new sites opened in FY22 nor any benefit from the capital spend on refurbishment plans.
- No mitigating actions are taken and the variable costs are not reduced for the reduction in trade and they are kept at the base case amounts.
- All variable and fixed costs from the base case are increased by a further 7% across the board.

All sites will remain open as it is not believed that it is plausible to expect any Lockdowns going forward having been through a winter period without any Lockdowns. This scenario results in a Loss Before Tax being generated and a significant decrease in the free cash flow leading to an increase in net debt. Mitigating actions can be taken to reduce the cash outflows as reduction in capital spend but, the Group still has significant liquidity headroom due to the size of its facility and does not breach its covenants, with £0.3m of headroom. Mitigating actions could be taken by reducing spend, such as the levels of capital investment as well as flexing the variable costs for the decline in trade levels.

Taking the above and the principal risks faced by the Group into consideration, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, the Group continues to adopt the going concern basis in preparing these Financial Statements.

4. SEGMENT REPORTING

Segmental information is presented in respect of the Group's business segments. Strategic decisions are made by the Board based on information presented in respect of these segments. There are no differences in the measurement of segment profit or loss, assets and liabilities for each segment.

The Group comprises the following segments:
Tenpin Limited – Tenpin Limited (including its subsidiaries Tenpin Five Limited and Quattroleisure Limited) is a leading tenpin bowling operator in the UK. All revenue is derived from activities conducted in the UK.

Central – comprises central management, including company secretarial work and the Board of Directors' and general head office assets and costs. The segment results for the 52-week period ended 26 December 2021 and 27 December 2020 are used by the Board for strategic decision making, and a reconciliation of those results to the reported profit in the Consolidated Statement of Comprehensive Income, and the segment assets are as follows:

	Tenpin Limited £000	Central £000	Group £000
For the 52-week period ended 26 December 2021			
Segment revenue – external	**67,521**	**-**	**67,521**
Bowling	**29,776**	**-**	**29,776**
Food and drink	**19,094**	**-**	**19,094**
Machines and amusements	**16,280**	**-**	**16,280**
Other	**2,371**	**-**	**2,371**
Group adjusted EBITDA after rental costs (Note 5)	**16,654**	**(2,031)**	**14,623**
Segment assets as at 26 December 2021	**253,612**	**5,728**	**259,340**
Segment liabilities as at 26 December 2021	**(221,677)**	**(3,600)**	**(225,277)**
Reconciliation of adjusted EBITDA to reported operating profit/(loss)			
Group adjusted EBITDA after rental costs (Note 5)	**16,654**	**(2,031)**	**14,623**
Amortisation and depreciation of intangibles, property, plant and equipment and right-of-use assets	**(17,426)**	**-**	**(17,426)**
Loss on disposals of assets	**(442)**	**-**	**(442)**
Amortisation of fair value items	**(130)**	**-**	**(130)**
Impairment reversal	**1,124**	**-**	**1,124**
Exceptional income	**238**	**-**	**238**
Add back rental cost	**12,436**	**-**	**12,436**
Operating profit/(loss)	**12,454**	**(2,031)**	**10,423**
Finance costs (Note 7)	**(5,476)**	**(510)**	**(5,986)**
Profit/(loss) before taxation	**6,978**	**(2,541)**	**4,437**

	Tenpin Limited £000	Central £000	Group £000
For the 52-week period ended 27 December 2020			
Segment revenue – external	36,269	–	36,269
Bowling	16,830	–	16,830
Food and drink	9,898	–	9,898
Machines and amusements	8,298	–	8,298
Other	1,243	–	1,243
Group adjusted EBITDA after rental costs (Note 5)	(5,705)	(2,119)	(7,824)
Segment assets as at 27 December 2020	223,200	21,528	244,728
Segment liabilities as at 27 December 2020	(193,029)	(21,890)	(214,919)
Reconciliation of adjusted EBITDA to reported operating (loss)/profit			
Group adjusted EBITDA after rental costs (Note 5)	(5,705)	(2,119)	(7,824)
Amortisation and depreciation of intangibles, property, plant and equipment and right-of-use assets	(16,634)	–	(16,634)
Amortisation of fair value items	(142)	–	(142)
Impairment	(2,521)	–	(2,521)
Profit on disposals	99	–	99
Add back rental cost	11,171	–	11,171
Operating loss	(13,732)	(2,119)	(15,851)
Finance costs (Note 7)	(5,654)	(161)	(5,815)
Loss before taxation	(19,386)	(2,280)	(21,666)

5. ALTERNATIVE PERFORMANCE MEASURES – NON-GAAP MEASURES

The Group has identified certain measures that it believes will assist in the understanding of the performance of the business. The measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures. The non-IFRS measures are not intended to be a substitute for an IFRS performance measure but the business has included them as it considers them to be important comparables and key measures used within the business for assessing performance. These financial statements make reference to the following non-IFRS measures:

Group adjusted EBITDA – This measurement is earnings before interest, taxation, depreciation, amortisation, exceptional items, impairment reversal/(charge) and profit or loss on disposal of assets. This has been done to show the underlying trading performance of the Group which these other costs or income can distort.

