HBG

Results presentation

Hollywood Bowl Group plc

Half Year Results FY2024

Agenda

Stephen Burns

Chief Executive Officer

- H1 FY2024 highlights
- Operational progress
- Canadian expansion
- Summary and outlook

Laurence Keen

Chief Financial Officer

- H1 FY2024 financial performance
- Capital investment update
- Property update

H1 FY2024 Group financial highlights

Total revenue
£119.2m
(H1 FY2023: £110.2m)

Total revenue growth
+8.1%
(H1 FY2023: +20.7%)

UK LFL revenue growth[1]
+1.3%
(H1 FY2023: +3.5%)

Canada centres LFL revenue growth
+8.0%
(H1 FY2023: NA)

Group adjusted EBITDA pre-IFRS16[2]
£38.6m
(H1 FY2023: £35.1m)

UK CAGR LFL revenue growth over past 5 years
+5.9% p.a.

Adjusted earnings per share
13.60 pence
(H1 FY2023: 12.80 pence)

Adjusted profit after tax
£23.3m
(H1 FY2023: £21.9m)

Interim dividend (per share)
3.98 pence
(H1 FY2023: 3.27 pence)

Net cash
£41.4m
(H1 FY2023: £44.1m)

1 LFL calculations exclude the reduced rate (TRR) of VAT on bowling impact and includes all revenue for centres that were open for the same period in H1 FY2022. Group revenue in H1 FY2022 included a total of £8.8m relating to TRR of VAT on UK bowling. £5.8m of this was in respect of prior years and £3.0m for FY2022. FY2023 includes £0.2m in respect of TRR of VAT. Spend per game calculations also exclude TRR of VAT on bowling (prior periods and FY2022 benefit).

2 Group adjusted EBITDA is calculated as statutory profit plus depreciation, amortisation, loss of disposal of property, ROU assets, plant and equipment and software and any exceptional costs or income and is shown on a pre-IFRS 16 basis.

H1 FY2024 Group operational highlights

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Group capital invested (inc. acquisitions)

£23.5m

UK centres acquired/opened

1

Centres acquired in Canada

2

Average UK refurbishment ROI

50%+

UK centres with solar installs

27 → 29

(FY2023)

UK Net Promoter Score

60% → 67%

(FY2023)

UK centres refurbished/rebranded

3

Signed UK new centre pipeline

3

Signed Canada new centre pipeline

2

UK LFL spend per game increase[1]

3.2%

UK centres with Pins on Strings

86% → 90%

(FY2023)

Best UK Big Companies To Work For Ranking

#12

VERY GOOD TO WORK FOR 2024 cert.b.co.uk

1 Spend per game calculations exclude TRR of VAT on bowling (prior periods and FY2022 benefit).

Organic and investment led growth strategy

Constant focus on enhancing the customer experience

Increasing customer spend and dwell time

Investing in technology to unlock growth

Growing market share through customer engagement

Broadening the appeal to new customers

Enhancing and expanding a high quality, profitable estate

4-6 new Group centres on average per year

Rolling refurbishment programme

Leveraging indoor leisure experience

Strategic, profit enhancing acquisitions

Financial review

Strong H1 FY2024 Group financial performance

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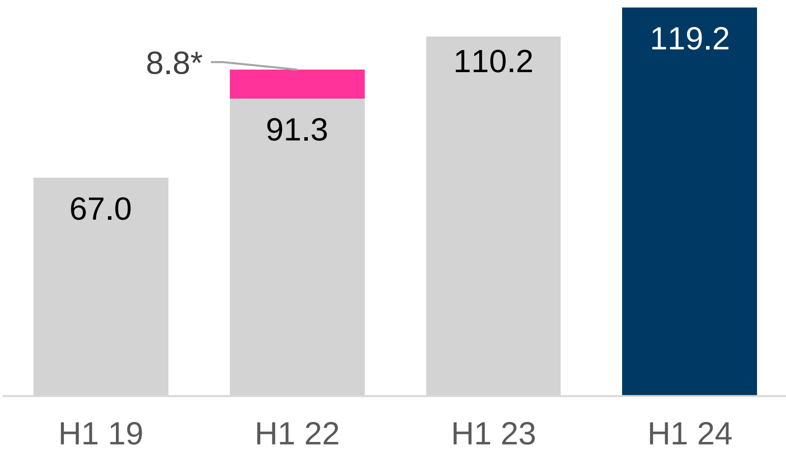
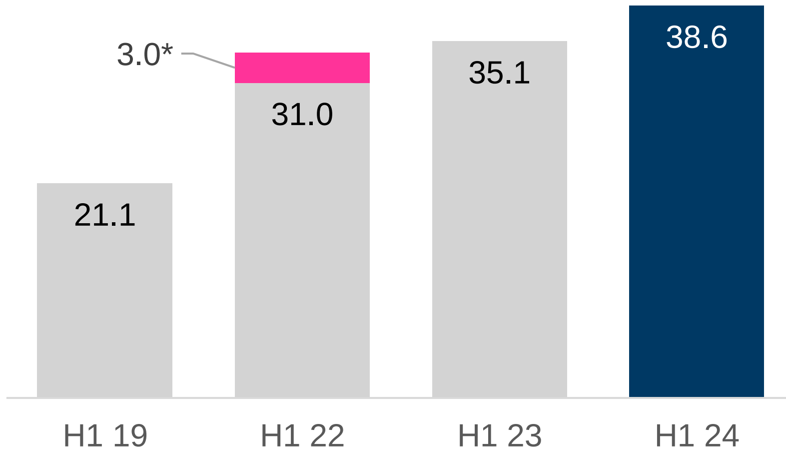
Revenue (£m)

