Results presentation

Half Year Results H1 FY2022

Hollywood Bowl Group plc

Agenda

Stephen Burns

Chief Executive Officer

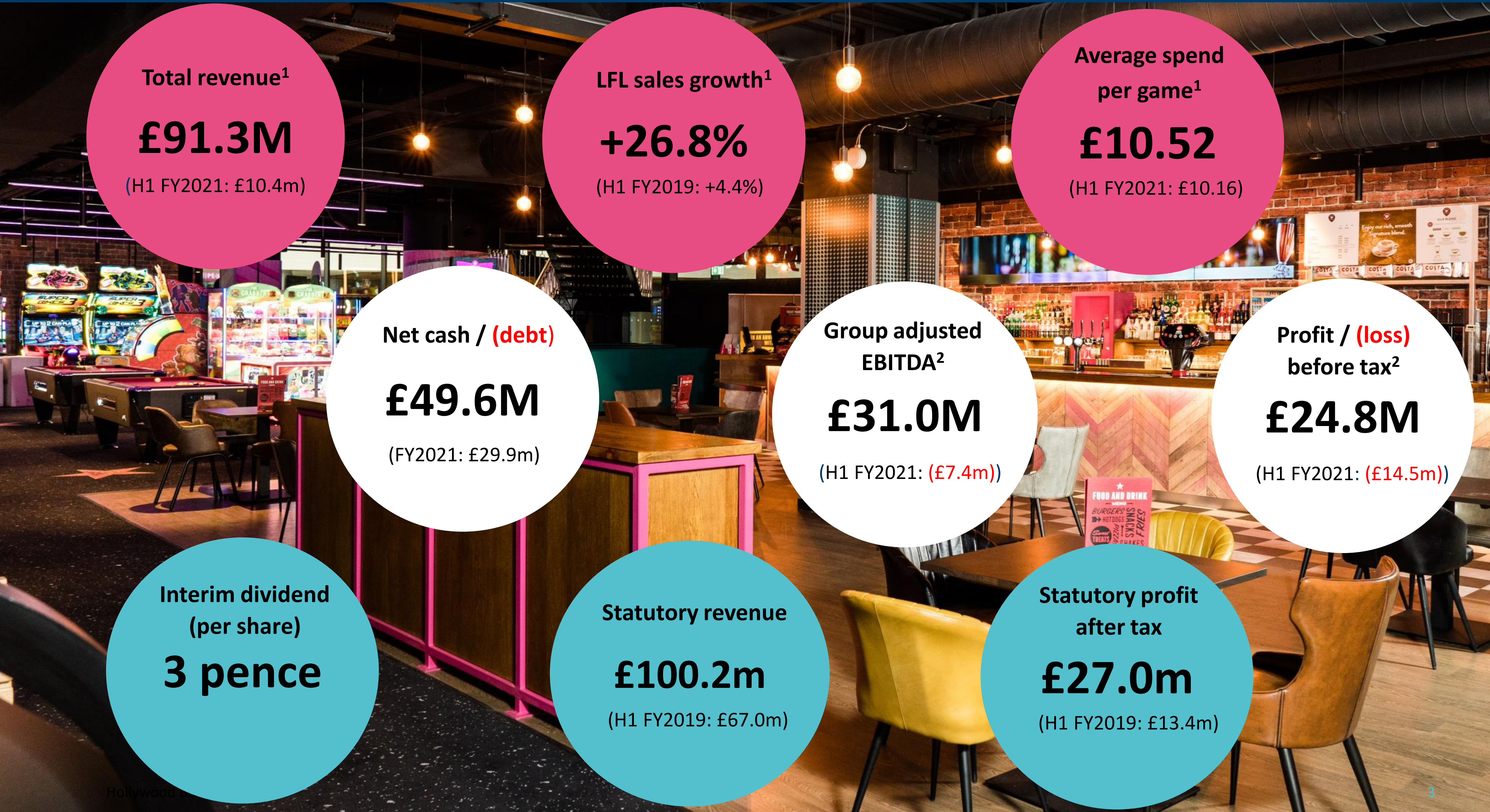
- H1 FY2022 financial and operational highlights
- Trading in a post covid environment
- Summary and outlook

Laurence Keen

Chief Financial Officer

- H1 FY2022 financial review
- Investment into core estate and new centres

H1 FY2022 highlights



Total revenue[1]
£91.3M
(H1 FY2021: £10.4m)

LFL sales growth[1]
+26.8%
(H1 FY2019: +4.4%)

Average spend per game[1]
£10.52
(H1 FY2021: £10.16)

Net cash / (debt)
£49.6M
(FY2021: £29.9m)

Group adjusted EBITDA[2]
£31.0M
(H1 FY2021: (£7.4m))

Profit / (loss) before tax[2]
£24.8M
(H1 FY2021: (£14.5m))

Interim dividend (per share)
3 pence

Statutory revenue
£100.2m
(H1 FY2019: £67.0m)

Statutory profit after tax
£27.0m
(H1 FY2019: £13.4m)

1 Total revenue excludes the impact of the reduced rate (TRR) of VAT on bowling (prior periods and FY2022 benefit). LFL calculations exclude TRR of VAT on bowling impact, and includes all revenue for centres that were open for the same period in FY2019. 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. Both Group adjusted EBITDA and profit before tax exclude TRR of VAT (prior periods and FY2022 benefit)

COVID-19

COVID-19 impact on H1 FY2022

- Levelling off of demand during December
- Team absence peaked due to Omicron
- Post COVID demand exceptional, not structural
- The reduced rate (TRR) of VAT on bowling activities secured

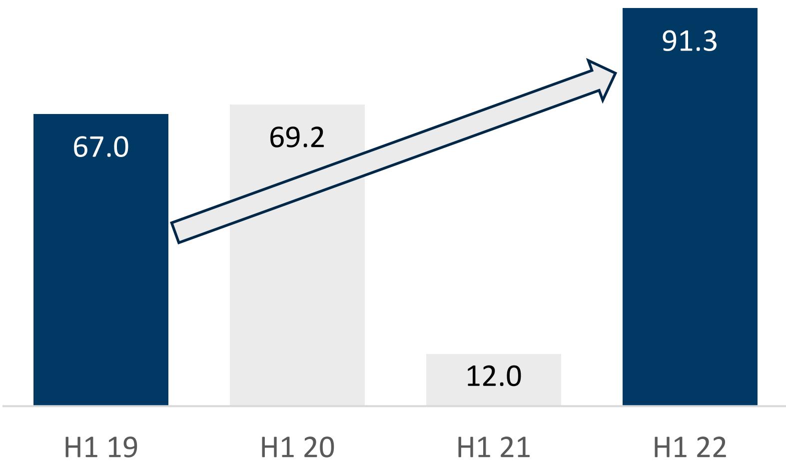
Safe and welcoming environments

- Staged removal of COVID-19 protocols
- Retained lane dividers for medium term, improved privacy on the lanes for new opening and refurbs
- Hand sanitisers retained