Group adjusted EBITDA after rental costs – This measurement is earnings before interest, taxation, depreciation, amortisation, exceptional items, impairment reversal/(charge) and profit or loss on disposal of assets, less a deduction for the cash cost of rent.

Reconciliation of operating profit to Group adjusted EBITDA and Group adjusted EBITDA after rental costs	**52 weeks to 26 December 2021 £000**	52 weeks to 27 December 2020 £000
Group adjusted EBITDA	**27,059**	3,347
Rental cost	**(12,436)**	(11,171)
Group adjusted EBITDA after rental costs	**14,623**	(7,824)
Add back rental cost	**12,436**	11,171
Amortisation of fair valued items on acquisition	**(149)**	(183)
Amortisation of software	**(131)**	(142)
(Loss)/profit on disposals	**(442)**	99
Depreciation of property, plant and equipment and right-of-use assets	**(17,276)**	(16,450)
Operating profit/(loss) before exceptional items	**9,061**	(13,329)
Impairment reversal/(charge)	**1,124**	(2,522)
Exceptional items – other	**238**	—
Operating profit/(loss)	**10,423**	(15,851)

Cost of goods sold and gross margin – The cost of sales as reflected in the statement of comprehensive income consists of direct bar, food, vending, amusements, gaming machine related costs, PDQ machine costs and staff costs. Cost of goods sold excludes staff costs but security and machine licence costs incurred by the centres are included. Deducting cost of goods sold from revenue gives the gross margin. This is how cost of goods sold and gross margin are reported by the business monthly and at centre level as labour costs are judged as material and thus reported separately with operating costs.

Reconciliation of costs of sales	**52 weeks to 26 December 2021 £000**	52 weeks to 27 December 2020 £000
Adjusted cost of sales per the financial review	**(9,446)**	(4,854)
Site labour costs	**(13,547)**	(9,519)
Machine licence and security costs in administrative expenses	**482**	278
Cost of sales per the statement of comprehensive income	**(22,511)**	(14,095)

Adjusted profit/(loss) before tax – This consists of the profit before tax adjusted for items judged as exceptional and relating to impairment reversal/(charge).

Adjusted underlying profit after tax and adjusted earnings per share – This consists of the profit after tax adjusted for exceptional items and impairment reversal/(charge) provisions and as used to determine the adjusted earnings per share. A judgement has been made to reflect these measures so they are more comparable by excluding one off items. The reconciliation of this number to profit after tax is included under Note 11.

Exceptional costs – These items are those significant cost or income items which management judges to be one-off in nature and are not excepted to continue to be incurred as part of the regular trading performance of the business. The separate reporting of these per Note 8 helps to provide a better indication of underlying performance.

Like-for-like sales – These are a measure of growth of sales adjusted for new or divested sites over a comparable trading period which has been determined as FY19.

Return on Capital Employed ('ROCE') – This measure is calculated as operating profit as a percentage of total capital employed which consists of non-current assets and current assets less current liabilities per the statements of financial position.

Bank net debt – This measure is made up of bank borrowings less cash and cash equivalents as per the statement of financial position.

Free cash flow – This is cash generated from operations less maintenance capital as reflected in the finance review, advances to suppliers for capital projects, finance lease payments, taxation payments or receipts and non cash share based payments. This is reconciled below:

Reconciliation of free cashflow	**52 weeks to 26 December 2021 £000**	52 weeks to 27 December 2020 £000
Cash generated from/(used in) operations	**30,827**	4,480
Maintenance capital	**(910)**	(741)
Finance lease and taxation payments	**(13,578)**	(9,334)
Advance payments to supplier for capital projects	**-**	823
Non-cash share-based payments charge	**(248)**	25
Free cashflow per the financial review	**16,091**	(4,747)

Maintenance capital, existing estate and estate expansion outflow – This is cash used in investing activities plus cash advances to suppliers for capital projects. This is reconciled below:

Reconciliation of capital investment outflows to cash used in investing activities	52 week period ended 26 December 2021 £000	52 week period ended 27 December 2020 £000
Cash used in investing activities	**(7,132)**	(6,163)
Advance payment to supplier for capital projects	-	(876)
Cash outflows from capital projects	**(7,132)**	(7,039)
Analysed as follows:		
Maintenance capital	**(910)**	(741)
Existing estate	**(6,166)**	(3,193)
Estate expansion	**(56)**	(3,105)
Cash outflows from capital projects	**(7,132)**	(7,039)