+8.1% vs H1 FY2023



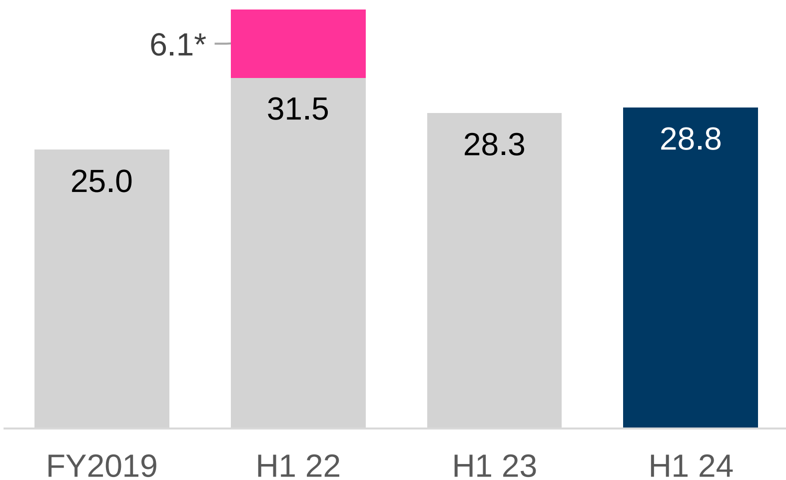
Group Adjusted EBITDA** pre-IFRS 16 (£m)

+10.0% vs H1 FY2023



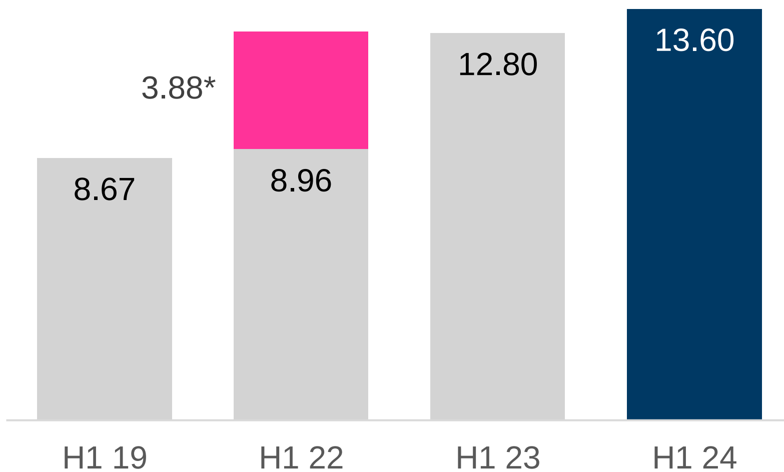
Statutory Operating Profit Margin (%)

+ 0.5%pts vs H1 FY2023



Adjusted Earnings Per Share (Pence)

