

Ten Entertainment Group plc Half-Year Trading Update

Consistent profitable growth

Ten Entertainment Group plc (“TEG” or “the Group”), a leading UK based operator of 49 bowling and family entertainment centres, today announces a trading update for the 26 weeks to 2 July 2023.

- Continued sales growth building on the record first half in 2022
 - +1.6% like-for-like sales growth
 - +3.2% total sales growth
 - Maintaining step-change performance with sales +57% vs pre-Covid
 - Record-breaking Easter performance; biggest sales week in Group’s history
- Significant estate expansion continues with at least four new openings during 2023
 - New site in Crewe opened in February and trading well
 - Milton Keynes ready to open at the end of July
 - Dundee building works almost complete, ready to open in August
 - Work has begun on an innovative new entertainment centre in the heart of Sheffield
- Progressing well for another year of profitable growth
 - PBT for H1 23 anticipated to be slightly ahead of last year
 - Full year profit growth on track to deliver in line with market expectation
 - Energy now fixed to September 2026 at a level which is significantly below forecast
 - Business still has net cash balance following significant strategic investment

Sales growth

Like-for-like¹ sales growth in the first half of 2023 was +1.6% compared to the same period in 2022. This growth builds on the record-breaking performance in the first half of 2022 when a new baseline in performance was established. The Group is now delivering sales 57% ahead of pre-Covid levels (+46% on a like-for-like basis) demonstrating the enduring appeal of bowling in the growing competitive socialising sector.

To make our proposition even more compelling, we proactively took the decision to maintain bowling prices at 2019 levels, and we have limited food and drink price increases to the minimum necessary to only cover inflationary costs. This has ensured that our customers continue to enjoy the best value leisure offering in the market.

Strategic development

As well as the development of four brand new centres for 2023, the Group’s ongoing refurbishment programme has seen seven centres transformed in the first half of 2023, with new games and activities added, resulting in strong sales growth.

Following the significant investment in growing and improving our estate, the Group still maintains a healthy net cash balance at half year.

Profitable growth

Last year’s first half benefited from reduced rate VAT for hospitality and business rates relief. These contributed £2m of PBT which was not repeated in the first half of this year. Even lapping these one-off benefits, the Group expects to report PBT for H1 23 slightly ahead of last year, demonstrating the underlying growth.

Cost pressures have been tightly managed in the first half of the year. Labour inflation has been principally offset through operational and supplier efficiencies in our centres. Property costs are on long-term leases that are insulated from short-term fluctuations in RPI. We continue to benefit from our low electricity prices negotiated

before the energy crisis in Europe, and this has protected the business from a major cost shock. These prices are secure until September 2024.

We have now signed a new electricity deal, still using 100% renewable energy, that gives us energy price certainty from the end of our current deal until September 2026. The new contract costs £1.8m per year more than the current contract, but this is affordable and significantly less than we had been expecting to pay, with some forecasts indicating that annual costs may have been set to increase by £5m or more.

For the balance of 2023 we expect to deliver low single-digit sales growth. Full year profits are expected to be within the range of market consensus². We will open Milton Keynes and Dundee by the end of the summer and Sheffield is expected to open in time for Christmas with a fresh new city centre atmosphere over two floors and a range of new and innovative games and activities.

TEG plans to announce its half-year results on 20 September 2023

Graham Blackwell, Chief Executive Officer, commented:

"I am delighted that the first half of 2023 has delivered growth despite a difficult economic backdrop.

We have been relentless in our focus on value-for-money and high-quality entertainment and our customers have rewarded us with their loyalty. We continue to evolve and improve our proposition with new sites, new games and activities.

We are well set to continue to drive profitable growth in the second half of the year and to meet market expectations."

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About Ten Entertainment Group plc

The Group is a market leading social entertainment business in the UK market with a total of 49 entertainment centres anchored on Tenpin Bowling and trading under the Tenpin brand with 1,166 bowling lanes across the estate. The Group also has a variety of entertainment offerings, such as amusement machines, table-tennis, soft play, escape rooms, laser games and pool tables, plus food and beverages.

¹Like-for-like sales compares sales of open centres against the same centres and same time period in 2022 excluding £1m of benefit in 2022 as a result of the reduced rate of VAT that applied to hospitality and leisure. This compares 48 of our current 49 centres and takes the 26 weeks to 2 July 2023 and compares against the 26 weeks to 3 July 2022.

²Consensus Profit Before Tax is between £27.7m-£29.6m based on latest analyst forecasts.