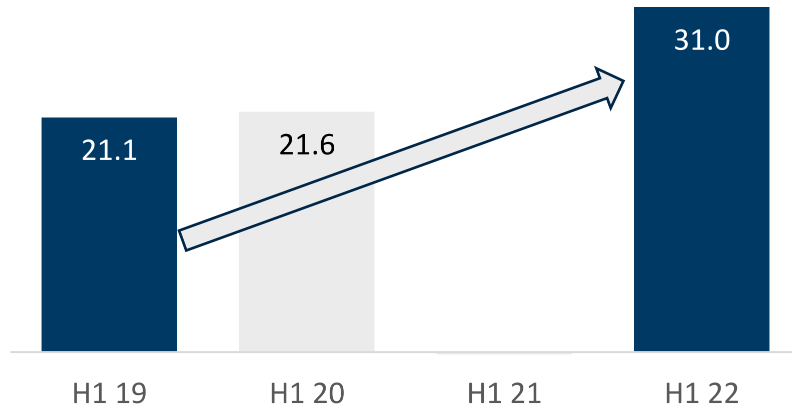
Financial review

Financial performance

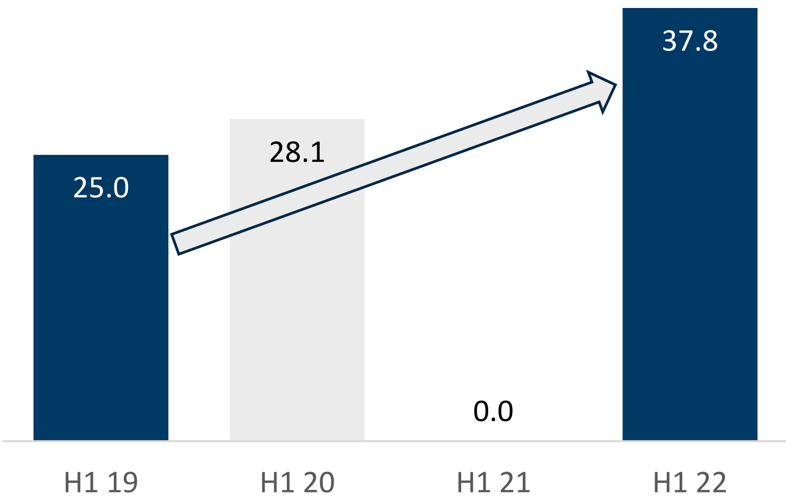
Revenue[1] (£m) +36.3% vs H1 FY2019



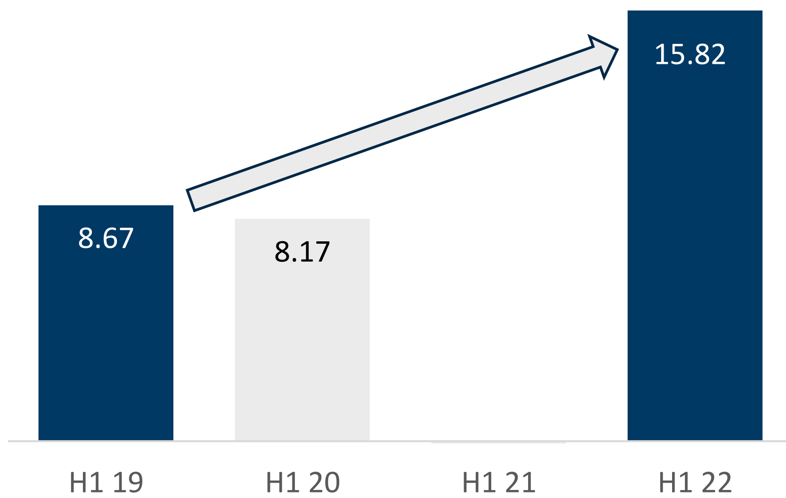
Group Adjusted EBITDA[2] pre-IFRS 16 (£m) +46.9% vs H1 FY2019



Statutory Operating Profit Margin (%) +12.8%pts vs H1 FY2019



Statutory Earnings Per Share (Pence) +82.5% vs H1 FY2019

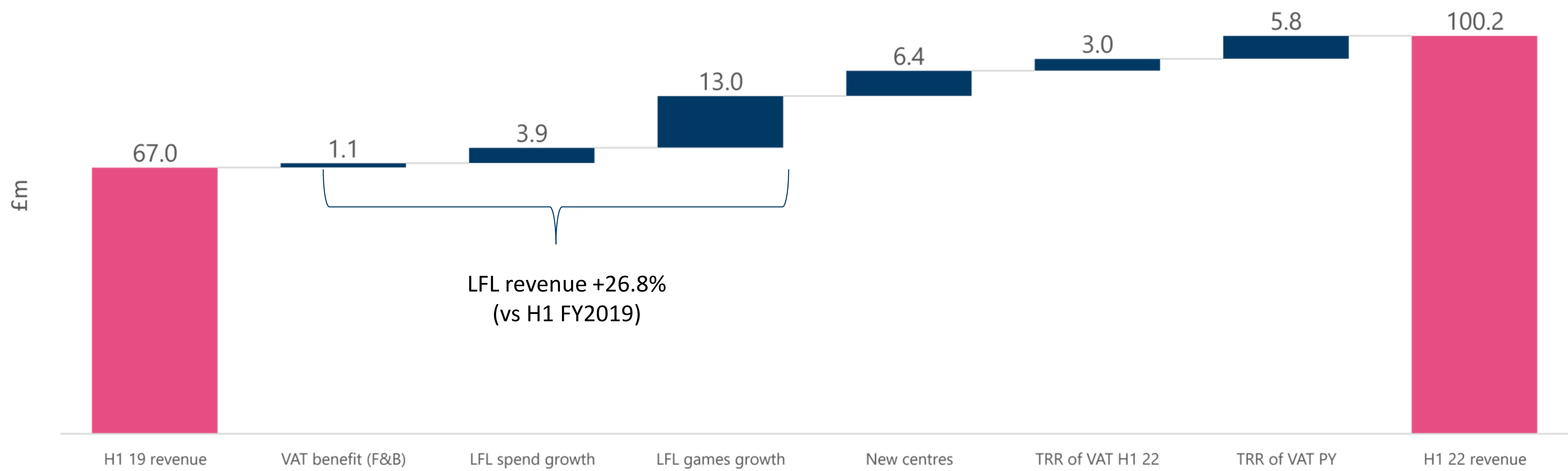


1 Total revenue is calculated as statutory revenue less the £8.8m incremental revenue impact from the reduced rate (TRR) of VAT on bowling (prior periods and FY2022 benefit).

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 the current year impact of TRR of VAT, and is shown on a pre-IFRS 16 basis.

Record breaking H1 performance

- LFL revenue growth of 26.8% (vs H1 FY2019) driven by growth in number of games played and spend per game growth (excluding TRR of VAT on bowling)
- Games LFL volume increase of 18.1% supported by strong customer satisfaction as well as pent up demand
- H1 TRR of VAT bowling benefit of £3.0m and PY £5.8m
- February's £17.7m revenue exceptional due to split February half term, worth incremental £2.3m
- Ancillary LFL revenue growth
  - » Food revenue up 8.4% despite food menu pricing 10.9% lower than in FY2019
  - » VAT benefit on F&B worth 1.6%, whilst headline price per game up 3.2% vs H1 FY2019
  - » Amusement revenue up 43.6%
- New centre performance in line with expectations
- Four of the top five revenue months were in H1 FY2022
- H1 average revenue per centre of £1.45m (excludes TRR of VAT)