+6.2% vs H1 FY2023

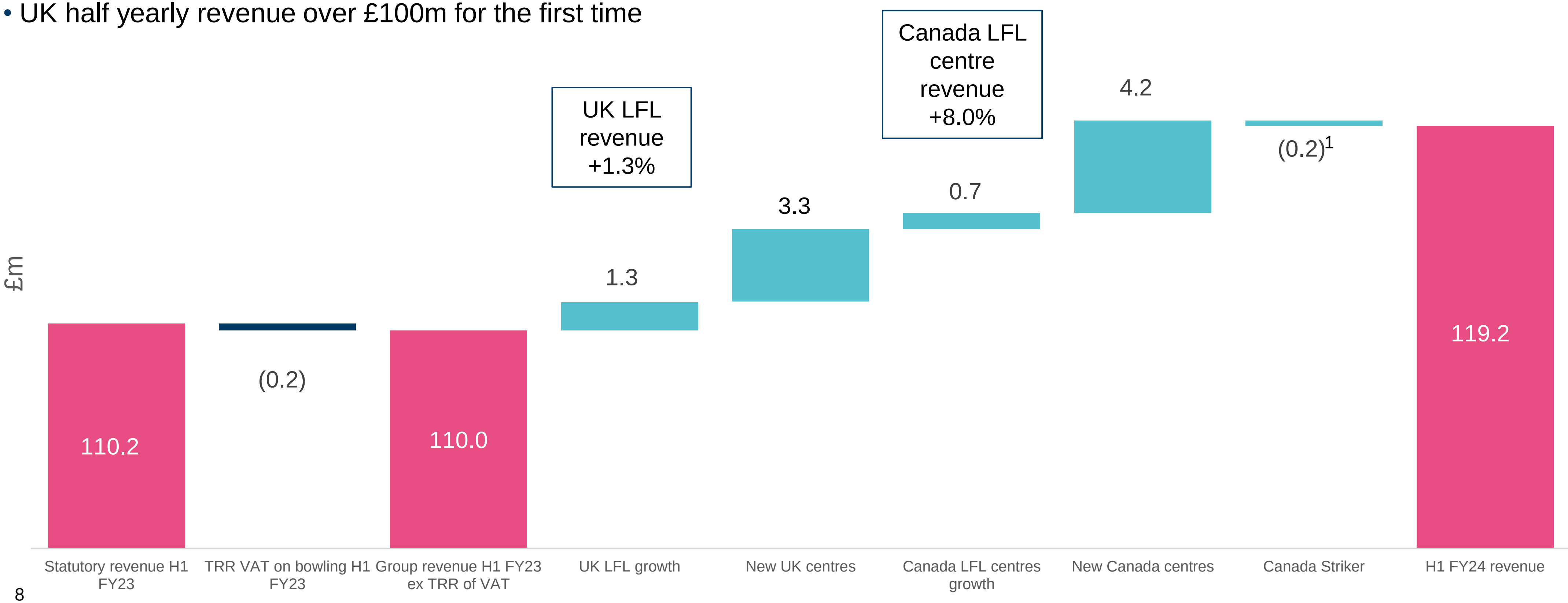


*Group revenue in H1 FY2022 included a total of £8.8m relating to the reduced rate (TRR) of VAT on bowling. £5.8m of this was in respect of prior years and £3.0m for H1 FY2022. FY2023 includes £0.2m in respect of TRR of VAT. H1 FY2022 consolidated income statement included the following in respect of TRR of VAT on bowling in the UK: Revenue £8.8m, gross profit £8.8m, administrative expenses £0.1m, Group adjusted EBITDA £3.0m, Group profit before tax £8.8m, Group profit after tax of £6.6m and Group adjusted profit after tax of £6.6m.

**Group adjusted EBITDA is calculated as statutory profit plus depreciation, amortisation, impairments, loss of disposal of property, ROU assets, plant and equipment and software and any exceptional costs or income and is shown on a pre-IFRS 16 basis.

Record Group revenue performance

- Group record revenue of £119.2m up 8.1% vs H1 FY2023
- UK LFL revenue growth of 1.3%
  - ➢Games played -1.8%
  - ➢Spend per game +3.2%
  - ➢UK CAGR LFL growth 5.9% p.a. over last 5 years
- UK new centre performance in line with expectations
- UK half yearly revenue over £100m for the first time
- Total Canada revenue growth of 46.9%
- Canada LFL revenue growth of 8.0%
  - ➢Games played +0.5%
  - ➢Spend per game +7.5%
- Canada acquired centre performance in line with expectations



1. See page 21 for further detail

Record Group EBITDA performance

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(£m)	**H1 FY2024**	H1 FY2023	Movement vs H1 FY2023
Revenue	**119.2**	110.2	+8.1%
Gross profit on cost of goods sold	**99.4**	91.3	+8.9%
Gross profit % on cost of goods sold	**83.4%**	82.8%	+60bps
Administrative expenses	**48.5**	44.5	+9.3%
Corporate costs	**12.3**	11.7	+5.5%
Group adjusted EBITDA pre-IFRS 16	**38.6**	35.1	+10.0%
Group adjusted EBITDA % pre-IFRS 16	**32.4%**	31.8%	+60bps
Add back Property Rent	**9.7**	8.8	+10.1%
Group adjusted EBITDA post-IFRS 16	**48.3**	43.9	+10.0%
Exceptional items	**1.2**	0.9	+33.1%
Depreciation and interest on ROU assets	**10.9**	9.9	+9.8%
Depreciation and amortisation	**7.3**	6.5	+11.4%
Net finance expenses / (income)	**(0.6)**	(0.2)	+200.0%
Profit before tax	**29.5**	26.7	+10.5%
Adjusted profit before tax	**30.9**	27.7	+11.7%
Adjusted profit after tax	**23.3**	21.9	+6.5%
Adjusted earnings per share (pence)	**13.60**	12.80	+6.2%

- Total revenue up 8.1% on H1 FY2023
- Gross profit margin 83.4% in line with management expectations
  - UK GP margin at 83.9%
  - Canadian GP margin at 80.0%
- Administrative expenses up 9.3% to £48.5m
  - Employee costs up 8.7% to £22.3m (UK £18.5m)
  - Total property costs £20.6m (UK £18.7m)
  - Utilities in UK up £1m (hedge sell off in FY2023)
- Record adjusted EBITDA pre-IFRS 16 of £38.6m
  - UK EBITDA pre-IFRS 16 £34.2m
  - Canada EBITDA pre-IFRS 16 £4.4m
- Effective rate of tax of 25.7% (up 3.9%pts)
- Adjusted EPS up 6.2% to 13.60 pence

Mitigating UK inflationary pressures

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Well insulated from inflationary pressures

- 72% revenue has no cost of goods inflation
- Labour costs account for <19% of revenue at centre level
    - ➢ Low % to revenue in comparison to rest of hospitality
    - ➢ UK NLW increase in April 2024 – 9.6% impact year on year

Energy costs forward managed

- Benefitted in FY2023 of over-hedge sell off by £1.0m credit
- New UK hedge signed to end of FY2027 with increases of £1.0m (30%+) for FY2025
- Installed a further 1,824 solar panels in H1
- Target of 31 UK centres with solar installations by year end

Property costs well controlled

- Business rates rebates in H1 FY2024 of £0.9m – underlying +4.9%
- LFL rent increases less than 2%
- 4 out of 7 rent reviews agreed at nil increase
- Capital cost inflation starting to level out

