Half-Year Results
20 September 2023

Results for the 26 weeks to 2 July 2023

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ten. ENTERTAINMENT GROUP PLC

Ten Entertainment Group plc
Half-Year Results 26 weeks ended 2 July 2023

Proven strategy driving sustainable growth in sales, profit and cash

Ten Entertainment Group plc ("Ten Entertainment" or "The Group"), a leading UK based operator of 51 bowling and family entertainment centres, today announces its half-year results for the 26 weeks to 2 July 2023.

	26 weeks to 2 July 2023 (H1 23)	26 weeks to 26 June 2022 (H1 22)	Movement
Total sales	**£65.3m**	£63.2m	+3.3%
Like-for-like sales growth vs prior year[1]	**1.6%**	19.0%	
Like-for-like sales growth vs 2019 baseline[2]	**46.3%**	46.0%	
Group adjusted EBITDA[3]	**£28.5m**	£28.8m	(1.0%)
Group adjusted profit before tax[4]	**£15.8m**	£15.7m	+0.6%
Exceptional items	**-**	£4.6m	(£4.6m)
Profit after tax	**£12.3m**	£18.3m	(32.8%)
Bank net cash	**£5.1m**	£0.7m	+£4.4m
Interim dividend per share	**3.5p**	3.0p	+16.7%

Value for money underpins resilient sales growth

- +3.3% total sales growth
- +1.6% like-for-like sales growth driven by increased footfall
- Bowling prices still frozen at 2019 levels to maintain attractive proposition
- A strong summer brings year to date like-for-like sales growth to +4.7%

Excellent progress in strategic investment programme

- Three new openings so far in 2023 bringing total centres up to 51
- At least one more new centre to open in 2023 with a strong pipeline for 2024
- Over £6m invested in seven refurbishments and core bowling product to maintain best-invested UK operator status
- Volume growth in all major activities and over 6.5 million bowling games played in H1 23

A profitable outlook with the worst of the cost pressures behind us

- Group adjusted PBT of £15.8m, ahead of last year despite lapping £2m of one-off benefits from 2022
- Operating cost inflation limited to 6.0% as a function of tight cost control and long-term supplier relationships
- Energy costs now hedged to September 2026
- Confident in the outlook despite challenging macro market conditions

High-quality customer experience continues to drive sales momentum

Sales of £65.3m, +3.3% ahead of H1 22 demonstrates the continued progress of the business. Overall, the first half delivered like-for-like sales growth of +1.6% against a robust baseline in H1 22. Since 2 July, the performance over the summer has been excellent with like-for-like sales growth of +12.8% versus last year bringing the year-to-date like-for-like growth to +4.7% up to 10 September. Our value-for-money entertainment model continues to deliver for our customers. A unique blend of high-quality centres and attention to detail enables us to continue our growth.

Strategic progress in all areas

We are extremely proud of the three new bowling centres we have welcomed to the Group in 2023, taking our total number of centres to 51. We now estimate that 13 million people live within a Tenpin catchment area. Crewe opened in February on the site of a former bowling centre. Crewe now offers escape rooms, soft play, laser tag and 25 lanes of high-quality bowling with state-of-the-art lighting technology. Since 2 July we have also opened in central Milton Keynes on the site of a former Staples and we have transformed the former Toys'R'Us in Dundee into the city's go-to leisure destination. Each of these new

centres delivers the best bowling experience available anywhere in the UK, and we have been rewarded with strong customer demand and excellent feedback.

We have invested in seven full-scale refurbishments in H1 which have similarly transformed and enhanced the customer experience, expanding the range of activities available and improving the atmosphere, service and entertainment experience. Our model is simple: the best quality bowling experience anywhere in the UK at the best value for money, supplemented by a wide variety of additional leisure activities. It is a winning formula that continues to deliver results.

Operational focus to ensure profitable growth

We remain committed to our value-for-money approach to hold bowling prices at 2019 levels in order to maintain our loyal customer base. Sales growth continues to be delivered through increased footfall rather than through price. Total footfall has grown by +4.4% in the first half as a function of new centres, our improved product offering from refurbishments and our strong digital communications strategy.

Strict operational discipline and control is essential in a cost inflationary environment where we are holding consumer pricing. Total operational cost inflation in the first half was 6.0%, well below the headline macroeconomic levels but still challenging. Continued footfall growth allows site operational efficiencies to be delivered. Long-term supplier relationships, including most leases being capped and collared to minimise inflation, helps reduce the cost of inflation. We remain confident that our operational expertise insulates the business from the worst impacts of inflation.

The business more than matched H1 22 Group adjusted PBT delivering £15.8m in H1 23, an increase of £0.1m. However, during H1 22 the business benefited from £1.0m of additional sales from the tail end of the Government's reduced rate of VAT on hospitality and £1.0m of business rates relief as the final element of support post-Covid. Absent these one-off items, the comparable PBT for H1 22 would have been £13.7m and this year's £15.8m represents +15.3% growth against that.

The Group is today announcing an interim dividend of 3.5p per share to be paid in October, an increase of 16.7% compared to last year, reflecting the continued strong and profitable growth in the business.

Outlook

An ongoing focus on refurbishment, customer service and digital communications gives us confidence that we can continue to deliver like-for-like sales growth from the existing estate through addition of new activities and focus on the core entertainment experience.

Cost inflation remains manageable, and we expect a slightly lower than the UK headline rate as a function of our long-term supplier strategy. We have secured energy cost security at sustainable levels beyond our current contract out to the end of September 2026. These factors give us the ability to drive modest profit growth from our underlying like-for-like sales growth.

We are delighted with the quality and initial performance of our three new centres and look forward to adding our city-centre development in Sheffield by the end of the year. We have a good pipeline and anticipate adding at least four more new centres during 2024, with runway for further expansion within the UK. This pipeline forms the platform for significant profit progression.

The Group's £25m RCF facility was due to expire in April 2024 and we are pleased to announce that we have refinanced this facility with RBS for a further three years at an increased level of £30m. Management expects to end the year with a modest cash positive position. This renewed facility supports the clear growth strategy while offering protection against any potential downturn or providing headroom for accelerated investment opportunities as they arise.

FY23 is progressing well. Year to date like-for-like sales to 10 September are +4.7% which is at the upper range of our full year expectations and management remain confident of delivering full year expectations.

Graham Blackwell, Chief Executive Officer, commented:

"We have delivered like-for-like sales growth in every reporting period since we reopened in May 2021 and have converted that into growing profitability. The fact that we can continue to deliver these results is testament to the quality of our product offering and the hard work of our teams throughout the UK.

Our business continues to increase in scale and is in better shape than ever. We had already achieved 2019's full year sales by August with acceleration of like-for-like sales over the summer and our profit for the first half of this year is greater than our total 2019 full year profit.

We will continue to focus on delivering value for money for our customers, with best-in-class bowling and entertainment across each of our 51 bowling centres."

Enquiries:

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Matthew Smallwood

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There will be a presentation today at 9.30 am to analysts via a Webcast. The supporting slides and audio will also be available on the Group's website, www.tegplc.co.uk, later in the day.

Forward-looking statements

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

1 Like-for-like sales growth compared to 2022 figures using only centres that were open and trading in both periods. Comparative like-for-like weeks for 2022 are the 26 weeks to 3 July 2022.

