

ELECTRONIC TRANSMISSION DISCLAIMER STRICTLY NOT TO BE FORWARDED TO ANY OTHER PERSONS

IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached document and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document relating to Ten Entertainment Group plc (the “**Company**”) dated 12 April 2017 (the “**Prospectus**”), whether accessed from this page or otherwise received as a result of such access. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the Prospectus are confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the Prospectus to any other person. The Prospectus has been prepared solely in connection with the proposed offer to certain institutional and professional investors and intermediaries (the “**Offer**”) of ordinary shares of the Company (the “**Shares**”). The Prospectus has been published in connection with the admission of the Shares to the premium segment of the Official List of the UK Financial Conduct Authority (the “**FCA**”) and to trading on the London Stock Exchange’s main market for listed securities (together, “**Admission**”). The Prospectus has been approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000, as amended from time to time. The Prospectus has been published and made available at the Company’s registered office and on the Company’s website at www.tegplc.co.uk.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE SECURITIES ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE OF THE UNITED STATES ONLY IN RELIANCE ON REGULATION S. THERE WILL BE NO OFFERS OR SALES OF SECURITIES IN THE UNITED STATES.

ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION OR THE PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

This electronic transmission, the Prospectus and the Offer are only addressed to and directed at persons in member states of the EEA, other than the United Kingdom, who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive (“**Qualified Investors**”). In addition, in the United Kingdom, this electronic transmission and the attached Prospectus are addressed to, and directed only at, Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), (ii) are persons who are high net worth entities falling within article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom it may otherwise lawfully be communicated (as such persons together being referred to as “**Relevant Persons**”). This electronic transmission and the Prospectus must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the EEA, other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is

available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom, and will be engaged in only with such persons.

Confirmation of Your Representation: This electronic transmission and the Prospectus will be delivered to you on the basis that you are deemed to have represented to the Company, the Selling Shareholders (as defined in the Prospectus) and Numis Securities Limited (“**Numis**”) that: (i) you are not a US Person, you are not located within the United States, you are not acquiring securities for the account or benefit of a US Person, and you are acquiring such securities in “offshore transactions”, as defined in, and in reliance on, Regulation S; (ii) if you are in any member state of the EEA other than the UK, you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors, to the extent you are acting on behalf of persons or entities in the EEA other than the UK; and (iii) if you are a person in the United Kingdom, you are a Relevant Person and/or a Relevant Person acting on behalf of a Relevant Person or Qualified Investors, to the extent that you are acting on behalf of persons and entities in the United Kingdom or EEA; (iv) the Shares subscribed for and/or acquired by you in the offer have not been subscribed for and/or acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors (as defined in the Prospectus Directive) or the UK; or (v) if you are not in the EEA, the UK, the Channel Islands or the Isle of Man, you are an institutional investor that is eligible to receive this document and you consent to delivery by electronic transmission.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of prospective investors described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to acquire any of the securities described therein.

You are reminded that you have received this electronic transmission and the Prospectus on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Selling Shareholders, nor Numis, nor any of their respective affiliates, accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the Prospectus, you consent to receiving it in electronic form.

Neither Numis nor any of its affiliates accepts any responsibility whatsoever for the contents of the Prospectus or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Offer. Numis and its affiliates each accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by Numis or any of its affiliates as to the accuracy, completeness or sufficiency of the information set out in the Prospectus. Numis is acting exclusively for the Company and no one else in connection with the Offer. Numis will not regard any other person (whether or not a recipient of this document) as its client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for giving advice in relation to the Offer, or any transaction or arrangement referred to in the Prospectus.

Ten Entertainment Group plc Prospectus April 2017



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under FSMA. This document comprises a prospectus (the “**Prospectus**”) relating to Ten Entertainment Group plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (“**FCA**”) made under section 73A of the Financial Services and Markets Act 2000 as amended (“**FSMA**”). This Prospectus has been approved by the FCA in accordance with section 87A of FSMA and made available to the public as required by Rule 3.2 of the Prospectus Rules.

An application has been made to the FCA for all of the shares of one pence each in the capital of the Company (“**Shares**”) to be admitted to the premium listing segment of the Official List maintained by the FCA (“**Official List**”) and to London Stock Exchange plc (“**London Stock Exchange**”) for all of the Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (together, “**Admission**”). Admission to trading on the London Stock Exchange’s main market for listed securities constitutes admission to trading on a regulated market. In the Offer, 16,250,000 Offer Shares are being offered by the Selling Shareholders for sale. Conditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 13 April 2017. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence at 8.00 a.m. on 19 April 2017. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. **All dealings in Shares before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application has been or is currently intended to be made for the Shares to be admitted to listing or trading on any other exchange.**

The Directors, whose names appear on page 59 of this Prospectus, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read the whole of this Prospectus. In particular, your attention is drawn to the “Risk Factors” section of this Prospectus which contains a description of certain important factors, risks and uncertainties that should be considered in connection with an investment in the Shares. Prospective investors should be aware that an investment in the Shares involves a degree of risk and that, if certain of the risks described in this Prospectus occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.



Ten Entertainment Group plc

(incorporated under the Companies Act 2006 with registered number 10672501)

**Offer of 16,250,000 Offer Shares at the Offer Price of 165 pence per Offer Share
and**

**admission to the premium listing segment of the Official List and to trading
on the main market for listed securities of the London Stock Exchange**

Sole Sponsor, Financial Adviser and Bookrunner

Numis Securities Ltd

Expected issued share capital immediately following Admission

<i>Number of Shares</i>	<i>Aggregate nominal value of the Shares</i>
65,000,000	£650,000

Under the Offer, the Selling Shareholders are offering 16,250,000 Offer Shares in aggregate for sale. The Company will not receive any of the proceeds of the Offer. The net proceeds of the Offer will be paid to the Selling Shareholders. The Offer is conditional, *inter alia*, on Admission taking place on or before 8.00 a.m. on 19 April 2017 or such later time and/or date as the Company and Numis may agree (but in any event not later than 8.00 a.m. on 3 May 2017).

This Prospectus does not constitute or form part of any offer to sell or issue, or any invitation or solicitation of any offer to invest in, any securities of the Company other than the Shares. Prospective investors should only rely on the information contained in this Prospectus. In making an investment decision, prospective investors must each rely upon his or her own examination, analysis and enquiries of the Company and the terms of this Prospectus, including the merits and risks involved. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, no such information or representation may be relied upon for any purpose. In particular, the contents of the websites of members of the Group do not form part of this Prospectus and prospective investors should not rely on them. The Company will comply with its obligations to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4 of the Prospectus Rules containing further updated information required by law or by any regulatory authority but, except as required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or any other applicable law, assumes no further obligation to publish additional information. Without prejudice to the Company's legal or regulatory obligations to publish a supplementary prospectus, neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Prospectus or that the information is correct as of any time subsequent to the date of this Prospectus.

Numis has been appointed as sole sponsor, financial adviser and bookrunner to the Company. Numis is authorised and regulated by the Financial Conduct Authority ("FCA") and is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus. Numis and its affiliates may have engaged in transactions with and provided various investment banking, financial advisory and other services for, the Company for which they would have received customary fees. Numis and their respective affiliates may provide such services to the Company and/or the Selling Shareholders and any of their respective affiliates in the future.

Recipients of this Prospectus are authorised solely to use it for the purpose of considering the subscription for and/or acquisition of the Shares and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

Apart from the responsibilities and liabilities, if any, that may be imposed on Numis by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Numis accepts no responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of, this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Numis accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Numis has given and not withdrawn its consent to the issue of this Prospectus with the inclusion of the references to its name in the form and context to which they are included.

None of the Company, the Directors, Numis, the Selling Shareholders or any of their respective affiliates or representatives is making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by any such prospective investor under the applicable laws applicable to any such prospective investor. The contents of this Prospectus should not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice in relation to an investment in Shares.

Notice to Overseas Investors

The distribution of this Prospectus and the offer of the Shares in certain jurisdictions may be restricted by law. No action has been taken or will be taken by the Company, the Selling Shareholders or Numis to permit a public offer of the Shares or the possession, issue or distribution of this Prospectus (or any other offering or publicity materials or application form(s) relating to the Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law, other than the United Kingdom. Accordingly, neither this Prospectus nor any advertisement or any other offering material(s) may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Offer and the distribution of this Prospectus are subject to the restrictions set out in paragraph 6 (*Selling and Transfer Restrictions*) of Part XIII (*Details of the Offer*). This Prospectus does not constitute an offer of, or invitation or solicitation of an offer to acquire, any Shares, to any person to whom, and/or in any jurisdiction where, it is unlawful to make such an offer, invitation or solicitation. No persons receiving a copy of this Prospectus in any jurisdiction where it is unlawful to make such an offer, invitation or solicitation may treat this Prospectus as constituting an offer,

invitation or solicitation to them to acquire Shares in the relevant jurisdiction notwithstanding that such an offer, invitation or solicitation could lawfully be made to them without compliance with any registration or other legal requirement.

In addition, the Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risk of an investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Further information with regard to the restrictions on the distribution of this Prospectus and the offering, sale, transfer and resale of the Shares is set out in Part XIII (*Details of the Offer*).

Australia, Canada and Japan

This Prospectus does not constitute or form part of any offer to sell, or any solicitation of any offer to acquire, Shares or any other securities in any jurisdiction in which such offer or solicitation is unlawful and is not for distribution in or into Australia, Canada or Japan. In particular, the Shares have not been and will not be registered or qualified for distribution under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Shares may not be offered for sale or sold directly or indirectly in Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan.

EEA

This Prospectus has been prepared on the basis that all offers of Shares, other than in the United Kingdom, will be made pursuant to an exemption under the Prospectus Directive, which includes any relevant implementing measure in each Relevant Member State, from the requirement to produce a prospectus for offers to the public of transferable securities. Accordingly, any person making or intending to make any offer within the EEA of Shares which are the subject of the Offer contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company or Numis to produce a prospectus for such offer. None of the Company, the Selling Shareholders or Numis has authorised, nor will they authorise, the making of any offer of Shares through any financial intermediary (other than in connection with the Offer), other than offers made by Numis which constitute the final placement of Shares contemplated in this Prospectus.

United States

The Shares have not been, and will not be, registered under the US Securities Act or under the securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with the applicable securities laws of any such state or other jurisdiction of the United States. The Shares are being offered outside the United States and sold only in offshore transactions in reliance on Regulation S.

THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY OTHER FEDERAL OR STATE SECURITIES AUTHORITY OR COMMISSION IN THE UNITED STATES OR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFER OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL IN THE UNITED STATES.

No incorporation of website information

The contents of the Company's website directly or indirectly, or any website directly or indirectly linked to the Company's website do not form part of this Prospectus and investors should not rely on such websites.

The date of this Prospectus is 12 April 2017.

TABLE OF CONTENTS

	<i>Page</i>	
PART I	SUMMARY INFORMATION	5
PART II	RISK FACTORS	20
PART III	IMPORTANT INFORMATION	34
PART IV	DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS	40
PART V	EXPECTED TIMETABLE OF PRINCIPAL EVENTS	41
PART VI	OFFER STATISTICS	42
PART VII	INFORMATION ON THE GROUP AND BUSINESS OVERVIEW	43
PART VIII	DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE	59
PART IX	OPERATING AND FINANCIAL REVIEW	67
PART X	LIQUIDITY AND CAPITAL RESOURCES	84
PART XI	HISTORICAL FINANCIAL INFORMATION	86
PART XII	UNAUDITED PRO FORMA FINANCIAL INFORMATION	146
PART XIII	DETAILS OF THE OFFER	151
PART XIV	TAXATION	166
PART XV	ADDITIONAL INFORMATION	170
PART XVI	DEFINITIONS	220

PART I

SUMMARY INFORMATION

Summaries are made up of disclosure requirements known as “Elements”. The Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for these types of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of these types of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings		
Annex and Element		Disclosure requirement
A.1	Introduction and warnings	This summary should be read as an introduction to this prospectus (“ Prospectus ”) only. Any decision to invest in the ordinary shares of one pence each in the capital of Ten Entertainment Group plc (the “ Company ”) (“ Shares ”) should be based on consideration of the Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member state of the EU, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.
A.2	Consent for Intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this Prospectus.

Section B – Issuer		
Annex and Element		Disclosure requirement
B.1	The legal and commercial name	Ten Entertainment Group plc
B.2	Domicile and legal form, applicable legislation and country of incorporation	<p>The Company is a public limited company with registered number 10672501. It was incorporated on 15 March 2017 as a public limited company in England and Wales with the name Birchams Newco plc. On 16 March 2017 the Company was renamed Ten Entertainment Group plc. The Company’s registered office is situated at Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ.</p> <p>The Company operates under the Companies Act 2006 (“Companies Act”) and is subject to the UK City Code on Takeovers and Mergers (“Takeover Code”). The Company and its consolidated subsidiaries and subsidiary undertakings from time to time are together referred to as the “Group” and “Group Company” means any one of them.</p>

<p>B.3</p>	<p>Current operations, principal activities and markets</p>	<p>The Group is the second largest ten-pin bowling operator in the UK, with a portfolio of 40 ten-pin bowling sites, (together the “Sites” and each a “Site”) across the UK under the ‘Tenpin’ brand. The Group specialises in operating large, high quality bowling sites throughout the UK, which are principally located on mixed use retail/leisure parks alongside family leisure brands, including cinemas and casual dining restaurants. In addition to the core bowling offering, the Sites include amusement machines, table-tennis, soft play, laser games, pool tables and food and beverage services to provide a broader entertainment offering.</p> <p>Revenue Mix</p> <p>The typical revenue mix of UK ten-pin bowling operators over the last decade has been 57 per cent. bowling and 43 per cent. other revenue (principally food & beverage and amusement machines) whereas the Group’s revenue mix for the 53 week period ending 1 January 2017 (“FY2016”) was bowling: 46 per cent.; amusement machines and entertainment activities: 27 per cent.; beverages: 18 per cent.; and food: 9 per cent. The lower percentage of revenue from bowling reflects the improvement in overall spend per head as the Sites provide additional reasons for customer visits.</p> <p>Key Strengths</p> <p><i>Family focused customer proposition underpinned by a broader entertainment offering</i></p> <p>The Group’s ten-pin bowling offering is complemented by additional entertainment activities that are family focused and enhance and expand the customer experience, extend dwell times (meaning time spent by a customer in a Site) and drive additional revenue. The Company’s directors (“Directors”) believe that the focus on broadening the entertainment offering is one of the reasons why the Group has outperformed the wider market and has increased its market share.</p> <p><i>Technology and operating platform</i></p> <p>The Directors believe that the Group’s fully integrated technology platform is a key point of difference to its competitors as it facilitates the integration of newly acquired sites into the Group structure and the Group’s management reporting framework. The platform contributes consistency of service, yield management, live management reporting and the monitoring of key performance indicators.</p> <p><i>Estate management</i></p> <p>(a) <i>Site optimisations</i></p> <p>There was a step change in the site refurbishment and ongoing investment programme, initially started in 2011, following the acquisition and de-listing of the Group by Harwood Capital LLP (“Harwood”), using the newly incorporated Indoor Bowling Equity Limited (“IBEL”), in 2015 when the Group’s parent company was Essenden plc. To date 34 of the Group’s 40 Sites have been rebranded under the new ‘Tenpin’ fascia. Refurbishment capital has been invested at 23 of the Group’s 29 core sites (being those sites owned for the entirety of the Historical Period). Average refurbishment costs of approximately £141,000 per existing Site have delivered an average return on investment of 48.6 per cent.</p>
-------------------	--	---

		<p>(b) <i>Site acquisitions and integration</i></p> <p>The Group has acquired 11 Sites since 31 October 2014 at a total cost of approximately £17.5 million. The average site EBITDA multiple paid for the acquisition of new Sites is approximately five times and the average refurbishment costs for acquired Sites has been £263,000. The Group has achieved an average return on investment¹ of 27 per cent. on these acquisitions and the Directors believe that newly acquired Sites typically achieve run rate performance (being the performance expected of a Site following its integration into the Group) in 12 to 18 months following acquisition.</p> <p>The Group has a proven track record of integrating acquisitions into the business through its 'Tenpinisation' strategy. This provides the tools and methods to allow the Group to undertake a rapid re-development of acquired sites, bringing the look and feel of the new operations, as well as the systems and technology, up to the standards of the existing estate.</p> <p>Strong financial track record delivering profit growth and sustainable cash flow</p> <p>Group revenue has increased from £46.8 million for the financial year ending 28 December 2014 ("FY2014") to £67.3 million in FY2016 while EBITDA adjusted for exceptional items ("Adjusted EBITDA") grew from £5.7 million to £17.6 million.</p> <p>Putting customers and staff at the heart of everything</p> <p>The Group recognises the importance of both its customers and staff to its business. The Directors believe that building a positive environment for its employees has a direct and beneficial impact on customer service. The Group has held the <i>Investors in People</i> Gold Standard since August 2014 and has applied for accreditation for <i>Great Place to Work</i>[®].</p> <p>Experienced leadership team</p> <p>The Directors (further details of which are provided in Part VIII (<i>Directors, Senior Management and Corporate Governance</i>)) have significant experience within the UK leisure and bowling industry.</p>
B.4a	Recent trends	<p>The Group operates in the ten-pin bowling sub-sector of the broader UK leisure market. Within that market, the annual family entertainment market (including ten-pin bowling, cinema, theatre, live entertainment, visitor attractions (including amusement parks) and other activities) is estimated to be worth approximately £10 billion, of which ten-pin bowling represents approximately £260 million. The ten-pin bowling market grew at a compound annual growth rate of approximately 5.9 per cent. between 2013 and 2016. There are approximately 180 ten-pin bowling sites in the UK that are operated by independent operators or smaller operators. Therefore, the Directors believe that there is scope, in the short to medium term, for the acquisition of two to four sites per year.</p> <p>A consumer survey carried out for the Group indicated that only 26 per cent. of UK adults participated in ten-pin bowling over the 12 months to July 2016. Families and young adults are the most</p>

1 'Return on investment' defined as site EBITDA over the 12 months following acquisition divided by total acquisitions costs (including Tenpinisation capex and fees)

		<p>frequent bowlers. The Group has focused its proposition on appealing to families and its customer profile has consequently changed with families now representing a greater proportion of its customer mix.</p> <p>The Directors believe that there is a significant opportunity to grow participation and engagement levels by targeting infrequent bowlers through an enhanced customer relationship management programme and maintaining a broader entertainment offering to attract a wider demographic group to the Sites by providing additional entertainment activities and reasons to visit.</p>																																																																						
B.5	Description of Company's group	<p>In preparation for the Offer, the Group has undertaken a reorganisation of its corporate structure that has resulted in the Company being the holding company of the Group. As a result, IBEL and Tenpin Limited (which is the principal operating subsidiary) have become wholly owned subsidiaries of the Company ("Reorganisation").</p>																																																																						
B.6	Major Shareholders	<p>The interests of the Directors, the Group's senior managers ("Senior Managers") and (so far as the Directors and Senior Managers are aware having made appropriate enquiries) of all persons connected with the Directors and Senior Managers in the issued share capital of the Company are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th><i>Number of issued Shares immediately prior to Admission</i></th> <th><i>Percentage of issued Shares immediately prior to Admission</i></th> <th><i>Number of issued Shares immediately following Admission</i></th> <th><i>Percentage of issued Shares immediately following Admission</i></th> </tr> </thead> <tbody> <tr> <td><i>Directors</i></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Alan Hand</td> <td>1,157,528</td> <td>1.8%</td> <td>868,146</td> <td>1.3%</td> </tr> <tr> <td>Christopher Mills*</td> <td>25,223,121</td> <td>38.8%</td> <td>25,414,021</td> <td>39.1%</td> </tr> <tr> <td>Graham Blackwell</td> <td>771,664</td> <td>1.2%</td> <td>578,748</td> <td>0.9%</td> </tr> <tr> <td>Mark Willis</td> <td>192,932</td> <td>0.3%</td> <td>144,699</td> <td>0.2%</td> </tr> <tr> <td>Nick Basing</td> <td>2,700,857</td> <td>4.2%</td> <td>2,025,642</td> <td>3.1%</td> </tr> </tbody> </table> <p>* The Harwood Funds (being the corporate entity shareholders listed below) are associated with Christopher Mills, a non-executive director of the Company, as Christopher is interested in 27.7 per cent. of the issued ordinary share capital of NASCIT and 2.18 per cent. of the issued ordinary share capital of Oryx. Christopher Mills and his wife Lynn Mills are beneficially interested in 2,213,768 Shares which are held by Harwood Capital Nominees.</p> <p>As at the date of this Prospectus, the Directors were aware of the following persons who, in addition to the Directors and the Senior Managers above, directly or indirectly, were interested in three per cent. or more of the Company's share capital or voting rights:</p> <table border="1"> <thead> <tr> <th></th> <th><i>Number of issued Shares immediately prior to Admission</i></th> <th><i>Percentage of issued Shares immediately prior to Admission</i></th> <th><i>Number of issued Shares immediately following Admission</i></th> <th><i>Percentage of issued Shares immediately following Admission</i></th> </tr> </thead> <tbody> <tr> <td><i>Shareholders</i></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Harwood Capital Nominees Ltd</td> <td>11,823,948</td> <td>18.2%</td> <td>22,132,765</td> <td>34.1%*</td> </tr> <tr> <td>Harwood Private Equity IV L.P.</td> <td>17,392,848</td> <td>26.8%</td> <td>–</td> <td>–</td> </tr> <tr> <td>North Atlantic Smaller Companies Investment Trust plc</td> <td>20,258,725</td> <td>31.2%</td> <td>20,250,000</td> <td>31.2%</td> </tr> <tr> <td>Oryx International Growth Fund Ltd</td> <td>2,750,628</td> <td>4.2%</td> <td>2,750,000</td> <td>4.2%</td> </tr> <tr> <td>Trident Private Equity Fund III L.P.</td> <td>7,950,870</td> <td>12.2%</td> <td>–</td> <td>–</td> </tr> </tbody> </table> <p>(Noting that these shareholders are affiliated entities)</p> <p>*Harwood Capital Nominees became the nominee (or legal owner) of the beneficial interests remaining in TPE III and HPE IV, such transfers were made for nil value given there was no transfer of economic interest.</p>		<i>Number of issued Shares immediately prior to Admission</i>	<i>Percentage of issued Shares immediately prior to Admission</i>	<i>Number of issued Shares immediately following Admission</i>	<i>Percentage of issued Shares immediately following Admission</i>	<i>Directors</i>					Alan Hand	1,157,528	1.8%	868,146	1.3%	Christopher Mills*	25,223,121	38.8%	25,414,021	39.1%	Graham Blackwell	771,664	1.2%	578,748	0.9%	Mark Willis	192,932	0.3%	144,699	0.2%	Nick Basing	2,700,857	4.2%	2,025,642	3.1%		<i>Number of issued Shares immediately prior to Admission</i>	<i>Percentage of issued Shares immediately prior to Admission</i>	<i>Number of issued Shares immediately following Admission</i>	<i>Percentage of issued Shares immediately following Admission</i>	<i>Shareholders</i>					Harwood Capital Nominees Ltd	11,823,948	18.2%	22,132,765	34.1%*	Harwood Private Equity IV L.P.	17,392,848	26.8%	–	–	North Atlantic Smaller Companies Investment Trust plc	20,258,725	31.2%	20,250,000	31.2%	Oryx International Growth Fund Ltd	2,750,628	4.2%	2,750,000	4.2%	Trident Private Equity Fund III L.P.	7,950,870	12.2%	–	–
	<i>Number of issued Shares immediately prior to Admission</i>	<i>Percentage of issued Shares immediately prior to Admission</i>	<i>Number of issued Shares immediately following Admission</i>	<i>Percentage of issued Shares immediately following Admission</i>																																																																				
<i>Directors</i>																																																																								
Alan Hand	1,157,528	1.8%	868,146	1.3%																																																																				
Christopher Mills*	25,223,121	38.8%	25,414,021	39.1%																																																																				
Graham Blackwell	771,664	1.2%	578,748	0.9%																																																																				
Mark Willis	192,932	0.3%	144,699	0.2%																																																																				
Nick Basing	2,700,857	4.2%	2,025,642	3.1%																																																																				
	<i>Number of issued Shares immediately prior to Admission</i>	<i>Percentage of issued Shares immediately prior to Admission</i>	<i>Number of issued Shares immediately following Admission</i>	<i>Percentage of issued Shares immediately following Admission</i>																																																																				
<i>Shareholders</i>																																																																								
Harwood Capital Nominees Ltd	11,823,948	18.2%	22,132,765	34.1%*																																																																				
Harwood Private Equity IV L.P.	17,392,848	26.8%	–	–																																																																				
North Atlantic Smaller Companies Investment Trust plc	20,258,725	31.2%	20,250,000	31.2%																																																																				
Oryx International Growth Fund Ltd	2,750,628	4.2%	2,750,000	4.2%																																																																				
Trident Private Equity Fund III L.P.	7,950,870	12.2%	–	–																																																																				

		<p>The Shares owned by the Company's major shareholders rank <i>pari passu</i> with other Shares in all respects. At Admission (as defined in C.6. of this Part I (<i>Summary Information</i>)), all of the Shares will have the same voting rights.</p> <p>On 12 April 2017, the Company, Oryx International Growth Fund Limited ("Oryx"), Harwood Capital Nominees Limited ("Harwood Capital") and North Atlantic Smaller Companies Investment Trust plc (together the "Harwood Shareholders"), Harwood (as the discretionary investment manager of Harwood Capital and Oryx) and Numis Securities Limited ("Numis") entered into a relationship agreement, conditional on Admission, the principal purpose of which is to ensure that the Company is capable of carrying on business independently of the Harwood Shareholders at all times.</p>																																																																												
B.7	Selected historical key financial information	<p>As the Company is a newly incorporated company for the purposes of the Offer, the selected financial information set out below has been extracted without material adjustment from historical financial information set out in Section B of Part XI of Essenden plc and its subsidiaries, prior to 7 August 2015, and, thereafter, IBEL and its subsidiaries ("Operating Group") for the financial years ended 28 December 2014, 27 December 2015 and 1 January 2017 (which represented a 53 week trading period) ("Historical Period").</p> <p>Combined and Consolidated Statements of Comprehensive Income</p> <table> <thead> <tr> <th></th> <th style="text-align: right;"><i>52 week period to 28 December 2014 £'000</i></th> <th style="text-align: right;"><i>52 week period to 27 December 2015 £'000</i></th> <th style="text-align: right;"><i>53 week period to 1 January 2017 £'000</i></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: right;">46,819</td> <td style="text-align: right;">52,965</td> <td style="text-align: right;">67,319</td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;">(16,033)</td> <td style="text-align: right;">(16,698)</td> <td style="text-align: right;">(20,639)</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;"><u>30,786</u></td> <td style="text-align: right;"><u>36,267</u></td> <td style="text-align: right;"><u>46,680</u></td> </tr> <tr> <td>Administrative expenses:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net impairment reversal</td> <td style="text-align: right;">262</td> <td style="text-align: right;">634</td> <td style="text-align: right;">–</td> </tr> <tr> <td>Exceptional administrative costs</td> <td style="text-align: right;">195</td> <td style="text-align: right;">(4,329)</td> <td style="text-align: right;">(1,902)</td> </tr> <tr> <td>Other administrative expenses</td> <td style="text-align: right;">(24,926)</td> <td style="text-align: right;">(30,441)</td> <td style="text-align: right;">(35,022)</td> </tr> <tr> <td>Total administrative expenses</td> <td style="text-align: right;">(24,469)</td> <td style="text-align: right;">(34,136)</td> <td style="text-align: right;">(36,924)</td> </tr> <tr> <td>Operating profit</td> <td style="text-align: right;">6,317</td> <td style="text-align: right;">2,131</td> <td style="text-align: right;">9,756</td> </tr> <tr> <td>Finance costs</td> <td style="text-align: right;">(919)</td> <td style="text-align: right;">(2,075)</td> <td style="text-align: right;">(5,224)</td> </tr> <tr> <td>Exceptional finance costs</td> <td style="text-align: right;">(9,250)</td> <td style="text-align: right;">–</td> <td style="text-align: right;">904</td> </tr> <tr> <td>Total finance costs</td> <td style="text-align: right;">(10,169)</td> <td style="text-align: right;">(2,075)</td> <td style="text-align: right;">(4,320)</td> </tr> <tr> <td>(Loss)/profit before taxation</td> <td style="text-align: right;">(3,852)</td> <td style="text-align: right;">56</td> <td style="text-align: right;">5,436</td> </tr> <tr> <td>Taxation</td> <td style="text-align: right;">(1,348)</td> <td style="text-align: right;">(702)</td> <td style="text-align: right;">(1,805)</td> </tr> <tr> <td>(Loss)/profit and total comprehensive (expense)/income for the year</td> <td style="text-align: right;">(5,200)</td> <td style="text-align: right;">(646)</td> <td style="text-align: right;">3,631</td> </tr> <tr> <td>(Loss)/earnings per share attributable to the owners of the company during the period</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Basic (loss)/earnings per share</td> <td style="text-align: right;">(4.3p)</td> <td style="text-align: right;">(0.5p)</td> <td style="text-align: right;">3.0p</td> </tr> <tr> <td>Diluted (loss)/earnings per share</td> <td style="text-align: right;">(4.3p)</td> <td style="text-align: right;">(0.5p)</td> <td style="text-align: right;">3.0p</td> </tr> </tbody> </table>		<i>52 week period to 28 December 2014 £'000</i>	<i>52 week period to 27 December 2015 £'000</i>	<i>53 week period to 1 January 2017 £'000</i>	Revenue	46,819	52,965	67,319	Cost of sales	(16,033)	(16,698)	(20,639)	Gross profit	<u>30,786</u>	<u>36,267</u>	<u>46,680</u>	Administrative expenses:				Net impairment reversal	262	634	–	Exceptional administrative costs	195	(4,329)	(1,902)	Other administrative expenses	(24,926)	(30,441)	(35,022)	Total administrative expenses	(24,469)	(34,136)	(36,924)	Operating profit	6,317	2,131	9,756	Finance costs	(919)	(2,075)	(5,224)	Exceptional finance costs	(9,250)	–	904	Total finance costs	(10,169)	(2,075)	(4,320)	(Loss)/profit before taxation	(3,852)	56	5,436	Taxation	(1,348)	(702)	(1,805)	(Loss)/profit and total comprehensive (expense)/income for the year	(5,200)	(646)	3,631	(Loss)/earnings per share attributable to the owners of the company during the period				Basic (loss)/earnings per share	(4.3p)	(0.5p)	3.0p	Diluted (loss)/earnings per share	(4.3p)	(0.5p)	3.0p
	<i>52 week period to 28 December 2014 £'000</i>	<i>52 week period to 27 December 2015 £'000</i>	<i>53 week period to 1 January 2017 £'000</i>																																																																											
Revenue	46,819	52,965	67,319																																																																											
Cost of sales	(16,033)	(16,698)	(20,639)																																																																											
Gross profit	<u>30,786</u>	<u>36,267</u>	<u>46,680</u>																																																																											
Administrative expenses:																																																																														
Net impairment reversal	262	634	–																																																																											
Exceptional administrative costs	195	(4,329)	(1,902)																																																																											
Other administrative expenses	(24,926)	(30,441)	(35,022)																																																																											
Total administrative expenses	(24,469)	(34,136)	(36,924)																																																																											
Operating profit	6,317	2,131	9,756																																																																											
Finance costs	(919)	(2,075)	(5,224)																																																																											
Exceptional finance costs	(9,250)	–	904																																																																											
Total finance costs	(10,169)	(2,075)	(4,320)																																																																											
(Loss)/profit before taxation	(3,852)	56	5,436																																																																											
Taxation	(1,348)	(702)	(1,805)																																																																											
(Loss)/profit and total comprehensive (expense)/income for the year	(5,200)	(646)	3,631																																																																											
(Loss)/earnings per share attributable to the owners of the company during the period																																																																														
Basic (loss)/earnings per share	(4.3p)	(0.5p)	3.0p																																																																											
Diluted (loss)/earnings per share	(4.3p)	(0.5p)	3.0p																																																																											

Combined and Consolidated Statements of Financial Position			
	<i>As at 28 December 2014 £'000</i>	<i>As at 27 December 2015 £'000</i>	<i>As at 1 January 2017 £'000</i>
Assets			
Non-current assets			
Goodwill	11,911	22,757	23,552
Intangible assets	94	1,856	2,190
Property, plant and equipment	28,008	34,179	34,720
Trade and other receivables	141	1,042	786
Deferred tax asset	543	–	–
	<u>40,697</u>	<u>59,834</u>	<u>61,248</u>
Current assets			
Inventories	1,076	1,295	1,339
Trade and other receivables	3,404	3,665	3,346
Cash and cash equivalents	3,335	6,821	10,185
	<u>7,815</u>	<u>11,781</u>	<u>14,870</u>
Liabilities			
Current liabilities			
Bank Borrowings and finance leases	(1,740)	(4,524)	(4,897)
Trade and other payables	(5,647)	(7,841)	(7,762)
Provisions	(170)	(164)	(293)
	<u>(7,557)</u>	<u>(12,529)</u>	<u>(12,952)</u>
Net current assets/(liabilities)	258	(748)	1,918
Non-current liabilities			
Bank Borrowings and finance leases	(6,132)	(18,413)	(13,158)
Other non-current liabilities	(406)	(154)	(442)
Shareholder loan notes	–	(38,526)	(42,435)
Deferred tax liability	–	(202)	(1,511)
Provisions	(1,485)	(1,383)	(1,577)
	<u>(8,023)</u>	<u>(58,678)</u>	<u>(59,123)</u>
Net assets	<u>32,932</u>	<u>408</u>	<u>4,043</u>
Equity			
Share capital	–	1,200	1,204
Essenden plc invested capital	32,932	–	–
Accumulated profit/(losses)	–	(792)	2,839
Total equity	<u>32,932</u>	<u>408</u>	<u>4,043</u>
Combined and Consolidated Statements of Cash Flow			
	<i>52 week period to 28 December 2014 £'000</i>	<i>52 week period to 27 December 2015 £'000</i>	<i>53 week period to 1 January 2017 £'000</i>
Cash flows from operating activities			
Cash generated from operations	6,323	7,320	14,754
Finance costs paid	(566)	(711)	(977)
Net cash from operating activities	<u>5,757</u>	<u>6,609</u>	<u>13,777</u>
Cash flows from investing activities			
Acquisition of Essenden plc	–	(33,241)	–
Purchase of property, plant and equipment	(1,896)	(1,254)	(2,322)
Acquisition of sites	(600)	(13,174)	(2,455)
Purchase of software	(65)	(92)	(575)
	<u>(3,561)</u>	<u>(37,761)</u>	<u>(5,272)</u>

		52 week period to 28 December 2014 £'000	52 week period to 27 December 2015 £'000	53 week period to 1 January 2017 £'000
	Net cash used in investing activities	(2,561)	(47,761)	(5,352)
	Cash flows from financing activities			
	Proceeds from issue of shareholder loan notes	–	30,447	–
	Proceeds from issue of ordinary shares	–	1,200	4
	Finance lease principal payments	(403)	(1,487)	(1,471)
	Cash costs on loan note redemption	(2,576)	–	–
	Drawdown of borrowings	3,000	16,500	–
	Cash costs capitalised from new borrowings	–	(1,022)	–
	Repayment of borrowings	(4,750)	(1,000)	(3,594)
	Net cash (used in)/generated from financing activities	(4,729)	44,638	(5,061)
	Net (decrease)/increase in cash and cash equivalents	(1,533)	3,486	3,364
	Cash and cash equivalents – beginning of period	4,868	3,335	6,821
	Cash and cash equivalents – end of period	3,335	6,821	10,185
	<p>Certain significant changes to the Operating Group's financial condition and results of operations occurred during the Historical Period. These changes are set out below:</p> <ul style="list-style-type: none"> – Operating Group revenue increased by 13.1 per cent. to £53.0 million in the financial year ended 27 December 2015 driven primarily by like for like growth (being a measure of growth of sales adjusted for new or divested Sites over a 52 week trading period (“Like for Like”)) of 9.7 per cent. – Operating Group revenue increased by 27.1 per cent. to £67.3 million in the financial year ended 1 January 2017 driven primarily by the full year trading impact of the six sites acquired in December 2015. Like for Like sales growth and the impact of a 53rd trading week also contributed to the increase in revenue. – Between FY2014 and FY2016, Adjusted EBITDA increased from £5.7 million to £17.6 million, a CAGR of 75.7 per cent., while Adjusted EBITDA margin increased from 12.2 per cent. to 26.2 per cent. <p>Save as described above, there has been no significant change in the financial position or results of operations of the Operating Group during the Historical Period, being the date to which the last combined audited financial information of the Operating Group was prepared.</p> <p>Save for the Reorganisation, there has been no significant change in the financial or trading position of the Company since 15 March 2017, being the date of incorporation.</p> <p>Save for the Reorganisation, there has been no significant change in the financial or trading position of the Operating Group since 1 January 2017, the date at which the audited historical financial information in respect of the Operating Group in Section B of Part XI (Historical Financial Information) has been prepared.</p>			
B.8	Key pro forma financial information	<p>The unaudited pro forma statement of net assets for the Group set out below has been prepared on the basis set out in the notes below to illustrate the impact of the Offer, the Reorganisation and the Refinancing on the net assets of the Group, had they taken place on 1 January 2017. The unaudited pro forma statement of</p>		

net assets has been included in the Prospectus on a voluntary basis as there has been no significant gross change to the assets and liabilities or earnings of the Group as at, and for the 53 week period ended, 1 January 2017. The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results.

	As at 1 January 2017 £'000 (Note 1)	<i>Estimated fees and expenses of the offer payable by the Company</i> £'000 (Note 2)	Re- organisation £'000 (Note 3)	Refinancing £'000 (Note 4)	<i>Unaudited pro forma total</i> £'000
Assets					
Non-current assets					
Goodwill	23,552	–	–	–	23,552
Intangible assets	2,190	–	–	–	2,190
Property, plant and equipment	34,720	–	–	–	34,720
Trade and other receivables	786	–	–	(507)	279
	<u>61,248</u>	<u>–</u>	<u>–</u>	<u>(507)</u>	<u>60,741</u>
Current assets					
Inventories	1,339	–	–	–	1,339
Trade and other receivables	3,346	–	–	–	3,346
Cash and cash equivalents	10,185	(2,502)	–	(7,185)	498
	<u>14,870</u>	<u>(2,502)</u>	<u>–</u>	<u>(7,185)</u>	<u>5,183</u>
Liabilities					
Current liabilities					
Bank Borrowings and finance leases	(4,897)	–	–	2,872	(2,025)
Trade and other payables	(7,762)	–	–	–	(7,762)
Provisions	(293)	–	–	–	(293)
	<u>(12,952)</u>	<u>–</u>	<u>–</u>	<u>2,872</u>	<u>(10,080)</u>
Net current assets/ (liabilities)	1,918	(2,502)	–	(4,313)	(4,897)
Non-current liabilities					
Bank Borrowings and finance leases	(13,158)	–	–	4,034	(9,124)
Other non-current liabilities	(442)	–	–	–	(442)
Shareholder loan notes	(42,435)	–	42,435	–	–
Deferred tax liability	(1,511)	–	–	–	(1,511)
Provisions	(1,577)	–	–	–	(1,577)
	<u>(59,123)</u>	<u>–</u>	<u>42,435</u>	<u>4,034</u>	<u>(12,654)</u>
Net assets/ (liabilities)	4,043	(2,502)	42,435	(786)	43,190

Notes

1. The financial information has been extracted, without material adjustment, from the combined and consolidated financial information of the Operating Group as at 1 January 2017 as set out in Section B of Part XI: "Historical Financial Information of the Operating Group".
2. This column reflects the estimated fees and expenses in relation to the Offer of £2.5 million payable by the Company. No proceeds of the Offer are to be receivable by the Company or the Operating Group.

		<p>3. This column reflects the net effect of the following adjustments relating to the Reorganisation as set out below:</p> <p>a. The Company was incorporated on 15 March 2017 and, in connection with the Offer, the Reorganisation took place on 12 April 2017, resulting in the Company becoming the ultimate holding company of the Group. On incorporation, the share capital of the Company was £2, divided into 2 ordinary shares of £1, held by Harwood Capital Nominees Ltd and Oryx International Growth Fund Limited. The consideration for the issue of these shares was cash. On 12 April 2017, the share capital of the Company was subdivided into 200 ordinary shares of £0.01 and the shareholders of IBEL exchanged their shares in IBEL for shares in the Company, which resulted in IBEL becoming a wholly owned subsidiary of the Company. Immediately prior to the publication of this prospectus, the share capital of the Company was £650,000, divided into 65 million ordinary shares of £0.01.</p> <p>b. The insertion of the Company as a new holding company constitutes a group reorganisation and will be accounted for using merger accounting principles. The Reorganisation was effective from 12 April 2017 and from this date the consolidated financial statements will be presented as if the Company had always been part of the same group.</p> <p>c. As part of the Reorganisation, the outstanding shareholder loan notes as at 1 January 2017 of £42,435,000 were exchanged for shares. These adjustments do not take into account any movements in these balances since 1 January 2017.</p> <p>4. This column reflects the re-financing that is taking place in connection with the Offer and Admission, being the repayment of the existing external bank debt of £12,906,000 (of which £2,872,000 is classified within current liabilities and £10,034,000 is classified within non-current liabilities as at 1 January 2017). It is expected this repayment will be funded using a drawdown of £6,000,000 available at Admission under the new RBS Revolving Credit facility, which will be classified as non-current, and the remaining balance of £6,906,000 will be funded from the Operating Group's cash balance. Capitalised debt issue costs related to the existing facility of £786,000 will be written off and estimated costs of £279,000 in relation to the new facility will be capitalised.</p> <p>The following tables set forth the adjustments set out in the Refinancing column.</p> <p><i>Pro forma adjustment to "Cash and cash equivalents" in connection with the Refinancing:</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">£000</td> </tr> <tr> <td>Repayment of existing external bank debt</td> <td style="text-align: right;">(12,906)</td> </tr> <tr> <td>Drawdown of the new RBS Revolving Credit Facility (including estimated capitalised debt issue costs of £279)</td> <td style="text-align: right;">5,721</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">(7,185)</td> </tr> </table> <p><i>Pro forma adjustment to "Non-Current Bank Borrowings and finance leases" in connection with the Refinancing:</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">£000</td> </tr> <tr> <td>Repayment of existing external bank debt</td> <td style="text-align: right;">10,034</td> </tr> <tr> <td>Drawdown under the new RBS Revolving Credit Facility</td> <td style="text-align: right;">(6,000)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">4,034</td> </tr> </table> <p><i>Pro forma adjustment to "Trade and other receivables" in connection with the Refinancing:</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">£000</td> </tr> <tr> <td>Write off of capitalised debt issue costs relating to the existing bank debt</td> <td style="text-align: right;">(786)</td> </tr> <tr> <td>Capitalisation of debt issue costs relating to new RBS Revolving Credit Facility</td> <td style="text-align: right;">279</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">(507)</td> </tr> </table> <p>5. No adjustment has been made to take account of trading results or other transaction undertaken by the Group since 1 January 2017.</p>		£000	Repayment of existing external bank debt	(12,906)	Drawdown of the new RBS Revolving Credit Facility (including estimated capitalised debt issue costs of £279)	5,721		(7,185)		£000	Repayment of existing external bank debt	10,034	Drawdown under the new RBS Revolving Credit Facility	(6,000)		4,034		£000	Write off of capitalised debt issue costs relating to the existing bank debt	(786)	Capitalisation of debt issue costs relating to new RBS Revolving Credit Facility	279		(507)
	£000																									
Repayment of existing external bank debt	(12,906)																									
Drawdown of the new RBS Revolving Credit Facility (including estimated capitalised debt issue costs of £279)	5,721																									
	(7,185)																									
	£000																									
Repayment of existing external bank debt	10,034																									
Drawdown under the new RBS Revolving Credit Facility	(6,000)																									
	4,034																									
	£000																									
Write off of capitalised debt issue costs relating to the existing bank debt	(786)																									
Capitalisation of debt issue costs relating to new RBS Revolving Credit Facility	279																									
	(507)																									
B.9	Profit forecast/estimate	Not applicable. The Company has not made any profit forecasts or estimates.																								
B.10	Audit report – qualifications	Not applicable. There are no qualifications in the accountant's report on the historical financial information.																								

B.11	Explanation in respect of insufficient working capital	Not applicable. The Company is of the opinion that, taking into account existing cash resources and available bank facilities, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.
------	---	--

Section C – Securities		
Annex and Element		Disclosure requirement
C.1	Type and class of the securities being offered and admitted to trading, including the security identification number	The Selling Shareholders (being those shareholders listed in B.6. of this Part I (<i>Summary Information</i>)) are selling 16,250,000 Shares (“ Offer Shares ”) at a price of 165 pence each (“ Offer Price ”) for an aggregate amount of approximately £26.1 million, net of aggregate commissions and amounts in respect of stamp duty or stamp duty reserve tax payable by the Selling Shareholders in connection with the Offer. The Offer comprises an offering to certain institutional and professional investors in the United Kingdom of the Offer Shares. The Offer Shares sold under the Offer represent 25.0 per cent. of the total issued share capital of the Company immediately following Admission. No new Shares will be issued by the Company under the Offer. When admitted to trading, the Shares will be registered with ISIN number GB00BF020D33 and SEDOL number BF020D3 and will trade under the ticker TEG.
C.2	Currency of the securities issue	The Shares are denominated in Pounds Sterling.
C.3	Shares issued/value per share	On Admission, the nominal value of the issued ordinary share capital of the Company will be £650,000 divided into 65,000,000 Shares of one pence each, all of which will be fully paid.
C.4	Rights attached to the securities	The rights attaching to the Shares are uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions declared, made or paid on the Shares. The Shares rank equally for voting purposes. On a show of hands each shareholder of the Company (“ Shareholder ”) has one vote and on a poll each Shareholder has one vote per Share held. Each Share ranks equally for any dividend declared. Each Share ranks equally for any distribution made on a winding up of the Company.
C.5	Restrictions on free transferability of the securities	The Board of Directors (the “ Board ”) may decline to register any transfer of certificated Shares if it is not fully paid up (provided that the refusal does not prevent dealings in the Shares from taking place on an open and proper basis). There are no other restrictions on the free transferability of the Shares.
C.6	Admission/regulated markets where the securities are traded	Application has been made to the Financial Conduct Authority (“ FCA ”) for all of the Shares to be admitted to the premium listing segment of the Official List of the FCA and to London Stock Exchange plc (“ London Stock Exchange ”) for all of the Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. Admission to trading on the London Stock Exchange’s main market for listed securities (together with admission to listing, being “ Admission ”) constitutes admission to trading on a regulated market. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence at 8.00 a.m. on 19 April 2017.
C.7	Dividend policy	The Board intends to distribute approximately 60 per cent. of its adjusted profits after tax to shareholders through dividends. The policy will allow the Group to retain sufficient capital to fund on-going

		<p>operating requirements and to invest in the Group's long term growth.</p> <p>Dividends are expected to be paid in an approximate one-third (interim dividend) and two thirds (final dividend) ratio. The Board expects the Company's first dividend as a listed business to be the interim dividend for the year ended 31 December 2017, to be paid on a pro-rated basis for the proportion of the financial year that the Group is admitted to trading on the main market of the London Stock Exchange.</p>
--	--	---

Section D – Risks		
Annex and Element		Disclosure requirement
D.1	Key information on the key risks specific to the Company or its industry	<p>Key risks specific to the Company</p> <ul style="list-style-type: none"> • The success of the Group depends on the successful implementation of the Group's growth strategy. It is outside of the Group's control whether suitable opportunities for the acquisition of existing bowling sites will arise and even if such sites are identified, there are a number of associated risks, including unanticipated legal and planning expenses, long lead times and delays and/or non-completion or abandonment of a project. In addition, the acquisition and integration of independent businesses is a complex, costly and time-consuming process involving a number of possible problems and risks which could have a material adverse effect on the results of the Group's business, its financial condition and prospects. In respect of capital expenditure to redevelop the Group's existing Sites, there can be no guarantee that the redevelopment of any Site will have the same success that the Group's previous redevelopments have had. If the Group is unable to effectively manage risks associated with its growth strategy, the benefits anticipated as a result of such transactions may not be realised, which may have a material adverse effect on the Group's business, results of operations and financial condition. • The Group's future success will be influenced by the continued services and performance of its executive Directors, Senior Managers and key operational personnel. The Senior Managers have been key in formulating and carrying out the Group's growth strategy and, in particular, overseeing the single site acquisitions and their integration into the Group over the past 18 months and will continue to be integral to successfully executing the acquisition of additional sites in the future. In addition, due to the Group's recent and planned continued growth by way of site acquisitions, the Group's future success depends in part on its ability to continue to recruit, train, motivate and retain talented employees in order to successfully operate the increasing number of Sites. • The Group generates a substantial proportion of its revenue, and therefore its gross profits, from the sale of food and beverages and consumer use of its amusement machines. In FY2016 approximately 27 per cent. of the Group's revenue was derived from food and beverages and 27 per cent. from amusement machines and entertainment activities. <ul style="list-style-type: none"> (a) <i>Amusement machines</i> The Group uses third party professional advisers to ensure that it has in place all the licences and permits required to operate such amusements at the Sites. However, there can be no guarantee that such

		<p>licences will not be revoked, suspended or renewed on expiration. If this were to happen, this could adversely affect the profitability of the Sites connected and therefore the Group's financial performance as a whole.</p> <p>(b) <i>Food and beverages</i></p> <p>The number of customers attending the Sites has a direct correlation with the amount of food and beverage sales the Group makes. Therefore, in order to maintain or increase the amount of revenue generated from food and beverage sales, footfall and customer attendance at the Sites must also be maintained and, to the extent possible increased, which cannot be guaranteed. Furthermore, as referred to above, general economic factors may decrease the amount of disposable income available to consumers to spend at the Sites or consumer preferences may change. This could have a material adverse effect on the business and results of operations of the Group.</p> <ul style="list-style-type: none"> • In the event that one of the Group's key suppliers, or any additional key suppliers contracted with in the future, ceased to trade or was otherwise unable to continue to supply the Group it is possible that an adequate alternative source of supply may not be identified in the short term, or might only be available on terms less favourable than those offered by the previous supplier, which could have a material adverse effect on the operation of the Group's business, financial condition and prospects. • Due to the Group having 40 Sites, which are all leasehold interests, one of the significant components of cost of sales is rental costs. Therefore, the Group is exposed to adverse changes in the property rental market and in particular any increases in market rents following rent reviews by the Group's landlords. Any such increase will adversely affect the Group's aggregate rental costs, which in turn will have an adverse effect on a substantial part of its cost of sales. This may negatively impact the profit margins of the Group and therefore it could have a material adverse effect on its business, results of operations and financial condition. <p>Key risks specific to the Company's Industry</p> <ul style="list-style-type: none"> • The indoor leisure industry, and in particular ten-pin bowling, is subject to seasonal demand variations. For example, periods of warm, dry weather or unusual weather conditions such as heavy snow, icy conditions or high winds, encourage people to stay at home, which can significantly decrease demand for ten-pin bowling. Revenues at ten-pin bowling venues also tend to peak during school and public holidays and therefore, if the dates on which such holidays fall in the UK are during a period of unusually warm, dry weather, this could mean a decrease in demand during a usually peak and important time for the Group. Despite the fact that the Group takes seasonal variations into account for budgetary purposes, unusual seasonal and weather conditions could have a material adverse effect on the Group's business, financial condition and prospects. • The Group's business is influenced by general economic trends in the UK. Discretionary consumer spending, which is the principal economic driver for visits to the Sites, may be adversely affected by general economic conditions, or the public perception of such conditions, which could
--	--	--

		<p>adversely impact discretionary consumer spending and therefore revenues of the Group.</p> <ul style="list-style-type: none"> The Group faces substantial competition in the locations in which the Sites are based from other ten-pin bowling operators as well as other leisure activity operators. The competition for customers is dependent upon factors such as location, pricing, availability of bowling lanes and quality of amusement machines. Further, competition from other operators is expected to intensify as new operators start to provide alternative offerings to ten-pin bowling in close proximity to its Sites and existing operators start to expand their offerings. In addition, the Group's competitors may be better positioned to take advantage of rationalisation or consolidation in the leisure industry (as has been the trend in the leisure industry recently) and may thereby gain a competitive advantage or increase an existing competitive advantage over the Group. To this end, there can be no assurance that the Group will be able to compete successfully in the market in which it operates, which could have a material adverse effect on the Group's business, financial condition and prospects.
D.3	Key information on the key risks specific to the Shares	<ul style="list-style-type: none"> The Group may not be able to, or may choose not to, pay dividends in the future. The payment of future dividends will depend on, among other factors, the Group's future profits, financial position, distributable reserves, working capital requirements, finance costs, general economic conditions and other factors that the Directors deem significant from time to time. Immediately following Admission, the Harwood Shareholders are expected to beneficially own or control approximately 69.4 per cent. of the Shares. On 12 April 2017, the Company, the Harwood Shareholders, Harwood (as the discretionary investment manager of Harwood Capital and Oryx) and Numis entered into a relationship agreement, which, conditional upon Admission, will regulate aspects of the ongoing relationship between the Company and the Harwood Shareholders. Prior to Admission, there has been no public trading market for the Shares and a market for the Shares may not develop after Admission. The Offer Price may not be indicative of the market price for the Shares following Admission. Following Admission, the trading price of the Shares may be subject to wide fluctuations in response to many factors, including those referred to in this section, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Shares, regardless of the Company's actual performance or conditions in its key markets.

Section E – Offer

Annex and Element		Disclosure requirement
E.1	Net proceeds/estimate of expenses	<p>Pursuant to the Offer, the Selling Shareholders intend to sell, in aggregate, 16,250,000 Offer Shares, at the Offer Price of 165 pence per Offer Share.</p> <p>Through the sale of the Offer Shares pursuant to the Offer, it is expected that the Selling Shareholders will receive net proceeds of approximately £26.1 million (after deducting commissions and amounts in respect of stamp duty or stamp duty reserve tax payable by the Selling Shareholders). The Company will not receive any proceeds in respect of the sale of the Offer Shares.</p>

		Other than in respect of expenses of, or incidental to, Admission and the Offer which will be paid by the Company, there are no commissions, fees or expenses to be charged to investors by the Company or the Selling Shareholders under the Offer.
E.2a	Reasons for the offer, use of proceeds and estimated net amount of proceeds	<p>The Offer will provide the Selling Shareholders with either a full or partial realisation of their investment in the Company and the Directors believe that the Offer and Admission will also position the Company for its next stage of development by:</p> <ul style="list-style-type: none"> • diversifying the Company's shareholder base and strengthening the Company's capital structure; • enhancing the Group's public profile and status with customers, investors, landlords and business partners; • assisting in the recruitment, incentivisation and retention of key management and employees; • create a liquid market in the Shares for existing and future shareholders; and • providing the Company with access to the capital markets which it may wish to take advantage of in the future. <p>The Company will not receive any proceeds pursuant to the Offer.</p>
E.3	Terms and conditions of the Offer	<p>The Offer comprises an offer of 16,250,000 Offer Shares to be sold by the Selling Shareholders at the Offer Price. The Offer comprises an offer to certain institutional and professional investors in the United Kingdom.</p> <p>Pursuant to the Offer, all Offer Shares will be sold at the Offer Price, which has been determined by the Company and the Selling Shareholders in consultation with Numis. A number of factors have been considered in deciding the Offer Price and the basis of allocation under the Offer, including the level and nature of demand for Shares and the objective of encouraging the development of an orderly after market in the Shares. It is expected that Admission will take place and unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 19 April 2017. Settlement of dealings from that date will be on a two-day rolling basis.</p> <p>The Offer Shares are being allocated, subject to certain conditions, by Numis pursuant to the terms of a sponsor and placing agreement dated 12 April 2017 entered into between the Company, the Directors, the Selling Shareholders and Numis (the "Placing Agreement"). The Offer is subject to the satisfaction of conditions contained in the Placing Agreement which are customary for transactions of this type, including Admission becoming effective by no later than 8.00 a.m. on 19 April 2017 or such later time and/or date as Numis may notify to the Company (but in any event not later than 8.00am on 3 May 2017) and on the Placing Agreement not having been terminated prior to Admission.</p> <p>None of the Shares may be offered for subscription, sale or acquisition or be delivered, or be subscribed, sold or delivered and this Prospectus and any other offering material in relation to the Shares may not be circulated, in any jurisdiction (including, without limitation, the US) where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.</p>
E.4	Interests material to the offer, including conflicting interests	Other than as disclosed in section B.6. of this Part I (<i>Summary Information</i>) and paragraph 7.7 of Part XV (<i>Additional Information</i>), there are no other interests, including conflicting interests that are material to the Offer.

E.5	Selling Shareholders/ Lock-up arrangements	<p>Selling Shareholders</p> <p>16,250,000 Offer Shares will be sold by the Selling Shareholders pursuant to the Offer (representing approximately 25.0 per cent. of the issued share capital of the Company following Admission).</p> <p>The Offer will provide the Selling Shareholders with a partial realisation of their investment in the Company.</p> <p>Lock-up arrangements</p> <p>Pursuant to the terms of lock-in deeds entered into on 12 April 2017, Harwood Capital Nominees, NASCIT and Oryx have each separately agreed that for a 12 month period following Admission, subject to certain customary exceptions, they will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest thereon) in any of the shares in the Company owned by them. For the 180 day period thereafter, they have agreed not to directly or indirectly transfer any Shares (or any interest therein or in respect thereof) other than through Numis (for so long as Numis is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.</p> <p>Pursuant to the terms of lock-in deeds entered into on 12 April 2017, each of the Selling Shareholders that are Directors, being Nick Basing, Alan Hand, Mark Willis and Graham Blackwell, have each separately agreed that for a 12 month period following Admission, subject to certain customary exceptions, he will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest thereon) in any of the shares in the Company owned by him. For a 180 day period thereafter, they have each agreed not to directly or indirectly transfer any Shares (or any interest therein or in respect thereof) other than through Numis (for so long as Numis is engaged as broker to the Company) with a view to maintaining an orderly market in the Company's securities.</p>
E.6	Dilution	No new Shares are being issued as part of the Offer. Therefore, there will be no dilution pursuant to the Offer.
E.7	Estimated expenses charged to investors by the Company	Not applicable. No commissions or expenses will be charged to any investors by the Company or the Selling Shareholders in respect of the Offer.

PART II

RISK FACTORS

An investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should consider carefully the factors and risks associated with an investment in the Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in Part I: "Summary Information" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part I: "Summary Information", but also, amongst other things, the risks and uncertainties described below.

The risks and uncertainties described below represent those the Directors consider to be material as at the date of this Prospectus. The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Directors, the Company or any other member of the Group, or that the Directors currently consider to be immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, results of operations and financial position and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. An investment in the Shares involves complex financial risks and is suitable only for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Prospective investors should consider carefully whether an investment in the Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's prospects, business or financial position.

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

Demand for indoor leisure activities can be seasonal and subject to fluctuations

The indoor leisure industry, and in particular ten-pin bowling, is subject to seasonal demand variations. For example, periods of warm, dry weather or unusual weather conditions such as heavy snow, icy conditions or high winds, encourage people to stay at home, which can significantly decrease demand for ten-pin bowling. Revenues at ten-pin bowling venues also tend to peak during school and public holidays and therefore, if the dates on which certain school and public holidays fall in the UK are during a period of unusually warm, dry weather, this could mean a decrease in demand during a usually peak and important time for the Group. Despite the fact that the Group takes seasonal variations into account for budgetary purposes, unusual seasonal and weather conditions could have a material adverse effect on the Group's business, financial condition and prospects.

The Group could be adversely affected by changes in public and customer tastes or trends

The success of the Group depends, to an extent, on consumer tastes and preferences that can change in often unpredictable ways. These could include adverse changes in the general public's perception of ten-pin bowling, the introduction of new forms of leisure activities in the UK or developments in technology, which can all alter consumer spending and social habits. Any reduction in the popular appeal of ten-pin bowling, or any failure by the Group to anticipate and

react to such changes, could have a material adverse effect on the Group's business, financial condition and prospects.