Strong Group trading driving free cash flow

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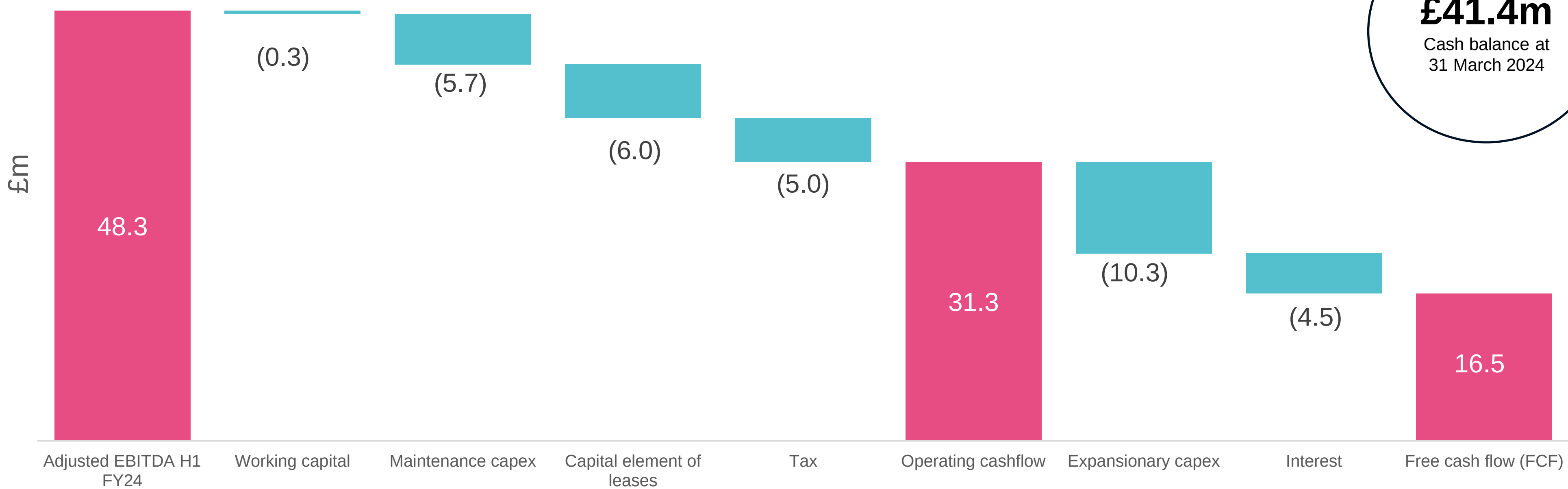
Free cash flow

- Group adjusted operating cash flow of £31.3m
- Continued maintenance capital investment of £5.7m
- 3 UK refurbishments / rebrands completed for £5.7m
- Net new centre spend of £4.8m
- Generated free cash flow of £16.5m

Free cash flow utilisation

- Total dividend (incl. special) payments of £19.4m
- Three centres acquired in H1 FY2024
  - ➢Hollywood Bowl Lincoln £4.4m
  - ➢Splitsville Guelph and Riverport CAD 5.2m (£3.2m)
- Net cash decrease of £11.0m in H1, in line with expectations
- Robust balance sheet offering significant capital flexibility