2 Like-for-like sales growth compared to 2019 figures using only centres that were open and trading in both periods. Comparative like-for-like weeks for 2019 are the 26 weeks to 7 July 2019.

3 Group adjusted EBITDA consists of earnings before interest, taxation, depreciation, amortisation costs, exceptional items, impairment reversal, loss on joint venture and profit or loss on disposal of assets.

4 These are non-IFRS measures used by the Group in understanding its underlying earnings. Group adjusted profit before tax is defined as profit before tax adjusted for exceptional items and impairment reversals. Like-for-like sales compare sales while the business is trading and adjusted for new centres.

5 EBITDA less property rental costs for H1 23 and H1 22 is the Group adjusted EBITDA less the cash rent paid for rental of the long-term leasehold properties which are held on the balance sheet as Right of Use Property assets. For 2019 this measure is the IAS17 EBITDA as reported in FY19 when the Group was not reporting on an IFRS16 basis.

Chief Executive's Statement and Operating Review

This is the fifth consecutive statement of ongoing like-for-like sales growth, and our sales are now 57.6% higher than they were in H1 19 and 46.3% higher than H1 19 on a like-for-like basis. Our proven strategy for continued growth is a relatively simple one. We operate high-quality entertainment centres, anchored on tenpin bowling, offering a wide variety of activities and food and drink for the whole family to enjoy. We do this at a fair and affordable price that ensures that our customers leave feeling happy that they have received value for money. We build and develop new opportunities to expand the estate enabling us to extend our reach to a wider range of customers.

This formula for growth has delivered another period of strong results. Group adjusted PBT of £15.8m is ahead of H1 22 without the benefit of £2.0m of one-offs last year. Sales growth has continued at +3.3% in the period, despite the strong comparative. Our investment programme has transformed seven more centres and delivered three new centres taking our total to 51. We have delivered this while maintaining a cash positive position on the balance sheet and are delighted to announce an increased interim dividend of 3.5p per share to be paid in October.

Value-for-money entertainment experience drives consistent growth

Bowling is the perfect anchor product for our centres. It has broad appeal across ages and abilities and is a social entertainment activity that has stood the test of time. Its longevity and familiarity make it an attractive place for our customers to guarantee that they can have fun together. The high quality of our centres ensures that new customers are delighted when they rediscover bowling at Tenpin and this encourages them to return and enjoy our other activities.

42.3% of our sales in H1 23 have come from bowling, with 30.0% from other games and activities and the balance from food and drink. We firmly believe that keeping our bowling product at excellent value for money drives our success. The average realised price of a game of bowling in H1 23 was below £5 at £4.90 including VAT which offers the very best value for money in the UK market. This is a modest reduction of (5.5%) compared to last year, principally because of customers trading more into deals as they seek value in these straitened times.

We have applied inflation to our food and drink prices at an average of +3.3%. We have taken care to keep our prices competitive and to restrict the increases to cover our costs. As a result, our increases have been far less than the headline rate of inflation and help to maintain value for our customers.

Revenue per head in H1 23 was £15.73 compared to £15.90 in H1 22, essentially showing that customers are not choosing or able to spend more on an individual visit. However, by keeping our prices and offer consistent and stable we have been able to drive repeat visits and attract new customers to our centres. The result is a +4.4% increase in footfall driving our 3.3% revenue growth.

The table below shows a consistent track record of delivering like-for-like sales growth.

	6 weeks to ***27 June 2021***	26 weeks to ***26 Dec 2021***	26 weeks to ***26 June 2022***	27 weeks to ***1 Jan 2023***	26 weeks to ***2 July 2023***	10 weeks to ***10 Sept 2023***
Total Sales	£10.6m	£56.9m	£63.2m	£63.4m	£65.3m	not reported
LFL Sales vs 19	+22.5%	+30.3%	+46.0%	+34.2%	+46.3%	+57.2%
LFL Sales vs 21/22	-	-	+19.0%	+3.2%	+1.6%	+12.8%

Strategic investment underpins profitability

Our centres are some of the best equipped and most modern in the UK. During the first half of the year, we invested £1.0m in the core bowling product in nine of our centres, to ensure that pinsetters, ball returns, lanes and bumpers are optimised to deliver the best bowling experience.

In addition, we undertook seven full scale refurbishments with an investment totalling £5.2m. These refurbishments transformed existing centres into modern and exciting environments for our customers. We have added activities such as laser tag and soft play; enhanced the ambience, sound and lighting; upgraded the bar area and kitchens; introduced escape rooms; and refreshed the external building. These refurbishments are an essential part of growing our existing customer

base and increasing frequency of visit, and we consistently generate sales uplifts sufficient to deliver a return on investment of over 30%.

Combined with an investment in high-quality centres is a highly focused digital strategy. 61% of bowling is booked online and we now have 1.2m contactable customers in our database. There is a growing cohort of our database that bowl with us on more than six occasions per year and our loyalty app helps to reward our customers with promotions, vouchers and free games to encourage repeat visits. We continue to develop our communications strategy that allows us to target the right customers with the right deals, and this has helped to significantly grow our digital reach.

Estate expansion accelerates

£3.2m of sales has been delivered in H1 23 from our expanding estate, more than any other six month period since 2017. This contributed +5.1% of sales growth delivering against our strategy of UK-focused expansion where there is clear market capacity.

We opened a new centre in Crewe in February on the site of a former bowling centre that has remained empty for several years. A £2.8m investment in the state-of-the-art bowling centre includes 25 lanes, soft play, laser tag, escape rooms and much more. We have developed our lane lighting and lane approach area to be the best in the UK, immersing our customers in the bowling experience. We have been delighted by how well the centre has performed already.

In July we opened a new centre in Milton Keynes on the site of a former Staples. A 16-lane city centre site with free parking and laser tag, karaoke, escape rooms and a fantastic atmosphere. We have already been delighted with the early trading. We understand our markets well and this is a great example of a large city that does not have enough bowling lanes for the population. By creating a new and exciting space for customers, we can generate significant demand even with local competition.

In August we opened our 51st centre in Dundee on the site of a former Toys'R'Us. This is a large centre, with 29 lanes and everything the Tenpin estate has to offer. Unlike Milton Keynes, despite its large population, the leisure offering in Dundee is somewhat limited, and the initial demand and interest in our newly opened centre has been very strong. The opening weekend at the end of August was our most successful opening in the Group's history.

These are three different examples of how the Tenpin offer can stretch and generate new interest in an expanding bowling market. We expect to open a multi-storey 20-lane centre in the heart of Sheffield before the end of the year. This will take our new centres in 2023 to four and our year-end total to 52 centres. We are confident that our new centres will deliver returns on investment in excess of our 30% target.

The pipeline for 2024 looks equally strong. We have a combination of repurposed retail sites and bespoke leisure developments which will help us continue to extend our UK coverage. We are confident of at least four openings next year.

Responsible business

We continue to invest in the long-term sustainability of the business. As well as investing in upgrading our heating and cooling systems for improved efficiency, we are in the process of installing eight solar arrays on the roofs of our centres which will help reduce our carbon footprint and manage our exposure to volatility in the energy markets. We anticipate that each solar array will generate between 25-35% of a centre's energy requirement, with the balance of energy supplied through our fully renewable energy tariff from our supplier.