6. STAFF COSTS AND NUMBERS

Staff costs – Group	**52 weeks to 26 December 2021 £000**	52 weeks to 27 December 2020 £000
Wages and salaries	**16,515**	11,829
Social security costs	**1,267**	1,088
Other pension costs	**178**	170
Share-based payments	**248**	(25)
	18,208	13,062

Staff costs included within costs of sales are £13.1m (2020: £9.0m). The balance of staff costs is recorded within administrative expenses. The staff costs are net of CJRS which amount to £3.5m. Details of Directors' remuneration are set out in the Directors' Remuneration Report on page 55 of the Annual Report and Accounts. No Directors have accrued any retirement benefits and Directors that resigned during the year received no compensation for loss of office. The highest paid Director for the 52-week period ended 26 December 2021 received remuneration of £666,865 (2020: £267,323). The 2018 LTIP scheme vested in 2021 and 20,814 awards were exercised at a market value of £50,687. All key management positions are held by Executive Directors of Ten Entertainment Group plc and, accordingly, no further disclosure of key management remuneration is deemed necessary.

The average monthly number of persons employed (including Executive Directors) during the period, analysed by category, was as follows:

Staff numbers – Group	**52 weeks to 26 December 2021 Number**	52 weeks to 27 December 2020 Number
Site staff	**1,275**	931
Administration	**58**	45
Unit management	**157**	150
	1,490	1,126

Staff costs – Company	**52 weeks to 26 December 2021 £000**	52 weeks to 27 December 2020 £000
Wages and salaries	**967**	1,144
Social security costs	**88**	123
Other pension costs	**15**	11
Share-based payments	**248**	(25)
	1,318	1,253
Staff numbers – Company	**Number**	Number
Administration (including Executive Directors)	**6**	6

7. FINANCE COSTS

	52 weeks to 26 December 2021 £000	52 weeks to 27 December 2020 £000
Interest on bank loans and overdrafts	**391**	330
Amortisation of debt issuance costs	**124**	49
Lease interest	**5,481**	5,393
Other	**(10)**	43
Finance costs	**5,986**	5,815

8. PROFIT/(LOSS) BEFORE TAXATION

The following items have been included in arriving at profit/(loss) before taxation:

	52 weeks to 26 December 2021 £000	52 weeks to 27 December 2020 £000
Staff costs (Note 6)	**18,208**	13,062
Consumables charged to cost of sales	**1,460**	754
Depreciation of property, plant and equipment (Note 15)	**6,130**	5,498
Depreciation of right-of-use assets (Note 16)	**11,166**	10,965
Amortisation of software (Note 12)	**131**	171
Amortisation of fair valued intangibles on acquisition (Note 12)	**90**	101
Loss/(profit) on disposal of assets	**442**	(125)
Impairment (reversal)/charge	**(1,124)**	2,522
Government grants received (excluding CJRS)	**(1,354)**	(148)
CJRS grants received	**(3,507)**	(5,205)
Operating lease rentals receivable/(payable) – property	**61**	(10)
Share-based payments	**248**	(25)
Repairs on property, plant and equipment	**1,891**	2,436
Exceptional items		
Provision for updated HMRC VAT guidance	**238**	—
Total exceptional tems	**238**	—
Auditors' remuneration		
Fees payable to Company's auditors for the Company and Consolidated financial statements	**58**	40
Audit of Company's subsidiaries	**135**	95
Audit-related assurance services	**37**	35
	230	170

9. RESULTS ATTRIBUTABLE TO TEN ENTERTAINMENT GROUP PLC

The financial statements of the Company, Ten Entertainment Group plc, were approved by the Board of Directors on 29 March 2022. The result for the financial year dealt with in the financial statements of Ten Entertainment Group plc was a loss of £2.0m (2020: a profit of £5.3m). As permitted by Section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented in respect of the Company.

10. TAXATION

Recognised in the consolidated statement of comprehensive income:

	52 weeks to 26 December 2021 £000	52 weeks to 27 December 2020 £000
Current tax		
Adjustment in respect of prior years	**-**	(2,494)
Deferred tax		
Origination and reversal of temporary differences	**1,036**	(1,384)
Effect of changes in tax rates	**(248)**	-
Adjustment in respect of prior years	**(356)**	(41)
Tax charge/(credit) in statement of comprehensive income	**432**	(3,919)

The tax on the Group's profit/(loss) before tax differs (2020: differs) from the theoretical amount that would arise using the standard rate of tax in the UK of 19% (2020: 19%). The differences are explained below:

	52 weeks to 26 December 2021 £000	52 weeks to 27 December 2020 £000
Profit/(Loss) before taxation	**4,437**	(21,666)
Tax using the UK corporation tax rate of 19% (2020: 19%)	**843**	(4,118)
Expenses not deductible	**353**	(372)
Change in tax rates on deferred tax balances	**(248)**	-
Adjustment in respect of prior years	**107**	(2,535)
Permanent differences	**(30)**	605
(Use) of tax losses/loss carry back	**(593)**	2,501
Tax charge/(credit)	**432**	(3,919)

On 24 May 2021, the Government confirmed that the corporation tax main rate would remain at 19 per cent and increase to 25 per cent from 1 April 2023. As such, the rate used to calculate the deferred tax balances as at 26 December 2021 has increased from 19 per cent to a blended rate up to 25 per cent depending on when the deferred tax balance will be released.

11. EARNINGS PER SHARE

Basic earnings per share for each period is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The total shares in issue at the end of the 52-week period were 68,367,784 (2020: 68,346,970).

The Company has 274,005 potentially issuable shares (2020: 103,673), all of which relate to share options issued to Directors of the Company. Diluted earnings per share amounts are calculated by dividing profit for the year and total comprehensive income attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year together with the dilutive number of ordinary shares.

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

Basic and diluted	**52 weeks to 26 December 2021**	52 weeks to 27 December 2020
Profit/(loss) after tax (£000)	**4,005**	(17,747)
Basic weighted average number of shares in issue	**68,358,261**	67,471,461
Adjustment for share awards (number)	**274,005**	103,673
Diluted weighted average number of shares in issue	**68,632,266**	67,575,134
Basic earnings/(loss) per share (pence)	**5.86p**	(26.30)p
Diluted earnings/(loss) per share (pence)*	**5.84p**	(26.30)p

Below is the calculation of the adjusted earnings per share:

Adjusted earnings/(loss) per share	**52 weeks to 26 December 2021 £000**	52 weeks to 27 December 2020 £000
Profit/(loss) after tax	**4,005**	(17,747)
Impairment reversal/(charge)	**(1,124)**	2,521
Exceptional income	**(238)**	—
Tax impact on above adjustments	**45**	(456)
Adjusted underlying profit/(loss) after tax	**2,688**	(15,682)
Adjusted profit/(loss) after tax	**4,051**	(15,139)
Weighted average number of shares in issue	**68,358,261**	67,471,461
Adjusted basic earnings/(loss) per share	**5.93p**	(23.18)p
Adjusted diluted earnings/(loss) per share*	**5.90p**	(23.18)p

* The diluted EPS for 2020 is the same as the basic EPS as the adjustment for the share awards would be anti-dilutive so has been excluded.

12. GOODWILL AND INTANGIBLE ASSETS

Group	Fair valued intangibles on acquisition £000	Goodwill £000	Software £000	Total £000
Cost				
At 30 December 2019	2,938	29,350	1,222	33,510
Additions	—	—	119	119
Adjustment on initial application of IFRS 16	—	—	(40)	(40)
At 27 December 2020	2,938	29,350	1,301	33,589
Additions	**-**	**-**	**24**	**24**
At 26 December 2021	**2,938**	**29,350**	**1,325**	**33,613**
Accumulated amortisation and impairment losses				
At 30 December 2019	2,576	—	931	3,507
Charge for the period – amortisation	101	—	171	272
Adjustment on initial application of IFRS 16	—	—	(16)	(16)
At 27 December 2020	2,677	—	1,086	3,763
Charge for the period – amortisation	**90**	—	**131**	**221**
At 26 December 2021	**2,767**	—	**1,217**	**3,984**
Net book value				
At 26 December 2021	**171**	**29,350**	**108**	**29,629**
At 27 December 2020	261	29,350	215	29,826
At 29 December 2019	362	29,350	291	30,003

Impairment testing is carried out at the cash-generating unit ('CGU') level on an annual basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each individual centre is considered to be a CGU. However, for the purposes of testing goodwill for impairment, it is acceptable under IAS 36 to group CGUs, in order to reflect the level at which goodwill is monitored by management. The whole Group is considered to be one group of CGUs, for the purposes of goodwill impairment testing, on the basis of the level at which goodwill is monitored by management and historical allocation of goodwill upon acquisition. The overall process for testing impairment follows the same methodology as detailed in Note 12 for property, plant and equipment. As part of the business combination accounting for the acquisition of Essenden Limited in 2015, the fair value of customer lists, rebate contracts and the Tenpin Limited website was recognised and have been fully amortised over the period for which the benefits were expected to be recognised. The remaining value is for the lease acquired at the Worcester centre which was significantly below market value and was fair valued and accounted for on acquisition in 2016 and is being amortised until the end of the lease. The amortisation charged on the above intangible assets is included in other administrative expenses in the statement of comprehensive income.