Income statement

HBG

(£m)	H1 FY2022 (statutory)	**H1 FY2022 (excluding VAT bowling benefit)**	H1 FY2021	**H1 FY2019**	Movement vs FY2019
Revenue	100.2	**91.3**	10.4	**67.0**	+36.3%
Gross profit	86.5	**77.7**	9.2	**57.5**	+35.1%
Gross profit %	86.4%	**85.1%**	88.6%	**85.9%**	-0.8%pts
Other income	-	**-**	1.6	**-**	N/A
Administrative expenses	34.8	**34.8**	14.5	**30.5**	+14.3%
Corporate costs	11.9	**11.9**	3.8	**5.9**	+100.1%
Group adjusted EBITDA pre-IFRS 16	34.0	**31.0**	(7.5)	**21.1**	+46.8%
Group adjusted EBITDA % pre-IFRS 16	33.9%	**34.0%**	(10.8%)	**31.6%**	+2.4%pts
Add back Property Rent	8.2	**8.2**	7.6		
Group adjusted EBITDA post-IFRS 16	42.2	**39.2**	0.2	**21.1**	
Depreciation and interest on ROU assets	8.7	**8.7**	8.7	**n/a**	n/a
Depreciation, impairment and amortisation	5.3	**5.3**	5.2	**4.3**	
Net finance expenses	0.1	**0.1**	0.5	**0.4**	-66.9%
Profit before tax	33.4	**24.8**	(14.5)	**16.4**	+51.5%
Tax charge / (credit)	6.4	**4.4**	2.9	**3.0**	
Profit after tax	27.0	**20.4**	(11.6)	**13.4**	+52.5%
Earnings per share (pence)	15.76	**11.96**	(6.82)	**8.92**	+34.1%

- Total revenue up 36.3% on H1 FY2019
  - » Statutory revenue up 49.5% vs H1 FY2019
- Gross profit margin 85.1% in line with management expectations
- Administrative expenses up 14.3%
- Corporate costs includes record bonus accruals for centre teams
- Record group adjusted EBITDA pre-IFRS 16 of £31m
  - » Average H1 EBITDA per centre £661k
- Expansionary capital continued during H2
- Finance costs in line with expectations
- Effective tax rate of 17.8% with group taking advantage of tax super-deduction
- VAT revenue benefit of £8.8m included in H1 results
  - » £3.0m in relation to H1 FY2022
  - » £5.8m relates to prior periods
- Statutory earnings per share of 15.76 pence per share

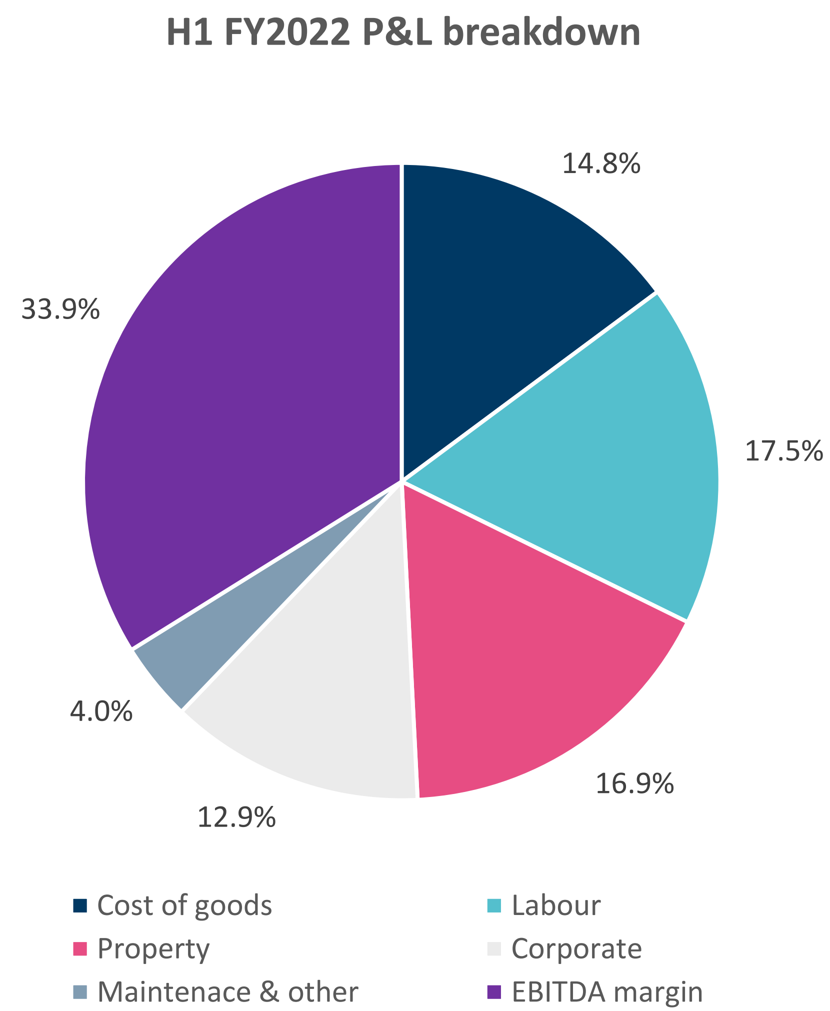
Input inflation under control

- Payroll (c.17.5% of revenue) inflation in line with expectations 5.8%
  - Successful hourly incentive scheme
  - Biggest centre management bonus ever

- Energy costs (c.2.5% to revenue) – hedged until 2024
  - FY2022 paying less than 30% of current market consumption rate
  - Looking out to FY2025
  - Solar installs will reduce consumption by over 20%

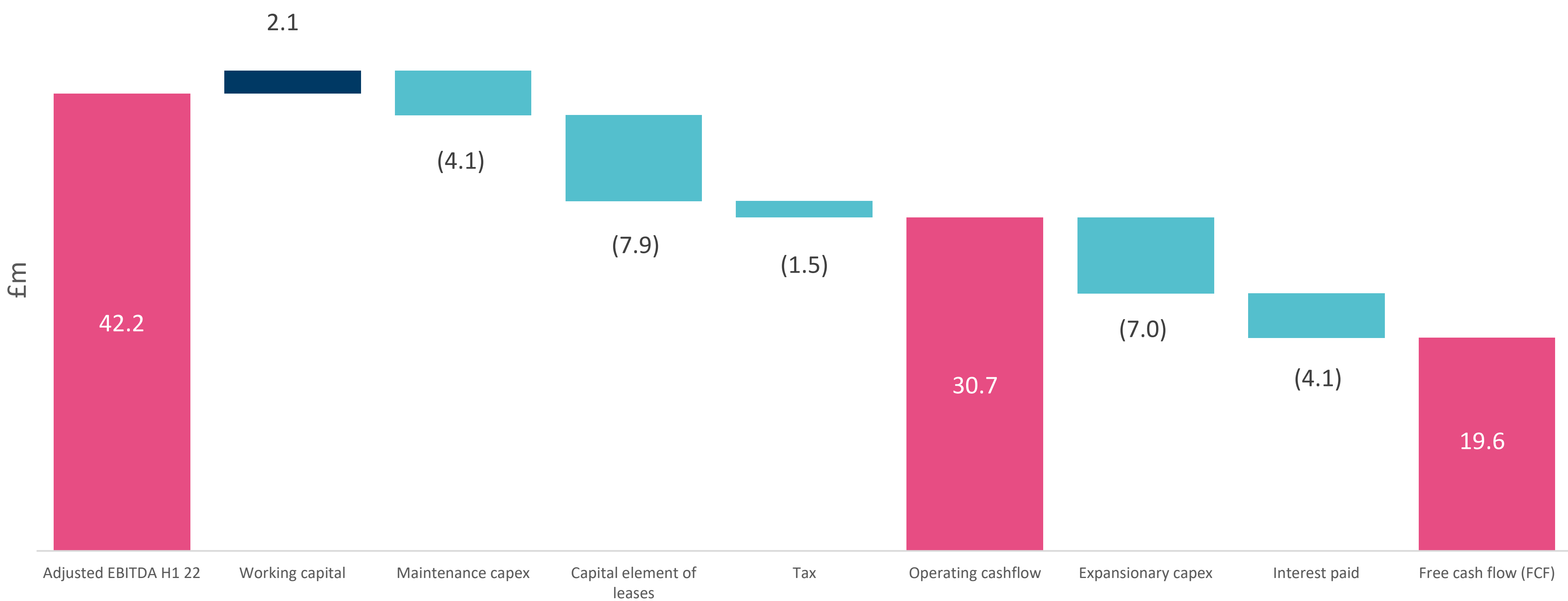
- Selected rental costs subject to CPI cap and collar

