Hollywood Bowl Group plc
(“Hollywood Bowl”, the “Company” or the “Group”)

Interim Results
for the Six Months ended 31 March 2024

EXCELLENT PERFORMANCE DRIVEN BY CONTINUED INVESTMENT IN CUSTOMER EXPERIENCE AND FURTHER GROWTH IN CANADA

Financial summary

	H1 FY2024	H1 FY2023	Change
Revenue	**£119.2m**	£110.2m[5]	+8.1%
Group adjusted EBITDA[1]	**£48.3m**	£43.9m	+10.0%
Group adjusted EBITDA[1] pre-IFRS 16	**£38.6m**	£35.1m	+10.0%
Group profit before tax	**£29.5m**	£26.7m	+10.5%
Group profit after tax	**£21.9m**	£20.9m	+5.0%
Group adjusted profit before tax[2]	**£30.9m**	£27.7m	+11.7%
Group adjusted profit after tax[2]	**£23.3m**	£21.9m	+6.5%
Adjusted earnings per share[2]	**13.60p**	12.80p	+6.2%
Free cash flow[3]	**£16.5m**	£15.3m	+7.8%
Net cash[4]	**£41.4m**	£44.1m	-6.2%
Interim ordinary dividend per share	**3.98p**	3.27p	+21.7%

1 Group adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated as statutory operating profit plus depreciation, amortisation, impairment, loss on disposal of property, right-of-use assets, plant and equipment and software and any exceptional costs or income, and is also shown pre-IFRS 16 as well as adjusted for IFRS 16. These adjustments show the underlying trade of the overall business which these costs or income can distort. The reconciliation to operating profit is set out below.
2 Adjusted group profit before / after tax is calculated as group profit before / after tax, adding back acquisition fees of £0.3m (H1 FY2023: £0.5m) and the non-cash expense of £1.1m (H1 FY2023: £0.7m) related to the fair value of the earn out consideration on the Teaquinn acquisition in May 2022. Also, in H1 FY2023 it included the removal of the reduced rate (TRR) of VAT benefit on bowling of £0.2m.
3 Free cash flow is defined as net cash flow pre-exceptional items, cost of acquisitions, debt facility repayment, RCF drawdowns and dividends.
4 Net cash/(debt) is defined as cash and cash equivalents less borrowings from bank facilities excluding issue costs.
5 Group revenue in H1 FY2023 includes £0.2m in respect of TRR of VAT.
6 Revenues in GBP based on an actual foreign exchange rate over the relevant period, unless otherwise stated.

Key highlights

- **Excellent financial performance supported by successful execution of proven domestic and Canadian growth strategy**
    - Record first half Group revenue of £119.2m (H1 FY2023: £110.2m)
    - Group adjusted EBITDA pre-IFRS 16 increased by 10.0 per cent to £38.6m (H1 FY2023: £35.1m)
    - UK LFL revenue growth of 1.3 per cent and 8.0 per cent in Splitsville centres in Canada
    - Interim dividend up 21.7% to 3.98 pence per share (H1 FY 2023 interim dividend: 3.27 pence per share)
    - Cash generative model provides investment capital and balance sheet strength: robust net cash position at 31 March 2024 of £41.4m;
    - Extended undrawn £25m revolving credit facility to December 2025

UK - 71 centres at period end

- **Enhancing and expanding our high-quality, profitable UK estate**
    - Completed refurbishments of Hollywood Bowl centres in Watford Woodside, Stockton and Cardiff
    - Acquired, re-branded and refurbished centre in Lincoln, with encouraging trading since completion
    - Solar panels installed at two further centres
    - New centre, Hollywood Bowl Dundee, opened in May 2024, post period end

- **Constant improvement of customer experience driving 3.2% higher UK spend per game (SPG) and increased customer satisfaction scores to 67% NPS**
    - Space optimisations and new game formats across the estate driving 4.5% increase in amusement SPG
    - Installed Puttstars courses in two Hollywood Bowl centres
    - Pins on Strings installed in six centres, increasing total to 90% of UK estate, saving further costs and enhancing the customer experience
    - New core reservation system, delivering improved performance, reliability and efficiencies