Bank borrowings are secured on property, plant and equipment for the value of £39.0m (2020: £25.0m).

13. INVESTMENTS IN JOINT VENTURE

Group and Company	£000
At 30 December 2019	310
Acquisitions and disposals	—
At 27 December 2020	310
Acquisitions and disposals	—
At 26 December 2021	**310**

Company	Country of incorporation	Ownership interest %	Principal activity
Houdini's Escape Room Experience Limited (Registered address: Aragon House, University Way, Cranfield Technology Park, MK43 0EQ)	UK	50%	Leisure

In December 2019, the Company entered into a Share Purchase Agreement and acquired 50% of the share capital of Houdini's Escape Room Experience Limited 'Houdini's' for £0.3m. The Company also entered into a joint venture agreement to determine the arrangements around the selection of Directors, dividend policy, premises use, provision of services, put and call option arrangements and deadlock procedures.

Tenpin Limited and Houdini's also entered into a £2.5m loan facility agreement whereby Houdini's can borrow money from Tenpin Limited over a three-year period to fund the building of escape rooms on their premises. £0.6m has been borrowed as at 26 December 2021. The loans will incur a market rate of interest and have been secured by a Debenture Agreement that the two parties entered into. As the purpose of the joint venture is to fund and build escape rooms there is a restriction in the agreement around the payment of dividends by Houdini's. Houdini's financial year end has been changed to be that of the Group. Due to the Covid-19 pandemic, Houdini's has been closed for a significant portion of the year and no profit has been generated of which a 50% share would be added to the investment value. The business has not impaired the investment in Houdini's as it believes the impact of the pandemic on the joint venture is short term, and it will return to a profitable position once trade returns to normal.

Prior to the above agreements, in 2019, Houdini's built and operated escape rooms at three of Tenpin's centres which were covered by a revenue share agreement between the parties. Going forward after entering into the joint venture arrangement, Tenpin will charge Houdini's an operating licence fee instead. Houdini's had 21 rooms open at the end of FY21 of which seven are operated out of five tenpin centres.

14. INVESTMENTS

Company	Subsidiaries' shares £000
At 30 December 2019	38,915
Acquisitions and disposals	—
At 27 December 2020	38,915
Acquisitions and disposals	—
At 26 December 2021	**38,915**

The Directors believe that the carrying value of the investments is supported by the underlying net assets of the business and the future profits that will be generated by the Group.

Group investments
The Company has investments in the following subsidiary undertakings, which affected the results and net assets of the Group:

	Parent	Country of registration	Percentage of shares held
Companies owned directly by Ten Entertainment Group plc			
TEG Holdings Limited		England & Wales	100%
Companies owned indirectly by Ten Entertainment Group plc			
Tenpin Limited	TEG Holdings Limited	England & Wales	100%
Indoor Bowling Equity Limited	TEG Holdings Limited	England & Wales	100%
Indoor Bowling Acquisitions Limited	Indoor Bowling Equity Limited	England & Wales	100%
Essenden Limited	Indoor Bowling Acquisitions Limited	England & Wales	100%
Georgica Limited	Essenden Limited	England & Wales	100%
Georgica Holdings Limited	Georgica Limited	England & Wales	100%
Tenpin Five Limited	Tenpin Limited	England & Wales	100%
Tenpin One Limited	Tenpin Limited	England & Wales	100%
Georgica (Lewisham) Limited	Georgica Holdings Limited	England & Wales	100%
GNU 5 Limited	Georgica Holdings Limited	England & Wales	100%
Tenpin (Sunderland) Limited	Tenpin Limited	England & Wales	100%
Quattroleisure Limited	Tenpin Limited	England & Wales	100%
Tenpin (Halifax) Limited	Tenpin Limited	England & Wales	100%

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

Tenpin Five Limited and Tenpin One Limited are claiming exemption from the audit and the preparation of financial statements in accordance with S479A of the Companies Act 2006. A parent guarantee will be issued for the liabilities of these companies which only consist of intercompany loans with the parent company and thus the guarantee is not expected to be called upon.