The Group is subject to uncertainties relating to its growth strategy and there is a possibility that such a strategy may not be successfully implemented or that the Group may fail to identify strategic developments in the future

The success of the Group depends on the successful implementation of the Group's growth strategy, which includes expanding operations through the acquisition of new sites as well as the redevelopment of existing Sites. As with any such strategy, there are certain risks and uncertainties associated with this:

(a) *No guarantee of the availability of new single sites for acquisition*

It is outside of the Group's control whether suitable opportunities for the acquisition of existing ten-pin bowling sites exist or will arise in the future and even if such sites are identified, there are a number of associated risks, including unanticipated legal and planning expenses, long lead times and delays, in particular in respect of obtaining any necessary licences or permits, and/or non-completion or abandonment of a project. If such suitable sites are not identified or acquired in line with the Group's growth strategy, the successful implementation of the strategy may not occur which could have a material adverse effect on the Group's business, financial condition and prospects.

(b) *No certainty that an acquisition will lead to increased profits*

The acquisition and integration of independent businesses can be a complex, costly and time-consuming process and there can be no certainty that any site or business acquired by the Group will even prove to be profitable. Possible problems and risks include the difficulties in imposing adequate financial and operating controls on the acquired businesses and their management and the general assimilation and integration of acquired operations, technologies, systems, services, products and employees. In addition, there can also be difficulties in effectively managing an acquired business and ensuring its future growth, which may vary due to the different size and location of such acquired businesses, all of which could, individually or collectively, have a material adverse effect on the results of the Group's business, financial condition and prospects.

(c) *The redevelopment of an existing Site may not necessarily lead to the expected returns*

In respect of capital expenditure required to redevelop the Group's existing Sites, there can be no guarantee that the redevelopment of any Site will have the same success that the Group's previous redevelopments have had. In the event that significant expenditure is carried out to redevelop an existing Site, including investment in information technology, the Group cannot give any assurance that the level of expected cost savings, increased customer footfall or revenue increases will be realised or that the operating performance will improve as a result.

The Group may also fail to identify and/or capitalise upon strategic opportunities and developments in the future. A failure to reshape or expand its business in line with customer requirements could have a material adverse effect on the Group's business, financial condition and prospects.

The Group is dependent on its members of senior management and its ability to attract and retain quality employees

The Group's future success will be influenced by the continued services and performance of its Executive Directors, Senior Management and key operational personnel. The Senior Management has been key in formulating and carrying out the Group's growth strategy and, in particular, overseeing the site acquisitions and their integration into the Group over the past 18 months and

will continue to be integral to successfully executing the acquisition of additional sites in the future. In addition, due to the Group's recent and planned continued growth by way of site acquisitions, the Group's future success depends in part on its ability to continue to recruit, train, motivate and retain talented employees in order to successfully operate the increasing number of Sites. There can be no guarantee that suitably skilled and qualified individuals will be identified and employed or contracted on satisfactory terms or at all. If the Group fails to recruit or retain the necessary personnel, or if the Group loses the services of any of its Senior Management, this could impact on the Group's business, financial condition and prospects.

Future results of the Group's operations may fluctuate significantly and its recent results of operations may not be a good indication of its future performance

The Group's revenue and results of operations could vary significantly from period-to-period as a result of various factors, many of which could be outside of its control. Comparing the Group's revenue and results of operations on a period-to-period basis may not be meaningful and past results should not be relied on as an indication of its future performance.

The Group's growth strategy may be hindered by the CMA

The ten-pin bowling market is subject to competition regulation in the UK. In light of the Group's current focus on the acquisition of smaller independent sites, the Directors believe it is unlikely that competition regulations will restrict the Group's growth strategy in the short term, however, it could delay or prevent potential mergers or acquisitions in the future.

Risk of losing revenue generated from amusement machines and the sale of food and beverages

The Group generates a substantial proportion of its revenue, and therefore its gross profits, from the sale of food and beverages and consumer use of its amusement machines. In FY2016 approximately 27 per cent. of the Group's revenue was derived from food and beverages and 27 per cent. from amusement machines and entertainment activities.

(a) *Amusement machines*

The Group uses a third party professional adviser to ensure that it has in place all the licences and permits required to operate such amusements at its Sites. However, there can be no guarantee that such licences will not be revoked, suspended or renewed on expiration. If this were to happen, this could adversely affect the profitability of the Sites and therefore the Group's financial performance as a whole. Moreover, demand for the use of such amusement machines is maintained partly by the continued improvement and innovation of the machines being offered to the public. In the event that this fails to occur and the appeal and demand of the Group's amusement machines decreases as a result, this could have a material adverse effect on the Group's business, financial condition and prospects.

(b) *Food and beverages*

The number of consumers attending the Sites has a direct correlation to the amount of food and beverage sales the Group makes. Therefore, in order to maintain or increase the amount of revenue generated from food and beverage sales, footfall and consumer attendance at the Sites must also be maintained and, to the extent possible, increased, which cannot be guaranteed.

Furthermore, as referred to above, general economic factors may decrease the amount of disposable income available to consumers to spend at the Sites or consumer preferences may change, for example due to a general public trend towards healthier diets. This could reduce the amount of spend per head on food and beverages at the Sites, which could, if

the Group does not effectively adjust to such a reduction, have a material adverse effect on the Group's business, financial condition and prospects.

The Group is reliant on key suppliers

The Group relies on key suppliers for certain requirements of its business which are set out below:

Namco

The Group and Namco signed a new four year contract for the provision of amusement machines across the Sites that takes effect from 1 November 2016. As amusement machines and entertainment activities amounted to 27 per cent. of the Group's revenue in FY2016 and the majority of the Group's amusement machines are acquired through Namco, this is a key contract for the Group.

Carlsberg

The Group entered into a supply agreement with Carlsberg UK Limited (**Carlsberg**) for the supply of Carlsberg products which runs until September 2019. This supply agreement is supported by an agreement with Carlsberg for the supply and maintenance of technical services and equipment.

Bidvest 3663

The Group has an exclusive supply agreement with Bidvest 3663 for the supply of frozen, ambient, grocery, chilled food and non-food to all of its Sites. The agreement is subject to annual review and runs until September 2020.

QubicaAMF

The Group entered into a core bowling system, maintenance and support service agreement with QubicaAMF in December 2016.

In the event that one of the key suppliers above, or any additional key suppliers contracted with in the future, ceased to trade or was otherwise unable to continue to supply the Group, it is possible that an adequate alternative source of supply may not be identified in the short term, or might only be available on terms less favourable than those offered by the previous supplier, which could have a material adverse effect on the Group's business, financial condition and prospects.

Economic conditions and other factors in the UK affecting levels of disposable income and consumer confidence beyond the Group's control could have a material adverse effect on the Group

The Group's business is influenced by general economic trends in the UK. Discretionary consumer spending, which is the principal economic driver for visits to the Sites, may be adversely affected by general economic conditions. Adverse developments in macroeconomic conditions, which result in the lower availability of credit, higher interest rates and tax rates, increased unemployment, higher consumer debt levels, lower consumer confidence, lower wage and salary levels, inflation or the public perception that any of these conditions may occur, could adversely impact discretionary consumer spending and therefore revenues of the Group. Customer volumes at the Sites, and the amount that customers spend at the Sites when they visit, may decrease if relative disposable income decreases, unemployment increases or the spending habits of potential customers change to reflect any increased uncertainty or apprehension regarding economic conditions, including as a result of the referendum vote on 23 June 2016 in favour of the United Kingdom leaving the EU and the triggering of Article 50 of the Lisbon Treaty (**Article 50**).

Macroeconomic conditions and uncertainties may also impact the Group's suppliers in ways that may adversely affect the Group's business, including supplier closures or increases in costs of equipment or services. An increase in service and supplier costs may also arise as a direct consequence of the triggering of Article 50 due to a possible further devaluation of the Pound Sterling and any external tariffs brought into force as part of the negotiations on the United

Kingdom leaving the EU. As these negotiations have not yet begun it is not clear what the impact on the Group will be if, and on what terms, the United Kingdom leaves the EU but such a change may impact the legal, operational, regulatory, insurance and tax regimes applicable to the Group. This, for example, could have an adverse effect on the ability to employ people from countries within the EU due to restrictions on mobility of personnel.

A significant deterioration or sustained decline in economic conditions could reduce spending at the Sites and the number of customer visits whilst also increasing the cost of running the business of the Group due to increased supply costs and ensuring compliance with legal, operational, regulatory, insurance and tax changes brought in by the triggering of Article 50.

The Group is subject to risks relating to having solely leasehold interests in its Sites

Due to the Group having 40 Sites, which are all leasehold interests, one of the significant components of cost of sales is rental costs. The Group could be exposed to adverse changes in the property rental market, and in particular any increases in market rents following rent reviews by the Group's landlords. Any such increase could adversely affect the Group's aggregate rental costs, which in turn will have an adverse effect on a substantial part of its cost of sales. This may negatively impact the profit margins of the Group and therefore it could have a material adverse effect on its business, results of operations and financial condition.

In addition, any planned refurbishment of a Site by a landlord, or the development of the surrounding area around a Site, could lead to business interruption that, despite the Group planning for such work accordingly and seeking the appropriate protection from landlords, such as indemnities in respect of lost EBITDA, this may still affect the revenue of the Group for that period. Furthermore, in the event that a Site is underperforming in the Board's opinion, there can be no guarantee that a termination of the lease relating to that Site could be successfully negotiated with the landlord. This could adversely affect the Group's profitability as the Group may have to cease operations at that Site in order to minimise costs or incur possible capital expenditure to try and increase the profitability of that Site.

The Group is dependent on its IT systems, which may fail or be subject to disruption

The Group's operations, including in particular its online booking, payroll and accounting systems and its food and drink ordering software, are dependent in part on its IT systems, and there is a risk that such systems could fail. There can be no assurance that the Group's IT systems are or will continue to be able to support a significant increase in online traffic or increased customer numbers. Although the Group has in place business continuity procedures and security measures in the event of IT failures or disruption, including backup IT systems for business critical systems, they are not and are not intended to be, a full duplication of the Group's operational systems. Should any of these procedures and measures not anticipate, prevent or mitigate a network failure or disruption, or should an incident occur to a system for which there is no duplication, there may be a material adverse effect on the Group's business, financial condition and results of operations.

The Group relies on positive recognition of its brand by consumers and potential consumers

The Group relies on positive brand recognition, among other factors, to attract and retain consumers. Brand value or reputation can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Some of these incidents may relate to the Group's growth strategies, its development efforts or the ordinary course of its business, such as:

- unsatisfactory customer service, which may be magnified by negative commentary on social media;
- poor conditions of a Site, including cleanliness and aged equipment;

- poor accessibility to booking systems resulting from a failure of its information technology systems; or
- breach or allegations of breach of legal and regulatory obligations including health and safety requirements.

Failure to address, or appearing to fail to address, these and other issues could erode consumer confidence in the Sites or the Group's brand values and may significantly reduce consumer demand for the operations, which may result in fewer consumers attending the Sites and therefore a reduction of the Group's revenues whilst also diminishing the Group's ability to attract and retain quality staff. Furthermore, negative commentary about the Group may be posted on social media or similar platforms at any time and may harm the Group's reputation or business without affording the Group an opportunity for redress or correction. Restoring the brand and reputation of the Group may also be costly and difficult to achieve.

If the Group's efforts to maintain and expand its brand and reputation, through marketing initiatives such as events, target email campaigns, social media and online advertising are unsuccessful, or if the Group's brand or reputation is harmed due to the above factors or otherwise, there may be a material adverse effect on the Group's business, financial condition and results of operations.

The business of the Group is subject to competition from competitor ten-pin bowling operators and other leisure activity operators

The Group faces competition in the locations in which the Sites are based from other ten-pin bowling operators as well as other leisure activity operators. Such competition arises in the following areas:

- *Attracting customers* – The competition for customers is dependent upon factors such as the location (including the size and demographics of the catchment area), pricing, bowling lane availability, the quality and attractiveness of amusement machines, customer service quality, the quality of the bowling sites and food and beverage offerings.
- *Acquiring new sites* – The Group may have to compete with other large bowling operators in seeking to carry out its growth strategy of locating and acquiring suitable sites to add to its estate. Competitors may seek to acquire the same bowling site and this may cause the Group to either pay more for the site it has identified or lose out to a competitor in that identified geographical location.
- *Development of new sites* – Competitors to the Group may build bowling sites in locations near to the Group's existing Sites which the Group is unlikely to be able to prevent. In the event of this occurring, competition in these locations will increase and may result in reduced customer levels and revenue generated at the affected Sites.
- *Competition for the "leisure pound"* – The Group faces competition from other leisure operators in the UK who are all competing for the "leisure pound", which is the UK customers' disposable income that is spent on leisure activities. Competition is expected to continue to intensify as new operators start to provide alternative offerings to ten-pin bowling in close proximity to the Sites, such as trampolining, cinemas and bubble football, and existing operators improve and expand their offerings. Furthermore, the premieres of blockbuster films, holding of major sporting events and new technology offerings in the leisure industry, whilst not being in direct competition to the Group's ten-pin bowling offering, can still compete with the Group for the "leisure pound". In addition, the Group's competitors may be better positioned to take advantage of rationalisation or consolidation in the leisure industry (as has been the trend in the leisure industry recently) and may thereby gain a competitive advantage or increase an existing competitive advantage over the Group. The Group may also face increased competition from others in the leisure market with greater financial resources or which undertake an aggressive pricing policy. To this end, there can be no assurance that the Group will be able to compete successfully in the market in which

it operates. If the Group is unable to compete effectively with its competitors that could have a material adverse effect on the Group's business, financial condition and prospects.

The Group's intellectual property rights, including trademarks and trade names, may be infringed, misappropriated or challenged by others

The Group believes its brand and related intellectual property are important to its continued success. The Group seeks to protect its trademarks, trade names and other intellectual property by exercising its rights under applicable laws. The Group may also from time to time be required to initiate litigation to enforce its trademarks, trade names and other intellectual property. Third parties may also assert that the Group has infringed, misappropriated or otherwise violated their intellectual property rights, which could lead to litigation against the Group. Litigation is inherently uncertain which could divert the attention of management, resulting in substantial costs and diversion of resources and could negatively affect the Group's performance regardless of whether the Group is able to enforce or defend its rights successfully. If the Group fails to successfully protect its intellectual property rights for any reason, or if any third party misappropriates, dilutes or infringes its intellectual property, the value of the Group's brand may be harmed, which could have an adverse effect on its business, financial condition and prospects.

The Group's performance may be affected by unforeseen circumstances such as terrorist activities, natural disasters, public health concerns and power outages

Actual, attempted and threatened terrorist, sabotage and other criminal activities as well as natural disasters, public health concerns and significant power outages may adversely affect visitor volumes and spending at Sites, delay or cause the abandonment of the development or expansion of Sites or cause the temporary or permanent cessation of operations of one or a number of the Sites, all of which could have a material adverse effect on the Group's business, financial condition and results of operations. Road closures or reduced availability of public transport, whether as a result of such events or more generally, could also adversely impact sales given the general location of the Sites.

In the event of any terrorist or other disruptive activity successfully targeting or otherwise impacting, or a natural disaster or significant power outage impacting, a Site, there can be no assurance that the Group would seek to or receive approval to rebuild, restore or otherwise repair any damage to the Site, or that visitor volumes could be restored to levels experienced prior to the occurrence of such an event. In addition, the outbreak of a prolonged pandemic or epidemic disease (such as swine flu or bird flu) or the occurrence of any other public health concern could negatively impact the public's willingness to gather in public spaces, travel domestically or result in health or other government authorities imposing restrictions on travel, any of which individually or together could reduce visitor volumes or revenues at Sites and/or severely restrict the level of economic activity in affected areas.

While the Group has adequate insurance cover in place designed to mitigate the financial impact of all of the above events on its operations, such insurance cover is subject to exclusions, exceptions, deductibles and limits on liability which mean that it may not reimburse in whole or in part any resulting loss to the Group. Therefore, any of these events could have a material adverse effect on the Group's business, financial condition and prospects.

The Group is subject to various laws and regulations, and failure to comply with existing or future laws and regulations could damage the Group's reputation, subject it to regulatory actions, materially reduce its revenues or otherwise adversely affect its business

The operation of bowling sites is subject to various EU, national and local laws, rules and regulations, including with respect to the environment, food and beverage retailing, health and safety, disabilities, gaming, sanitation and labour and immigration laws (including, among others, minimum wage requirements, overtime and work authorisation requirements).

The Sites sell food and beverages, which involves legal, reputational and other risks. For example, the Group may need to withdraw food products if they become contaminated or, as a reseller of food, the Group may be liable if the consumption of any of the products the Group sells causes illness or injury. Claims of illness, whether or not traced to the Group's business, that relate to food quality or handling, could also adversely affect the amount of footfall at the Sites. In addition, any negative publicity relating to these and other health-related matters might affect consumers' perceptions of the Sites and their restaurants, or ten-pin bowling sites in general and cause damage to the reputation of, and loss of consumer confidence in, the Group. This may have a material adverse effect on the amount of footfall to each Site and therefore the sales and revenue generated by each Site.

In respect of the Group's licences and permits for its Sites, in the event that any police or National Trading Standards (NTS) intervention is made in respect of a reported incident relating to a Site, whilst the Group will endeavour to implement all suggested steps by the police or NTS, there can be no guarantee that all steps will be adequately implemented and that the police or NTS will not take any enforcement action. If the Sites are found to be in breach of laws, rules and regulations applicable to them, the Sites could face regulatory fines, be required to pay damages to private litigants, have their licences suspended, reduced or revoked and/or face closure for a period of time and the Directors could face personal liability with possible imprisonment. Furthermore, the cost of addressing or remedying any such non-compliance could be substantial. Moreover, adverse publicity could damage the reputation of the Group which could negatively impact its revenue. New laws, regulations or amendments to existing laws or regulations could also require significant unanticipated expenditure or impose restrictions on the use of locations, or impact on overall demand for the Group's products and services. Any of the foregoing could have a material adverse effect on the business, results of operations and/or financial condition of the Group.

The Group may experience delays and failures in obtaining and retaining required licences and permits

Each of the Sites has a number of licences and permits in place, which include licences in relation to the sale of alcoholic drinks, gaming and the playing of music. The Group uses a third party professional adviser to monitor and manage its licences and permit applications and renewals for each of the Sites. However, difficulties or failures in obtaining or maintaining required licences or permit approvals could delay or prohibit the operation of the Sites. If any of the Group's licences and/or permits were withdrawn or unfavourably amended, the profitability of the affected Site could be materially adversely affected and this, in turn, may have a material adverse effect on the Group's operating results, financial condition and prospects. Further, licensing requirements which affect the Sites could change, and additional or more stringent requirements may be imposed on the Group's operations in the future. This may reduce the ability of the Sites to sell alcoholic drinks or operate certain amusement machines, which could have a material adverse effect on the Group's operating results, financial condition and prospects.

The Group may be subject to privacy or data protection failures

The Group is subject to regulation regarding the use of personal customer and credit card data. The Group processes sensitive personal customer data (including name, address, bank details and credit card details) as part of its business and therefore must comply with strict data protection and privacy laws. Such laws restrict the Group's ability to collect and use personal information relating to customers and potential customers including the use of that information for marketing purposes. The Group is also at risk from cyber-theft. The Group seeks to ensure that procedures are in place to ensure compliance with the relevant data protection regulations by its employees and any third party service providers and also implements security measures to help prevent cyber-theft. Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection regulation. If the Group or any of the third party service providers on which it relies fails to store or transmit customer information and online payment details in a secure manner, or if any loss of

personal customer data were otherwise to occur, the Group could face liability under data protection laws or sanctions by card merchants. This could also result in the loss of the goodwill of its customers and deter new customers which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be unable to obtain additional financing on acceptable terms

The capital requirements of the Group depend on many factors, including its ability to maintain and expand its customer base, securing and developing new revenues, and undertaking potential acquisitions. In the future (being a date not earlier than a date which is 12 months from the date of this Prospectus), the Group may require additional funds and may attempt to raise additional funds through equity or debt financing or from other sources to fund its growth strategy. Any additional equity financing may be dilutive to holders of Shares and any debt financing, if available, may require restrictions to be placed on the Group's future financing and operating activities. The Group may be unable to obtain additional financing on acceptable terms if market and economic conditions, the financial condition or operating performance of the Group or investor sentiment are unfavourable. In turn, the inability of the Group to raise further funds may hinder its ability to operate, refinance or grow in the future, which could have a material adverse effect on the Group's business, financial condition and results of operations. This paragraph is not intended to qualify the Working Capital Statement set out in Part XV (Additional Information) of this Prospectus.

The Group's insurance may not be adequate to cover all possible losses that it could suffer and its insurance costs may increase

The Group seeks to maintain comprehensive insurance coverage at commercially reasonable rates. Although the Group's insurance coverage is adequate in terms of scope, its insurance policies do not cover all types of losses and liabilities and are subject to limits and excesses. There can be no assurances that the Group's insurance will be sufficient to cover the full extent of all losses or liabilities for which it is insured and therefore the Group will be responsible for any claims over and above the coverage limits and for any claims which are not covered by the Group's insurance policies.

Furthermore, the Group cannot guarantee that it will be able to renew its current insurance policies on favourable terms, or at all. In addition, if the Group or other similar operators sustain significant losses or make significant insurance claims, then the Group's ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected.

The Group could be subject to material fines and claims related to health and safety risks at its Sites

Use of the Sites poses potential health and safety risks, including injury to customers, employees and third party contractors. For example, food and drink hygiene problems could develop at the Sites that may cause a potential health risk to customers and employees, or an accident may occur on a bowling lane involving the Group's equipment. The Group has imposed health and safety measures which it deems to be appropriate, however, it has not commissioned an independent third party assessment of its health and safety measures. Should such an assessment be commissioned then it could be found that the Group is in breach of certain health and safety laws and regulations and, should a health and safety incident occur at a Site during this time, it could negatively affect the reputation of the Group's brand. It could also lead to material health and safety claims being asserted against the Group for any injury suffered by someone attending a Site despite the Group having health and safety measures in place. The Group might not be able to successfully defend such claims and it may be liable for fines, damages and costs in excess of, or outside the scope of, its insurance coverage. For example, at one of the Sites a member of staff was injured last year while operating machinery and although the Group's insurers have indicated that any claim will be covered there is still the possibility that the relevant local authority may seek to impose a fine. Any such fine would not be covered by insurance and given the Group's level of turnover could be significant. Even with adequate insurance coverage, such claims may cause

significant damage to the Group's reputation and may have a material impact on its ability to attract or retain customers. Any such fines, claims or damage to the Group's reputation may have a material effect on the Group's business, financial condition and prospects.

The Group will incur additional costs as a listed company

As a listed company, the Company will incur additional legal, accounting and other expenses, including the costs of recruiting and retaining non-executive directors, costs resulting from public company reporting obligations and the rules and regulations regarding corporate governance practices, including the admission and listing requirements of the London Stock Exchange and the Financial Conduct Authority. In addition, the Company's management and other employees will need to devote a substantial amount of time to ensure that the Company complies with all of these requirements. The reporting requirements, rules and regulations will increase the Company's legal and financial compliance costs and make some activities more time consuming and costly. These rules and regulations will make it more difficult and more expensive for the Company to obtain director and officer liability insurance and the Company may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These factors could also make it more difficult for the Company to attract and retain qualified persons to serve on the Board, particularly to serve on any board committees, or as executive officers.

Changes to laws and regulations

The Group's business is affected by various UK statutes, regulations and laws as well as an increasing number of other directly applicable laws and regulations that originate outside of the UK.

Accordingly, the Group must comply with laws applicable to businesses generally, including, but not limited to, laws affecting health and safety, the environment, taxation, protection of customer and employee data, landlord and tenant, consumer safety, labour, equality and discrimination, employment practices (including pensions) and competition. It is possible that additional laws and regulations may be enacted covering such issues. The requirement to comply with and adapt to such new or revised laws or regulations, or new or changed interpretations or enforcement of existing laws or regulations, could have a material adverse effect on the Group's business, financial condition and prospects. For example, a new one pound coin was put into circulation from 28 March 2017 and the Group has a large number of coin handling machines and equipment which will have to be replaced or upgraded in order to accept the new coin from 16 October 2017 onwards. This change in the law will require management time and possibly costs which could have an adverse effect on the total revenue of the Group.

Any change in the tax status of any member of the Group or in tax legislation could affect the Group's ability to provide returns to shareholders

Any change in the tax status of any member of the Group or in tax legislation could affect the Group's profits and consequently the Company's ability to provide returns to Shareholders. Statements in this Prospectus in relation to tax and concerning the taxation of investors in Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor. The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available.

Business activities are affected by a number of fiscal-related matters

These matters include duty on alcoholic beverages, VAT and other business taxes. Changes in legislation which affect all or any of these could have a material adverse effect on the Group's business, financial condition and prospects.

The Group's policies, procedures and practices used to identify, monitor and control a variety of risks may not be effective

The Group's policies, procedures and practices used to identify, monitor and control a variety of risks may not be effective.

The Group's risk management procedures and practices are also subject to human error, technological failure and fraud. There can be no assurance that the Group will continue to set risk management parameters accurately, that its testing and quality control practices will be effective in preventing technical software or hardware failure or that its employees will accurately and appropriately apply the Group's risk management procedures. Any failures in this regard could have a material adverse effect on the Group's business, financial condition and prospects.

The Group is subject to litigation risk

Whilst the Group has taken and intends to continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Group.

There can also be no assurance that the other parties in any litigation proceedings will not be able to devote substantially greater financial resources than the Group to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

Increases in the UK national minimum wage could affect the Group's business

In April 2016, the UK Government introduced the national living wage, which was increased on 1 April 2017 to £7.50 an hour for people aged 25 and over. Because a significant proportion of the Group's employees are paid either the national minimum wage or the national living wage, any further increase in the national minimum wage, the Apprenticeship Levy or the national living wage, or their scope, would increase the Group's operating and employment costs and, in turn, could have a material adverse effect on the Group's business, financial condition and prospects.

An increase in energy costs may negatively affect the profitability of the Group's business

The Sites are relatively large commercial users of gas and electricity and are subject to fluctuations in energy costs. Prices in the UK energy market remain subject to volatility and, if rises were to occur (including as a result of a depreciation of Pound Sterling), this could result in a reduction of margins and profits from the Group's operating premises, which in turn could have a material adverse effect on the Group's business, financial condition and prospects.

The Group may also not be able to increase its prices to offset any future or further increases in such costs without suffering reduced revenue, which could in turn also have a material adverse effect on the Group's business, financial condition and prospects.

RISKS RELATING TO THE OFFER AND THE SHARES

Concert Parties

It should be noted that the Harwood Shareholders together with Nick Basing and Christopher Mills are considered to be acting in concert with each other in relation to the Company for the purposes of the Takeover Code. As the Harwood Shareholders, Nick Basing and Christopher Mills as a group will hold in aggregate in excess of 72 per cent. of the Company's share capital upon Admission, normally no obligations under Rule 9 of the City Code would arise from acquisitions by any member of that group. However, the Panel may regard as giving rise to an obligation to make an offer the acquisition by a single member of the group of an interest in shares sufficient to increase the shares carrying voting rights in which he is interested to 30 per cent. or more or, if he

is already interested in 30 per cent. or more, which increases the percentage of shares carrying voting rights in which he is interested.

The Harwood Shareholders will retain a significant interest in the Company following Admission and their interests may differ from those of other Shareholders

Immediately following Admission, the Harwood Shareholders are expected to beneficially own or control approximately 69.4 per cent. of the Shares. On 12 April 2017, the Company, the Harwood Shareholders, Harwood (as the discretionary investment manager of Oryx and Harwood Capital Nominees) and Numis entered into the Relationship Agreement which, conditional upon Admission occurring, will regulate aspects of the ongoing relationship between the Company and the Harwood Shareholders. The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on as an independent business, however, the interests of the Harwood Selling Shareholders may not necessarily be aligned with those of other Shareholders following Admission. In particular, the Harwood Shareholders may hold interests in, or may make acquisitions of or investments in, other businesses that may be, or may become, competitors of the Group. Under the terms of the Relationship Agreement, the Harwood Shareholders will have a right to appoint a non-executive director to the Board. If, at any time following Admission, the Harwood Shareholders holds less than 10 per cent. of the Shares, the Relationship Agreement will terminate with immediate effect. Further details of the Relationship Agreement are set out in paragraph 13.15 of Part XV of this Prospectus.

The market price of the Shares could be negatively affected by sales of substantial numbers of such shares in the public markets, including following the expiry of the lock-up periods, or the perception that these sales could occur

Following Admission, the Harwood Shareholders are expected to beneficially own or control approximately 69.4 per cent. of the Shares. The Directors, the Harwood Shareholders and the Management Selling Shareholders are subject to certain lock-up restrictions on the sale and/or transfer, as applicable, of their respective holdings in the Company's issued share capital for a period post Admission. The sale of a substantial number of Shares by the Harwood Shareholders or the Management Selling Shareholders in the public market after the lock-up restrictions expire (or are waived by Numis), or the perception that these sales may occur, may depress the market price of the Shares and could impair the Company's ability to raise capital through the issue of additional equity securities.

The market price of the Shares may fluctuate significantly, including significant decreases, in response to a number of factors many of which will be out of the Group's control

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Shares may prove to be highly volatile. The market price of the Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Group's control, including without limitation: variations in operating results in the Company's reporting periods; changes in financial estimates by securities analysts; poor stock market conditions affecting companies engaged in the leisure sector; acquisitions, joint ventures or other capital commitments; additions or departures of key personnel; any shortfall in revenues or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Shares. Any or all of these events could result in a material decline in the price of the Shares and/or impair the Company's ability to raise capital through future issues of equity securities.

There are no guarantees that the Company will pay dividends or regarding the level of any such dividends

The Group's results of operations could fluctuate and the ability of the Company to pay dividends is dependent on, amongst other things, it achieving sufficient profits. The Company might not pay dividends if the Board believes this would cause any Group member to be less than adequately

capitalised (including taking into account any regulatory restrictions that may be applicable), or if for any other reason the Board concludes it would not be in the best interest of the Company. Future dividends will depend on, amongst other things, the Group's future profits, financial position, accounting changes, general economic conditions and other factors that the Board deem relevant from time to time. There can be no assurance that the Company will pay dividends or, if it does pay dividends, the amount of such dividends and the regularity of them, and consequently Shareholders may not receive their anticipated income stream.

Absence of prior trading market

Prior to Admission, there has been no public trading market for the Shares and a market for the Shares may not develop after Admission. The Offer Price may not be indicative of the market price for the Shares following Admission. Following Admission, the trading price of the Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part II, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Shares, regardless of the Company's actual performance or conditions in its key markets.

If securities or industry analysts do not publish research or reports about the Group's business, or if they downgrade their recommendations, the market price of the Shares and their trading volume could decline

The trading market for the Shares may be influenced by the research and reports that industry or securities analysts publish about the Group or its business. If any of the analysts that cover the Group downgrade the Group or the Shares, the market price of the Shares may decline. If analysts cease coverage of the Group or fail to regularly publish reports on it, this could adversely affect the Group's profile in the financial markets, which in turn could cause the market price of the Shares and their trading volume to decline.

Suitability of the Shares as an investment

The Shares may not be a suitable investment for all recipients of this Prospectus. Before making a final decision, Shareholders and other prospective investors are advised to consult an appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if such Shareholder or other prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities.

The value of the Shares and the income received from them can go down as well as up and Shareholders may receive less than their original investment.

In the event of a winding up of the Company, the Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of creditors.

The issuance of additional Shares in connection with any share incentive or share option plan or otherwise may dilute all other shareholdings

The Company may, for these and other purposes, such as in connection with the share incentive and share option plans, issue additional equity or convertible equity securities. Shareholders who do not take up or who are not eligible to take up such an offer will find their proportionate ownership and voting interests in the Company reduced. An additional offering could also have a material adverse effect on the market price of the Shares as a whole.

An active trading market for the Shares may not develop or be sustained

Admission should not be taken as implying that there will be a liquid market for the Shares. Although the Company has applied for Admission, there can be no assurance that an active trading market for the Shares will develop or, if developed, will be sustained. If an active trading market is

not developed or maintained, the liquidity and trading price of the Shares could be adversely affected. Even if an active trading market develops, the market price for the Shares may fall below the Offer Price, perhaps substantially. As a result of fluctuations in the market price of the Shares, investors may not be able to sell their Shares at or above the Offer Price, or at all.

Overseas shareholders may be subject to exchange rate risk

The Shares and any dividends to be paid in respect of them will be denominated in Pound Sterling. An investment in Shares by an investor whose principal currency is not Pound Sterling exposes the investor to foreign currency exchange rate risk. Any appreciation of Pound Sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

The ability of Overseas Shareholders to bring actions or enforce judgments against the Group or its directors or officers may be limited

The ability of an Overseas Shareholder to bring an action against the Group may be limited under law. The rights of Shareholders are governed by English law and the Articles. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. An Overseas Shareholder may not be able to enforce a judgement against some or all of the Group's directors and/or executive officers. In addition, English or other courts may not impose civil liability on the Group's directors, and/or the other executive officers in any original action based solely on foreign securities laws brought against the Group or the Group's directors and/or the other executive officers in a court of competent jurisdiction in England.

Pre-emption rights may not be available to US and other Overseas Shareholders

In the case of certain increases in the issued share capital of the Company, existing holders of Shares are generally entitled to pre-emption rights to subscribe for such shares, unless such rights are waived by a resolution at a meeting of the Shareholders, or in certain other circumstances as stated in the Company's Articles. US and certain other Overseas Shareholders are customarily excluded from exercising any such pre-emption rights they may have unless a registration statement under the Securities Act or other applicable laws is effective with respect to those rights or an exemption from the registration requirements or similar requirements in other jurisdictions thereunder is available.

The Company has no current intention to file any such registration statement, and cannot assure prospective investors that any exemption from any such registration requirements would be available to enable US or other Overseas Shareholders to exercise such pre-emption rights or, if available, that it will utilise any such exemption, which could lead to US or other Overseas Shareholders having their shareholdings in the Company diluted in the event that the Company issues additional equity securities.

PART III

IMPORTANT INFORMATION

1. GENERAL

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this Prospectus to inform themselves of and to observe, all applicable laws and regulations of any relevant jurisdiction.

Prospective investors should only rely on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, no such information or representation may be relied upon for any purpose. In particular, the contents of the websites of members of the Group do not form part of this Prospectus and prospective investors should not rely on them. The Company will comply with its obligations to publish a supplementary prospectus pursuant to 87G of FSMA and Rule 3.4 of the Prospectus Rules containing further updated information required by law or by any regulatory authority but, except as required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or any other applicable law, the Company assumes no further obligation to publish additional information. Without prejudice to the Company's legal or regulatory obligations to publish a supplementary prospectus, neither the delivery of this Prospectus or Admission shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Prospectus or that the information is correct as of any time subsequent to the date of this Prospectus.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, Numis or any of their representatives that any recipient of this document should acquire the Shares. Prior to making any decision as to whether to acquire the Shares, prospective investors should read this document. Investors should ensure that they read the whole of this document carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved.

Prior to making any decision as to whether to invest in the Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, each prospective investor must rely on his, her, or its own examination, analysis and enquiry of the Company, the Shares and the terms of the Offer, including the merits and risks associated with such an investment. Investors who acquire Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on any of Numis or any person affiliated to Numis in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained within in this Prospectus; (iii) no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Numis; and (iv) no representation or warranty, express or implied is made by Numis as to the accuracy and completeness of such information and nothing contained in this Prospectus is, or shall be relied on as, a promise or representation by Numis as to the past, present or future.

None of the Company, the Directors, the Selling Shareholders or Numis or any of their representatives is making any representation to any offeree, subscriber or acquirer of the Shares regarding the legality of an investment by such offeree, subscriber or acquirer. None of the Company, the Directors, Numis or any of their respective affiliates, officers, employees, or representatives makes or will make any representation to any prospective investor in the Shares under the laws applicable to any such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her

or its own legal, financial or tax adviser for legal, financial or tax advice in relation to an investment in the Shares.

2. FORWARD LOOKING STATEMENTS

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “believes”, “estimates”, “aims”, “risk”, “predicts”, “continues”, “assumes”, “positioned”, “forecasts”, “plans”, “prepares”, “anticipates”, “expects”, “intends”, “may”, “will”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all statements about future events, developments and financial results as well as other statements which do not relate to, and all matters which are not, historical facts and events. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Group and the Directors concerning, amongst other things, financing strategies, results of operations, financial condition, the prospects and dividend policy of the Group and the markets in which it operates.

These forward-looking statements are subject to various risks, uncertainties and other factors, including, but not limited to, the following:

- (a) continued weakness of the UK economy, including prolonged recession or multiple recessions or weak recoveries, poor general business conditions, decrease in the availability of consumer credit, falling overall or per capita gross domestic product, increased unemployment, inflation, deflation or decline in consumer confidence;
- (b) competition in the Group’s existing and future lines of business;
- (c) changing consumer preferences;
- (d) the Group’s failure to comply with laws, rules, regulations, market codes of conduct and their interpretation, any changes in laws, rules, regulations, market codes of conduct and their interpretation, and any changes in the policies and actions of regulatory authorities;
- (e) changes in interest rates and exchange rates or new types of taxes or increases in taxes in the UK;
- (f) interruption or failure of information technology systems upon which the Group’s operations are reliant;
- (g) the cumulative effect of adverse litigation or arbitration awards against the Group;
- (h) interruption of supply or failure to agree income from suppliers;
- (i) the Group’s ability to implement its business strategy;
- (j) the Group’s ability to attract and retain qualified personnel; and
- (k) data breaches involving customer or employee data.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and no assurance can be or is given that such future results will be achieved. The Group’s actual results of operations, financial condition, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition and dividend policy of the Group and the development of its financing strategies are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or

developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, those factors set out in Part II (*Risk Factors*).

Consequently, none of the Company, the Directors, Numis nor the Selling Shareholders can give any assurances regarding the accuracy of the opinions set out in this Prospectus or the actual occurrence of any predicted developments.

Forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. Subject to their legal and regulatory obligations (including under the Listing Rules, Prospectus Rules and Disclosure Rules and Transparency Rules), the Company and Numis expressly disclaim any obligation to update or revise any forward-looking statement contained in this Prospectus to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

You are advised to read this Prospectus and, in particular, Part I (*Summary*), Part II (*Risk Factors*), Part VII (*Information on the Group and Business Overview*) and Part IX (*Operating and Financial Review*) for a further discussion of the factors that could affect the Group's future performance and the industries and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward looking statements in this Prospectus may or may not occur. Investors should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

3. PRESENTATION OF FINANCIAL INFORMATION

3.1 *Historical financial information*

The combined and consolidated financial information in Part XI of this Prospectus (*Historical Financial Information*) has been prepared in accordance with the requirements of the Prospectus Directive Regulations and the Listing Rules and in accordance with the basis of preparation. The basis of preparation and significant IFRS accounting policies are further explained in the notes to the financial information set out in Sections B and D of Part XI. The historical financial information presented in this Prospectus consists of:

- the audited combined and consolidated financial information of the Operating Group as of and for the 52 week period ended 28 December 2014, 52 week period ended 27 December 2015 and the 53 week period ended 1 January 2017 (the **Group Financial Information**); and
- the audited financial information of ABS Leisure as of and for the three years ended 31 March 2016 and the six month period ended 30 September 2016 (the **ABS Leisure Financial Information**).

The Company was incorporated on 15 March 2017 in order to acquire 100 per cent. of the issued share capital of IBEL and, on completion of the Reorganisation, became the holding company for the Group. As a consequence, there is no historical financial information relating to the Company. Rather, the historical financial information in this Prospectus relates to the Operating Group. For further information, see the definition of "Group" in Part XVI (*Definitions*) and paragraph 3 of Part XV (*Additional Information*).

All operational and financial information presented in this Prospectus relating to the Group reflects the impact of acquisitions only from the dates of acquisition. Accordingly, the Group financial information for the 53 week period ended 1 January 2017 presented in this Prospectus includes the financial results of ABS Leisure from 1 October 2016. The ABS Leisure Financial Information shows the ABS Leisure results for the three years ended 31 March 2016 and six month period ended 30 September 2016 on a standalone basis.

The Group's financial year is usually made up of a 52 week period and as a result does not always correspond to a calendar year ended 31 December. For the 52 week period in 2014, the period ran from 30 December 2013 to 28 December 2014; for the 52 week period in 2015, the period ran from 29 December 2014 to 27 December 2015; and for the 53 week period in 2016, the period ran from 28 December 2015 to 1 January 2017. From time to time, the Group's fiscal year accounting period covers a 53 week period, which impacts the comparability of results. The annual accounts are presented in pounds sterling. The abbreviation "£'000" represents thousands of pounds sterling and references to "pence" and "p" represent pence in the UK.

The combined and consolidated financial information of the Group for the 52 week period ended 28 December 2014, 52 week period ended 27 December 2015 and the 53 week period ended 1 January 2017 and the financial information of ABS Leisure for the three years ended 31 March 2016 and six month period ended 30 September 2016 included in Section B and Section D of Part XI has been reported on in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and have been prepared in accordance with the basis of preparation included Section B and Section D of Part XI (Historical Financial Information).

3.2 **Roundings**

Certain data in this Prospectus including financial, statistical and operating information as well as the financial information presented in a number of tables in this Prospectus have been rounded to the nearest whole number or the nearest decimal place. Therefore, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data and the sum of the numbers in a table may not conform exactly to the total figure given for that table. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

3.3 **Non-IFRS financial information**

The Prospectus contains certain financial measures that are not defined or recognised under IFRS such as like for like sales, Adjusted EBITDA, average spend per head, return on investment, operating free cash flow, operating costs, rent, and labour. These measures have been included in the Prospectus as the Directors believe that these provide important alternative measures with which to assess the Group's performance and are measure that the Board uses to manage the Group's business. The Board uses these measures as key performance indicators of the Group's business and to evaluate the performance of its operations, to develop budgets and to measure its performance against those budgets.

These measures, by themselves should not be used in isolation or a substitute for revenue or operating profit, which are IFRS measures or any other IFRS measures provided in the Group's historical financial information include in Section B of Part XI (Historical Financial Information). As there are no generally accepted principles governing the calculation of these measures the Company's calculation of these measures may be different from the calculation of similar titled measures disclosed by other companies and therefore comparability may be limited.

Like for like sales is defined as a measure of growth of sales adjusted for new or divested sites over a 52 week trading period (unless otherwise stated). The Board uses this to assess performance of the core sites as it eliminates the effect of acquisitions and disposals.

Operating Free Cash Flow is defined as Adjusted EBITDA plus change in working capital and less maintenance capex and finance lease payments relating to Namco amusement machines. Cash conversion calculated as Operating Free Cash Flow expressed as a

percentage of EBITDA. The Board uses these measures to assess cash flow from operations.

Average spend per head, also broken down into average spend per head on bowling, machines, food, and beverage relates to the 29 sites which have been open and operational throughout the three financial years ended on 1 January 2017. The Board uses this to assess performance as it is a key driver of revenue.

Adjusted EBITDA is defined as operating profit before depreciation, amortisation, unwind of other fair value adjustments, profit on disposal of amusement machines, onerous lease provision movements, and exceptional items.

The Board believes Adjusted EBITDA to be a useful supplemental tool to assist in evaluating operating performance because it eliminates depreciation, amortisation, interest, and other non-trading or one-off items. Adjusted EBITDA measures are not a measurement of performance under IFRS and should not be considered by prospective investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS.

3.4 **Pro forma financial information**

In this Prospectus, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Section A of Part XII (*Unaudited Pro Forma Financial Information of the Group*). The unaudited pro forma statement of consolidated net assets is based on the audited net assets of the Group as of 1 January 2017 as set out in Section B of Part XI (Historical Financial Information). The unaudited pro forma statement of net assets has been prepared to illustrate the effect of the Offer, the Reorganisation and the Refinancing as if they had taken place on 1 January 2017. However, the unaudited pro forma statement of net assets is not necessarily indicative of what the financial position of the Group would have been had the Offer, the Reorganisation and the Refinancing occurred on 1 January 2017.

The unaudited pro forma financial information is for illustrative purposes only and in accordance with Annex II of the Prospectus Rules and should be read in conjunction with the notes set out in Section A of Part XII (Unaudited Pro Forma Financial Information of the Group). Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent a true picture of the Group's actual financial position as of 1 January 2017. Future results of operations may differ materially from those presented in the unaudited pro forma information due to various factors.

4. NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Group's website or any website directly or indirectly linked to this website have not been verified and do not form any part of the Prospectus and prospective investors should not rely on such information.

5. MARKET AND ECONOMIC DATA

This Prospectus contains information regarding the Group's business and the market in which it operates and competes, which the Company has obtained from third-party sources. Where third-party information has been used in this Prospectus, the source of such information has been identified. Where information has been sourced from a third-party it has been accurately reproduced and so far as the Company is aware and is able to ascertain from the information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading as at the date of this Prospectus. Such information has not been audited or independently verified by the Company or any other third-party and may be updated by such third-party.

This Prospectus includes market share, industry and forecasts that the Company has obtained from industry publications, surveys and internal company sources. As noted in this Prospectus, the Company has obtained market and industry data relating to the Group's business from providers of industry data, including:

- Mintel Group Limited's Ten-pin Bowling Report dated May 2014; and
- IPSOS Mori UK Ten-pin Bowling Consumer Survey 2016

Market and industry data are inherently predictive and speculative, and are not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including that: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information.

6. INFORMATION NOT CONTAINED IN THIS DOCUMENT

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription and/or acquisition made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

7. REFERENCES TO DEFINED TERMS

Certain terms used in this Prospectus, including certain capitalised terms and certain technical and other terms, are defined and explained in Part XVI (Definitions). References to the singular in this Prospectus shall include the plural and vice versa, where the context requires, and any references to any of the masculine, feminine and neuter genders shall include the other genders.

8. LONDON TIME

All references to time in this Prospectus are to London time, unless otherwise stated.

PART IV

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Alan Hand (<i>Chief Executive Officer</i>) Mark Willis (<i>Chief Financial Officer</i>) Graham Blackwell (<i>Chief Commercial Officer</i>) Nick Basing (<i>Non-Executive Chairman</i>) David Wild (<i>Senior Independent Non-Executive Director</i>) Rob McWilliam (<i>Independent Non-Executive Director</i>) Christopher Mills (<i>Non-Executive Director</i>) Julie Sneddon (<i>Independent Non-Executive Director</i>)
Company Secretary	Mark Willis
Registered Office and Business Address	Aragon House University Way Cranfield Technology Park Cranfield Bedford MK43 0EQ
Sole Sponsor, Financial Adviser and Bookrunner	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Legal Advisers to the Company	Bircham Dyson Bell LLP 50 Broadway London SW1H 0BL
Legal Advisers to Numis	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

PART V

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Prospectus	12 April 2017
Commencement of Conditional Dealings	13 April 2017
Admission and commencement of unconditional dealings in Shares on the London Stock Exchange	8.00 a.m. on 19 April 2017
CREST accounts credited with uncertificated Shares	8.00 a.m. on 19 April 2017
Despatch of definitive share certificates (where applicable)	by 21 April 2017

Notes:

- (a) The times and dates in the table above except the date of publication of this Prospectus, are indicative only and are subject to change.
- (b) No temporary documents of title will be issued

PART VI

OFFER STATISTICS

Offer Price (per share)	165 pence
Number of Shares in issue immediately prior to and on Admission	65,000,000
Number of Shares in the Offer to be sold by the Selling Shareholders (the Offer Shares)	16,250,000
Percentage of the Company's issued ordinary share capital immediately following Admission being Offer Shares	25.0 per cent.
Estimated net proceeds of the Offer receivable by the Selling Shareholders ^(a)	Approximately £26.1 million
Number of Shares in issue immediately following Admission	65,000,000
Expected Market Capitalisation of the Company at the Offer Price ^(b)	Approximately £107.3 million
Ticker symbol	TEG
ISIN	GB00BF020D33
SEDOL number	BF020D3

Notes:

- (a) Estimated net proceeds receivable by the Selling Shareholders are stated after deduction of commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Offer. The Company will not receive any proceeds from the sale of Shares being sold by the Selling Shareholders.
- (b) The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will equal or exceed the Offer Price.

PART VII

INFORMATION ON THE GROUP AND BUSINESS OVERVIEW

1. Business Overview

1.1 Introduction

The Group is a ten-pin bowling operator with 40 Sites located throughout the UK all trading under the 'Tenpin' brand. The Group is the second largest bowling operator in the UK market with a total of approximately 1,000 bowling lanes across its Sites and a variety of other entertainment products providing a broader entertainment offering.

The Sites are principally located on mixed use retail/leisure parks alongside family leisure brands, including cinemas and casual dining restaurants. In addition to the core bowling offering, they include amusement machines, table-tennis, soft play, laser games, pool tables and food and beverage services to provide a broader entertainment experience to customers. Bowling is the principal revenue stream (FY2016: 46 per cent.), followed by amusement machines and entertainment activities (FY2016: 27 per cent.) and food and beverage (FY2016: 9 per cent. and 18 per cent. respectively).

The Group employs approximately 1,100 people, 725 of which are full time equivalents, across its 40 Sites and the Support Centre. The Board and executive management has an extensive knowledge of the UK ten-pin bowling market with a combined total of approximately 40 years' experience in the industry as well as experience in the wider leisure sector. Further details of the Board and Senior Management team are set out in Part VIII of this Prospectus.

The Directors believe that there are six key factors which set the Group apart from the wider ten-pin bowling market and its key competitors:

- Operating formula: Family focused customer proposition underpinned by a broader entertainment offering;
- Enhanced technology: Fully integrated technology platform, pricing strategy and yield management;
- Estate management: A clear focus on return on investment for site refurbishments and site acquisitions;
- Strong and consistent financial performance during the Historical Period and a highly cash generative business model;
- Engagement and people: Putting customers and staff at the heart of everything; and
- An experienced leadership team: With approximately forty years' experience.

2. The UK ten-pin bowling market

Market Overview

The Group operates in the ten-pin bowling sub-sector of the broader UK leisure market. Within that market, the annual family entertainment market (including ten-pin bowling, cinema, theatre, live entertainment, visitor attractions (including amusement parks) and other activities) is estimated to be worth approximately £10 billion, of which ten-pin bowling represents approximately £260 million.

A consumer survey carried out for the Group indicated that only 26 per cent. of UK adults participated in ten-pin bowling over the 12 months to July 2016. The Directors believe that there is a significant opportunity to grow participation and engagement levels by targeting infrequent bowlers through the Group’s enhanced CRM programme and maintaining a broader entertainment offering to attract a wider demographic group to the Sites.

Competitive landscape

There are approximately 320 ten-pin bowling sites currently operating in the UK. The ownership of these sites is broken down between “Major Multiples” (including the Group, Hollywood Bowl, MFA Bowl, Big Apple and Namco Funscape, which operate between 5 and 55 sites); “Smaller Multiples” (operating less than 5 sites); and “Independents” (operating only one site). The Smaller Multiples and Independents in aggregate operate approximately 180 sites. Due to the structure of the market, the Directors believe that there are further opportunities for the Group to acquire additional sites, either individually from Independents or small groups of sites that other Smaller Multiples or Major Multiples may be seeking to divest through portfolio rationalisation. The Group has identified a pipeline of approximately 60 sites which may be suitable for acquisition taking into account a range of criteria, including the local demographic, competition, recent trading history, type of location (e.g. within a leisure/retail park) and accessibility.

Figure 1: breakdown of UK bowling sites by brand

<i>Operator</i>	<i>Number of sites</i>
Tenpin	40
Hollywood Bowl*	35
MFA	31
AMF*	12
Bowlplex*	8

*Each of these companies are part of Hollywood Bowl Group plc.

Market position and customers

The Directors believe that the Group has evolved the traditional ten-pin bowling model by providing a broader family entertainment offering. The typical revenue mix of UK ten-pin bowling operators over the last decade has been 57 per cent. bowling and 43 per cent. other revenue (principally food & beverage and amusement machines) whereas the Group’s revenue mix for FY2016 was bowling: 46 per cent.; amusement machines and entertainment activities: 27 per cent.; beverages: 18 per cent.; and food: 9 per cent.

The Directors believe that the focus on broadening the entertainment offering is one of the reasons why the Group has outperformed the wider market and has increased its market share. The Directors believe that a broader family entertainment offering makes the Group more appealing to a wider customer base and encourages customers to spend more time and money at the Sites. Other key factors include site refurbishments, improved booking processes (including simpler online booking) and pricing strategies that deliver value for money and maximise footfall.

Although location is the key driver, there are a number of other factors which influence a customer’s choice of bowling operator:

Figure 2: Factors that drive choice of bowling operator

<i>Factor</i>	
Ease of booking	37%
Value for money	22%
Facilities in good condition	19%
Cleanliness	19%
Alternative games availability	18%
Bowling lane availability	17%
Quality of the bar	14%
Food served at lanes	10%
Quality of the restaurant	10%
Discounted lane hire	10%

The Directors believe that the Group’s approach to site selection for acquisitions, which includes assessing the local demographic, competition, recent trading history, type of location (e.g. within a retail/leisure park) and accessibility among a range of criteria, has contributed to a strong competitive position.

The majority of the Sites are located on retail/leisure parks along with cinemas and casual dining restaurants. These Sites are also, in most cases, very accessible and the Directors believe that co-location of the Sites with these other complementary leisure activities can help to drive incremental footfall. Ten-pin bowling can also represent a lower cost family entertainment activity compared to a number of activities, such as the cinema or a meal at a casual dining restaurant.

3. Key Strengths

The Directors believe that the Group has the following key strengths:

3.1 Family focused customer proposition underpinned by a broader entertainment offering

The Group’s core bowling proposition is supplemented by a range of additional activities to appeal to a wide audience of customers. In particular, the Group has developed a proposition that is family focused and offers a wider range of games and activities than those offered by more traditional ten-pin bowling operators.

Bowling is complemented by additional entertainment activities that enhance and expand the customer experience, extend dwell times (meaning time spent by a customer in a Site) and drive additional revenue. These include: “The Lanes”, a casual dining experience offering sharing platters and gourmet burgers; games and amusements such as air-hockey, pool tables and table tennis as well as amusement machines and “Sector 7” laser games (at 12 Sites); “Pingo’s” soft play areas for younger children (at three Sites), Sky Sports television, free Wi-Fi, and lane-side ordering for drinks and refreshments as well as bar areas offering alcoholic, soft and hot drinks.

The Group monitors performance at the Sites through a range of KPIs, including total spend per head, which grew by 6.6 per cent. to £14.15² in FY2016 from £13.28 in FY2014. The Group’s fully integrated technology platform allows for KPIs to be monitored on a real-time basis.

Providing value for money experiences for families is at the centre of the Group’s customer proposition. The Directors believe that bowling represents a better value for money leisure activity than many other forms of family entertainment available at similar locations, such as cinemas.

2 Relates to 29 Sites which have been open and operational throughout the three financial years ended on 1 January 2017

3.2 **Technology led operating platform**

The Directors believe that the Group's fully integrated technology platform is a key point of difference to its competitors as it facilitates the integration of newly acquired sites into the Group structure and the Group's management reporting framework. The platform contributes to consistency of service, yield management, live management reporting and the monitoring of KPIs across all Sites. In addition, the roll-out of unified systems across the estate has meant that staff transfers between Sites can be carried out with greater ease and with fewer training requirements.

The integrated technology platform includes:

a. *An innovative approach to developing technology-based solutions to drive efficiency and marketing*

The Group has developed fully integrated data intelligence capabilities supported by digital connectivity to provide real-time data-analytics.

Data that is captured through the electronic point of sale (**EPOS**) system is combined with customer behaviour data from the Group's Wi-Fi service and analysed in the Group's CRM system. This system is bespoke and was designed by R-Cubed. The CRM system has helped the Group to deliver a more dynamic, tailored and real-time approach to connecting with customers. The system provides valuable data to enable the customer offering to be developed and improved. The CRM system was introduced in July 2016 and it has resulted in approximately £220,000 of incremental revenue to the end of FY2016. Over 650,000 customers have been contacted and logged through the CRM system since its introduction in July 2016.

The Group has also invested in its website capabilities to improve functionality (for example significantly reducing the number of page clicks required to make a booking to only six). The development of the website capabilities and functionality has also been directed towards improving the customer experience and encouraging repeat visits. Lane bookings made through the website now account for 21 per cent. of total revenue compared to 18 per cent. in FY2014.

b. *A differentiated pricing and offer strategy designed to maximise revenue yield*

The information that is provided by the Group's bespoke information systems, with real-time capture of data for lane utilisation as well as customer demand allows a flexible pricing and package approach at point of sale. The booking systems have been developed to ensure that tariff pricing is maximised at peak times and that value-for-money deals can be offered at off-peak times to maximise yield. The Group's lane arrangement system (**LAS**), has increased timeslots by over 5 per cent. at peak times and revenue per available lane has increased by 13.8 per cent. since FY2014.

c. *On-site Wi-Fi*

The Group's customers can connect to free Wi-Fi at each Site, allowing the Group to collect email addresses and other key data to allow for targeted marketing through its CRM system.

3.3 **Estate management**

a. *Site optimisations*

There was a step change in the site refurbishment and ongoing investment programme, started in 2011, following the acquisition of the Group by Harwood in 2015. To date 34 of the Group's 40 Sites have been rebranded under the new 'Tenpin' fascia. It is intended that the remaining Sites be rebranded as soon as possible, however, this is subject to local planning regulations and obtaining landlord consent where necessary. As at 1 January 2017, refurbishment capital had been invested at 23 of the Group's 29

core sites (being those sites owned for the entirety of the Historical Period) at an average refurbishment cost of approximately £141,000 per existing Site have delivered an average return on investment of 48.6 per cent..

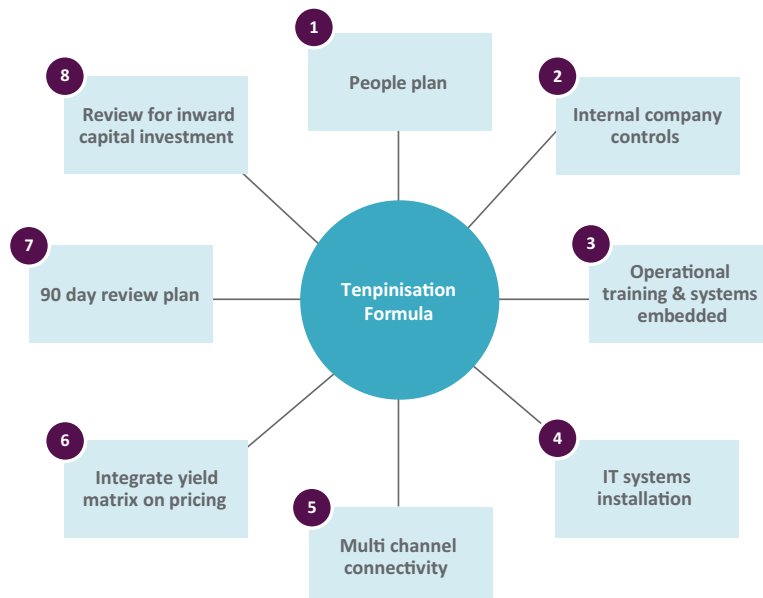
The programme has improved the look and feel of the estate and has brought consistency with the improved external fascia branding. The refurbishments have increased the focus on the presentation of ancillary offerings as well as initiatives targeted at yield optimisation and increasing spend per head. Alongside investment in technology, other initiatives such as increased lane-side seating have been rolled-out improving the customer experience and lane utilisation.

b. *Site acquisitions and integration*

The Group has acquired 11 Sites³ since 31 October 2014 at a total cost of approximately £17.5 million. The average site EBITDA multiple paid for the acquisition of new sites is approximately five times and the average refurbishment costs for acquired sites has been £263,000. The Group has achieved on average a return on investment⁴ of 27 per cent. on these acquisitions and the Directors believe that newly acquired sites typically achieve Run Rate Performance in 12 to 18 months following acquisition.