Canada - 11 centres at period end

- **Canadian business trading in line with management's expectations and performing well with successful execution against growth strategy**
    - Total revenue growth of 46.9% to CAD 27m (£15.9m) and pre-IFRS 16 EBITDA of CAD 7.5m (£4.4m)
    - Two centres acquired in Guelph, Ontario and Vancouver, British Columbia
    - First new build centre Waterloo, Ontario due to be completed in June 2024, post period end, and two new centres signed in Calgary and Ottawa
    - Refurbishment of Kingston site due to be completed in June 2024 and Glamorgan and Meridian centres in Calgary due to complete in the second half
    - Successful investment in Canada customer experience, leveraging UK operating model; trialling Pins on Strings in three centres

Outlook

- **Strong balance sheet and cash generative business model supports investment in future growth with new centre pipeline continuing to build across UK and Canada**
    - Resilient demand for value for money leisure experiences
    - Further growth of the estate, two UK centres and one Canadian centre due to open in H2 and FY2025, with onward pipeline continuing to build
    - Well-insulated from inflationary pressures with 72% of revenue not subject to cost of goods inflation
    - New UK energy hedge signed to end of FY2027 with increases of <30% for FY2025
    - Investment in technology and website will support ecommerce sales and yield performance
    - Well positioned to grow Group estate to over 130 centres

Stephen Burns, Chief Executive Officer, commented:

"We are pleased to have welcomed so many families, friends and colleagues to our centres in the first half, demonstrating the continued demand for high-quality, family-friendly leisure experiences at affordable prices, particularly against the backdrop of higher living expenses. I am extremely grateful to our excellent team members whose hard work has resulted in even longer customer dwell times and higher satisfaction score. We are proud to invest in our team and to once again be recognised as a top Company to work for.

"We continue to expect further, modest like-for-like growth, even with the very strong prior year comparative, as a result of our customer-led innovation and investment in our profitable growth strategy. We are confident in the outlook for Hollywood Bowl and in our ability to capture the longer-term opportunity to grow our estate to over 130 centres in the next ten years."

Enquiries:

Hollywood Bowl Group PLC

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

Teneo

Elizabeth Snow — hollywoodbowl@teneo.com

Laura Marshall +44 (0)20 7353 4200

CHIEF EXECUTIVE OFFICER'S REVIEW

Hollywood Bowl Group has delivered another strong performance in the first half of the year. The continued successful execution of our customer focused strategy and investment in our estate resulted in further profitable growth. The Group achieved record revenues with an 8.1 per cent increase to £119.2m, even against the strong comparative of last year's outstanding performance. UK like-for-like (LFL) revenues increased by 1.3 per cent, and we were very pleased to achieve over £100m of revenue in the UK for the first time. The Canadian business continues to perform strongly with 8.0 per cent LFL revenue growth on a constant currency basis in the bowling centres.

The Group made further progress with investment in growing the estate in UK and Canada while our overall refurbishment programme remains on track and is delivering returns. These refurbishments continue to evolve our customer proposition, resulting in an increase in the number of games played and spend per game alongside growing customer service scores.

Adjusted profit before tax grew by 11.7 per cent, to £30.9m, whilst adjusted profit after tax grew by 6.5 per cent to £23.3m. Statutory profit before tax grew by £2.8m to £29.5m (H1 FY2023: £26.7m) up 10.5 per cent on the prior period.

The Group's strong earnings growth, coupled with its highly cash generative business model resulted in net cash at the period end of £41.4m. This strong financial position is after the payment of the final ordinary and special dividend for FY2023 as well as our continued investment in new centres and refurbishments during FY2024.

In line with our capital allocation policy, the Board has declared an interim dividend of 3.98 pence per share, representing 21.7 per cent growth on the same period last year.

As UK families continue to face cost of living challenges, we have worked hard to ensure that our customer offer remains a great value for money, high quality experience, keeping our prices low so that a family of four can bowl at peak times for less than £25. Our team members are key to providing these positive customer experiences and we remain focused on ensuring our team are motivated and well rewarded, with opportunities for progression through our in-house training and development programmes.

Growth strategy

We have made good progress with our simple, effective and proven growth strategy, driving returns through investment in the quality and size of our estate and through yield enhancing customer-led initiatives.

We are meeting our ambitious targets for opening new centres in both the UK and Canada and delivering solid returns above target levels from our ongoing refurbishment programme.