15. PROPERTY, PLANT AND EQUIPMENT

Group	Fixed furnishings £000	Amusement machines £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 30 December 2019	11,691	11,571	43,020	66,282
Adjustment on initial application of IFRS 16	—	(10,217)	(469)	(10,686)
Additions	—	47	6,548	6,595
Disposals	(323)	—	—	(323)
At 27 December 2020	11,368	1,401	49,099	61,868
Additions	**—**	**35**	**4,270**	**4,305**
Disposals	**(263)**	**—**	**(1,282)**	**(1,545)**
At 26 December 2021	**11,105**	**1,436**	**52,087**	**64,628**
Accumulated depreciation and impairment				
At 30 December 2019	2,951	5,404	10,679	19,034
Adjustment on initial application of IFRS 16	—	(4,378)	(22)	(4,400)
Charge for the period	1,022	133	4,343	5,498
Impairment charge	—	—	450	450
Disposals – depreciation	(167)	—	—	(167)
At 27 December 2020	3,806	1,159	15,450	20,415
Charge for the period	**1,016**	**101**	**5,013**	**6,130**
Impairment reversal	**—**	**—**	**(264)**	**(264)**
Disposals – depreciation	**(114)**	**—**	**(1,069)**	**(1,183)**
At 26 December 2021	**4,708**	**1,260**	**19,130**	**25,098**
Net book value				
At 26 December 2021	**6,397**	**176**	**32,957**	**39,530**
At 27 December 2020	7,562	242	33,649	41,453
At 29 December 2019	8,740	6,167	32,341	47,248

Property, plant and equipment and right-of-use assets are reviewed for impairment on an annual basis. The recoverable amount of each CGU (each of the 46 (2020: 46) centres open as at the period end has been treated as a CGU) and 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 approved by the Board covering a three-year period. Cash flows beyond this three-year period are extrapolated over the life of the lease relating to that centre.

The key assumptions of the value in use calculation are:

	26 December 2021	27 December 2020
Period on which management-approved forecasts are based	**3 years**	3 years
Long term growth rate applied beyond approved forecast period	**2%**	2%
Pre-tax discount rate	**12.01%**	10.78%

The pre-tax discount rate applied to the cash flow projections approximates the Group's weighted average cost of capital ('WACC'), adjusted only to reflect the way in which the market would assess the specific risks associated with the estimated cash flows of the bowling businesses and to exclude any risks that are not relevant to estimated cash flows of the bowling businesses, or for which they have already been adjusted. This pre-tax discount rate has been benchmarked against the discount rates applied by other companies in the leisure sector. The impairment review this year has resulted in an impairment reversal of £1.1m against the £2.5m of impairment charged in 2020. The reversal has been allocated as £0.9m to Right of Use assets and £0.2m for property, plant and equipment in the same proportions that the impairments arose. The reversal has arisen due to the improved performance of the sites since re-opening and thus the improvement of the short term forecasts in the review compared to prior year, when the impairment resulted.

The key assumptions to which the calculation is sensitive remain the future trading performance, the growth rate that is expected of each centre and the pre-tax discount rate. If the discount rate applied in the calculations is increased by 1%, the impairment release reduces by £0.5m and an impairment charge of £1.3m (2020: £3.5m) arises. If the long term

growth rate applied is changed to 1%, then the impairment release reduces by £0.5m and an impairment charge of £0.7m (2020: £5.3m) arises. If the trading performance were to significantly reduce in-line with the downside case in the going concern section, then the impairment reversal will reduce by £0.7m and an impairment charge of £4.2m arises.

For the calculation of fair value less cost to sell, management has assumed that each Tenpin Limited business could be sold for a multiple of 5x EBITDA (2020: 5x EBITDA).

The depreciation and impairment reversal/(charge) are recognised in administrative expenses in the statement of comprehensive income. Bank borrowings are secured on property, plant and equipment for the value of £39.0m (2020: £25.0m).

16. RIGHT-OF-USE ASSETS

Group	Property £000	Amusement machines and other £000	Total £000
Cost			
At transition on 30 December 2019	164,920	10,727	175,647
Impairment of assets on transition	(16,275)	—	(16,275)
Lease additions	—	444	444
Disposals	—	(348)	(348)
Modification of leases	14,869	—	14,869
Lease surrenders	—	—	—
At 27 December 2020	163,514	10,823	174,337
Lease additions	**—**	**442**	**442**
Disposals	**—**	**(166)**	**(166)**
Modification of leases	**20,067**	**—**	**20,067**
At 26 December 2021	**183,581**	**11,099**	**194,680**
Accumulated depreciation and impairment			
At transition on 30 December 2019	—	4,416	4,416
Charge for the period	8,648	2,317	10,965
Impairment charge	2,072	—	2,072
Disposals – Depreciation	—	(261)	(261)
At 27 December 2020	10,720	6,472	17,192
Charge for the period	**9,013**	**2,153**	**11,166**
Impairment reversal	**(860)**	**—**	**(860)**
Disposals – depreciation	**—**	**(142)**	**(142)**
At 26 December 2021	**18,873**	**8,483**	**27,356**
Net book value			
At 26 December 2021	**164,708**	**2,616**	**167,324**
At 27 December 2020	152,794	4,351	157,145