The Group has a proven track record of integrating acquisitions into the business through its ‘Tenpinisation’ strategy. This provides the tools and methods to allow the Group to undertake a rapid re-development of acquired sites, bringing the look and feel of the new operations, including customer service as well as the systems and technology, up to the standards of the existing estate.

The Group’s ‘Tenpinisation’ strategy has been devised to transform newly acquired sites and drive performance post acquisition, as well as to improve performance across the current estate. The ‘Tenpinisation’ formula focuses on migrating newly acquired sites onto the Group’s technology platform, re-training personnel and improving customer experience. The process is supported by capital investment at new and existing sites. A diagram setting out the Group’s ‘Tenpinisation’ process is set out below:



3 Includes the Blackburn Site (acquired 27 January 2017 and commenced trading on 25 March 2017) and the Eastbourne Site (acquired and trading from 21 February 2017)

4 ‘Return on investment’ defined as site EBITDA over the 12 months following acquisition divided by total acquisitions costs (including Tenpinisation capex and fees)

3.4 **Strong financial track record delivering profit growth and sustainable cash flow**

Group revenue has increased from £46.8 million in FY2014 to £67.3 million in FY2016 while Adjusted EBITDA grew from £5.7 million to £17.6 million and Operating Free Cash Flow grew from £4.2 million to £14.0 million over the same period. FCF Conversion for FY2016 was 79.5 per cent. We have summarised the financial highlights over the period below:

<i>Key financials</i>	<i>FY2014</i>	<i>FY2015</i>	<i>FY2016**</i>
Revenue (£m)	46.8	53.0	67.3
Like for Like revenue growth	6.6%	9.8%	2.8%
Adjusted EBITDA (£m)	5.7	10.2	17.6
Adjusted EBITDA margin	12.2%	19.2%	26.2%
Operating Free Cash Flow (£m) ⁵	4.2	8.5	14.0
Operating cash conversion	73.7%	84.2%	79.5%
<i>Operational KPIs</i>			
Average spend per head (£)*	13.28	13.59	14.15
Average bowling spend per head (£)*	5.97	6.13	6.42
Footfall ('000)*	3,479	3,700	3,814
Labour costs as a percentage of revenue	28.7%	26.7%	23.2%
Rent as a percentage of revenue	19.7%	18.5%	16.8%
Games per stop	188	180	186

* This relates to 29 Sites which have been open and operational throughout the 3 financial years ended on 1 January 2017

** FY2016 numbers include a 53rd trading week, however, Like for Like numbers have been calculated on a 52 week basis

3.5 **Putting customers and staff at the heart of everything**

The Group recognises the importance of both its customers and staff to its business. The Directors believe that building a positive environment for its employees has a direct and beneficial impact on customer service. The Group has held the *Investors in People* Gold Standard since August 2014 and has applied for accreditation for *Great Place to Work*[®]. 97 per cent. of all employees took the time to complete the *Great Place to Work*[®] survey in which the Group scored 75 per cent. in the 'Trust Index' (which is over 20 per cent. higher than the UK average).

The Group has seen a significant reduction in staff turnover on a Like for Like basis, in particular at Site management level with turnover of Site managers falling to 14 per cent. in FY2016 from 19 per cent. in the financial year ended 30 December 2012. A staff training module has been launched to provide a better induction of staff and employee engagement. The Directors consider this to be a cultural point of difference within the wider leisure market. The Directors believe that the Group's focus on employee engagement and staff satisfaction has contributed to the Group's NPS, the Group's measurement of customer service, which currently stands at 56.1 per cent (for the financial year to date), compared to 49.0 per cent. in FY2016.

3.6 **Experienced leadership team**

The Executive Directors (further details of which are provided in Part VIII "Directors, Senior Management and Corporate Governance") have significant experience within the UK leisure and bowling industry.

5 Operating Free Cash Flow is defined as EBITDA excluding exceptional items plus change in working capital and less maintenance capex and finance lease payments relating to Namco amusement machines. Cash conversion calculated as Operating Free Cash Flow expressed as a percentage of EBITDA

Alan Hand, Chief Executive Officer: Alan has 29 years' experience in the leisure and restaurant sectors which include Paramount, The Restaurant Group and My Kinda Town. Alan was appointed Managing Director of the Group on September 2015 following five years as Operations Director of the Group's bowling business. Alan has over seven years' experience working directly in the bowling industry and was appointed as Chief Executive Officer of the Company on 12 April 2017.

Mark Willis, Chief Financial Officer: Mark began his career in industry, training with the Chartered Institute of Management Accountants. He held a variety of roles at Lloyds-TSB, Mercedes-Benz, Tesco and Home Retail Group before joining the Group as Chief Financial Officer in February 2017. Prior to joining the Group, Mark was Finance Director for Argos and, during his time at Home Retail Group, Mark held roles as Director of Group Finance and Director of Investor Relations. Mark was appointed as Chief Financial Officer of the Company on 12 April 2017.

Graham Blackwell, Chief Commercial Officer: Graham has previously held roles at Granada, Allied, Georgica and Essenden and has over 26 years' experience in the bowling industry. He was appointed Commercial Director of the Group in 2013 following his nine year period as Operations Director of the Group's bowling business. He was appointed as Chief Commercial Officer of the Company on 12 April 2017. Graham is also on the executive committee of the Tenpin Bowling Proprietors Association.

4. Growth Strategy

The Group's strategy is to deliver profitable growth and achieve high returns on investment by focusing on four key priorities:

4.1 Like for Like revenue growth

The Group intends to drive Like for Like revenue growth from its Sites by maintaining a broader family entertainment offering, continuing to develop its pricing strategies to optimise revenue yield and inward investment in the business and maximising efficiencies through its fully integrated technology platform.

The Directors believe that enhancement in technology will assist in driving further growth through footfall and spend per head. The Group seeks to drive footfall at off-peak times through its pricing strategy which means that lanes can be booked on a tariff, deal or promotions basis. The Group has historically achieved success in driving footfall at off-peak times with strong sales growth resulting from *Tenpin Tuesdays* (FY2014 to FY2016 CAGR: 16 per cent.), *£10 Thursdays* (CAGR 15 per cent. for the same period), *Friday Frenzy* (CAGR 13 per cent. for the same period) and *Sunday Sessions* (CAGR 19 per cent. for the same period).

The Group's CRM system, introduced in July 2016 and managed by R-Cubed, is able to send targeted marketing materials to customers with the aim of driving an increase in footfall. The Directors believe that data analysed in the CRM system will increasingly inform the Group's pricing strategy going forward.

The LAS maximises the number of slots available at peak times and therefore continues to drive increased yield. Other technology applications that are driving Like for Like revenue growth include 'iServe', the lane-side ordering system, which generates increased food and beverage spend and which now accounts for 30 per cent. of all food and beverage orders.

4.2 Inward Investment

The Group's intention is to refurbish three to four of its existing Sites per annum to ensure that all of its Sites are fully invested so as to support customer satisfaction and spend per head. The average cost of refurbishment on an existing Site is approximately £141,000 which delivers an average return on investment of 48.6 per cent. The average refurbishment

cycle is approximately six years. The Company monitors revenue per square foot and regularly assesses opportunities to improve the use of floor space through investment.

The Group is currently trialling an advanced pin-spotting machine, “Pins and Strings”, which performs an electrical process of re-setting the pins through string attachments, replacing the existing mechanical lane clearance systems. The key benefits of “Pins and Strings” include lower maintenance, labour and energy costs and greater reliability for customers. The implementation of a “Pins and Strings” system therefore has the potential to increase lineage (games per lane per day) and occupancy, reducing unplanned downtime and a reduction in maintenance and lane spend. The system is currently on trial at the Feltham Site and the Directors believe that the initial trial results have been encouraging. For example, games per stop (which measures the number of games played per lane between breakdowns) are up by approximately 250 per cent. since the system was introduced in December 2016. The Directors believe that if the trial is extended across a larger sample of Sites and this supports the initial trial conclusions, the system could have the potential to deliver £3.5 million to £4.0 million in cost savings per year if it were rolled out across all of the Sites. The total capital expenditure required to roll the system out across all its Sites would be approximately £7.75 million (on an assumed roll-out plan of 36-40 sites), which the Directors expect would take place over two to four years. A wider trial would be undertaken, however, prior to a final decision on the “Pins and Strings” roll out.

4.3 **Margin improvement**

The Directors believe there is an opportunity to renegotiate or re-gear leases at a number of the Sites. Recent examples of lease re-gearing for two Sites have resulted in estimated savings of £100,000 per year at each of those Sites. The Directors believe there are further leases across the portfolio which could be re-negotiated or re-gear on more favourable terms for the Group. Rent represented 16.8 per cent. of sales in FY2016, compared to 19.7 per cent. in FY2014 and 19.3 per cent. in 2009. The Directors believe that the Group is an attractive tenant for landlords who are operating sites for which alternative tenants may be hard to find. The Directors also believe that the Group’s financial strength, scale and professional approach to the execution of property transactions count in its favour in rent renegotiations. The Group’s current average lease length is approximately 11.3 years.

The Directors believe that incremental cost savings could be realised through a new payroll process tool from Fourth Hospitality. The Fourth Hospitality system includes advanced payroll management software enabling the Group to better utilise existing labour with the aim of reducing overall costs.

4.4 **Acquisitions**

The Group’s growth strategy is underpinned by the acquisition of existing bowling sites and implementing its ‘*Tenpinisation*’ process. In contrast to other operators, the Group does not currently build new sites. The bowling sector continues to consolidate as the Major Multiples have acquired Smaller Multiples and Independents. Whilst it is unlikely that the Group could acquire a larger operator due to competition issues, there are approximately 180 Independents and Smaller Multiples. The Company’s near and medium term plan is to acquire between two to four sites per year with the belief that it will be possible to double the size of the estate over the long term. A pipeline of sites has been identified and between two and four acquisitions are expected to be completed in the 2017 financial year. The Company has achieved an average return on investment⁶ of 27 per cent. on the acquisitions that it has completed during the Historical Period.

The Directors believe that the executive team’s experience and knowledge of the ten-pin bowling market assists the Group in identifying and completing acquisitions. The Company

6 ‘Return on investment’ defined as site EBITDA over the 12 months following acquisition divided by total acquisitions costs (including refurbishment costs and fees)

has a well-established acquisition identification and assessment strategy. This is based on a scorecard system which takes into account the following criteria:

- number of lanes;
- demographic;
- local competition;
- recent trading history;
- property costs as percentage of sales;
- capex potential;
- site EBITDA;
- local economy (e.g. unemployment rate compared to average);
- leisure park proposition (e.g. cinema, restaurant and retail, voids); and
- accessibility.

5. History of the Group

The Group previously traded as Essenden which was incorporated in March 2009 and acquired 100 per cent. of the share capital of Georgica, the holding company of the Group at that time, as part of a reverse takeover by way of a scheme of arrangement in May 2009. The entire issued share capital of Essenden was admitted to AIM on 26 May 2009.

In October 2009, a new Essenden management team commenced a turnaround strategy, led by Nick Basing. This resulted in a significant improvement in Essenden's all-round performance which was achieved against a backdrop of difficult economic conditions, particularly during the early stages of the turnaround. Alan Hand joined the Group in January 2010 while Graham Blackwell has been with the Group since 1990.

Under this management team, a restructuring of Essenden's cost base was undertaken and a number of unprofitable sites were exited. During 2011, Essenden's property portfolio was also sold in order for the business to focus on core trading and subsequently exits of three other sites were successfully carried out during 2013 to 2014, reducing the number of Sites to 29.

These actions, together with significant changes in revenue management, the refinancing of banking facilities, a new pricing strategy, implementation of a more advanced technology platform, new staff incentive plans and other factors, resulted in an increase in average EBITDA per site of 236 per cent. between 2011 and 2014. Essenden had invested in site refurbishments but had decided against a strategy of new site acquisitions. Following being taken private by Harwood, the Group has pursued a successful acquisition strategy which has contributed to the Group's growth.

In 2015, funds under management of Harwood, holding a 34.1 per cent. shareholding in Essenden, made a takeover bid to acquire the remaining 65.9 per cent. of the issued share capital of Essenden for approximately £40 million. Harwood had been a shareholder in Essenden since its investment in its forerunner business, Georgica, in 2005, and has been a committed shareholder in the Group and its predecessor entities for approximately 12 years. Upon completion of the takeover, Essenden's shares were delisted from AIM and Essenden was re-registered as a private limited company on 11 August 2015.

The management team of Nick Basing, Alan Hand and Graham Blackwell remained in place following the takeover and accelerated the Group's development from the old Essenden business to the current Tenpin business. The key steps in this process were:

- a. A new experienced board providing leadership and continuity within the business;
- b. Substantial capital injection into the refurbishment of the existing Sites with £4.9 million spent over the past six years;
- c. 11 bolt-on acquisitions accelerating growth at a total cost of approximately £17.5 million;
- d. Significant upgrades to technology and IT systems;
- e. A greater focus on a family customer proposition;
- f. Award winning employee culture developed under the leadership team; and
- g. Successful negotiations with business partners, suppliers and landlords.

In December 2015, the Group acquired six new Sites from Bowlplex and TOBC following a mandated divesture ordered by the CMA arising from the merger of Bowlplex and TOBC. The Group currently has 40 Sites following the recent acquisitions of sites in Worcester, Ipswich, Blackburn and Eastbourne. The Directors expect that very shortly after Admission the Group will complete the surrender of its lease for the Chelmsford Site, which has historically been one of the poorer performing Sites, leaving the Group with 39 Sites in total.

The Group continued to perform strongly in FY2016 and delivered record financial results with revenue of £67.3 million and Adjusted EBITDA of £17.6 million. Operating Free Cash Flow for FY2016 was £14.0 million.

Mark Willis joined the Group as Chief Financial Officer on 6 February 2017. He was appointed as Chief Financial Officer of the Company on 12 April 2017.

6. Business Description

The Group's core bowling proposition is supplemented by a range of additional entertainment activities to appeal to a wide audience. In particular, the Group has developed a proposition that is family focused and offers a wider variety of games in addition to bowling.

Bowling

In FY2016, bowling accounted for 46 per cent. of the Group's revenue and remains the core revenue driver. All of the Sites operate under the Tenpin brand with, on average, 25 bowling lanes per Site, delivering an average of 220,565 games per Site during FY2016⁷.

The Group's bowling operation is underpinned by its fully integrated technology platform which ensures maximum convenience for customers, for example through the 'iServe' lane side ordering system.

Promotions have been put in place to drive footfall at off-peak times (for example 'Tenpin Tuesdays') and to deliver value for money to customers. At peak times the Sites are focused on maximising lane utilisation through LAS.

The efficiency of the Group's bowling operation is measured through KPIs such as games per stoppage which has been consistently between 180 and 190 games over the FY2014 to FY2016 period. The Group is currently trialling "Pins and Strings" technology at its Feltham Site which, since its implementation in December 2016, has increased the average number of games per stoppage at the Site by approximately 250 per cent.. The Directors expect that such an increase

⁷ This relates to 29 Sites which have been open and operational throughout the 3 financial years ended on 1 January 2017

in games per stoppage will lead to lower maintenance, labour and energy consumption costs for the Site, and the other Sites if it is rolled out across the estate, whilst providing greater reliability for customers.

Pricing and marketing

The Group's pricing and marketing strategy focuses on maximising footfall, yield and dwell times at both peak and off-peak times. Peak trading times are principally during school half-terms and holidays while off-peak times are weekdays, particularly during term time.

The Group's pricing strategy is made up of three elements: 'Tariffs', 'Deals' and 'Promotions'. Tariff prices are set centrally and determine the standard prices at the Sites. Deals are pre-discounted offers aimed at special occasions, for example birthday parties. Promotions are specially discounted offers aimed at certain days of the week or customer groups and are focused on driving footfall at off-peak times. Examples of the Group's Promotions are set out below:

- *Tenpin Tuesdays* offers 50 per cent. off bowling and selected beverages. The offer is available all day excluding school and bank holidays, when it is available only after 6pm.
- *£10 Thursdays* offers two games of bowling, a sharing platter and a beverage for £10 per person. The offer requires a minimum of two people and can only be booked online. It is available from 6pm until close (with closing times varying by Site).
- *Friday Frenzy* offers a 25 per cent. discount on standard bowling (for one to three games) and on selected food and beverages. The offer can only be booked online and is available after 6pm on Fridays.
- *Sunday Sessions* offers three games starting from £7.50 per person. The offer is available from 7.30pm until close.

The Group's pricing strategy has been successful in maximising revenue and driving footfall at off peak times with all promotions resulting in increased sales. These Deals also ensure good value for money and the Group's average price per game being £4.72 for Promotions, £5.91 for Deals and £7.59 for Tariffs. In FY2016 63.2 per cent. of revenue was based on Tariff pricing, 15.3 per cent. on Deals and 21.4 per cent. on Promotions. Going forward, the Company will be looking increasingly to its CRM system to guide its pricing strategy.

Amusements

Revenue from amusement machines and entertainment activities represented 27 per cent. of Group revenue in FY2016 (compared to 26 per cent. in FY2015 and 18 per cent. in FY2014).

The majority of the Group's amusement machines are supplied by Namco under a finance lease arrangement. The Group also owns and operates pool tables, air hockey and other types of amusement machines. 12 of the Sites have laser game sites under the "Sector 7" brand and three Sites include 'Pingo's' soft play areas. The Group regularly reviews the allocation of floor space at its Sites to ensure an optimal mix of space for amusements relative to bowling and food and beverage usage.

The pricing of amusements machines is set by central management, however, the pricing is considered to be consistent with industry standards. The introduction of newer amusement machines typically raises the proportion of £2 per game machines, compared with the older £1 per game machines, which in turn increases the average price point and spend per head.

Food and Beverage

The Group offers its customers a broad choice of food and beverages maximising choice through a "Good/Better/Best" retail strategy, whereby a wide range of products are available to customers at a variety of price-points. The Group serves food through its casual dining sites "The Lanes" and all of the Sites that are currently trading have licensed bars. The food and beverage offering was

overhauled across FY2014 and FY2015, improving the quality of the food and increasing the proportion of premium drinks available. The Directors believe that the discount bundling of food and beverages with bowling games increases the likelihood that customers will use the Sites as general entertainment venues and spend more time and money per visit.

Capital investment has been undertaken to improve the bar and dining areas and increase dwell time by encouraging the Group's customers to enjoy more food and drink at the Sites. In FY2016 food and beverage sales represented 27 per cent. of the Group's revenue (compared to 29 per cent. in FY2015 and 29 per cent. in FY2014). Food and beverage prices are reviewed on an annual basis, typically in October following the conclusion of negotiations with suppliers.

Locations

All of the Sites are leasehold properties with only two of the Group's leases due for expiry within the next five years. The average remaining lease length across the Group's portfolio is approximately 11.3 years, with 35 per cent. of leases due to expire in six to ten years' time and 53 per cent. expiring in 11 or more years' time. The Group's leases are subject to periodic rent review. The Directors expect that very shortly after Admission the Group will complete the surrender of its lease for the Chelmsford Site, which has historically been one of the poorer performing Sites, leaving the Group with 39 Sites in total.

Customers

The two core demographics for the ten-pin bowling market are families with young children and groups of young adults. These groups differ significantly in terms of visiting habits and expectations from an entertainment venue. The Group caters to both of these customer segments by maintaining a welcoming environment and a broader entertainment offering, supplemented by a wide choice of food and beverages.

Seasonality

The Group's sales follow a relatively stable pattern each year with sales tending to peak during school holiday periods. The busiest trading periods are the two weeks around Christmas and New Year; school half terms (typically during February, May and October); and the two weeks around Easter. Trading is also busier than typical during the school summer holidays and the spring bank holidays. Gross margins improve materially during peak periods as there is a greater proportion of revenue generated via tariff pricing rather than through deals or promotions with a greater proportion generated by bowling, which is the highest margin of the Group's revenue streams.

As with other indoor leisure activities, typically sales are positively impacted by periods of wet weather and adversely affected during periods of warm and sunny weather, particularly during the peak periods outlined above.

7. Technology and Information Systems

Information technology underpins the Group's business and is central to the Group's operating model. The fully integrated IT, technology and support systems enable management to efficiently monitor business performance whilst playing an important role in supporting the delivery of the Group's core business processes, which include:

- Booking games either online, via the call centre or by walk in;
- Onsite game management (for example optimisation of bowling lane bookings to increase yield) and retail;
- Customer analytics; and
- Finance, reporting and human resources functions.

Data and analytics are vital to the Group's yield management and, in particular, the following systems play a significant role in the revenue growth of the Company:

Booking

Customers can pre-book games online or via telephone and this accounted for approximately 34 per cent. of bookings in FY2016. The website interfaces with the core bowling system, 'Conqueror', to display real-time availability information to customer. In the call centre an interactive voice response system, 'Eckoh Locate', is used to direct a customer's call, depending on the location being booked. Call centre employees then access 'Conqueror' to check availability and secure bookings.

Onsite games management & retail

Food and beverage transactions can be made at the bowling lane, using the remote EPOS system, 'iServe', which improves customer experience and potential revenues. The booking engine informs staff how to maximise booking efficiency and pricing. Onsite, customers can connect to public Wi-Fi through a third party, 'The Cloud', providing the Group with email addresses for targeted marketing.

Back office

Customer data from 'Conqueror' is consolidated into a central customer database. The operational data source creates extracts and sends the data to a third party, R-Cubed. R-Cubed performs customer segmentations using an analytics system, 'Faststats', and sends targeted marketing emails to customers using 'Pure360'. Data from local instances of Conqueror is consolidated at the support office within a structured query language database system and used for financial reporting.

Customer Relationship Management

The Group has a CRM system which is outsourced to R-Cubed, although all data collected through the CRM system is held within the business. The CRM system was introduced in 2016 and the Directors believe this enhances the customer experience by sending customers tailored marketing information which drives footfall and spending per head of each customer.

iServe

During 2014, the Group implemented 'iServe', a wireless ordering system, across all its Sites (except Worcester). The 'iServe' system enables customers to place food and beverage orders from their line whilst still bowling. The Directors believe this has enhanced customer experience and satisfaction whilst also driving up non-bowling spend per head.

8. Employees

As at 11 April 2017 (being the latest practicable date before the publication of this Prospectus), Tenpin employed approximately 1,100 people, 725 of whom are full time equivalents.

The Group has held the Investors in People Gold Standard since August 2014 and has applied for accreditation for Great Place to Work®. 97 per cent. of all employees took the time to complete the Great Place to Work® survey in which the Group scored 75 per cent. in the 'Trust Index' (which is over 20 per cent. higher than the UK average).

The Group offers a range of employee benefits to foster employee engagement and motivate high performance. The Group also operates a number of bonus and incentive schemes for Support Centre employees, site management personnel and board members, which seek to encourage strong performance, high customer satisfaction and robust financial metrics. Following Admission, the Executive Directors and Senior Management will be entitled to participate in the Company's discretionary Executive and Management Bonus Scheme for the Financial Year 2017 ("**Bonus Scheme**"). Targets under the Bonus Scheme are based on the achievement of EBITDA in excess of the budget expectation for the financial year with a sliding scale for increasing levels of performance. The maximum percentage of annual salary that Executive Directors can receive is 100 per cent. for achieving the highest targets under the Bonus Scheme.

9. Intellectual Property

The Group relies on intellectual property laws to protect certain aspects of its business. In particular, the Group's main brand 'Tenpin' is protected by a number of UK trade mark registrations including a number of figurative marks. The Company's logo has also recently been designed and is in the process of being registered as a trade mark.

A number of the Group's supplementary brands, such as the on-site casual dining, 'The Lanes', and young children soft play areas 'Pingo's', are also registered as UK trade marks.

The Group's main website is at the domain name "tegplc.co.uk", but the business also owns "tenpin.co.uk", "tenpinltd.co.uk", "tenpinbowling.co.uk" and a substantial number of supplementary domain names, some of which refer or relate to specific sites. All these domain names are registered in the name of Tenpin.

10. Insurance

The Group's activities mean that it is exposed to potential liability including in relation to personal injury of customers and employees, as well as property damage and business interruption (as set out in further detail in Part II (Risk Factors) of this Prospectus). The Group maintains insurance policies in respect of employers' liability and public and products liability, damage to its property (but not to buildings at sites that the Group leases where it is the responsibility of the landlord to insure these buildings), business interruption, directors' and officers' liability, and business travel cover. The Directors believe that the insurance policies are commercially reasonable in light of the risks faced by the Group and the types of cover available to operators in the bowling, food and beverage and amusement industries.

11. Regulatory Matters

The Group is subject to laws and regulations that affect its operations including in relation to: (i) the sale of alcohol, serving of hot food and hot drinks between the hours of 23.00 and 05.00 and the provision of regulated entertainment; and (ii) making amusement machines available for use. The regulation of these services is predominantly governed by the Licensing Act 2003 and the Gambling Act 2005. The carrying out of a licensable activity without a licence is an offence and accordingly each centre at which any such licensable activity is carried out is required to have a premises licence covering the relevant activities. The Group uses a third party professional adviser to monitor and manage its licences and permit applications and renewals for each of the centres and holds premises licences for each centre covering at least: (i) the sale of alcohol; (ii) the playing of recorded music; (iii) the provision of late night refreshment where the Site is permitted to sell alcohol after 23.00 hours; and (iv) permits allowing the use of Category C and D amusement machines.

The Sites based in Scotland are subject to the Licensing Scotland Act 2005 as amended. The premises do not require late hours catering licences for the late night provision of food and hot drinks as they operate entirely within the hours provided in the operating plan detailed in the premises licence. The gaming activities are regulated by the Gambling Act 2005 which applies to Scotland as well as England.

The recent passing of the Deregulation Act 2015 provides for the removal or reduction of burdens on, among others, businesses and individuals, including:

- since 1 April 2015, the removal of the requirement to renew a personal licence such that they will continue unless surrendered, suspended, revoked or declared forfeit by the courts. This is likely to reduce the administrative burden for the Group of having to renew each of the personal licences for its 38 Sites in England and Wales and also reduces the risks of operating its business reliant upon a personal licence holder to authorise sales of alcohol whose personal licence no longer exists. An offence would have been further committed had that personal licence holder also been named as a designated premises supervisor upon the

premises licence and the sale of alcohol occurred. The liability for such an offence would include the licence holder, which in the case of the Group is its subsidiary Georgica, and any person who makes a sale or who knowingly allows the sale to take place, which can include the Group, its officers, management and staff at the Site in question; and

- since 26 May 2015, the removal of the requirement to report loss or theft of a premises licence or a personal licence to the police before a replacement copy may be applied for from the relevant licensing authority. Therefore, in the event that any of its premises licence or personal licence has been lost or stolen, the Group may now apply directly to its licensing authority for a replacement without the inconvenience of having to report it to the police.

In each case these amendments lessen the burden of licensed activities rather than present any potential exposure with respect to the Group's current activities. The Group is also subject to data protection and health and safety regulations in the ordinary course of its business.

12. Corporate Social Responsibility

The Directors believe that corporate social responsibility is important to help establish trust and goodwill amongst employees and customers. The Group's corporate social responsibility policy covers three main areas:

(i) *Charity and work within the community*

The Sites each have their own nominated charity and give charitably in the form of events and fundraising. The Group also has a nominated charity, which as at the date of this Prospectus is Rays of Sunshine. The Group encourages employees to give back to the community by allowing employees to be able to work fully paid for one day a year for a charitable organisation. This encouragement has also led to "VIP days" for terminally ill children and participation in national fundraising campaigns such as Children in Need.

(ii) *Environmental*

The Group is committed to operating its business in such a way as to minimise the impact on the environment as a result of its activities and will always aim to meet, and where practicable, improve upon relevant environmental legislative requirements and codes of practice. In addition, the Group continues to demonstrate environmental care in which it operates by carrying out professional surveys in order to identify where reasonable steps can be taken to reduce energy usage, promoting the purchase and use of materials within the business in a manner that minimises potential adverse environmental effects, developing waste minimisation initiatives in order to recycle, reuse and reduce waste.

(iii) *Ethical*

The Group has policies in place which demonstrate its commitment to demonstrating a high level of integrity and standards and the welfare of its employees. This includes a "Health and Wellbeing Strategy" for the Group's employees and providing a comprehensive but flexible benefits and reward scheme for all employees.

13. Dividends and Dividend Policy

The Board intends to distribute approximately 60 per cent. of its adjusted profits after tax to shareholders through dividends. The policy will allow the Group to retain sufficient capital to fund on-going operating requirements and to invest in the Group's long term growth.

Dividends are expected to be paid in an approximate one-third (interim dividend) and two thirds (final dividend) ratio. The Board expects the Company's first dividend as a listed business to be the interim dividend for the year ended 31 December 2017, to be paid on a pro-rated basis for the proportion of the financial year that the Group is admitted to trading on the main market of the London Stock Exchange.

14. Current Trading

Total sales for the first 12 weeks of FY2017 were 9.1 per cent. higher than for the same period in the previous year. Like for Like sales were 5.7 per cent. higher against the same period in FY2016 which also included Easter, typically a period of strong trading for the Group. There are a number of strategic initiatives underway which the Directors believe will continue to drive sales growth through FY2017 which include the run rate benefits from refurbishments and acquisitions, the more embedded CRM system delivering better marketing conversion, additional refurbishments of the core estate and further site acquisitions in accordance with the Group's strategy (two of which have already been completed and have commenced trading under the Tenpin brand).

PART VIII

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. Directors and Senior Management of the Group

1.1 *The Board of Directors*

1.1.1 The Board comprises the following people:

<i>Name</i>	<i>DOB</i>	<i>Age</i>	<i>Position</i>
Alan Hand	26/06/1968	48	Chief Executive Officer
Mark Willis	19/08/1976	40	Chief Financial Officer
Graham Blackwell	14/05/1969	47	Chief Commercial Officer
Nick Basing	14/01/1962	55	Non-Executive Chairman
David Wild	19/05/1955	61	Senior Independent Non-Executive Director
Rob McWilliam	12/05/1969	47	Independent Non-Executive Director
Christopher Mills	04/11/1952	64	Non-Executive Director
Julie Sneddon	23/06/1964	52	Independent Non-Executive Director

1.1.2 The business address of each of the Directors is Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ.

1.1.3 Brief biographical details of each of the Directors are set out below:

Alan Hand

Alan has 29 years' experience in the leisure and restaurant sectors which include Paramount, The Restaurant Group and My Kinda Town. Alan has board level experience in operational roles at Paramount and with the Group having been appointed Managing Director of the Group in September 2015 following 5 years as Operations Director. Alan has over 7 years' experience working directly in the bowling industry and was appointed as a director of the Company on 15 March 2017 and as Chief Executive Officer on 12 April 2017.

Mark Willis

Mark began his career in industry, training with the Chartered Institute of Management Accountants. He held a variety of roles at Lloyds-TSB, Mercedes-Benz, Tesco and Home Retail Group before joining the Group as Chief Financial Officer in February 2017. Prior to joining the Group, he was Finance Director for Argos and during his time at Home Retail Group Mark held roles as Director of Group Finance and Director of Investor Relations. He was appointed as a director of the Company on 15 March 2017 and as Chief Financial Officer on 12 April 2017.

Graham Blackwell

Graham has over 26 years' experience in the bowling industry following his roles at Granada, Allied, Georgica and Essenden. He was appointed to his current position as Commercial Director of the Group in 2013 following 9 years as Operations Director of the bowling business. Graham was appointed as a director of the Company on 15 March 2017 and as Chief Commercial Officer on 12 April 2017. He is also a member of the Executive Committee of the UK Bowling Industry Association.

Nick Basing

Nick is a highly experienced industry figure with a successful track record of over 30 years of operational experience in the leisure industry. Nick was responsible for the operational turnaround and subsequent growth, both organically and via acquisition, beginning with Paramount plc and subsequently Paramount Holdings ('Paramount') including Chez Gerard, Bertorelli and Caffè Uno, where he was Chief Executive Officer for over 6 years. Nick has broad experience in the consumer leisure sector. Prior to Paramount he held a number of senior management positions with leading companies such as Rank, First Leisure, Unilever and Granada. During this time he gained experience of a wide range of leading consumer brands in a multi-site context including Hard Rock Café, Odeon, Universal Studios and Goodwood. Nick was awarded UK Retailers' Retailer of the Year in 2006. He was appointed to the board of Essenden as chief executive officer on 18 August 2009 and to the board of IBEL as chairman on 13 August 2015. He is also non-executive chairman of Goals Soccer Centres plc and has also served as a non-executive director on the board of the following companies: Brakes Brothers Holdings Ltd, Elegant Hotels Group plc and The All England Lawn Tennis and Croquet Club ('Wimbledon'). Nick was appointed as a director of the Company on 15 March 2017 and as Non-Executive Chairman on 12 April 2017.

David Wild

David was appointed to the board of Domino's Pizza Group plc as a non-executive director in November 2013, before being appointed as its Chief Executive Officer in 2014. David was previously the Chief Executive Officer of Halfords Group plc and has held senior roles within Walmart and Tesco for three years. David was on the board of Premier Foods as Senior Independent Director and Remuneration Committee Chairman. David was appointed as a director of the Company on 15 March 2017 and as Senior Independent Non-Executive Director and Chair of the Remuneration Committee on 12 April 2017.

Rob McWilliam

Rob has over 25 years' of finance, strategy and digital leadership experience in some of the world's largest retail businesses, including Asda/Wal-Mart and Amazon. Rob's executive experience includes being UK Finance Director for ASDA/Walmart and Amazon, and his most recent role as Vice President for the Consumables Division at Amazon UK. Rob spent his early career at Bass plc where he qualified as an accountant, having graduated in Mathematics from Durham University. Rob is currently a Non-Executive Director of Jisc (a provider of digital infrastructure to universities in the UK) and was appointed as a director of the Company on 15 March 2017 and as a Non-Executive Director and Chair of the Audit Committee on 12 April 2017.

Christopher Mills

Christopher Mills is a director and the sole shareholder of Harwood Capital Management Limited which is a designated corporate member and the controller of Harwood. Harwood Capital Management Group was formed in 2011 by Mr Mills on his acquisition of Harwood from J O Hambro Capital Management Group Limited. He is also the Chief Executive Officer and director of NASCIT (a United Kingdom listed investment trust) and a director and investment manager of Oryx. He has a long and successful investing track record and is a non-executive director of a number of both public and private companies. Prior to joining J O Hambro Capital Management Group Limited which he co-founded in 1993, he worked from 1975 to 1993 for Samuel Montagu Limited, Montagu Investment Management Limited and its successor

company, Invesco MIM, latterly as Head of North American Investments and Head of North American Venture Capital. Christopher was appointed as a director of the Company on 15 March 2017 and as a Non-Executive Director on 12 April 2017.

Julie Sneddon

Julie has 20 years' experience in senior executive roles with the Walt Disney Company, including most recently as Executive Vice President of Disney Stores Worldwide which carried responsibility for over 300 stores across North America, Europe and Japan. Julie has led multiple strategic business development and organisation transformation change initiatives for Disney with a focus on retail, brand development and digital transformation. Julie was appointed as a director of the Company on 22 March 2017 and as a Non-Executive Director and Chair of the Nomination Committee on 12 April 2017.

1.2 Senior Management

1.2.1 The Senior Management comprises the following people:

<i>Name</i>	<i>Age</i>	<i>Position</i>
Alan Hand	48	Chief Executive Officer
Mark Willis	40	Chief Financial Officer
Graham Blackwell	47	Chief Commercial Officer

1.2.2 The business address of each of the Directors is Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ.

1.2.3 Brief biographical details of each of the Senior Managers are set out in paragraph 1.1.3 above.

1.3 Company Secretary

Mark Willis has been appointed as the company secretary of the Company.

2. Corporate Governance

2.1 UK Corporate Governance Code

2.1.1 The Board is committed to the highest standards of corporate governance and intends that the Company should comply with all requirements of the UK Corporate Governance Code that are applicable to it as a "smaller company" (defined in the UK Corporate Governance Code as being a company below the FTSE 350, which the Company will be on Admission). The Board considers that the Company is compliant with all aspects of the UK Corporate Governance Code that are applicable to it as a "smaller company" other than the requirement set out in code provision A.3.1 of the UK Corporate Governance Code which requires that the Chairman should, on appointment, meet the independence criteria set out in code provision B.1.1. This is because the Chairman will, at Admission, be a holder of Shares and has previously been an executive director of the Group. Nevertheless, the Board considers that the fact of that holding of shares (including the relative size of it) does not influence the Chairman's independence of character and judgement within the meaning of code provision B.1.1 and it does not influence him or the Board in the proper discharge of their duties and the operation of the business of the Group.

2.1.2 The UK Corporate Governance Code recommends that, other than in the case of a UK listed company that is a "smaller company" at least half the board of directors of a UK listed company, excluding the Chairman, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the

director's judgement. The UK Corporate Governance Code recommends that a "smaller company" should have at least two independent non-executive directors. The Board is currently comprised of three executive directors and five non-executive directors and the Board therefore considers that the Company is compliant with the UK Corporate Governance Code (as it applies to the Company) in this regard. The Board considers three of the Non-Executive Directors, David Wild, Rob McWilliam and Julie Sneddon, to be independent for the purposes of the UK Corporate Governance Code. It should be noted that were the Company to move into the FTSE 350 in the future, then in order to ensure its continued compliance with the UK Corporate Governance Code, the Company would need to ensure that at least half of its board of directors comprised independent non-executive directors.

2.1.3 The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the Chairman and to serve as an intermediary for the other directors when necessary. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of the chief executive officer has failed to resolve or for which such contact is inappropriate. David Wild has been appointed as the senior independent director of the Company.

2.1.4 As envisaged by the UK Corporate Governance Code, the Board has established three committees: an audit committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

2.2 **Audit Committee**

Rob McWilliam (Chairman), David Wild, Nick Basing, Christopher Mills and Julie Sneddon.

2.2.1 The UK Corporate Governance Code recommends that an audit committee should comprise at least three members (or in the case of a "smaller company", two members) who are independent non-executive directors and that at least one member should have recent and relevant financial experience. The Audit Committee will be chaired by Rob McWilliam, an independent non-executive director and its other members will be David Wild, Nick Basing, Christopher Mills and Julie Sneddon. The Directors consider that Rob McWilliam has recent and relevant financial experience in accordance with the requirements of the UK Corporate Governance Code. The Board therefore considers that the Group is compliant with the UK Corporate Governance Code in this regard.

2.2.2 The Audit Committee has responsibility for, amongst other things, the monitoring of the financial integrity of the financial statements of the Group and the involvement of the Group's auditors in that process. The Audit Committee's role is to assist the Board with the discharge of its responsibilities in relation to internal and external audits and controls, including reviewing the Group's annual financial statements, considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal control systems in place within the Group. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

2.2.3 The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, as mentioned above, together with requirements of any quorum for and the right to attend meetings. The duties of the Audit Committee

covered in the terms of reference are: financial reporting, internal controls, internal audit, external audit, compliance, whistleblowing and fraud. The terms of reference also set out the authority of the committee to carry out its duties.

2.2.4 The Audit Committee will normally meet not fewer than three times a year at appropriate times in the reporting and audit cycle. Further meetings may be called as required. The internal and external auditors have the right to attend meetings. Outside of the formal meeting programme, the Audit Committee chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the head of internal audit.

2.2.5 From Admission, the Audit Committee chairman will be available at annual general meetings of the Company to respond to questions from Shareholders on the activities of the Audit Committee.

2.2.6 The Audit Committee has taken appropriate steps to ensure that the Auditors are independent of the Company and obtained written confirmation from the Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

2.3 **Nomination Committee**

Julie Sneddon (Chairman), David Wild, Rob McWilliam, Nick Basing and Christopher Mills.

2.3.1 The UK Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors. The Nomination Committee is chaired by Julie Sneddon and its other members will be David Wild, Rob McWilliam, Nick Basing and Christopher Mills. The Board therefore considers that the Company is compliant with the UK Corporate Governance Code in this regard. The Nomination Committee will meet twice annually and also as and when required, at appropriate times in the reporting cycle.

2.3.2 The Nomination Committee will be responsible for assisting the Board in the formal selection and appointment of directors. It will consider potential candidates and will recommend appointments of new directors to the Board and will also be responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. The appointments will be based on merit and against objective criteria, including the time available to and the commitment which will be required of, the potential director. It will also be responsible for carrying out an annual performance evaluation of the Board, its committees and individual Directors.

2.3.3 The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement directors and committee members and will make appropriate recommendations to the Board with regard to any changes necessary on such matters.

2.3.4 In addition, the Nomination Committee will make recommendations to the Board as regards succession planning for both Executive Directors and Non-Executive Directors. The Nomination Committee will take into account the challenges and opportunities facing the Group and what skills and expertise will therefore be needed on the Board in the future.

2.4 **Remuneration Committee**

David Wild (Chairman), Rob McWilliam, Nick Basing, Christopher Mills and Julie Sneddon.

- 2.4.1 The UK Corporate Governance Code recommends that, in the case of a UK listed company that is a “smaller company”, the remuneration committee should comprise at least two non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Remuneration Committee is chaired by David Wild (the senior independent non-executive director) and its other members will be Rob McWilliam, Nick Basing, Christopher Mills and Julie Sneddon. The Board therefore considers that the Company is compliant with the UK Corporate Governance Code in this regard. The Remuneration Committee will meet at least twice a year.
- 2.4.2 The Remuneration Committee recommends what policy the Company should adopt on executive remuneration, determines the levels of remuneration for each of the Executive Directors and recommends and monitors the level and structure of the remuneration of members of Senior Management of the Group, and the implementation of share option or other performance related schemes. The Remuneration Committee will also generate an annual remuneration report to be approved by the shareholders of the Company at the annual general meeting.
- 2.4.3 The Remuneration Committee will be responsible for determining and agreeing with the Board the broad policy for the remuneration of the Chairman, the Chief Executive and such other members of the executive management as it is designed to consider. The Remuneration Committee, within the terms of the agreed policy, will determine the total individual remuneration package of each Executive Director including pension rights and any compensation payments. In addition, the Remuneration Committee will ensure that provisions regarding disclosure of remuneration are fulfilled. The Remuneration Committee will make recommendations to the Board on the remuneration arrangements for the Executive Directors and the Chairman. The Remuneration Committee will oversee the remuneration policy of the Group.
- 2.4.4 The terms of reference of the Remuneration Committee cover such issues as membership and frequency of meetings, as mentioned above, together with the requirements for quorum for and the right to attend meetings. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its duties.
- 2.4.5 No Director will be involved in decisions as to his or her own remuneration.

3. Concert Party

- 3.1 The Harwood Shareholders together with Nick Basing and Christopher Mills are considered to be acting in concert with each other in relation to the Company for the purposes of the Takeover Code. Following Admission, members of the Concert Party will hold, in aggregate, 47,158,407 Shares (which will be held as set out below), representing approximately 72.6 per cent. of the Existing Share Capital.
- 3.2 Details of the Concert Party whose members comprise Oryx, Harwood Capital Nominees, NASCIT, Nick Basing and Christopher Mills are set out below:
- 3.2.1 Oryx is a closed-ended investment company incorporated in Guernsey and admitted to the premium segment of the Official List of the UKLA and to trading on the main market of the London Stock Exchange. It invests in small and mid-size quoted companies in the United Kingdom and the United States. Christopher Mills is a director and investment manager of Oryx, and Harwood is Oryx’s manager and investment adviser. Together, NASCIT (47.05 per cent.) and Christopher Mills (2.18 per cent.) are currently interested in 49.23 per cent. of the issued ordinary share capital of Oryx. On Admission, Oryx will hold 2,750,000 Shares representing approximately 4.2 per cent. of the Existing Share Capital.

- 3.2.2 Harwood Capital Nominees is a private limited company which acts as a nominee to two private client accounts managed by Harwood on a discretionary basis. Christopher Mills is a director of Harwood Capital Nominees. On Admission, Harwood Capital Nominees will hold 22,132,765 Shares representing approximately 34.1 per cent. of the Existing Share Capital.
- 3.2.3 NASCIT is a UK investment trust admitted to the premium segment of the Official List of the UKLA and to trading on the main market of the London Stock Exchange and is also a member of the Association of Investment Companies. Christopher Mills has been a director of NASCIT since 1984 and is currently its Chief Executive and investment manager. Christopher Mills is the largest shareholder of NASCIT, being interested in approximately 27.7 per cent. of its issued ordinary share capital. On Admission, NASCIT will hold 20,250,000 Shares representing approximately 31.2 per cent. of the Existing Share Capital.
- 3.2.4 Nick Basing is an operational adviser to Harwood and has worked with Harwood since 2002. Nick was responsible for the turnaround and growth of Paramount Holdings (“Paramount”) which owned Chez Gerard, Bertorelli and Caffè Uno, acting as chief executive of Groupe Chez Gerard, an investment owned by funds managed by Harwood and Dawnay Day, and which Harwood exited in October 2006. Nick is currently chairman of Goals Soccer Centres plc in which Harwood currently holds 18.61 per cent. of the issued share capital. On Admission, Nick Basing will hold 2,025,642 Shares representing approximately 3.1 per cent. of the Existing Share Capital.
- 3.2.5 Christopher Mills is the Chief Investment Officer of Harwood and is also a director of Harwood Capital Nominees, Chief Executive and investment manager of NASCIT and a director and investment manager of Oryx. Christopher Mills is currently the largest shareholder in NASCIT, being interested in approximately 27.7 per cent. of its issued ordinary share capital, as well as owning 2.18 per cent. of the issued ordinary share capital of Oryx. Christopher is currently a non-executive director of Goals Soccer Centres plc in which Harwood currently holds 18.61 per cent. of the issued share capital. On Admission, Christopher Mills will be indirectly interested in 25,414,021 Shares representing approximately 39.1 per cent. of the Existing Share Capital.

4. The Takeover Code on Takeovers and Mergers and the Concert Party

- 4.1 Brief details of the Takeover Panel, the Takeover Code and the protections they afford are given below.
- 4.2 The Company is a public company incorporated in England and Wales and its Shares will be admitted to trading on the London Stock Exchange’s main market for listed securities. Accordingly, the Takeover Code applies to all takeover and merger transactions in relation to the Company and operates principally to ensure that the Shareholders of the Company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Takeover Code also provides an orderly framework within which takeovers are conducted and the Takeover Panel has now been placed on a statutory footing.
- 4.3 The Takeover Code governs, inter alia, transactions which may result in a change of control of a company to which the Takeover Code applies. Under Rule 9 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer to all the remaining shareholders to acquire their shares.

- 4.4 Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person.
- 4.5 Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares. An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer. Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company.
- 4.6 Immediately following Admission, the Concert Party will be interested in, in aggregate, 47,158,407 Shares (which are held as detailed in paragraph 3.2 above), representing approximately 72.6 per cent. of the Existing Share Capital. Should any member of the Concert Party acquire any interest in Shares apart from pursuant to the arrangements described above, the Takeover Panel may regard this as giving rise to an obligation upon that member of the Concert Party to make an offer for the entire Existing Share Capital of the Company at a price no less than the highest price paid by the individual member of the Concert Party or any other member of the Concert Party in the previous 12 months.
- 4.7 For more information about the Takeover Code, see paragraph 21 of Part XV (*Additional Information*).

PART IX

OPERATING AND FINANCIAL REVIEW

Please refer to paragraph 2, below, for details of the financial information presented in this Part IX (Operating and Financial Review).

The following discussion includes forward-looking statements that reflect the Group's plans, and the Directors' estimates and beliefs, and involves risks and uncertainties. The Group's actual results could differ materially from those discussed in these statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this document, particularly in Part II (Risk Factors) and paragraph 2 of Part III (Important Information).

1. Business Overview

The Group is the second largest ten-pin bowling operator in the UK with a total of 40 Sites all trading under the 'Tenpin' brand. The Group's focus is on the family entertainment market, with Sites that are typically located on mixed-use retail/leisure parks. In addition to the core ten-pin bowling offering, the Group has additional entertainment activities that enhance and expand the customer experience, but also extend dwell times (meaning more time is spent by customers in a Site) to drive additional revenue.

These customer activities also include: "The Lanes", a casual dining experience with offerings ranging from sharing platters to burgers; games and amusements such as air-hockey, pool tables and table tennis as well as redemption machines. This broader entertainment offering also includes laser games (at 12 Sites), "Pingo's" soft play areas for younger children (at 3 Sites), televisions and Sky Sports subscriptions, free Wi-Fi, and lane-side ordering technology for food and refreshments as well as bar areas offering alcoholic, soft and hot drinks.

In FY2016 footfall⁸ increased to approximately 3.8 million Site visits and average spend per head was £14.15⁹. Ten-pin bowling is the principal revenue stream (FY2016: 46 per cent.), followed by amusement machines and entertainment activities (FY2016: 27 per cent.) and food and beverage (FY2016: 9 per cent. and 18 per cent. respectively). The Group is headquartered in Cranfield, Bedfordshire and employs approximately 1,100 people, with 725 full time equivalents, across the 40 Sites, the Support Centre and a motors repair function based at the Swansea Site which facilitates the repairs for the Group's estate.

The Group has grown significantly since May 2009 when it was listed on AIM as Essenden. The management team implemented a turnaround strategy in October 2009 which resulted in a significant improvement in Essenden's all-round performance against a backdrop of difficult economic conditions.

A restructuring of Essenden's cost base was undertaken and, between 2011 and 2014, its property portfolio was sold in order for the business to focus on core trading leaving the Group with 30 Sites on a leasehold basis and no freeholds as at 28 December 2014.

These corporate actions, together with significant changes in revenue and yield management, a new pricing strategy, the implementation of a more advanced technology platform, new staff incentive plans and other managerial improvements, resulted in an increase in average EBITDA per site of 236 per cent. between 2011 and 2014.

8 This relates to 29 Sites which have been open and operational throughout the three financial years ended on 1 January 2017

9 This relates to 29 Sites which have been open and operational throughout the three financial years ended on 1 January 2017

The Group had invested in site refurbishments but had decided against pursuing a strategy of acquisitions of new sites, which put future revenue and profit expectations under pressure. As a result, the Group was acquired by Harwood, which already owned 34.1 per cent. of the business and had been an investor since 2005, and Essenden plc was de-listed from AIM in August 2015 and then operated as a private company.

Under Harwood's ownership, the Group acquired six new Sites from Bowlplex and TOBC in December 2015, following a mandated divestiture ordered by the CMA arising from the merger of Bowlplex and TOBC which resulted in the creation of Hollywood Bowl Group plc that consists of the Hollywood Bowl, AMF and Bowlplex branded bowling sites, which is currently listed on the main market of the London Stock Exchange.

The Group has since made further acquisitions leaving it with 40 Sites as at the date of this Prospectus, following the acquisition of sites at Blackburn and Eastbourne in the first quarter of FY2017. The Directors' near to medium term plan is to acquire between two to four new sites per year and refurbish three to five existing Sites per year.

The Group continued to perform strongly in FY2016 and delivered record financial results with revenue of £67.3 million and Adjusted EBITDA of £17.6 million from 38 Sites. Operating Free Cash Flow over the period was £14.0 million.

2. Financial information presented and basis of preparation

For the purposes of the Offer, the Group has prepared historical financial information of the Operating Group for FY2014, FY2015 and FY2016. The financial information in respect of FY2016 represents a 53-week trading period. The financial information in respect of each of FY2014 and FY2015 represents a 52-week trading period.

As noted in paragraph 3.2 (*Roundings*) of Part III (*Important Information*), the data in this Part IX (*Operating and Financial Review*) has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

3. Key factors affecting the Group's results of operation

This section discusses key factors that the Directors believe have had a material effect on the Group's operating results and financial position during the periods under review, as well as those that are reasonably likely to have a material effect on its results of operation and financial condition in the future.

3.1 Strategic focus on yield management

Technology

The Group's fully integrated technology platform has been designed to maximise yield capacity whilst simplifying the processes for customers and colleagues across all booking revenue channels. The Group has real-time lane utilisation which increases availability for customer demand. The user friendly booking engine guides customers to the most relevant offer for their group type. This booking system has been developed to ensure that timeslots are maximised at peak times and that value-for-money deals can be offered at off-peak times to drive footfall and maximise yield. Key to many of the improvements has been the implementation of technologically focused operating practices across all Sites to improve efficiencies and enhance customer engagement and experience. Revenue per available lane has increased by 13.8 per cent. since FY14.

Pricing

The Group has seen footfall¹⁰ increase by 4.7 per cent. CAGR from FY2014 to FY2016 due, in part, to its pricing strategy anchored on tariff deals and promotions. The Group varies

¹⁰ This relates to 29 Sites which have been open and operational throughout the three financial years ended on 1 January 2017

prices throughout the week across its Sites by offering single game discounts, multi-game discounts and bundled food and beverage offers. The Directors believe that different promotional and offer types are key to attracting a wider customer base.

Customer and staff engagement

The Group has improved its NPS score from 49.0 per cent. in FY2016 to 56.1 per cent. for the financial year to date. A number of different metrics are now included, such as the mystery bowler element, with data collected on-line and the scores are tracked monthly. The NPS is measured as a means to drive customer experience, excellence and to increase dwell times (and hence spend per head) as well as to support frequency of visit.

The Group uses a 'Happiness Barometer' which is the Group's internal engagement set of metrics aimed at improving staff performance, reducing employee churn and recruitment costs and increasing efficiency at the Sites.

Spend per head

Average spend per head increased from £13.28 in FY2014 to £13.59 in FY2015, an increase of 2.3 per cent., and increased again to £14.15¹¹ in FY2016, an increase of 4.1 per cent. with spend per head increasing across all product categories.

Initiatives which have contributed to spend per head and, therefore, Like for Like revenue growth, include *iServe*, which is a lane-side ordering system for food and beverages that has been implemented across all the Sites (except Eastbourne which was acquired in February 2017). At Group level, *iServe* revenue represent 30 per cent. of total food and beverage revenue. Implemented during H2 FY2014, *iServe* enables customers to place food and beverage orders from their lane instead of having to walk to the bar meaning that games can be completed more quickly, increasing capacity. The Directors believe this enhances the customer experience and therefore encourages customers to return whilst also increasing non-bowling spend per head. The Directors believe that other factors that have contributed to the increase in average spend per head include the Group's pricing strategy, improved food and beverage offering and higher quality amusement machines.

Lane arrangement system

In FY2014 the Group implemented an automated 'Lane Arrangement System' (**LAS**). LAS is a unique, in-house development to drive yield management. Previously lane management had been the responsibility of staff at the Site, however, LAS has automated this process, leading to significant improvements in maximising peak timeslots through more efficient lane management. LAS is fully integrated with the Group's call centre, online booking channels, and the control desks within Sites. LAS has been responsible for growing yield at peak times by over 5 per cent. across all Sites.

Following the full redevelopment of the Group's website and booking engine, which also included the introduction of an optimised system for mobile phone bookings, the digital booking volumes have grown significantly year on year.

3.2 Site acquisitions

The Group has acquired 11 Sites since 31 October 2014 at a total cost of approximately £17.5 million. The average site EBITDA multiple paid for new sites is approximately five times and the average refurbishment costs for acquired sites has been £263,000. The Group has achieved a return on investment¹² of 27 per cent. on these acquisitions and its newly acquired sites typically achieve Run Rate Performance in 12 to 18 months following acquisition.

11 This relates to 29 Sites which have been open and operational throughout the three financial years ended on 1 January 2017

12 Return on investment' defined as site EBITDA over the 12 months following acquisition divided by total acquisitions costs (including refurbishment costs and fees)

The Group's near and medium term plan is to acquire between two to four sites per year with the belief that it will be possible to double the size of the estate over the long term. A pipeline of sites has been identified and between two and four acquisitions are expected to be completed each year.

3.3 **Capital expenditure on Site refurbishment and acquisitions**

The Group's capital expenditure spend was restricted prior to FY2014 due to lower levels of cash in the business. A greater strategic emphasis on investments in sites after Harwood's acquisition of the Group led to the decision to increase capital expenditure budgets.

To date, 34 of the Group's 40 Sites have been rebranded under the new 'Tenpin' fascia. It is intended that the remaining Sites be rebranded as soon as possible, however, this is subject to local planning regulations and obtaining landlord consent where necessary. As at 1 January 2017, refurbishment capital had been invested at 23 of the Group's 29 core sites (being those sites owned for the entirety of the three financial years ended 1 January 2017) at an average refurbishment cost of approximately £141,000 per existing Site, which delivered an average return on investment of 48.6 per cent.. Each Site is considered by Senior Management to require refurbishment, on average, once every six years.

The programme has improved the look and feel of the estate and has brought consistency with the improved external fascia branding. The refurbishments have increased the focus on the presentation of additional entertainment activities as well as initiatives targeted at yield optimisation and increasing spend per head. Alongside investment in technology, other initiatives such as increased lane-side seating have been rolled-out improving the customer experience and lane utilisation.

3.4 **Operating costs**

The Group has an operationally geared model. Of the £49.9 million FY2016 cost base¹³ (including the Group's cost of sales), approximately 43 per cent. is considered to be fixed in nature, with the most significant component being rent costs of £11.3 million due on the Group's leasehold estate, followed by £7.1 million of other property costs such as rates and service charges and a further £3.2 million of overhead costs, including Support Centre staff salaries and administrative expenses. In FY2016 rent equated to 16.8 per cent. of the Group's revenue of £67.3 million compared with 19.7 per cent. of the Group's revenue of £46.8 million in FY2014. As a result, Senior Management have focused on tight cost control in all areas of the business and have seen tangible evidence of the initiatives in place. In addition, a crucial benefit of adding sites, and therefore scale, is to offset the Group's fixed cost base, contributing to the improvement in margin.

Operational staff costs of £13.4 million represent 19.9 per cent. of the Group's revenue and are considered to be semi-variable in nature given team rotas of ten-pin bowling sites can be flexed with trading activity. The Group uses its proprietary labour management system to prepare its staff rotas in order to match labour to sales forecasts on a dynamic weekly basis. In addition, the Group's operational colleagues are trained to be multi-skilled across operational departments, maximising the flexibility of the workforce to improve both labour productivity and the customer experience.

The renewal of the Group's contract with Namco for the supply of amusement machines has resulted in an improvement in the investment in machines whilst maintaining stable costs. Investment in new machines has improved the machine estate, contributing to increased spend on amusement machines and activities. This revenue stream represented 27 per cent. of the Group's total revenue in FY2016.

13 Operating cost base of £49.9 million represents costs above EBITDA

The Group's properties are subject to periodic rent reviews and renegotiation of rents when leases are renewed, this may have an adverse effect on profits and rents may increase to the extent that individual businesses become unprofitable. All of the Sites are leasehold, with the average remaining lease length being approximately 11.3 years as at FY2016 and 24 of the Sites having remaining lease lengths of over 10 years. The Group successfully negotiated two lease re-gears during FY2016, delivering annual rent reductions of £0.2 million in exchange for extensions to the remaining lease terms. The Directors believe that there are further opportunities to re-negotiate and re-gear leases on more favourable terms.

In FY2016, total Support Centre costs represented 4.8 per cent. of the Group's revenue and the Directors believe that these costs will increase by between £0.5 million and £0.75 million principally as a result of the Company becoming a listed company.

The Group has a strong focus on managing all areas of its cost base and it has seen overall costs (i.e. operating costs above EBITDA) as a percentage of revenue decline from 88.7 per cent. in FY2014 to 74.1 per cent. in FY2016.

During FY2016, the Group incurred approximately £1.2 million of repair and maintenance costs which were expensed through the income statement, in addition to capitalised maintenance capital expenditure, which increased from £0.8 million in FY2014 to £1.3m in FY2016. The repairs and maintenance costs, together with the maintenance capital expenditure form a rolling cycle of maintenance to cover small projects which are generally considered to be essential to either maintaining the standard of the Sites or providing improvements to the overall customer experience. The "Pins and Strings" technology also has the potential to lead to lower maintenance, labour and energy consumption costs for the Group should it be rolled out across all the Sites.