- Commodity cost inflation
  - Food and drink modest increases – simplified menu continued
  - Capex increases seen in new builds and refurbishments c.5%



Strong trading driving free cash flow

- Group adjusted operating cash flow of £30.7m
- Record trading and effective cost management drove cash inflow
- Working capital benefit in the main due to centre management bonus accruals given strong performance to date
- Continued maintenance capital investment of £4.1m during H1
- 3 refurbishments completed in H1 at a cost of £1.2m (33% ROI)
- 2 new centres opened in H1, with Belfast opening in April 2022 Overall new centre spend of £5.8m (inc £1.6m for Belfast)
- Investment in solar reducing exposure to energy price increases
- Generated free cash flow of £19.6m in H1
- Strong start to H2 FY2022, with cash balance at end of April of £55.2m
- Dividend reinstated with 3.0 pence per share due in July 2022



Capital allocation policy

- Strong balance sheet
  - Net cash of £55.2m April 2022
  - No CLBILs or government support taken in FY2022
- Priorities for capital
  - Organic investments into existing centres
  - Investments into new centres and acquisitions extending our reach
  - Canadian expansion plans including acquisitions
- Dividend policy in line with pre Covid
  - Ordinary dividend of 50% profit after tax
  - H1 dividend of 3.0 pence per share

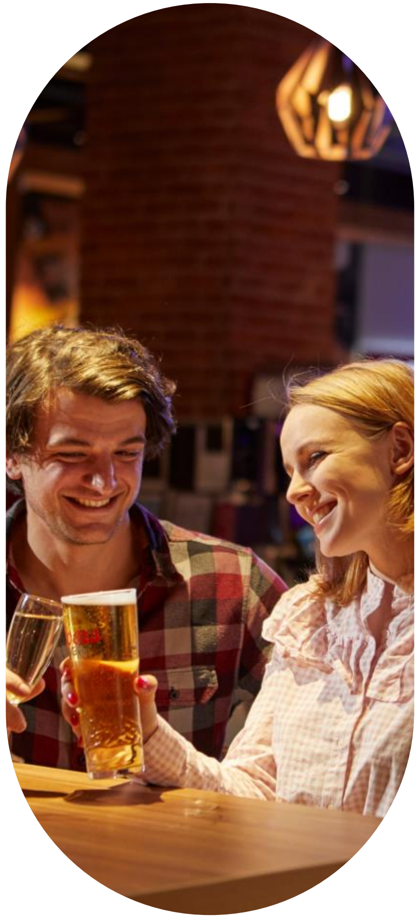
1. **Operating and capital productivity**
2. **Net operating cash flow**
   - Maintenance capital
   - Strong balance sheet
   - Minimum 50 per cent payout ratio dividend
3. **Excess cash**
4. **Maximise returns and value**
   - Organic development
   - Acquisitions and new developments
   - Additional dividend amounts
   - Share buy-backs

Financial outlook for FY2022

- Exceptional start to FY2022
  - » H1 LFL of 26.8% (exc TRR of VAT on bowling) vs H1 FY2019
  - » More modest growth expected during summer due to increased foreign travel
  - » Expecting double digit teen-LFL growth for full year
  - » Dividend reinstated

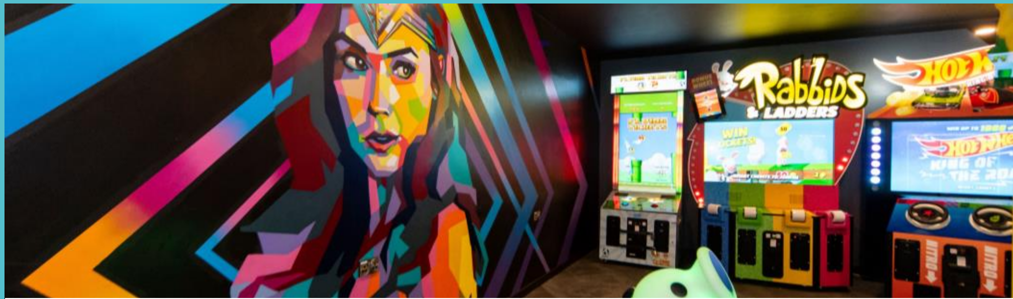
- Managing cost pressures
  - » Competitive labour market continuing
  - » Modest food inflation
  - » Electricity costs fixed to end of FY2024 and continued investment into solar panel installs

- Ongoing successful capital investment programme
  - » 2 new centres to open
  - » 4 refurbishments
  - » 9 more pins on string installs
  - » 7 solar panel installs
  - » Total of c. £9m capital spend in H2



Delivering on our growth strategy

Growing sustainably



Organic growth

Constant focus on customer experience

- Increasing dwell time through customer focused culture and innovation
- Focus on sales, service and safety superiority
- Attracting and retaining top team member talent

Increasing spend

- Improved F&B and amusement offering

Investing in technology to unlock growth

- Increasing customer engagement, ecommerce sales and yield performance
- Best in class scoring and bowling systems

Broadening the appeal to new customers

- Maximising engagement through targeted digital marketing

Managing our business in a sustainable manner

- Delivering on our three pillar ESG strategy

New centres and acquisitions

Maintaining a high quality, profitable estate

- Rolling refurbishment programme which prioritises spend on strong returns

Development of new centres

- Target of 4 new centres per year on average on retail / leisure parks - with landlord contributions

Growing market share through customer engagement

- Refocusing the proposition towards family leisure, improving ancillary product offerings

Leveraging our indoor leisure experience

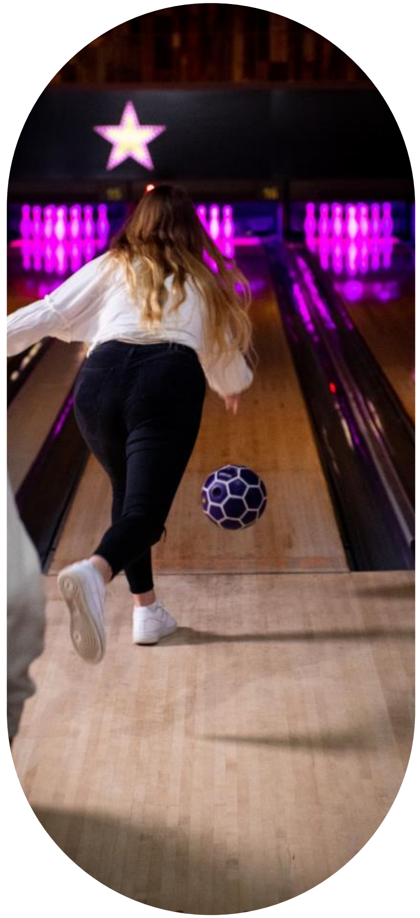
- Strategic roll out of the Puttstars brand