Like-for-like growth

Even though the comparison period was extremely strong, Group LFL revenue still increased, with a 1.6 per cent rise during the first half of the financial year. Our UK centres grew by 1.3 per cent, our Canadian centres saw an 8.0 per cent increase and, due to the timing of installations and invoicing, a 14 per cent year on year decline in Striker, the bowling equipment business.

On a LFL basis, UK spend per game increased by 3.2 per cent in the period, to £11.21 in H1 FY2024, whilst volumes, on the back of exceptionally strong growth over the previous two years, were down only 1.6 per cent. In line with our value for money positioning, we increased headline prices by only 1.4 per cent, well below inflation, maintaining affordability for our customers.

Investing in our UK estate and new centre openings

Refurbishments and estate investments:

Our refurbishment programme has remained on track during the period, with three refurbishments/space optimisation projects completed in Watford Woodside, Stockton and Cardiff, enlarging the amusement offer, introducing the latest digital signage and new brand treatments. All refurbished centres are trading in line with our expectations.

The refurbishment of our Stockton centre, one of the busiest centres in the Group, included extending into the unit next door, previously occupied by a restaurant operator, enabling us to add five additional bowling lanes, 12 holes of mini-golf and an increased amusements offering. We also agreed a new long-term lease on the centre.

We are currently on-site refurbishing Hollywood Bowl at the London O2 and Portsmouth Gunwharf Quay and will complete at least two further refurbishments during the second half.

Pins on Strings were installed in a further six centres during the first half and by the end of the financial year all but two of our centres will benefit from this cost saving and customer experience enhancing technology.

New centres:

We are currently on site at new centres in Westwood Cross in Kent and Colchester, at the Northern Gateway leisure complex, combining 26 bowling lanes, mini-golf, bar, diner and an amusement offer.

During H1 FY2024, we added one centre to the UK estate. Lincoln Bowl, the 20-lane family owned and operated centre was acquired in October 2023. Located on the outskirts of the City of Lincoln, the centre was a well operated family entertainment business in a strategically important location, filling a location gap between our centres in Sheffield, Derby and Leicester. Following a rebrand and extensive refurbishment that also included a new roof, this new-look Hollywood Bowl boasts a large amusement space, combined reception, bar and diner with 20 lanes of state-of-the-art bowling served by pins on strings. We are very pleased with the early trading performance and customer feedback, and are confident that this site will deliver returns in line with our expectations.

Since the start of the second half of the year, we have opened a new Hollywood Bowl in Dundee, a key market in Scotland at a quality leisure park, co-located with the number one cinema in town and a restaurant offering. This centre opened in late May 2024 and the early trading performance has been encouraging.

Our new centre pipeline is strong with six already signed and more in heads of terms and legals stages. We remain confident in our ability to continue to deliver on our plan of an average of at least three new UK openings a year.

Technology:

We have made excellent progress with the in-house development of our new core reservation system which started to be rolled out to the UK estate in the first half and completes in June. The new system is delivering improved performance and usability for our team members and customers giving us a strong platform to continue to develop functionality and support our Group growth plans.

Continued strong growth in Canada

Our business in Canada continues to perform very well. In the first half, the Canadian business contributed CAD 27.0m (£15.9m) in revenue and CAD 7.5m (£4.4m) of EBITDA on a pre-IFRS 16 basis. Total revenue growth in Canada was 46.9 per cent, with the Canadian Bowling centres growing by 8.0 per cent on a LFL basis. Our growth strategy in Canada is based on four areas: improving the current estate; buying existing businesses that fit our exacting acquisition criteria; opening new centres; and supporting the wider Canadian bowling market with Striker's products and services.

In the half, the Group completed two acquisitions taking the estate to 11 centres. The first was the acquisition of an owner-operated family entertainment centre located on a mixed-use retail and leisure park in the heart of Guelph Ontario, called Woodlawn Bowl, for CAD 4.7m. Woodlawn Bowl is a 36,000 sq. ft. centre boasting 24 lanes of ten-pin and 8 lanes of five-pin bowling and a large amusements area with bar and diner. The second was the acquisition of the assets and lease of a family entertainment centre in Vancouver, for a total consideration of CAD 425k. The centre, which is in need of reconfiguration and refurbishment, is located on a popular leisure scheme with a cinema and ice rink and offers 34 ten-pin and 6 five-pin lanes, a large bar and diner, and a very small amusements area. Both businesses have had temporary signage installed rebranding them to Splitsville and essential maintenance capital invested, prior to their full refurbishments which are due to be completed in early FY2025.