We have secured our energy needs from fully renewable sources until September 2026, extending the contract two years beyond its current end date next year. We have continued to use a 100% renewable tariff in order to minimise our CO_2 footprint. Our current energy remains mostly fixed at 2020 prices and continues to September 2024. Our new contract is more expensive than this tariff, however, still only represents a 50% increase on those very low levels. From October 2024 we will experience an annualised £1.8m increase in the cost of our energy to the business. This increase is far less than may have been expected and is affordable and sustainable within our current business model.

Another critical focus area is waste reduction. We have adopted a clear strategy of Reduce, Reuse and Recycle. We have taken steps to remove single use plastics and packaging from our supply of food and drink. We have introduced reusable

food serving equipment such as trays, crockery and cutlery and we have increased our recycling facilities throughout the business with a target of significantly improving our recycling rate in 2023.

Delivering for our people

Our people are at the heart of our customer experience, and we continue to develop, reward and nurture our teams. Each of our new centres has been staffed by managers appointed from within. Our training programme continues to develop leaders of the future and we continue to reward outstanding performance of site management and customer facing staff through a service and profit focused bonus scheme.

Outlook

We are delighted with our first half of the year, delivering sales growth and tightly managing our cost base. This demonstrates that even in a challenging macroeconomic environment we can generate profitable growth. Our start to the second half of 2023 has been strong. Like-for-like sales of +12.8% is exceptionally good, in part reflecting a reversal of weather trends, where July 2022 was hot and dry, July 2023 was cool and wet. But the growth also reflects the better business we have become with a robust underlying performance. Year to date like-for-like sales to 10 September are +4.7% which is at the upper range of our full year expectations. We expect demand to cool in the autumn, as it normally does, but remain confident in our targeted low to mid-single-digit like-for-like sales growth for the full year.

Cost pressures continue, but we are confident we can continue to manage these well. Overall, we expect that our underlying like-for-like sales growth is more than sufficient to cover our cost base increases, with the estate growth then delivering incremental profit to the Group. On that basis, we are comfortable with market expectations.

Our customer experience enhancements throughout the estate are strong, and we anticipate this will continue to drive single-digit like-for-like growth. Our new centre pipeline is good. Next year will see the full year impact of four new centres from 2023 as well as new openings planned on a similar scale throughout 2024.

Our investment programme is targeted at ensuring that we continue to deliver high returns to our shareholders while funding our growth from existing cash flow generated in year. We have ended the first half with net cash and expect to end the year in a similar position. We will continue to deliver high-quality social entertainment for our broad customer base. Our winning formula of well-invested centres delivering variety of entertainment at best value pricing continues to lead the market.

Graham Blackwell
Chief Executive Officer
20 September 2023

Financial Review

£000	**26 weeks to 2 July 2023**	26 weeks to 26 June 2022	Change 2023 vs 2022	*26 weeks to 29 June 2019*
Revenue	**65,296**	63,238	2,058	*41,444*
Cost of goods sold	**(9,779)**	(8,865)	(914)	*(4,999)*
Gross margin	**55,517**	54,373	1,144	*36,445*
GP%	**85.0%**	86.0%	-1.0%	*87.9%*
Total operating costs	**(20,774)**	(18,982)	(1,792)	*(14,332)*
Central and support overheads	**(6,249)**	(6,616)	367	*(4,984)*
Group adjusted EBITDA[3]	**28,494**	28,775	(281)	*17,129*
Less property rent costs	**(6,830)**	(6,269)	(561)	*(5,909)*
Group adjusted EBITDA after rental costs[5]	**21,664**	22,506	(842)	*11,220*
Add back property rental costs	**6,830**	6,269	561	*n/a*
Depreciation and interest on Right of Use Property Assets	**(8,697)**	(8,109)	(588)	*n/a*
Depreciation and amortisation	**(4,085)**	(4,368)	283	*(3,520)*
Loss on Joint Venture	**-**	(310)	310	*-*
Net bank interest	**49**	(274)	323	*(401)*
Profit/(loss) on disposal of assets	**51**	15	36	*(57)*
Amortisation of acquisition intangibles	**(58)**	(62)	4	*(151)*
Group adjusted profit before tax[4]	**15,754**	15,667	87	*7,091*
Reversal of impairment	**-**	747	(747)	*12*
Exceptional items	**-**	4,601	(4,601)	*(1,169)*
Profit before tax	**15,754**	21,015	(5,261)	*5,934*
Taxation	**(3,453)**	(2,721)	(732)	*(1,261)*
Of which: taxation attributable to Group adjusted profit	**(3,453)**	(1,847)	(1,606)	*(1,443)*
Profit after tax	**12,301**	18,294	(5,993)	*4,673*
Earnings per share				
Basic earnings per share	**17.96**	26.8p	(8.84)	*7.19p*
Adjusted basic earnings per share	**17.96**	20.2p	(2.24)	*9.01p*

Revenue and gross margin

Total revenue of £65.3m was +3.3% ahead of H1 22 (£63.2m). This £2.1m of growth is a combination of like-for-like sales growth of 1.6%; 5.1% growth from new centres (Harlow and Walsall opened in 2022 and Crewe in February 2023); and (3.4%) decline as a function of one-off items not repeated from H1 22. These one-off items were the reduced rate of VAT which benefited H1 22 by £1.0m and a shift in trading weeks in the period. The first week of H1 22 included the very busy period between Christmas and New Year whereas H1 23 commenced on 2nd January thereby missing that trading period. The consequence of that trading shift is around £1.2m of more sales in H1 22.

Like-for-like sales reconciliation for 2022 comparatives

£000	**26 weeks to 2 July 2023**	26 weeks to 26 June 2022	% change
Revenue	**65,296**	63,238	3.3%
Less sales from non like-for-like sites	**(3,216)**	-	
Adjustment for reduced rate of VAT	**-**	(971)	
Adjustment for 53rd week in 2022	**-**	(1,153)	
Like-for-like sales versus 2022	**62,080**	61,114	1.6%

We have maintained our strategy of offering the best value bowling pricing in the UK. Average realised price for a game of bowling in H1 23 was £4.90, a reduction of (5.5%) from the £5.19 it was last year. This reduction is a function of a shift from customers into our deals which include packaged discounted bowling and food combinations. It shows that our customers are becoming more deal conscious in the challenging economic environment, but with footfall growth of +4.4%, it also shows that this strategy continues to resonate with our customers and provide sanctuary in an inflationary leisure landscape. Average revenue per head in the half was £15.73, a reduction of (1.1%) from the £15.90 from H1 22.

We have also included the pre-Covid 2019 comparative in the table below which highlights the step change made since recovery from the pandemic. Since 2019, pricing has remained unchanged, deal participation has increased and average revenue per head has only increased by +5.7%, far below the rate of inflation. However, our customers have rewarded us for this relentless focus on value for money. Footfall has increased by 49.0% over the same period and the resultant sales have increased by 57.6%.