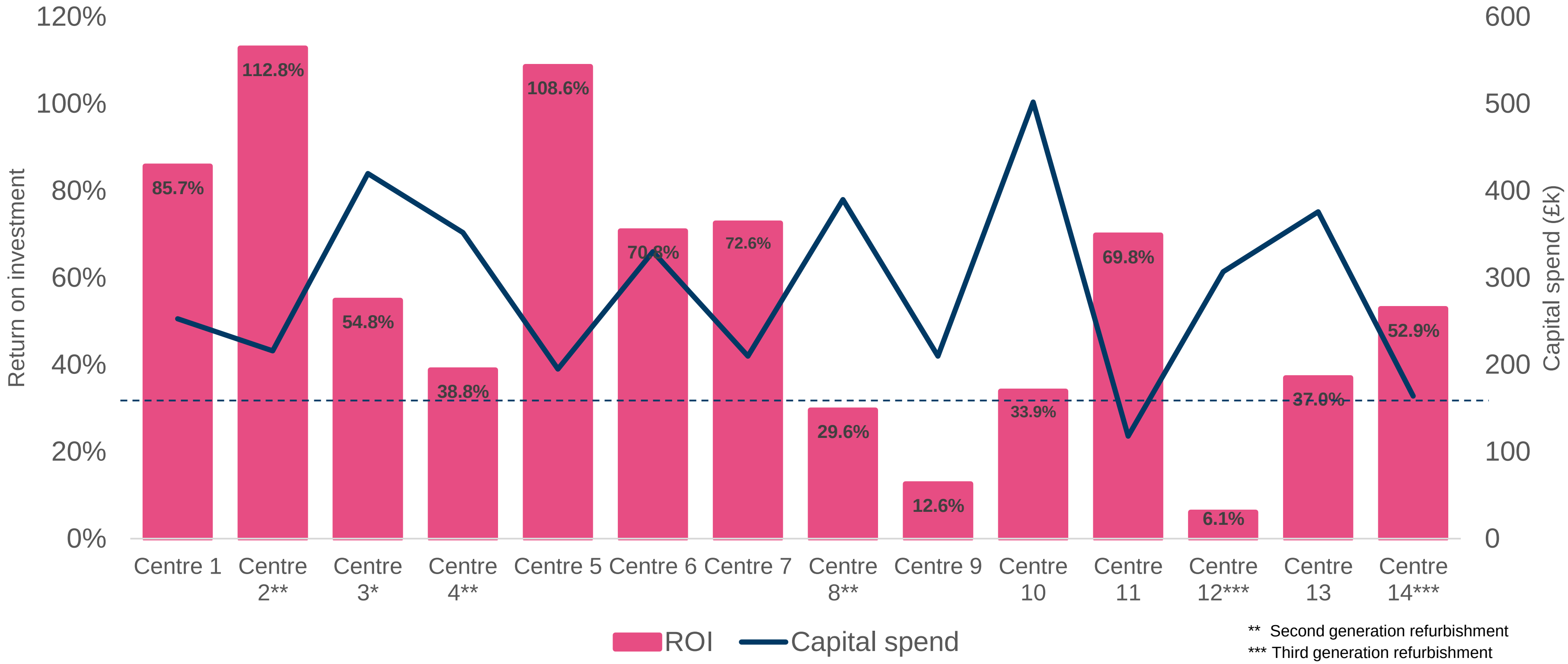


£41.4m
Cash balance at 31 March 2024

UK refurbishments continue to deliver above target hurdle rates

- 3 refurbishments completed during H1
- Spend per game performance +11.2%
- Lineage +2.9%
- NPS scores increase by over 3%pts post refurbishment
- Space optimisations support increased amusement spend
- Investment in ancillary offerings – mini-golf and duckpin
- 2nd and 3rd generation refurbishments continue to generate attractive returns
- Plan for at least 4 further refurbishments in FY2024

Average payback over 50% for last 14 refurbishments (incl. 2nd/3rd generation)



** Second generation refurbishment
*** Third generation refurbishment

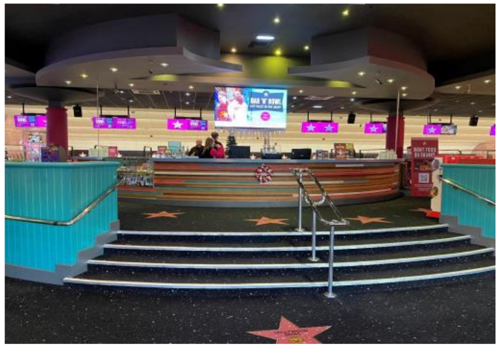
Asset optimisation – Stockton Hollywood Bowl

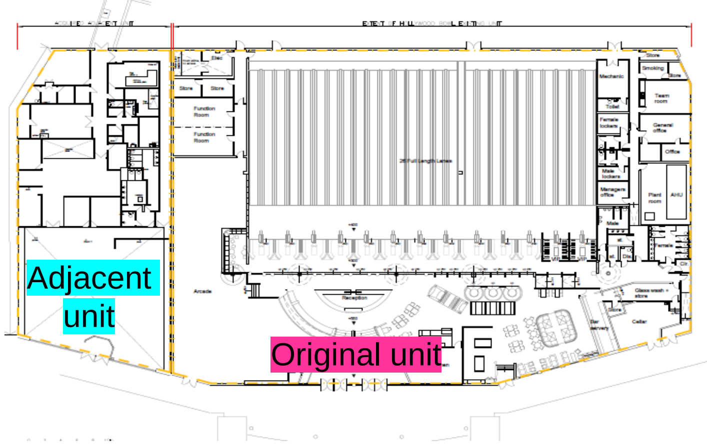
The opportunity

- New lease and extending to adjacent building
- Investment included:
  - 2nd generation external and internal refurbishment
  - Extra lanes and mini-golf course
  - Extended amusements offer
  - Upgraded internal digital screens

Investment rationale

- £1.9m cost of fit out
- 33% business case ROI
- 12 week fit out
- Project finished in March 2024
- Record trading levels since completion





Strong new centre UK pipeline

Excellent track record of developing new centres in quality locations

- Strong catchment areas are key to delivering long term sustainable EBITDA

Further progress with new centres

- Lincoln Bowl acquired in October 2023 and rebranded to Hollywood Bowl
- Refurbishment completed in April 2024
- Excellent customer feedback and trading in line with expectations
- Dundee opened in May 2024 next to No.1 cinema location

Growing the UK pipeline

- Two further new centres due to open in UK by year end
- Strong pipeline for FY2025 and beyond