3.5 **Information technology systems**

The Group's information technology systems (electronic point of sale tills and 'Qubica' bowling systems) are maintained centrally with technical support from third parties. If any of these systems were to fail, the Sites can still operate independently of the central support system.

3.6 **Seasonality and weather conditions**

The Group's trading performance exhibits seasonal variations throughout the year with monthly revenue and EBITDA levels primarily impacted by the dates of school holidays and fluctuations in weather. The Group categorises weekly periods into 'Super Peak', 'Peak' and 'Standard' categories.

Super Peak weeks are defined as the two weeks around Christmas/New Year; October, February and May school half terms; and two weeks around Easter. Peak weeks primarily relate to the six week school summer holiday period and spring bank holidays. During Peak and Super Peak periods, average weekly revenue and EBITDA increase significantly. Gross margins also significantly increase during these periods as there is a greater proportion of revenue generated via tariff pricing rather than through deals and promotions, and by bowling generally which has a positive impact on overall gross profit at 100 per cent. gross margin. Revenue is increasingly being driven during standard trading periods as a result of deals and promotions designed to boost footfall during off-peak trading times.

The weather also has an impact on business performance with inclement conditions more conducive to positive trading. Warm weather adversely impacts revenues, as do unusual weather conditions such as heavy snow, icy conditions or high winds that discourage people from venturing outside. Major sporting events on television can also affect the performance of the business.

3.7 **Key Suppliers**

The Group had a diversified supplier listing with 241 active suppliers in FY2016. However, 67 per cent. of operational goods were supplied by the top twelve suppliers. In October 2014 the Group switched amusement machine supplier from Playnation to Namco leading to a favourable change in payment terms. The Group benefits from volume rebates with various food and beverage suppliers. The Group relies on key suppliers for certain requirements of the business.

On the acquisition of a new site, Senior Management looks to transition to the Group's existing suppliers quickly, although the timing on this has varied over the Historical Period based on the terms of each acquisition.

3.8 **General economic conditions and changes in consumer trends**

The Group's bowling business is based exclusively in the UK and so is exposed to UK economic conditions and consumer confidence. As a leisure activity, bowling may be affected by the general level of consumer spending on leisure activities and may also be affected by changing consumer preferences.

In FY2016, 18 per cent. of the Group's turnover of £67.3 million was from beverage sales, principally of alcoholic beverages. These sales could be adversely affected by changes in licensing requirements, or by increased concerns about the effect of alcohol on health or of drinking and driving. In FY2016, 27 per cent. of the Group's turnover was generated from amusement machines and entertainment activities. The loss of the related licences, or a reduction in the popular appeal of amusement machines among the target consumers could adversely affect sales.

3.9 **Legal and regulatory developments**

Possible regulatory threats to the profitability of the business include UK or EU employment legislation, such as minimum or national living wage increases and the working time regulations; competition, consumer protection and environmental laws; and further implementation of the Disability Discrimination Act. A number of UK fiscal factors affect the business such as duty on alcoholic drinks, VAT and other business and corporation taxes. Changes in legislation which affect any of these factors could adversely impact the results of the business.

4. **IFRS Key Line Items**

Revenue

Revenue represents the total amounts earned from customers from bowling, food, beverage, amusement machines, together with any other goods and services delivered in the normal course of business, net of VAT. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and in the case of bowling, when the game has been played. All deposits paid in advance for a game of bowling that has yet to be played are accounted for as deferred revenue under current liabilities until the game is played upon which it is recognised as revenue.

Cost of sales

Cost of sales comprises costs associated with the generation of revenue from food, beverage and amusement machines. No direct cost of sales are applied to bowling revenue, with any associated operating costs (such as repairs and maintenance) allocated below gross profit. Amusement machines cost of sales comprises the revenue share payable to the supplier of amusement machines. Included within the cost of sales for amusement machines is a fixed monthly cost of maintenance per machine and an additional performance fee. Food cost of sales relates to the

direct cost of food purchased and beverage cost of sales relates to the direct cost of drinks purchased.

Cost of sales also includes operational staff costs (excluding security). Staff costs comprise wages, salaries and social security costs. The Group operates a number of bonus schemes for Site and Support Centre employees. Bonuses are linked to EBITDA performance and satisfactory achievement of objectives for each individual at the discretion of their respective line manager.

Administrative expenses

Administrative expenses comprise the cost of administering the Group's operations, including rental on leasehold properties, maintenance and supply costs and other expenses. The majority of the Group's administrative cost base is represented by property costs and Site operational costs which typically increase in line with new Site openings.

Property costs are principally fixed costs and represent the most significant component of the administrative cost base. These costs include rent, rates, service charges, insurance and utility costs.

Maintenance and supply costs primarily relate to bowling lane and equipment maintenance (i.e. general repairs and bowling spares) and consumables such as disposable cutlery and cleaning products.

Other expenses principally comprise marketing, Site licences, insurance and other miscellaneous costs.

Finance costs

Finance costs represent charges incurred associated with the Group's bank borrowings and finance leases as well as shareholder loans, by way of the PIK Loan Notes, which were introduced in August 2015, and which are to be capitalised prior to Admission.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or nature to enable full understanding of the Group's financial performance. Transactions which may give rise to exceptional items include, but are not limited to, gains or losses on disposal of assets and costs associated with subsidiary acquisitions.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

5. Key performance indicators

Like for Like sales increased by 2.8 per cent. in FY2016 (excluding the impact of the 53rd trading week). Average spend per head and Like for Like footfall are operational KPIs which contribute to Like for Like revenue growth.

Spend per head increased by 4.1 per cent. to £14.15¹⁴ in FY2016 from £13.59 in FY2015. Spend per head is broken down into bowling spend, amusement and other spend and food and beverage spend. Increased spend per head is driven by initiatives including the improved pricing strategy, the introduction of *iServe*, an improved food and beverage offering and higher quality amusement machines. Spend per head is calculated as the revenue associated with each category divided by footfall.

¹⁴ Relates to 29 Sites which have been open and operational throughout the three financial years ended on 1 January 2017

Footfall¹⁵ has increased by 6 per cent. on a Like for Like basis from FY2014 to FY2016 to approximately 3,691,000 (excluding the impact of the 53rd trading week, and based on constant Sites across the Historical Period). Total footfall¹⁶ for FY2016, including the 53rd trading week, was approximately 3,812,000. Footfall is calculated as the number of participants who have played at least one game of bowling. This metric does not include people who may come into the centre to use other services but who do not participate in bowling. The Directors believe that the Group's pricing strategy and the implementation of the new CRM system have contributed to the increase in footfall over the period.

The Group also monitors rent as a percentage of sales and staff costs as a percentage of sales. Rent as a percentage of sales decreased to 16.8 per cent. in FY2016 from 19.7 per cent. in FY2014. Overall staff costs as a percentage of sales fell to 23.2 per cent. in FY2016 from 28.7 per cent. in FY2014.

A key non-financial key performance indicator that the Group monitors is "Games Per Stop" which measures the number of games played between interruptions by a breakdown. This is an important statistic relating to the quality of service provided.

<i>KPI</i>	<i>53 weeks to 1 January 2017</i>	<i>52 weeks to 27 December 2015</i>	<i>52 weeks to 28 December 2014</i>
Average spend per head:			
– Machines	£3.80	£3.58	£3.37
– Food	£1.37	£1.35	£1.39
– Beverage	£2.56	£2.53	£2.55
– Bowling	£6.42	£6.13	£5.97
Total	£14.15	£13.59	£13.28
Footfall*	3,814	3,700	3,479
Games per stop	186	180	188
Rent as % of sales	16.8%	18.5%	19.7%
Overall staff costs as % sales	23.2%	26.7%	28.7%

* Relates to 29 Sites which have been open and operational throughout the three financial years ended on 1 January 2017

Machine spend per head has increased over the Historical Period, driven by new investment from the Namco contract with additional units on Sites. Food spend per head reduced marginally from a change in the mix of tariff deals aimed at providing customers with package deal options. Beverage spend is broadly static reflecting maintenance of value for customers and package deals.

6. Current Trading

Total sales for the first 12 weeks of FY2017 were 9.1 per cent. higher than for the same period in the previous year. Like for Like sales were 5.7 per cent. higher against the same period in FY2016 which also included Easter, typically a period of strong trading for the Group. There are a number of strategic initiatives underway which the Directors believe will continue to drive sales growth through FY2017 which include the run rate benefits from refurbishments and acquisitions, the more embedded CRM system delivering better marketing conversion, additional refurbishments of the core estate and further site acquisitions in accordance with the Group's strategy (two of which have already been completed and have commenced trading under the Tenpin brand).

The Directors remain confident in the Group's prospects for the remainder of the financial year and for the longer term.

15 Relates to 29 Sites which have been open and operational throughout the three financial years ended on 1 January 2017

16 Relates to 29 Sites which have been open and operational throughout the three financial years ended on 1 January 2017

7. Results of operations

The following table sets out selected data from the combined and consolidated income statement for FY2014, FY2015 and FY2016 which have been extracted without material adjustment from the Operating Group's audited combined and consolidated Historical Financial Information found in Part XI.

	<i>53 weeks to 1 January 2017 £'000</i>	<i>52 weeks to 27 December 2015 £'000</i>	<i>52 weeks to 28 December 2014 £'000</i>
Revenue	67,319	52,965	46,819
Cost of sales	(20,639)	(16,698)	(16,033)
Gross profit	46,680	36,267	30,786
Administrative expenses:			
One off administrative costs	(1,902)	(4,329)	195
Net impairment reversal	–	634	262
Other administrative expenses	(35,022)	(30,441)	(24,926)
Total administrative expenses	(36,924)	(34,136)	(24,469)
Operating profit	9,756	2,131	6,317
<i>Analysed as:</i>			
Adjusted EBITDA	17,605	10,173	5,709
Amortisation and depreciation of intangibles and PPE	(4,426)	(4,142)	(2,095)
Net impairment of intangible and tangible PPE reversal	–	634	262
Unwind of other fair value adjustments	(336)	–	–
Profit on disposal of amusement machines	58	–	–
Amortisation of fair valued items	(971)	(366)	–
Exceptional items	(1,902)	(4,329)	195
Onerous lease provision movement	(272)	161	2,246
Finance costs	(4,320)	(2,075)	(10,169)
Profit/(loss) before taxation	5,436	56	(3,852)
Taxation	(1,805)	(702)	(1,348)
Profit/(Loss) and total comprehensive income for the year	3,631	(646)	(5,200)

7.1 Results of operations for the 53 weeks ended 1 January 2017 compared to the 52 weeks ended 27 December 2015

Revenue

Revenue increased by £14.3 million from £53.0 million in the 52 weeks ending 27 December 2015 to £67.3 million in the 53 weeks ending 1 January 2017, an increase of 27.1 per cent., principally due to the full year impact of the six Sites acquired in December 2015 from TOBC and Bowlplex.

Like for Like revenue growth, which excludes the impact of the 53rd trading week was 2.8 per cent., driven by the increased level of average spend per head, which more than compensated for a slight decline in footfall on a 52-week basis. In addition, the 53rd trading week contributed £2.0 million of the overall revenue growth.

Revenue from bowling represented 46 per cent. of total Group revenue, with amusement machines and entertainment activities representing 27 per cent. and food and beverages 27 per cent.

Cost of sales

Cost of sales increased by £3.9 million from £16.7 million in the 52 weeks ending 27 December 2015 to £20.6 million in the 53 weeks ending 1 January 2017. The increase was principally due to the full year impact of the six Sites acquired in December 2015 as well the additional revenue arising from Like for Like growth and the impact of the 53rd trading week which resulted in an associated increase in cost of sales.

Gross profit

Gross profit increased by £10.4 million (28.7 per cent.) from £36.3 million in the 52 weeks ending 27 December 2015 to £46.7 million in the 53 weeks ending 1 January 2017 principally as a result of strong sales. Gross margin increased by 0.8 per cent. from 68.5 per cent. to 69.3 per cent.

Administrative expenses

	<i>53 weeks to 1 January 2017 £'000</i>	<i>52 weeks to 27 December 2015 £'000</i>
Staff costs	<u>2,680</u>	<u>3,298</u>
Property costs		
Rent	11,085	9,422
Rates and Service Charges	6,782	5,214
Onerous lease provisions	272	(161)
Depreciation and amortisation	5,397	5,330
Other property costs	<u>1,587</u>	<u>1,360</u>
Total property costs	<u>25,123</u>	<u>21,165</u>
Operating costs	4,542	4,174
Other expenses	<u>4,578</u>	<u>5,498</u>
Total administrative expenses	<u><u>36,923</u></u>	<u><u>34,135</u></u>

Total administrative expenses increased by £2.8 million from £34.1 million in the 52 weeks ending 28 December 2015 to £36.9 million in the 53 weeks ending 1 January 2017. This was largely due to increases in the total cost of rent, rate and service charges, primarily due to the costs relating to the newly acquired sites.

Group adjusted EBITDA

Group adjusted EBITDA for the 53 weeks ending 1 January 2017 increased by £7.4 million to £17.6 million. The additional EBITDA of £7.4 million was generated at a margin of 51.8 per cent. of the additional sales, improving the Group's margin overall to 26.2 per cent. Operating profit increased by £7.6 million to £9.8 million in the 53 weeks ending 1 January 2017.

Total exceptional administrative costs

Total exceptional costs decreased to £1.9 million in the 53 weeks ending 1 January 2017. Exceptional costs incurred in FY2016 related to £0.5 million relating to new site acquisitions and £1.4 million of transactional costs.

Finance costs

Finance costs increased by £2.2 million over the period reflecting the full year impact of the capital structure put in place in FY2015 following Harwood's acquisition of the Group. The increased interest charge also reflected increased bank interest and bank charges.

Group profit before tax

Group profit before tax increased by £5.4 million to £5.4 million in the 53 weeks ending 1 January 2017 principally due to the improvement of £7.4 million in Group Adjusted EBITDA and lower exceptional items (£1.9 million in FY2016 compared to £4.3 million in FY2015) offset by higher finance costs reflecting the increase in loans.

7.2 Results of operations for the 52 weeks ended 27 December 2015 compared to the 52 weeks ended 28 December 2014

Revenue

Revenue increased by £6.1 million from £46.8 million in the 52 weeks ending 28 December 2014 to £53.0 million in the 52 weeks ending 27 December 2015. Like for Like for revenue grew by 9.8 per cent., due to strong footfall growth during the year of 6.4 per cent. and growth in spend per head of 3.4 per cent., together with the full-year impact of the Doncaster Site, acquired during FY2014.

Revenue from bowling represented 45 per cent. of total Group revenue, with amusement machines and entertainment activities representing 26 per cent. and food and beverages 29 per cent.

Cost of sales

Cost of sales increased by £0.7 million from £16.0 million in the 52 weeks ending 28 December 2014 to £16.7 million in the 52 weeks ending 27 December 2015. The increase is trading related with revenue increasing by £6.1 million in the 52 weeks ending 27 December 2015.

Gross profit

Gross profit increased by £5.5 million (17.8 per cent.) from £30.8 million in the 52 weeks ending 28 December 2014 to £36.3 million in the 52 weeks ending 27 December 2015 principally as a result of strong sales with the gross margin increasing by 2.7 per cent. from 65.8 per cent. to 68.5 per cent. The majority of this margin increase has been due to improvement in sales performance and the full year benefit of the new amusement machines contract being on a finance lease rather than an operating lease.

Administrative expenses

	<i>52 weeks to 27 December 2015 £'000</i>	<i>52 weeks to 28 December 2014 £'000</i>
Staff costs	<u>3,298</u>	<u>3,568</u>
Property costs		
Rent	9,422	8,826
Rates and Service Charges	5,214	4,973
Onerous lease provisions	(161)	(2,246)
Depreciation and amortisation	5,330	2,095
Other property costs	<u>1,360</u>	<u>1,256</u>
Total property costs	<u>21,165</u>	<u>14,904</u>
Operating costs	4,174	3,885
Other expenses	<u>5,498</u>	<u>2,112</u>
Total administrative expenses	<u><u>34,135</u></u>	<u><u>24,469</u></u>

Total administrative expenses increased by £9.7 million from £24.5 million in the 52 weeks ending 28 December 2014 to £34.1 million in the 52 weeks ending 27 December 2015. This was due to the £3.2 million increase in depreciation from a full year's ownership of gaming machines and amortisation of fair valued intangibles on acquisition of Essenden plc. There was a £2.1 million decrease in the onerous lease provision release as the uptick in performance and its impact on the onerous lease provision was realised in 2014.

Adjusted EBITDA

Group Adjusted EBITDA for the 52 week period ended 27 December 2015 was £10.2 million (at a margin of 19.1 per cent.), an increase of £4.4 million from the Adjusted EBITDA for the 52 week period ended 28 December 2014 of £5.7 million (at a margin of 12.2 per cent.). The additional Adjusted EBITDA of £4.4 million was generated at a margin of 71.6 per cent. of the additional revenue. Operating profit decreased by £4.2 million to a profit of £2.1 million in the 52 weeks ending 27 December 2015. The increase in Adjusted EBITDA of £4.4 million was offset by increased depreciation of £3.2 million reflecting a full year of the Namco finance leases totalling £1.3 million, lower onerous lease release of £2.1 million and an increase in Exceptional administrative costs of £4.5 million compared to the 52 weeks to 28 December 2014.

Exceptional administrative costs

Total exceptional costs increased by £4.5 million from net income of £0.2 million as at 28 December 2014 to £4.3 million cost as at 27 December 2015. The costs incurred for the 52 weeks ended 27 December 2015 consist of total acquisition costs of £1.7 million (£1.2 million related to the acquisition of Essenden and £0.5 million for the acquisition of the six Sites from TOBC and Bowlplex); £2.0 million related to the long term incentive bonus paid to Nick Basing for services as Chief Executive Officer of Essenden; and £0.7 million related to professional fees for other one off projects engaged by the group and its subsidiaries.

Finance costs

Finance costs decreased from £10.2 million in FY2014 to £2.1 million in FY2015. The principal driver for this was a £1.2 million increase in costs in FY2015 due to the capital structure put in place during the year following Harwood's acquisition of the Group, which was more than offset by the reduction in costs from FY2014 that included a loss on loan note conversion of £6.8 million.

Group profit/(loss) before tax

Group profit/(loss) before tax increased by £3.9 million, from a loss of £3.9 million in the 52 weeks ending 28 December 2014 to a profit of £0.1 million in the 52 weeks ending 27 December 2015. This movement is mainly due to the £8.1 million decrease in finance costs less the £4.2 million decline in operating profit.

8. Liquidity and Capital Resources

The Group's liquidity requirements principally arise from funding the Group's growth strategy, indebtedness and finance lease repayments and its general working capital requirements. The Operating Group's principal source of liquidity has been the net cash generated from operating activities and its banking facilities. The Group's banking facilities are to be replaced on Admission by a new revolving credit facility provided by RBS. The new facility of up to £15 million will have a three year term and is described further in paragraph 13.17 of Part XV (Additional Information).

9. Cash Flows

The following table sets out selected data from the combined and consolidated cash flow statement for FY2014, FY2015 and FY2016 which have been extracted without material adjustment from the Operating Group's audited combined and consolidated Historical Financial Information found in Part XI.

	<i>53 week period to 1 January 2017 £'000</i>	<i>52 week period to 27 December 2015 £'000</i>	<i>52 week period to 28 December 2014 £'000</i>
Net cash from operating activities	13,777	6,609	5,757
Net cash used in investing activities	(5,352)	(47,761)	(2,561)
Net cash used in financing activities	(5,061)	44,638	(4,729)
Net (decrease)/increase in cash and cash equivalents	3,364	3,486	(1,533)
<i>Analysed as:</i>			
Operating free cashflow	14,039	8,593	4,253
Investment capital	(5,352)	(47,761)	(2,561)
Maintenance capital	1,311	1,016	848
Exceptional items	(1,902)	(4,329)	195
Other interest	(870)	(319)	(298)
Proceeds from issue of shareholder loan notes	–	30,447	–
Proceeds from issue of ordinary shares	4	1,200	–
Cash costs on loan note redemption	–	–	(2,576)
Onerous lease movements in working capital	(272)	161	356
Repayment of borrowings	(3,594)	(1,000)	(4,750)
Cash costs capitalised from new borrowings	–	(1,022)	–
Drawdown of borrowings	–	16,500	3,000
Cash and cash equivalents – beginning of period	6,821	3,335	4,868
Cash and cash equivalents – end of period	<u>10,185</u>	<u>6,821</u>	<u>3,335</u>

Net cash from operating activities

Net cash flows from operating activities increased from £5.8 million in FY2014 to £6.6 million in FY2015 largely due to the increase in sales and EBITDA over that period complemented by the Group's negative working capital position.

Net cash flows from operating activities increased from £6.6 million in FY2015 to £13.8 million in FY2016 due to the growth in sales and EBITDA from the full year trading from the six sites that were acquired in December 2015.

Net cash used in investing activities

Net cash used in investing activities increased from £2.6 million in FY2014 to £47.8 million in FY2015 principally due to the £33.2 million outflow associated with the acquisition of Essenden and £13.2 million outflow associated with the acquisition of sites.

With no such similar movements due to acquisitions in the following year, net cash used in investing activities reduced from £47.8 million in FY2015 to £5.4 million in FY2016.

Net cash from or used in financing activities

Net cash used in financing activities improved from a cash outflow of £4.7 million in FY2014 to a cash inflow of £44.6 million in FY2015 due to the proceeds from the issue of shareholder loan notes (£30.4 million) and drawdown of borrowings (£16.5 million).

In FY2016 net cash used in financing activities returned to a cash outflow of £5.1 million due to the repayment of £3.6 million in bank debt and £1.5 million in finance lease repayments. There were no further drawdowns of shareholder loans in FY2016.

10. Capital Expenditure

The table below presents a breakdown of the Group's capital expenditure for FY2014, FY2015 and FY2016.

	<i>1 January</i> 2017 £'000	<i>27 December</i> 2015 £'000	<i>28 December</i> 2014 £'000
Maintenance	1,311	1,016	848
Refurbishment*	2,207	876	1,121
Amusement Supplier	1,250	1,325	4,207
Centre acquisitions	740	5,835	519
Gross asset additions	5,508	9,052	6,695

* Refurbishment costs include landlord contribution of £500,000 towards the Feltham Site reduction in space carve out.

Maintenance increased by £0.5 million between FY2014 and FY2016 as the Group increased the levels of expenditure in maintaining a higher standard across the estate.

Refurbishment capital expenditure increased from £1.1 million in FY2014 to £2.2 million in FY2016, net of a £0.5 million landlord contribution to the refurbishment expenditure at the Feltham Site. In the three years prior to the Historical Period (FY2011 to FY2013) there was on average refurbishment capex of approximately £0.1 million per annum. The increase from this level to the Historical Period is due to the increased level of expenditure on the ongoing programme of refurbishing existing Sites together with expenditure on refurbishing newly acquired sites, principally during FY2016.

Gross additions in relation to the Group's amusement machine supplier relate to the capitalisation of the finance leases, with the initial £4.2 million addition in FY2014 principally driven by the transfer of the Group's amusement contract to Namco. Additions in subsequent years represent additional machines in the existing estate together with machines added to newly acquired sites.

Capital expenditure on centre acquisition is the value of the fixed assets acquired for the nine site acquisitions during the Historical Period, with one in FY2014, six in FY2015 and two in FY2016.

There was one site disposal in FY14 (Grantham in March 2014).

11. External sources of funding and indebtedness

The table below presents the amounts outstanding under the Group's finance lease arrangements and the Group's statutory net debt as at the dates indicated extracted without material adjustment from the Operating Group's audited combined and consolidated Historical Financial Information found in Part XI.

	<i>1 January</i> 2017 £'000	<i>27 December</i> 2015 £'000	<i>28 December</i> 2014 £'000
Cash and cash equivalents	10,185	6,821	3,335
Bank loans and overdrafts	(12,906)	(16,500)	(1,000)
Net cash excluding notes and leases	(2,721)	(9,679)	2,335
Finance leases	(5,149)	(6,437)	(6,872)
Shareholder loan notes	(42,435)	(38,526)	-
Statutory net debt	(50,305)	(54,642)	(4,537)

As at 1 January 2017, the Group had statutory net debt of £50.3 million which was £4.3 million less than net debt at 27 December 2015 reflecting the net cash generation from operations.

As at 27 December 2015, the Group had statutory net debt of £54.6 million, an increase of £50.1 million from £4.5 million as at 28 December 2014 largely due to a £15.5 million increase in bank borrowings to £16.5 million and £38.5 million increase associated with the shareholder loan notes issued and accrued interest.

12. Contractual obligations and commitments

Other than its debt obligations detailed above, the Group's contractual commitments are principally related to property lease rentals, representing rent payable by the Group for its Sites.

The table below presents the future aggregate minimum lease payments under non-cancellable operating leases extracted without material adjustment from the Operating Group's audited combined and consolidated Historical Financial Information found in Part XI.

	<i>1 January</i> 2017	<i>27 December</i> 2015	<i>28 December</i> 2014
	£'000	£'000	£'000
<i>Payments due:</i>			
Within one year	11,085	11,321	9,656
Between one and five years	41,747	42,689	36,458
After five years	71,027	70,415	66,673
	<u>123,859</u>	<u>124,425</u>	<u>112,787</u>

13. Off balance sheet arrangements

As at 1 January 2017, the Group had no material off balance sheet arrangements or funding arrangements that would be classified as a contingent liability under IFRS.

14. Dividend policy

The Board intends to distribute approximately 60 per cent. of its adjusted profits after tax to shareholders through dividends. The policy will allow the Group to retain sufficient capital to fund on-going operating requirements and to invest in the Group's long term growth.

Dividends are expected to be paid in an approximate one-third (interim dividend) and two thirds (final dividend) ratio. The Board expects the Company's first dividend as a listed business to be the interim dividend for the year ended 31 December 2017, to be paid on a pro-rated basis for the proportion of the financial year that the Group is admitted to trading on the main market of the London Stock Exchange.

15. Qualitative and quantitative disclosures concerning market risk

In the ordinary course of business, the Group is exposed to a variety of market risks including credit risk, liquidity risk and interest rate risk. The Group monitors and manages these risks as part of its overall risk management process and seeks to mitigate the potential adverse effects of such risks on its financial position, performance and prospects. The commentary below does not address other risks to which the Group is exposed in the ordinary course of business, such as operational risks, which are described further in Part II (Risk Factors).

16. Credit risk

Credit risk is the risk of financial loss to the Group if a member or counterparty to a financial instrument fails to meet its contractual obligations. The risk arises principally in connection with the Group's trade receivables.

A significant proportion of the Group's revenue is received via cash, credit card or debit card. In order to further minimise the risk the Group endeavours to deal with companies which are demonstrably creditworthy and has appropriate credit policies, verification and authorisation processes in place to ascertain the creditworthiness of its counterparties.

17. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity by continually monitoring the Group's cash position and cash flow forecasts. The Group's exposure to liquidity risk is discussed in note 21 of Part XI (Historical Financial Information). On Admission, the Group will have in place a revolving credit facility with RBS which is described further in paragraph 13.17 of Part XV (Additional Information).

18. Market risk

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's exposure to the risk in market interest rates relates primarily to the Group's floating rate financial liabilities, being its bank debt and overdraft facility, which are linked to LIBOR plus a margin of 3.25 per cent. or 2.75 per cent. The Group's exposure to market risk is discussed further in notes 16 and note 21 of Part XI (Historical Financial Information).

19. Critical accounting policies and estimates and forthcoming changes

At the date of authorisation of the combined and consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. The Group has not adopted early any of these pronouncements. The new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements in the future are as follows:

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement. The standard is effective for accounting periods beginning on or after 1 January 2018. The Directors do not expect the adoption of this standard to have a material impact on the consolidated financial statements in future periods.

IFRS 15 – Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. The Directors do not expect the adoption of this standard to have a material impact on the consolidated financial statements in future periods.

IFRS 16 – Leases

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, subject to EU endorsement. The Directors are in the process of assessing the full impact of IFRS 16.

In the application of its accounting policies, the Group is required to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical evidence and other factors that Senior Management consider to be relevant. Actual results may differ from such estimates. The Group's critical accounting policies are included in note 2 of Part XI (Historical Financial Information). The Group's significant accounting judgements, estimates and assumptions are set out in note 2 of Part XI (Historical Financial Information).

20. Segmental Reporting

The Group has one segment (distinguishable component of the group that is engaged either in providing products or services) being its ten-pin bowling operations. The Group wholly operates within the United Kingdom.

PART X

LIQUIDITY AND CAPITAL RESOURCES

The Company's capitalisation as at 15 March 2017 (being the date of incorporation) was £2 and its cash was £2.

The tables below set out the Group's indebtedness as at 5 February 2017 and the Group's capitalisation as at 1 January 2017.

This statement of capitalisation and indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparing the Group's financial information for the 53 week period ended 1 January 2017 as set out in Section B of Part XI (*Historical Financial Information*) of this document.

The indebtedness information as at 5 February 2017 has been extracted without material adjustment from the Group's accounting records.

The capitalisation information as at 1 January 2017 has been extracted without material adjustment from the Group's financial information for the 53 week period ended 1 January 2017 as set out in Section B of Part XI (*Historical Financial Information*) of this document.

These tables do not reflect the effect of the Offer, the Reorganisation and the Refinancing and the following tables should be read together with Part IX (*Operating and Financial Review*), Part XI (*Historical Financial Information*), Part XII (*Unaudited Pro Forma Financial Information of the Group*) and Part XV (*Additional Information*).

Capitalisation and indebtedness⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾

	5 February 2017 (unaudited) £'000
Total current debt	
Guaranteed ⁽⁵⁾	—
Unguaranteed/unsecured ⁽⁴⁾	—
Secured ⁽³⁾	4,897
	<u>4,897</u>
Total non-current debt (excluding current portion of the long term debt)	
Guaranteed ⁽⁵⁾	—
Unguaranteed/unsecured ⁽⁴⁾	42,788
Secured ⁽³⁾	13,144
	<u>55,932</u>
	1 January 2017 £'000
Shareholders' equity⁽¹⁾	
Share capital	1,204
	<u>1,204</u>

Notes:

- 1 Shareholders' equity does not include the accumulated profits/losses reserve.
- 2 The information is unaudited.
- 3 The Group's secured liabilities relate to bank loans and finance leases. Bank loans are secured by a debenture granting a fixed and floating charge over the business and assets of each Group Company. Finance leases are secured by the relevant leased assets.
- 4 The unsecured/unguaranteed liabilities relate to shareholder loans.
- 5 The Group has no guaranteed debt.

The following table sets out the net consolidated financial funds of the Group as at 5 February 2017⁽¹⁾.

Net indebtedness⁽²⁾

	<i>5 February 2017</i> <i>(unaudited)</i> £'000
Cash	12,286
Cash equivalents	–
Trading securities	–
Total liquidity	<u>12,286</u>
Current financial receivable	–
Current bank debt	–
Current portion of non-current debt	(2,872)
Other current financial debt	<u>(2,025)</u>
Current financial debt	<u>(4,897)</u>
Net current financial indebtedness	<u>7,389</u>
Non-current bank loans	(10,034)
Other non-current financial debt	<u>(45,898)</u>
Non current financial indebtedness	<u>(55,932)</u>
Net financial indebtedness	<u>(48,543)</u>

Notes:

(1) This information is unaudited.

(2) The group has no indirect or contingent indebtedness as at 5 February 2017.

PART XI

HISTORICAL FINANCIAL INFORMATION

Section A and Section B

SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE OPERATING GROUP



The Directors
Ten Entertainment Group plc
Aragon House
University Way
Cranfield Technology Park
Cranfield
Bedford
MK43 0EQ

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

12 April 2017

The Operating Group

Dear Sirs,

We report on the combined and consolidated financial information of the Operating Group (being Essenden plc and its subsidiaries and undertakings prior to 7 August 2015 and Indoor Bowling Equity Limited and its subsidiaries and undertakings thereafter) for the 52 week period ended 28 December 2014, the 52 week period ended 27 December 2015 and the 53 week period ended 1 January 2017 set out in section B of Part XI below (the “**Operating Group Financial Information Table**”). The Operating Group Financial Information Table has been prepared for inclusion in the prospectus dated 12 April 2017 (the “**Prospectus**”) of Ten Entertainment Group plc (the “**Company**”) on the basis of the accounting policies set out in note 2 to the Operating Group Financial Information Table. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Operating Group Financial Information Table in accordance with the basis of preparation set out in note 2 to the Operating Group Financial Information Table.

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

It is our responsibility to form an opinion as to whether the Operating Group Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Operating Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Operating Group Financial Information Table gives, for the purposes of the Prospectus dated 12 April 2017, a true and fair view of the state of affairs of the Operating Group as at the dates stated and of its profits/losses, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 to the Operating Group Financial Information Table.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B: HISTORICAL FINANCIAL INFORMATION OF THE OPERATING GROUP

Combined and Consolidated Statements of Comprehensive Income

		<i>52 week period to 28 December 2014 £'000</i>	<i>52 week period to 27 December 2015 £'000</i>	<i>53 week period to 1 January 2017 £'000</i>
Revenue	3	46,819	52,965	67,319
Cost of sales		<u>(16,033)</u>	<u>(16,698)</u>	<u>(20,639)</u>
Gross profit		30,786	36,267	46,680
Administrative expenses:				
Net impairment reversal	9	262	634	–
Exceptional administrative costs	6	195	(4,329)	(1,902)
Other administrative expenses		<u>(24,926)</u>	<u>(30,441)</u>	<u>(35,022)</u>
Total administrative expenses		(24,469)	(34,136)	(36,924)
Operating profit		6,317	2,131	9,756
Finance costs	5	(919)	(2,075)	(5,224)
Exceptional finance costs	5	<u>(9,250)</u>	<u>–</u>	<u>904</u>
Total finance costs		(10,169)	(2,075)	(4,320)
(Loss)/profit before taxation	6	(3,852)	56	5,436
Taxation	7	(1,348)	(702)	(1,805)
(Loss)/profit and total comprehensive (expense)/income for the year		<u>(5,200)</u>	<u>(646)</u>	<u>3,631</u>
(Loss)/earnings per share attributable to the owners of the company during the period				
Basic (loss)/earnings per share	24	(4.3p)	(0.5p)	3.0p
Diluted (loss)/earnings per share	24	<u>(4.3p)</u>	<u>(0.5p)</u>	<u>3.0p</u>

Combined and Consolidated Statements of Financial Position

		<i>As at</i> 28 December 2014 £'000	<i>As at</i> 27 December 2015 £'000	<i>As at</i> 1 January 2017 £'000
Assets:				
Non-current assets				
Goodwill	8	11,911	22,757	23,552
Intangible assets	8	94	1,856	2,190
Property, plant and equipment	9	28,008	34,179	34,720
Trade and other receivables	13	141	1,042	786
Deferred tax asset	20	543	–	–
		<u>40,697</u>	<u>59,834</u>	<u>61,248</u>
Current assets				
Inventories	12	1,076	1,295	1,339
Trade and other receivables	13	3,404	3,665	3,346
Cash and cash equivalents	14	3,335	6,821	10,185
		<u>7,815</u>	<u>11,781</u>	<u>14,870</u>
Liabilities				
Current liabilities				
Bank Borrowings and finance leases	16	(1,740)	(4,524)	(4,897)
Trade and other payables	18	(5,647)	(7,841)	(7,762)
Provisions	19	(170)	(164)	(293)
		<u>(7,557)</u>	<u>(12,529)</u>	<u>(12,952)</u>
Net current assets/(liabilities)		<u>258</u>	<u>(748)</u>	<u>1,918</u>
Non-current liabilities				
Bank Borrowings and finance leases	16	(6,132)	(18,413)	(13,158)
Other non-current liabilities	18	(406)	(154)	(442)
Shareholder loan notes	17	–	(38,526)	(42,435)
Deferred tax liability	20	–	(202)	(1,511)
Provisions	19	(1,485)	(1,383)	(1,577)
		<u>(8,023)</u>	<u>(58,678)</u>	<u>(59,123)</u>
Net assets		<u>32,932</u>	<u>408</u>	<u>4,043</u>
Equity				
Share capital	15	–	1,200	1,204
Essenden plc invested capital		32,932	–	–
Accumulated profit/(losses)		–	(792)	2,839
Total equity		<u>32,932</u>	<u>408</u>	<u>4,043</u>

Combined and Consolidated Statements of Cash Flow

		<i>52 week period to 28 December 2014 £'000</i>	<i>52 week period to 27 December 2015 £'000</i>	<i>53 week period to 1 January 2017 £'000</i>
Cash flows from operating activities				
Cash generated from operations	25	6,323	7,320	14,754
Finance costs paid		(566)	(711)	(977)
Net cash from operating activities		<u>5,757</u>	<u>6,609</u>	<u>13,777</u>
Cash flows from investing activities				
Acquisition of Essenden plc		–	(33,241)	–
Purchase of property, plant and equipment		(1,896)	(1,254)	(2,322)
Acquisition of sites		(600)	(13,174)	(2,455)
Purchase of software		(65)	(92)	(575)
Net cash used in investing activities		<u>(2,561)</u>	<u>(47,761)</u>	<u>(5,352)</u>
Cash flows from financing activities				
Proceeds from issue of shareholder loan notes		–	30,447	–
Proceeds from issue of ordinary shares		–	1,200	4
Finance lease principal payments		(403)	(1,487)	(1,471)
Cash costs on loan note redemption		(2,576)	–	–
Drawdown of borrowings		3,000	16,500	–
Cash costs capitalised from new borrowings		–	(1,022)	–
Repayment of borrowings		(4,750)	(1,000)	(3,594)
Net cash (used in)/generated from financing activities		<u>(4,729)</u>	<u>44,638</u>	<u>(5,061)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,533)</u>	<u>3,486</u>	<u>3,364</u>
Cash and cash equivalents – beginning of period	14	4,868	3,335	6,821
Cash and cash equivalents – end of period	14	<u>3,335</u>	<u>6,821</u>	<u>10,185</u>

Combined and Consolidated Statements of Changes in Equity

	<i>Share capital £'000</i>	<i>Essenden plc invested capital £'000</i>	<i>Accumulated profit/(losses) £'000</i>	<i>Total £'000</i>
Balance at 29 December 2013	–	15,279	–	15,279
Issue of 28,720,300 1p ordinary shares*	–	287	–	287
Share premium*	–	22,566	–	22,566
Loss for the period and total comprehensive loss	–	(5,200)	–	(5,200)
Balance at 28 December 2014	–	32,932	–	32,932
Issue of ordinary shares	1,200	–	–	1,200
Loss for the period and total comprehensive loss	–	146	(792)	(646)
Changes in ownership interests on acquisition (note 1)	–	(33,078)	–	(33,078)
Balance at 27 December 2015	1,200	–	(792)	408
Issue of ordinary shares	4	–	–	4
Profit for the period and total comprehensive income	–	–	3,631	3,631
Balance at 1 January 2017	<u>1,204</u>	<u>–</u>	<u>2,839</u>	<u>4,043</u>

Notes:

* These movements in Essenden plc invested capital relate to the conversion of shareholder loan notes to equity as described in note 17.

Notes to the historical financial information

1. GENERAL INFORMATION

Indoor Bowling Equity Limited (the “Operating Company”) is a limited company incorporated and domiciled in the United Kingdom. The address of the registered office is 5 St. George’s House, St. George’s Road, Wimbledon, London, SW19 4DR.

The Operating Company is the holding company of Essenden Limited and its subsidiaries, whose principal activity is the operation of ten-pin bowling centres. The Operating Company successfully acquired the entire share capital of Essenden plc (“Essenden”) on 7 August 2015 for £40.1m as part of a “Public to Private” transaction through its wholly owned subsidiary Indoor Bowling Acquisitions Limited. After the acquisition of the entire share capital of Essenden, the company was delisted and re-registered as Essenden Limited, a limited company wholly owned by Indoor Bowling Acquisitions Limited.

On 8 December 2015, the Group acquired the entire share capital of Tenpin Five Limited, Tenpin One Limited, and the trade and assets of a bowling site in Glasgow. These entities also operated ten-pin bowling centres.

For the purposes of this historical information, the terms “Operating Group” and “Group” mean, prior to 7 August 2015, Essenden plc and its consolidated subsidiaries and undertakings, and, thereafter, Indoor Bowling Equity Limited and its consolidated subsidiaries and undertakings. From 12 April 2017, the “Group” unless the context otherwise requires shall mean Ten Entertainment Group plc (“the Company”) and its consolidated subsidiaries and undertakings.

2. ACCOUNTING POLICIES

Basis of preparation

The constituent parts of the Group during the track record period are explained in note 1. The directors have taken advantage of the option within section 390 of the Companies Act 2006 to make the historical financial information up to a date seven days either side of the company’s accounting reference date. The combined and consolidated financial information has been prepared under the historical cost convention and incorporates the Group for the 52 week period ended 28 December 2014, 52 week period ended 27 December 2015 and 53 week period ended 1 January 2017.

The historical financial information is prepared for the purposes of inclusion in the Prospectus of the Company for the purposes of admission to the premium segment of the Official List maintained by the Financial Conduct Authority and to trading on the main market for Listed Securities operated by the London Stock Exchange (the “Admission”). This financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation and the Listing Rules, in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”), except as noted below, and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

Due to the change in the capital structure of the Group that occurred on 7 August 2015 as a result of the Public to Private transaction referred to above, certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars, as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board, have been applied. The application of these conventions results in the following material departures from IFRS in the 52 week period ended 28 December 2014 and the 52 week period ended 27 December 2015. In all other respects IFRS has been applied:

- the preparation of the financial information on a combined and consolidated basis, as IFRS does not provide for such preparation.
- the calculation of earnings per share as set out in note 24. In addition, an illustrative earnings per share measure for the three years is included in note 24 to present the earnings attributable to the shares as at the Admission date.

The combined and consolidated historical financial information reflects the following:

52 week period ended 28 December 2014:

The historical financial information is the consolidated financial information of Essenden and its subsidiaries. Prior to the change in ownership and capital structure of the Group on 7 August 2015, the separate components of equity have been shown as a single line item called "Essenden plc invested capital".

52 week period ended 27 December 2015:

The historical financial information is a combination of the financial information of Essenden for the period from 29th December 2014 to 7 August 2015 and the consolidated financial information of Indoor Bowling Equity Limited for the period from 8 August 2015 to 27 December 2015.

53 week period ended 1 January 2017:

The historical financial information is the consolidated financial information of Indoor Bowling Equity Limited and its subsidiaries.

This combined and consolidated historical financial information is prepared on a going concern basis and under the historical cost convention, as modified for the revaluation of certain financial instruments.

The preparation of historical financial information in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's reasonable knowledge of the amount, event or actions, actual results may differ from those estimates.

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate based on:

- the ongoing review of current trading performance and results and the impact on cash flows and the financial position of the Group;
- the review of the Group's operational cash requirements, investment and maintenance capital needs, financing cash requirements in the servicing and repaying of debt and how the current and forecast cash position covers these areas;
- the preparation of annual budgets and 3 year forecasts which analyse the future trading performance, the conversion to cash and the movement in the Group's financial position;
- the review of current compliance with banking covenants and the analysis of forecast results and how they impact on compliance. This includes reviewing sensitised cases for potential risks impacting on forecast performance and what levels of headroom the Group can sustain to remain compliant;
- the ongoing review of material risks and uncertainties to the business and the maintenance or implementation of controls and procedures to ensure these are monitored and managed.
- the ongoing review of the business model and implementation of new technology and ideas as well as entering into new contracts and business partnerships to improve the business performance and ensure its going concern for at least the following 3 years as per current forecasts.

Changes in accounting policy and disclosures

IFRS expected to be applicable, in so far as this is currently known, to the first annual financial statements of the Group for the year ending 31 December 2017, have been applied. There were no new standards adopted as of 2 January 2017 that had a material impact on the historical financial information.

Certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. The Group has not adopted early any of these pronouncements. The new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements in the future are as follows:

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement. The standard is effective for accounting periods beginning on or after 1 January 2018. The Directors do not expect the adoption of this standard to have a material impact on the consolidated financial statements in future periods.

IFRS 15 – Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. The Directors do not expect the adoption of this standard to have a material impact on the consolidated financial statements in future periods.

IFRS 16 – Leases

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, subject to EU endorsement. The Directors are in the process of assessing the full impact of IFRS 16.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, and requires management to exercise judgement in the process of applying the Group's accounting policies. Accounting estimates are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily available from other sources.

Actual results may differ from these estimates and the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Impairment of intangible assets and property, plant and equipment

Intangible assets and tangible property, plant and equipment are affected by impairment assessments and estimates of value in use and residual value. The calculation of value in use is based on pre-tax cash flow projections from the financial budgets approved by the board covering

a one year period and extrapolated by management using an estimated medium term growth rate for a further two years. Cash flows beyond this three year period are extrapolated over the life of the lease relating to that site at the estimated long term growth rate, extended by 15 years for short leasehold premises in England and Wales where the provisions of the Landlord and Tenants Act apply and the company has the right and expects to extend the lease on expiry, or over 50 years for a long leasehold or freehold site. The pre-tax discount rate applied to the cash flow projections approximates the Group's weighted average cost of capital, 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. The effect of varying the key assumptions in the goodwill and tangible property, plant and equipment impairment calculations is presented in notes 8 and 9.

Business combinations

IFRS 3 requires assets and liabilities acquired to be recorded at fair value and to separately identify intangible assets from goodwill. There is judgement involved in estimating fair value, which requires the Directors to estimate the useful economic life of each asset and the future cash flows expected to arise from each asset and to apply a suitable discount rate.

Onerous lease provisions

Onerous lease provisions are made where the future minimum contractual payments exceed the future cash flows expected to be generated by the relevant site. The assessment of expected further cash flows and the discount rate used requires estimation. The cash flow projections are calculated on the same basis as those for the assessment of impairment of intangible assets and property, plant, and equipment as outlined above.

Deferred tax

Estimation is required of temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax liabilities are recognised for all taxable temporary differences but, where deductible temporary differences exist, management's judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits. The deferred tax assets actually recoverable may differ from the amounts recognised if actual taxable profits differ from management's estimates.

Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. All intercompany balances and transactions, and any unrealised gains on transactions between Group companies are eliminated.

On acquisition of a subsidiary, all of the identifiable acquired assets (including intangible assets), liabilities and contingent liabilities are recorded at their fair values, reflecting their condition on the date control passes. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. All accounting policies are applied consistently throughout the Group Companies.

Functional currency

The financial information in this report is presented in sterling, the functional currency of the company and is rounded to the nearest thousand.

Revenue

Revenue represents the total amounts earned from customers from bowling, food, beverage, machines and amusements, together with any other goods and services delivered in the normal course of business, net of VAT. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and in the case of bowling, when the game has been played. All deposits paid in advance for a game of bowling that has yet to be played are accounted for as deferred revenue under current liabilities until the game is played upon which it is recognised as revenue.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or nature to enable full understanding of the Group's financial performance. Transactions which may give rise to exceptional items include, but are not limited to, gains or losses on disposal of assets and costs associated with subsidiary acquisitions.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition of a subsidiary or business combination over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is carried at cost less impairment, and is tested annually for impairment, or earlier if circumstances indicate that impairment may have occurred. Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost arising on acquisition is recognised immediately in the statement of comprehensive income. A cash generating unit (CGU) is determined as a separate bowling site. Goodwill is allocated to a CGU and is tested at that level.

Software

Software costs are capitalised and amortised over their estimated useful lives of up to 3 years. All software has been purchased and generated externally.

Customer lists

Customer lists are recognised at fair value on acquisition of subsidiaries and are amortised over the years from which their expected benefits are determined to unwind in the businesses trade to nil over a 5 year period with the rate of amortisation decreasing.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment in value with property, plant and equipment acquired in a business combination recognised at their fair value. Cost of assets includes acquisition costs net of VAT, as well as other directly attributable costs in bringing the asset into a working condition. Depreciation is calculated so as to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful economic life. The principal useful lives used for this purpose are as follows:

Long leasehold premises	The shorter of 50 years or their estimated useful lives
Short leasehold premises	Their estimated useful lives
Fixtures, fittings and equipment	Between 3 and 40 years
Amusement Machines	4 years

Assets in the course of construction are not depreciated until they are brought into use. As required by IAS 16, property, plant and equipment's expected useful life and residual values are reviewed annually. Residual value is calculated based upon prices prevailing at the date of acquisition.

Impairment of assets

At each reporting date, all assets are considered for evidence of impairment. If there is an indication of impairment, the Group carries out an impairment test by measuring the asset's recoverable amount, which is the higher of the fair value less costs to sell and the value in use. If this recoverable amount is below the carrying value, an impairment loss is recognised in the statement of comprehensive income and the asset is written down to the recoverable amount. In assessing value in use, the estimated future cash flows arising from the use of the asset are discounted to their present value using a discount rate which reflects current market assessments of the time value of money and the risks specific to the asset. Impairment of the Group's property plant and equipment is assessed at the cash generating unit (CGU) level being a bowling site, with goodwill allocated at company level and impairment tested for goodwill at company level. Impairment losses are charged to the statement of comprehensive income in the period in which they are identified and are allocated first to goodwill then to carrying amounts of other assets at the CGU level.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property disposals

Disposals of properties and any resultant gain or loss on disposal are recognised in the statement of comprehensive (loss)/income once all conditions of the sale contract become unconditional.

Business combinations

The purchase of a company or bowling site being a group of inputs and processes capable of generating profits is accounted for as a business combination. Business combinations are accounted for using the acquisition method of accounting. The consideration for a business combination is measured at fair value on the date of acquisition with the assets acquired and liabilities incurred measured at fair value on exchange. Goodwill is recognised as the surplus of the consideration over the fair value of the net assets acquired and is accounted for as per the accounting policy on Goodwill.

Transactions costs that the Group incurs in connection with business combinations are expensed as incurred.

Management judgments are made in the measurement of fair values to the net assets acquired in a business combination in particular the customer lists, inventories and property, plant and equipment acquired.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated as cost of purchase on a first in, first out basis based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal which is the same method used to fair value the inventory on a business combination. Provision is made for obsolete, slow-moving or defective items where appropriate.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and then subsequently measured at amortised cost.

Financial assets

The Group classifies its financial assets as either at fair value through profit and loss (all of which were designated as such upon recognition) or as loans and receivables. There are no financial assets held as available for sale. Loans and receivables including non-derivative financial assets with fixed or determinable payments are classified as “trade and other receivables” in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows while being included in financial liabilities for the balance sheet.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value with attributable debt issue costs capitalised. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Debt issue costs

Issue costs of debt such as bank arrangement fees and legal fees incurred in arranging debt are capitalised under non-current other receivables and are amortised in the statement of comprehensive income over the life of the facility.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

Shareholder loan notes

The Indoor Bowling Equity Limited shareholder loan notes are £1 principal amount, unsecured, 10 per cent. interest bearing, notes which are listed on the Channel Island Securities Exchange (CISE). Interest is capitalised on the 31 of December each year with an equivalent in loan notes being issued, listed and bearing interest. They are fully repayable by the 31 of December 2022 though earlier repayments and the payment at the end of the term is negotiable.

Leases

Costs incurred in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term. The majority of the Group’s short term property leases are treated as operating leases.

Finance lease arrangements, which transfer substantially all of the benefits and risks of ownership of the related property and machines to the Group, are treated as if the property and machines had been acquired. The properties and machines are included in property, plant and equipment, classified as long leasehold premises for the properties and amusement machines for the machines. The capital element of the leasing commitment is shown as a finance lease obligation in liabilities. Lease rentals are separated into capital and interest elements, with the capital element applied to reduce the finance lease obligation and the interest element charged to finance costs in the statement of comprehensive income, so as to give a constant periodic rate of charge on the remaining balance of the obligation outstanding at each accounting period end. The properties and amusement machines are depreciated in accordance with the accounting policy for property, plant and equipment.

Lease incentives

Lease incentives are recognised as a reduction of rental expense over the term of the lease. These are amortised on a straight-line basis.

Onerous lease commitments

Provisions are recognised for the present value of onerous leases and vacant properties, calculated as the expected net cash out flows over the remaining life of the lease, discounted at a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the liability. Notional interest is charged in respect of the unwinding of the discount.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as the result of a past event and it is both probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Where the Group expects to be reimbursed for an outflow of resources associated with a provision, for example under an insurance contract, the expected reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are calculated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the unwinding of the discount over time is charged to finance costs in the statement of comprehensive income.

Tax

The tax charge comprises current tax payable and deferred tax. The current tax charge represents an estimate of the tax payable in respect of the Group's taxable profits and is based on an interpretation of existing tax laws.

As required by IAS 12 (revised), the Group provides deferred income tax using the balance sheet liability method on all temporary differences between the tax bases of assets and liabilities and their carrying values at the balance sheet date. Deferred income tax assets and liabilities so recognised are determined using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is not recognised in respect of the initial recognition of an asset or liability acquired in a transaction which is not a business combination and at the time of the transaction does not affect accounting or taxable profits. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Segment reporting

The Group has one segment (distinguishable component of the Group that is engaged either in providing products or services) being its tenpin bowling operations. The Group wholly operates within the United Kingdom. The Group has identified the Board of Directors as its Chief Operating Decision Maker (CODM).

Share capital

Ordinary shares are classified as equity. Share premium arises on the excess between the fair value of the shares issued and the par value of the shares issued and the existing shares issued have none. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, against share premium.

Pension costs

The Group operates a defined contribution pension plan. The Group pays contributions to privately administered pension insurance plans on a mandatory basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. SEGMENTAL REPORTING

	<i>Tenpin</i> £'000	<i>Central</i> £'000	<i>Group</i> £'000
For the 52 week period ended 28 December 2014:			
Segment revenue – external	46,819	–	46,819
Adjusted EBITDA	5,553	156	5,709
Segment assets as at 28 December 2014	<u>47,966</u>	<u>546</u>	<u>48,512</u>
Reconciliation of Adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	5,553	156	5,709
Amortisation and depreciation of intangible and tangible property, plant & equipment	(2,084)	(11)	(2,095)
Net impairment of intangible and tangible property, plant & equipment reversal	262	–	262
Exceptional items (note 6)	489	(294)	195
Onerous lease provision movement	<u>2,246</u>	<u>–</u>	<u>2,246</u>
Operating profit/(loss)	6,466	(149)	6,317
Finance costs	<u>(458)</u>	<u>(9,711)</u>	<u>(10,169)</u>
Loss before tax	<u>6,008</u>	<u>(9,860)</u>	<u>(3,852)</u>
	<i>Tenpin</i> £'000	<i>Central</i> £'000	<i>Group</i> £'000
For the 52 week period ended 27 December 2015:			
Segment revenue – external	52,965	–	52,965
Adjusted EBITDA	8,227	1,946	10,173
Segment assets as at 27 December 2015	<u>60,674</u>	<u>10,941</u>	<u>71,615</u>
Reconciliation of Adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	8,227	1,946	10,173
Amortisation and depreciation of intangible and tangible fixed assets	(4,130)	(12)	(4,142)
Net impairment of intangible and tangible property, plant & equipment reversal	634	–	634
Amortisation of fair valued intangibles	–	(366)	(366)
Exceptional items (note 6)	(514)	(3,815)	(4,329)
Onerous lease provision movement	<u>161</u>	<u>–</u>	<u>161</u>
Operating profit/(loss)	4,378	(2,247)	2,131
Finance costs	<u>(551)</u>	<u>(1,524)</u>	<u>(2,075)</u>
Profit before tax	<u>3,827</u>	<u>(3,771)</u>	<u>56</u>

	<i>Tenpin</i> £'000	<i>Central</i> £'000	<i>Group</i> £'000
For the 53 week period ended 1 January 2017:			
Segment revenue – external	67,319	–	67,319
Adjusted EBITDA	18,178	(573)	17,605
Segment assets as at 1 January 2017	<u>70,915</u>	<u>5,203</u>	<u>76,118</u>
Reconciliation of Adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	18,178	(573)	17,605
Amortisation and depreciation of intangible and tangible fixed assets	(4,416)	(10)	(4,426)
Amortisation of fair valued intangibles	–	(971)	(971)
Unwind of other fair value adjustments	–	(336)	(336)
Profit on disposal of amusement machines	58	–	58
Exceptional items (note 6)	(1,320)	(582)	(1,902)
Onerous lease provision movement	<u>(272)</u>	<u>–</u>	<u>(272)</u>
Operating profit/(loss)	12,228	(2,472)	9,756
Finance costs	(198)	(4,122)	(4,320)
Profit before tax	<u>12,030</u>	<u>(6,594)</u>	<u>5,436</u>

4. STAFF COST AND NUMBERS

	<i>52 week</i> <i>period ended</i> <i>28 December</i> <i>2014</i> £'000	<i>52 week</i> <i>period ended</i> <i>27 December</i> <i>2015</i> £'000	<i>53 week</i> <i>period ended</i> <i>1 January</i> <i>2017</i> £'000
Wages and salaries	14,074	13,001	14,327
Social security costs	1,036	906	848
Cash-settled share based payments	50	107	–
Other pension costs	<u>123</u>	<u>55</u>	<u>67</u>
	<u>15,283</u>	<u>14,069</u>	<u>15,242</u>

Details of directors' remuneration are set out below. No directors have accrued any retirement benefits. The highest paid director for each of the years is Nick Basing whose total remuneration is reflected below.

Directors' emoluments – 53 week period to 1 January 2017

<i>Director</i>	<i>Salary</i> £	<i>Fees</i> £	<i>Bonus</i> £	<i>Share</i> <i>incentive</i> £	<i>Benefits</i> £	<i>53 week</i> <i>period to</i> <i>1 January</i> <i>2017</i> £
Nick Basing	259,796	–	–	–	3,740	263,536
James Agnew	–	–	–	–	–	–
Jeremy Brade	–	–	–	–	–	–
Christopher Mills	–	–	–	–	–	–
Total	<u>259,796</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,740</u>	<u>263,536</u>

Directors' emoluments – 52 week period to 27 December 2015

Director	Salary £	Fees £	Bonus £	Share incentive £	Benefits £	52 week period to 27 December 2015
						£
Nick Basing	319,000	–	1,822,452	79,808	3,648	2,224,908
James Agnew	–	–	–	–	–	–
Jeremy Brade	–	–	–	–	–	–
Christopher Mills	–	–	–	–	–	–
Total	319,000	–	1,822,452	79,808	3,648	2,224,908

Directors' emoluments – 52 week period to 28 December 2014

Director	Salary £	Fees £	Bonus £	Loan note Bonus £	Benefits £	52 week period to 28 December 2014
						£
Rory Macnamara	–	50,000	–	–	–	50,000
Nick Basing	288,750	–	219,450	1,812,745	2,853	2,323,798
Richard Darwin	152,250	–	115,710	337,255	1,993	607,208
Christopher Mills	–	–	–	–	–	–
Nicholas Oppenheim	–	–	–	–	–	–
Kailayapillai Ranjan	–	–	–	–	–	–
Total	441,000	50,000	335,160	2,150,000	4,846	2,981,006

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

	52 week period ended 28 December 2014 Number	52 week period ended 27 December 2015 Number	53 week period ended 1 January 2017 Number
Staff	687	738	812
Administration	38	35	38
Unit management	103	274	210
	828	1,047	1,060

5. FINANCE COSTS AND SIMILAR CHARGES

	52 week period ended 28 December 2014 £'000	52 week period ended 27 December 2015 £'000	53 week period ended 1 January 2017 £'000
Bank loans and overdrafts	62	202	569
Amortisation of debt issuance costs	141	106	255
Essenden loan note finance costs	237	–	–
Shareholder loan note interest	–	1,204	3,909
Finance leases	268	392	333
Notional interest on unwinding of discount on provisions	132	53	51
Other	79	118	107
Finance costs	919	2,075	5,224

	<i>52 week period ended 28 December 2014 £'000</i>	<i>52 week period ended 27 December 2015 £'000</i>	<i>53 week period ended 1 January 2017 £'000</i>
Exceptional finance costs			
Loss on conversion of loan notes	6,767	–	–
Loan note incentive and fees	2,483	–	–
Gain on de-recognition of finance leases	–	–	(904)
Total exceptional finance costs	<u>9,250</u>	<u>–</u>	<u>(904)</u>
Total finance costs	<u>10,169</u>	<u>2,075</u>	<u>4,320</u>

6. (LOSS)/PROFIT BEFORE TAX

	<i>52 week period ended 28 December 2014 £'000</i>	<i>52 week period ended 27 December 2015 £'000</i>	<i>53 week period ended 1 January 2017 £'000</i>
(Loss)/profit before tax is stated after charging/(crediting):			
Staff costs	15,283	14,069	15,242
Consumables charged to cost of sales	3,451	2,686	1,347
Depreciation of property, plant and equipment	2,003	4,079	4,317
Amortisation of intangible assets	92	63	109
Amortisation of fair valued intangibles on acquisition	–	366	971
Property, plant and equipment impairment reversal	(262)	(634)	–
Onerous lease provision movement	(2,246)	(161)	272
Operating lease rentals payable – property	8,826	9,422	11,085
Repairs on property, plant and equipment	961	1,597	1,795
Exceptional items:			
Professional fees and other costs in acquisition of Essenden plc	–	1,173	–
Professional fees and other costs in acquisition of new sites	–	499	547
Total acquisition related exceptional items	<u>–</u>	<u>1,672</u>	<u>547</u>
Essenden plc incentive bonus payment	–	2,000	–
Net property rates refunds	(592)	–	–
Costs from exercising of share options	200	–	–
Professional fees and others	197	657	1,355
Total other exceptional items	<u>(195)</u>	<u>2,657</u>	<u>1,355</u>
Total exceptional items	<u>(195)</u>	<u>4,329</u>	<u>1,902</u>
Auditors' remuneration:			
Fees payable to Company's auditors for the parent Company and consolidated financial statements	33	56	50
Audit of Company's subsidiaries	45	40	40
Tax advisory services	30	–	–

Exceptional items

1 January 2017 – The acquisition related one off costs of £0.5 million are for legal and professional fees and taxes incurred in acquiring new businesses and entering into operating rental leases with the landlords of the properties. The professional and other fees of £1.4 million mainly relate to the costs of corporate related transactions with other smaller project and redundancy related costs being incurred.