Like-for-like sales reconciliation for 2019 comparatives

£000	**26 weeks to 2 July 2023**	26 weeks to 29 June 2019	% change
Revenue	**65,296**	41,444	57.6%
Less sales from non like-for-like sites	**(6,093)**	-	
Adjustment 2019 for 53rd week impact	**-**	(974)	
Like-for-like sales versus 2019	**59,203**	40,470	46.3%

Gross margin of £55.5m is at 85.0% of sales, a reduction of (1.0%pts) since last year. This margin reduction is a function of our continued focus on variety of entertainment and value for money. Our targeted increased participation in food, drink and other activities drives some mix out of the very high margin bowling and into lower margin but still highly profitable categories. Our focus on keeping prices low to drive sales through footfall growth rather than price inflation means that where we have taken price increases in food and drink, we have elected to recover the absolute cost increase rather than maintain a margin rate. The resultant absolute sales increase more than compensates for modest margin erosion.

Compared to 2019, absolute gross margin has increased by +52.3% from £36.4m to £55.5m and this additional £19.1m of gross margin is more than enough to compensate for the inflationary pressures elsewhere in the P&L.

Costs and overheads

Total operating costs in H1 23 have grown by 9.4% to £20.8m. This increase of (£1.8m) is driven by several elements. Labour cost inflation in the half is around 10% which drives an increase at around (£1.0m). Other operating costs inflation, including cleaning, consumables and repairs has had a further inflationary impact of (£0.5m). However, this inflationary increase has been offset by operating efficiency savings in our centres where we have focused on reducing costs without impacting service, as well as efficiencies driven from the strength of our contracts, has resulted in efficiency savings of £2.1m. The new sites opened in the previous 12 months have increased operating costs by (£1.3m) and finally, last year benefited from the last element of Covid rates relief, which reduced last year's operating costs and thereby creating a (£1.0m) adverse variance this year.

Central and support overheads in the first half are £0.4m lower than in H1 22. Last year we were driving our digital transformation and accelerating our pipeline of new centres, and we had always planned to reduce our spend below last year's peak to these reduced levels.

Property rental costs in the first half are (£0.6m) higher than last year, an increase of 8.9%. Around a third of this is the inflationary increase which would be expected from our leases, and the balance is a function not only of the rent for the non

like-for-like centres in Harlow, Walsall and Crewe but also includes the pre-opening rent in Dundee and Milton Keynes. This same increase of (£0.6m) is shown in the IFRS 16 depreciation and interest on our Right of Use property assets.

EBITDA

Group adjusted EBITDA, after property rental costs was £21.7m in H1 23 compared to £22.5m in H1 22. This (£0.8m) reduction of (3.7%) is to be expected given that last year benefited from £2.0m of one-off items that were the tail end of Government Covid support: the reduced rate VAT and the business rates relief for hospitality. Absent those elements of the comparative, the business continued to show profit progression, and we remain encouraged that sales growth continues to translate into profit growth.

Group adjusted profit before tax

A slight decline in EBITDA, as described above, leads to a modest improvement in Group adjusted PBT of £0.1m to £15.8m. A lower depreciation charge in the Group's fixed asset base, reflects the long-term nature of our recent investments. Although our strategic investment programme has increased our overall asset base considerably, this has largely been in long-term assets such as building fabric, bowling equipment and infrastructure, all of which benefits from long useful economic lives.

Further year on year profit benefits are delivered from stabilising the growth phase losses in Houdini's and from the interest income generated from running a net cash balance.

Financing

£000	**26 weeks to 2 July 2023**	26 weeks to 26 June 2022
Net bank interest	**49**	(216)
Amortisation of bank financing costs	**-**	(40)
Finance lease interest charges	**(3,625)**	(3,276)
Net finance costs	**(3,576)**	(3,532)

Net finance costs increased to £3.6m in H1 23 (H1 22: £3.5m) comprising the implied interest relating to the lease liability under IFRS 16 of £3.6m (H1 22: £3.3m), £0.1m (H1 22: £0.2m) associated with our bank borrowing facilities, offset by finance income of £0.1m (H1 22: £nil).

The finance lease interest charge of £3.6m has increased by £0.3m due to the new leases completed since the last half, consisting of Walsall, Crewe, Milton Keynes and Dundee.

The interest on the bank debt has decreased due to the repayment of the CLBILS facility in July 2022 and none of the RCF facility being drawn to date. The interest cost only consisted of the commitment fee of 0.7%.

The other finance income consisted of interest earned on the bank cash and treasury balances maintained by the Group during H1 23.

Taxation

A tax charge of £3.5m has been recognised for H1 23 (H1 22: £2.7m) arising on the profit before tax generated in the period. The effective tax rate of 21.9% accounts for the increase in the corporation tax rate from 19% to 25% from April 2023.

Net debt

As at £000	**2 July 2023**	1 January 2023	Movement	26 June 2022
Closing cash and cash equivalents	**5,137**	10,086	(4,949)	7,734
Bank loans	**-**	-	-	(7,000)
Bank net cash	**5,137**	10,086	(4,949)	734
Finance leases – Machines and other	**(4,058)**	(4,291)	233	(4,556)

Finance leases – Property	**(202,862)**	(196,111)	(6,751)	(196,523)
Total net debt	**(201,783)**	(190,316)	(11,467)	(200,345)

The Group ended the first half with a net cash position of £5.1m, (£5.0m) down on the £10.1m net cash reported at FY22. A final dividend of £4.8m was paid in June 2023 which accounts for the main part of this reduction, with the cash generated from profit generated in H1 all being reinvested back into the Group's strategic investment programme.

The £25.0m RCF facility with RBS was due to expire in April 2024. This facility was renewed on 11 September 2023 and increased to £30.0m at similar pricing to the prior facility. None of the facility has been drawn at the time of this announcement but the increase in facility represents the improved financial strength of the Group and allows for it to explore opportunistic acquisition and investment opportunities as well as to secure the Group against future shocks.

The £6.8m increase in the property leases arose from the addition of two new leases totalling £10.3m, accrued interest less repayments to landlords.

Cash flow

£000	**26 weeks to 2 July 2023**	26 weeks to 26 June 2022	Movement
Cash flows from operating activities			
Group adjusted EBITDA	**28,494**	28,775	(281)
Maintenance capital	**(3,058)**	(1,291)	(1,767)
Movement in working capital	**(4,434)**	2,812	(7,246)
Lease and taxation payments	**(10,214)**	(11,528)	1,314
Free cash flow	**10,788**	18,768	(7,980)
Dividends paid	**(4,795)**	-	(4,795)
Cashflow available for investment and financing	**5,993**	18,768	(12,775)
Strategic investments:			
Existing estate	**(5,210)**	(7,044)	1,834
Estate expansion	**(6,069)**	(8,749)	2,680
Exceptionals and share-based payments	**337**	248	89
Cash flow after investment	**(4,949)**	3,223	(8,172)
Repayment of debt	**-**	(7,000)	-
Opening cash and cash equivalents	**10,086**	11,511	(1,425)
Cash and cash equivalents – end of period	**5,137**	7,734	(2,597)

Free cashflow reduced in H1 23 due to the increased maintenance capital spend of (£1.8m) which was a focused investment programme in the ongoing replacement of the bowling infrastructure and a working capital outflow of (£4.4m) compared to an inflow last year of £2.8m. The principal movements are as follows:

- Timing, the period ended on 2 July 2023 and thus all the month end creditor, salary and wage payments had already been made while H1 22 ended on 26th June 2022 and so these were not paid out but recorded as creditors.
- Payment on account, due to the continued improvement in trading performance, the monthly VAT payment on account was significantly increased versus last year, leading to higher working capital outflows.