On new builds, works are nearly completed at our new site in Waterloo, Ontario, which is planned to open during June 2024. This is the first new centre we have built in Canada, and we are excited to bring this state-of-the-art family entertainment concept to the market.

Furthermore, we are very pleased to have signed two further new centres at locations in Creekside, Calgary and Kanata, Ottawa. We are due to be on site with construction on both sites commencing during the second half of this financial year and are forecasted to open in FY2025.

Our refurbishment programme has progressed well and we are currently putting the finishing touches to a full makeover of our Kingston site. We are now working on full refurbishments and re-brands for our Glamorgan and Meridian centres in Calgary and will also start work on our Highfield centre in Calgary in late June, all due to be completed during FY2024.

Canada remains an exciting growth opportunity for the Group. We continue to learn more about our Canadian customers and how we can apply our proven UK operating model to this market. We have received excellent feedback from customers, particularly in recently rebranded centres and we continue to explore opportunities to innovate the customer experience as we learn more. The market is highly fragmented and often under-invested, with many opportunities to acquire single-owned centres or small group-owned business, as well as opportunity for organic growth through our new centre pipeline.

The Striker business continues to grow as a result of increased investment into bowling centres across the country. Revenues totalled CAD 2.5m (£1.4m) and the order book is strong with multiple installation and maintenance projects signed to commence in H2 FY2024.

Growing sustainably

Running and growing our business in a sustainable manner remains a key focus for the Group and we have continued to make good progress delivering against our ESG strategy and our targets in the first half. Waste recycling percentages improved in the first half and we continued the rollout of solar panels in the UK estate taking our centre total to 29, with additional panels being installed in four existing roof locations. Our People team has made further progress with our industry-leading training and development programme and internal candidates represented more than 60 per cent of management appointments. We also continue to play an important role in our local communities, increasing the number of concessionary access games played.

Outlook

We remain focused on the Group's future growth through investment in the size and quality of our estate and in our customer experience. We are on course to achieve our key strategic goals for the year and are trading in line with the Board's financial expectations.

Offering a great value for money, high quality customer experience remains our key priority, particularly as our customers continue to face the challenges of higher living costs and interest rates. We provide an affordable experience that they can enjoy with family or friends. Through our investment in our centres, and in our customer experience, we can continue to attract more visits from new and returning customers and increase the time they spend in our centres.

We remain fully committed to our ongoing investment programme across the business, supported by our strong balance sheet and cash generative business model, which along with our wider strategy for sustainable, profitable, growth, gives the Board every confidence in our future outlook.

Stephen Burns

Chief Executive Officer

3 June 2024

CHIEF FINANCIAL OFFICER'S REVIEW

Group financial results

	H1 FY2024	H1 FY2023	Change
Revenue	**£119.2m**	£110.2m[5]	+8.1%
Gross profit on cost of goods sold[1]	**£99.4m**	£91.3m	+8.9%
Gross profit margin on cost of goods sold[1]	**83.4%**	82.8%	+60bps
Administrative expenses[1]	**£65.0m**	£60.0m	+8.3%
Group adjusted EBITDA[2]	**£48.3m**	£43.9m	+10.0%
Group adjusted EBITDA[2] pre-IFRS 16	**£38.6m**	£35.1m	+10.0%
Group profit before tax	**£29.5m**	£26.7m	+10.5%
Group profit after tax	**£21.9m**	£20.9m	+5.0%
Group adjusted profit before tax[3]	**£30.9m**	£27.7m	+11.7%
Group adjusted profit after tax[3]	**£23.3m**	£21.9m	+6.5%
Free cash flow[4]	**£16.5m**	£15.3m	+7.8%
Interim dividend per share	**3.98p**	3.27p	+21.7%