27 December 2015 – £1.7 million of costs arose on the acquisition of Essenden plc and 6 sites with costs relating to the legal fees for the review and drawing up of the documentation and professional fees related to the due diligence exercises carried out. A £2.0 million incentive bonus was paid to the Essenden plc CEO for past performance and £0.7 million of fees, taxes and costs arose on other smaller projects carried out.

28 December 2014 – A £0.6 million credit arose for rates rebates to Tenpin Limited for prior periods commencing in 2010 after the re-assessments of rateable values were carried out. £0.2 million was paid out to option holders who exercised their options during the period while £0.2 million of professional fees arose on the above and other smaller projects.

7. TAXATION

Recognised in the statement of comprehensive income:

	<i>52 week period ended 28 December 2014 £'000</i>	<i>52 week period ended 27 December 2015 £'000</i>	<i>53 week period ended 1 January 2017 £'000</i>
Current tax:			
Current tax on profits for the year	–	–	669
Deferred tax:			
Origination and reversal of temporary differences	1,258	675	1,146
Change in tax rate	90	27	(10)
Tax charge in statement of comprehensive income	<u>1,348</u>	<u>702</u>	<u>1,805</u>

The tax on the group's (loss)/profit before tax differs from the theoretical amount that would arise using the standard rate of tax. The differences are explained below.

	<i>52 week period ended 28 December 2014 £'000</i>	<i>52 week period ended 27 December 2015 £'000</i>	<i>53 week period ended 1 January 2017 £'000</i>
(Loss)/profit before tax	(3,852)	56	5,436
Tax using the UK corporation tax rate of 21% (2014), 20.25% (2015) 20% (2016)	(809)	12	1,087
Expenses/(income) not taxable	39	(51)	728
Effect of tax losses	2,028	714	–
Change in tax rates	90	27	(10)
Tax charge/(credit)	<u>1,348</u>	<u>702</u>	<u>1,805</u>

The Finance Bill 2015 included legislation to reduce the main rate of corporation tax to 19 per cent. for the financial years beginning 1 April 2017, 1 April 2018 and 1 April 2019, and at 18 per cent. for

the financial year beginning 1 April 2020. These changes were substantively enacted on 26 October 2015. A further change to reduce the main rate of corporation tax to 17 per cent. was substantively enacted on 6 September 2016. Consequently, deferred tax balances were remeasured at each balance sheet date using the blended rate at which the temporary differences were expected to reverse based on the rates substantively enacted at the relevant balance sheet date.

8. GOODWILL AND INTANGIBLE ASSETS

	<i>Fair valued intangibles on acquisition</i> £'000	<i>Goodwill</i> £'000	<i>Software</i> £'000	<i>Total</i> £'000
Cost				
At 29 December 2013	–	44,560	2,936	47,496
Additions	–	–	65	65
At 28 December 2014	–	44,560	3,001	47,561
Eliminated on acquisition	–	(44,560)	–	(44,560)
Arising on acquisition of Essenden plc	2,098	15,526	52	17,676
Additions	–	7,231	40	7,271
At 27 December 2015	2,098	22,757	3,093	27,948
Disposals	–	–	–	–
Additions	840	795	575	2,210
At 1 January 2017	2,938	23,552	3,668	30,158
Amortisation and impairment losses				
At 29 December 2013	–	32,649	2,815	35,464
Charge for the period – amortisation	–	–	92	92
At 28 December 2014	–	32,649	2,907	35,556
Eliminated on acquisition	–	(32,649)	–	(32,649)
Charge for the period – amortisation	366	–	63	429
At 27 December 2015	366	–	2,970	3,336
Charge for the period – amortisation	971	–	109	1,080
At 1 January 2017	1,337	–	3,079	4,416
Net book value				
At 1 January 2017	1,601	23,552	589	25,742
At 27 December 2015	1,732	22,757	123	24,612
At 28 December 2014	–	11,911	94	12,005

Fair valued intangibles arise on acquisition and consist of customer lists, websites and favourable leases.

The amortisation and impairment charges are recognised in administrative expenses in the statement of comprehensive income. The recoverable amount of each cash generating unit (each of the bowls open as at the year end dates has been treated as a cash generating unit) 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 budgets approved by the board covering a one year period and extrapolated by management using an estimated medium term growth rate for a further two years. Cash flows beyond this three year period are extrapolated over the life of the lease relating to that site, extended by 15 years (for non-onerous sites) for short leasehold premises in England and Wales where the provisions of the Landlord and Tenants Act apply and the company has the right and expects to extend the lease on expiry, or over 50 years for a long leasehold or freehold site.

The key assumptions of the value in use calculation are:

	<i>As at 28 December 2014</i>	<i>As at 27 December 2015</i>	<i>As at 1 January 2017</i>
Period on which management approved forecasts are based	3 years	3 years	3 years
Growth rate applied beyond approved forecast period	2%	2%	2%
Pre-tax discount rate	<u>13.4%</u>	<u>12.8%</u>	<u>12.9%</u>

The budgets which underlie the calculations are compiled on a site by site basis, with gross margin, staff cost, property cost and other operating profit assumptions being based on past performance and known factors specific to that site which are expected by management to affect future performance, to reflect the operating circumstances and risks relevant to each part of the business. They also include an allocation of central overheads which are allocated across the sites based on turnover. The pre-tax discount rate applied to the cash flow projections approximates the group's weighted average cost of capital, 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 key assumptions to which the calculation is sensitive remain the future trading performance and growth rate of this expected of each bowl, which have a similar effect on the quantum of the onerous lease provision as the discount rate assumed.

9. PROPERTY, PLANT & EQUIPMENT

	<i>Long leasehold premises £'000</i>	<i>Short leasehold premises £'000</i>	<i>Amusement equipment £'000</i>	<i>Fixtures, fittings and machines £'000</i>	<i>Total £'000</i>
Cost					
At 29 December 2013	6,035	22,530	–	37,034	65,599
Additions	–	–	4,681	1,454	6,135
Additions from business combinations	–	–	–	519	519
Disposals	–	(329)	–	(409)	(738)
At 28 December 2014	<u>6,035</u>	<u>22,201</u>	<u>4,681</u>	<u>38,598</u>	<u>71,515</u>
Additions	–	–	2,024	1,645	3,669
Disposals	–	–	(698)	–	(698)
Additions from business combination	–	827	–	5,120	5,947
At 27 December 2015	<u>6,035</u>	<u>23,028</u>	<u>6,007</u>	<u>45,363</u>	<u>80,433</u>
Additions	–	301	2,150	2,945	5,396
Additions from business combinations	–	–	–	740	740
Disposals	(2,136)	–	(1,024)	–	(3,160)
At 1 January 2017	<u>3,899</u>	<u>23,329</u>	<u>7,133</u>	<u>49,048</u>	<u>83,409</u>

	<i>Long leasehold premises £'000</i>	<i>Short leasehold premises £'000</i>	<i>Amusement equipment £'000</i>	<i>Fixtures, fittings and machines £'000</i>	<i>Total £'000</i>
Accumulated depreciation and impairment					
At 29 December 2013	3,217	12,610	–	26,677	42,504
Charge for the period	126	533	280	1,064	2,003
Impairment write back	–	–	–	(262)	(262)
Disposals – impairment	–	(301)	–	(347)	(648)
Disposals – depreciation	–	(28)	–	(62)	(90)
At 28 December 2014	3,343	12,814	280	27,070	43,507
Charge for the period	126	565	2,026	1,362	4,079
Impairment write back	–	–	–	(634)	(634)
Disposals – depreciation	–	–	(698)	–	(698)
At 27 December 2015	3,469	13,379	1,608	27,798	46,254
Charge for the period	91	585	1,713	1,928	4,317
Disposals – depreciation	(1,712)	–	(170)	–	(1,882)
At 1 January 2017	1,848	13,964	3,151	29,726	48,689
Net book value					
At 1 January 2017	2,051	9,365	3,982	19,322	34,720
At 27 December 2015	2,566	9,649	4,399	17,565	34,179
At 28 December 2014	2,692	9,387	4,401	11,528	28,008

Property, plant and equipment are reviewed for impairment on an annual basis with the recoverable amount of each cash generating unit (each of the bowls open as at the year end dates has been treated as a cash generating unit (CGU)) being 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 budgets approved by the board covering a one year period and extrapolated by management using an estimated medium term growth rate for a further two years. The same assumptions explained under Goodwill and Intangible Assets are used to calculate the fair value less cost to sell or value in use. Impairment write back arises to the extent that the CGUs assessed carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The impairment reversals have mainly arisen from the improved performances by the impaired CGUs over the financial years. Bank borrowings are secured on property, plant and equipment for the value of (2016: £20 million) (2015: £20 million) (2014: £5 million). Properties held under finance leases had a net book value of (2016: £0.2 million) (2015: £0.7 million) (2014: £0.8 million) and the finance lease depreciation charged in each period was £0.1 million. Amusement machines held under finance leases had a net book value of (2016: £4.0 million) (2015: £4.4 million) (2014: £4.4 million).

10. INVESTMENTS IN SUBSIDIARIES

The parent company has investments in the following subsidiary undertakings as at 1 January 2017:

	<i>Country of registration</i>	<i>Country of incorporation and operation</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held</i>
Companies owned directly by Indoor Bowling Equity Limited				
Indoor Bowling Acquisitions Limited	England & Wales	Great Britain	Holding Company	100%
Companies owned indirectly by Indoor Bowling Equity Limited				
Essenden Limited (formerly Essenden plc)	England & Wales	Great Britain	Holding Company	100%
Georgica Limited****	England & Wales	Great Britain	Holding Company	100%
Georgica Holdings Limited*	England & Wales	Great Britain	Holding Company	100%
Tenpin Limited*	England & Wales	Great Britain	Bowling	100%
Tenpin Five Limited***	England & Wales	Great Britain	Bowling	100%
Tenpin One Limited***	England & Wales	Great Britain	Bowling	100%
Georgica (Lewisham) Limited**	England & Wales	Great Britain	Dormant	100%
GNU 5 Limited**	England & Wales	Great Britain	Dormant	100%
Tenpin (Sunderland) Limited***	England & Wales	Great Britain	Dormant	100%
Tenpin (Halifax) Limited***	England & Wales	Great Britain	Dormant	100%

The registered address for all subsidiaries is 5 St. George's House, St. George's Road, Wimbledon, SW19 4DR.

* These companies are all directly held subsidiaries of Georgica Limited.

** These companies are all directly held subsidiaries of Georgica Holdings Limited.

*** These companies are all directly held subsidiaries of Tenpin Limited.

**** Georgica Limited is a directly held subsidiary of Essenden Limited.

11. BUSINESS COMBINATIONS

Period ended 1 January 2017

Business Combination – Worcester

On 1 July 2016, Tenpin Limited acquired the assets and trade of the Worcester bowling site known as Bowlxtreme. Tenpin Limited entered into a Business Transfer Agreement with Bowlxtreme Limited and acquired the assets for £1.8 million.

The table below summarises the consideration paid for the acquisition, the fair value of the assets acquired and the liabilities assumed on the date of acquisition:

The following analyses the purchase consideration

	<i>£'000</i>
Consideration as at 1 July 2016	
Cash consideration paid	1,817
Identifiable assets acquired and liabilities assumed	
Inventory	34
Property, plant and equipment	582
Intangible assets	840
Cash and cash equivalents	5
Deferred tax liabilities	(173)
Other assets and liabilities, net	(4)
Total identifiable net assets	1,284
Goodwill	533
Total	<u>1,817</u>

Acquisition related costs of £0.1 million have been charged to exceptional administrative expenses in the consolidated statement of comprehensive income for the year ended 1 January 2017. Food and bar stocks were initially recognised with a step up in value from their historical cost of £0.02 million which was expensed when the inventories were sold. Property, plant and equipment fair values were determined internally looking at the market prices for the acquired assets and for similarly aged assets elsewhere in the company's business which resulted in a step up from the assets book values of £0.1 million which will be depreciated over 5 years. An intangible asset was recognised for the favourable contract being the property rental lease which is at a favourable rate in relation to market rates for similar businesses. Deferred tax liabilities were recognised on the fair values of assets acquired and their tax basis which will be released as the related fair value measurement differences are recognised in the Statement of comprehensive income.

Business Combination – Ipswich

On 30 September 2016, Tenpin Limited acquired the assets and trade of the Ipswich bowling site known as Kingpin. Tenpin Limited entered into a Business Transfer Agreement with ABS Leisure Limited and acquired the assets for £0.5 million.

The table below summarises the consideration paid for the acquisition, the fair value of the assets acquired and the liabilities assumed on the date of acquisition:

The following analyses the purchase consideration

	£'000
Consideration as at 30 September 2016	
Cash consideration paid	506
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	158
Other assets and liabilities, net	86
Total identifiable net assets	<u>244</u>
Goodwill	<u>262</u>
Total	<u><u>506</u></u>

Acquisition related costs of £0.1 million have been charged to exceptional administrative expenses in the consolidated statement of comprehensive income for the year ended 1 January 2017. Property, plant and equipment fair values were determined internally looking at the market prices for the acquired assets and for similarly aged assets elsewhere in the company's business. The vendor recently had a revaluation exercise done and so there was no recognised step up on acquisition. Other assets and liabilities consist of a rent deposit paid to the landlord and prepaid rent and service charges.

Period ended 27 December 2015

Acquisition of Essenden plc

On the 7 of August 2015 Indoor Bowling Acquisitions Limited, a fully owned subsidiary of Indoor Bowling Equity Limited, acquired the full share capital of Essenden. The main operating company of Essenden was Tenpin Limited, an operator of 30 bowling sites held across the country. The acquisition is expected to allow the swifter expansion of the Group through the acquisition of further bowling sites. The below summarises the consideration paid for Essenden, the fair value of the assets acquired and the liabilities assumed on the date of acquisition.

The following analyses the purchase consideration for Essenden:

	£'000
Consideration as at 7 of August 2015	
Cash consideration paid	33,241
Fair value of equity interest in Essenden before business combination	6,875
Total consideration paid	<u>40,116</u>

The share capital and shareholder loan notes of Indoor Bowling Equity Limited are subscribed to by various funds managed by Harwood Capital LLP which previously held a 34% stake in Essenden. The fair value of the equity interest already held in Essenden forms part of the consideration. This related to 8,593,750 Essenden shares held by NASCIT that were offset against its subscription of loan notes and shares in Indoor Bowling Equity Limited, the 100% owner of Indoor Bowling Acquisitions Limited. The fair value of the consideration was based on a share price of 80p per share for the total share capital in issue of 50,145,040. There is no contingent consideration related to this acquisition.

Fair values of the assets and liabilities of Essenden were reviewed and as per the Acquisition Method under IFRS 3: Business Combinations the appropriate fair values determined.

	£'000
Identifiable assets acquired and liabilities assumed recognised on 7 of August 2015	
Cash and cash equivalents	8,119
Property, plant and equipment	28,555
Intangibles	2,198
Trade and other receivables	4,461
Inventories	1,361
Financial liabilities	(7,678)
Trade and other payables	(10,382)
Provisions	(1,594)
Deferred tax liability	(450)
Total identifiable net assets	<u>24,590</u>
Goodwill	15,526
Total	<u>40,116</u>

Acquisition related costs of £0.9 million have been charged to exceptional administrative expenses in the consolidated statement of comprehensive income for the 30 week period ended 27 December 2015. The assets and liabilities of Essenden plc were reviewed and as per the Acquisition Method under IFRS 3: Business Combinations the appropriate fair values determined. As at the date of acquisition bar and food stocks were valued at net realisable value less costs to sell, intangibles including websites, volume contracts and customer lists were valued according to the net present value of expected cashflows. A deferred tax liability has been recognised on all fair value adjustments and will unwind on the same basis that the fair values of the above assets are expected to be realised by the Group. Other material assets and liabilities such as property, plant and equipment, finance leases and the onerous lease provision after review were deemed to be held at their fair values. For the combined Group for the period commencing 29 December 2014 the consolidated statement of income shows revenue of £53.0 million and a loss after tax of £0.6 million.

Acquisition of Tenpin One Limited, Tenpin Five Limited and one bowling site by Tenpin Limited

On the 8 December 2015, Tenpin Limited, a wholly owned subsidiary of Indoor Bowling Equity Limited acquired the full share capital of Tenpin Five Limited (formerly Bowlplex Newco Limited),

Tenpin One Limited (formerly TOBC Newco Limited) and a bowling site in Glasgow. These 3 acquisitions resulted in the purchase of 6 bowling sites. The deal was a bi-product of a larger acquisition of Bowlplex Limited (Bowlplex) by The Original Bowling Company Limited (TOBC). Due to the size of the deal and the number of locations, the Competition and Markets Authority (CMA) performed a review for anti-competitiveness. 6 sites were deemed to fall in locations that would dilute competitiveness and thus could not form part of the purchase by TOBC. Tenpin Limited entered into an agreement with TOBC and Bowlplex for the purchase of the 6 sites which was structured as follows:

TOBC Newco Limited was formed and the bowling site in Bristol was hived down by TOBC into this company. Tenpin Limited acquired the full share capital of this company and changed its name to Tenpin One Limited. The site was hived up into Tenpin Limited on 29 January 2016.

Bowlplex Newco Limited was formed and the bowling sites in Castleford, Cardiff, Camberley and Dudley were hived down by Bowlplex into this company. Tenpin Limited acquired the full share capital of this company and changed its name to Tenpin Five Limited. 3 sites were hived up to Tenpin Limited on 29 January 2016, while the Cardiff site was hived up on 5 February 2016. The Castleford site still remains under Tenpin Five Limited.

Tenpin Limited entered into a Business Transfer Agreement and purchased the trade and assets of the bowling site in Glasgow directly from Bowlplex. The below summarises the consideration paid for the acquisitions, the fair value of the assets acquired and the liabilities assumed on the date of acquisition.

The following analyses the purchase consideration

	<i>£'000</i>
Consideration as at 8 December 2015	
Cash consideration paid	13,174
Identifiable assets acquired and liabilities assumed	
Inventory	180
Property, plant and equipment	5,947
Cash and cash equivalents	30
Deferred tax	(280)
Net receivables and other payables	66
Total identifiable net assets	<u>5,943</u>
Goodwill	<u>7,231</u>
Total	<u><u>13,174</u></u>

Acquisition related costs of £0.5 million have been charged to one-off administrative expenses in the consolidated statement of comprehensive income for the period ended 27 of December 2015. The assets and liabilities of the 6 sites were reviewed and as per the Acquisition Method under IFRS 3: Business Combinations the appropriate fair values determined. As at the date of acquisition bar and food stocks were valued at net realisable value less costs to sell. Property, plant and equipment carried forward book values were reviewed, compared to equivalent site asset values under Tenpin Limited or a depreciated replacement cost calculated on the market purchase price of similar assets recently acquired by Tenpin Limited.

Tenpin One Limited and Tenpin Five Limited were incorporated for the deal to take place and so incurred no expenses prior to the acquisition and thus the consolidated statement of income would not differ had consolidation occurred on 29 December 2014.

Period ended 29 December 2014

Acquisition of site in Doncaster

On 3 November 2014, Tenpin Limited acquired a bowling site in Doncaster. The acquisition of the site involved three agreements all of which were completed on the same day. These consisted of the arrangement of the sale by the seller of the property to a third party landlord, the lease of the property by Tenpin Limited from the new landlord and finally the purchase of the business and trading assets. The business trade and assets were purchased for £600,000 with the consideration being paid in cash. The summary of the identifiable assets acquired and liabilities incurred are as below:

	<i>52 week period ended 28 December 2014 £'000</i>
Identifiable assets acquired and liabilities incurred	
Plant and machinery	372
Fixtures and fittings	147
Inventory	81
Cash consideration paid	<u>600</u>

Transaction costs of £50k have been incurred and charged as one off administration costs in the statement of comprehensive (loss)/income.

12. INVENTORIES

	<i>28 December 2014 £'000</i>	<i>27 December 2015 £'000</i>	<i>1 January 2017 £'000</i>
Goods held for resale	<u>1,076</u>	<u>1,295</u>	<u>1,339</u>

The cost of inventories recognised as an expense and included in cost of sales amounted to (2016: £5.5 million) (2015: £3.7 million) (2014: £3.5 million). There is a provision of £0.3 million for obsolete bowling spares included in all the figures above.

13. TRADE AND OTHER RECEIVABLES

	<i>28 December 2014 £'000</i>	<i>27 December 2015 £'000</i>	<i>1 January 2017 £'000</i>
Current receivables			
Trade receivables	65	49	562
Other receivables	43	100	60
Prepayments and accrued income	<u>3,296</u>	<u>3,516</u>	<u>2,724</u>
	<u>3,404</u>	<u>3,665</u>	<u>3,346</u>
Non-current receivables			
Capitalised financing costs	<u>141</u>	<u>1,042</u>	<u>786</u>

All trade receivables are within their due date and considered recoverable and accordingly no provision for impairment has been recognised.

14. CASH AND CASH EQUIVALENTS

	28 December 2014 £'000	27 December 2015 £'000	1 January 2017 £'000
Cash and cash equivalents	<u>3,335</u>	<u>6,821</u>	<u>10,185</u>

15. SHARE CAPITAL

	28 December 2014 £'000	27 December 2015 £'000	1 January 2017 £'000
Authorised share capital 20,000,000 ordinary shares of £1 each	<u>–</u>	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid share capital 1,199,845 (2015: 1) ordinary shares of £1 each	<u>–</u>	<u>–</u>	<u>1,200</u>
Issue of 874,999 £1 ordinary shares on acquisition of Essenden plc – note 7	<u>–</u>	<u>875</u>	<u>–</u>
Issue of 178,433 £1 ordinary shares on acquisition of Tenpin Five Limited and Tenpin One Limited	<u>–</u>	<u>178</u>	<u>–</u>
Issue of 146,412 £1 ordinary shares purchased by management	<u>–</u>	<u>147</u>	<u>4</u>
1,203,923 (2015:1,199,845) ordinary shares of £1 each	<u>–</u>	<u>1,200</u>	<u>1,204</u>

The share capital of the Group is represented by the share capital of the parent company, Indoor Bowling Equity Limited. The shares confer on each holder the right to attend, speak and vote at all the meetings of the company with 1 vote per ordinary share on a poll or written resolution.

16. CURRENT AND NON-CURRENT BORROWINGS

	28 December 2014 £'000	27 December 2015 £'000	1 January 2017 £'000
Current liabilities			
Bank loans	400	2,872	2,872
Finance leases	<u>1,340</u>	<u>1,652</u>	<u>2,025</u>
	<u>1,740</u>	<u>4,524</u>	<u>4,897</u>
Non-current liabilities			
Bank loans	600	13,628	10,034
Finance leases	<u>5,532</u>	<u>4,785</u>	<u>3,124</u>
	<u>6,132</u>	<u>18,413</u>	<u>13,158</u>

Bank borrowings are repayable as follows:

	28 December 2014 £'000	27 December 2015 £'000	1 January 2017 £'000
Bank loans			
Within one year	400	2,872	2,872
Between one and two years	600	2,872	2,872
Between two and five years	–	10,756	7,162
	<u>1,000</u>	<u>16,500</u>	<u>12,906</u>

The nominal amount of the Group's debt at each reporting date is as follows:

	28 December 2014	27 December 2015	1 January 2017
Term A loan	1,000	11,500	7,906
Term B Loan	–	5,000	5,000
Total borrowings	<u>1,000</u>	<u>16,500</u>	<u>12,906</u>

Interest rates applicable are as follows:

	28 December 2014	27 December 2015	1 January 2017
Term A loan	LIBOR + 3.25%	LIBOR + 2.75%	LIBOR + 2.75%
Term B Loan	–	LIBOR + 3.25%	LIBOR + 3.25%
Revolving credit facility	LIBOR + 3.25%	LIBOR + 3.00%	LIBOR + 3.00%
Revolving credit facility (other)	LIBOR + 3.25%	LIBOR + 3.00%	LIBOR + 3.00%
Bank overdraft	LIBOR + 3.25%	LIBOR + 3.00%	LIBOR + 3.00%

The payment profile of minimum lease payments under finance leases are as follows:

	28 December 2014 £'000	27 December 2015 £'000	1 January 2017 £'000
Net			
Within one year	1,340	1,652	2,025
Between one and two years	1,939	1,700	1,566
Between two and five years	2,277	1,996	1,210
After five years	1,316	1,089	348
	<u>6,872</u>	<u>6,437</u>	<u>5,149</u>
Gross			
Within one year	1,692	1,989	2,214
Between one and five years	5,111	4,422	3,024
After five years	1,996	1,644	682
	<u>8,799</u>	<u>8,055</u>	<u>5,920</u>
Future finance charges on finance leases	<u>(1,927)</u>	<u>(1,618)</u>	<u>(771)</u>
Present value of finance lease liabilities	<u>6,872</u>	<u>6,437</u>	<u>5,149</u>

Finance leases are in place for 2 (2014 and 2015: 4) properties at a value of (2016: £0.6 million) (2015: £2.0 million) (2014: £2.2 million) with the lease of amusement machines from Bandai NAMCO Europe Limited at a value of (2016: £4.5 million) (2015: £4.4 million) (2014: £4.7 million).

Analysis of statutory net debt

	<i>Cash and cash equivalents</i> £'000	<i>Bank Loans & overdrafts</i> £'000	<i>Net cash excluding notes & leases</i> £'000	<i>Finance leases</i> £'000	<i>Statutory Loan notes</i> £'000	<i>Net debt</i> £'000
Balance at 29 December 2013	4,868	(2,750)	2,118	(2,304)	(15,792)	(15,978)
Cashflows	(1,533)	1,750	217	403	–	620
Finance lease acquisition of amusement machines	–	–	–	(5,015)	–	(5,015)
Finance interest on machines	–	–	–	44	–	44
Conversion of loan notes (note 17)	–	–	–	–	16,029	16,029
Loan note interest (note 5)	–	–	–	–	(237)	(237)
Balance at 28 December 2014	3,335	(1,000)	2,335	(6,872)	–	(4,537)
Cashflows	3,486	(15,500)	(12,014)	1,879	(30,447)	(40,582)
Shareholder notes issued for equity holding in Essenden	–	–	–	–	(6,875)	(6,875)
Finance lease acquisition of amusement machines	–	–	–	(1,052)	–	(1,052)
Finance interest leases	–	–	–	(392)	–	(392)
Loan note interest (note 5)	–	–	–	–	(1,204)	(1,204)
Balance at 27 of December 2015	6,821	(16,500)	(9,679)	(6,437)	(38,526)	(54,642)
Cashflows	3,364	3,594	6,958	1,856	–	8,814
Finance lease acquisition of amusement machines	–	–	–	(1,505)	–	(1,505)
Derecognition of property finance leases	–	–	–	1,270	–	1,270
Interest on finance leases	–	–	–	(333)	–	(333)
Loan note interest (note 5)	–	–	–	–	(3,909)	(3,909)
Balance at 1 January 2017	10,185	(12,906)	(2,721)	(5,149)	(42,435)	(50,305)

17. SHAREHOLDER LOAN NOTES

	<i>28 December 2014</i> £'000	<i>27 December 2015</i> £'000	<i>1 January 2017</i> £'000
Shareholder loan notes in issue	–	37,322	42,424
Interest accrued up to year end	–	1,204	11
	–	38,526	42,435

The shareholder loan notes consist of £75 million authorised loan notes of which £31.0 million were issued in the acquisition of Essenden and £6.3 million issued to fund the purchase of 6 sites by Tenpin Limited. The loan notes are un-secured, carry interest at 10 per cent. which is capitalised into further loan notes on the 31 of December annually and are repayable on the 31 December 2022.

The Essenden loan notes were converted into 28,494,904 shares on 7 May 2014. Prior to the conversion the notes were £1 principal amount, zero coupon, perpetual notes which were freely transferable and listed on ISDX. They were recognised on the balance sheet at their initial fair value less amortisation of the initial discount within borrowings due after more than one year. They were re-measured at their fair value accounting for any change in their redemption date at each year end. The loan notes did not have an existing conversion feature. Details of the loan note conversion and the subsequent costs and losses incurred in the conversion are as follows:

On 7 May 2014 a general meeting of Shareholders and Loan Note holders was held and approved the resolutions to convert 21,424,740 loan notes into 28,494,904 shares. The shares were issued on the AIM stock exchange on 8 May 2014 increasing the company's total issued share capital at that time to 49,919,644 1 pence ordinary shares.

The fair value of the transaction was determined based on the share price on the date of conversion of the notes and amounted to £22,795,923. The par value of each share is 1 pence thus the surplus on issue of £22,510,974 was accounted for as share premium less a portion of the expenses on issue of the ordinary shares.

The loss and costs of conversion of the loan notes amount to £9,249,621. The accounting loss on conversion amounted to £6,766,566 being the difference between the fair value on conversion and the book value of the loan notes of £16,029,357. The balance of £2,483,055 consists of the payment of the incentive due on redemption of the notes as well as the legal and professional costs incurred. The loss on and costs of conversion of the loan notes are summarised in the below table:

	<i>52 week period ended 28 December 2014 £'000</i>
Loss on conversion	
Number of shares issued	28,495
Price on date of conversion	80p
Fair value of share issue	<u>22,796</u>
Book value of loan notes	<u>16,029</u>
Loss on loan note conversion	6,767
Cash costs of conversion	
Legal and professional fees	180
Loan note incentive	2,150
NI on incentive	<u>246</u>
Total cash costs related to loan note conversion	2,576
Less: Legal and Professional fees allocated to share premium	<u>(93)</u>
Income statement costs relating to loan note conversion	<u>2,483</u>
Total loss and costs of conversion	<u><u>9,250</u></u>

18. TRADE AND OTHER PAYABLES AND OTHER NON CURRENT LIABILITIES

	<i>28 December 2014 £'000</i>	<i>27 December 2015 £'000</i>	<i>1 January 2017 £'000</i>
Trade and other payables			
Trade payables	1,562	1,606	1,073
Social security and other taxes	426	1,280	1,932
Other payables	1,612	1,926	1,908
Accruals	1,983	2,970	2,792
Deferred income – lease incentives	<u>64</u>	<u>59</u>	<u>57</u>
	<u>5,647</u>	<u>7,841</u>	<u>7,762</u>
	<i>28 December 2014 £'000</i>	<i>27 December 2015 £'000</i>	<i>1 January 2017 £'000</i>
Other non-current liabilities			
Deferred income – lease incentives	<u>406</u>	<u>154</u>	<u>442</u>

19. PROVISIONS

The group's onerous lease provisions are as follows:

	<i>Total</i> <i>£'000</i>
At 29 December 2013	3,769
Utilised in the period	(356)
Released unused in the period	(1,890)
Notional interest on unwinding of discount	132
	<hr/>
At 28 December 2014	1,655
Utilised in the period	(161)
Notional interest on unwinding of discount	53
	<hr/>
At 27 December 2015	1,547
Provided in the period	1,180
Utilised in the period	(158)
Released unused in the period	(750)
Notional interest on unwinding of discount	51
	<hr/>
At 1 January 2017 – current	293
	<hr/>
At 1 January 2017 – non-current	1,577
	<hr/>

The provision for onerous contracts comprises provision for the onerous element of the property leases on certain trading units, covering the expected period of the onerous commitment. As the provision is based on the future budgeted trading performance of the bowling centres subject to the onerous leases, the amount and timing of the related cash outflows is sensitive to future variances in EBITDA from those budgets. If the pre-tax discount rate of 2016: 12.9 per cent. (2015: 12.8 per cent., 2014: 13.4 per cent.) applied in the calculations is increased or decreased by 1 per cent., the onerous lease provision will increase or decrease by 2016: £0.1 million (2015: £0.1 million, 2014: £0.1 million).

20. DEFERRED TAXATION

	<i>Capital allowances</i> £'000	<i>Tax losses</i> £'000	<i>Other</i> £'000	<i>Total</i> £'000
At 29 December 2013	826	1,065	–	1,891
Recognised in statement of comprehensive income	(1,634)	286	–	(1,348)
At 28 December 2014	(808)	1,351	–	543
Analysed as:				
Deferred tax assets	–	1,351	594	1,945
Deferred tax liabilities	(808)	–	(594)	(1,402)
At 28 December 2014	(808)	1,351	–	543
Recognised in statement of comprehensive income	(264)	(438)	–	(702)
Acquisition related adjustments	(88)	88	(43)	(43)
At 27 December 2015	(1,160)	1,001	(43)	(202)
Analysed as:				
Deferred tax assets	–	1,001	564	1,565
Deferred tax liabilities	(1,160)	–	(607)	(1,767)
At 27 December 2015	(1,160)	1,001	(43)	(202)
Recognised in statement of comprehensive income	(365)	(1,001)	230	(1,136)
Acquisition related deferred tax	–	–	(173)	(173)
At 1 January 2017	(1,525)	–	14	(1,511)
Analysed as:				
Deferred tax assets	–	–	578	578
Deferred tax liabilities	(1,525)	–	(564)	(2,089)
At 1 January 2017	(1,525)	–	14	(1,511)

A deferred tax asset is provided on taxable losses to the extent that there will be probable future taxable income against which the loss can be utilised. Of the total deferred tax asset, (2016: nil), (2015: £1.0 million) and (2014: £0.5 million) was expected to be utilised within 12 months.

The Group has carry-forward tax losses of an estimated 2016: £21.7 million (2015: £30.6 million, 2014: £30.5 million). The losses have not been recognised where companies are not currently generating profits for which these losses can be utilised. The potential deferred tax asset of 2016: £4.1 million (2015: £5.1 million, 2014: £4.7 million) on these losses is the only unprovided deferred tax. A deferred tax asset has been recognised on the 2016: £0.8 million (2015: £0.8 million, 2014: £0.8 million) in capital allowances in Georgica Limited which can be group relieved across to Tenpin Limited. This asset is netted off against the deferred tax liability recognised on the difference between the tax and accounting base of the capital allowances in Tenpin Limited of 2016: £9.2 million (2015: £6.9 million, 2014: £6.9 million). The 2016: £3.7 million (2015: £3.7 million, 2014: £3.7 million) of capital losses from disposals of the CVA sites has generated a deferred tax asset equivalent to the rollover relief liability carried under Tenpin Limited as these two tax balances have right of set off.

21. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise bank loans, cash and short-term deposits and are held in sterling. The purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade receivables, trade payables, payment in kind notes and finance leases that arise directly from its operations. All

the Group's financial instruments are denominated in £ sterling. The carrying value of all the Group's financial instruments approximates fair value and they are classified as loans and receivables with the financial liabilities measured at amortised cost.

Financial instruments by category

	<i>Loans and receivables</i>		
	<i>28 December</i>	<i>27 December</i>	<i>1 January</i>
	<i>2014</i>	<i>2015</i>	<i>2017</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Financial assets			
Current trade and other receivables	108	149	622
Cash and cash equivalents	3,335	6,821	10,185
	<u>3,443</u>	<u>6,970</u>	<u>10,807</u>
	<i>Financial liabilities at amortised cost</i>		
	<i>28 December</i>	<i>27 December</i>	<i>1 January</i>
	<i>2014</i>	<i>2015</i>	<i>2017</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Financial liabilities			
Current borrowings excluding finance leases	400	2,872	2,872
Non-current borrowings excluding finance leases	600	13,628	10,034
Shareholder loan notes	–	38,526	42,435
Finance leases	6,872	6,437	5,149
Current trade and other payables	5,157	6,502	5,773
	<u>13,029</u>	<u>67,965</u>	<u>66,263</u>

Financial risk management

Cash flow and fair value interest rate risk

The Group borrows in sterling at floating rates of interest. The interest rate profile of the Group's financial liabilities gross of debt issue costs was as follows:

	<i>28 December</i>	<i>27 December</i>	<i>1 January</i>
	<i>2014</i>	<i>2015</i>	<i>2017</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Interest rate risk profile of financial liabilities			
Floating rate financial liabilities	1,000	16,500	12,906
Finance leases	6,872	6,437	5,149
Payment in kind notes	–	38,526	42,435
Financial liabilities on which no interest is paid	1,655	1,547	1,870
	<u>9,527</u>	<u>63,010</u>	<u>62,360</u>

Cash flow interest rate risk derives from the Group's floating rate financial liabilities, being its bank debt and overdraft facility, which are linked to LIBOR plus a margin of 3.25 per cent. or 2.75 per cent. as analysed out in note 16. The Group has no fair value interest rate risk with the payment in kind note interest fixed at 10 per cent. The average period to the expected maturity date of the interest-free financial liabilities, being the onerous lease provisions, is 12 years. 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.

It is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before tax by 2016: £0.6 million (2015: £0.6 million, 2014: £0.1 million) on its current bank and payment in kind note borrowing usage.

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 £2.0 million and £1.0 million revolving credit facilities, £12.9 million term loan and a £0.5 million overdraft facility. The revolving credit and overdraft facilities can be repaid and drawn up to £3.5 million as needed, with the term loan A being repaid in quarterly £0.7 million instalments commencing in January 2016 and term loan B being repayable in 2020.

Credit quality of financial assets

	<i>28 December</i>	<i>27 December</i>	<i>1 January</i>
	<i>2014</i>	<i>2015</i>	<i>2017</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and short-term bank deposits			
A rated	2,960	6,223	9,628
Other cash related balances	375	598	557
Total cash and cash equivalents	<u>3,335</u>	<u>6,821</u>	<u>10,185</u>

Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk. The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated balance sheet.

	<i>28 December</i>	<i>27 December</i>	<i>1 January</i>
	<i>2014</i>	<i>2015</i>	<i>2017</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Total equity	32,932	408	4,043
Shareholder loan notes	–	38,526	42,435
Cash and cash equivalents	<u>(3,335)</u>	<u>(6,821)</u>	<u>(10,185)</u>
Capital	29,597	32,113	36,293
Finance leases	6,872	6,437	5,149
Bank borrowings	<u>1,000</u>	<u>16,500</u>	<u>12,906</u>
Overall financing	<u>37,469</u>	<u>55,050</u>	<u>54,348</u>
Capital to overall financing ratio	79.0%	58.3%	66.8%

22. OPERATING LEASES

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<i>28 December 2014 £'000</i>	<i>27 December 2015 £'000</i>	<i>1 January 2017 £'000</i>
Payments due:			
Within one year	9,656	11,321	11,085
Between one and five years	36,458	42,689	41,747
After five years	66,673	70,415	71,027
	<u>112,787</u>	<u>124,425</u>	<u>123,859</u>

Tenpin had 38 (2015: 36) (2014: 30) bowling venues open as at the year end with 2 (2015: 4) (2014: 4) under finance leases and 36 (2015: 32) (2014: 26) held on operating leases, all with less than 25 years to run. The majority of the leases are in England and Wales, and the provision of the Landlord and Tenants Act giving the tenant the right to extend the lease by 15 years on expiry applies in most cases.

23. RELATED PARTY TRANSACTIONS

The shareholder loan notes were issued to companies under common control (funds managed by Harwood Capital LLP) as below:

	<i>28 December 2014 £'000</i>	<i>27 December 2015 £'000</i>	<i>1 January 2017 £'000</i>
Trident Private Equity Fund III L.P.	–	7,294	8,336
Harwood Private Equity IV L.P.	–	14,588	16,671
Oryx International Growth Fund Limited	–	1,702	1,945
Harwood Capital Nominees Limited	–	7,320	8,355
North Atlantic Smaller Companies Investment Trust plc	–	6,418	7,117
Interest accrued up to year end	–	–	11
	<u>–</u>	<u>37,322</u>	<u>42,435</u>

Key management of the Group are the directors of Indoor Bowling Equity Limited and their remuneration and transactions with the group are detailed in note 4.

24. (LOSS)/EARNINGS PER SHARE

Earnings per share for each year is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue, the calculations of which are set out below.

	<i>52 weeks to 28 December 2014 £'000</i>	<i>52 weeks to 27 December 2015 £'000</i>	<i>53 weeks to 1 January 2017 £'000</i>
(Loss)/earnings per statement of comprehensive income:			
(Loss)/earnings attributable to ordinary shareholders	<u>(5,200)</u>	<u>(646)</u>	<u>3,631</u>
Weighted average number of ordinary shares:	<i>Number of shares (000)</i>		
For basic (loss)/earnings per share	1,204	1,204	1,204
For diluted (loss)/earnings per share	1,204	1,204	1,204
	<i>Pence per share</i>		
Basic (loss)/earnings per share	(4.3p)	(0.5p)	3.0p
Diluted (loss)/earnings per share	<u>(4.3p)</u>	<u>(0.5p)</u>	<u>3.0p</u>

The loss per share presented for the 52 week period ended 28 December 2014 is based on the issued share capital of Indoor Bowling Equity Limited as at 1 January 2017 (see note 1).

As the company will not be listed until Admission, an illustrative earnings per share calculation has been presented below using shares of Ten Entertainment Group plc as existing immediately prior to Admission and following the share restructure described in note 26.3 in order to demonstrate the earnings attributable to the shares prior to Admission. The calculation of illustrative basic earnings per share is based on the earnings attributable to ordinary shareholders as disclosed below and on 65,000,000 shares.

	<i>52 weeks to 28 December 2014 £'000</i>	<i>52 week period ended 27 December 2015 £'000</i>	<i>53 week period ended 1 January 2017 £'000</i>
(Loss)/earnings per statement of comprehensive income:			
(Loss)/earnings attributable to ordinary shareholders	<u>(5,200)</u>	<u>(646)</u>	<u>3,631</u>
Weighted average number of ordinary shares:	<i>Number of shares (000)</i>		
For basic (loss)/earnings per share	65,000	65,000	65,000
	<i>Pence per share</i>		
Basic (loss)/earnings per share	<u>(0.08)</u>	<u>(0.01)</u>	<u>0.06</u>

25. CASH FLOWS FROM OPERATING ACTIVITIES

	52 weeks to 28 December 2014 £'000	52 week period ended 27 December 2015 £'000	53 week period ended 1 January 2017 £'000
Cash flows from operating activities			
(Loss)/profit for the period	(5,200)	(646)	3,631
Adjustments for:			
Tax	1,348	702	1,805
Finance costs	10,169	2,075	4,320
Costs of loan note redemption	93	–	–
Reversal of impairment	(262)	(634)	–
Amortisation of intangible assets	92	429	1,080
Depreciation of property, plant and equipment	2,003	4,079	4,317
Fair value loss on issue of share options	150	–	–
Changes in working capital:			
(Increase) in inventories	(73)	(220)	(9)
Decrease/(increase) in trade and other receivables	209	(261)	320
Increase/(decrease) in trade and other payables	40	1,957	(982)
(Decrease)/Increase in provisions	(2,246)	(161)	272
Cash generated from operations	<u>6,323</u>	<u>7,320</u>	<u>14,754</u>

The fair value loss on the issue of share options being added back as a non cash item in the 52 week period ended 28 December 2014 arose from four redemptions under its Share Incentive Scheme for 66 redeemable shares from four members of the Tenpin senior management. The exercise value was determined based on the average Essenden share price in the 60 dealing days after each respective Notice had been received and was £199,852 in total for the 4 participants. The Board of Essenden decided to exercise its call option under the Share Scheme and pay 25 per cent. of the exercise value in cash, being £49,962, with the remaining £149,890 being converted into 225,396 Essenden shares. These shares were then disposed of in August 2015 as part of the delisting of Essenden plc and its acquisition by Indoor Bowling Acquisitions Limited.

26. POST BALANCE SHEET EVENTS

26.1 *Acquisitions*

A site has been purchased for £1.5 million in Eastbourne through the acquisition of trade and assets and an operating lease entered into for the rental of the property in February 2017. The Group has not yet completed the acquisition accounting.

Tenpin Limited entered into an operating lease for the rental of a property in Blackburn in January 2017. The site has yet to open while ongoing refurbishment work is carried out.

26.2 *Refinancing*

A senior facilities agreement was entered into on 12 April 2017 in connection with the Offer and Admission. The existing external bank debt will be repaid through draw down of the new facility and existing cash. The facility includes a committed Revolving Credit Facility of £15,000,000 and uncommitted accordion facility of £5,000,000. The term of the facility is 3 years and interest is charged at a rate of LIBOR plus a 1.75 per cent. margin. The terms of the facility include two financial covenants based on debt leverage and fixed charge cover.

26.3 *Reorganisation*

The Company was incorporated on 15 March 2017 and, in connection with the Offer, the Reorganisation took place on 12 April 2017, resulting in the Company becoming the ultimate

holding company of the Group. On incorporation, the share capital of the Company was £2, divided into 2 ordinary shares of £1, held by Harwood Capital Nominees Ltd and Oryx International Growth Fund Limited. The consideration for the issue of these shares was cash. On 12 April 2017, the shareholders of IBEL exchanged their shares in IBEL for shares in the Company, which resulted in IBEL becoming a wholly owned subsidiary of the Company.

The insertion of the Company as a new holding company constitutes a group reorganisation and will be accounted for using merger accounting principles. The Reorganisation was effective from 12 April 2017 and from this date the consolidated financial statements will be presented as if the Company had always been part of the same group.

As part of the Reorganisation, the outstanding shareholder loan notes were exchanged for shares.

26.4 **Adoption of employee share plans**

The Performance Share Plan (the “PSP”) and the Company Share Option Plan (the “CSOP”) were approved and adopted by the Board on 12 April 2017. Both plans are designed to enable the Company grant rights to acquire Shares to selected employees of the Group. The PSP allows for discretionary share based incentive awards to selected senior employees within the Group. The CSOP will provide the flexibility for a broader based share incentive for a wider group of participating Group employees at or below executive level. The intention is that initial awards will be made under the PSP on or shortly following Admission to the Executive Directors.

26.5 **Relationship Agreement**

On 12 April 2017, the Company, the Harwood Shareholders, Harwood (as the discretionary investment manager of the Harwood Shareholders), and Numis entered into the Relationship Agreement, the principal purpose of which is to ensure that the Company is capable of carrying on business independently at all times.

Under the terms of the Relationship Agreement the Harwood Shareholders each undertake (and undertake to procure that each of their Associates shall procure insofar as they are able to do so) that:

- (a) any transaction, arrangement or contract entered into between the Harwood Shareholders (or any of the Harwood Shareholders’ Associates or their nominees) and the Company will be conducted on an arms-length basis and normal commercial terms;
- (b) among other things, neither the Harwood Shareholders nor any of their Associates or nominees (i) will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; (ii) will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;

Harwood, as the discretionary investment manager of Oryx and Harwood Capital Nominees, has also undertaken to procure that Oryx and Harwood Capital Nominees will comply with the undertakings listed above

The Relationship Agreement will continue in effect until the earlier of:

- (a) the aggregate voting rights of the Harwood Shareholders (whether held directly or indirectly through the Harwood Shareholders’ associates and/or their nominees) are less than ten per cent.; or
- (b) the Shares are no longer admitted to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange.

**SECTION C: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF
ABS LEISURE LIMITED**



The Directors
Ten Entertainment Group plc
Aragon House
University Way
Cranfield Technology Park
Cranfield
Bedford
MK43 0EQ

Numis Securities Limited (the “**Sponsor**”)
10 Paternoster Square
London
EC4M 7LT

12 April 2017

Dear Sirs

ABS Leisure Limited

We report on the financial information for the years ended 31 March 2014, 31 March 2015, 31 March 2016 and the six month period ended 30 September 2016 set out in section D of Part XI below (the “**ABS Leisure Financial Information Table**”). The ABS Leisure Financial Information Table has been prepared for inclusion in the prospectus dated 12 April 2017 (the “**Prospectus**”) of Ten Entertainment Group plc (the “**Company**”) on the basis of the accounting policies set out in note 2 to the ABS Leisure Financial Information Table. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

We have not audited or reviewed the financial information for the six months ended 30 September 2015 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors of the Company are responsible for preparing the ABS Leisure Financial Information Table in accordance with the basis of preparation set out in note 2 to the ABS Leisure Financial Information Table.

It is our responsibility to form an opinion as to whether the ABS Leisure Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the ABS Leisure Financial Information Table gives, for the purposes of the Prospectus dated 12 April 2017, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits/losses, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 to the ABS Leisure Financial Information Table.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION D: HISTORICAL FINANCIAL INFORMATION OF ABS LEISURE LIMITED

Statements of Comprehensive Income

		<i>Year ended 31 March 2014</i>	<i>Year ended 31 March 2015</i>	<i>Year ended 31 March 2016</i>	<i>6 months ended 30 September 2015 (unaudited)</i>	<i>6 months ended 30 September 2016</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Discontinued operations						
Revenue	3	641	636	696	299	282
Cost of sales		(331)	(327)	(331)	(149)	(169)
Gross profit		<u>310</u>	<u>309</u>	<u>365</u>	<u>257</u>	<u>113</u>
Administrative expenses		(337)	(306)	(356)	(196)	(229)
(Loss)/profit before taxation and gain on disposal	5	(27)	3	9	(46)	(116)
Gain on disposal	17	–	–	–	–	290
(Loss)/profit before taxation		<u>(27)</u>	<u>3</u>	<u>9</u>	<u>(46)</u>	<u>174</u>
Taxation	6	2	(4)	(5)	7	(61)
(Loss)/profit and total comprehensive (expense)/ income for the year/period		<u>(25)</u>	<u>(1)</u>	<u>4</u>	<u>(39)</u>	<u>113</u>

Statements of Financial Position

		1 April 2013 (unaudited) £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Assets						
Non-current assets						
Property, plant and equipment	7	246	224	209	200	–
Trade and other receivables	9	–	–	–	130	–
		<u>246</u>	<u>224</u>	<u>209</u>	<u>330</u>	<u>–</u>
Current assets						
Inventories	8	12	12	14	14	–
Trade and other receivables	9	12	6	5	3	33
Current tax receivable		–	1	–	–	–
Cash and cash equivalents	10	75	80	87	61	485
		<u>99</u>	<u>99</u>	<u>106</u>	<u>78</u>	<u>518</u>
Liabilities						
Current liabilities						
Trade and other payables	12	(58)	(62)	(51)	(138)	(130)
Current tax liabilities		–	–	(3)	(7)	(70)
		<u>(58)</u>	<u>(62)</u>	<u>(54)</u>	<u>(145)</u>	<u>(200)</u>
Net current assets		<u>41</u>	<u>37</u>	<u>52</u>	<u>(67)</u>	<u>318</u>
Non-current liabilities						
Deferred tax liability	14	(4)	(3)	(4)	(2)	–
Provisions	13	(56)	(56)	(56)	(56)	–
		<u>(60)</u>	<u>(59)</u>	<u>(60)</u>	<u>(58)</u>	<u>–</u>
Net assets		<u>227</u>	<u>202</u>	<u>201</u>	<u>205</u>	<u>318</u>
Equity						
Share capital	11	–	–	–	–	–
Accumulated profit		227	202	201	205	318
Total equity		<u>227</u>	<u>202</u>	<u>201</u>	<u>205</u>	<u>318</u>

Statements of Cash Flow

	Year ended 31 March 2014 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2016 £'000	6 months ended 30 September 2015 (unaudited) £'000	6 months ended 30 September 2016 £'000
Discontinued operations					
Cash flows from operating activities					
(Loss)/profit for the year before tax	(27)	3	9	(46)	174
Adjustments for:					
Depreciation on long leasehold	11	12	6	3	–
Depreciation on plant and machinery	16	16	16	9	14
(Profit) on sale of trade and assets	17	–	–	–	(290)
(Increase)/decrease in inventories	–	(2)	–	–	14
(Increase)/decrease in trade and other receivables	7	1	(128)	2	16
Increase/(decrease) in trade and other payables	3	(11)	67	38	(51)
Cash generated from/(used in) operations	10	19	(30)	6	(123)
Income tax received/(paid)	–	1	(3)	–	–
Net cash generated from/(used in) operating activities	10	20	(33)	6	(123)
Cash flows from investing activities					
Purchase of property, plant and equipment	(5)	(13)	(13)	–	–
Proceeds from sale of trade of assets	17	–	–	–	504
Net cash from/(used in) investing activities	(5)	(13)	(13)	–	504
Cash flows from financing activities					
Proceeds from Directors' loans	–	–	20	–	43
Net cash from financing activities	–	–	20	–	43
Net increase/(decrease) in cash and cash equivalents	5	7	(26)	6	424
Cash and cash equivalents – beginning of period	10	75	80	87	61
Cash and cash equivalents – end of period	10	80	87	61	93
		87	61	93	485

Statements of Changes in Equity

	<i>Share capital £'000</i>	<i>Other reserves £'000</i>	<i>Accumulated profit £'000</i>	<i>Total Equity £'000</i>
Balance at 31 March 2013 (unaudited)	–	–	227	227
Loss for the period and total comprehensive expense	–	–	(25)	(25)
Balance at 31 March 2014	–	–	202	202
Loss for the period and total comprehensive expense	–	–	(1)	(1)
Balance at 31 March 2015	–	–	201	201
Profit for the period and total comprehensive income	–	–	4	4
Balance at 31 March 2016	–	–	205	205
Profit for the period and total comprehensive income	–	–	113	113
Balance at 30 September 2016	–	–	318	318

Notes to the historical financial information

1. GENERAL INFORMATION

ABS Leisure Limited (“ABS Leisure”) is a limited company incorporated and domiciled in the United Kingdom, whose principal activity is the operation of a ten-pin bowling centre. The address of the registered office is Kingpin Bowling Centre, Gloster Road, Martlesham Heath, Ipswich, Suffolk, IP5 3RJ.

2. ACCOUNTING POLICIES

Basis of preparation

The financial information has been prepared under the historical cost convention for the years ended 31 March 2014, 31 March 2015, 31 March 2016, six month period ended 30 September 2016, and unaudited six month period ended 30 September 2015.

The historical financial information is prepared for the purposes of inclusion in the Prospectus of Ten Entertainment Group plc for the purposes of admission to the premium segment of the Official List maintained by the Financial Conduct Authority and to trading on the main market for Listed Securities operated by the London Stock Exchange (the “Admission”). This financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation and the Listing Rules, in accordance with the recognition, measurement, and disclosure requirements of International Financial Reporting Standards as adopted by the European Union (“IFRS”), and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

However, on 30 September 2016, the trade and certain assets of ABS Leisure were sold to Tenpin Limited, a subsidiary of Ten Entertainment Group plc. Details of the assets sold are presented in note 17. On 22 March 2017, ABS Leisure was placed into liquidation. The financial information has been prepared to present the historical financial information of the business acquired by the Operating Group as a going concern and therefore the financial statements have been prepared on a going concern basis and do not include any adjustments that would be required if a basis other than going concern was applied. All operations are discontinued. The comparatives presented for the period ended 30 September 2015 have not been audited or reviewed.

ABS Leisure’s deemed transition date to IFRS is 1 April 2013. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exemptions in the application of particular standards to prior periods in order to assist companies with the transition process. ABS Leisure has not applied any of the optional exemptions under IFRS 1.

The preparation of historical financial information in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management’s reasonable knowledge of the amount, event or actions, actual results may differ from those estimates.

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policy and disclosures

Certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. ABS Leisure has not adopted early any of these pronouncements. The new standards, amendments and interpretations that are expected to be relevant to the Company’s financial statements in the future are as follows:

IFRS 15 – Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. The Directors do not expect the adoption of this standard to have a material impact on the consolidated financial statements in future periods.

IFRS 16, 'Leases'

IFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, subject to EU endorsement. The Directors are in the process of assessing the full impact of IFRS 16.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, and requires management to exercise judgement in the process of applying ABS Leisure's accounting policies. Accounting estimates are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily available from other sources.

Actual results may differ from these estimates and the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Impairment of property, plant and equipment

There is judgement in assessing whether events or changes in circumstances indicate that the carrying amount may not be recoverable and in assessing the useful economic life of property, plant, and equipment.

Deferred tax

Estimation is required of temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax liabilities are recognised for all taxable temporary differences but, where deductible temporary differences exist, management's judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits. The deferred tax assets actually recoverable may differ from the amounts recognised if actual taxable profits differ from management's estimates.

Functional currency

The financial information in this report is presented in sterling, the functional currency of ABS Leisure and is rounded to the nearest thousand, unless otherwise presented.

Revenue

Revenue represents the total amounts earned from customers from bowling, food, beverage, machines and amusements, together with any other goods and services delivered in the normal course of business, net of VAT. ABS Leisure recognises revenue when the amount of revenue can

be reliably measured, when it is probable that future economic benefits will flow to the entity and in the case of bowling, when the game has been played. All deposits paid in advance for a game of bowling that has yet to be played are accounted for as deferred revenue under current liabilities until the game is played upon which it is recognised as revenue.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment in value with property, plant and equipment acquired in a business combination recognised at their fair value. Cost of assets includes acquisition costs net of VAT, as well as other directly attributable costs in bringing the asset into a working condition. Depreciation is calculated so as to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful economic life. The principal useful lives used for this purpose are as follows:

Long leasehold premises	The shorter of 50 years or their estimated useful lives
Short leasehold premises	Their estimated useful lives
Fixtures, fittings and equipment	Between 3 and 40 years

Assets in the course of construction are not depreciated until they are brought into use. As required by IAS 16, property, plant and equipment’s expected useful life and residual values are reviewed annually. Residual value is calculated based upon prices prevailing at the date of acquisition.

Impairment of assets

At each reporting date, all assets are considered for evidence of impairment. If there is an indication of impairment, ABS Leisure carries out an impairment test by measuring the asset’s recoverable amount, which is the higher of the fair value less costs to sell and the value in use. If this recoverable amount is below the carrying value, an impairment loss is recognised in the statement of comprehensive income and the asset is written down to the recoverable amount. In assessing value in use, the estimated future cash flows arising from the use of the asset are discounted to their present value using a discount rate which reflects current market assessments of the time value of money and the risks specific to the asset. Impairment of ABS Leisure’s property plant and equipment is assessed at the cash generating unit (CGU) level being a bowling site, with goodwill allocated at company level and impairment tested for goodwill at company level. Impairment losses are charged to the statement of comprehensive income in the period in which they are identified and are allocated first to goodwill then to carrying amounts of other assets at the CGU level.