FY2024 new centre target **4**

FY2025 new centre target **4**

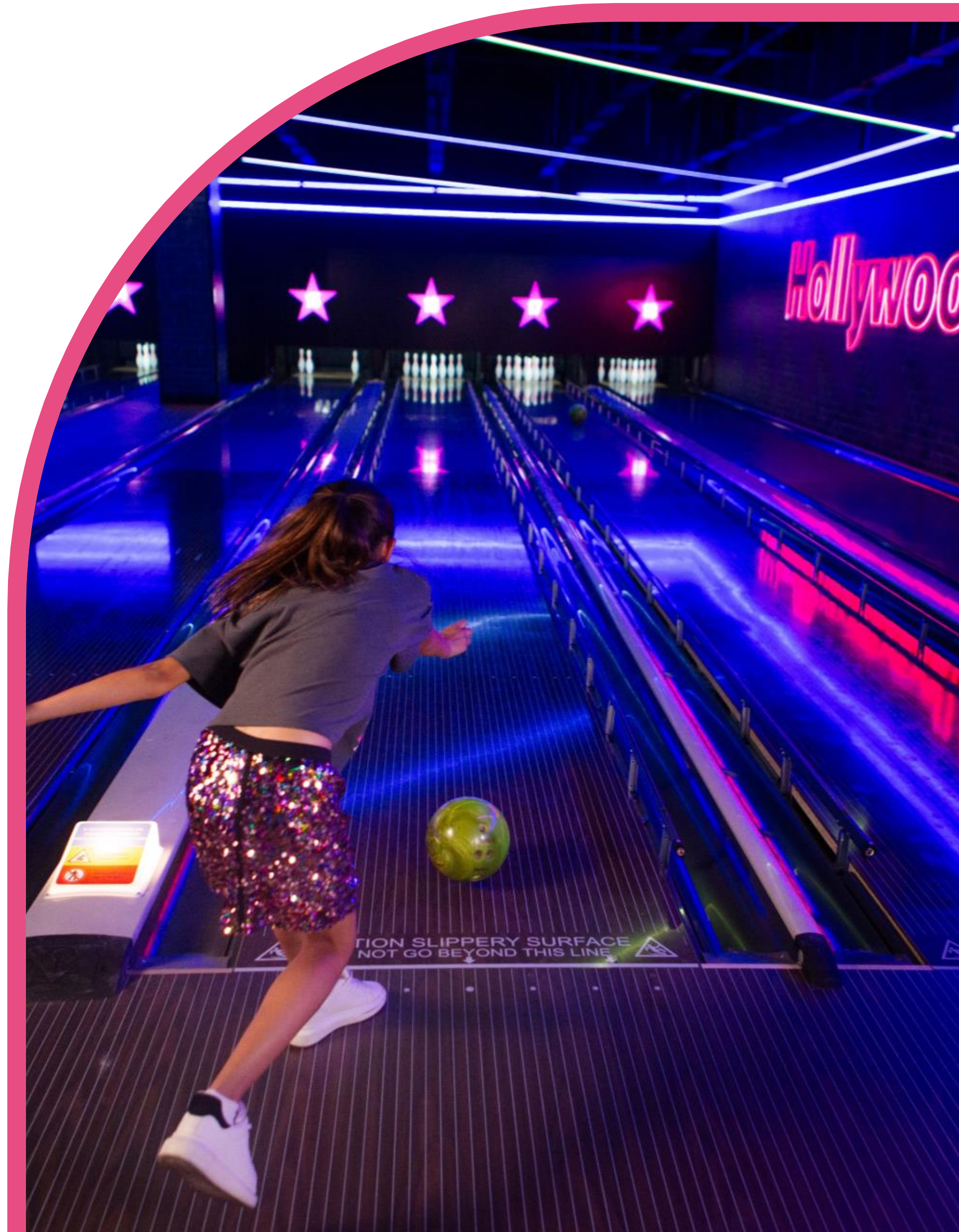
New UK centre case study – Merry Hill

Excellent location that met our strict investment criteria

- Merry Hill shopping centre includes high performing cinema and new leisure area being developed
- Strong local population: 1m households within 16 min drivetime
- Indexes at 110 in key Acorn categories that drive success in Hollywood Bowl centres

Investment rationale

- 19 week fit out, opened September 2023
- £3.8m cost of fit out: (£103 per sq. ft)
- First centre to feature new brand identity
- Projected ROI of 40% on gross capital spend



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Driving our growth strategy

Investment in the UK customer experience

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Ongoing investment in core offer

- Pins on Strings now in 90% of UK estate – improved customer experience and reduced operational costs
- High games per stop maintained in Pins on Strings centres
- Music, digital and lighting to enhance and vary atmosphere by time of day
- Introduction of mini-golf to extend offer in Stockton and Leeds Hollywood Bowl centres
- Record NPS levels in H1 at 67% (+6.7%pts YOY)