1. Gross profit on cost of goods sold is calculated as revenue less directly attributable cost of goods sold and excludes any payroll costs. This is how we report in the business monthly and at centre level, as labour costs are judged as material and thus reported separately within administrative expenses.
2. Group adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated as statutory operating profit plus depreciation, amortisation, impairment, loss on disposal of property, right-of-use assets, plant and equipment and software and any exceptional costs or income, and is also shown pre-IFRS 16 as well as adjusted for IFRS 16. These adjustments show the underlying trade of the overall business which these costs or income can distort. The reconciliation to operating profit is set out below.
3. Adjusted group profit before / after tax is calculated as group profit before / after tax, adding back acquisition fees of £0.3m (H1 FY2023: £0.5m) and the non-cash expense of £1.1m (H1 FY2023: £0.7m) related to the fair value of the earn out consideration on the Teaquinn acquisition in May 2022. Also, in H1 FY2023 it included the removal of the reduced rate (TRR) of VAT benefit on bowling of £0.2m.
4. Free cash flow is defined as net cash flow pre-exceptional items, cost of acquisitions, debt facility repayment, RCF drawdowns and dividends.
5. Group revenue in H1 FY2023 includes £0.2m in respect of TRR of VAT.
6. Revenues in GBP based on an actual foreign exchange rate over the relevant period, unless otherwise stated.

Following the introduction of the lease accounting standard IFRS 16, the Group continues to maintain the reporting of Group adjusted EBITDA on a pre-IFRS 16 basis, as well as on an IFRS 16 basis. This is because the pre-IFRS 16 measure is consistent with the basis used for business decisions, as well as a measure that investors use to consider the underlying business performance. For the purposes of this review, the commentary will clearly state when it is referring to figures on an IFRS 16 or pre-IFRS 16 basis.

All LFL revenue commentary excludes the impact of TRR of VAT on bowling. New centres in the UK and Canada are included in LFL revenue after they complete the calendar anniversary of their opening date.
Further details on the alternative performance measures used are at the end of this report.

Revenue

On the back of significant growth over the past two years and record revenues in FY2023, it is pleasing to see continued LFL growth in the UK and Canada centres. UK centre LFL revenue growth was 1.3 per cent with spend per game growth of 3.2 per cent, taking LFL average spend per game to £11.21, and a marginal decline in LFL game volumes. The LFL growth, alongside the performance of the new UK centres, resulted in record UK revenues exceeding £100m in the first half for the first time, at £103.3m and growth of 4.4 per cent compared to the very strong underlying revenues in H1 FY2023. It is worth noting that the UK business has seen 5.9 per cent compound annual revenue growth since FY2019.

Canadian LFL revenue growth, when reviewing in Canadian Dollars (CAD) to allow for disaggregating the foreign currency effect (constant currency), was 8.0 per cent. Alongside this strong LFL revenue growth, new centres performed well and resulted in total revenue of CAD 27m (£15.9m), growth year on year in Canada of 46.9 per cent on a constant currency basis. Splitsville bowling centre revenue was up CAD 9.0m (58.1 per cent) to CAD 24.5m.

Total Group revenue for H1 FY2024 was £119.2m, 8.1 per cent growth on H1 FY2023.

Gross profit on cost of goods sold

Gross profit on cost of goods sold is calculated as revenue less directly attributable cost of goods sold and does not include any payroll costs. Gross profit on cost of goods sold was £99.4m, 8.9 per cent growth on the same period in FY2023 with gross profit margin on cost of goods sold at 83.4 per cent in FY2024.

Gross profit on cost of goods sold for the UK business was £86.7m with a margin of 83.9 per cent, up 10 bps on H1 FY2023.

Gross profit on cost of goods sold for the Canadian business was in line with expectations at CAD 21.6m (£12.7m), with a margin of 80.0 per cent (H1 FY2023: 73.6 per cent). This margin increase is due in part to the significant revenue growth seen in the Splitsville bowling centres which make up a larger proportion of total revenue in Canada versus our Striker equipment business. Splitsville had a gross profit margin on cost of goods sold of 84.8 per cent, in line with expectations. Striker generated revenue of CAD 2.5m (H1 FY2023: CAD 2.9m) in the year, the year-on-year decline is in the main because of installation contracts that were not certified as finished, coupled with an increase year-on-year in respect of the supply and installation of equipment into the Splitsville centres, which is counted as intra-group revenue and eliminated on consolidation.

Administrative expenses

Following the adoption of IFRS 16 in FY2020, administrative expenses exclude property rents (turnover rents are not excluded) and include the depreciation of property right-of-use assets.

Total administrative expenses, including all payroll costs, were £65.0m. On a pre-IFRS 16 basis, administrative expenses were £69.2m, compared to £63.6m in H1 FY2023.