Reversals of impairment

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property disposals

Disposals of properties and any resultant gain or loss on disposal are recognised in the statement of comprehensive (loss)/income once all conditions of the sale contract become unconditional.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated as cost of purchase on a first in, first out basis based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal which is the same method used to fair value the inventory on a business combination. Provision is made for obsolete, slow-moving or defective items where appropriate.

Trade and other receivables

Trade and other receivables are initially recognised at cost and then subsequently measured at amortised cost.

Financial assets

ABS Leisure classifies its financial assets as either at fair value through profit and loss (all of which were designated as such upon recognition) or as loans and receivables. There are no financial assets held as available for sale. Loans and receivables including non-derivative financial assets with fixed or determinable payments are classified as “trade and other receivables” in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of ABS Leisure’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows while being included in financial liabilities for the balance sheet.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

Leases

Costs incurred in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

Provisions

Provisions are recognised when ABS Leisure has a present obligation (legal or constructive) as the result of a past event and it is both probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Where ABS Leisure expects to be reimbursed for an outflow of resources associated with a provision, for example under an insurance contract, the expected reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are calculated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the unwinding of the discount over time is charged to finance costs in the statement of comprehensive income.

Tax

The tax charge comprises current tax payable and deferred tax. The current tax charge represents an estimate of the tax payable in respect of ABS Leisure’s taxable profits and is based on an interpretation of existing tax laws.

As required by IAS 12 (revised), ABS Leisure provides deferred income tax using the balance sheet liability method on all temporary differences between the tax bases of assets and liabilities and their carrying values at the balance sheet date. Deferred income tax assets and liabilities so recognised are determined using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is not recognised in respect of the initial recognition of an asset or liability acquired in a transaction which is not a business combination

and at the time of the transaction does not affect accounting or taxable profits. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Segment reporting

ABS Leisure has one segment (distinguishable component of the Company that is engaged either in providing products or services) and comprises its bowling operations. ABS Leisure wholly operates within the United Kingdom.

Share capital

Ordinary shares are classified as equity. Share premium arises on the excess between the fair value of the shares issued and the par value of the shares issued and the existing shares issued have none. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, against share premium.

Pension costs

The Company operates a defined contribution pension plan for Directors. ABS Leisure pays contributions to privately administered pension insurance plans on a mandatory basis. ABS Leisure has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. SEGMENTAL REPORTING

The whole of the turnover is attributable to a single segment being the provision of bowling operations.

All of ABS Leisure's turnover arose within the United Kingdom and ABS Leisure's net assets are based in the United Kingdom. Breakdown of revenues by products and services:

	<i>Year ended 31 March 2014</i>	<i>Year ended 31 March 2015</i>	<i>Year ended 31 March 2016</i>	<i>6 months ended 30 September 2015 (unaudited)</i>	<i>6 months ended 30 September 2016</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue from food and beverage sales	117	179	176	75	79
Revenue from bowling and amusement activities	524	457	520	224	203
	<u>641</u>	<u>636</u>	<u>696</u>	<u>299</u>	<u>282</u>

4. STAFF COST AND NUMBERS

	<i>Year ended 31 March 2014</i>	<i>Year ended 31 March 2015</i>	<i>Year ended 31 March 2016</i>	<i>6 months ended 30 September 2015 (unaudited)</i>	<i>6 months ended 30 September 2016</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Wages and salaries	253	260	262	135	122
Social security costs	16	15	14	6	1
Other pension costs	5	4	–	–	1
	<u>274</u>	<u>279</u>	<u>276</u>	<u>141</u>	<u>124</u>

Details of directors' remuneration are set out below. No directors have accrued any retirement benefits. The highest paid director for each of the years is G Sheldrake whose total remuneration is reflected below.

Directors' emoluments – Year ended 31 March 2014

<i>Director</i>	<i>Salary £</i>	<i>Benefits £</i>	<i>Pension contributions £</i>	<i>Year ended 31 March 2014 £</i>
R S Brown	16,512	3,737	1,500	21,749
G Sheldrake	30,732	3,602	4,800	39,134
Total	<u>47,244</u>	<u>7,339</u>	<u>6,300</u>	<u>60,883</u>

Directors' emoluments – Year ended 31 March 2015

<i>Director</i>	<i>Salary £</i>	<i>Benefits £</i>	<i>Pension contributions £</i>	<i>Year ended 31 March 2015 £</i>
R S Brown	16,512	3,737	–	20,249
G Sheldrake	30,732	3,602	4,000	38,334
Total	<u>47,244</u>	<u>7,339</u>	<u>4,000</u>	<u>58,583</u>

Directors' emoluments – Year ended 31 March 2016

<i>Director</i>	<i>Salary £</i>	<i>Benefits £</i>	<i>Pension contributions £</i>	<i>Year ended 31 March 2016 £</i>
R S Brown	17,756	4,121	–	21,877
G Sheldrake	26,927	4,096	–	31,023
Total	<u>44,683</u>	<u>8,217</u>	<u>–</u>	<u>52,900</u>

Directors' emoluments – Six months ended 30 September 2015

	Salary (unaudited) £	Benefits (unaudited) £	Pension contributions (unaudited) £	6 months ended 30 September 2015 (unaudited) £
Director				
R S Brown	8,878	2,061	–	10,939
G Sheldrake	13,463	2,048	–	15,511
Total	<u>22,341</u>	<u>4,109</u>	<u>–</u>	<u>26,450</u>

Directors' emoluments – Six months ended 30 September 2016

	Salary £	Benefits £	Pension contributions £	6 months ended 30 September 2016 £
Director				
R S Brown	16,500	2,061	–	18,561
G Sheldrake	–	2,048	–	2,048
Total	<u>16,500</u>	<u>4,109</u>	<u>–</u>	<u>20,609</u>

Included within other payables are loans due to the directors respectively as follows:

	Year ended 31 March 2014 £	Year ended 31 March 2015 £	Year ended 31 March 2016 £	6 months ended 30 September 2016 £
R S Brown	5,995	5,995	15,995	10,000
G Sheldrake	5,994	5,994	15,994	65,000
	<u>11,989</u>	<u>11,989</u>	<u>31,989</u>	<u>75,000</u>

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

	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016	6 months ended 30 September 2015 (unaudited)	6 months ended 30 September 2016
Staff	15	16	17	17	21
Unit management	9	8	6	6	5
	<u>24</u>	<u>24</u>	<u>23</u>	<u>23</u>	<u>26</u>

5. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is stated after charging/(crediting):

	<i>Year ended 31 March 2014</i>	<i>Year ended 31 March 2015</i>	<i>Year ended 31 March 2016</i>	<i>6 months ended 30 September 2015 (unaudited)</i>	<i>6 months ended 30 September 2016</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Staff costs	274	279	276	141	124
Depreciation of property, plant and equipment	16	16	16	9	14
Depreciation of leasehold land and buildings	11	12	6	3	–
Operating lease rentals payable – property	72	75	87	44	39
Repairs on property, plant and equipment	26	22	13	6	2
(Gain) on sale of trade and assets	–	–	–	–	(290)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(290)</u>

6. TAXATION

Recognised in the statement of comprehensive income:

	<i>Year ended 31 March 2014</i>	<i>Year ended 31 March 2015</i>	<i>Year ended 31 March 2016</i>	<i>6 months ended 30 September 2015 (unaudited)</i>	<i>6 months ended 30 September 2016</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Current tax:					
Current tax on (losses)/ profits for the period	(1)	3	7	(6)	63
Deferred tax:					
Origination and reversal of temporary differences	(1)	1	(2)	(1)	(2)
Tax (credit)/charge in statement of comprehensive income	<u>(2)</u>	<u>4</u>	<u>5</u>	<u>(7)</u>	<u>61</u>

The tax on ABS Leisure's (loss)/profit before tax differs from the theoretical amount that would arise using the standard rate of tax. The differences are explained below.

	<i>Year ended 31 March 2014</i>	<i>Year ended 31 March 2015</i>	<i>Year ended 31 March 2016</i>	<i>6 months ended 30 September 2015 (unaudited)</i>	<i>6 months ended 30 September 2016</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(Loss)/profit before tax	(27)	3	9	(46)	174
Tax using the UK corporation tax rate of 21% (2014), 20.25% (2015) 20% (2016)	(6)	1	2	(9)	35
Expenses/(income) not taxable	–	–	3	1	26
Losses for which no deferred tax asset is recognised	4	3	–	1	–
Tax (credit)/charge	(2)	4	5	(7)	61

The Finance Bill 2015 included legislation to reduce the main rate of corporation tax to 19% for the financial years beginning 1 April 2017, 1 April 2018 and 1 April 2019, and at 18% for the financial year beginning 1 April 2020. These changes were substantively enacted on 26 October 2015. A further change to reduce the main rate of corporation tax to 17% was substantively enacted on 6 September 2016. Consequently, deferred tax balances were remeasured at each balance sheet date using the blended rate at which the temporary differences were expected to reverse based on the rates substantively enacted at the relevant balance sheet date.

7. PROPERTY, PLANT & EQUIPMENT

	<i>Short leasehold premises £'000</i>	<i>Fixtures, fittings and equipment £'000</i>	<i>Total £'000</i>
Cost			
At 31 March 2013 (unaudited)	280	451	731
Additions	–	5	5
At 31 March 2014	280	456	736
Additions	–	13	13
At 31 March 2015	280	469	749
Additions	–	13	13
At 31 March 2016	280	482	762
Disposals	(280)	(482)	(762)
At 30 September 2016	–	–	–
Accumulated depreciation and impairment			
At 31 March 2013 (unaudited)	251	234	485
Charge for the period	11	16	27
At 31 March 2014	262	250	512
Charge for the period	12	16	28
At 31 March 2015	274	266	540
Charge for the period	6	16	22
At 31 March 2016	280	282	562
Charge for the period	–	14	14
Disposals	(280)	(296)	(576)
At 30 September 2016	–	–	–
Net book value			
At 30 September 2016	–	–	–
At 31 March 2016	–	200	200
At 31 March 2015	6	203	209
At 31 March 2014	18	206	224

8. INVENTORIES

	<i>31 March 2014 £'000</i>	<i>31 March 2015 £'000</i>	<i>31 March 2016 £'000</i>	<i>30 September 2016 £'000</i>
Goods held for resale	12	14	14	–

The cost of inventories recognised as an expense and included in cost of sales amounted to (6 months ended 30 September 2016: £45k) (6 months ended 30 September 2015 (unaudited): £42k) (Year ended 30 March 2016: £109k) (Year ended 30 March 2015: £99k) (Year ended 30 March 2014: £100k).

9. TRADE AND OTHER RECEIVABLES

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
<i>Current receivables</i>				
Trade receivables	1	–	1	–
Other receivables	–	–	–	20
Prepayments	5	5	2	13
	<u>6</u>	<u>5</u>	<u>3</u>	<u>33</u>
	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
<i>Non current receivables</i>				
Other receivables	–	–	130	–
	<u>–</u>	<u>–</u>	<u>130</u>	<u>–</u>

All trade receivables are within their due date and considered recoverable and accordingly no provision for impairment has been recognised.

The fair values of trade and other receivables approximate to their carrying values.

The non-current receivable as at 31 March 2016 related to a rent deposit.

10. CASH AND CASH EQUIVALENTS

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Cash and cash equivalents	<u>80</u>	<u>87</u>	<u>61</u>	<u>485</u>

The fair value of cash and cash equivalents approximates to their carrying value.

11. SHARE CAPITAL

	31 March 2014 £	31 March 2015 £	31 March 2016 £	30 September 2016 £
Allotted, called up and fully paid share capital	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
50 ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

12. TRADE AND OTHER PAYABLES

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Trade payables	24	16	16	31
Social security and other taxes	20	17	27	7
Other payables	12	12	87	75
Accruals	6	6	8	17
	<u>62</u>	<u>51</u>	<u>138</u>	<u>130</u>

Other liabilities relate to Director loans as outlined in note 4 and as at 31 March 2016 and 30 September 2016 include a liability for the final instalment of the rent deposit payable.

The fair values of trade and other payables approximates to their carrying values.

13. PROVISIONS

	<i>Dilapidations</i> £'000
At 31 March 2013 (unaudited)	56
Recognised in statement of comprehensive income	—
At 31 March 2014	56
Recognised in statement of comprehensive income	—
At 31 March 2015	56
Recognised in statement of comprehensive income	—
At 31 March 2016	56
Extinguished on sale of trade and assets	(56)
At 30 September 2016	—

14. DEFERRED TAXATION

	<i>Capital allowances</i> £'000
At 31 March 2013 (unaudited)	4
Recognised in statement of comprehensive income	(1)
At 31 March 2014	3
Recognised in statement of comprehensive income	1
At 31 March 2015	4
Recognised in statement of comprehensive income	(2)
At 31 March 2016	2
Recognised in statement of comprehensive income	(2)
At 30 September 2016	—

15. FINANCIAL INSTRUMENTS

ABS Leisure's principal financial instruments cash and short-term deposits and are held in sterling. The purpose of these financial instruments is to provide finance for ABS Leisure's operations. ABS Leisure has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. All ABS Leisure's financial instruments are denominated in £ sterling. The carrying value of all ABS Leisure's financial instruments approximates fair value and they are classified as receivables with the financial liabilities measured at amortised cost.

Financial instruments by category

	<i>Receivables</i>			
	<i>31 March</i> 2014 £'000	<i>31 March</i> 2015 £'000	<i>31 March</i> 2016 £'000	<i>30 September</i> 2016 £'000
<i>Financial assets</i>				
Current trade and other receivables	1	—	1	20
Non-current trade and other receivables	—	—	130	—
Cash and cash equivalents	80	87	61	485
	<u>81</u>	<u>87</u>	<u>192</u>	<u>505</u>

	<i>Financial liabilities at amortised cost</i>			
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>30 September</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2016</i>
<i>Financial liabilities</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Current trade and other payables	56	45	130	113
	<u>56</u>	<u>45</u>	<u>130</u>	<u>113</u>

Financial risk management

Credit risk

As almost all of ABS Leisure's sales are for cash, ABS Leisure is exposed to minimal credit risk. The main exposure was in the year ended 31 March 2016 in relation to the rent deposit receivable from the landlord at the end of the lease term. This was reimbursed as part of the sale of trade and assets outlined in note 17.

Liquidity risk

ABS Leisure's cash position and cash flow forecasts are reviewed by management on a regular basis.

Credit quality of financial assets

	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>30 September</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2016</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and short-term bank deposits				
A rated	80	87	61	485
Total cash and cash equivalents	<u>80</u>	<u>87</u>	<u>61</u>	<u>485</u>

Capital risk management

ABS Leisure monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet.

	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>30 September</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2016</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Total equity	202	201	205	318
Cash and cash equivalents	80	87	61	485
Capital	<u>282</u>	<u>288</u>	<u>266</u>	<u>803</u>
Bank borrowings	–	–	–	–
Overall financing	<u>282</u>	<u>288</u>	<u>266</u>	<u>803</u>
Capital to overall financing ratio	100%	100%	100%	100%

16. OPERATING LEASES

ABS Leisure's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 March 2014 £'000	31 March 2015 £'000	31 March 2016 £'000	30 September 2016 £'000
Payments due:				
Within one year	75	63	90	–
Between one and five years	63	–	346	–
	<u>138</u>	<u>63</u>	<u>436</u>	<u>–</u>

The operating lease relates to the premises. It has a term of 15 years from 2 February 2016, with a break clause exercisable 1 February 2021.

17. SALE OF TRADE AND ASSETS

On 30 September 2016, the trade and certain assets of ABS Leisure were sold to Tenpin Limited, a subsidiary of Ten Entertainment Group plc for consideration of £504,000. The disposal and gain on sale is summarised as follows:

	£'000
Selling price	504
Net book value of Property, plant and equipment	(186)
Rent deposit asset	(130)
Prepayments	(9)
Rent deposit liability	55
Extinguishment of dilapidation provision	56
Gain on disposal	<u>290</u>

18. RELATED PARTY TRANSACTIONS

Key management of ABS Leisure are the directors and their remuneration and transactions with ABS Leisure are detailed in note 4.

19. POST BALANCE SHEET EVENTS

Following the sale of the trade and assets as described in note 17, on 22 March 2017 ABS Leisure was placed into liquidation.

20. EXPLANATION OF TRANSITION TO IFRS

As stated in Note 2 this is the first historical financial information prepared in accordance with IFRS. The date of the Company's transition to IFRS is 1 April 2013 (the "Transition date").

The accounting policies described in Note 2 were applied when preparing historical financial information for the periods ended 30 September 2016, 30 September 2015, 31 March 2016, 31 March 2015 and 31 March 2014 and the Statement of Financial Position as at the Transition date.

In preparing its opening IFRS Statement of Financial Position and adjusting amounts reported previously in the financial statements prepared in accordance with UK GAAP (Generally Accepted Accounting Practice in the UK, previous GAAP), ABS Leisure has applied IFRS 1 First-Time Adoption of International Financial Reporting Standards, which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively.

Exceptions and exemptions used during transition to IFRS

ABS Leisure has applied the following mandatory exception required by IFRS 1 in the conversion from UK GAAP to IFRS:

Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by ABS Leisure under UK GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies. There were no material adjustments made to the UK GAAP financial statements in connection with the transition to IFRS.

There were no optional exemptions applied.

Transition adjustments

There were no differences identified between UK GAAP and IFRS applicable to ABS Leisure. Therefore no tables are provided. An opening balance sheet as at 1 April 2013 is presented on page 128.

PART XII

UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A

The unaudited pro forma statement of net assets for the Group set out below has been prepared on the basis set out in the notes below to illustrate the impact of the Offer, the Reorganisation and the Refinancing on the net assets of the Group, had they taken place on 1 January 2017. The unaudited pro forma statement of net assets has been included in the Prospectus on a voluntary basis as there has been no significant gross change to the assets and liabilities or earnings of the Group as at, and for the 53 week period ended, 1 January 2017. The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results.

The unaudited pro forma information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part XIII (Unaudited Pro Forma Financial Information of the Group). PricewaterhouseCoopers LLP's report on the unaudited pro forma statement of net assets is set out in Section B of this Part XII (Unaudited Pro Forma Financial Information of the Group).

The unaudited pro forma statement of net assets has been prepared on a basis consistent with the accounting policies of the Group and on the basis set out in the notes below, and in accordance with Annex II to the Prospectus Directive Regulation. It should be read in conjunction with the notes below.

The unaudited pro forma statement of net assets is compiled from the consolidated balance sheet of the Group as at 1 January 2017 as set out in Section B of Part XI (Historical Financial Information). There is no financial information for the Company, which was incorporated on 15 March 2017; accordingly, the Company is excluded from the unaudited pro forma statement of net assets.

In addition, the unaudited pro forma financial information does not purport to represent what the Group's financial position and results of operations actually would have been if the Offer, the Reorganisation and the Refinancing had been completed on the dates indicated nor do they purport to represent the results of operations for any future period or the financial condition at any future date.

Shareholders should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Part XII (Unaudited Pro Forma Financial Information).

	As at 1 January 2017 £'000 (Note 1)	Estimated fees and expenses of the offer payable by the Company £'000 (Note 2)	Reorganisation £'000 (Note 3)	Refinancing £'000 (Note 4)	Unaudited pro forma total £'000
Assets:					
Non-current assets					
Goodwill	23,552	–	–	–	23,552
Intangible assets	2,190	–	–	–	2,190
Property, plant and equipment	34,720	–	–	–	34,720
Trade and other receivables	786	–	–	(507)	279
	<u>61,248</u>	<u>–</u>	<u>–</u>	<u>(507)</u>	<u>60,741</u>
Current assets					
Inventories	1,339	–	–	–	1,339
Trade and other receivables	3,346	–	–	–	3,346
Cash and cash equivalents	10,185	(2,502)	–	(7,185)	498
	<u>14,870</u>	<u>(2,502)</u>	<u>–</u>	<u>(7,185)</u>	<u>5,183</u>
Liabilities:					
Current liabilities					
Bank Borrowings and finance leases	(4,897)	–	–	2,872	(2,025)
Trade and other payables	(7,762)	–	–	–	(7,762)
Provisions	(293)	–	–	–	(293)
	<u>(12,952)</u>	<u>–</u>	<u>–</u>	<u>2,872</u>	<u>(10,080)</u>
Net current assets/ (liabilities)	<u>1,918</u>	<u>(2,502)</u>	<u>–</u>	<u>(4,313)</u>	<u>(4,897)</u>
Non-current liabilities					
Bank Borrowings and finance leases	(13,158)	–	–	4,034	(9,124)
Other non-current liabilities	(442)	–	–	–	(442)
Shareholder loan notes	(42,435)	–	42,435	–	–
Deferred tax liability	(1,511)	–	–	–	(1,511)
Provisions	(1,577)	–	–	–	(1,577)
	<u>(59,123)</u>	<u>–</u>	<u>42,435</u>	<u>4,034</u>	<u>(12,654)</u>
Net assets/(liabilities)	<u>4,043</u>	<u>(2,502)</u>	<u>42,435</u>	<u>(786)</u>	<u>43,190</u>

Notes:

1. The financial information has been extracted, without material adjustment, from the combined and consolidated financial information of the Operating Group as at 1 January 2017 as set out in Section B of Part XI: "Historical Financial Information of the Operating Group".

2. This column reflects the estimated fees and expenses in relation to the Offer of £2.5 million payable by the Company. No proceeds of the Offer are to be receivable by the Company or the Operating Group.
3. This column reflects the net effect of the following adjustments relating to the Reorganisation as set out below:
 - a. The Company was incorporated on 15 March 2017 and, in connection with the Offer, the Reorganisation took place on 12 April 2017, resulting in the Company becoming the ultimate holding company of the Group. On incorporation, the share capital of the Company was £2, divided into 2 ordinary shares of £1, held by Harwood Capital Nominees Ltd and Oryx International Growth Fund Limited. The consideration for the issue of these shares was cash. On 12 April 2017, the share capital of the Company was subdivided into 200 ordinary shares of £0.01 and the shareholders of IBEL exchanged their shares in IBEL for shares in the Company, which resulted in IBEL becoming a wholly owned subsidiary of the Company. Immediately prior to the publication of this prospectus, the share capital of the Company was £650,000, divided into 65 million ordinary shares of £0.01.
 - b. The insertion of the Company as a new holding company constitutes a group reorganisation and will be accounted for using merger accounting principles. The Reorganisation was effective from 12 April 2017 and from this date the consolidated financial statements will be presented as if the Company had always been part of the same group.
 - c. As part of the Reorganisation, the outstanding shareholder loan notes as at 1 January 2017 of £42,435,000 were exchanged for shares. These adjustments do not take into account any movements in these balances since 1 January 2017.
4. This column reflects the re-financing that is taking place in connection with the Offer and Admission, being the repayment of the existing external bank debt of £12,906,000 (of which £2,872,000 is classified within current liabilities and £10,034,000 is classified within non-current liabilities as at 1 January 2017). It is expected this repayment will be funded using a drawdown of £6,000,000 available at Admission under the new RBS Revolving Credit facility, which will be classified as non-current, and the remaining balance of £6,906,000 will be funded from the Operating Group's cash balance. Capitalised debt issue costs related to the existing facility of £786,000 will be written off and estimated costs of £279,000 in relation to the new facility will be capitalised. The following tables set forth the adjustments set out in the Refinancing column.

Pro forma adjustment to "Cash and cash equivalents" in connection with the Refinancing:

	£000
Repayment of existing external bank debt	(12,906)
Drawdown of the new RBS Revolving Credit Facility (including estimated capitalised debt issue costs of £279)	5,721
	(7,185)

Pro forma adjustment to "Non-Current Bank Borrowings and finance leases" in connection with the Refinancing:

	£000
Repayment of existing external bank debt	10,034
Drawdown under the new RBS Revolving Credit Facility	(6,000)
	4,034

Pro forma adjustment to "Trade and other receivables" in connection with the Refinancing:

	£000
Write off of capitalised debt issue costs relating to the existing bank debt	(786)
Capitalisation of debt issue costs relating to new RBS Revolving Credit Facility	279
	(507)

5. No adjustment has been made to take account of trading results or other transactions undertaken by the Group since 1 January 2017.

SECTION B: ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION



The Directors
Ten Entertainment Group plc
Aragon House
University Way
Cranfield Technology Park
Cranfield
Bedford
MK43 0EQ

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

12 April 2017

Ten Entertainment Group plc (the “Company”)

Dear Sirs,

We report on the unaudited pro forma financial information (the “**Pro Forma Financial Information**”) set out in Section A of Part XII of the Company’s prospectus dated 12 April 2017 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the Offer, Reorganisation and re-financing might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing the financial statements for the period ending 31 December 2017. This report is required by item 7 of Annex II to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Annex II of the PD regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART XIII

DETAILS OF THE OFFER

1. Shares subject to the Offer

- 1.1 Pursuant to the Offer, the Selling Shareholders intend to sell, in aggregate, 16,250,000 Offer Shares at the Offer Price.
- 1.2 The Company expects the Selling Shareholders to receive net proceeds from the sale of the Offer Shares of approximately £26.1 million (after deducting commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders). The Company will not receive any proceeds pursuant to the Offer.
- 1.3 The Existing Share Capital will not be diluted pursuant to the Offer as the Company will not be issuing any new Shares.
- 1.4 The Offer Shares will represent approximately 25.0 per cent. of the Existing Share Capital of the Company.

2. The Offer

- 2.1 Under the Offer, Offer Shares will only be offered to certain institutional and professional investors in the United Kingdom. Certain restrictions that apply to the distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions outside the United Kingdom are described below.
- 2.2 The currency of the Offer is Pounds Sterling.
- 2.3 When admitted to trading, the Shares will be registered with ISIN GB00BF020D33 and SEDOL number BF020D3 and trade under ticker symbol TEG.
- 2.4 The Offer Shares being sold by the Selling Shareholders will be sold together with the right to receive all dividends and other distributions declared, made or paid on all Shares after the date of Admission. The Shares will be freely transferable.
- 2.5 The rights attaching to the Shares are uniform in all respects and they form a single class for all purposes.
- 2.6 Further details of the rights attached to the Shares are set out in paragraph 5 of Part XV (Additional Information).
- 2.7 Immediately following Admission, it is expected that:
 - 2.7.1 in excess of 25 per cent. of the Company's issued ordinary share capital will be held in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules);
 - 2.7.2 no expenses will be charged by the Company or the Selling Shareholders to any investor who acquires Shares pursuant to the Offer;
 - 2.7.3 participants in the Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation. Investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment; and
 - 2.7.4 the results of the Offer will be announced.
- 2.8 No stabilisation will be carried out in connection with the Offer.

3. Reasons for the Offer and Admission

3.1 The Offer will provide the Selling Shareholders with either a full or a partial realisation of their investment in the Company and the Directors believe that the Offer and Admission will also position the Company for its next stage of development by:

3.1.1 diversifying the Company's shareholder base and strengthening the Company's capital structure;

3.1.2 enhancing the Group's public profile and status with customers, investors, landlords and business partners;

3.1.3 assisting in the recruitment, incentivisation and retention of key management and employees;

3.1.4 create a liquid market in the Shares for existing and future shareholders; and

3.1.5 providing the Company with access to the capital markets which it may wish to take advantage of in the future.

3.2 The Company will not receive any proceeds pursuant to the Offer.

4. Terms and conditions of the Offer

4.1 Introduction

These terms and conditions apply to persons agreeing to acquire Offer Shares.

Each person to whom these terms and conditions apply, as described above, who confirms its agreement to Numis to acquire Offer Shares (which may include Numis or its nominee(s)) (an "Offeree") hereby agrees with Numis, the Company, the Selling Shareholders and the Registrar to be bound by these terms and conditions as being the terms and conditions upon which Offer Shares will be acquired under the Offer. An Offeree shall, without limitation, become so bound if Numis confirms to the Offeree: (i) the Offer Price; and (ii) its allocation of Offer Shares and Numis so notifies the Registrar on behalf of the Company and the Selling Shareholders.

The Company and/or Numis and/or the Selling Shareholders may require any Offeree to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Offeree to execute a separate offer letter (an "Offer Letter"). The provisions of these terms and conditions may be waived or modified as regards specific Offerees or on a general basis by Numis and/or the Company.

4.2 Agreement to acquire Offer Shares

Conditional on: (i) Admission occurring and becoming effective by no later than 8.00 a.m. on 19 April 2017 (or such later time as is agreed in writing between the Company and Numis but, in any event, no later than 8.00 a.m. on 3 May 2017); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; and (iii) Numis confirming to the Offerees their allocation of Offer Shares, each Offeree agrees to become a member of the Company and agrees to acquire at the Offer Price those Offer Shares allocated to it by Numis. Each Offeree acknowledges that its agreement to acquire the number of Offer Shares allocated to it is not by way of acceptance of a public offer made or to be made by the Company, Numis and/or the Selling Shareholders but is by way of a collateral contract and, accordingly, that section 87Q of FSMA does not entitle it to withdraw its acceptance in the event that the Company publishes a supplementary prospectus in connection with Admission. To the fullest extent permitted by law, each Offeree acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Offeree may have.

Each such Offeree is deemed to acknowledge receipt and understanding of this Prospectus and in particular the risk and investment warnings contained in this Prospectus.

4.3 **Payment for Offer Shares**

Each Offeree undertakes to pay the Offer Price for the Offer Shares acquired by such Offeree in the manner and by the time directed by Numis.

Each Offeree is deemed to agree that, if it fails to pay the Offer Price for the Offer Shares acquired by such Offeree, Numis and/or any relevant nominee of Numis may sell any or all of the Offer Shares allocated to that Offeree and which have not been paid for on such Offeree's behalf and retain from the proceeds, for Numis' account and benefit (as agent for the Selling Shareholders), an amount equal to the aggregate amount owed by the Offeree plus any interest due. Any excess proceeds will be paid to the relevant Offeree at its risk. The relevant Offeree will, however, remain liable and shall indemnify Numis, the Selling Shareholders and/or any relevant nominee of Numis on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or SDRT or securities transfer tax (together with any interest or penalties) which may arise upon the acquisition of such Offer Shares on such Offeree's behalf. By agreeing to acquire Offer Shares, each Offeree confers on Numis all such authorities and powers necessary to carry out any such acquisition and agrees to ratify and confirm all actions which Numis lawfully takes in pursuance of such acquisition.

If Admission does not occur, subscription monies will be returned without interest at the risk of the relevant Offeree.

4.4 **Representations and warranties**

By agreeing to acquire Offer Shares under the Offer, each Offeree which enters into a commitment to acquire Offer Shares will (for itself and any person(s) procured by it to acquire Offer Shares and any nominee(s) for any such person(s)) be deemed to agree, acknowledge, undertake, represent and warrant to each of the Company, the Selling Shareholders, the Registrar and Numis that:

4.4.1 in agreeing to acquire Offer Shares under the Offer, it has read this Prospectus and it is relying solely on this Prospectus (and any supplementary prospectus published by the Company subsequent to the date of this Prospectus) and not on any other information given, or representation or statement made at any time, by any person concerning the Group, the Selling Shareholders or the Offer. It agrees that none of the Company, the Selling Shareholders, Numis or the Registrar, nor any of their respective officers, directors, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation. This paragraph 4.4.1 shall not exclude any liability for fraudulent misrepresentation;

4.4.2 it has the funds available to pay the Offer Price in respect of the Offer Shares for which it has given a commitment under the Offer;

4.4.3 the contents of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on the Selling Shareholders or Numis by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Numis, the Selling Shareholders nor any person acting on their behalf nor any of their affiliates accept any responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of this Prospectus or any supplementary prospectus published by the

Company subsequent to the date of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Offer Shares or the Offer and nothing in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Numis and the Selling Shareholders accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this Prospectus or any supplementary prospectus published by the Company subsequent to the date of this Prospectus or any such statement;

- 4.4.4 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to acquire Offer Shares under the Offer, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its offer commitment in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Selling Shareholders, Numis, the Registrar or any of their respective officers, agents, affiliates or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer;
- 4.4.5 it does not have a registered address in and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Offer Shares and it is not acting on a non-discretionary basis for any such person;
- 4.4.6 it agrees that, having had the opportunity to read this Prospectus, it shall be deemed to have had notice of all information and representations contained in this Prospectus, it is acquiring Offer Shares solely on the basis of this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and no other information and in accepting a participation in the Offer it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Offer Shares;
- 4.4.7 it acknowledges that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and, if given or made, any information or representation will not be relied upon as having been authorised by Numis or the Company or the Selling Shareholders;
- 4.4.8 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986 and no instrument under which it acquires Offer Shares (whether as principal, agent or nominee) would be subject to stamp duty or SDRT at the increased rates referred to in those sections and it, or the person specified by it for registration as a holder of Offer Shares, is not participating in the Offer as nominee or agent for any person or persons to whom the allocation, transfer or delivery of Offer Shares would give rise to such a liability;
- 4.4.9 it, or the person specified by it for registration as a holder of the Offer Shares, will be liable for any stamp duty or SDRT liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services), registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the Offer Shares and it acknowledges and agrees that, save for the Selling Shareholders who have agreed to pay any stamp

duty or SDRT under section 87 of the Finance Act 1986, none of Numis, the Selling Shareholders nor the Company nor any of their respective affiliates nor any person acting on behalf of them will be responsible for any other liability to stamp duty or SDRT resulting from a failure to observe this requirement;

- 4.4.10 it accepts that none of the Offer Shares have been or will be registered under the laws of any Restricted Jurisdiction and that, accordingly, the Offer Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.4.11 it acknowledges that it will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Offer Shares or the agreement by it to acquire any Offer Shares;
- 4.4.12 if it is receiving the Offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Offer Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.4.13 if it is a resident in any EEA state which has implemented the Prospectus Directive (other than the United Kingdom), it is a "qualified investor" within the meaning of the law in the Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive;
- 4.4.14 if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Offer constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to acquire Offer Shares pursuant to the Offer unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Offer Shares could lawfully be distributed to and subscribed for and/or acquired and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.4.15 it acknowledges that none of Numis or any of its respective affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Offer or providing any advice in relation to the Offer and participation in the Offer is on the basis that it is not and will not be a client of Numis or any of its affiliates, that Numis is acting for the Company and no-one else and that none of Numis or any of its affiliates have any duties or responsibilities to it for providing protections afforded to its or their respective clients or for providing advice in relation to the Offer or in respect of any representations, warranties, undertakings or indemnities contained in these terms and conditions or in any Offer Letter, where relevant;
- 4.4.16 it acknowledges that it is not located within the United States, it is acquiring Offer Shares in an "offshore transaction" as defined in Regulation S and where it is acquiring Offer Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to acquire the Offer Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus or in any Offer Letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Offer in the form provided by the Company and/or Numis. It agrees that the provisions of this paragraph shall survive any resale of the Offer Shares by or on behalf of any such account;

- 4.4.17 it is acting as principal only in respect of the Offer or, if it is acting for any other person: (i) it is and will remain liable to the Company and/or Numis and/or the Selling Shareholders for the performance of all its obligations as an Offeree in respect of the Offer (regardless of the fact that it is acting for another person); (ii) it is both an “authorised person” for the purposes of FSMA and a “qualified investor” as defined at Article 2.1(e) of the Prospectus Directive acting as agent for such person; and (iii) such person is either (1) a FSMA “qualified investor” or (2) its “client” (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Offer or any other offers of transferable securities on his behalf without reference to him;
- 4.4.18 it confirms that any of its clients, whether or not identified to Numis or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Numis or any of their affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.4.19 if it is a resident in Japan, it is an operator of an investment management business (*toushi-unyō-gyō*) registered under the Financial Instruments and Exchange Act of Japan (the “**FIEA**”) and it is purchasing the Offer Shares in the course of its investment management business in accordance with the FIEA;
- 4.4.20 where it or any person acting on its behalf is dealing with Numis, any money held in an account with Numis on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Numis to segregate such money as that money will be held by Numis under a banking relationship and not as trustee;
- 4.4.21 it has not and will not offer or sell any Offer Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of FSMA;
- 4.4.22 it is an “eligible counterparty” or a “professional investor” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is purchasing the Offer Shares for investment only and not for resale or distribution;
- 4.4.23 it irrevocably appoints any Director and any director of Numis to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Offer Shares for which it has given a commitment under the Offer, in the event of its own failure to do so;
- 4.4.24 it accepts that if the Offer does not proceed or the conditions to Numis’ obligations in respect of such Offer under the Placing Agreement are not satisfied or the Placing Agreement is terminated prior to the admission of the Offer Shares for which valid applications are received and accepted to listing on the Official List and to trading on the London Stock Exchange’s main market for listed securities for any reason whatsoever or such Offer Shares are not admitted to the Official List and/or to trading on the London Stock Exchange’s main market for listed securities for any reason whatsoever, then neither Numis or the Company or the Selling Shareholders or any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- 4.4.25 it has not taken any action or omitted to take any action which will or may result in Numis, the Company, the Selling Shareholders or any of their respective directors, officers, agents, affiliates, employees or advisers being in breach of the legal or regulatory requirements of any territory in connection with the Offer or its acquisition of Offer Shares pursuant to the Offer;
- 4.4.26 in connection with its participation in the Offer, it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing including under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 and that its offer commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) ("**Money Laundering Directive**"); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.4.27 due to anti-money laundering and the countering of terrorist financing requirements, Numis, the Company and/or the Selling Shareholders may require proof of identity of the Offeree and related parties and verification of the source of the payment before the offer commitment can be processed and that, in the event of delay or failure by the Offeree to produce any information required for verification purposes, Numis, the Company and/or the Selling Shareholders may refuse to accept the offer commitment and the acquisition monies relating thereto. It holds harmless and will indemnify Numis, the Company and/or the Selling Shareholders against any liability, loss or cost ensuing due to the failure to process the offer commitment, if such information as has been required has not been provided by it or has not been provided in a timely manner;
- 4.4.28 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, Chapter 2 of the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has complied and will continue to comply with those obligations;
- 4.4.29 it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Offer Shares pursuant to the Offer or to whom it allocates such Offer Shares have the capacity and authority to enter into and to perform their obligations as an Offeree of the Offer Shares and will honour those obligations;
- 4.4.30 as far as it is aware, it is not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the Listing Rules;
- 4.4.31 Numis, the Selling Shareholders (who shall include, for the avoidance of doubt, any Directors selling Offer Shares pursuant to the Offer) and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion, including the right of Numis to terminate the Placing Agreement, without any liability whatsoever to them (or any agent acting on their behalf) and Numis, the Selling Shareholders and the Company shall not have any obligation to consult or notify Offerees in relation to any right or discretion given to them or which they are entitled to exercise;

- 4.4.32 the representations, undertakings and warranties given by an Offeree as contained in this Prospectus or in any Offer Letter, where relevant, are irrevocable. It acknowledges that Numis, the Selling Shareholders and the Company and their respective affiliates will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to have been made by its application for Offer Shares are no longer accurate, it shall promptly notify Numis and the Company;
- 4.4.33 it confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Offer Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 4.4.34 nothing has been done or will be done by it in relation to the Offer that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any Shares in accordance with FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the EU or the European Economic Area;
- 4.4.35 it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Shares in accordance with Rule 5 of the Disclosure Rules and Transparency Rules issued by the FCA and made under Part VI of the FSMA as they apply to the Company;
- 4.4.36 it accepts that the allocation of Offer Shares shall be determined by Numis following consultation with the Company and that Numis may scale down any offer commitments on such basis as it may determine; and
- 4.4.37 time shall be of the essence as regards its obligations to settle payment for the Offer Shares and to comply with its other obligations under the Offer.

4.5 ***Indemnity***

Each Offeree irrevocably agrees, on its own behalf and on behalf of any person on whose behalf it is acting, to indemnify and hold the Company, Numis and the Selling Shareholders and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach by it any person on whose behalf it is acting of the representations, warranties, undertakings, agreements and acknowledgements in these terms and conditions.

5. Supply and disclosure of information

If Numis, the Selling Shareholders, the Registrar or the Company or any of their agents request any information in connection with an Offeree's agreement to acquire Offer Shares under the Offer or to comply with any relevant legislation, such Offeree must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

6. Miscellaneous

- 6.1 The rights and remedies of the Company, the Selling Shareholders, Numis and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 6.2 On the acceptance of their offer commitment, if an Offeree is a discretionary fund manager, that Offeree may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned.

- 6.3 All documents provided in connection with the Offer will be sent at the Offeree's risk. They may be sent by post to such Offeree at the address notified by such Offeree.
- 6.4 Each Offeree agrees to be bound by the Articles (as amended from time to time) once the Offer Shares, which the Offeree has agreed to acquire pursuant to the Offer, have been issued or transferred to such Offeree.
- 6.5 The contract to acquire Offer Shares under the Offer and the appointments and authorities mentioned in this Prospectus will be governed by and construed in accordance with, the laws of England. For the exclusive benefit of the Company, the Selling Shareholders, Numis and the Registrar, each Offeree irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against an Offeree in any other jurisdiction.
- 6.6 In the case of a joint agreement to acquire Offer Shares under the Offer, references to a "Offeree" in these terms and conditions are to each of the Offerees who are a party to that joint agreement and their liability is joint and several.
- 6.7 Numis, the Selling Shareholders and the Company expressly reserve the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before allocations are determined including the right of Numis to notify to the Company the extension for the dates and times for satisfaction of any or all of the conditions in the Placing Agreement (provided that such conditions are not extended beyond 8.00 a.m. on 3 May 2017).
- 6.8 The Offer is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. For further details of the terms of the Placing Agreement please refer to paragraph 13.1 of Part XV (Additional Information).
- 6.9 The Selling Shareholders have agreed to pay any stamp duty chargeable on a transfer on sale of Offer Shares and/or SDRT chargeable on an agreement to transfer Offer Shares arising in the United Kingdom (currently at a rate of 0.5 per cent.) on the initial sale of Offer Shares under the Offer. Each Offeree which acquires Offer Shares will be deemed to undertake: (i) that it shall not submit any reclaim to HMRC in respect of any stamp duty or SDRT so paid or accounted for by the Selling Shareholders in respect of the Offer or the Offer Shares; and (ii) that it agrees that it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by such investor or any other person on the acquisition by such Offeree of any Offer Shares or the agreement by such Offeree to acquire any Offer Shares.

7. Selling and transfer restrictions

- 7.1 The distribution of this Prospectus and the offer of Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.
- 7.2 No action has been taken or will be taken by the Company, the Selling Shareholders or Numis to permit a public offer of the Shares, or the possession, issue or distribution of this Prospectus (or any other offering or publicity materials or any application form(s) relating to the Shares) in any jurisdiction where action for that purpose may be required, or where doing so is restricted by law, other than the United Kingdom. Accordingly, neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable

laws and regulations. This Prospectus does not constitute an offer of, or invitation or solicitation of an offer to acquire, any Shares, to any person to whom, and/or in any jurisdiction where, it is unlawful to make such an offer, invitation or solicitation. No persons receiving a copy of this Prospectus in any jurisdiction where it is unlawful to make such an offer, invitation or solicitation may treat this Prospectus as constituting an offer, invitation or solicitation to them to acquire Shares in the relevant jurisdiction notwithstanding that such an offer, invitation or solicitation could lawfully be made to them without compliance with any registration or other legal requirement.

7.3 ***European Economic Area***

In relation to each Relevant Member State, no Shares have been offered or will be offered to the public pursuant to the Offer in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- a. to legal entities which are Qualified Investors;
- b. to fewer than 150 (or 100 if the Relevant Member State has not implemented the relevant provision of the Prospectus Directive) natural or legal persons (other than Qualified Investors) in such Relevant Member State; or
- c. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive, or a supplementary prospectus pursuant to Article 16 of the Prospectus Directive, or under any measure implementing the Prospectus Directive in a Relevant Member State.

For the purposes of this paragraph, the expression “offer to the public” in relation to any offer of Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and the Shares to be offered so as to enable an investor to decide to acquire any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, warranted, acknowledged and agreed that the Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to Qualified Investors or in circumstances in which the prior consent of each of the Company, the Selling Shareholders and Numis has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, Numis and their respective affiliates, representatives and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a Qualified Investor and who has notified Numis of such fact in writing may, with the consent of each of the Company, the Selling Shareholders and Numis, be permitted to acquire Shares in the Offer.

7.4 **United States**

The Shares have not been and will not be registered under the US Securities Act or under the securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no offers or sales of the Shares in the United States. The Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Subscriber and/or acquirer representations and warranties in relation to Regulation S

Each acquirer of Shares, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- a. it is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S;
- b. it is aware that the Shares have not been, and will not be, registered under the US Securities Act or under any applicable securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States absent registration under, or an exemption from, or in a transaction not subject to, the US Securities Act;
- c. if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act;
- d. it has received, carefully read and understands this Prospectus and other relevant public disclosure of the Company;
- e. it understands that the Company, the Selling Shareholders and Numis and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgments;
- f. if any of the representations, agreements and acknowledgments made by it are no longer accurate or have not been complied with, it will immediately notify the Company, the Selling Shareholders and Numis; and
- g. if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make, and does make, such foregoing representations, agreements and acknowledgments on behalf of each such account.

7.5 **Australia**

This Prospectus: (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (the “**Corporations Act**”); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the

Corporations Act; (c) has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (“ASIC”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (d) may not be provided in Australia other than to select investors who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act, and (ii) are “wholesale clients” for the purposes of section 716G of the Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription, acquisition or sale, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for Offer Shares, each prospective acquirer of Offer Shares represents and warrants to the Company, the Selling Shareholders, Numis and their respective affiliates that such person is a select investor as described above.

As any offer of Offer Shares under this Prospectus, any supplementary prospectus or any other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Offer Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offer Shares, each prospective acquirer of Offer Shares undertakes to the Company, the Selling Shareholders, Numis and their respective affiliates that such acquirer will not, for a period of 12 months from the date of acquisition of the Offer Shares, offer, transfer, assign or otherwise alienate those Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

7.6 **Canada**

The Shares have not been and will not be qualified by a prospectus in accordance with the prospectus requirements under applicable securities law in any Canadian jurisdiction and therefore may not be offered or sold, directly or indirectly, in Canada except in compliance with applicable Canadian securities laws.

7.7 **Japan**

This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under FIEA and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

No registration pursuant to Article 4, Paragraph 1 of the FIEA has been nor will be made with respect to solicitation conducted for the application for the acquisition of the Offer Shares because such solicitation falls under the category of “shouninzu-muke-kanyu” as described in Article 23-13, Paragraph 4 of the FIEA.

7.8 **Other overseas territories**

Prospective investors, including in jurisdictions other than Australia, Canada, Japan and the United States, should consult their professional advisers as to whether they require any

governmental or other consents or need to observe any formalities to enable them to acquire any Shares under the Offer.

8. Allocation

- 8.1 Numis has solicited indications of interest from prospective investors to acquire Shares in the Offer. On this basis, prospective investors have been asked to specify the number of Shares that they are prepared to acquire at different prices. Multiple applications under the Offer are permitted.
- 8.2 A number of factors have been considered in deciding the Offer Price and the bases of allocation, including prevailing market conditions, the level and the nature of the demand for Shares and the objective of encouraging long-term ownership of the Shares. The Offer Price has been established at a level determined in accordance with these arrangements, taking into account indications of interest received from persons (including market-makers and fund managers) connected with Numis. Accordingly, the Offer Price may be lower than the highest price at which all of the Shares, in respect of which indications of interest have been received or which are available for sale by the Selling Shareholders in the Offer, could have been accepted.
- 8.3 Participants in the Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation. The results of the Offer will be announced on the date of Admission.
- 8.4 Investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment. Dealing with the Offer Shares may not begin before notification is made.
- 8.5 All Shares acquired pursuant to the Offer will be acquired, payable in full, at the Offer Price.

9. Dealing arrangements

- 9.1 The Offer is subject to the satisfaction of certain conditions contained in the Placing Agreement, which are typical for an agreement of this nature, including Admission occurring and becoming effective by 8.00 a.m. on 19 April 2017 or such later date as may be determined in accordance with such agreement (but in any event no later than 8.00am on 3 May 2017) and the Placing Agreement not having been terminated in accordance with its terms. Certain conditions are related to events which are outside the control of the Company, the Directors, the Selling Shareholders and Numis. Further details of the Placing Agreement are described in paragraph 13.1 of Part XV (Additional Information).
- 9.2 Application will be made to the FCA for all of the Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Listing of the Shares is not being sought on any stock exchange other than the London Stock Exchange.
- 9.3 It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 13 April 2017. The earliest date for settlement of such dealings will be 19 April 2017, being the third trading day after the commencement of conditional dealings. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 19 April 2017. Settlement of dealings from that date will be on a two day rolling basis.
- 9.4 All dealings in Shares prior to the commencement of unconditional dealings will be on a "when issued basis", will be of no effect if Admission does not take place, and will be at the

sole risk of the parties concerned. The above mentioned dates and times may be changed without further notice.

- 9.5 Each investor will be required to undertake to pay the Offer Price for the Shares acquired by such investor in such manner as shall be directed by Numis.
- 9.6 The Shares are in registered form and can be held in certificated or uncertificated form. Title to certificated Shares (if any) will be evidenced in the register of members of the Company and title to uncertificated Shares will be evidenced by entry into the operator register maintained by the Registrar (which will form part of the register of members of the Company).
- 9.7 It is intended that allocations of Offer Shares to investors who wish to hold Offer Shares in uncertificated form will take place through CREST on Admission. It is intended that for those investors who wish to hold Offer Shares in certificated form, definitive share certificates in respect of the Offer Shares will be posted by first class post as soon as is practicable by 21 April 2017. Dealings in advance of the crediting of the relevant CREST stock account shall be at the risk of the person concerned. Prior to the despatch of definitive share certificates in respect of any Offer Shares which are not settled in CREST, transfers of those Offer Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.
- 9.8 Following Admission, the Shares held by the Harwood Shareholders and the Management Shareholders will, in each case, be subject to the lock-up arrangements described in Part XIII, paragraph 12 and Part XV, paragraph 13.16.

10. CREST

- 10.1 With effect from Admission, the Articles will permit the holding of Shares under the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. The Company has applied for the Shares to be admitted to CREST with effect from Admission and, also with effect from Admission, the Articles will permit the holding of Shares under the CREST system. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

11. Placing arrangements

- 11.1 The Company, the Directors, the Selling Shareholders and Numis have entered into the Placing Agreement, pursuant to which Numis has agreed, subject to certain conditions, to use its reasonable endeavours to procure purchasers for the Offer Shares at the Offer Price.
- 11.2 The Placing Agreement contains provisions entitling Numis to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any monies received in respect of the Offer will be returned to applicants without interest. The Offer is conditional upon, *inter alia*, Admission occurring not later than 8.00 a.m. on 19 April 2017 (or such later date and time as the Company and Numis may agree but in any event not later than 8.00 a.m. on 3 May 2017) and the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms. Certain conditions contained in the Placing Agreement are related to events which are outside the control of the Company, the Directors, the Selling Shareholders and Numis.
- 11.3 The Placing Agreement provides for Numis to be paid a commission in respect of the Offer Shares sold. Any commission received by Numis may be retained and any Offer Shares acquired by Numis may be retained or dealt in, by it, for its own benefit.

11.4 Further details of the terms of the Placing Agreement are set out in paragraph 13.14 of Part XV (Additional Information). Certain selling and transfer restrictions are set out in paragraph 12 below.

12. Lock-up arrangements

12.1 Pursuant to the terms of lock-in deeds entered into on 12 April 2017, each of the Company, the Selling Shareholders and the Directors have agreed to certain lock-up arrangements with Numis.

12.2 For a 180 day lock-up period from the date of Admission, the Company will not allot or issue, or enter into any agreement or arrangement which would give rise to an obligation to allot or issue, any Shares, subject to customary exceptions, without the prior written consent of Numis.

12.3 For a 12 month lock-up period from the date of Admission, each of the Management Selling Shareholders has agreed that, subject to certain customary exceptions, he will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein) in any of the Shares in the Company owned by it. For a 180 day period thereafter, they have each agreed not to directly or indirectly transfer any Shares (or any interest therein or in respect thereof) that he or it may hold other than through Numis (for so long as Numis is engaged as the Company's broker) with a view to maintaining an orderly market in the Company's securities.

12.4 For a 12 month lock-up period from the date of Admission, Harwood Capital Nominees, NASCIT and Oryx have each agreed that, subject to certain customary exceptions, they will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein) in any of the Shares in the Company owned by them. For a 180 day period thereafter, they have each agreed not to directly or indirectly transfer any Shares (or any interest therein or in respect thereof) that they may hold other than through Numis (for so long as Numis is engaged as the Company's broker) with a view to maintaining an orderly market in the Company's securities.

12.5 Further details of the lock-in deeds are set out in paragraph 13.16 of Part XV (Additional Information).

PART XIV

TAXATION

The Company is registered under the laws of the United Kingdom and treated as a UK company for corporate law and UK tax purposes. Shareholders or prospective Shareholders should read the “UK Taxation” paragraphs below, as well as consulting their own professional advisers, regarding the tax consequences of acquiring, holding and disposing of the Shares.

1. UK Taxation

The following is a summary of certain United Kingdom (“UK”) tax considerations relating to an investment in the Shares.

The statements set out below reflect current UK law and published guidance (which may not be binding) of HM Revenue and Customs (“HMRC”), as at the date of this Prospectus and which may be subject to change, possibly with retroactive effect. They are intended as a general guide and apply only to Shareholders of the Company resident and, in the case of an individual, domiciled exclusively in the UK for UK tax purposes (except insofar as express reference is made to the treatment of non-UK residents), who hold Shares as an investment (other than under an individual savings account (“ISA”)) and who are the absolute beneficial owners of the Shares and any dividends paid thereon. (In particular, Shareholders holding their Shares through a depository receipt system or clearance service should note that they may not always be regarded as the absolute beneficial owners of such Shares.) This guidance does not address all possible tax consequences relating to an investment in the Shares. Specifically, this guidance does not address: (i) special classes of Shareholders such as, for example, dealers in securities, broker-dealers, intermediaries, insurance companies or collective investment schemes; (ii) Shareholders who hold Shares as part of hedging transactions; (iii) Shareholders who have (or are deemed to have) subscribed for and/or acquired their Shares by virtue of an office or employment; iv) those that own (or are deemed to own) 10 per cent. or more of the Shares and/or voting power of the Company, (v) those subject to specific tax regimes or benefitting from certain reliefs or exemptions, (vi) those connected with the Company or Group; and (vii) unless otherwise indicated, those that hold the Company’s shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate shareholder, a permanent establishment or otherwise). Such Shareholders may be subject to special rules and this summary does not apply to such Shareholders.

Shareholders or prospective Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction other than the UK, should consult their own professional advisers immediately.

2. Taxation of dividends

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend.

A UK resident individual Shareholder who is liable to income tax at a rate not exceeding the higher rate will be subject to income tax on a dividend at the rate of 32.5 per cent. to the extent that the dividend, when treated as the top “slice” of the Shareholder’s income, exceeds the lower threshold for higher rate income tax. A UK resident individual Shareholder who is subject to income tax at the additional rate will be subject to income tax on a dividend at the rate of 38.1 per cent. to the extent that the dividend, when treated as the top “slice” of the Shareholder’s income exceeds the lower threshold for additional rate income tax.

Shareholders who are within the charge to UK corporation tax will be subject to UK corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within one of the exempt classes and certain other conditions are met. Each Shareholder's position will depend on its own individual circumstances and while it would normally be expected that the dividends paid by the Company would fall within an exempt class, it should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules. Shareholders within the charge to UK corporation tax should therefore consult their own professional advisers.

Non-UK resident corporate Shareholders will not be liable to income or corporation tax in the UK on dividends paid on the Shares unless the Shareholder carries on a trade in the UK and the dividends are either a receipt of that trade or the shares are held by or for a UK permanent establishment through which the trade is carried on. In the latter case the dividends may still fall into one of the exempt classes and not be subject to the UK corporation tax.

Non-UK resident individual Shareholders may choose to treat the dividends, other than the dividends representing the receipts of a trade, profession or vocation carried on in the UK, as 'disregarded income' (as defined by statute) thereby limiting their UK income tax liability to any tax deducted at source. Such Shareholders should have no further UK income tax to pay upon their receipt of a dividend from the Company. If chosen, disregarded income treatment will apply to all UK source savings and investment income of the Shareholder in a tax year (but does not apply to UK rental income) and the personal allowance available to certain categories of non-resident individuals will not be available in that tax year.

Shareholders may also be subject to foreign taxation on dividend income under applicable local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company in the country of their tax residence.

3. Taxation of chargeable gains

A disposal or deemed disposal of Shares by a Shareholder who is resident in the UK for tax purposes in the tax year (or part thereof) in question may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains. This will depend upon the Shareholder's circumstances and is subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders). Indexation allowance may reduce the amount of chargeable gains subject to corporation tax, but may not create or increase any allowable loss. Shareholders who are not resident in the UK will not generally be subject to UK taxation of chargeable gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the UK whether through a branch or agency or, in the case of a corporate shareholder, a permanent establishment) in connection with which the Shares are used, held and/or subscribed for and/or acquired.

An individual Shareholder who subscribes for and/or acquires Shares while UK resident, needs to cease to be resident for tax purposes in the UK for a period of more than five complete tax years otherwise the temporary non-residence rules apply. If those rules apply and the Shareholder disposes of all or part of his Shares during the period in which he is non-UK resident then he may be liable to capital gains tax on his return to the UK, where that Shareholder was UK resident for at least four of the seven tax years immediately preceding the year of departure from the UK (subject to any available exemptions or reliefs). For individuals, a tax year is the period from 6 April in a calendar year to 5 April in the following calendar year.

An individual Shareholder who is subject to UK income tax at the higher or additional rate will be liable to UK capital gains tax on the amount of any chargeable gain realised by a disposal of Shares at the rate of 20 per cent. Individual Shareholders who are subject to income tax at the basic rate only should only be liable to capital gains tax on the chargeable gain up to the unused amount of the Shareholder's basic rate band at a rate of 10 per cent. and at a rate of 20 per cent.

on the gains above the basic rate band. In the event that a disposal of the Shares results in the realisation of a loss by the Shareholder for capital gains tax purposes, such a UK loss may be set-off by the Shareholder against other UK chargeable gains in the same or future years of assessment.

UK resident corporate Shareholders will generally be subject to UK corporation tax (rather than capital gains tax) on any chargeable gain realised on a disposal of Shares. Any chargeable loss realised by such a Shareholder may be set-off by the Shareholder against chargeable gains in the same or future accounting periods. A corporate Shareholder with a significant holding of Shares may be exempt from corporation tax on any gain arising on disposal of Shares, provided it can satisfy the conditions of the exemption applicable to disposal of substantial shareholdings.

4. UK inheritance tax

Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by an individual Shareholder during their lifetime, or on their death, may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the Shareholder making the gift is neither resident nor domiciled in the UK, nor deemed to be domiciled there under certain rules relating to the number of years of UK residence or previous domicile. Generally, UK inheritance tax is not chargeable on gifts to individuals if the donor survives for at least seven complete years after the date of the gift. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts in respect of which the donor reserves or retains some benefit. Special rules also apply to gifts made to close companies and where assets are transferred to and/or held by most types of trustee. The inheritance tax rules are complex and holders of Shares should consult an appropriate professional adviser in any case where the rules may be relevant, particularly (but not limited to) cases where Shareholders intend to make a gift of any kind or to hold any Shares through a trust arrangement. They should also seek professional advice in a situation where there is potential for a charge to both UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

5. Stamp duty and stamp duty reserve tax (“SDRT”)

General

Instruments transferring Shares will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer (rounded up to the nearest £5.00 where applicable). The transferee normally pays the stamp duty. An exemption from stamp duty is available on an instrument transferring the Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

An unconditional agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer, but such liability will be cancelled, or a right to repayment (normally with interest) will arise in respect of the SDRT liability, if the agreement is completed by a duly stamped instrument or an exempt transfer within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional). The acquirer is liable for any SDRT arising.