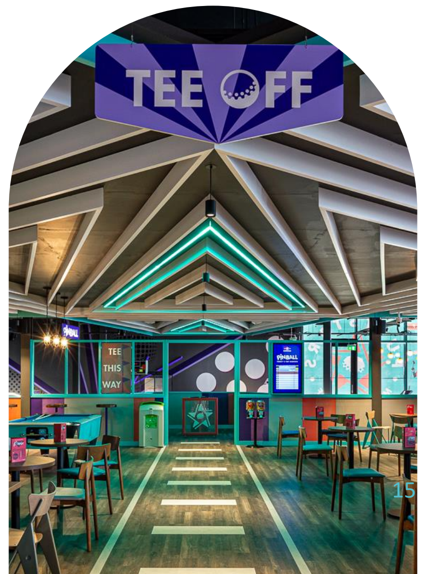
Strategic profit enhancing acquisitions

- Opportunities in international and UK markets that suit the Group's demographic criteria

Delivering experiences our customers really value

- The universal appeal and inclusiveness of bowling combined with an affordable price point, gives resilience against consumer spending squeeze
- Customer service is a true point of differentiation in a growing competitive socialising market
- Critical drivers of customer satisfaction;
  - » Value for money
  - » Cleanliness
  - » Team friendliness
  - » Speed of service
- 91% of our customers were satisfied with their experience, with 57% being highly satisfied with overall satisfaction score improving by 2ppts versus FY2019
- Net Promoter Score improved by 5.5ppts versus FY2019





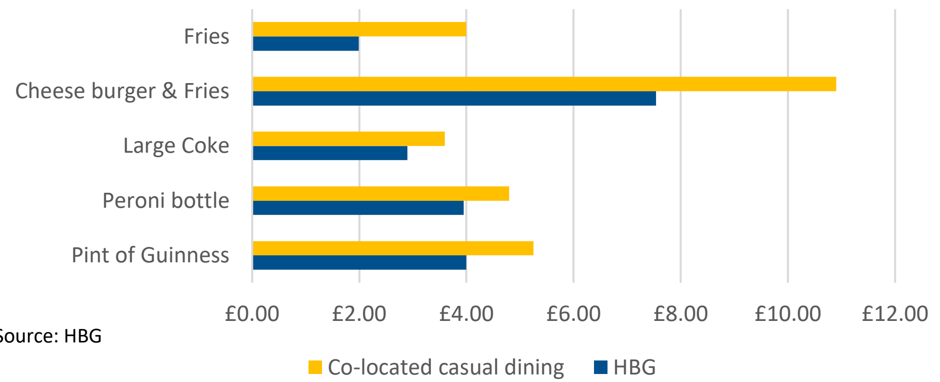
Enhancing the customer journey through technology

- Growing database of over 2m contactable customers
- Enhanced Data Platform improving engagement rates and driving revenue from the database, with learning used to increase effectiveness of the digital advertising and improve conversion rates
- Investment in our website and booking engine functionality, simplifying the journey, improving dynamic pricing presentation and conversion levels
- Web bookings at 61% of bowling revenue for H1 (versus 38% in H1 FY2019)
- Upgraded WIFI network in all centres
- Food and drink ordering app driving higher SPG
- In-centre digital installations rolling out with enhanced content
- Pins on Strings rollout continues – now in 34 centres, 7 centres completed so far this year, 9 further installations planned before the financial year end

Core to the offer

Great value food and drink offer

- Food menu simplified during COVID restrictions
- VFM, quality and speed of service metrics up versus FY2019
- Food retail pricing reduced by 15% versus 2019
- Diner revenue up 8.4% LFL versus H1 FY2019
- Great value snack and sharers lanes menu introduced
- Bar SPG up 4.9% LFL versus H1 FY2019
- Bar LFL revenue up 22.9% versus H1 FY2019



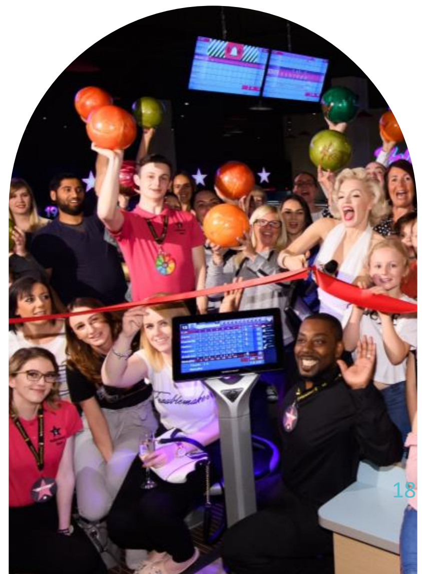
Source: HBG

Amusement innovation and increased capacity

- Increasing the density and quality of machines - over time, it has become cheaper to play
- Recent refurbishments are adding an average of 1,000 sq. ft to amusements space - creating on average 8 new machines places
- 223 new amusement pieces added to the estate during the half of the year
- Nayax tap to play roll out - change machines, pool and photobooths
  - 60% of pool revenue through Nayax
  - 247% growth in Nayax revenue versus H1 FY2019
- Amusements SPG up 21.7% LFL versus H1 FY2019
- Amusements LFL revenue up 43.6% versus H1 FY2019

Attracting and retaining the very best people

- 15% more team members than in FY2019 - recruited in a very competitive labour market
- Re-started the talent development programmes with over 100 ‘managers in training’ over 40% of our management roles filled internally
- Hourly paid incentive scheme, 50p per hour bonus paid to an average of 60% of team members per month
- Average pay increase for salaried team members of 5.8%
- Record half year bonus payments
- New digital employer brand in development to support team member recruitment
- New and improved employee assistant programme launched with an increased number of mental health first aiders trained



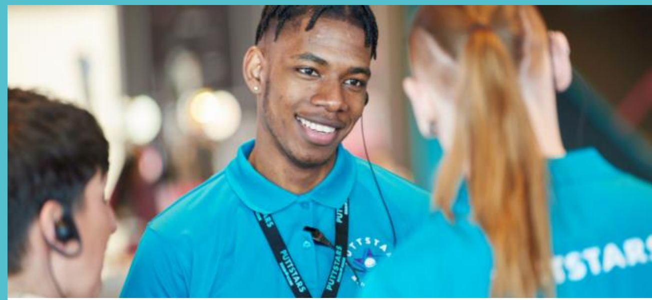
Delivering on our ESG strategy

Safe and inclusive leisure destinations

- Health and safety
- Accessibility and wellbeing
- Responsible food and beverage
- Community relations

Progress

- Valued COVID-19 protocols maintained
- £1.5m of concession discounts redeemed in H1
- Concession discounts now available on all peak days



Outstanding workplaces

- Talent attraction and retention
- Diversity and inclusion
- Training and development
- Team wellbeing

Progress

- £1.3m paid out in bonuses earnt in the half
- Extensive development programmes with 118 candidates enrolled
- 30 team members promoted into management roles during the half
- Investment in new Employee assistant programme

Sustainable centres

- Waste management
- Energy efficiency
- Greenhouse gas emissions
- Climate change

Progress

- Waste recycling team member incentive scheme
- Solar array programme continues
- Team member behavioural change targeted to help reduce energy consumption
- Electric vehicle scheme launched

Sustainable centres

Generating our own energy

- Eight centres now have solar panels installed
- On course to have at least 15 installed by end of FY2022
- Panels generate 30% of the electricity used by the centre
- Option to resell excess supply back to the grid
- Payback ahead of expectations due to market prices
- Group has hedged energy costs to end of FY2024