In H1 23 £5.2m has been invested in the existing estate through refurbishments and revenue generating investments in improving the customer experience. This is slightly lower than last year although is expected to increase in the second half.

£6.1m was invested in estate expansion, with the building of Crewe (opened in February 2023), Milton Keynes (opened in July 2023) and Dundee (opened in August 2023). Overall, the activity in H1 23 has been greater but last year included the purchase of the £5.0m freehold acquisition in June 2022.

Dividends

The Board have declared an interim dividend of 3.5p per share (H1 22 interim: 3.0p). The interim ex-dividend date is 5 October 2023, the record date 6 October 2023 and the interim dividend payment date is 27 October 2023.

Accounting standards and use of non-GAAP measures

The Group has prepared its consolidated financial statements based on International Financial Reporting Standards for the 26 weeks ended 2 July 2023. The basis for preparation is outlined in note 2 to the financial statements.

The Group uses certain measures that it believes provide additional useful information on its underlying performance. These measures are applied consistently but as they are not defined under GAAP they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are outlined in note 3 to the financial statements.

Going concern

Having assessed the Group's going concern position and taking 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 these statements. Accordingly, the Group continues to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

Antony Smith
Chief Financial Officer
20 September 2023

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 26 week period ended 2 July 2023

	Notes	**26 weeks to 2 July 2023 Unaudited £000**	26 weeks to 26 June 2022 Unaudited £000	53 weeks to 1 January 2023 Audited £000
Revenue	5	**65,296**	63,238	126,673
Cost of sales		**(21,208)**	(19,707)	(40,915)
Gross profit		**44,088**	43,531	85,758
Administrative expenses		**(24,758)**	(24,022)	(52,141)
Reversal of impairment		**-**	747	631
Exceptional income		**-**	4,601	7,263
Operating profit		**19,330**	24,857	41,511
Loss on Joint Venture		**-**	(310)	(310)
Net finance costs		**(3,576)**	(3,532)	(7,206)
Profit before taxation		**15,754**	21,015	33,995
Taxation		**(3,453)**	(2,721)	(7,399)
Profit for the period and total comprehensive income attributable to owners of the parent		**12,301**	18,294	26,596

Earnings per share				
Basic earnings per share	6	17.96p	26.75p	38.86p
Diluted earnings per share	6	17.77p	26.62p	38.57p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 2 July 2023

	Notes	**26 weeks to 2 July 2023 Unaudited £000**	26 weeks to 26 June 2022 Unaudited £000	53 weeks to 1 January 2023 Audited £000
Assets				
Non-current assets				
Goodwill	7	**29,740**	29,740	29,740
Intangible assets	7	**70**	195	135
Investments in joint venture		**-**	-	-
Property, plant and equipment	8	**68,205**	42,151	57,198
Right of use assets	9	**177,538**	173,009	171,651
Deferred tax asset		**-**	4,232	-
		275,553	249,327	258,724
Current assets				
Inventories		**1,462**	1,250	1,493
Trade and other receivables		**3,283**	14,777	4,667
Cash and cash equivalents		**5,137**	7,734	10,086
Corporation tax receivable		**-**	314	1,022
		9,882	24,075	17,268
Liabilities				
Current liabilities				
Bank borrowings and lease liabilities	11	**(9,413)**	(17,964)	(10,448)
Corporation tax payable		**(1,040)**	-	-
Trade and other payables		**(9,241)**	(10,568)	(15,164)
		(19,694)	(28,532)	(25,612)
Net current liabilities		**(9,812)**	(4,457)	(8,344)
Non-current liabilities				
Bank borrowings and lease liabilities	11	**(197,507)**	(189,987)	(189,954)
Deferred tax liabilities		**(1,247)**	(2,274)	(1,282)
		(198,754)	(192,261)	(191,236)
Net assets		**66,987**	52,609	59,144
Equity				
Share capital		**685**	685	685
Share premium		**4,844**	4,844	4,844
Share based payments reserve		**1,374**	749	1,037
Merger reserve		**6,171**	6,171	6,171
Retained earnings		**53,913**	40,160	46,407
Total equity		**66,987**	52,609	59,144

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 26 week period ended 2 July 2023

	Notes	**26 weeks to 2 July 2023 Unaudited**	26 weeks to 26 June 2022 Unaudited	53 weeks to 1 January 2023 Audited
		£000	£000	£000
Cash flows generated from operating activities				
Cash generated from operations	10	**24,837**	31,851	61,963
Corporation tax paid		**(1,426)**	(2,878)	(5,024)
Finance costs paid		**(3,617)**	(3,474)	(7,013)
Net cash generated from operating activities		**19,794**	25,499	49,926
Cash flows used in investing activities				
Acquisitions of sites by Tenpin Limited		**-**	(454)	(454)
Purchase of property, plant and equipment		**(14,337)**	(16,632)	(23,366)
Loan to Joint Venture		**(439)**	-	(1,203)
Purchase of software		**(3)**	(13)	(40)
Net cash used in investing activities		**(14,779)**	(17,099)	(25,063)
Cash flows used in financing activities				
Lease principal payments		**(5,169)**	(5,177)	(10,233)
Dividends paid		**(4,795)**	-	(2,055)
Repayment of borrowings		-	(7,000)	(14,000)
Net cash used in financing activities		**(9,964)**	(12,177)	(26,288)
Net decrease in cash and cash equivalents		**(4,949)**	(3,777)	(1,425)
Cash and cash equivalents – beginning of period		**10,086**	11,511	11,511
Cash and cash equivalents – end of period		**5,137**	7,734	10,086

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 2 July 2023

	Share capital £000	Share premium	Share based payment reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Unaudited 26 weeks to 2 July 2023						
Balance at 1 January 2023	**685**	**4,844**	**1,037**	**6,171**	**46,407**	**59,144**
Share based payment charge	**-**	**-**	**337**	**-**	**-**	**337**
Issue of shares	**-**	**-**	**-**	**-**	**-**	**-**
Dividends paid	**-**	**-**	**-**	**-**	**(4,795)**	**(4,795)**
Profit for the period and total comprehensive income attributable to owners of the parent	**-**	**-**	**-**	**-**	**12,301**	**12,301**
Balance at 2 July 2023	**685**	**4,844**	**1,374**	**6,171**	**53,913**	**66,987**
Unaudited 26 weeks to 26 June 2022						
Balance at 26 December 2021	684	4,844	498	6,171	21,866	34,063
Share based payment charge	-	-	251	-	-	251
Issue of shares	1	-	-	-	-	1
Profit for the period and total comprehensive income attributable to owners of the parent	-	-	-	-	18,294	18,294
Balance at 26 June 2022	685	4,844	749	6,171	40,160	52,609
53 weeks to 1 January 2023						
Balance at 26 December 2021	684	4,844	498	6,171	21,866	34,063
Share based payment charge	-	-	539	-	-	539
Issue of shares	1	-	-	-	-	1
Dividends paid	-	-	-	-	(2,055)	(2,055)
Profit for the period and total comprehensive income attributable to owners of the parent	-	-	-	-	26,596	26,596
Balance at 1 January 2023	685	4,844	1,037	6,171	46,407	59,144

1 General information

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

The condensed consolidated interim financial statements for the 26 week period ended 2 July 2023 ("interim financial statements") comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group comprises the operation of tenpin bowling centres.