The statements above are intended as a general guide to the current position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services are not liable to stamp duty or SDRT and/or may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

6. CREST

Deposits of Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration in money or money's worth. Paperless transfers of Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system.

Depository Receipt Systems and Clearance Services

Where Shares are transferred (in the case of stamp duty) or issued or transferred (in the case of SDRT) (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depository receipts, stamp duty or SDRT (as applicable) will generally be payable at the higher rate of 1.5 per cent. on the amount or value of the consideration given or, in certain circumstances, the value of the Shares. However, following litigation, HMRC have confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on an issue of shares or securities to a clearance service or depository receipt system on the basis that the charge is not compatible with EU law. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge *will* continue to apply to a transfer of shares or securities to a clearance service or depository receipt system where the transfer is not an integral part of an issue of share capital.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depository receipt system, or in respect of a transfer within such a service, which does arise, will strictly be accountable for by the clearance service or depository receipt system operator or their nominee as the case may be, but will, in practice, be payable by the participants in the clearance service or depository receipt system.

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of Shares into such an account and on subsequent agreements to transfer such Shares.

Any person who is in any doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the UK should consult his or her professional advisers.

PART XV

ADDITIONAL INFORMATION

1. Responsibility

The Directors of the Company, whose names appear on page 59 of this Prospectus and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. All the Directors accept individual and collective responsibility for compliance with the Prospectus Rules.

2. Incorporation

- 2.1 The Company is a public limited company with registered number 10672501. It was incorporated on 15 March 2017 as a public limited company in England and Wales with the name Birchams Newco plc. On 16 March 2017 the Company was renamed Ten Entertainment Group plc. The Company's registered office is situated at Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ. The Company operates in conformity with its constitutional documents.
- 2.2 The principal legislation under which the Company operates and under which the Shares were created is the Companies Act and the regulations made thereunder.
- 2.3 The Shares are duly authorised according to the requirements of the Articles and any consents needed to proceed with Admission have been obtained.
- 2.4 The Company's principal place of business is at Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ. The Company's telephone number is 0871 222 3675.
- 2.5 The principal activity of the Group is the operation of ten-pin bowling sites and other associated activities.

3. The Reorganisation

- 3.1 In connection with Admission, the Group has undertaken a reorganisation of its corporate structure that has resulted in the Company becoming the ultimate holding company of the Group (the "**Reorganisation**").
- 3.2 The steps of the Reorganisation were:

3.2.1 **Step 1: Incorporation of the Company**

The Company was incorporated as a public liability company on 15 March 2017. The shareholdings of the Company on incorporation were as follows:

- (a) one £1.00 ordinary share in the name of Oryx
- (b) one £1.00 ordinary share in the name of Harwood Capital Nominees

3.2.2 **Step 2: Capitalisation of the PIK Loan Notes**

On 12 April, 2017 the PIK Loan Notes, which were issued by IBEL in connection with the acquisition of Essenden in August 2015, were converted into equity in IBEL in consideration for the settlement of the PIK Loan Notes. The following ordinary shares

of £1.00 each in the share capital of IBEL (**IBEL Shares**) were issued and credited as fully paid:

- (a) Harwood Capital Nominees – 162,341 IBEL Shares
- (b) HPE IV – 323,900 IBEL Shares
- (c) NASCIT – 138,274 IBEL Shares
- (d) Oryx – 37,788 IBEL Shares
- (e) TPE III – 161,950 IBEL Shares

3.2.3 **Step 3: Share-for-share exchange (interposition of TEG Holdings)**

On 12 April 2017 the Selling Shareholders then exchanged their IBEL Shares in consideration for the issue and allotment of shares in TEG Holdings with equivalent rights, which resulted in IBEL becoming a wholly owned subsidiary of TEG Holdings, as follows:

<i>Name of Selling Shareholder</i>	<i>Shares held in the capital of IBEL immediately prior to the share-for-share exchange</i>	<i>Shares held in the capital of TEG Holdings immediately following the share-for-share exchange</i>
Principal Selling Shareholders:		
Harwood Capital Nominees	368,939	368,939
HPE IV	735,665	735,665
Oryx	85,827	85,827
NASCIT	319,422	319,422
TPE III	367,832	367,832
Management Shareholders:		
Alan Hand	36,118	36,118
Graham Blackwell	24,078	24,078
Mark Willis	6,020	6,020
Nick Basing	84,274	84,274

3.2.4 **Step 4: Share-for-share exchange (interposition of the Company)**

On 12 April 2017, the Selling Shareholders exchanged their shares in TEG Holdings in consideration for the issue and allotment of shares in the Company with equivalent rights which resulted in TEG Holdings becoming a wholly owned subsidiary of the Company as follows:

<i>Name of Selling Shareholder</i>	<i>Shares held in the capital of TEG Holdings immediately prior to the share-for-share exchange</i>	<i>Shares held in the capital of the Company immediately following the share-for-share exchange</i>
Principal Selling Shareholders:		
Harwood Capital Nominees	368,939	11,806,048
HPE IV	735,665	23,541,280
Oryx	85,827	2,746,464
NASCIT	319,422	10,221,504
TPE III	367,832	11,770,624
Management Shareholders:		
Alan Hand	36,118	1,155,776
Graham Blackwell	24,078	770,496
Mark Willis	6,020	192,640
Nick Basing	84,274	2,696,768

3.2.5 **Step 5: Restructuring of subsidiaries within the Group**

On 12 April 2017, the Company's subsidiary Georgica, which was the sole shareholder of Tenpin, transferred the entire issued share capital in Tenpin (**Tenpin Shares**) to TEG Holdings for consideration equal to the fair value of the Tenpin Shares, which was £103,211,000. This consideration is currently outstanding on the Group's inter-company account. As a result of this step, Tenpin is now a wholly owned direct subsidiary of TEG Holdings and a subsidiary of the Company.

3.2.6 **Step 6: Capital reduction in Tenpin**

On 12 April 2017, by resolution of the Company as the sole shareholder of Tenpin, Tenpin undertook a capital reduction to convert part of its share capital into distributable reserves (the **Capital Reduction**). Pursuant to the Capital Reduction, Tenpin's share capital was reduced from £29,575,002 to £2,957,500, creating £26,617,502 in distributable reserves.

Immediately following Step 4:

- (a) The Company allotted and issued 98,400 Shares at nominal value as follows:

<i>Name of Allottee</i>	<i>Number of Shares</i>
Harwood Capital Nominees	17,900
HPE IV	35,692
Oryx	4,164
NASCIT	15,497
TPE III	17,846
Alan Hand	1,752
Graham Blackwell	1,168
Mark Willis	292
Nick Basing	4,089
Total	98,400

- (b) HPE IV and TPE III each transferred legal title to 6,184,124 Shares and 3,837,600 Shares respectively to NASCIT, the existing beneficial owner of the Shares; and
- (c) HPE IV and TPE III each transferred legal ownership to 9,881,805 Shares and 4,517,313 Shares respectively to Harwood Capital Nominees to hold as nominee for certain beneficiaries of HPE IV and TPE III.

3.3 As stated in this Prospectus, the Board intends to distribute approximately 60 per cent. of its adjusted profits after tax to shareholders through dividends. On Admission, the Company will have insufficient distributable reserves to pay dividends. In order to create distributable reserves, as soon as reasonably practicable after Admission, the Company intends to propose a court-approved reduction of its share capital ("**Proposed Reduction**"), which will also protect any potential future impairment in the Company's investment in Tenpin. Shareholders will be invited to approve the Proposed Reduction by voting in favour of a special resolution at a general meeting of the Company ("**Special Resolution**") following Admission. If the Special Resolution is approved by Shareholders, it will have to be confirmed by the High Court of Justice in England & Wales before it can become effective. Further details will be sent out in a circular to Shareholders setting out the Proposed Reduction following Admission.

4. Share Capital

4.1 Immediately prior to the publication of this Prospectus, the nominal value of the ordinary issued share capital of the Company was, and immediately following completion of the Offer and on Admission, will be, £650,000, comprising 65,000,000 Shares (all of which are fully paid or credited as fully paid).

4.2 The share capital history of the Company is as follows:

<i>Effective Date</i>	<i>Share capital position</i>
On incorporation, 15 March 2017	<p>The issued share capital of the Company following Step 1 of the Reorganisation, described in paragraph 3.2.1 of Part XV above was £2.00, comprising:</p> <p>Harwood Capital Nominees – one Share Oryx – one Share</p>
12 April 2017	<p>The issued share capital of the Company following Step 4 of the Reorganisation, described in paragraph 3.2.4 of Part XV above was £649,016, comprising:</p> <p>Harwood Capital Nominees – 11,806,048 Shares HPE IV – 23,541,280 Shares NASCIT – 10,221,504 Shares Oryx – 2,746,464 Shares TPE III – 11,770,624 Shares Alan Hand – 1,155,776 Shares Graham Blackwell – 770,496 Shares Mark Willis – 192,640 Shares Nick Basing – 2,696,768 Shares</p>

As at the date of this Prospectus: The issued share capital of the Company is £650,000 comprising:

Harwood Capital Nominees – 22,132,765 Shares
NASCIT – 20,250,000 Shares
Oryx – 2,750,000 Shares
Alan Hand – 868,146 Shares
Graham Blackwell – 578,748 Shares
Mark Willis – 144,699 Shares
Nick Basing – 2,025,642 Shares
Offer Shares – 16,250,000

4.3 The following resolutions of the Company were passed by the Shareholders at a general meeting held on 12 April 2017, to take effect immediately:

4.3.1 in accordance with section 618 of the Companies Act 2006, the 2 ordinary shares of £1.00 each in the issued share capital of the Company be sub-divided into 200 ordinary shares of £0.01 each, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of £1.00 each in the capital of the Company as set out in the Company's articles of association for the time being;

4.3.2 subject to the passing of the Resolution referred to in paragraph 4.3.1 and in accordance with section 551 of the 2006 Act, the directors of the Company be generally and unconditionally authorised to allot ordinary shares of £0.01 each in the Company up to an aggregate nominal amount of £649,998, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is five years from the date of the passing of this resolution;

4.3.3 subject to the passing of the Resolution referred to in paragraph 4.3.2 and in accordance with section 570 of the Act, the directors of the Company be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by such Resolution, as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of ordinary shares of £0.01 each up to an aggregate nominal amount of £649,998 and expire on the date which is five years from the date of the passing of this Resolution (unless renewed, varied or revoked by the Company prior to or on that date); and

4.4 The following resolutions of the Company were passed by the Shareholders at a general meeting held on 12 April 2017, such resolutions to take effect immediately prior to but conditional upon Admission:

4.4.1 that the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all powers of the Company to allot shares and to grant rights to subscribe for or to convert any security into shares up to:

(a) an aggregate nominal amount of £214,500 (such amount to be reduced by the nominal amount of any equity securities (as defined in the Act) allotted under paragraph (b) below in excess of £214,500); and

(b) an aggregate nominal amount of £429,000 in the form of equity securities (as defined in section 560 of the Companies Act) in connection with an offer or issue by way of rights, open for acceptance for a period fixed by the Directors, to holders of Shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems

arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever,

this authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) at the conclusion of the next annual general meeting of the Company or within 15 months of the date of passing of the resolution (whichever is the earlier), except that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the Directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired;

4.4.2 that the Directors be empowered pursuant to section 570 of the Companies Act to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by the resolution set out in paragraph 4.4.1 above and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:

- (a) any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, open for acceptance for a period fixed by the Directors, to holders of Shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of Shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- (b) any such allotment and/or sale, otherwise than pursuant to paragraph (a) above, of equity securities having, in the case of ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £32,500,

this authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the Directors by the resolution in paragraph 4.4.1 expires, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired;

4.4.3 that, in addition to any authority granted under the resolution set out in paragraph 4.4.2 above, the Directors be empowered pursuant to section 570 of the Companies Act to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by the resolution in paragraph 4.4.2 and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be:

- (a) limited to any such allotment and/or sale of equity securities having, in the case of Shares, an aggregate nominal value or, in the case of other equity securities giving the right to subscribe for or convert into Shares having an aggregate nominal value, not exceeding the sum of £32,500; and

- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles in Dis-applying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the resolution,

this authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the Directors by the resolution in paragraph 4.4.1 expires, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired;

4.4.4 that the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act) of its Shares provided that in doing so it:

- (a) purchases no more than 6,500,000 Shares in aggregate;
- (b) pays not less than one pence (excluding expenses) per Share; and
- (c) pays a price per share that is not more (excluding expenses) per Share than the higher of: (a) 105 per cent of the average of the middle market quotations for a Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Share is purchased; and (b) the amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange trading services SETS,

this authority shall expire at the conclusion of the next annual general meeting of the Company or within 15 months from the date of passing of the resolution (whichever is the earlier), but the Company may, if it agrees to purchase Shares under this authority before it expires, complete the purchase wholly or partly after this authority expires; and

4.4.5 that a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

4.5 Save as disclosed in paragraphs 3.2, 7.2 and 9 of this Part XV (Additional Information):

- 4.5.1 the Company does not have in issue any securities not representing share capital;
- 4.5.2 no shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
- 4.5.3 the Company does not hold any treasury shares and no Shares are held by, or on behalf of, any member of the Group;
- 4.5.4 no Shares have been issued otherwise than as fully paid;
- 4.5.5 no share or loan capital of the Company has, since 15 March 2017 to the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;

- 4.5.6 no commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of any such company; and
- 4.5.7 no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- 4.6 The Company will be subject to the continuing obligations of the UKLA with regard to the issue of Shares for cash. The provisions of section 561(1) of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Companies Act) apply to the issue of shares in the capital of the Company except to the extent such provisions have been dis-applied.
- 4.7 There have been no public takeover bids by third parties in respect of the Company's share capital within the last financial year or in the current financial year as at 11 April 2017 (being the latest practicable date before the publication of this Prospectus).
- 4.8 The Shares are denominated in Pounds Sterling.
- 4.9 Other than pursuant to the Offer, none of the Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Shares to be admitted to the Official List.
- 4.10 The Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the Shares not to be held through CREST will be posted to allottees by 21 April 2017. Shares to be held through CREST will be credited to CREST accounts on Admission.

5. Articles of Association

The Articles of Association were adopted on 15 March 2017. The Company's objects are not restricted by its Articles of Association, accordingly, pursuant to section 31(1) of the Companies Act, the Company's objects are unrestricted. The liability of the members is limited to the amount, if any, unpaid on the Shares respectively held by them.

The Articles of Association of the Company contain provisions to the following effect:

5.1 Share rights

Subject to the provisions of the Act, and without prejudice to any rights attached to any existing shares or class of shares: (i) any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine; and (ii) shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of such shares provided that it does so prior to the allotment of those shares.

5.2 Voting rights

Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting in respect of a share unless all moneys presently payable by him in respect of that share have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter by notice to such member direct that, in respect of the shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

5.3 *Dividends and other distributions*

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights and restrictions attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of the date on which a call is payable shall be treated for these purposes as paid on the share.

Subject to the provisions of the Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

If the share capital is divided into different classes, the Board may also pay, at intervals determined by it, any dividend payable at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

Except as otherwise provided by the rights and restrictions attached to any class of shares, all dividends will be declared and paid according to the amounts paid-up on the shares on which the dividend is paid.

The Board may, if authorised by an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares, credited as fully paid, by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

5.4 *Return of Capital*

There is nothing contrary in the Articles to the statutes and therefore, on a voluntary winding up of the Company, the liquidator may divide among the members the whole or any part of

the assets of the Company. For such purpose, the liquidator may set the value and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members.

5.5 ***Variation of rights***

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. Otherwise the quorum for a meeting in connection with the variation of rights attached to a class of shares is two persons present holding at least one-third in nominal value of the issued shares of the class in question.

5.6 ***Lien and forfeiture***

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to the Company (whether presently or not) in respect of that share. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Board may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on the member's shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

5.7 ***Transfer of shares***

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal unless expressly required otherwise.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

5.7.1 is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

5.7.2 is in respect of one class of share only; and

5.7.3 is in favour of not more than four transferees.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within 2 months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the CREST Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

5.8 ***Pre-emption rights***

Subject to the statutes and any resolution passed by the Company, shares may be issued with such rights and restrictions as the Company may by ordinary resolution determine.

Under the statutes, if the Company issues shares or certain other securities, current Shareholders will generally have pre-emption rights to those shares or securities on a pro-rata basis. The Shareholders may, by special resolution, grant authority to the Board to allot shares as if the pre-emption rights did not apply.

5.9 ***Alteration of share capital***

Subject to the Act, the Company may by ordinary resolution increase, consolidate or sub-divide its share capital.

5.10 ***General meetings***

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Act. Subject to the Act, the Board may call general meetings whenever and at such times and places as it shall determine.

5.11 ***Borrowing powers***

The Board can exercise all the Company's powers to (i) borrow money; (ii) to guarantee; (iii) to indemnify and to mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital; and (iv) subject to the Act, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

5.12 ***The Board***

Subject to the statutes and the Articles, the business of the Company is managed by the Board, which may exercise all the powers of the Company, subject to any directions given by the Company in general meeting by special resolution. No alteration of the Articles, and no such directions by special resolution, shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that resolution had not been passed.

The Board may delegate any of the powers conferred on them under the Articles to any committee consisting of such person or persons as it thinks fit (whether a member or members of its body or not).

5.13 ***Directors***

5.13.1 ***Appointment of Directors***

Directors may be appointed by ordinary resolution of Shareholders or by the Board.

5.13.2 ***No share qualification***

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

5.13.3 *Annual retirement of Directors*

At every annual general meeting of the Company one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.

5.13.4 *Remuneration of Directors*

The emoluments of any Director holding executive office for their services as such shall be determined by the Board, and may be of any description but shall not exceed in aggregate £450,000 per annum (or such larger sum as the company may, by ordinary resolution, determine).

In addition to any remuneration to which the Directors are entitled under the Articles, they may be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or any of its subsidiary undertakings or anybody corporate associated with, or any business acquired by, any of them, and for any member of his family or any person who is or was dependent on him.

5.13.5 *Permitted interests of Directors*

Subject to the provisions of the Act, and provided that the relevant Director has disclosed to the Board the nature and extent of his interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Act apply, in which case no such disclosure is required), a Director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) may act by himself or for his firm in a professional capacity for the Company (otherwise than as auditor), and the Director or the Director's firm shall be entitled to remuneration for professional services as if the individual were not a Director;
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, anybody corporate in which the Company is (directly or indirectly) interested as a shareholder or otherwise or with which the Director has such relationship at the request or direction of the Company; and
- (d) shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which the Director derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate the acceptance, entry into or existence of which has been approved by the Board pursuant to Article 17.1 of the Articles or which the Director is permitted to hold or enter into by virtue of paragraphs 5.13.5 (a) – (c) above.

5.13.6 *Election of Independent Directors*

The election or re-election of an Independent Director must be approved by an ordinary resolution of the independent Shareholders and an ordinary resolution of the Company. Otherwise the Company must propose a further resolution for the election or re-election of the proposed Independent Director which must be approved by an ordinary resolution of the Company at a meeting of the Company held at least 90 days after the original vote but within 120 days of the original vote.

5.13.7 *Restrictions on voting*

A Director shall not vote on any resolution of the Board concerning a matter in which they have an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his interest arises only because the resolution concerns one or more of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer they are or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which they are to participate;
- (d) a contract, arrangement, transaction or proposal concerning any other body corporate in which the Director or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if the Director and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Act) representing one per cent. or more of either any class of the equity share capital (excluding any shares of that class held as treasury shares) of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be likely to give rise to a conflict with the interests of the Company in all circumstances);
- (e) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and
- (f) a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.

5.13.8 *Indemnity of officers*

Subject to the provisions of the Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other

officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that this Article shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article, or any element of it, to be treated as void under the Act.

6. Employees

The table below sets out the average number of persons, including the Executive Directors, employed or contracted by the Operating Group for FY2014, FY2015 and FY2016.

<i>Category</i>	<i>FY2014</i>	<i>FY2015</i>	<i>FY2016</i>
Directors	6	4	4
Administration	32	31	34
Operation	790	1,012	1,022
TOTAL	828	1,047	1,060

7. Directors and Senior Managers

Details of the Directors and the Senior Managers and their functions in the Company are set out in paragraph 1 of Part VIII (Directors, Senior Management and Corporate Governance). Their business address is Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ.

7.1 *Current and previous directorships*

The Directors (in addition to being directors of the Company) and Senior Managers hold or have held the directorships of the companies and/or are or were partners of the partnerships specified opposite their respective names below within the past five years prior to the date of this Prospectus:

<i>Directors</i>	<i>Current appointments</i>	<i>Former appointments held in the previous five years</i>
Alan Hand	Tenpin Limited Tenpin Five Limited Tenpin One Limited Georgica Limited	None

<i>Directors</i>	<i>Current appointments</i>	<i>Former appointments held in the previous five years</i>
Mark Willis	Tenpin Limited Essenden Limited Georgica Limited Tenpin One Limited Tenpin Five Limited Georgica Holdings Limited Tenpin (Halifax) Limited Tenpin (Sunderland) Limited Georgica (Lewisham) Limited GNU 5 Limited	Argos Limited Brand-Leader's Limited Jungle.com Limited Jungle Online Jungle.com Holdings Limited Argos Direct Limited Argos Retail Group Limited Software Warehouse Holdings Limited Clearance Bargains Limited Bed Store & More Limited Chad Valley Limited Argos Extra Limited Argos Superstores Limited Argos Best Sellers Limited ARG Services Limited Premier Incentives Limited Home Store & More Limited Argos Card Transactions Limited First Stop Stores Limited Home Retail Group (UK) Limited Stanhope Finance Limited Home Retail Group Nominees Limited Argos Holdings Limited Cliffrange Limited Home Retail Group UK Service Company Limited Habitat Retail Limited
Graham Blackwell	Tenpin Limited Georgica Limited Tenpin Five Limited Tenpin One Limited	None
Nick Basing	Tenpin Limited Georgica Limited Essenden Limited Indoor Bowling Equity Limited Goals Soccer Centres Plc Mundham Fox Limited Indoor Bowling Acquisitions Limited Tenpin Five Limited Tenpin One Limited	The All England Lawn Tennis & Croquet Club Limited The All England Lawn Tennis Club (Championships) Limited The Wimbledon Foundation Monkey Bizness Limited Elegant Hotels Group plc The Tennis Foundation

<i>Directors</i>	<i>Current appointments</i>	<i>Former appointments held in the previous five years</i>
David Wild	Domino's Pizza Group plc The Bankers Investment Trust plc AKS Partners Limited D.P. Newcastle Limited DA Hall Trading Limited DAHT Limited Daytona JV Limited Deutsche Dominoid GmbH Dijla Newport Limited Domino's Leasing Limited Domino's Pizza (Isle of Man) Limited Domino's Pizza Deutschland GmbH Domino's Pizza Germany (Holdings) Limited Domino's Pizza Germany GmbH Domino's Pizza Germany Limited Domino's Pizza GmbH Domino's Pizza UK & Ireland Limited Domino's Pizza West Country Limited DP Beach A Limited DP Beach B Limited DP Capital Limited DP Cyco Limited DP Cyco Switzerland Limited DP Group Developments Limited DP Realty Deutschland GmbH DP Realty Limited DP Shayban Limited DPG Holdings Limited HJS Pizza Deutschland GmbH Mesan Limited MLS Limited Pizza Pizza EHF Pizza Pizza Norway AS PPS Food AB Zens Limited	Premier Foods Ltd Practicology Ltd Halfords Autocentres Acquisitions Limited Halfords Autocentres Developments Limited Halfords Autocentres Funding Limited Halfords Autocentres Holdings Limited Halfords Autocentres Limited Halfords Finance Limited Halfords Group Plc Halfords Holdings (2006) Limited Halfords Holdings Limited Halfords Limited Halfords Payment Services Ltd Halfords Vehicle Management Limited NW Autocentres Limited Stop N' Steer Limited
Rob McWilliam	Jisc Fountains Advisory Services Ltd Venture Simulations Limited	Amazon.co.uk Ltd IMDB Services Ltd IMBD Ltd Evi Technologies Ltd Amazon Web Services UK Ltd ASDA Guernsey Ltd

<i>Directors</i>	<i>Current appointments</i>	<i>Former appointments held in the previous five years</i>
Christopher Mills	North Atlantic Smaller Companies Investment Trust PLC	Highrix Limited
	Consolidated Venture Finance Limited	H.Townsend & Sons (Builders) Limited
	Growth Financial Services Limited	Hampton Land & Estates Limited
	Harwood Holdco Limited	Hampton Trust PLC
	Cross-Border Publishing (London) Limited	Mount Street Properties Limited
	IR Media Group Limited	Izodia Plc (in liquidation)
	Baltimore Capital PLC (in liquidation)	Bionostics Ltd
	Hampton Investment Properties Limited	Bionostics Holdings Ltd
	Catalyst Media Group PLC	Second London America Trust PLC
	Alternatport Limited	Alba Investment Properties Intermediate Holdings Ltd
	Satellite Information Services (Holdings) Limited	Orthoproducts Ltd
	62 Pont Street (Freehold) Limited	Baltimore Technologies (UK) Limited
	Catalyst Media Holdings Limited	Baltimore Technologies (Holdings) Limited
	Essenden Limited	Merchant Properties General Partner Ltd
	Alba Investment Properties Limited	Merchant Properties Nominees Ltd
	Alba Investment Properties Holdings Limited	Merchant Properties Two Nominee 1 Ltd
	Assetco PLC	Merchant Properties Two Nominee 2 Ltd
	Harwood Capital Management Limited	Merchant Properties Two General Partner Ltd
	Harwood Real Estate Limited	RGS(1) Ltd
	Bioquell PLC	Darby Group Limited
	Harwood Capital Nominees Limited	GTL Resources Overseas Investments Ltd
	Kelvinhaugh Student Accommodation Limited (in liquidation)	Sinav Ltd
	Team Rock Limited (in liquidation)	GTL Resources Ltd
	Tramworks Limited (in liquidation)	Forefront Group Ltd
	Stratton Street (Anthony) Limited	Valient Sports Holdings Ltd
	Harwood Multi Manager Limited	Toftplan Property Ltd
	Stratton Street (Mouse No.1) Limited	Academic Research Ltd
	Indoor Bowling Acquisitions Limited	M J Gleeson Group Ltd
	MJ Gleeson PLC	Jarvis Porter (Property Holdings Ltd)
	Journey Group PLC	W G Mitchell (Fifteen) Ltd
	Indoor Bowling Equity Limited	W G Mitchell (Charlotte Square) Ltd
	B&G (Europe) Holding Limited	W G Mitchell (2005) Ltd
	Agrisense Industrial Monitoring Limited	W G Mitchell (Seven) Ltd
	Jaguar Holdings Limited	W G Mitchell (George Street) Ltd
	Coventbridge Group Limited	W G Mitchell Enterprises Ltd
	Harwood Wealth Management Group PLC	CCH Advisers Ltd
	EFK Diagnostics Holdings PLC	Stratifer Ltd
		Nationwide Accident Repair Services Ltd
		Harwood Capital LLP

<i>Directors</i>	<i>Current appointments</i>	<i>Former appointments held in the previous five years</i>
Christopher Mills (continued)	Goals Soccer Centres PLC Sherwood Holdings Limited Quantum Pharma PLC Oryx International Growth Fund Limited Sunlink Health Systems, Inc The Tagos Group North Atlantic PC Holdings, Inc Utitec Holdings, Inc Curtis Gilmour Holding Company Inc	Celsis International Ltd Celsis Group Ltd Nastor Investments Ltd Quarto Group Inc Cyprotex PLC Valiant Sports Holdings Limited (dissolved)
Julie Sneddon	Strategic Advantage Ltd	None

7.2 **Directors' and Senior Managers' Shareholdings and share options**

The interests in the share capital of the Company of the Directors and Senior Managers (all of which, unless otherwise stated, are beneficial or are interests of a person connected with the Director or Senior Manager) as at the date of this Prospectus were as follows:

<i>Directors</i>	<i>Following the Reorganisation and immediately prior to Admission</i>			<i>Immediately following Admission</i>	
	<i>Number of Shares</i>	<i>Percentage of issued ordinary share capital</i>	<i>Number of Existing Shares to be sold pursuant to the Offer</i>	<i>Number of Shares</i>	<i>Percentage of issued ordinary share capital</i>
Alan Hand	1,157,528	1.8%	289,382	868,146	1.3%
Christopher Mills*	25,223,121	38.8%	9,353	25,414,021	39.1%
Graham Blackwell	771,664	1.2%	192,916	578,748	0.9%
Mark Willis**	192,932	0.3%	48,233	144,699	0.2%
Nick Basing***	2,700,857	4.2%	675,215	2,025,642	3.1%

* The Harwood Funds are associated with Christopher Mills, a Non-Executive Director, as Christopher is interested in 27.7 per cent. of the issued ordinary share capital of NASCIT and 2.18 per cent. of the issued ordinary share capital of Oryx. Christopher Mills and his wife Lynn Mills are beneficially interested in 2,213,768 Shares which are held by Harwood Capital Nominees.

** Mark Willis purchased 6,020 ordinary shares of £1.00 each in IBEL upon joining the Group in February 2017 at a price of £10.797 per share

*** Nick Basing purchased 12,039 ordinary shares of £1.00 each in IBEL in January 2017 at a price of £10.797 per Share

Save as disclosed in this paragraph 7.2, no Director or Senior Manager has any interests (beneficial or non-beneficial) in the share capital of the Company.

7.3 **Transactions with Directors and Senior Managers**

No Director or Senior Manager has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were affected by the Group or any of its subsidiaries during the current immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

7.4 **Directors' and Senior Managers' service agreements and letters of appointment**

7.4.1 *Executive Directors*

(a) *Alan Hand (Chief Executive Officer)*

Alan Hand is employed as Chief Executive Officer under a service agreement with the Company, dated 12 April 2017 and which is deemed to commence with effect from Admission. Alan is entitled to receive an annual salary of £275,000 and this salary is to be reviewed, but not necessarily increased, annually by the Remuneration Committee plus he has a right to participate in any discretionary bonus and/or share incentive scheme. Alan is also entitled to 26 days' annual leave per year plus bank holidays, increasing by one day per year up to a maximum of 30 days per year, and to participate in the Group's private medical insurance scheme, directors' and officers' liability insurance policies and a life assurance scheme of four times annual salary. Alan is also entitled to receive a contribution of five per cent. of his annual salary into the Group's pension plan.

(b) *Mark Willis (Chief Financial Officer)*

Mark Willis is employed as Chief Financial Officer under a service agreement with the Company, dated 12 April 2017 and which is deemed to commence with effect from Admission. Mark is entitled to receive an annual salary of £175,000 and this salary is to be reviewed, but not necessarily increased, annually by the Remuneration Committee plus he has a right to participate in any discretionary bonus and/or share incentive scheme. Mark is also entitled to 25 days' annual leave per year plus bank holidays, increasing by one day per year up to a maximum of 30 days per year, and to participate in the Group's private medical insurance scheme, directors' and officers' liability insurance policies and a life assurance scheme of four times annual salary. Mark is also entitled to receive a contribution of five per cent. of his annual salary into the Group's pension plan.

(c) *Graham Blackwell (Chief Commercial Officer)*

Graham Blackwell is employed as Chief Commercial Officer under a service agreement with the Company, dated 12 April 2017 and which is deemed to commence with effect from Admission. Graham is entitled to receive an annual salary of £160,000 and this salary is to be reviewed, but not necessarily increased, annually by the Remuneration Committee plus he has a right to participate in any discretionary bonus and/or share incentive scheme. Graham is also entitled to 30 days' annual leave per year plus bank holidays and to participate in the Group's private medical insurance scheme, directors' and officers' liability insurance policies and a life assurance scheme of four times annual salary. Graham is also entitled to receive a contribution of 5 per cent. of his annual salary into the Group's pension plan.

(d) *General Terms*

The Executive Directors' employment is subject to termination by either party giving the other not less than six months' written notice and the Executive Directors may be put on garden leave during this time. There is also a contractual payment in lieu of notice clause. The employment of each Executive Director will be terminable with immediate effect in certain circumstances, including where such Executive Director is disqualified from acting as a director, is guilty of a breach of the rules or regulations issued by the Group or regulations of any regulatory body relevant to the Group or is guilty of gross misconduct affecting the business of the Group.

The service agreements of the Executive Directors also contain post-termination restrictions. These include twelve month restrictions on competition with the Group and solicitation of employees, suppliers or customers of the Group and refraining from holding themselves out as connected with the Group at any time following termination.

7.4.2 *Non-Executive Directors*

Each of the Non-Executive Directors has been appointed by letters of appointment. Details of the terms of each of the Non-Executive Directors' appointments with the Company are set out below:

(a) Nick Basing

Nick Basing has been appointed non-executive Chairman of the Group pursuant to a standard Non-Executive Director's letter dated 12 April 2017, which will become effective on Admission. Nick is entitled to receive an annual fee of £135,000 (plus all reasonable expenses properly incurred in connection with the appointment) for approximately 18 days per year (and otherwise as may be required by the business of the Company). For a period of one year from Admission the Company shall provide Nick with an office in Wimbledon with ongoing secretarial support and he and his family shall be entitled to participate in the Company's private medical insurance scheme. The term of Nick's appointment is for an initial period of 3 years (requiring re-election at the Company's next annual general meeting (**AGM**) and at any subsequent as required by the Articles or as the Board resolves) and may be terminated at any time upon three months' written notice given by either party or pursuant to the Articles or as otherwise required by law.

(b) David Wild

David Wild has been appointed as the Senior Independent Non-Executive Director of the Group pursuant to a standard Non-Executive Director's letter dated 12 April 2017, which will become effective on Admission. David is entitled to receive an annual fee of £50,000 (plus all reasonable expenses properly incurred in connection with the appointment) for a minimum of 18 days per year (and otherwise as may be required by the business of the Company). The term of David's appointment is for an initial period of 3 years (requiring re-election at the Company's next AGM and at any subsequent as required by the Articles or as the Board resolves) and may be terminated at any time upon three months' written notice given by either party or pursuant to the Articles or as otherwise required by law.

(c) Rob McWilliam

Rob McWilliam has been appointed as an Independent Non-Executive Director of the Group pursuant to a standard Non-Executive Director's letter dated 12 April 2017, which will become effective on Admission. Rob is entitled to receive an annual fee of £50,000 (plus all reasonable expenses properly incurred in connection with the appointment) for a minimum of 18 days per year (and otherwise as may be required by the business of the Company). The term of Rob's appointment is for an initial period of 3 years (requiring re-election at the Company's next AGM and at any subsequent as required by the Articles or as the Board resolves) and may be terminated at any time upon three months' written notice given by either party or pursuant to the Articles or as otherwise required by law.

(d) Christopher Mills

Christopher Mills has been appointed as a Non-Executive Director pursuant to a standard Non-Executive Director's letter dated 12 April 2017, which will become effective on Admission. Christopher is entitled to receive an annual fee of £50,000 (plus all reasonable expenses properly incurred in connection with the appointment) for a minimum of 18 days per year (and otherwise as may be required by the business of the Company). The term of Christopher's appointment is for an initial period of 3 years (requiring re-election at the Company's next AGM and at any subsequent as required by the Articles or as the Board resolves) and may be terminated at any time upon three months' written notice given by either party or pursuant to the Articles or as otherwise required by law.

(e) Julie Sneddon

Julie Sneddon has been appointed as an Independent Non-Executive Director of the Group pursuant to a standard Non-Executive Director's letter dated 12 April 2017, which will become effective on Admission. Julie is entitled to receive an annual fee of £50,000 (plus all reasonable expenses properly incurred in connection with the appointment) for a minimum of 18 days per year (and otherwise as may be required by the business of the Company). The term of Julie's appointment is for an initial period of 3 years (requiring re-election at the Company's next AGM and at any subsequent as required by the Articles or as the Board resolves) and may be terminated at any time upon three months' written notice given by either party or pursuant to the Articles or as otherwise required by law.

7.5 **Overview of remuneration policy going forwards**

7.5.1 The Company's remuneration strategy is to provide pay packages that will:

- (a) motivate and retain the Group's current key employees;
- (b) attract high quality individuals to join the Group;
- (c) encourage and support a high performance culture;
- (d) reward delivery of the Group's business plan and key strategic goals; and
- (e) align employees with the interest of Shareholders.

7.5.2 Consistent with the remuneration strategy, the Remuneration Committee has agreed a post Admission remuneration policy for the Executive Directors and Senior Managers whereby:

- (a) salaries will be set at competitive, but not excessive, levels compared to peers and other companies of an equivalent size and complexity;
- (b) performance related pay, based on stretching targets, will form a significant part of remuneration packages and offer the potential for competitive levels of total pay if targets are delivered; and
- (c) there will be an appropriate balance between short and longer-term performance targets linked to delivery of the Group's business plan.

7.5.3 The Remuneration Committee will oversee the implementation of this policy and will see to ensure that the Executive Directors and Senior Managers are fairly rewarded for the Group's performance over the short and long term. The Remuneration Committee is very aware that the policy must be capable of being operated so as to take account of the Group's evolution following Admission and to reflect the fact that

the Group's pay arrangements need to transition over time from ones that are reflective of a non-listed private equity backed entity in which senior executives have material stakes to a more standard listed public limited company structure.

7.5.4 The remuneration framework intended to delivery this policy post Admission for Executive Directors and Senior Managers will be a combination of base salary, benefits and an annual incentive award as described below:

(a) Base Salary

Base salaries will be reviewed as appropriate following Admission, but not typically more frequently than annually. In reviewing base salaries (and overall levels of remuneration more generally), the Remuneration Committee will consider the performance of the Group and the individual, any changes in responsibilities or scope of the role, as well as pay practices in relevant comparator companies of a broadly similar size and complexity (with due account taken of both market capitalisation and turnover). Base salaries for the Executive Directors from Admission will be £275,000 for Alan Hand, £175,000 for Mark Willis and £160,000 for Graham Blackwell.

(b) Pension

The Executive Directors will receive pension contributions of 5 per cent. of salary per annum.

(c) Bonus Plan

Following Admission, the Executive Directors and Senior Management will be entitled to participate in the Company's discretionary Executive and Management Bonus Scheme for the Financial Year 2017 ("**Bonus Scheme**"). Targets under the Bonus Scheme are based on the achievement of EBITDA in excess of the budget expectation for the financial year with a sliding scale for increasing levels of performance. The maximum percentage of annual salary that Executive Directors can receive is 100 per cent. for achieving the highest targets under the Bonus Scheme.

(d) Share incentive plan

The Board approved and adopted the Share Plans on 12 April 2017 conditional upon Admission. Executive Directors and selected employees of the Group may be selected to participate in the Share Plans at the discretion of the Remuneration Committee.

Further details on the Share Plans are included at paragraph 9 of Part XV, including the awards proposed to be made to the Executive Directors on or shortly after Admission under the Performance Share Plan.

(e) Service Agreements

Each of the Executive Directors has entered into a service agreement with the Company which is effective upon Admission. The policy is that each Executive Director's service agreement should be of indefinite duration, subject to termination by the Company or the individual on six months' notice. The service agreements of all Executive Directors comply with that policy. The contracts contain a payment in lieu of notice clause which is limited to base salary only. A summary of the principal terms of these service agreements is set out in paragraph 7.4.1 of this Part XV (Additional Information).

- (f) **Recruitment remuneration policy**
New Executive Director and Senior Manager hires (including those promoted internally) will be offered remuneration packages in line with the Group's remuneration policy in force at the time. In addition to the above elements of remuneration, the Remuneration Committee may, in exceptional circumstances, consider it appropriate to grant an award under a different structure in order to facilitate the buyout of outstanding awards held by an individual on recruitment. Any buyout award would be limited to what the Remuneration Committee considers to be a fair estimate of the value of awards foregone when leaving the former employer and will be structured, to the extent possible, to take into account other key terms (such as vesting scheduled and performance targets) of the awards which are being replaced. For external and internal appointments, the Remuneration Committee may agree that the Group will meet certain relocation expenses as it considers appropriate.
- (g) **Chairman and Non-Executive Director Letters of Appointment**
The Chairman and the other Non-Executive Directors' fees will be set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its committees, and to attract and retain Non-Executive Directors of the highest calibre with relevant commercial and other experience. Fee levels are set by reference to non-executive director fees at companies of similar size and complexity. The fee paid to the Chairman is determined by the Remuneration Committee, while the fees for other Non-Executive Directors are determined by the Board as a whole. On Admission, a single all-inclusive fee will be paid to the Chairman and Non-Executive Directors. However, the Group may review the structure of these fee arrangements following Admission so that fees could comprise a "basic fee" plus additional fees for acting as senior independent director and as chairman of the Board's Audit, Risk and Remuneration Committees. The Chairman, from Admission, will receive an annual fee of £135,000, David Wild will receive a fee of £50,000, Rob McWilliam will receive a fee of £50,000, Christopher Mills will receive a fee of £50,000 and Julie Sneddon will receive a fee of £50,000.
- The Chairman and the other Non-Executive Directors are not eligible to participate in any of the Group's incentive arrangements following Admission, and do not receive pension contributions.
- (h) **Statement of consideration of Shareholder views**
The 2017 annual general meeting will be the first occasion on which the Company will seek the support of Shareholders for matters relating to the remuneration of Executive Directors. The Remuneration Committee will ensure that it considers all of the feedback which it receives from Shareholders during this process.

7.6 ***Directors' and Senior Managers' remuneration***

- 7.6.1 Under the terms of their service contracts and letters of appointment, for FY2016 the aggregate remuneration paid (including contingent or deferred compensation) and benefits granted (under any description whatsoever) to the Directors and the Senior Management of the Group who served during FY2016 was approximately £593,772.

7.6.2 Under the terms of their service contracts and letters of appointment, in FY2016 the Directors and Senior Managers were remunerated as set out below:

<i>Name</i>	<i>Base Salary</i>	<i>Fees</i>	<i>Bonus</i>	<i>Total (exc. pension)</i>	<i>Pension</i>	<i>Total (inc. pension)</i>	<i>Date of joining Group</i>
<i>Directors</i>							
Nick Basing	£256,000	N/A	£0	£256,000	£7,680	£263,680	10/10/2009
Alan Hand	£180,000	N/A	£0	£180,000	£5,400	£185,400	12/01/2010
Graham Blackwell	£140,478	N/A	£0	£140,478	£4,214	£144,692	24/05/1990

7.6.3 There is no arrangement under which any Director or Senior Manager has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

7.6.4 No amounts have been set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors or Senior Managers.

7.7 **Conflicts of interest**

7.7.1 Certain of the Directors are directors of one or more of the Company's subsidiary companies. These directorships and shareholdings potentially give rise to a conflict of interest between the relevant Director's duties to the Company and their duties to, or interests in, the relevant subsidiary company. For example, if the Group has offered to provide capital to one of its subsidiary companies on which one of its Directors sits on the board, that Director owes certain duties to the subsidiary company in his capacity as a director when that company considers such an offer, such as the duty to avoid conflicts of interest, to exercise independent judgement and to promote the success of the company for the benefit of its members as a whole. It may be that in seeking to exercise such duties, this conflicts with the same duties that a Director owes to the Company. In such circumstances, the Director will ensure that he declares all such conflicts in accordance with the Companies Act and may be required to abstain from taking part in the discussions and/or voting on any decisions to be taken in respect thereof.

7.7.2 Christopher Mills is a director and significant shareholder of certain of the Harwood Funds and a director and the sole shareholder of Harwood Capital Management Limited which is a designated corporate member and the controller of Harwood (the discretionary investment manager and/or adviser of the Harwood Funds) which will, immediately following Admission, control in aggregate 69.4 per cent. of the voting rights of the Company. Christopher is therefore not deemed to be an Independent Director.

7.7.3 Nick Basing is an operational adviser to Harwood and has been a representative director of companies on behalf of Harwood. Nick is therefore not deemed to be an Independent Director.

7.7.4 Save as referred to in paragraphs 7.7.1 to 7.7.3 above, there are no actual or potential conflicts of interest between the Directors' duties to the Company and their private interests and other duties.

7.8 **Directors' and Senior Managers' confirmations**

7.8.1 Save as referred to in paragraphs 7.8.2 and 7.8.3 below, during the last five years, no Director or Senior Manager has:

- (a) been convicted in relation to a fraudulent offence;

- (b) been associated with any bankruptcy, receiverships or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or senior management of any company;
- (c) been subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies);
- (d) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer;
- (e) been a partner in a partnership which, while he or she was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership or voluntary arrangement, or had a receiver appointed over any partnership asset;
- (f) had a receiver appointed with respect to any assets belonging to him or her; and
- (g) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he or she was a director of that company or within 12 months after his ceasing to be a director.

7.8.2 Nick Basing was a director of:

- (a) Tenpin when it entered into a company voluntary arrangement in 2011, however, this was exited in 2013 and the company is continuing to trade; and
- (b) Monkey Bizness Limited, when it entered into a company voluntary arrangement on 21 July 2011, was placed into administration on 11 August 2011 and moved into liquidation on 17 September 2012. The company remains in liquidation as at the date of this Prospectus.

7.8.3 Christopher Mills was a director of:

- (a) Team Rock Limited when it entered into administration on 19 December 2016 due to insufficient financial resources to enable trading to continue. The company's joint administrators circulated its proposals to all creditors on 8 February 2017 and a meeting of all creditors was held on 24 February 2017. It is anticipated that there will not be sufficient funds to pay unsecured creditors and return any funds to shareholders;
- (b) Kelvinhaugh Student Accommodation Limited when its shareholders passed a special resolution to wind up the company in order to return capital to shareholders on 6 May 2015. All of the company's creditors were paid in full and its charges satisfied in full. The company remains in liquidation;
- (c) Tramworks Limited when its shareholders passed a resolution to wind up the company on 24 April 2015 in order to return capital to shareholders following satisfaction in full of the company's charges. The company remains in liquidation; and
- (d) Valiant Sports Holdings Limited which was wound up voluntarily by its creditors, with an estimated deficiency to creditors of £2.65 million, and was dissolved on 5 September 2014.

8. Significant Shareholders and Selling Shareholders

- 8.1 As at the date of this Prospectus, the Directors were aware of the following persons who, in addition to the Directors and Senior Managers set out in paragraph 7.2.1 of this Part XV (*Additional Information*), directly or indirectly, were interested in three per cent. or more of the Company's capital or voting rights:

<i>Shareholders</i>	<i>Following the Reorganisation and immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	<i>Number of Shares</i>	<i>Percentage of ordinary share capital issued</i>	<i>Number of Shares</i>	<i>Percentage of ordinary share capital issued</i>
Harwood Capital Nominees	11,823,948	18.2%	22,132,765	34.1%
HPE IV	17,392,848	26.8%	–	–
NASCIT	20,258,725	31.2%	20,250,000	31.2%
Oryx	2,750,628	4.2%	2,750,000	4.2%
TPE III	7,950,870	12.2%	–	–

(Noting that these Shareholders are affiliated entities)

8.2 **Selling Shareholders:**

- 8.2.1 Pursuant to the Offer, 16,250,000 Shares will be sold by or behalf of the Selling Shareholders. The interests in Shares of the Selling Shareholders immediately prior to Admission, together with their interests in Shares immediately following Admission is set out below:

<i>Shareholder</i>	<i>Number of issued Shares immediately prior to Admission</i>	<i>Percentage of issued Shares immediately prior to Admission</i>	<i>Number of Shares issued following Admission</i>	<i>Percentage of issued Shares immediately following Admission</i>
Harwood Capital Nominees	11,823,948	18.2%	22,132,765	34.1%
HPE IV	7,950,870	12.2%	–	–
NASCIT	20,258,725	31.2%	20,250,000	31.2%
Oryx	2,750,628	4.2%	2,750,000	4.2%
TPE III	7,950,870	12.2%	–	–
Alan Hand	1,157,528	1.8%	868,146	1.3%
Graham Blackwell	771,664	1.2%	578,748	0.9%
Mark Willis	192,932	0.3%	144,699	0.2%
Nick Basing	2,700,857	4.2%	2,025,642	3.1%

8.3 **Immediately after Admission:**

- 8.3.1 Save as disclosed in paragraph 8.1 above, the Company is not aware of any persons who, directly or indirectly, jointly or severally, will exercise control over the Company.
- 8.3.2 The Company is not aware of any arrangements, the operation of which may, at a subsequent date, result in the change of control of the Company.
- 8.3.3 None of the Shareholders set out above has or will have different voting rights.

9. Share incentive plans

The Performance Share Plan (the "PSP") and the Company Share Option Plan (the "CSOP") were approved and adopted by the Board on 12 April 2017. Both plans are designed to enable the Company to grant rights to acquire Shares to selected employees of the Group. The PSP allows for discretionary share based incentive awards to selected senior employees within the Group. The

Company may, if it decides to grant options under the PSP with a zero exercise price, also approve the establishment of a discretionary Employee Benefit Trust (“**EBT**”) for use in conjunction with the PSP. The CSOP will provide the flexibility for a broader based share incentive for a wider group of participating Group employees at or below executive level. Any EBT which is established is likely to be used primarily in conjunction with the PSP, although it may also be used to satisfy options granted under the CSOP or any other employee incentive scheme or arrangement that may be operated in the future by the Company. The key features of the PSP and the CSOP are summarised below:

9.1 **PSP**

9.1.1 *Operating and eligibility*

The PSP will facilitate the grant to selected employees of the Group of options to acquire Shares (“**Awards**”). Such Awards may be granted with an exercise price of zero or, if an Award is to be satisfied by the issue of new Shares, the nominal value of a Share.

The Remuneration Committee will administer the PSP in accordance with the Rules of the PSP. Any employee and executive director of the Group will be eligible to be selected to participate in the PSP at the discretion of the Remuneration Committee.

The intention is that initial awards will be made under the PSP on or shortly following Admission to the Executive Directors (the “**Initial PSP Awards**”). Awards are personal to participants and may not be charged, transferred or assigned. Awards may however vest in a participant’s personal representatives on a participant’s death to the extent permitted in the PSP. Awards and any benefits accruing to participants in connection with an Awards are not pensionable.

9.1.2 *Grant of awards*

The Remuneration Committee may grant Awards as nil (or nominal) cost options.

9.1.3 *Timing of grants*

Provided that the Remuneration Committee is not prohibited from granting Awards by statute, order, regulation or government directive, the Remuneration Committee may grant Awards at any time during the period of 42 days:

- (a) commencing on the date on which the PSP is adopted by the Board; and
- (b) after the Company announces its results in any year.

Such periods may be postponed or extended where grants of Awards are prohibited at the relevant time. Awards may also be granted at any other time when the Remuneration Committee determines that circumstances are exceptional. Awards may not however be granted later than the tenth anniversary of the adoption of the PSP.

9.1.4 *PSP Limits*

Awards under the PSP are subject to certain dilution limits. The maximum number of Shares over which Awards may be granted on any date (when aggregated with certain other Awards/incentives) may not exceed 10 per cent. of the issued ordinary share capital of the Company at that time. For the purposes of such limit, the Awards that are proposed to be granted on that date shall be taken into account together with:

- (a) any Shares which may be issued in relation to any existing Awards which have been granted since Admission;
- (b) any Shares which have been issued on the exercise of any such Awards; and

- (c) any Shares which have been issued or may be issued pursuant to rights granted since Admission under any scheme providing for the subscription for Shares by employees of the Group.

In accordance with relevant investor guidelines, any treasury Shares used to satisfy will be taken into account for the purposes of the relevant limits.

9.1.5 *Individual limits*

An employee may not normally be granted Awards under the PSP in any financial year over Shares having a market value (at the date of grant of the Award) of in excess of 150 per cent. of annual basic salary in that financial year. In exceptional circumstances, this limit may be increased to 200 per cent. at the discretion of the Remuneration Committee. For the purposes of these limits, market value will normally be based on the market value of Shares on the dealing day immediately preceding the grant of an Award. In the case of the Initial PSP Awards, market value shall be the Offer Price.

Any Awards made in the period of 30 days before or after Admission are automatically deemed exceptional. As a result, the Initial PSP Awards (which are anticipated to be granted on or shortly after Admission) will be subject to the 200 per cent. limit.

9.1.6 *Performance period/conditions*

The vesting of awards granted to participants in the PSP may be subject to performance conditions set by the Remuneration Committee on or prior to grant of the Award.

Performance conditions will usually be measured over a performance period of three years commencing with the year in which an Award is granted or such other period as the Remuneration Committee may determine. Performance conditions must be objective and may only be amended or waived if events happen which cause the Remuneration Committee to consider that the condition has ceased to be appropriate and provided that in the reasonable opinion of the Remuneration Committee the varied condition is fair and reasonable and is materially no more difficult to satisfy.

The Initial PSP Awards are intended to be subject to two performance conditions.

The first performance condition applying to the Initial PSP Awards will be based on Earnings per Share of the Company (“**EPS**”) and will apply to 50 per cent. of the total number of Shares over which the Initial PSP Awards will be granted. The second performance condition will be based on Total Shareholder Return (“**TSR**”) of the Company relative to a comparator group of companies and will apply to the remaining 50 per cent. of the Shares over which the Initial PSP Awards will be granted.

- (a) **EPS Condition applying to Initial PSP Awards**

The 50 per cent. that may vest based on EPS growth will be measured against EPS targets set by the Remuneration Committee. EPS will be measured over the three financial years commencing with the financial year in which the Initial PSP Awards are granted. It is intended that 25 per cent. of the Shares subject to the EPS tranche (12.5 per cent. of an overall Initial PSP Award) will vest on achievement of threshold EPS performance and that 100 per cent. of such Shares (50 per cent. of an Initial PSP Award) will vest on achievement of full EPS growth. There will be straight line vesting between threshold and full EPS target levels.

(b) TSR condition applying to Initial PSP Awards

Up to 50 per cent. of the Initial PSP Awards may vest based on the TSR of the Company ranked against TSR of a comparator group of companies over the three year period from the date of grant of the Initial PSP Awards. It is intended that 25 per cent. of the Shares subject to the TSR tranche (12.5 per cent. of an overall Initial PSP Award) will vest on achievement of median TSR performance and that 100 per cent. of such Shares (50 per cent. of an Initial PSP Award) will vest on achievement of upper quartile performance. There will be straight line vesting between these points.

The Remuneration Committee may set different performance conditions from those described above for future Awards.

On or as soon as possible after the end of the relevant performance period, the Remuneration Committee will determine the extent to which the relevant performance conditions have been met.

The measurement date and the relative performance conditions applying to determine vesting may be varied in the event of certain events occurring during the performance period as further detailed in paragraphs 9.1.8 and 9.1.9 below.

9.1.7 *Vesting of Awards and exercise*

Awards normally become capable of vesting on the third anniversary of grant or, if later, the date on which any performance conditions may be satisfied. Vesting is normally subject to satisfaction of performance conditions as described above.

Once vested, Awards may be exercised in whole or in part at any time up until the tenth anniversary of grant (or such shorter long stop date as is specified by the Remuneration Committee at the time of grant), subject to their earlier lapse. Shorter exercise periods may apply in the case of leavers and/or vesting of awards in connection with corporate events as detailed below.

For so long as the Company is listed on the London Stock Exchange, Awards may not be exercised where such exercise would be in contravention of any securities rules applying to the Company.

Exercise of an Award is conditional upon a participant either paying or entering into arrangements satisfactory to the Company to ensure that the Company or any member of the Group receives an amount equal to any tax and social security contributions (other than employer's National Insurance contributions) arising on exercise.

9.1.8 *Ceasing employment/other lapse events*

As a general rule, an Award will lapse upon a participant ceasing to be a Group employee.

If, however, the participant ceases to be a Group employee because of certain good leaver reasons, the participant may be able to exercise his Award. Such exercise may occur where the reason for cessation of employment is (i) death, (ii) material injury, disability or ill-health (evidenced to the satisfaction of the Remuneration Committee), (iii) retirement, (iv) redundancy, (v) his employing company or the business for which he works being sold out of the Group or (vi) any other reason at the discretion of the Remuneration Committee. In such a case, a participant's Award may vest on cessation of employment and be exercised during certain exercise periods.

Where the above circumstances occur, the Remuneration Committee will determine the extent to which an Award shall vest and may be exercised. In making its

determination, the Remuneration Committee will take into account (a) the extent to which the performance conditions have, in the opinion of the Remuneration Committee, been satisfied at the date of cessation of employment and in determining such extent the performance conditions will be varied appropriately to reflect the truncated performance period; and (b) the period of time between the grant of the Award and cessation of employment, relative to the normal vesting period.

Where an Award vests and is exercisable in these circumstances it may be exercised during specified exercise periods. These periods are, before the first anniversary of death (in the case of death), at any time within six months of cessation of employment (where the leaver reason is within (ii) to (v) (inclusive) above (or such longer period as the Remuneration Committee may specify) and at any time within the period determined by the Remuneration Committee where (vi) above applies.

No Award may be exercised later than the tenth anniversary of grant (or such earlier long stop date as the Remuneration Committee may specify at the date of grant).

Awards shall lapse to the extent that they remain unexercised on the expiry of the relevant period for exercise. Awards will also lapse on the bankruptcy of a participant or surrender of an Award by a participant and to the extent that the Remuneration Committee determines that any performance conditions have not been met by the due measurement date or are no longer capable of being satisfied.

9.1.9 *Corporate events*

In the event of a takeover or other change of control of the Company, Awards may vest subject to: (i) the extent that the performance conditions have, in the opinion of the Remuneration Committee, been satisfied at that time and (ii) the pro rating of the Awards to reflect the period of time between their grant and the event in question relative to the normal vesting period.

Where Awards vest and become exercisable, they may normally be exercised within a period of six months of the relevant event occurring. Awards may be exercised during the period in which any person becomes bound or entitled to acquire Shares compulsorily under sections 979 to 982 or 983 to 985 of the Act. The Remuneration Committee may also determine that Awards may be exercised within a period of 20 days before the relevant event occurring, conditional upon the event in question actually occurring and if not so exercised and the event occurs shall lapse at the expiry of that period.

Awards may, subject as provided below, become exercisable following a resolution being proposed for a voluntary winding-up of the Company and may be exercised at any time up until the date such resolution is passed. The Remuneration Committee will determine the extent to which an Award will vest based on the extent to which the Performance Condition has been satisfied and the proportion of the Performance Period that has elapsed at that time. Any such exercise shall, however, be conditional upon the resolution actually being passed. Awards will lapse to the extent that they are not exercised within the prescribed periods for doing so.

In the event of a change in control of the Company, a participant may agree with the relevant acquiring company to exchange an Award for an equivalent award over shares in the acquiring company or the acquiring company's holding company. Any such replacement award will be treated as having been granted at the same time as the original Award that it replaces.

Certain provisions apply In the event of an acquiring company obtaining control of the Company through issuing shares as consideration where the effect of such issue is that the identity and proportion of shareholders in the acquiring company is

substantially similar to that in the Company. In such circumstances, if the acquiring company offers to grant a replacement award over its shares, a participant may not exercise his existing Award and to the extent that the participant does not accept such replacement award his original Award will lapse.

9.1.10 *Malus and clawback*

The PSP includes malus provisions which may apply to Awards where certain triggering circumstances referred to below apply. Under these provisions the Remuneration Committee may, in its discretion, at any time within five years of grant of an Award but prior to its exercise (i) reduce the number of Shares subject to an Award (including to zero, if appropriate) and/or (ii) impose any new conditions on an Award which must be satisfied before an Award may be exercised.

The PSP also includes clawback provisions which may apply to Awards which have already been exercised where the same triggering circumstances apply. Under these provisions the Remuneration Committee may, in its discretion, at any time within five years of grant of an Award but after its exercise (i) where Shares have yet to be allotted or transferred to a participant, reduce the number of Shares to which an existing Award relates (including to zero, if appropriate) and/or impose any new conditions on an Award which must be satisfied before an Award may be exercised or (ii) where Shares have already been allotted or transferred to a participant require that participant to make a cash payment to the Company in respect of such Shares as the Remuneration Committee shall determine and/or require a transfer for nil consideration of such Shares as the Remuneration Committee shall determine to such person or persons as the Remuneration Committee shall nominate.