Best in class amusements

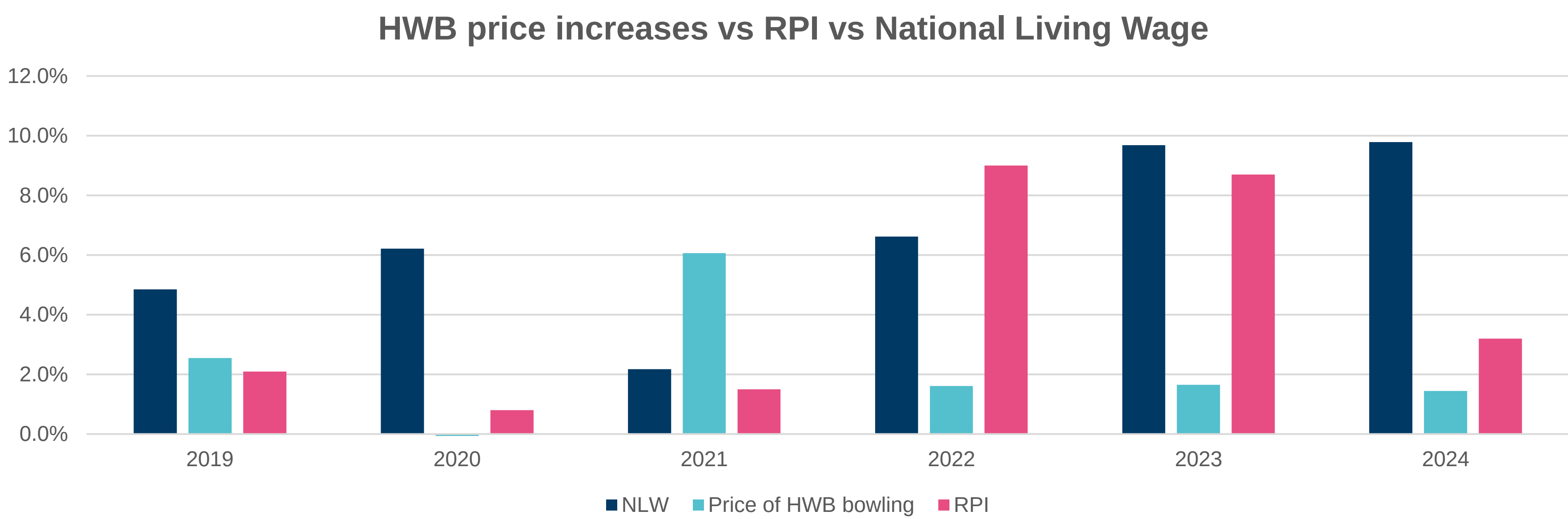
- £1.5m invested across the estate enhancing the quality of offer with new machines
- 18% of new machines added are more than £1 per play price point
- Increased density of machines with 40 machines added in last three refurbishments
- New payment options and with increased price of play on selected machines
- Improving games area standards and reliability through our amusement training academies
- 4.5% increase in YOY Amusements SPG

Value, quality F&B - served fast

- Continued focus on a simple menu that is easy to deliver
- Enhanced snacks and sharers menu including loaded fries
- 87% of customers satisfied with drinks speed of service
- 21% of food and drink revenue from lane sales and ordering technology
- Value for money scores for food and drink have increased by 2%pts YOY
- Team focus on driving profit and enhancing the customer experience through upsells
- 3.0% increase in YOY Bar SPG
- 8.7% increase in YOY Diner SPG

Maintaining an affordable, value for money proposition

- Offering “affordable fun” is core to the Group’s purpose and management is focused on keeping price levels accessible
- The relative price of a game at Hollywood Bowl has fallen since 2021 with only small annual increases applied
- Dynamic pricing and preferential shoulder pricing support yield returns
- Limited exposure to inflationary pressures - key food menu items have only had small increases applied with many in line with 2019 prices
- Value for money customer feedback scores at record levels in H1, up 4%pts YOY
- Hollywood Bowl remains the lowest price branded bowling operator with a family of four able to bowl for less than £25



Upgraded technology to support next stage of Group growth

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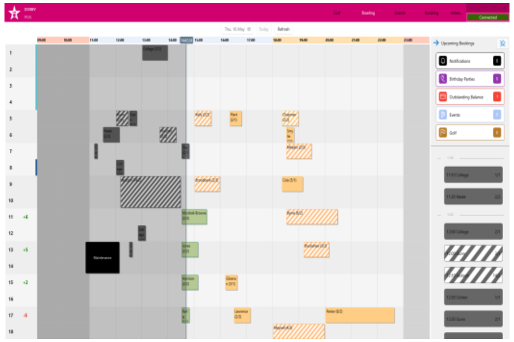

New core reservations system

- Developed in-house
- De-risked reliance on 3rd party partners and legacy system
- Scalable, flexible platform with enhanced security
- Connected to operational and marketing systems
- A core enabler of Group growth plans and enhanced digital capabilities

Successful UK pilot

- Increased performance and reliability
- Improved speed of customer and team member interactions
- Significant reduction in processing and hosting costs compared to legacy system

UK implementation

- Installed in UK bowling centres and Customer Contact Centre in April – June 2024

Canada rollout

- Introduction into the Splitsville estate in late H2
- New Group IT and marketing team structure to better support territory teams

Future roadmap

- Group product roadmap created to test and refine new functionality; including self-service features
- Faster to market with new features
- Ability to integrate with best of breed external software