The financial information does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the 53 week period to 1 January 2023 which were approved by the board of directors on 21 March 2023 and have been filed with the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The interim financial statements were approved by the directors on 20 September 2023.

2 Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim financial reporting" as endorsed by the European Union and the Disclosures and Transparency Rules of the United Kingdom's Financial Conduct Authority, and incorporate the consolidated results of the Company and all its subsidiaries for the 26 week period ended 2 July 2023. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements. The comparative financial information is for the 26 week period ended 26 June 2022.

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

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the presentation of the Group's consolidated financial statements for the year ended 1 January 2023. A number of other amendments to existing standards are also effective for periods beginning on or after 2 January 2023.

At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the Group have been published but are not yet effective and have not been adopted early by the Group. The impact of these standards is not expected to be material.

Going Concern

Having assessed the Group's going concern position and taking 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 these statements. Accordingly, the Group continues to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

3 Accounting estimates, judgements and non GAAP measures

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 53 week period ended 1 January 2023.

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

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

Group adjusted EBITDA– This measurement is earnings before interest, taxation, depreciation, amortisation, exceptional items, impairment reversals, loss on joint venture 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 Group adjusted EBITDA less the cash rent paid for rental of the long-term leasehold properties which are held on the balance sheet as Right of Use Property assets.

Reconciliation of operating profit to Group adjusted EBITDA and Group adjusted EBITDA after rental costs	**26 weeks to 2 July 2023 £000**	26 weeks to 26 June 2022 £000
Group adjusted EBITDA	**28,494**	28,775
Rental cost	**(6,830)**	(6,269)
Group adjusted EBITDA after rental costs	**21,664**	22,506
Add back rental cost	**6,830**	6,269
Amortisation of fair valued items on acquisition	**(58)**	(62)
Amortisation of software	**(31)**	(55)
Loss on Joint Venture	**-**	(310)
Profit on disposals	**51**	15
Depreciation of property, plant and equipment and right-of-use assets	**(9,126)**	(9,164)
Operating profit before exceptional items	**19,330**	19,199
Impairment reversal	**-**	747
Exceptional items – other	**-**	4,601
Operating profit	**19,330**	24,547

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	**26 weeks to 2 July 2023 £000**	26 weeks to 26 June 2022 £000
Cost of goods sold per the financial review	**(9,779)**	(8,865)
Site labour costs	**(12,064)**	(11,313)
Machine licence and security costs in administrative expenses	**635**	471
Costs of sales per the statement of comprehensive income	**(21,208)**	(19,707)

Group adjusted profit before tax – This consists of the profit before tax adjusted for items judged as exceptional and relating to impairment reversals.

Adjusted underlying profit after tax and adjusted earnings per share – This consists of the profit after tax adjusted for exceptional items and impairment reversals and is used to determine the adjusted earnings per share. The reconciliation of this number to profit after tax is included under Note 6.

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 items helps to provide a better indication of underlying performance.

Exceptional income	**26 weeks to 2 July 2023 £000**	26 weeks to 26 June 2022 £000
Claim for reduced rate of VAT on bowling	**-**	4,375
Release of provision for updated HMRC VAT guidance	**-**	226
Total exceptional income	**-**	4,601

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

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 financial review, finance lease payments, taxation payments, loans to Joint Ventures and non-cash share based payments.

Reconciliation of free cash flow	**26 weeks to 2 July 2023 £000**	26 weeks to 26 June 2022 £000
Cash generated from operations	**24,837**	31,851
Maintenance capital	**(3,058)**	(1,307)
Finance lease and taxation payments	**(10,215)**	(11,528)
Loan to Joint venture	**(439)**	-
Non-cash share-based payments charge	**(337)**	(248)
Free cash flow per the financial review	**10,788**	18,768

Maintenance capital, existing estate, estate expansion and loans to Joint venture outflows – This is cash used in investing activities as reconciled below:

Reconciliation of capital investment outflows to cash used in investing activities	**26 weeks to 2 July 2023 £000**	26 weeks to 26 June 2022 £000
Cash used in investing activities	**(14,779)**	(17,100)
Analysed as follows:		
Maintenance capital	**(3,058)**	(1,307)
Existing estate	**(5,210)**	(9,562)
Estate expansion	**(6,069)**	(6,231)
Loan to Joint venture and purchase of software	**(442)**	-
Cash outflows for capital projects	**(14,779)**	(17,100)

4 Performance share plan awards

The Company operates a Performance Share Plan (PSP) for its executive directors. In accordance with IFRS 2 Share Based Payments, the value of the awards is measured at fair value at the date of the grant. The fair value is written off on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually vest. The Company currently has four active schemes in place that arose in prior years as detailed as follows:

- 2020 Share Scheme - This scheme was announced on 30 November 2020 when 428,572 awards were granted to the two executive directors. The vesting of these awards is conditional upon the achievement of two performance conditions and a share price underpin. The first performance condition applying to the awards will be based on EPS of the Company as at 1 January 2023 and will apply to 50 per cent. of the total number of Share Awards granted. The second performance condition will be based on TSR of the Company over the period from the date of grant to the announcement of results for FY2022 relative to a comparator group of companies and will apply to the remaining 50 per cent. of Share Awards granted. No award or part of an award may vest unless the average share price of the Company calculated over a three-month period ending on the vesting date exceeds the share price on the date of grant.
  During the 26 week period ended 2 July 2023 the Group recognised a net charge of £64k (26 June 2022: £64k, 1 January 2023: £129k) to administration costs related to these awards.

- 2021 Share Scheme - This scheme was announced on 14 October 2021 when 317,843awards were granted to the two executive directors. The vesting of these awards is conditional upon the achievement of two performance conditions which will be measured following the announcement of results for the year to 31 December 2023 ("FY2023"). The first performance condition applying to the awards will be based on EPS of the Company and will apply to 50 per cent. of the total number of Share Awards granted. The second performance condition will be based on TSR of the Company over the period from the date of grant to the announcement of results for FY2023 relative to a comparator group of companies and will apply to the remaining 50 per cent. of Share Awards granted.
  During the 26 week period ended 2 July 2023 the Group recognised a net charge of £111k (26 June 2022: £113k, 1 January 2023: £226k) to administration costs related to these awards.

- 2022 Share Scheme - This scheme was announced on 30 March 2022 when 327,586 awards were granted to the two executive directors. The vesting of these awards is conditional upon the achievement of two performance conditions which will be measured following the announcement of results for the year to 31 December 2024 ("FY2024"). The first performance condition applying to the awards will be based on EPS of the Company and will apply to 50 per cent. of the total number of Share Awards granted. The second performance condition will be based on TSR of the Company over the period from the date of grant to the announcement of results for FY2024 relative to a comparator group of companies and will apply to the remaining 50 per cent. of Share Awards granted.
  During the 26 week period ended 2 July 2023 the Group recognised a net charge of £105k (26 June 2022: £51k, 1 January 2023: £160k) to administration costs related to these awards.