EV car scheme

- c. 32% of our business miles will be driven by electric cars by end of FY2022

Recycling

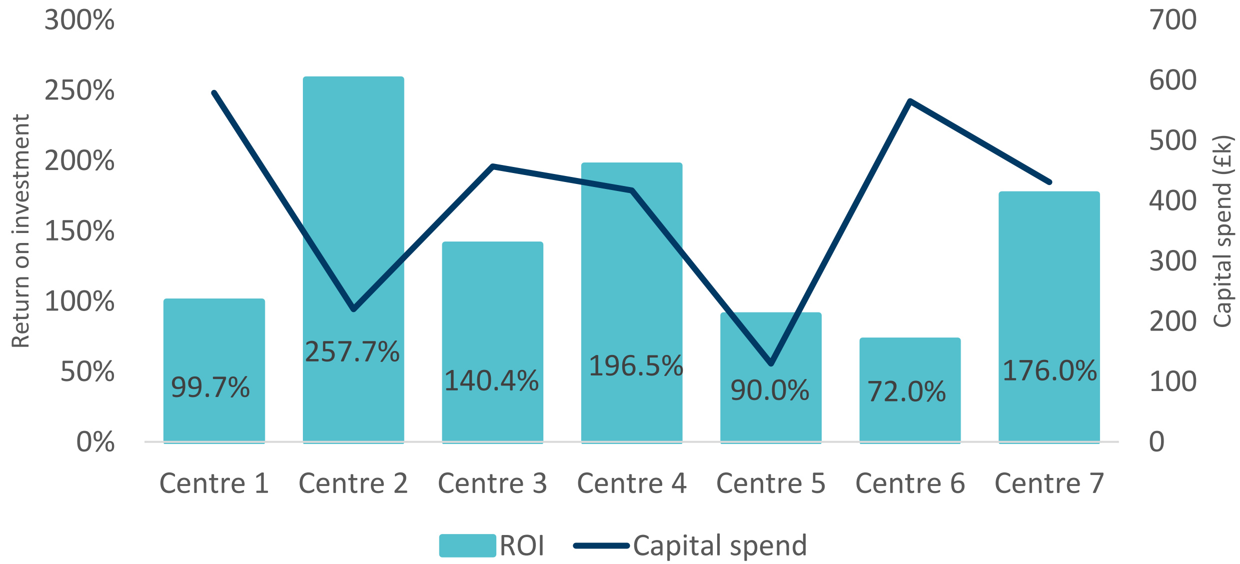
- Team incentives include waste target measure
- Waste recycling for H1 ahead of target at 76%

HBG

Investment led growth

Attractive returns from refurbishments

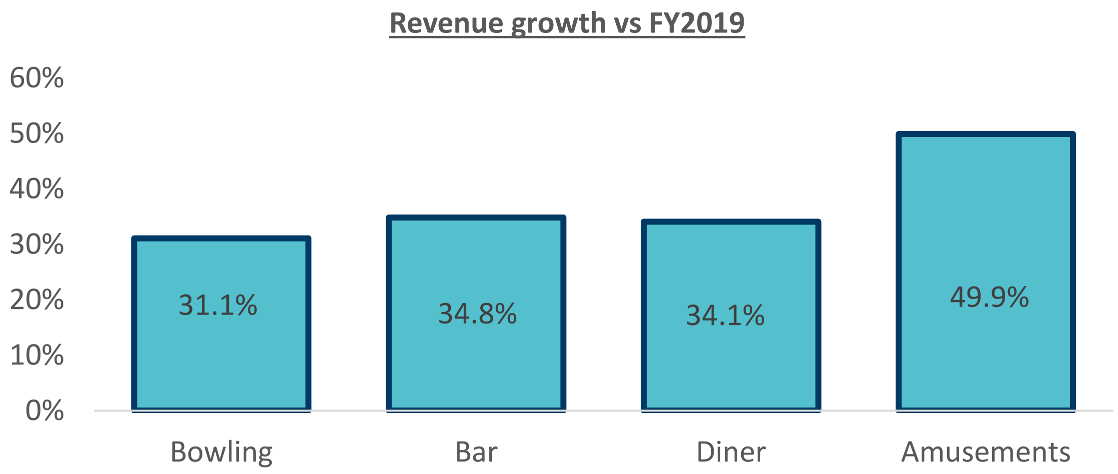
- SPG performance +13.2%
- Lineage +17.8%
- Average LFL revenue growth of 39.5% for last 7 refurbishments and rebrands
- 3 centres refurbished/rebranded in H1 – 4 more by end of FY2022
- Ongoing pipeline of centres to refurbish – typically on a 5-7 year cycle
- £1.2m spent in H1 continuously improving our centres
- Sunsetting AMF brand



Increasing amusements density

Birmingham Rubery

- Combined the bar and diner and maintained the number of covers
- Repurposed diner space to create an extra 1,300 sq ft for machines
- Additional 10 machines added to the amusements offer
- No loss in food and drink revenue
- Amusements seeing the largest growth in revenue



- Across the estate 11 centres now have increased space for amusements
- More opportunities identified for FY2023

Strong new centre pipeline to FY2024

- 11 new centre openings for Hollywood Bowl and Puttstars brands currently signed in high quality leisure and retail schemes
- A further 4-6 locations are targeted for openings before 2025

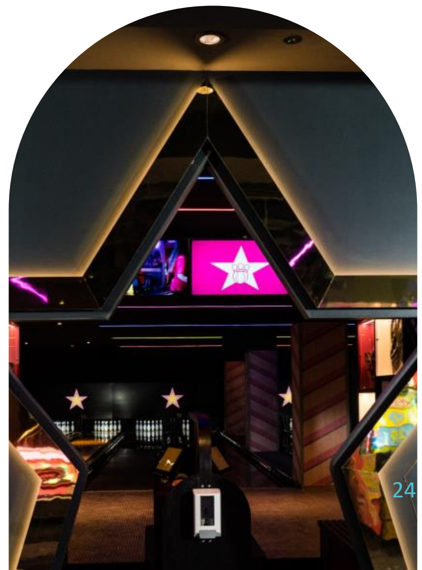
• Belfast	open
• Birmingham Resorts World	open
• Harrow (Puttstars)	open
• Speke	Q4 FY2022