The Remuneration Committee may also apply the foregoing provisions under the PSP to give effect to equivalent provisions contained in other bonus and employee share plans which are operated by the Company.

The circumstances which may give rise to the malus or clawback provisions applying broadly include (i) a material misstatement of the Company's or Group's results or accounts resulting in an Award being granted over a larger number of Shares than it would otherwise have been; (ii) an assessment or calculation of the satisfaction of a performance condition applying to an Award which was based on an error or on inaccurate or misleading information or assumptions; (iii) a participant committing an act of, in broad terms, gross misconduct or fraud; and/or (iv) circumstances which the Remuneration Committee determines in its discretion are similar in their nature or effect to the foregoing.

9.1.11 *Variation of share capital*

In the event of any variation of the Company's share capital (including, but not limited to, any capitalisation, rights issue or open offer or any consolidation, sub-division or reduction of capital) the Remuneration Committee may make such adjustment as it considers fair and reasonable to the number of Shares subject to an Award and/or the exercise price payable (if any), provided that the exercise price for a Share subject to an Award to be satisfied by the issue of new Shares may not be reduced below its nominal value.

9.1.12 *Rights attaching to Shares*

On valid exercise of an Award, Shares shall be allotted or transferred to a participant within 30 days of the date of exercise. Any such Shares will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to the registration of the participant into the register of members of the Company).

9.1.13 *Amendment and termination*

The Board may from time to time amend the Rules of the PSP, however:

- (a) no amendment may materially adversely affect an existing participant without the consent in writing of the participant or participants who, if they exercised their Awards in full, would have at least 75 per cent. in nominal amount of the Shares under Awards which are affected by the proposed amendment; and
- (b) the provisions relating to (i) persons eligible to participate; (ii) individual and Plan limits; and (iii) the basis for determining a participant's entitlement to, and the terms of, Awards to be provided and for the adjustment of any existing Awards in each case on any variation of capital cannot be altered to the advantage of participants without the prior approval of the shareholders of the Company in general meeting (except for minor amendments to benefit the administration of the PSP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any Group Company).

Subject to the above, the Committee may modify the Rules of the PSP to take account of overseas tax, exchange control or securities laws.

The PSP will terminate on the tenth anniversary of its adoption or earlier by resolution of the Remuneration Committee. Termination shall not affect the subsisting rights of participants.

9.2 **CSOP**

9.2.1 *Status*

The Rules of the CSOP have been designed to comply with the provisions of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 ("**Schedule 4**"). The effect of compliance with Schedule 4 should be to enable tax-advantaged options to be granted to selected employees with market value exercise prices.

9.2.2 *Operation and eligibility*

The Board (or a duly appointed committee thereof) will administer the CSOP in accordance with the Rules of the CSOP. References in this paragraph 9.2 to the Board therefore include such a committee.

Any employee and/or full-time director of the Group may be selected for participation at the discretion of the Board, provided they are not prevented from being granted options under the terms of Schedule 4 (material interests).

Options are personal to option holders and an option holder may not transfer, assign, pledge, charge or otherwise dispose of, or grant any form of security or other interest over, any part of his interest in an option. Any such dealings in contravention of these provisions will cause an option to lapse. These prohibitions do not preclude an option vesting in a deceased option holder's personal representatives where permitted in accordance with the Rules of the CSOP.

Options and any related benefits accruing to option holders are not pensionable.

9.2.3 *Timing of option grants under the CSOP*

Options may be granted under the CSOP within the same grant periods as are referred to in paragraph 9.1.3 above. In addition, CSOP options may only be granted for so long as Shares satisfy the relevant conditions in Schedule 4.

9.2.4 *CSOP limits*

Option grants under the CSOP are subject to equivalent dilution limits as are referred to in paragraph 9.1.4 above.

9.2.5 *Individual CSOP limit*

The aggregate market value (measured at grant) of Shares under all Schedule 4 options held by an option holder cannot at any time exceed £30,000 (or such other limit as is prescribed from time to time by Schedule 4).

9.2.6 *Performance conditions*

The exercise of options granted to under the CSOP may be subject to performance conditions set by the Board on or prior to grant of the option.

As in the case of Awards under the PSP (as detailed further in paragraph 9.1.6 above), performance conditions applying to CSOP options may be waived or varied in similar circumstances by the Board.

Performance conditions will be measured in the manner provided for in paragraph 9.1.6 above.

9.2.7 *Exercise price*

Options will be granted at an exercise price of at least their market value or, if nominal value is higher and the Shares are to be subscribed for, their nominal value. For these purposes, if Shares are listed on the London Stock Exchange at grant, market value will be the closing middle market quotation for a Share on the dealing day before the options are granted. If Shares are not so listed at grant, market value will be determined and agreed in advance with HM Revenue and Customs Shares and Assets Valuation.

9.2.8 *Normal exercise period and restrictions on exercise*

Options normally become capable of exercise on the third anniversary of grant or, if later, the date on which any performance conditions may be satisfied. Options may however only be exercised while the CSOP is intended to comply with Schedule 4 if Shares then meet the requirements in Schedule 4 (unless the Board determines otherwise).

Options may not be exercised by any option holder who has or has had a material interest (for the purposes of Schedule 4) in the twelve months preceding exercise.

Generally CSOP options may be exercised in whole or in part at any time between the third and tenth anniversaries of the date of grant to the extent permitted in accordance with the Rules and the relevant performance conditions (if any). Options may however become exercisable and/or lapse earlier as further detailed below.

As for PSP Awards, for so long as the Company is listed on the London Stock Exchange, options may not be exercised where exercise would be in contravention of any securities rules applying to the Company.

Where any tax and social security contributions (other than employer's National Insurance contributions) arise on exercise of an option, an option holder indemnifies each member of the Group for such amounts and authorises the sale of sufficient Shares and/or deductions from payroll to ensure that the Company or any member of the Group receives an amount equal to any such tax and social security contributions.

9.2.9 *Ceasing employment/other lapse events*

As in the case of PSP Awards, CSOP options will lapse and (if relevant) will cease to be exercisable upon a participant ceasing to be a Group employee, other than in the specified good leaver reasons referred to in paragraph 9.1.8 above.

Where such good leaver reasons apply, an option may be exercised in accordance with the CSOP following cessation of employment during certain exercise periods (as detailed in paragraph 9.1.8 above). As in the case of PSP Awards, the Board will determine the extent to which any relevant performance conditions have been met on a participant ceasing employment in these circumstances.

Options may not be exercised later than the tenth anniversary of grant (or such earlier long stop date as the Board may specify at the date of grant) and shall lapse on that date. Options also lapse to the extent that they remain unexercised on the expiry of the relevant periods for exercise as well as on the bankruptcy of a participant and/or surrender of an option.

Options also lapse to the extent the Board determines that any performance conditions have not been met by the due measurement date or are no longer capable of being satisfied.

9.2.10 *Corporate events*

Options may become exercisable in the event of a takeover or other change of control of the Company and in a similar manner to that outlined in paragraph 9.1.9 above.

Where options do become so exercisable they may be exercised in the periods detailed in paragraph 9.1.9 above depending upon the event in question.

Options may, subject as provided below, become exercisable following a resolution being proposed for a voluntary winding-up of the Company. The Remuneration Committee will determine the extent to which an Option will vest based on the extent to which the Performance Condition has been satisfied and the proportion of the Performance Period that has elapsed at that time. Any Option that is so exercisable may be exercised up until the date the resolution is passed, although exercise will only be effective if the resolution is actually passed. Options will lapse to the extent that they are not exercised within the prescribed periods for doing so.

In the event of a change in control of the Company, an option holder may with agreement of the acquiring company exchange an option for an equivalent option over shares in the acquiring company or certain other companies within the scope of the relevant provisions of Schedule 4. Any such option exchange will be required to comply with the provisions of Schedule 4. Where such an exchange takes effect, the new option is treated as having been granted at the same time as the original option.

In the event of an acquiring company issuing shares by way of consideration to shareholders in the Company such that the identity and proportion of shareholders in the acquiring company is substantially similar to that in the Company, an option holder may exchange his option for a replacement option over shares in the acquiring company. Where an acquiring company agrees to grant such a replacement option, the option holder may not exercise his existing option and to the extent that the option holder does not accept the replacement option, his original option will lapse at the expiry of the appropriate period as prescribed in Schedule 4.

9.2.11 *Variation of capital*

In the event of any variation of the Company's share capital, the Board may make adjustments to options of the kind referred to paragraph 9.1.11, save that in the case of CSOP options:

- (a) the class of shares which may be acquired on exercise of the option may not be adjusted;
- (b) the market value of the shares under option and the aggregate exercise price must be the same immediately before and after the adjustment;
- (c) the exercise price for an option to subscribe for a Share may be reduced below its nominal value if the Board gives an undertaking that upon exercise arrangements will be made for the capitalisation of undistributed profits or reserves of the Company of an amount equal to the difference between the aggregate exercise price and the aggregate nominal value of the Shares to be issued upon such exercise;
- (d) while the CSOP remains compliant with Schedule 4, the Shares must continue to satisfy the relevant requirements of Schedule 4 and the Company will notify HM Revenue and Customs of the relevant adjustment; and
- (e) if an adjustment is made with the intention that the CSOP will cease to be compliant with Schedule 4, the Company will immediately notify HM Revenue and Customs of that fact.

9.2.12 *Rights attaching to Shares*

Shares shall be allotted or transferred to an option holder within 30 days of the date of exercise. Any such Shares will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to the registration of the option holder into the register of members of the Company).

9.2.13 *Amendment and termination*

The Board may from time to time amend the Rules of the CSOP, however the limitations referred to in sub-paragraphs 9.13.1 and 9.13.2 apply to the CSOP. In addition:

- (a) alterations to key features (as defined for the purposes of Schedule 4) shall be appropriately notified to HM Revenue and Customs, together with the required declaration; and
- (b) no amendment made with the intention that the CSOP shall cease to comply with Schedule 4 shall take effect unless HM Revenue and Customs is duly notified of the amendment in question.

The CSOP will terminate on the tenth anniversary of its adoption or earlier by Board resolution. Termination shall not affect the subsisting rights of option holders.

10. Related party transactions

- 10.1 Save as described in note 23 (Related Party Transactions) of Section B of Part XI (Historical Financial Information, paragraph 13 of this Part XV (Additional Information) and in paragraph 10.2 below, there are no related party transactions between the Company or members of the Group that were entered into during FY2014, FY2015, FY2016 and during the period between 1 January 2017 and 11 April 2017 (being the latest practicable date prior to the publication of this Prospectus) with the exception of interest accrued on shareholder loan notes.

10.2 On 12 April 2017, the Company, the Harwood Shareholders, Harwood (as the discretionary investment manager of Oryx and Harwood Capital Nominees) and Numis entered into the Relationship Agreement, which is conditional upon Admission, the principal purpose of which is to ensure that the Company is capable of carrying on business independently at all times. See paragraph 13.15 of this Part XV (Additional Information) for further details of the Relationship Agreement.

11. Significant subsidiaries and principal investments

The Company is the principal holding company of the Group. The principal subsidiaries of the Company as at 11 April 2017 (being the latest practicable date prior to the publication of this Prospectus), each of which is considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, the principal position and/or the profits and losses of the Group are as follows:

<i>Company</i>	<i>Country of registration</i>	<i>Country of incorporation and operation</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held</i>
Companies owned directly by the Company				
TEG Holdings Limited	England & Wales	Great Britain	Holding Company	100%
Companies owned indirectly by the Company				
Indoor Bowling Equity Limited*****	England & Wales	Great Britain	Holding Company	100%
Indoor Bowling Acquisitions Limited	England & Wales	Great Britain	Holding Company	100%
Tenpin Limited*****	England & Wales	Great Britain	Bowling	100%
Essenden Limited (formerly Essenden plc)	England & Wales	Great Britain	Holding Company	100%
Georgica Limited****	England & Wales	Great Britain	Holding Company	100%
Georgica Holdings Limited*	England & Wales	Great Britain	Holding Company	100%
Tenpin Five Limited***	England & Wales	Great Britain	Bowling	100%
Tenpin One Limited***	England & Wales	Great Britain	Bowling	100%
Georgica (Lewisham) Limited**	England & Wales	Great Britain	Dormant	100%
GNU 5 Limited**	England & Wales	Great Britain	Dormant	100%
Tenpin (Sunderland) Limited***	England & Wales	Great Britain	Dormant	100%
Tenpin (Halifax) Limited***	England & Wales	Great Britain	Dormant	100%

* Georgica Holdings Limited is a directly held subsidiary of Georgica Limited.

** These companies are all directly held subsidiaries of Georgica Holdings Limited.

*** These companies are all directly held subsidiaries of Tenpin.

**** Georgica Limited is a directly held subsidiary of Essenden.

*****These companies are directly held subsidiaries of TEG Holdings.

Pursuant to paragraph 5.2.1 of Annex I, Appendix 3 of the Prospectus Rules, the Group does not currently have any other investments other than the subsidiaries and subsidiary undertakings listed above.

12. Statutory auditors

The Group's statutory auditors are PwC, whose registered address is 1 Embankment Place, London, WC2N 6RH.

13. Material contracts

Below is a summary of: (i) each material contract (not being contracts entered into in the ordinary course of business) to which any member of the Group is a party which has been entered into within the two years immediately preceding the date of this Prospectus; and (ii) any other contract (not being contracts entered into in the ordinary course of business) entered into by any member of the Group which contains obligations or entitlements which are or may be material to the Group as at the date of this Prospectus.

13.1 **Acquisition of Essenden by way of a Scheme of Arrangement**

In 2015, funds under the management of Harwood, which held a 34 per cent. shareholding in Essenden, made a bid to acquire the entire share capital of Essenden and delist the company from AIM by way of a scheme of arrangement (the **Scheme**). This acquisition of Essenden by Harwood was carried out using a two tier acquisition structure in which Harwood incorporated IBEL, which in turn owned 100 per cent. of IBAL, to make the purchase. Following the approval of the Scheme by the Court on 6 August 2015, Essenden's entire share capital was acquired by Harwood and then delisted from AIM on 10 August 2015. Essenden was re-registered as a private limited company on 11 August 2015.

13.2 **PIK Loan Note Instrument**

A payment in kind loan notes instrument (**Instrument**) was executed by IBEL on 26 June 2015 and was created to facilitate the acquisition of Essenden (via an intra-group loan facility to IBAL as described in paragraph 12.4 below).

The Instrument constituted up to £75,000,000 of unsecured payment in kind loan notes (**PIK Loan Notes**) which were issued in amounts of £1.00 or integral multiples of £1.00. Upon issue, the PIK Loan Notes were held by the following funds under the management of Harwood, and in the following amounts:

- (a) Harwood Capital Nominees: £8,355,676
- (b) HPE IV.: £16,671,112
- (c) NASCIT: £7,116,957
- (d) Oryx: £1,944,963
- (e) TPE III: £8,335,556
- (f) Total: £42,424,264.

The Instrument constituted direct, unconditional, unsubordinated and unsecured obligations of IBEL. Unless pre-emptively repaid in full or purchased and cancelled, the PIK Loan Notes were repayable in full, at their principal amount outstanding together with accrued interest, on 31 December 2022. The Instrument was subject to the terms of the inter-creditor agreement with Royal Bank of Scotland plc (**RBS**) (see paragraph 12.3 below), so any early repayment of the PIK Loan Notes required the written consent of RBS.

The PIK Loan Notes incurred interest at an annualised rate of 10 per cent. Interest (by way of payment in kind) had been paid on:

- 31 December 2015 (when 1,245,944 new PIK Loan Notes were issued across the Harwood Funds pro-rata to their existing holdings of PIK Loan Notes); and
- 31 December 2016 (when 3,856,752 new PIK Loan Notes were issued across the Harwood Funds pro-rata to their existing holdings of PIK Loan Notes).

Under the Instrument the PIK Loan Notes could be offered to the public for purchase and were permitted to be listed on any recognised stock exchange. They were listed on 17 December 2015 on the Channel Islands Securities Exchange (**CISE**). The PIK Loan Notes were de-listed from the CISE and repaid, in full, on 12 April 2017 as part of Step 2 of the Reorganisation, which is described in paragraph 3 of Part XV above.

13.3 **RBS Debt Facilities**

A senior facilities agreement (**Facilities Agreement**) dated 26 June 2015 made between IBAL, IBEL and RBS pursuant to which RBS, being the sole financing bank, agreed, upon the scheme of arrangement for the acquisition of the entire issued share capital of Essenden

becoming effective, to make available total commitments in the principal aggregate amount of up to £14.0 million including a senior term loan facility of up to £7.0 million to IBAL (**Facility A**), a senior term loan facility of up to £3.0 million to IBAL (**Facility B**), a revolving credit facility of up to £1.0 million to Essenden (**Capex Revolving Facility**) and a revolving credit facility of up to £3.0 million to Essenden (**Working Capital Revolving Facility**) (together, the **Facilities**).

Facility A was to finance £6.0 million of the cash consideration payable in respect of the acquisition of Essenden and to refinance an existing £1.0 million Essenden capex loan. Facility A is repayable in quarterly instalments on a straight line basis with the final repayment date being 30 September 2019.

Facility B was to finance £3.0 million of the cash consideration payable in respect of the acquisition of Essenden. Facility B is repayable in two equal instalments, being £1.5 million on 30 March 2020 and £1.5 million on 30 September 2020.

The Capex Revolving Facility is repayable on 30 September 2017.

The Working Capital Revolving Facility is repayable on 30 September 2017.

The Facilities are subject to a set of industry standard banking covenants and the Facilities Agreement contains customary events of default for an agreement of this nature. In the event of certain defaults, RBS shall cease to be obliged to make the facilities available and all outstanding amounts are immediately due and payable.

The Facilities are secured by a debenture provided by IBAL and IBEL, and Essenden and its subsidiaries (excluding dormant companies) who acceded on 12 August 2015 (the **Group Companies**) granting a fixed and floating charge over the business and assets of each Group Company. The debenture is subject to an inter-creditor agreement dated 26 June 2015 between RBS, IBAL, IBEL, Essenden and the Group Companies and certain funds managed or advised by Harwood (**Subordinated Creditors**) whereby any monies owing to the Subordinated Creditors by any of the Group Companies and any money owing by any Group Company to any other Group Company is subordinated to the Facilities.

RBS has the ability under the Facilities Agreement to syndicate the facilities to other banks, financial institutions and/or other entities by way of assignment and/or novation.

13.4 ***IBAL intra-loan agreement***

A loan agreement dated 26 June 2015 was entered into between IBAL and IBEL pursuant to which IBEL made available to IBAL in connection with the offer for Essenden an unsecured loan facility of up to £25,000,000. The loan is interest free and repayable on 26 June 2022 unless agreed to be repaid earlier.

13.5 ***Acquisition of one Site from TOBC and five Sites from Bowlplex***

As part of the proposed purchase of Bowlplex by TOBC, which completed in December 2015, both companies were required by the CMA to divest a total of six sites (one site of TOBC and five sites of Bowlplex) before the CMA would provide clearance for the acquisition (**Divestiture**). As a result, the following agreements were entered into to carry out the Divestiture:

13.5.1 On 28 November 2015:

- a business transfer agreement was entered into between TOBC and TOBC Newco Limited (**TOBC Newco**) for the sale of the business and assets at the Avonmeads (Bristol) site (**TOBC Site**) for a consideration of £1,350,000 (**TOBC BTA**); and

- a business transfer agreement was entered into between Bowlplex and Bowlplex Newco Limited (**Bowlplex Newco**) for the sale of the business and assets carried on at five sites (Braehead (Glasgow), Castleford, Camberley, Dudley and Nantgarw (Cardiff) (the **Bowlplex Sites**)) for a consideration of £8,850,000 (**Bowlplex BTA**).

13.5.2 On 30 November 2015, Tenpin entered *into*:

- a conditional sale and purchase agreement with TOBC for the purchase of the entire issued share capital of TOBC Newco for a total consideration payable by Tenpin of £1.00 (with an obligation to procure repayment of the inter-company loan amount of £1,350,000 being the consideration payable pursuant to the TOBC BTA and the working capital receivable of £44,827);
- a conditional sale and purchase agreement with Bowlplex for the purchase of the entire issued share capital of Bowlplex Newco for a total consideration payable by Tenpin of £1.00 (with an obligation to procure repayment of the inter-company loan amount of £8,850,000 being the consideration payable pursuant to the Bowlplex BTA and the working capital receivable of £81,249); and
- a conditional sale and purchase agreement with Bowlplex for the business and assets of the site operated by Bowlplex in Braehead (Glasgow) for a total consideration payable by Tenpin of £2,800,000 and a premium of £48,517,

(together the **Sale Agreements**). The Sale Agreements each completed on 9 December 2015.

13.6 **Amendment and Restatement Agreement with RBS**

By an amendment and restatement agreement dated 28 November 2015 the Facilities Agreement was amended and restated in connection with the acquisitions pursuant to the Sale Agreements (the **Bowlplex and TOBC Acquisitions**).

Two additional facilities were made available to IBAL for the purposes of the Bowlplex and TOBC Acquisitions being a term loan facility of £4,500,000 (**Facility A2**, Facility A being renamed Facility A1 and Facility A being defined as Facility A1 and Facility A2) and a term loan facility of £2,000,000 (**Facility B2**, Facility B being renamed Facility B1 and Facility B being defined as Facility B1 and Facility B2).

For the purposes of repayment Facility A is repayable in quarterly instalments on a straight line basis with the final repayment date being 30 September 2019. Facility B is repayable in two equal instalments of £2,500,000 on 30 March 2020 and 30 September 2020. The above facilities will all be repaid on Admission using existing cash resources of the Group and the funds advanced pursuant to the new facility agreement entered into with RBS as part of the Refinancing, which is detailed in paragraph 13.17 of Part XV below.

13.7 **Intra-Group Loan Agreements**

13.7.1 A loan agreement dated 9 December 2015 was entered into between IBAL and IBEL in connection with the Bowlplex and TOBC Acquisitions pursuant to which IBEL made available to IBAL an unsecured loan facility of £6,500,000. The loan is interest free and repayable on 9 December 2022 unless agreed to be repaid earlier.

13.7.2 A loan agreement dated 9 December 2015 was entered into between Tenpin and IBAL in connection with the Bowlplex and TOBC Acquisitions pursuant to which IBAL made available to Tenpin an unsecured loan facility of £11,792,000. The loan is interest free and repayable on 9 December 2022 unless agreed to be repaid earlier.

13.8 ***Intra-Group hive-ups following the Bowlplex and TOBC Acquisitions***

Following the Bowlplex and TOBC Acquisitions, the following agreements were entered into in order to hive-up the business and assets acquired under the Sale Agreements to Tenpin:

- a business transfer agreement dated 29 January 2016 between Bowlplex Newco and Tenpin for the sale and purchase of the business and assets of the businesses carried on at the Sites in Camberley and Dudley for a consideration of £2,800,001, which was set off against the amount owing by Bowlplex Newco to Tenpin pursuant to the Bowlplex and TOBC Acquisitions;
- a business transfer agreement dated 29 January 2016 between TOBC Newco and Tenpin for the sale and purchase of the business and assets of the business carried on at the TOBC Site for a consideration of £1,350,000, which was set off against the amount owing by TOBC Newco to Tenpin pursuant to the Bowlplex and TOBC Acquisitions; and
- a business transfer agreement dated 11 February 2016 between Bowlplex Newco and Tenpin for the sale and purchase of the business and assets of the business carried on at the Site in Cardiff for a consideration of £2,550,000, which was set off against the amount owing by Bowlplex Newco to Tenpin pursuant to the Bowlplex and TOBC Acquisitions.

13.9 ***Acquisition of the business and assets of Bowl Xtreme Limited relating to the Perdiswell Indoor Bowling Centre, Worcester***

On 27 May 2016 an asset purchase agreement was entered into between (1) Bowl Xtreme Limited; (2) Tenpin; and Lynda Thompson (the guarantor for Bowl Xtreme Limited under the agreement) in relation to the business of Bowl Xtreme Limited (which included the leasehold for Perdiswell Indoor Bowling Centre, Worcester (**Worcester Lease**)). The purchase price paid for the relevant assets was £1,800,000 and the property was transferred to Tenpin on 1 July 2016. The term of the Worcester Lease runs until 31 April 2024 and Bowl Xtreme Limited have guaranteed to the landlord, Perdiswell Bowling Centre Limited, pursuant to an authorised guarantee agreement that Tenpin will comply with the covenants of the Lease.

13.10 ***Acquisition of the business and assets of ABS Leisure relating to the Bowling Centre, 55 Gloster Road, Ipswich***

On 30 September 2016 an asset purchase agreement was entered into between (1) ABS Leisure (2) Tenpin and (3) G J Sheldrake and R S Brown (the guarantors for ABS Leisure) in relation to the business of ABS Leisure (which included the leasehold for the Bowling Centre, 55 Gloster Road, Ipswich (**Ipswich Lease**)). The sale took place on 30 September 2016 for a price of £420,000 for the relevant assets, £152,500 of which was in respect of the transfer of the property. The term of the Ipswich Lease is 15 years from 2 February 2016 to 1 February 2031.

13.11 ***Acquisition of new lease in respect of Unit D, The Peel Centre, Blackburn (Blackburn Site)***

On 30 September 2016 an agreement for lease was exchanged between (1) British Overseas Bank Nominees Limited and WGTC Nominees Limited and (2) Tenpin in relation to the grant of a lease of Unit D, The Peel Centre, Lower Audley Street, Blackburn (**Blackburn Lease**). The Blackburn Lease was completed on 27 January 2017 and the term is 15 years from 16 January 2017 at a rent of £200,000 per annum following an initial 6 month rent free, with rent reviews at 5 yearly intervals. The initial rent of £200,000 per annum will be reduced to £100,000 per annum until the new 'Unit F' at The Peel Centre is open for trade. The Blackburn Site was previously closed by Bowlplex prior to the entering into of the Blackburn Lease and the equipment within the Site remained operational.

13.12 Acquisition of the business and assets of David Lloyd Leisure Limited in respect of The Lanes, Broadwater Way, Eastbourne

On 21 February 2017 a business purchase agreement and agreement for sublease was entered into between (1) David Lloyd Leisure Limited; and (2) Tenpin for the sale of the business of operating a ten-pin bowling and entertainment centre at The Lanes, David Lloyd Club, Broadwater Way, Eastbourne. The agreement granted Tenpin a sublease of this property (**Sublease**). In addition, Tenpin acquired the following assets of the business under the agreement: its goodwill, intellectual property, fixed assets, moveable assets, stock and float cash, thereby enabling Tenpin to carry on the business as a going concern from the completion date. The purchase price paid for the business was £1,500,000. The Sublease was completed immediately after (on 21 February 2017 made between (1) David Lloyd Leisure Limited; and (2) Tenpin). The term of the Sublease runs until 20 February 2042 and the initial rent is £227,500 per annum.

13.13 Suite of agreements between Tenpin and Namco for the exclusive supply of amusement machines

The amusement machines at the Sites are supplied, maintained and repaired under a suite of contracts with Namco (together referred to as the "**Namco Agreements**"). The Namco Agreements are for a four year term commencing on 1 November 2016.

The first of the Namco Agreements is an exclusive amusement machine sale contract ("**AMSC**") pursuant to which Namco must make available (but Tenpin is not obliged to purchase) up to £500,000 of new amusement machines per annum. Tenpin does not have title in the machines but is responsible for insuring the machines. Namco may require Tenpin to deliver up the machines supplied under this agreement if, in the reasonable opinion of Namco, the financial position of Tenpin deteriorates such that Tenpin will be unable to fulfil its obligations under the contract and notifies Tenpin accordingly. The AMSC provides that for the duration of the contract, unless specifically permitted, Tenpin may not purchase amusement machines from any other person, and Tenpin may only offer for play any amusement machine referred to in this contract at any Site.

The second Namco Agreement is a repair and maintenance contract incorporating a service level agreement. The repair and maintenance contract applies to all Namco machines at the Sites.

13.14 Placing agreement

On 12 April 2017 the Company, the Directors, the Selling Shareholders and Numis entered into the Placing Agreement. Pursuant to the Placing Agreement:

13.14.1 the Company and the Selling Shareholders have agreed, subject to certain conditions, to sell the Offer Shares, at the Offer Price, under the Offer;

13.14.2 Numis has agreed, subject to certain conditions, to use its reasonable endeavours to procure acquirers of the Offer Shares;

13.14.3 the obligations of Numis to use its reasonable endeavours to procure acquirers of the Offer Shares at the Offer Price are subject to certain conditions. These conditions include, among other things, the absence of any material breach of warranty under the Placing Agreement and Admission occurring at or before 8.00 a.m. on 19 April 2017 (or such later time and/or date as Numis may notify to the Company in writing, being not later than 8.00 a.m. on 3 May 2017). In addition, Numis has the right to terminate the Placing Agreement, exercisable in certain circumstances, prior to Admission;

13.14.4 each of the Company, the Directors and the Selling Shareholders have given certain warranties and undertakings, subject to certain limits, to Numis;

- 13.14.5 the Selling Shareholders shall pay, and the Company shall procure as far as it is able that the Selling Shareholders shall pay, Numis, conditional on Admission a base commission of 2 per cent. of the aggregate value at the Offer Price of the Offer Shares together with any related VAT and stamp duty and/or stamp duty reserve tax as well as certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst other things, the Offer and/or Admission;
- 13.14.6 in consideration of Numis' services in connection with the application for admission of the Shares to the LSE, the Company shall pay a documentation fee of £250,000 together with VAT; and
- 13.14.7 the Company has appointed Numis as its sole sponsor and bookrunner (subject to and in accordance with the terms of the Placing Agreement).

13.15 **Relationship Agreement**

On 12 April 2017 the Company, the Harwood Shareholders, Harwood (as the discretionary investment manager of Oryx and Harwood Capital Nominees) and Numis entered into the Relationship Agreement, which is conditional upon Admission.

- 13.15.1 Under the terms of the Relationship Agreement each of the Harwood Shareholders undertakes that they shall (and undertake to procure that each of their Associates shall) procure (insofar as they are able to do so) that:
- (a) the Company will be capable at all times of carrying on its business independently of the Harwood Shareholders and/or any of their Associates;
 - (b) any transaction, arrangement or contract entered into between the Harwood Shareholders (or any of their Associates or nominees) and the Company will be conducted on an arms-length basis and normal commercial terms;
 - (c) neither the Harwood Shareholders nor any of their Associates or nominees will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules;
 - (d) neither the Harwood Shareholders nor any of their Associates or nominees will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
 - (e) no variations are made to the Company's articles of association which would affect the Company's ability to carry on its business independently of the Harwood Shareholders and/or any of their Associates;
 - (f) without the consent of the majority of the Independent Directors, they shall not propose or vote in favour of a shareholder resolution to de-list the Company in accordance with Listing Rule 5.2.5 other than in circumstances where such resolution is being proposed in connection with (i) an offer by a bona fide third party to acquire the entire issued share capital of the Company or (ii) a recommended offer by the Harwood Shareholders (and/or any of their Associates) to acquire the entire issued share capital of the Company (excluding any Shares already held by the Harwood Shareholders (and/or any of their Associates));
 - (g) the Harwood Shareholders and any of their Associates will vote in favour of any shareholder resolution to amend the Articles to allow for the election and re-election of Independent Directors;

- (h) the Board shall at all times have no fewer than two Independent Directors; and
 - (i) any dealings or disputes between the Harwood Shareholders and/or their Associates and any member of the Group shall be passed to and dealt with on behalf of the Group by a committee comprising only the Independent Directors.
- 13.15.2 Harwood, as the discretionary investment manager of Oryx and Harwood Capital Nominees, has also undertaken to procure that Oryx and Harwood Capital Nominees will comply with the undertakings listed above in paragraph 12.15.1.
- 13.15.3 Under the Relationship Agreement, the Harwood Shareholders are entitled to nominate a person to be their representative director on the Board provided they continue to hold an interest, whether directly or indirectly, of ten per cent. or more in aggregate of the voting rights in the Company.
- 13.15.4 The Relationship Agreement will continue in effect until the earlier of:
- (a) the aggregate voting rights of the Harwood Shareholders (whether held directly or indirectly through the Harwood Shareholders' Associates and/or their nominees) are less than ten per cent.);
 - (b) the Harwood Shareholders cease to hold (whether directly or indirectly through the Harwood Shareholders' Associates and/or their nominees) any Shares; or
 - (c) the Shares are no longer admitted to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange.
- 13.15.5 Upon the resignation of Numis as the Company's broker, the Relationship Agreement shall not terminate, however, Numis shall automatically lose all of its rights under the Relationship Agreement. As soon as is reasonably practicable following such resignation, the Company shall procure that another relationship agreement is entered into with its new broker on substantially similar terms to the Relationship Agreement and in compliance with the Listing Rules.
- 13.15.6 In the event that paragraph 12.15.4(a) applies, the Harwood Shareholders' obligations under the Relationship Agreements will cease until either:
- (a) the aggregate voting rights of the Harwood Shareholders (whether held directly or indirectly through the Harwood Shareholders' Associates and/or their nominees) are equal to or more than ten per cent., in which case the Harwood Shareholders will again be subject to the obligations of the Relationship Agreement; or
 - (b) the Harwood Shareholders cease to hold (whether directly or indirectly through the Harwood Shareholders, their Associates and/or their nominees) any Shares of the Company, in which case the Relationship Agreement will terminate.

13.16 **Lock-In Deeds**

13.16.1 *Harwood Shareholders*

On 12 April 2017, Harwood Capital Nominees, NASCIT and Oryx each entered into a separate lock-in deed with Numis and the Company pursuant to which they each agreed that for a 12 month period from the date of Admission, subject to certain customary exceptions, they will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein) of any Shares held by them

immediately after Admission (or any Shares which may accrue to them as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing. For the 180 day period thereafter, they have agreed not to directly or indirectly transfer any Shares (or any interest therein or in respect thereof) that they may hold other than through Numis (for so long as Numis is engaged as the Company's broker) with a view to maintaining an orderly market in the Company's securities. For a 180 day lock-up period from the date of Admission, the Company has agreed it will not allot or issue, or enter into any agreement or arrangement which would give rise to an obligation to allot or issue, any Shares, subject to customary exceptions, without the prior written consent of Numis.

13.16.2 *Management Selling Shareholders*

On 12 April 2017, each of the Management Selling Shareholders separately entered into a lock-in deed with Numis and the Company pursuant to which each of the Management Selling Shareholders agreed that for a 12 month lock-up period from the date of Admission, subject to certain customary exceptions, he will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein) of any Shares held by him immediately after Admission (or any Shares which may accrue to him as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing. For a 180 day period thereafter, they have each agreed not to directly or indirectly transfer any Shares (or any interest therein or in respect thereof) that he or it may hold other than through Numis (for so long as Numis is engaged as the Company's broker) with a view to maintaining an orderly market in the Company's securities.

13.17 **Refinancing**

A senior facilities agreement ("**New Facilities Agreement**") dated 12 April 2017 made between, among others, the Company, IBEL and RBS pursuant to which RBS, being the sole financing bank, has agreed, to make available a revolving credit facility of up to £15 million to TEG Holdings Limited ("**RCF**") and a £5 million uncommitted accordion facility ("**Accordion Facility**") (together, the **Facilities**).

The RCF is available to the Company for a period of three years from the date of the New Facilities Agreement. A request to draw down the Accordion Facility may not be delivered until nine months after Admission nor on or after six months before the date on which the RCF is due for repayment. Any amount drawn down under the Accordion Facility will be repayable, to the extent drawn down, at the same time as the RCF is repayable. Both the Facilities are available to finance short term working capital requirements, to fund up to 100 per cent. of the capital expenditure required in respect of maintenance and investment capital expenditure, acquisition costs of acquisitions permitted under the New Facilities Agreement, dividends and other general corporate purposes.

The RCF is, and the Accordion Facility (if committed and drawn) will be, subject to a set of industry standard banking covenants and the New Facilities Agreement contains customary events of default for an agreement of this nature. In the event of certain defaults, RBS shall cease to be obliged to make the Facilities available and all outstanding amounts are immediately due and payable. A change of control of the Company will constitute a mandatory prepayment event under the New Facilities Agreement triggering repayment of the RCF and any amount drawn down under the Accordion Facility.

The Facilities are secured by a debenture provided by each of the Company, TEG Holdings, Tenpin and certain other subsidiaries of the Company (excluding dormant companies (the **Group Companies**)) granting a fixed and floating charge over the business and assets of each such company supported by unlimited cross guarantees from each Group Company.

Guarantor coverage must represent at least 85 per cent. of the EBITDA, revenue, gross assets and net assets of the Group.

Utilisation of the RCF is subject to satisfaction of certain customary conditions precedent from and including the date of the New Facilities Agreement to and including Admission. Utilisation of the Accordion Facility is subject to agreement of its terms with RBS. If RBS shall choose not to advance money in response to a request for drawdown under the Accordion Facility, then the Company has the right to seek such funds from a third party lender on the same terms as offered to RBS.

RBS has the ability under the New Facilities Agreement to syndicate the Facilities to other banks, financial institutions and/or other entities by way of assignment and/or novation. The facilities described in paragraphs 13.3 and 13.6 above will all be repaid on Admission using existing cash resources of the Group and funds to be advanced pursuant to the RCF.

14. Litigation

There are not and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months, which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

15. Intellectual Property

For details in respect of the Group's intellectual property, please refer to paragraph 9 of Part VII (*Information on the Group and Business Overview*).

16. Property/facilities

The Group's head office and the Support Centre is located at Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ. In addition, the Group occupies 40 Sites, all of which are leasehold and located in the United Kingdom:

Name and Location

Acton	Royale Leisure Park, Western Avenue, Park Royal, London W3 0PA
Plymouth	Barbican Leisure Park, Barbican Approach, Coxside PL4 0LG
Bexley	Albion Road, Bexleyheath DA6 7LS
Cambridge	Cambridge Leisure Park, Clifton Way CB1 7DY
Chelmsford*	Tattersall Way, Widford Industrial Estate CM1 3UB
Cheshire	Coliseum Leisure Park, Coliseum Way CH65 9HD
Colchester	Cowdray Avenue, Colchester, Essex CO1 1YH
Coventry	Crosspoint Business Park, Olivier Way CV2 2SH
Croydon	Valley Park Leisure Complex, Hesterman Way CR0 4YA
Derby	Foresters Leisure Park, Osmaston Park Road, Sinfin Lane, Sinfin DE23 8AG
Doncaster	Superbowl Doncaster, Bawtry Road DN4 7P
Exeter	Units 3 & 4 Havenbanks Retail Park, Water Lane EX2 8BY
Middlesex	Leisure West Complex, Browells Lane, Feltham TW13 7EQ
Edinburgh	Fountain Park, Fountain Bridge, Dundee Street EH11 1AW
Gloucester	Centre Severn, Barnwood GL4 3HR
Surrey	Unit 4, The Rotunda, Kingston-upon-Thames KT1 1QJ
Leamington	Shires Retail Park, Tachbrook Park Drive, Leamington Spa CV34 6RH
Berkshire	St. Clouds Way, Holmanleaze, Maidenhead SL6 8AW
Northampton	Sixfields Leisure, Weedon Road NN5 5QL
Nottingham	Clifton Boulevard, Redfield Way NG7 2UW
Greater Manchester	Parrs Wood Entertainment, Wilmslow Road, East Didsbury M20 5PG
Southampton	Auckland Road SO15 0SD

Stafford	Greyfriars Place ST16 2SD
Birmingham	17 Star City, Watson Road B7 5SB
Stoke on Trent	Festival Park ST1 5SP
Swansea	Parc Tawe, The Strand SA1 2AX
Telford	St. Quentins Gate TF3 4EJ
Wrexham	Unit B4, Eagles Meadow, LL13 8DG
York	Clifton Moor Centre, Stirling Road, Clifton Moor YO30 4WZ
City of Bristol	Site 2, Avonmeads Retail and Leisure Park, St Philips Causeway, BS2 0SP
Surrey Heath	Ground Floor, Bowling Unit, Park Street, Camberley GU15 3PT
Rhondda Cynon Taff	The land at Showcase Leisure Park, Heol, Crochendy Business Parc Nantgarw, North Cardiff CF15 7QT
Wakefield	Ground Floor Xscape, Colorado Way, Castleford WF10 4TA
Dudley	Bowl Unit, Castle Gate Park, Birmingham Road DY1 4TA
Renfrewshire	Bowlplex Unit, Xscape, Kings Inch Road, Renfrew PA4 8XQ
Worcester	Perdiswell Bowling Centre, Droitwich Road, Perdiswell WR3 7SH
Ipswich	The Bowling Centre, Gloster Road, Martlesham Heath, Ipswich IP5 3RJ
Swindon	Unit 3, Shaw Ridge Leisure Park, Swindon SN5 7DN
Blackburn	Ground Floor, Unit D, The Peel Centre, Blackburn BB1 3HT
Eastbourne	Broadwater Way, Eastbourne, East Sussex BN22 9PZ

*It is expected that the Group's lease for this site shall be surrendered shortly after Admission.

17. Environmental issues

As far as the Directors are aware, there are no material environmental issues that may affect the Group or the Group's utilisation of its tangible fixed assets.

18. Working capital

The Company is of the opinion that, taking into account the bank facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this Prospectus.

19. No significant change

- 19.1 Save for the Reorganisation, there has been no significant change in the financial or trading position of the Company since 15 March 2017, being the date of incorporation.
- 19.2 Save for the Reorganisation, there has been no significant change in the financial or trading position of the Operating Group since 1 January 2017, the date at which the audited historical financial information in respect of the Operating Group in Section B of Part XI (Historical Financial Information) has been prepared.

20. The Disclosure Guidance and Transparency Rules

- 20.1 From Admission and for so long as the Company has any of its share capital admitted to trading on the main market of the London Stock Exchange, or any successor market or any other market operated by the London Stock Exchange, every Shareholder must comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules (as amended and varied from time to time) of the FCA Handbook.
- 20.2 Under the Disclosure and Transparency Rules, a shareholder is required to notify the Company of the percentage of its voting rights if the percentage of voting rights which it holds (directly or indirectly) reaches, exceeds or falls below three per cent. and each one per cent. threshold thereafter up to 100 per cent. DTR 5 provides that disclosure by a Shareholder to the Company must be made within two trading days of the event giving rise to the notification requirement and the Company must release details to a regulatory

information service as soon as possible following receipt of a notification and by no later than the end of the trading day following such receipt.

Shareholders are urged to consider their notification and disclosure obligations carefully as a failure to make the required disclosure to the Company may result in disenfranchisement.

21. Mandatory bids, squeeze out and sell out rules relating to the Shares

Other than as provided by the Takeover Code and Chapter 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Shares.

“Interests in shares” is defined broadly in the Takeover Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

“Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the Takeover Code to be acting in concert with each other unless the contrary is established.

21.1 Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Takeover Panel, to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights in the Company. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

21.2 Squeeze out

Under the Companies Act, if an offeror were to acquire 90 per cent. of the Shares within four months of making the offer, it could then compulsorily acquire the remaining ten per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks from the date of this notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Companies Act would in general be the same as the consideration that was available under the takeover offer.

21.3 **Sell out**

The Companies Act also gives minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of the shareholder's right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

21.4 **Rule 9 disclosures**

Under the Takeover Code, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies (such as the Company) will generally be presumed to be acting in concert with each other.

Details of the Concert Party are set out in paragraph 3 of Part VIII (Directors, Senior Management and Corporate Governance). On the basis of information provided to the Takeover Panel by the Company, the Takeover Panel has agreed that the Executive Directors are presumed to be part of the Concert Party. On the basis of information provided to the Takeover Panel by the Company, the Takeover Panel has agreed that, notwithstanding such presumption, the Concert Party on the one hand, and the Executive Directors (or any of them), on the other hand, will not be presumed to be acting in concert with each other.

21.5 **Company redeeming or purchasing its own shares**

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the Directors is such that the person is, or is presumed to be, concert parties with any of the Directors. However, there is no presumption that all the Directors (or any two or more directors) are concert parties solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders' authority for any such purchase.

The Harwood Shareholders will not fall within the exception in Note 1 to Rule 37 in that they have the right to appoint a non-executive director to the Board of the Company pursuant to the Relationship Agreement (as described in paragraph 13.15 of this Part XV (Additional Information)).

Under Note 2 on Rule 37 of the Takeover Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when they had reason to believe that such a purchase of their own shares by the company would take place. Note 2 will not normally be

relevant unless the relevant person knows that a purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).

21.6 Other disclosures relating to Shareholders

Other than as described in paragraph 8 of this Part XV (Additional Information) the Company is not aware of any persons who, as at the date of this Prospectus and immediately after Admission, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

As of Admission, the Shares will be the only class of share capital of the Company. All Shareholders will have equal voting rights and none of the Existing Shareholders will have different voting rights.

22. General

- 22.1 The expenses relating to the Admission and Offer, including the UKLA listing fee, professional fees and expenses and the costs of publication and distribution of documents are estimated to amount to £2.5 million (excluding VAT) and are payable by the Company. The Selling Shareholders have agreed to pay their expenses in connection with the Offer, which are approximately £0.67 million, as well as any stamp duty or SDRT chargeable on the sale of their Shares.
- 22.2 The auditors of the Operating Group for 52 week period ended 28 December 2014, the 52 week period ended 27 December 2015 and the 53 week period ended 1 January 2017 were PwC, whose address is 1 Embankment, London WC2N 6RH.
- 22.3 Numis has given and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion herein of its name and references to it in the form and context in which they appear.
- 22.4 PwC is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of the reports in Section A and Section C of Part XI (Historical Financial Information) and the report in Section B of Part XII (Unaudited Pro Forma Financial Information), in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 22.5 The financial information contained in this Prospectus does not amount to statutory accounts within the meaning of section 434(3) of the Companies Act. There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 22.6 The Company confirms that where information in this Prospectus has been sourced from a third-party, the source of this information has been provided, the information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading as at the date of this Prospectus.

23. Documents available for inspection

23.1 Copies of the following documents are available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission:

23.1.1 the Articles;

23.1.2 the written consents referred to in paragraphs 21.3 and 21.4 of this Part XV (Additional Information);

23.1.3 the reports from PwC set out in Section A and Section C of Part XI (Historical Financial Information) and Section B of Part XII (Unaudited Pro Forma Financial Information); and

23.1.4 this Prospectus.

In addition, copies of this Prospectus are available on the Company's website www.tegplc.co.uk.

Dated: 12 April 2017

PART XVI

DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context otherwise requires:

2010 PD Amending Directive	EU Directive 2010/73/EU, which amended the Prospectus Directive
ABS Leisure	ABS Leisure Limited a limited company incorporated in England and Wales with registered number 02445382 whose registered office is at Cardinal House 46-48 Saint Nicholas Street, 46-48 Saint Nicholas Street, Ipswich, Suffolk IP1 1TT
Act or Companies Act	the Companies Act 2006, as amended from time to time
Adjusted EBITDA	earnings before income, tax, depreciation and amortisation adjusted for exceptional items
Admission	the admission of the Shares to the premium listing segment of the Official List and to trading on the LSE's main market for listed securities
AIM	the AIM market of the London Stock Exchange
Articles or Articles of Association	the articles of association of the Company adopted on 15 March 2017
Associates	has the meaning given to it in Appendix 1 of the Listing Rules
Audit Committee	the audit committee of the Company established by the Board
Auditors	PwC, being the Group's auditors
Board or Directors	the directors of the Company at the date of this Prospectus, whose names are set out on page 59 of this Prospectus
Bowlplex	Bowlplex Limited a limited company incorporated in England and Wales with registered number 01250332 whose registered office is at Focus 31 West Wing Cleveland Road, Hemel Hempstead Industrial Estate, Hemel Hempstead, Hertfordshire, England, HP2 7BW
Business Day	any day on which banks are open for business in London (excluding Saturday and Sunday)
CAGR	compound annual growth rate
Chairman	Nick Basing (or his successor in the event Nick Basing ceases to be the non-executive chairman of the Company)
CMA	Competition and Markets Authority
Company or Issuer	Ten Entertainment Group plc a public company incorporated in England and Wales with registered number 10672501 whose registered office is Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ

Company Share Option Plan	the Ten Entertainment Group plc Company Share Option Plan adopted and approved by the Board on 12 April 2017, as amended from time to time
Concert Party	the Harwood Shareholders, Nick Basing and Christopher Mills
CREST	the UK-based computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by Euroclear United Kingdom & Ireland Limited in accordance with the CREST Regulations
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
CRM	customer relationship management
DTR or Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA acting in its capacity as the UKLA in relation to the disclosure of information by an issuer whose financial instruments are admitted to trading on a regulated market in the United Kingdom
EBITDA	earnings before interest, tax, depreciation and amortisation
EEA	the European Economic Area
Essenden	Essenden Limited a limited company incorporated in England and Wales with registered number 06838368 (previously called Essenden plc) whose registered office is at St Georges House, 5 St. Georges Road, London, England, SW19 4DR
EU	the European Union
Executive Directors	Alan Hand, Mark Willis and Graham Blackwell
Existing Shares	the Shares in issue at the date of this Prospectus
Existing Shareholders	Shareholders as at the date of this Prospectus
Existing Share Capital	the issued ordinary share capital of the Company as at the date of this Prospectus and on Admission
FCA or Financial Conduct Authority	the Financial Conduct Authority of the UK, the statutory regulator under FSMA
FCF Conversion	calculated as operating cash flow excluding exceptional items less maintenance capex and finance lease payments relating to Namco amusement machines, expressed as a percentage of EBITDA
Fourth Hospitality	Fourth Limited (formerly Fourth Hospitality Limited) a limited company incorporated in England and Wales with registered number 03887115 whose registered office is at 90 Long Acre, Covent Garden, London, WC2E 9RA
FSMA	the Financial Services and Markets Act 2000, as amended
FY2014	the 52 week financial period ended 28 December 2014
FY2015	the 52 week financial period ended 27 December 2015

FY2016	the 53 week financial period ended 1 January 2017
Georgica	Georgica Limited a limited company incorporated in England and Wales with registered number 04039562 whose registered office is at 90 Long Acre, Covent Garden, London, WC2E 9RA
Group	prior to 7 August 2015, Essenden and its consolidated Subsidiaries, thereafter until 12 April 2017, IBEL and its Subsidiaries and from 12 April 2017, unless the context otherwise requires, the Company and its Subsidiaries from time to time
Harwood	Harwood Capital LLP a limited liability partnership incorporated in England and Wales with registered number OC304213 whose registered office is at 6 Stratton Street, London, W1J 8LD
Harwood Capital Nominees	Harwood Capital Nominees Limited a limited company incorporated in England and Wales with registered number 08370052 whose registered office is at 6 Stratton Street, London, W1J 8LD
Harwood Funds	certain discretionary investment management and/or advisory clients of Harwood, being TPE III, HPE IV, NASCIT, Oryx and Harwood Capital Nominees
Harwood Shareholders	the Principal Selling Shareholders that will continue to hold Shares upon and following Admission, being NASCIT, Oryx and Harwood Capital Nominees
Historical Period	FY2014, FY2015 and FY2016
HMRC	HM Revenue and Customs
HPE IV	Harwood Private Equity IV L.P. a limited partnership incorporated in England and Wales with registered number LP016260 whose registered office is at 6 Stratton Street, London, W1J 8LD
IBAL	Indoor Bowling Acquisitions Limited a limited company incorporated in England and Wales with registered number 09332958 whose registered office is at St Georges House, 5 St. Georges Road, London, England, SW19 4DR
IBEL	Indoor Bowling Equity Limited a limited company incorporated in England and Wales with registered number 09614648 whose registered office is at St Georges House, 5 St. Georges Road, London, England, SW19 4DR
IFRS	the International Financial Reporting Standards, as adopted by the EU
Independent Directors	means the Directors of the Company (from time to time) who are considered by the Board to be independent, applying the definition of independence set out in section B.1.1 of the UKCG Code
Independents	ten-pin bowling operators than only operate one ten-pin bowling site

ISIN	International Securities Identification Number
KPI or KPIs	key performance indicator(s)
LAS	the Group's bespoke lane arrangement system
Like for Like	a measure of growth of sales adjusted for new or divested Sites over a 52 week trading period
Listing Rules	the listing rules made by the FCA under Part VI of FSMA acting in its capacity as the UKLA
Lisbon Treaty	the Treaty of Lisbon, amending the treaty on European Union and the treaty establishing the European Community (2007/C 306/01)
LSE or London Stock Exchange	London Stock Exchange plc (a public limited company registered in England and Wales with company number 02075721)
Major Multiples	ten-pin bowling operators (including the Group, Hollywood Bowl, MFA Bowl, Big Apple and Namco Funscape) who operate between 5 and 55 sites
Management Selling Shareholders	Nick Basing, Alan Hand, Mark Willis and Graham Blackwell
Market Abuse Regulation or MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council
Member States	member states of the EU
Money Laundering Directive	Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing)
Namco	Bandai Namco Amusement Europe Ltd a limited company incorporated in England and Wales with registered number 05980845 whose registered office is at 37-39 Kew Foot Road, Richmond, United Kingdom, TW9 2SS
NASCIT	North Atlantic Smaller Companies Investment Trust plc a company incorporated in England and Wales with registered number 01091347 whose registered office is at 6 Stratton Street, London W1J 8LD and whose shares are traded on the main market of the London Stock Exchange
Nomination Committee	the nomination committee of the Board
Non-Executive Director(s)	the non-executive directors of the Company being Nick Basing, David Wild, Rob McWilliam, Christopher Mills and Julie Sneddon
NPS	"Net Promoter Score", which is the Group's measurement of customer service
Numis	Numis Securities Limited, as the sole sponsor, financial adviser and bookrunner

Offer	the offer of the Offer Shares to certain institutional investors in the United Kingdom and elsewhere in offshore transactions outside the United States as defined in and made in reliance on, Regulation S, as described in Part XIII (<i>Details of the Offer</i>)
Offer Price	165 pence per Offer Share
Offer Shares	the Sale Shares
Offeree	each investor who applies to acquire Offer Shares under the Offer
Official List	the Official List of the FCA
Operating Free Cash Flow	EBITDA excluding exceptional items plus change in working capital and less maintenance capex and finance lease payments relating to Namco amusement machines
Operating Group	means, prior to 7 August 2015, Essenden and its Subsidiaries from time to time, and, thereafter, IBEL and its Subsidiaries from time to time
Oryx	Oryx International Growth Fund Limited a closed investment company registered and incorporated in Guernsey whose shares are traded on the main market of the London Stock Exchange with registered number GG28917
Overseas Shareholders	Shareholders with registered addresses outside the United Kingdom
Performance Share Plan	the Ten Entertainment Group plc Performance Share Plan adopted and approved by the Board on 12 April 2017, as amended from time to time
PIK Loan Note	has the meaning as set out in paragraph 13.2 of Part XV of this Prospectus.
Placing Agreement	the sponsor and placing agreement dated 12 April 2017 entered into between the Company, the Directors, the Selling Shareholders and Numis described in paragraph 13.14 of Part XV (<i>Additional Information</i>)
Principal Selling Shareholders	the Harwood Funds
Prospectus Directive	EU Prospectus Directive (2003/71/EC), and amendments thereto, including the 2010 PD Amending Directive and any relevant implementing measure in each Relevant Member State
Prospectus Directive Regulation	regulation number 908/2004 of the European Commission
Prospectus Rules	the prospectus rules made by the FCA, acting in its capacity as the UKLA, under Part VI of FSMA, as amended from time to time

PwC	PricewaterhouseCoopers LLP, a limited liability partnership incorporated in England and Wales with registered number OC303525 whose registered office is at 1 Embankment Place, London WC2N 6RH
Qualified Investors	persons in member states of the EEA who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospective Directive
Rays of Sunshine	Rays of Sunshine Children’s Charity, No. 1 Olympic Way, Wembley, Middlesex, with Registered Charity No. 1102529
RBS	Royal Bank of Scotland plc a company incorporated in Scotland with registered number SC090312 whose registered office is at 36 St Andrew Square, Edinburgh, EH2 2YB
R-Cubed	RCubed Ltd a company incorporated in England and Wales with registered number 05590349 whose registered office is at Gemini Centre, 136-140 Old Shoreham Road, Hove, BN3 7BD
Refinancing	the refinancing of the Group’s existing debt facilities with RBS as described in paragraph 13.17 of Part XV
Registrar	Computershare Investor Services PLC
Regulation S	Regulation S under the Securities Act
Relationship Agreement	the relationship agreement between the Company, the Harwood Shareholders and Numis dated 12 April 2017 and described in paragraph 13.15 of Part XV (<i>Additional Information</i>)
Relevant Member State	each member state of the EEA which has implemented the Prospectus Directive
Remuneration Committee	the remuneration committee of the Board
Reorganisation	the Group reorganisation described in paragraph 3 of Part XV (<i>Additional Information</i>)
Restricted Jurisdiction	Australia, Canada, Japan and the United States
Run Rate Performance	the performance that Senior Management expects a Site to reach following its integration into the Group pursuant to the ‘ <i>Tenpinisation</i> ’ strategy
Sale Shares	the 16,250,000 Existing Shares which are to be offered for sale by the Selling Shareholders at the Offer Price under the Offer
SDRT	stamp duty reserve tax
Securities Act	the US Securities Act of 1993, as amended
SEDOL	the Stock Exchange Daily Official List
Selling Shareholders	the Existing Shareholders, who sell Sale Shares pursuant to the Offer, being the Principal Selling Shareholders and the Management Selling Shareholders

Senior Managers or Senior Management	those persons who are set out as senior managers at paragraph 1.2 of Part VIII (Directors, Senior Management and Corporate Governance)
Share or Shares	the ordinary shares of £0.01 in the capital of the Company
Shareholder	a holder of Shares from time to time
Share Plans	the Performance Share Plan and the Company Share Option Plan
Sites	a ten-pin bowling site operated by Tenpin, together the Sites
Smaller Multiples	ten-pin bowling operators that operate between 2-5 ten-pin bowling sites
statutes	every statute (including any statutory instrument, order, regulation or subordinate legislation made under it) concerning companies that are incorporated in England and Wales to the extent that it is for the time being in force or (where the context requires) was in force at a particular time, including the Companies Act, the Insolvency Act 1986 and the CREST Regulations
Subsidiary	shall be construed in accordance with section 1159 of the Act (as amended) and Subsidiaries shall be construed accordingly
Support Centre	the Group's support centre based at Aragon House, University Way, Cranfield Technology Park, Cranfield MK43 0EQ
Takeover Code	the UK City Code on Takeovers and Mergers
Takeover Panel	the UK panel on Takeovers and Mergers
TEG Holdings	TEG Holdings Limited a private limited company incorporated in England and Wales with registered number 10632641 whose registered office is Aragon House, University Way, Cranfield Technology Park, Cranfield, Bedford MK43 0EQ
Tenpin	Tenpin Limited, a company incorporated in England and Wales with registered number 04789703 whose registered office is at St Georges House, 5 St Georges Road, London SW19 4DR
TOBC	The Original Bowling Company Limited a company incorporated in England and Wales with registered number 05163827 whose registered office is at Focus 31 West Wing, Cleveland Road Hemel Hempstead Industrial Estate, Hemel Hempstead, Hertfordshire, HP2 7BW
TPE III	Trident Private Equity Fund III L.P., a limited partnership incorporated in England and Wales with registered number LP013270 whose registered office is at 6 Stratton Street, Mayfair, London, W1J 8LD
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland

UKCG Code or UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council, as amended
UKLA	the UK Listing Authority which is the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
uncertificated or in uncertificated form	shares recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of an instruction issued in accordance with the rules of CREST
US, USA or United States	the United States of America, its territories and possessions, any state in the United States, the District of Columbia and all other areas subject to its jurisdiction
VAT	UK value added tax
£	pound sterling, the lawful currency of the UK



ENTERTAINMENT GROUP PLC

Ten Entertainment Group plc

Aragon House
University Way
Cranfield Technology Park
Cranfield
Bedford
MK43 0EQ

+ 44 2034 410 700
www.tegplc.co.uk