- 2023 Share Scheme - This scheme was announced on 22 March 2023 when 302,421 awards were granted to the two executive directors. The vesting of these awards is conditional upon the achievement of two performance conditions which will be measured following the announcement of results for the year to 31 December 2025 ("FY2025"). The first performance condition applying to the awards will be based on EPS of the Company and will apply to 50 per cent. of the total number of Share Awards granted. The second performance condition will be based on TSR of the Company over the period from the date of grant to the announcement of results for FY2025 relative to a comparator group of companies and will apply to the remaining 50 per cent. of Share Awards granted.
  During the 26 week period ended 2 July 2023 the Group recognised a net charge of £57k to administration costs related to these awards.

5 Segment reporting

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

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

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

	Tenpin £000	**Central £000**	**Group £000**
For the 26 week period ended 2 July 2023:			
Segment revenue – external	**65,296**	**-**	**65,296**
Adjusted EBITDA	**22,958**	**(1,294)**	**21,664**
Segment total assets as at 2 July 2023	**284,911**	**4,556**	**289,467**
Segment total liabilities as at 2 July 2023	**(216,271)**	**(6,209)**	**(222,480)**
Reconciliation of adjusted EBITDA to reported operating profit:			
Group adjusted EBITDA after rental costs	**22,958**	**(1,294)**	**21,664**
Amortisation and depreciation of intangibles, property, plant and equipment and right of use assets	**(9,157)**	**-**	**(9,157)**
Loss on Joint Venture	**-**	**-**	**-**
Profit on disposals	**51**	**-**	**51**
Amortisation of fair valued intangibles	**(58)**	-	**(58)**
Impairment reversal	**-**	**-**	**-**
Exceptional income	**-**	**-**	**-**
Add back rental costs	**6,830**	**-**	**6,830**
Operating profit/(loss)	**20,624**	**(1,294)**	**19,330**
Finance (costs)/income	**(3,488)**	**(88)**	**(3,576)**
Profit/(loss) before taxation	**17,136**	**(1,382)**	**15,754**

	Tenpin £000	Central £000	Group £000
For the 26 week period ended 26 June 2022:			
Segment revenue – external	63,238	-	63,238
Adjusted EBITDA	23,648	(1,142)	22,506
Segment total assets as at 26 June 2022	269,566	3,836	273,402
Segment total liabilities as at 26 June 2022	(217,605)	(3,188)	(220,793)
Reconciliation of adjusted EBITDA to reported operating profit:			
Group adjusted EBITDA after rental costs	23,648	(1,142)	22,506
Amortisation and depreciation of intangibles, property, plant and equipment and right of use assets	(9,262)	-	(9,262)
Loss on Joint Venture	-	(310)	(310)
Profit on disposals	15	-	15
Amortisation of fair valued intangibles	(19)	-	(19)
Impairment reversal	747	-	747
Exceptional income	4,601	-	4,601
Add back rental costs	6,269	-	6,269
Operating profit/(loss)	25,999	(1,452)	24,547
Finance (costs)/income	(3,277)	(255)	(3,532)
Profit/(loss) before taxation	22,722	(1,707)	21,015

Disaggregation of revenue

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

	26 week period ended 2 July 2023 Unaudited £000	26 week period ended 26 June 2022 Unaudited £000	53 week period ended 1 January 2023 Audited £000
Bowling	**27,589**	28,267	55,729
Food and drink	**18,145**	17,276	35,327
Machines and amusements	**16,762**	15,143	30,475
Other	**2,800**	2,552	5,142
	65,296	63,328	126,673

6 Earnings per share

Basic earnings per share for each period is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Earnings per share is based on the capital structure of the Company and includes the weighted average of the 68,496,118 ordinary shares in issue. The total shares in issue at the end of the 26 weeks to 2 July 2023 was 68,496,118.

The Company has 715,690 potentially issuable shares (H1 22: 326,632) all of which relate to share options issued to Directors of the Company. Diluted earnings per share amounts are calculated by dividing profit for the year and total comprehensive income attributable to equity holders of the parent Company by the weighted average number of ordinary shares outstanding during the year together with the dilutive number of ordinary shares.

Adjusted basic earnings per share have been calculated in order to compare earnings per share year on year and to aid future comparisons. Earnings have been adjusted to exclude impairment, exceptional 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	**26 weeks to 2 July 2023 Unaudited £000**	26 weeks to 26 June 2022 Unaudited £000	53 weeks to 1 January 2023 Audited £000
Profit after tax	**12,301**	18,294	26,596
Weighted average number of shares in issue	**68,496,118**	68,381,496	68,447,949
Adjustment for share awards	**715,690**	326,632	509,325
Diluted weighted average number of shares in issue	**69,211,808**	68,708,128	68,957,274
Basic earnings per share (pence)	**17.96p**	26.75p	38.86p
Diluted earnings per share (pence)	**17.77p**	26.62p	38.57p

Below is the calculation of the adjusted earnings per share.

Adjusted earnings per share	**26 weeks to 2 July 2023 Unaudited £000**	26 weeks to 26 June 2022 Unaudited £000	53 weeks to 1 January 2023 Audited £000
Profit after tax	**12,301**	18,294	26,596
Exceptional Income	**-**	(4,601)	(7,263)
Impairment reversal	**-**	(747)	(631)
Tax impact on above adjustments	**-**	874	1,380
Adjusted underlying earnings after tax	**12,301**	13,820	20,082
Adjusted profit after tax	**12,301**	13,820	20,082
Weighted average number of shares in issue	**68,496,118**	68,381,496	68,447,949
Adjusted basic earnings per share	**17.96p**	20.21p	29.34p
Adjusted diluted earnings per share	**17.77p**	20.11p	29.12p

7 Goodwill and intangible assets

	Fair valued intangibles on acquisition £000	Goodwill £000	Software £000	Total £000
Cost				
At 26 December 2021	**2,938**	**29,350**	**1,325**	**33,613**
Additions	-	390	13	403
At 26 June 2022	**2,938**	**29,740**	**1,338**	**34,016**
Additions	-	-	27	27
Disposals	-	-	(34)	(34)
At 1 January 2023	**2,938**	**29,740**	**1,331**	**34,009**
Additions	-	-	3	3
At 2 July 2023	**2,938**	**29,740**	**1,334**	**34,012**
Accumulated amortisation and impairment losses				
At 26 December 2021	**2,767**	**-**	**1,217**	**3,984**
Charge for the period - amortisation	42	-	55	97
At 26 June 2022	**2,809**	**-**	**1,272**	**4,081**
Charge for the period - amortisation	37	-	50	87
Disposals	-	-	(34)	(34)
At 1 January 2023	**2,846**	**-**	**1,288**	**4,134**
Charge for the period - amortisation	37	-	31	68
At 2 July 2023	**2,883**	**-**	**1,319**	**4,202**
Net book value				
At 2 July 2023	**55**	**29,740**	**15**	**29,810**
At 26 June 2022	129	29,740	66	29,935
At 1 January 2023	92	29,740	43	29,875