FY2023

• East Midlands (Puttstars)	1 centre
• South-East	2 centres

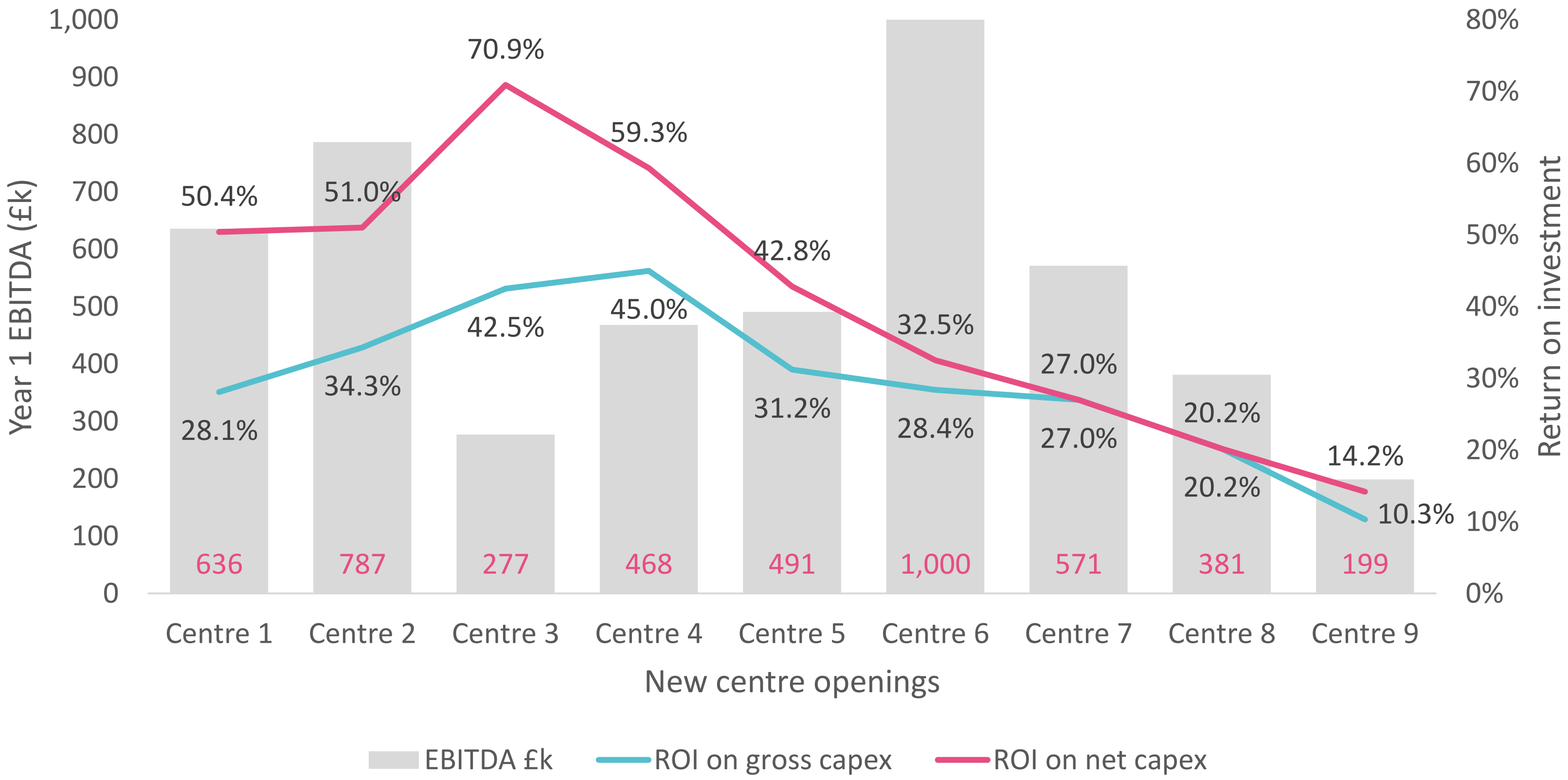
FY2024

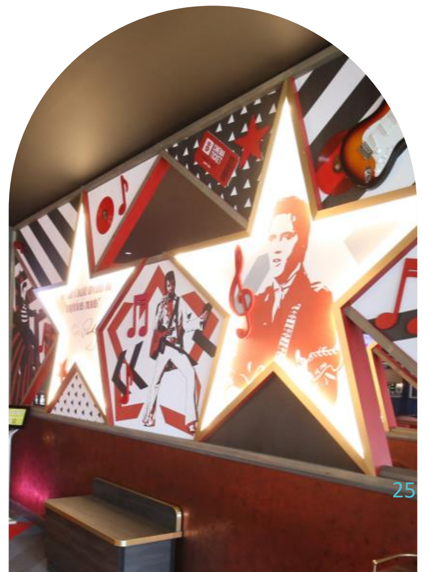
• Eastern	3 centres
• North-West	1 centre



Attractive returns from new centres

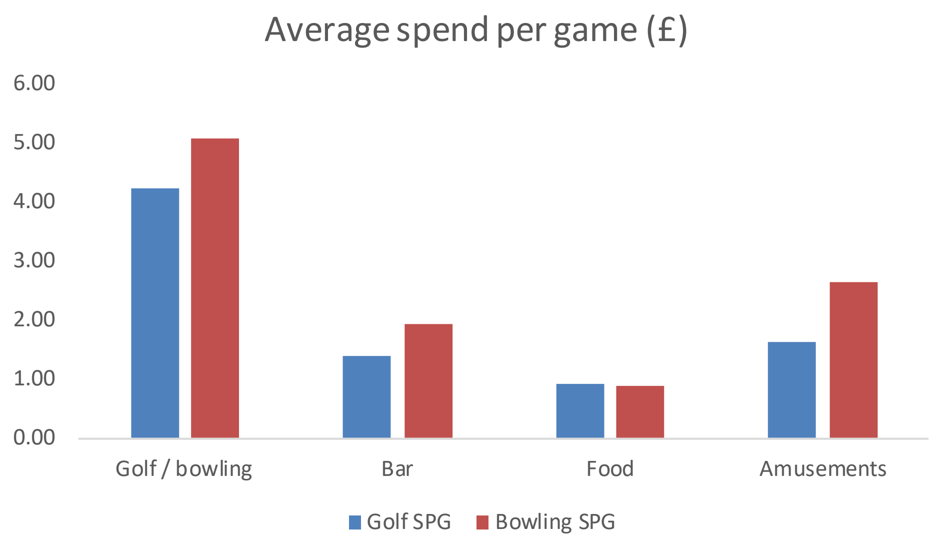
- Continued focus on quality openings
  - » Total of £8.2m net capital invested
  - » EBITDA return of £3.7m in first 12 months of new openings
- Strong performance from new centre openings in FY2022

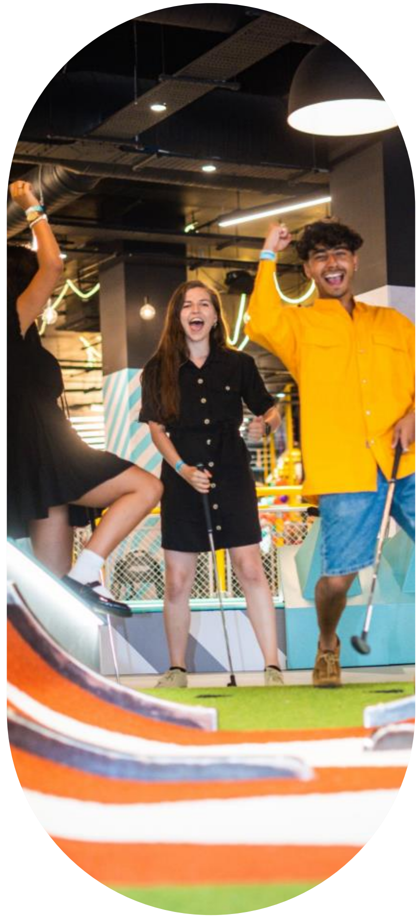


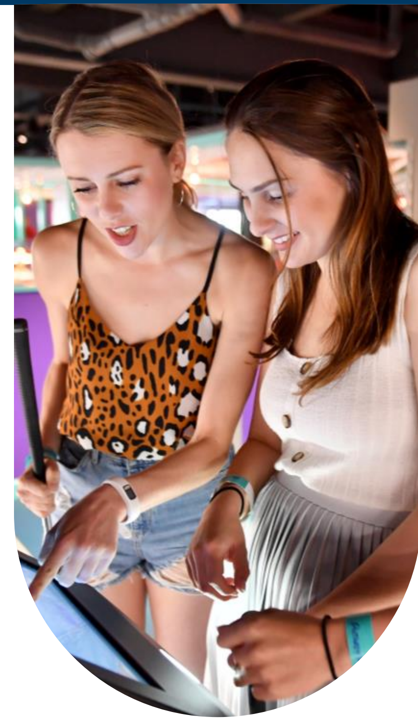


Puttstars – testing, learning, evolving

- 4 centres open – robust group to continue testing and evolving the concept
- All profitable, expected to deliver circa £1.2m EBITDA annualised
- Hole design refinements, environment refinements, brand development ongoing
- Puttstars capacity similar to 12-lane bowling centre
  - Puttstars: 65 rounds per hour
  - 12-lane bowl: 72 games per hour
  - 24-lane bowl: 144 games per hour (average lanes per centre)