17. INVENTORIES

	Group		**Company**	
	26 December 2021 £000	27 December 2020 £000	**26 December 2021 £000**	27 December 2020 £000
Goods held for resale	**1,226**	508	**—**	—

The cost of inventories recognised as an expense and included in cost of sales amounted to £5.8m (2020: £3.6m). There is a provision of £0.1m (2020: £1.0m) for obsolete shoes in FY21 and then spares, food and drink stocks in FY20, due to the impact of centre closures around the year end, due to the Covid-19 pandemic. These are included in the figures above. Bank borrowings for the value of £39.0m (2020: £25.0m) are secured on all assets of the Group including inventory.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	26 December 2021	27 December 2020	**26 December 2021**	27 December 2020
Current receivables	**£000**	£000	**£000**	£000
Trade receivables	**374**	58	**—**	—
Amounts owed by subsidiary undertakings	**—**	—	**205**	60
Accrued income	**114**	—	—	—
Advance payments to supplier	**2,803**	—	—	—
Other receivables	**844**	1,063	**—**	2
Prepayments	**1,291**	551	**4**	—
	5,426	1,672	**209**	62

There is a provision of £0.3m (2020: £0.1m) for trade receivables that are beyond their due date and a provision of £0.1m (2020: £0.1m) against other receivables for a deposit paid to a landlord that may not be recoverable. Included in other receivables is a loan to Houdini's for £0.6m, (2020: £0.2m) which is charged interest at the effective interest rate agreed at the time of the loan. The loans mature at the end of 2022 and will be extended until the end of 2024.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	26 December 2021	27 December 2020	**26 December 2021**	27 December 2020
	£000	£000	**£000**	£000
Cash and cash equivalents	**11,511**	7,394	**4,424**	4,577

20. SHARE CAPITAL

	2021		2020	
Group and Company	**Shares**	**£000**	Shares	£000
68,346,970 (2020: 65,000,000) ordinary shares of £0.01 each at the beginning of the year	**68,346,970**	**683**	65,000,000	650
Issue of share capital during the period	**20,814**	**1**	3,346,970	33
Ordinary shares of £0.01 each at the end of the year	**68,367,784**	**684**	68,346,970	683

As at 26 December 2021, the Company's authorised share capital was £683,678 (2020: £663,470) divided into a single class of 68,367,784 (2020: 68,346,970) ordinary shares of 1p each. All issued ordinary shares are fully paid up. The share capital of the Group is represented by the share capital of the Company, Ten Entertainment Group plc, which was incorporated on 15 March 2017. The shares confer on each holder the right to attend, speak and vote at all the meetings of the Company with one vote per ordinary share on a poll or written resolution.

21. CASH GENERATED FROM OPERATIONS

	Group		Company	
	52 weeks to 26 December 2021	52 weeks to 27 December 2020	**52 weeks to 26 December 2021**	52 weeks to 27 December 2020
Cash flows from operating activities	**£000**	£000	**£000**	£000
Profit/(loss) for the period	**4,005**	(17,747)	**(2,038)**	(2,126)
Adjustments for:				
Tax	**432**	(3,919)	**—**	—
Finance costs	**5,986**	5,815	**6**	—
Non-cash one-off income	**(238)**	—	**—**	—
Non-cash share-based payments charge/(credit)	**248**	(25)	**248**	(25)
Loss/(profit) on disposal of assets	**442**	(125)	**—**	—
Amortisation of intangible assets	**221**	272	**—**	—
Depreciation of property, plant and equipment	**6,130**	5,498	**—**	—
Depreciation of right to use assets	**11,166**	10,965	**—**	—
Impairment (reversal)/charge	**(1,124)**	2,521	**—**	—
Changes in working capital:				
(Increase)/decrease in inventories	**(720)**	789	**—**	—
(Increase)/decrease in trade and other receivables*	**(955)**	3,257	**(146)**	2,350
Increase/(decrease) in trade and other payables	**5,234**	(2,821)	**1,777**	(5,557)
Cash generated from/(used in) operations	**30,827**	4,480	**(153)**	(5,358)

* Cashflows from advances to suppliers of capital projects are reflected under investing activities

22. BANK BORROWINGS AND LEASE LIABILITIES

	Group		Company	
Current liabilities	**26 December 2021 £000**	27 December 2020 £000	**26 December 2021 £000**	27 December 2020 £000
Bank loans	**4,666**	20,000	**—**	—
Leases – Machines/other	**3,223**	3,201	**—**	—
Leases – Properties	**8,941**	10,922	**—**	—
Capitalised financing costs	**(169)**	(92)	**—**	(6)
	16,661	34,031	**—**	(6)

In September 2019, the Group entered into a £25.0m facility with the Royal Bank of Scotland plc ('RBS') for three years. This facility consists of a committed £25.0m facility split into a £23.0m revolving credit facility and a £2.0m overdraft facility. In January 2021, the Group entered into a £14.0m CLBILS term loan facility with RBS for three years until January 2024. During the year, the Group aligned the expiry date of the £25.0 facility with the CLBILS facility. The interest rates for the facilities are tabled further on.