Employee costs in centres were £22.3m, an increase of £2.3m when compared to H1 FY2023, due to a combination of salary increases, the impact of higher LFL revenues, new UK centres, as well as the significant revenue growth in Canadian centres. Total centre employee costs in Canada were CAD 6.4m (£3.8m), an increase of CAD 1.9m (£1.0m), whilst UK centre employee costs were £18.5m, an increase of £1.4m when compared to H1 FY2023. The increase in LFL employee costs in the UK were 4.8 per cent, but we expect this to increase to the region of 8-9 per cent in the second half as we see the impact of the higher than inflationary increase in national minimum and living wage from April 2024.

Total property-related costs, accounted for under pre-IFRS 16, were £20.6m, with £18.7m for the UK business (H1 FY2023: £17.6m). Rent costs account for nearly 50 per cent of total property costs in the UK and increased to £9.2m (H1 FY2023: £8.8m) and were up less than two per cent on a LFL basis. We received further business rates rebates

in the first half, in relation to claims made in respect of the 2015 revaluation finally being agreed. The benefit in the first half was £0.9m, whilst underlying business rates increased by over 4.5 per cent.

Canadian property centre costs were in line with expectations at CAD 3.2m (£1.9m), an increase of CAD 1.3m due to the increased size of the estate in the half when compared to H1 FY2023.

As noted in the FY2023 preliminary results, we were pleased to have agreed a new electricity commodity price hedge up to the end of FY2027, with FY2025 forecasted to increase by 33 per cent (£1.0m) compared to our FY2024 costs, whilst still being able to take advantage of lower costs should such market conditions prevail during this period. Utility costs increased in H1 FY2024 compared to the same period in FY2023, by £1.1m, with UK centres accounting for £1.0m of this increase due to a combination of an increase in the cost per unit and the hedge sell off during H1 FY2023, with the balance in relation to the increased number of centres in Canada.

Total property costs, under IFRS 16, were £21.9m, including £5.5m accounted for as property lease assets depreciation and £5.5m in implied interest relating to the lease liability.

Total corporate costs increased by £0.6m to £12.3m when compared to H1 FY2023. UK corporate costs reduced by £0.4m to £10.6m. As we continue to build out our support team in Canada for growth, corporate costs increased to CAD 2.8m (£1.7m) from CAD 1.1m (£0.7m).

The statutory depreciation, amortisation and impairment charge for H1 FY2024 was £12.7m compared to £11.7m in H1 FY2023. Excluding property lease assets depreciation, this charge in H1 FY2024 was £7.3m (H1 FY2023: £6.5m). This is due to the continued capital investment programme, including new centres and refurbishments, as well as the full year impact of Canada.

Canadian performance
The Group has continued to grow its footprint in Canada, with 11 centres at the end of H1 FY2024 (H1 FY2023: 9). During the first half of FY2024 the Group acquired two centres - Woodlawn Bowl in Ontario; and Lucky 9 Bowling Centre Limited as well as its associated restaurant and bar, Monkey 9 Brewing Pub Corp ("Riverport") in British Columbia. Both acquisitions are trading in line with management expectations and will benefit from refurbishment investment in FY2025.

Since the end of the first half, we are also pleased to see our first greenfield centre open in Waterloo, Ontario.

The business continues to trade strongly, with total revenues in Canada of CAD 27m (£15.9m), and just over CAD 7.6m (£4.4m) of EBITDA on a pre-IFRS 16 basis. Bowling centres contributed CAD 24.5m of revenues with EBITDA on a pre-IFRS 16 basis of CAD 10.2m, an increase of CAD 4.2m on the same period in FY2023.

Given the growth in our Canadian portfolio, it is important we continue to invest in our support team in Canada as well as utilise our UK support teams' expertise and experience. This resulted in corporate costs in Canada increasing to CAD 2.9m (£1.7m) from CAD 1.1m (£0.7m).

Gross profit on cost of goods sold for the Canadian business was in line with expectations at CAD 21.6m (£12.7m), with a margin of 80.0 per cent (H1 FY2023: 73.6 per cent).

Exceptional costs
Exceptional costs in H1 FY2024 totalled £1.4m (H1 FY2023: £1.0m) and relate to two areas. The first is the acquisition costs in relation to the acquisition of three centres – one in the UK and two in Calgary, which totalled £0.3m. The second is the earn out consideration for Teaquinn President Pat Haggerty, which is an exceptional cost of £1.1m in the first half, of which £0.9m is in administrative expenses and £0.2m is in interest expenses. See the table below for exceptional items included in the Group adjusted EBITDA and operating profit reconciliation. More detail on these exceptional costs is shown in note 5 to the Financial Statements.