International expansion

Well operated business in an attractive growth market

- Developing our business in international markets is part of our long-term growth strategy and after an extensive and thorough search, we identified a target in Canada
- Canada is a well-established market with similarities to the UK, but is fragmented and underinvested
- Splitsville is made up of five large family entertainment centres, two of which are freehold assets and Striker; a bowling equipment supply company
- All centres have ten-pin bowling lanes, a large bar and diner with amusements offer
- The company is a well operated, asset backed business that provides the group with a strategic platform for growth
- The company met our strict investment criteria; it has a quality management team with ambition for growth
- There is low downside risk due to the freehold valuations, with good medium to longer term opportunity for sustained profitable growth
- The purchase was made at an attractive multiple, funded from cash on our balance sheet
- Earnings accretive in FY2023

Significant opportunity to add value and grow the business

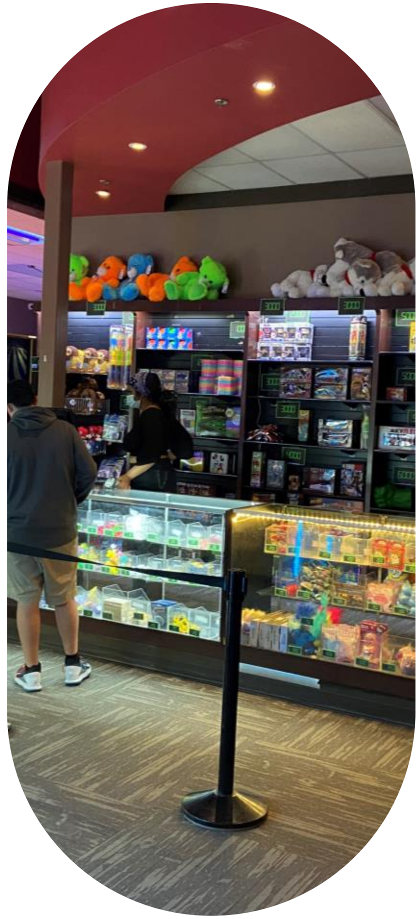
- The management team will remain with the business and has an ambitious growth plan that will require some funding from the UK – it is not envisaged this funding will impact the Group's capital allocation policy

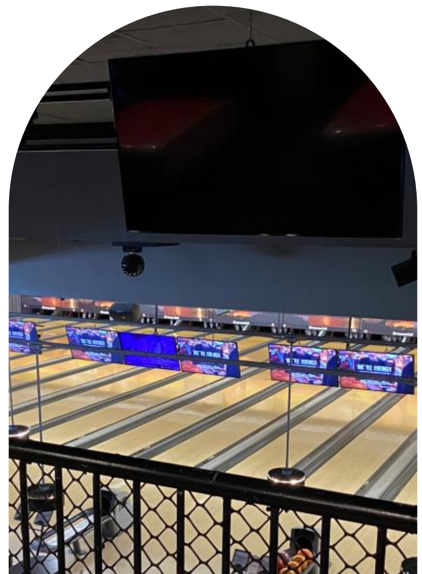
- Consideration spread across three stages
  - » Initial payment £8.4m (CAD 13.6m)
  - » Deferment payment £2.1m (CAD 3.4m)
  - » Earn out based on a 9.2x multiple post intercompany funding

- Current like-for-like revenue above FY2019 performance
  - » FY2019 revenue CAD 18.7m
  - » FY2019 EBITDA CAD 3.0m

- There is significant opportunity to add value to the existing Splitsville business through leveraging our customer-led operating model, technology and digital marketing experience
  - » One site added during FY2021
  - » Work being undertaken on two more sites for next 6 – 9 months

- The Group has an identified pipeline of new site opportunities with the potential that more than 10 sites can be added over the next five years



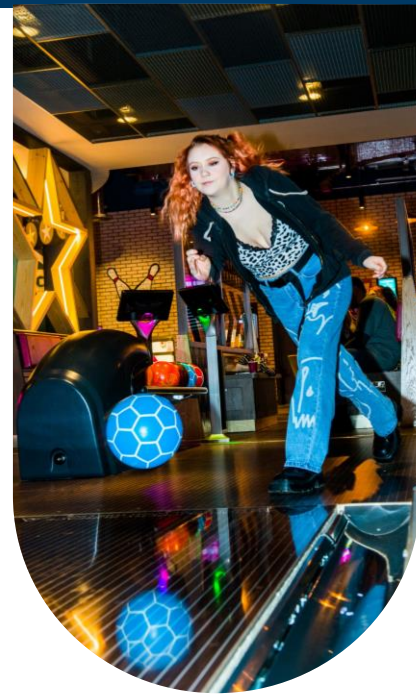


HBG

Summary and outlook

Well positioned for the future

- Market leader with high quality, well-invested estate led by experienced management team
- Continued strong demand for family focused, affordable leisure experiences
- Strong balance sheet supports ability to invest in future growth and take advantage of market opportunities
  - » Commitment to ongoing refurbishment programme
  - » New centre pipeline remains strong with additional opportunities for Puttstars expansion
  - » Ongoing investment and innovation in the customer proposition and technology enablers
- Strong start to FY2022
  - » Record first half revenues of £100.2m, up 31.2% LFL (26.8% exc. TRR of VAT on bowling) vs H1 FY2019
  - » Record cash generation with net cash at bank of £55.2m at end of April 2022
  - » More modest growth during summer due to increased foreign travel
  - » Expecting double digit teen-LFL growth for full year
- Excited about opportunity for new centres in UK as well as growth in Canada



Appendices

Stephen Burns

Chief Executive Officer

Appointment

Stephen joined the Group as Business Development Director in 2011. He was promoted to Managing Director in 2012 and became Chief Executive Officer in 2014.

Skills and experience

Before joining the Group, Stephen worked within the health and fitness industry, holding various roles within Cannons Health and Fitness Limited from 1999. He became sales and client retention director in 2007 upon the acquisition of Cannons Health and Fitness Limited by Nuffield Health and became regional director in 2009. In 2011, Stephen was appointed to the operating board of MWB Business Exchange, a public company specialising in serviced offices, meeting and conference rooms, and virtual offices.

Stephen was appointed Chairman at the Club Company Limited (operator of UK country clubs) in 2018.

Top bowling score

189

Laurence Keen

Chief Financial Officer

Appointment

Laurence joined the Group as Finance Director in 2014.

Skills and experience

Laurence has a first-class degree in business, mathematics and statistics from the London School of Economics and Political Science. He qualified as a chartered accountant in 2000 and has been an ICAEW Fellow since 2012. Previously, Laurence was UK development director for Paddy Power from 2012.

He has held senior retail and finance roles for Debenhams PLC, Pizza Hut (UK) Limited and Tesco PLC.

Laurence was appointed Non-Executive Director at Tortilla Mexican Grill Plc in 2021.

Top bowling score

191