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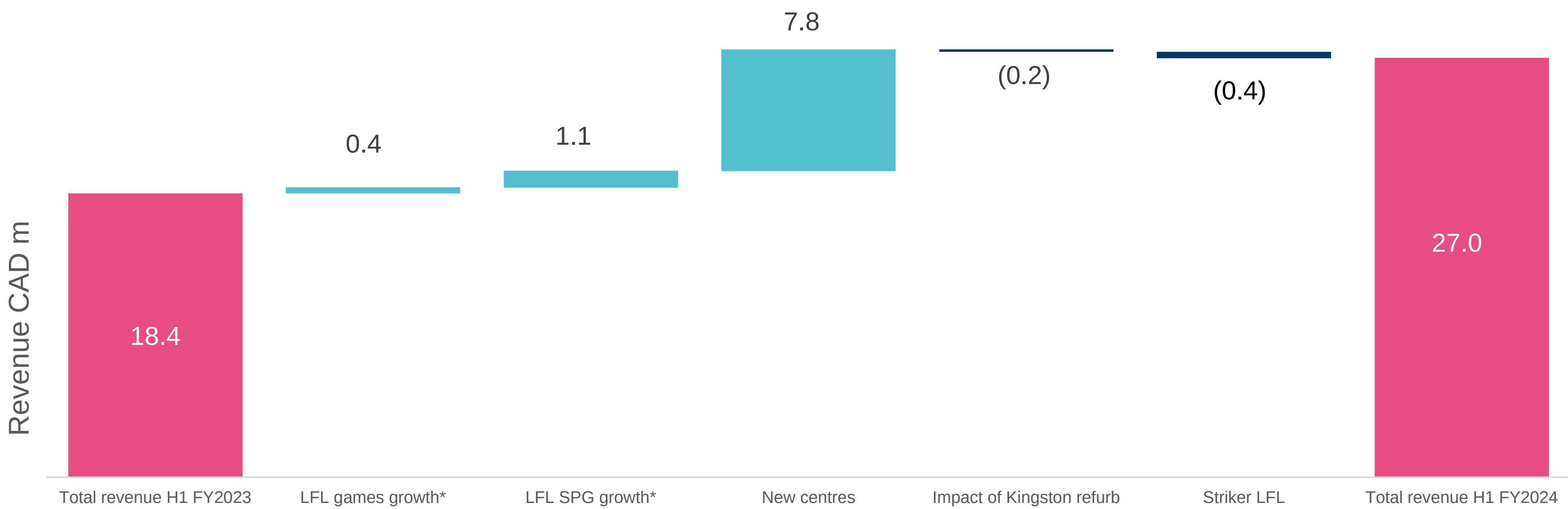
Canada

Strong trading in Canada driving revenue and EBITDA growth

- LFL revenue strong at 8.0% in Splitsville centres
  - »SPG +7.5%
  - »Volume +0.5%
- New centres trading well
  - »Calgary centres trading well – payback over 30% with no refurbishments completed
  - »Guelph and Riverport in line with expectations
- Kingston refurbishment delayed due to construction challenges
- Processes and procedures are driving cost control
  - »Centre level gross profit margin 84% (+1%pt vs H1 FY2023)
  - »Payroll at 24% (improved by 2%pts vs H1 FY2023)
- Centre level EBITDA pre-IFRS 16 CAD 10m (+CAD 4.2m vs H1 FY2023)
- Striker LFLs down due to a combination of phasing and Splitsville intercompany



Significant progress made in H1 FY2024

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Strong financial performance

- LFL revenue growth of 8.0% in Splitsville
- Centre level gross profit margin of 84% (83% in H1 FY2023)
- Centre level payroll at 24% (26% in H1 FY2023)
- Centre level EBITDA CAD 10.0m (+CAD 4m vs H1 FY2023)

H2 FY2024

- Investment into three refurbishments in H2 to support LFL growth
- Pins on Strings trial in two centres
- Focus on labour deployment to enhance guest experience

Operational success

- Investment in people with some roles filled by senior UK team
  - ➢Operations Director
  - ➢Centre Managers
  - ➢HR Business Partner
  - ➢Regional Manager West
- Utilising UK contact centre and new Canadian contact centre launched
- Brand rollout programme

H2 FY2024

- New reservation systems launching with pilot in July
- Dynamic pricing trial
- Continued sharing of UK best practice

Estate investment

- Purchased two centres in November 2023
- Kingston refurbishment due to complete June
- Waterloo new site due to open June
- Signed two greenfield centres, due to open in H1 FY2025

H2 FY2024

- Refurbishments in Calgary centres
- In legals on further pipeline centres across the country

Supporting the industry

- Investments into Splitsville centres saving Group CAD 1m
- Able to provide support to the industry and trial Pins on Strings initiative
- Striker revenues CAD 2.5m, EBITDA CAD 0.3m

H2 FY2024

- Strong order book for FY2024
- Investments into Splitsville centres
- Pins on Strings trial to identify key Canadian success criteria

FY2024 outlook

Group financial outlook for FY2024

Continued growth

- Modest UK LFL growth given beneficial weather in FY2023 and Euro 2024
- Full year effect of FY2023 new centres and refurbishments
- At least 3 centres to open in UK/Canada in second half

Well positioned against cost inflation elements

- NLW payroll (+9.6%) and business rates inflation (+6.0%) vs H2 FY2023
- Electricity usage costs hedged till end of FY2027
- Increased capital costs for new centres and refurbishments
- 72% of revenue not subject to cost of goods inflation
- Food revenue mix less than 9%
- Payroll ratio at less than 20%

Robust balance sheet enabling above target returns on investments

- 10 UK/Canada refurbishments in FY2024
- Continued investment in solar panels and Pins on Strings
- Total of c. £35m - £40m capital spend for FY2024
- Extended undrawn RCF by one year to December 2025

Group outlook for FY2024

Market leader with high quality, well-invested estate

- Leading operator in both UK and Canadian markets

Continued demand for affordable leisure experiences

- Volumes remain strong even when compared to a record FY2023
- Value for money offer in UK at less than £25 for a family of four
- Canada performing strongly and significant growth opportunity

Well-funded growth strategy supported by strong balance sheet

- UK and Canada new centre pipeline remains strong
- Longer term opportunity to grow Group estate to 130+ centres

Cash generative model enabling continued investment

- Development of customer proposition
- Rollout of new core reservation system
- Ongoing successful refurbishment programme

Capital allocation policy

- Focused on profitable growth and shareholder returns

Maintenance capital > Transformational refurbishments > New centres and acquisitions > Ordinary Dividend 55% of Adjusted PAT > Additional distributions to shareholders