Group adjusted EBITDA and operating profit
Group adjusted EBITDA pre-IFRS 16 increased 10 per cent, to £38.6m and includes a contribution of £4.4m (CAD 7.6m) from the Canadian business. The increase is due to a combination of LFL revenue performance in both the UK and Canada as well as the new centre growth across both territories when compared to the same period in FY2023. The reconciliation between statutory operating profit and Group adjusted EBITDA on both a pre-IFRS 16 and under-IFRS 16 basis is shown in the table below.

	H1 FY2024 £'000	H1 FY2023 £'000
Operating profit	**34,368**	31,248
Depreciation	**12,271**	11,303
Amortisation	**431**	395
Loss on property, right-of-use assets, plant and equipment and software disposal	**15**	42
Exceptional items	**1,197**	899
Group adjusted EBITDA under IFRS 16	**48,282**	43,886
IFRS 16 adjustment	**(9,663)**	(8,775)
Group adjusted EBITDA pre-IFRS 16[1]	**38,619**	35,112

1 IFRS 16 adoption has an impact on EBITDA, with the removal of rent from the calculation. For Group adjusted EBITDA pre-IFRS 16, it is deducted for comparative purposes and is used by investors as a key measure of the business. The IFRS 16 adjustment is in relation to all rents that are considered to be non-variable and of a nature to be captured by the standard.

Share-based payments

During the first half of the year, the Group granted further Long-Term Incentive Plan (LTIP) shares to the senior leadership team as well as starting a new save as you earn scheme (SAYE) for all team members. The LTIP awards vest in three years providing continuous employment during the period, and attainment of performance conditions relating to earnings per share (EPS), as outlined on page 103 of the FY2023 Annual Report. The Group recognised a total charge of £0.8m (H1 FY2023: £0.5m) in relation to the Group's share-based arrangements. Share-based costs are not classified as exceptional costs.

Financing

Finance costs (net of finance income) increased to £4.8m in H1 FY2024 (H1 FY2023: £4.5m) comprising mainly of implied interest relating to the lease liability under IFRS 16 of £5.4m. Bank interest costs in relation to the Group's undrawn revolving credit facility of £0.1m were offset by the interest received (£1.0m) on the Group's bank balances.

In the first half the year, the Group agreed a 12-month extension to the £25m RCF and £5m accordion, resulting in a margin rate reduction to 1.65 per cent above SONIA effective from 22 March 2024. The RCF term now runs to the end of December 2025 and remains fully undrawn.

Cash flow and liquidity

The liquidity position of the Group remains strong, with a net cash position of £41.4m as at 31 March 2024. Detail on the cash movement in the year is shown in the table below.

Capital expenditure

The Group invested £23.5m in the first half of the year, including £7.5m on the acquisition of three centres, one of which, Lincoln Bowl, was in the UK. Net capex (excluding acquisitions) in H1 FY2024 was £16.0m.

On 2 October 2023, the Group purchased the assets, including the long leasehold, of Lincoln Bowl for total of £4.5m, of which £2.0m was allocated to the long leasehold.

In Canada, two centres were acquired in H1 FY2024. The first was a family entertainment centre in Guelph, Ontario for CAD 4.7m (£2.8m), on 7 November 2023. The second was the acquisition of the assets and lease of a centre in Vancouver, for consideration of CAD 0.4m (£0.3m). Both centres have been rebranded and our centre in Vancouver will undergo a significant refurbishment which will complete in the first half of FY2025.

More information on all of these acquisitions is provided in note 17 to the Financial Statements.

A total of £5.7m was invested into the refurbishment programme, with three UK centres (£3.0m) refurbished as well as investments into the Canadian estate (£2.7m).

A significant proportion of the refurbishment spend in the UK, nearly £2m, was in relation to the extension and refurbishment of our centre in Stockton. This centre was already one of the most successful in the estate and we have now increased its potential. In conjunction with a new lease for a period of 15 years and investment into the existing space, the Group also extended into the adjacent unit, adding an extra five lanes, a Puttstars mini-golf course and large amusements area. The refurbishment was completed in time for Easter trading and early signs are very encouraging.