	Group		Company	
Non-current liabilities	**26 December 2021 £000**	27 December 2020 £000	**26 December 2021 £000**	27 December 2020 £000
Bank loans	**9,334**	—	**—**	—
Leases – Machines/other	**2,390**	3,744	**—**	—
Leases – Property	**181,108**	167,280	**—**	—
	192,832	171,024	**—**	—

Bank borrowings are repayable as follows:

	Group		Company	
Bank loans	**26 December 2021 £000**	27 December 2020 £000	**26 December 2021 £000**	27 December 2020 £000
Within one year	**4,666**	20,000	**—**	—
Between one and two years	**4,667**	—	**—**	—
Between two and five years	**4,667**	—	**—**	—
	14,000	20,000	**—**	—

The RCF and overdraft have not been drawn down at the end of FY21, with the £14.0m outstanding balance being the CLBILS term loan facility which is repayable over the next three years as reflected before.

Available borrowings are as follows for 2021:

Group	Currency	Interest rates	Maturity	Total available £000	Total drawn £000
Revolving credit facility	GBP	LIBOR + 1.40%	Jan-2024	23,000	—
CLBILS facility	GBP	LIBOR + 1.70%	Jan-2024	14,000	14,000
Bank overdraft	GBP	LIBOR + 1.40%	Jan-2024	2,000	—
Total borrowings				39,000	14,000

The payment profile of minimum lease payments under Leases is as follows:

	Property leases		Machines and other leases		Total	
Net Group	**26 December 2021 £000**	27 December 2020 £000	**26 December 2021 £000**	27 December 2020 £000	**26 December 2021 £000**	27 December 2020 £000
Within one year	**8,941**	10,922	**3,223**	3,201	**12,164**	14,123
Between one and two years	**7,126**	6,168	**1,956**	2,667	**9,082**	8,835
Between two and five years	**23,552**	20,971	**434**	1,077	**23,986**	22,048
After five years	**150,430**	140,140	**—**	—	**150,430**	140,140
	190,049	178,201	**5,613**	6,945	**195,662**	185,146

Gross	Property leases		Machines and other leases		Total	
	26 December 2021 £000	27 December 2020 £000	**27 December 2021 £000**	29 December 2020 £000	**26 December 2021 £000**	27 December 2020 £000
Within one year	**15,169**	17,522	**3,241**	3,402	**18,410**	20,924
Between one and two years	**13,069**	12,348	**1,967**	2,768	**15,036**	15,116
Between two and five years	**39,842**	38,039	**440**	1,111	**40,282**	39,150
After five years	**197,236**	180,932	**—**	—	**197,236**	180,932
	265,316	248,841	**5,648**	7,281	**270,964**	256,122
Future finance charges on leases	**(75,267)**	(70,640)	**(35)**	(336)	**(75,302)**	(70,976)
Present value of lease liabilities	**190,049**	178,201	**5,613**	6,945	**195,662**	185,146

Leases are in place for all 46 centres (2020: 46) at a value of £190.0m (2020: 178.2m), amusement machines from Bandai Namco Europe Limited with a value of £5.3m (2020: £6.4m), Wi-Fi equipment with a value of £nil (2020: £0.1m) and coffee machines acquired in 2019, with a value of £0.3m (2020: £0.4m).

Analysis of statutory net debt

Net (debt)/cash as analysed by the Group consists of cash and cash equivalents less bank loans and amounts to (£2.5m) (2020: (£12.6m)). Statutory net debt as analysed below includes leases.

	Cash and cash equivalents £000	Bank loans and overdrafts £000	Net cash excluding notes and leases £000	Leases £000	Statutory net debt £000
Balance at 30 December 2019	2,188	(6,250)	(4,062)	(171,955)	(176,017)
Changes from financing cash flows	5,206	(13,750)	(8,544)	2,853	(5,691)
Lease modifications in the year	—	—	—	(14,962)	(14,962)
Lease acquisitions	—	—	—	(1,082)	(1,082)
Balance at 27 December 2020	7,394	(20,000)	(12,606)	(185,146)	(197,752)
Changes from financing cash flows	4,117	6,000	10,117	10,006	20,123
Lease modifications in the year	—		—	(20,067)	(20,067)
Lease acquisitions	—	—	—	(455)	(455)
Balance at 26 December 2021	**11,511**	**(14,000)**	**(2,489)**	**(195,662)**	**(198,151)**