

Hollywood Bowl Group plc

("Hollywood Bowl" or the "Group")

Trading update for the year ended 30 September 2022

Excellent operational and financial performance – investing in UK growth and international expansion

Hollywood Bowl Group, the UK's largest ten-pin bowling operator, today announces a trading update for the financial year ended 30 September 2022 (FY22).

The Group has continued its excellent momentum following a record first half with another period of strong trading and further growth.

Key highlights

Excellent FY performance¹

- Total revenue growth of 42.3 per cent compared to FY19 with total Group revenue of £184.9m for FY22, of which UK revenues were £178.7m² (FY21: £71.9m and FY19: £129.9m)
- LFL revenue growth of 28.3 per cent compared to FY19³
- The Group expects to report EBITDA⁴ growth (pre IFRS-16) in excess of 40 per cent compared to FY19 (£38.2m), ahead of market expectations

Attractive returns on investment and new centre pipeline progressing well

- 10 refurbishments and rebrands completed in the year
- Three new centres opened and trading well: Hollywood Bowl in Belfast, Birmingham Resorts World and Puttstars in Harrow
- 41 centres (65 per cent of UK estate) now have Pins on Strings with 15 installed during the year
- Two new centres (Hollywood Bowl Speke and Puttstars Peterborough) due to open in early FY23 with two new Hollywood Bowl centres due on site in FY23
- A further 10 centres targeted for opening before the end of FY25

Strong momentum in Canada following the acquisition of Teaquinn Holdings Inc. in May 2022

- Trading in line with expectations
- First new centre acquisition completed in Kingston, Ontario and the Splitsville brand acquisition pipeline continues to build
- First refurbishment expected to complete in H1 FY23
- The Group sees the opportunity to add up to 10 centres over the next five years, with the potential of at least a further 20 sites over the next 10 years

Continued balance sheet strength and flexibility

- Net cash at year end of £56m
- Undrawn £25m revolving credit facility in place

1. Financial performance for the year is compared to FY2019, the last normalised period of trading

2. Excludes any revenues relating to the reduced rate (TRR) of VAT for prior years (£5.8m) and FY2022 (£3.0m)

3. Excludes any revenues relating to TRR of VAT for prior years (£5.8m) and FY2022 (£3.0m). Including the impact of TRR of VAT for FY2022, LFL revenue growth was 30.5 per cent

4. Excludes any impact of TRR of VAT on EBITDA

The strong performance has been supported by resilient customer demand for experiential leisure during the year. Delivering a high quality, affordable and family friendly experience remains at the heart of the Group's strategy. The Group has continued to invest in enhancing the customer experience, resulting in a higher spend per game. The Group remained the lowest cost option of the major ten-pin bowling operators with a family of four able to bowl for under £22.

Investment in the team and rewarding them for their commitment and performance remains a core priority for the Group through an ongoing focus on initiatives to continue to attract and retain the very best talent. A sector-leading bonus scheme was introduced in the first half of the financial year for all team members, and in further recognition of their efforts, the Group was pleased to support its team members with a cost-of-living payment in the second half which totalled £1m.

The Group has continued to focus on controlling costs throughout the year and is well insulated from wider inflationary pressures. The Group's UK electricity costs are hedged to the end of FY24, and the Group's programme of solar panel installations has remained on track during the second half with a total of 22 centres now completed or under construction. Food and drink costs represent less than 10 per cent of overall costs and the Group has minimised its exposure to supply chain and food inflation through the simplification of its menus, allowing it to keep food and drink costs competitively low for customers, whilst maintaining a fast and efficient service. Labour costs account for less than 20 per cent of revenue at centre level.

The Group's balance sheet remains in a strong and flexible position with net cash of £56m and an undrawn £25m revolving credit facility in place to December 2024.

As a result of the Group's strong financial position and the strong returns from the ongoing investment programme, the Board was pleased to reintroduce the dividend for FY22, and the Group expects to pay a final ordinary dividend of at least 7.5 pence per share. A further update will be given in the Group's results announcement for the year ended 30 September 2022, on a date to be confirmed.

Stephen Burns, Chief Executive Officer, said:

"I'm delighted to report another period of strong financial and operational performance, demonstrating the success of our customer-led strategy and our excellent growth above pre-pandemic levels. Key to achieving this is our people and I am pleased that we have been able to recognise their outstanding contribution to these results through our incentive programme and being able to support them further with a cost-of-living payment.

"Although our customers are undoubtedly facing a number of challenges, I firmly believe that our great value for money offer will remain very attractive to families looking for high quality, affordable leisure experiences to enjoy together. We continue to invest in our customer experience and delivering the excellent value for money for which we are known.

"Looking ahead, we see a significant opportunity to grow our business to more than 110 centres across our three experiential leisure brands: Hollywood Bowl and Puttstars in the UK and Splitsville in Canada. Our strong balance sheet and cash generative business model, combined with our resilience to inflationary pressures will allow us to capitalise on this organic and international growth potential and continue to create value for all our stakeholders."

Enquiries:

Hollywood Bowl Group PLC

Stephen Burns, Chief Executive Officer
Laurence Keen, Chief Financial Officer
Mat Hart, Chief Marketing and Technology Officer

Via Tulchan Communications

Tulchan Communications

Elizabeth Snow
James Macey White
Laura Marshall

Hollywoodbowl@tulchangroup.com
+44 (0)20 7353 4200

Notes to Editors:

Hollywood Bowl Group plc

Hollywood Bowl Group is the UK's largest ten-pin bowling operator, with a high-quality portfolio of 73 centres operating across the UK and Canada under the Hollywood Bowl, AMF, Splitsville (Canada) and Puttstars (mini-golf) brands. The Group specialises in operating large, high quality bowling centres, predominantly located in out-of-town multi-use leisure parks (typically co-located with cinema and casual dining sites) and large retail parks. The centres are designed to offer a complete family entertainment experience with each centre offering bowling lanes or mini-golf courses alongside on-site dining, licensed bars, and state-of-the-art family games arcades.