8 Property, plant and equipment

	Land and buildings £000	Fixed furnishings £000	Amusement machines £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 26 December 2021	**-**	**11,105**	**1,436**	**52,087**	**64,628**
Additions	-	-	235	5,933	6,168
Disposals	-	-	-	(74)	(74)
At 26 June 2022		**11,105**	**1,671**	**57,946**	**70,722**
Additions	5,000	1,142	224	12,326	18,692
Disposals	-	-	-	(2,112)	(2,112)
At 1 January 2023	**5,000**	**12,247**	**1,895**	**68,160**	**87,302**
Additions	-	415	303	13,619	14,337
Disposals	-	-	-	-	-
At 2 July 2023	**5,000**	**12,662**	**2,198**	**81,779**	**101,639**
Accumulated depreciation and impairment					
At 26 December 2021	**-**	**4,708**	**1,260**	**19,130**	**25,098**
Charge for the period	-	502	358	2,765	3,625
Impairment charge	-	-	-	(149)	(149)
Disposals - Depreciation	-	-	-	(3)	(3)
At 26 June 2022	**-**	**5,210**	**1,618**	**21,743**	**28,571**
Charge for the period	-	492	(217)	3,045	3,320
Impairment reversal	-	-	-	(26)	(26)
Disposals - Depreciation	-	-	-	(1,761)	(1,761)
At 1 January 2023	**-**	**5,702**	**1,401**	**23,001**	**30,104**
Charge for the period	-	435	135	2,760	3,330
Impairment reversal	-	-	-	-	-
Disposals - Depreciation	-	-	-	-	-
At 2 July 2023	**-**	**6,137**	**1,536**	**25,761**	**33,434**
Net book value					
At 2 July 2023	**5,000**	**6,525**	**662**	**56,018**	**68,205**
At 26 June 2022	-	5,895	53	36,203	42,151
At 1 January 2023	5,000	6,545	494	45,159	57,198

9 Right of use assets

	Leasehold properties £000	Amusement machines & other £000	Total £000
Cost			
At 26 December 2021	183,581	11,099	194,680
Lease additions	6,308	569	6,877
Modification of leases	3,793	-	3,793
Lease disposals	-	(100)	(100)
At 26 June 2022	**193,682**	**11,568**	**205,250**
Lease additions	3,239	1,199	4,438
Modification of leases	-	-	-
Lease disposals	-	(283)	(283)
At 1 January 2023	**196,921**	**12,484**	**209,405**
Lease additions	**10,288**	**1,582**	**11,870**
Lease disposals	**-**	**(837)**	**(837)**
At 2 July 2023	**207,209**	**13,229**	**220,438**
Accumulated depreciation and impairment			
At 26 December 2021	18,873	8,483	27,356
Charge for the period	4,851	730	5,581
Impairment reversal	(598)	(98)	(696)
At 26 June 2022	**23,126**	**9,115**	**32,241**
Charge for the period	4,935	1,169	6,104
Disposals – depreciation	-	(277)	(277)
Impairment reversal	(314)	-	(314)
At 1 January 2023	**27,747**	**10,007**	**37,754**
Charge for the period	**5,072**	**724**	**5,796**
Disposals - Depreciation	**-**	**(650)**	**(650)**
At 2 July 2023	**32,819**	**10,081**	**42,900**
Net book value			
At 2 July 2023	**174,390**	**3,148**	**177,538**
At 26 June 2022	170,556	2,453	173,009
At 1 January 2023	169,174	2,477	171,651

The lease additions are from the entering of two new leases for the Milton Keynes and Dundee sites.

10 Cashflow from operations

Cash flows from operating activities	**26 weeks to 2 July 2023 Unaudited £000**	26 weeks to 26 June 2022 Unaudited £000	53 weeks to 1 January 2023 Audited £000
Profit for the period	**12,301**	18,294	26,596
Adjustments for:			
Tax	**3,453**	2,721	7,399
Finance costs, net	**3,576**	3,532	7,206
Non-cash exceptionals	**-**	(4,601)	(239)
Non-cash share based payments charge	**337**	248	539
Loss on Joint Venture	**-**	310	310
Profit on disposal of assets	**-**	(15)	(271)
Amortisation of intangible assets	**68**	97	184
Depreciation of property, plant and equipment	**3,330**	3,625	6,945
Depreciation of right to use assets	**5,796**	5,581	11,685
Impairment reversal	**-**	(747)	(631)
Changes in working capital:			
Decrease/(increase) in inventories	**31**	(24)	(267)
Decrease in trade and other receivables	**1,865**	1,173	77
(Decrease)/increase in trade and other payables	**(5,920)**	1,657	1,888
Cash generated from operations	**24,837**	31,851	61,963

11 Bank borrowings and leases

Current liabilities	**26 weeks to 2 July 2023 Unaudited £000**	26 weeks to 26 June 2022 Unaudited £000	53 weeks to 1 January 2023 Audited £000
Bank loans	**-**	7,000	-
Leases – Machines/other	**1,903**	2,792	2,728
Leases – Property	**7,510**	8,300	7,720
Capitalised financing costs	**-**	(128)	-
	9,413	17,964	10,448
Non - current liabilities			
Bank loans	**-**	-	-
Leases – Machines/other	**2,155**	1,764	1,560
Leases – Property	**195,352**	188,223	188,394
	197,507	189,987	189,954

The bank loans with the Royal Bank of Scotland plc consist of a £30.0m (2022: £25.0m) committed Revolving Credit Facility (RCF) and £nil (2022: £7.0m) CLBILS term loan facility. The loans incur interest at SONIA plus a margin of 2.0% (2022: 1.85%). The Group fully repaid the CLBILS facility in July 2022 and then refinanced the RCF in September 2023 for a further 3 years, increasing the facility to £30.0m.

The increase in property leases arose from the two new leases in Milton Keynes and Dundee.

12 Financial risk management

Cash flow and fair value interest rate risk
Cash flow interest rate risk derives from the Group's floating rate financial liabilities, being its bank debt and overdraft facility, which are linked to SONIA plus a margin of 2.0% (2022: 1.85%). The Group has no fair value interest rate risk. In managing interest rate risk the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, sustained changes in interest rates would have an impact on the Group's earnings.

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

Liquidity risk
The Group's cash position and cash flow forecasts are reviewed by management on a daily basis. The current bank facilities consist of a £30.0m (2022: £25.0m) RCF facility of which £nil (2022: £7.0m CLBILS) has been drawn.

13 Principal risks and uncertainties

Ultimate responsibility for the Group's risk management framework sits with the Board who review the Group's risk appetite on an annual basis. The Group's principal risks and uncertainties are assessed in detail as set out in the full Annual Report for the 53 weeks ended 2 July 2023.

The Group does not believe there have been any other significant changes to its principal risks that will impact on the Group in the remaining half of the year which in summary include:

- Operational – ageing of estate, deterioration of assets and loss of key personnel
- Operational – allergens related to food and bar services provided
- Regulatory changes – new laws, re-interpreted laws and updates from case law
- Business interruption – risk of cyber-attacks, terrorism, failure or unavailability of IT infrastructure

14 Related Parties

Related party	Income from transactions with related party	Expenses from transactions with related party	Loans to related party	Amounts outstanding with related party
As at 2 July 2023	**179**	**-**	**439**	**2,240**
As at 26 June 2022	164	-	511	1,574
As at 1 January 2023	44	-	1,158	1,801

All intercompany transactions and balances have been eliminated on consolidation. Other related party transactions consist of compensation of key management personnel which was disclosed in the Group's Annual Report and Accounts for the year ending 1 January 2023.

DIRECTORS' RESPONSIBILTY STATEMENT

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

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

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

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

The responsibility statement was approved by the Board on 20 September 2023 and signed on its behalf by:

Graham Blackwell
CEO
20 September 2023

Antony Smith
CFO
20 September 2023