Despite inflationary pressures, returns on the UK refurbishments continue to exceed the Group's hurdle rate of 33 per cent.

New centre capital expenditure was a net £4.8m. This relates, in the main, to two centres that open in H2 FY2024 – Hollywood Bowl Dundee (£2.2m) and Splitsville Waterloo, Canada (£1.9m).

The Group's strong balance sheet ensures it can continue to invest in profitable growth with plans to open more locations during FY2024 and beyond.

The Group spent £5.7m on maintenance capital in the UK, including continued spend on the rollout of Pins on Strings technology (£1.0m) and solar panel installations as well as extensions of current installs (£0.6m). At the end of the first half of FY2024, Pins on Strings were in 58 centres and solar panels on 29 centres.

Technology investment was £0.8m as we continue to develop our new in-house core reservations platform (Compass) which has now been rolled out in the UK. It is expected that Compass will start to roll out in Canada during the second half of the financial year. We also upgraded our websites, payment platform and customer data platform, and maintained a continued focus on our cyber security.

We expect total capital expenditure for FY2024, including acquisitions completed in the first half, to still be in the region of £35m to £40m.

Cash flow and net debt

	H1 FY2024 £'000	H1 FY2023 £'000
Group adjusted EBITDA under IFRS 16	**48,282**	43,886
Movement in working capital	**(340)**	(2,997)
Maintenance capital expenditure	**(5,685)**	(4,362)
Taxation	**(4,964)**	(4,269)
Payment of capital elements of leases	**(5,995)**	(5,540)

Adjusted operating cash flow (OCF)[1]	**31,298**	26,719
Adjusted OCF conversion	**64.8%**	60.9%
Expansionary capital expenditure[2]	**(10,273)**	(6,934)
Net bank interest received/(paid)	**960**	287
Lease interest paid	**(5,453)**	(4,741)
Free cash flow (FCF)[3]	**16,532**	15,331
Exceptional items	**(297)**	(278)
Acquisition of centres in Canada	**(3,060)**	(7,574)
Cash acquired in Canada acquisitions	**20**	320
Acquisition of centres in UK	**(4,475)**	—
Share (buyback) / issue	**(379)**	6
Dividends paid	**(19,351)**	(19,724)
Net cash flow	**(11,010)**	(11,918)

1 Adjusted operating cash flow is calculated as Group adjusted EBITDA less working capital, maintenance capital expenditure, taxation and payment of the capital element of leases. This represents a good measure for the cash generated by the business after considering all necessary maintenance capital expenditure to ensure the routine running of the business. This excludes exceptional items, net interest paid, debt drawdowns and any debt repayments.
2 Expansionary capital expenditure includes refurbishment and new centre capital expenditure.
3 Free cash flow is defined as net cash flow pre-exceptional items, cost of acquisitions, debt facility repayment, debt drawdowns, dividends and equity placing.

Taxation
The Group's tax charge for the year is £7.6m arising on the profit before tax generated in the period. The increase in the Group's effective rate of tax to 25.7 per cent is due in the main to the increase in the UK corporation tax rate from 19 per cent to 25 per cent from April 2023, resulting in an increase of 3.9 percentage points on the effective rate of tax year when compared to the prior period.

Earnings
Statutory profit before tax for the year was £29.5m and 10.5 per cent higher than H1 FY2023.

The Group delivered profit after tax of £21.9m (H1 FY2023: £20.9m) and basic earnings per share was 12.78 pence (H1 FY2023: 12.21 pence).

Group adjusted profit before tax is £30.9m, whilst Group adjusted profit after tax is £23.3m and a basic adjusted earnings per share of 13.60 pence per share (H1 FY2023: 12.80 pence per share).

The adjustments are made to reflect the underlying trade of the Group. These adjustments are adding back acquisition fees of £0.3m and the non-cash expense of £1.1m related to the fair value of the earn out consideration on the Canadian acquisition in May 2022. For more detail see note 4 to the Financial Statements.

Dividend and capital allocation policy
In line with the Group's capital allocation policy, the Board has declared an interim dividend of 3.98 pence per share.

The ex-dividend date is 13 June 2024, with a record date of 14 June 2024 and a payment date of 10 July 2024.

Going concern
As detailed in note 2 to the Financial Statements, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report.

Laurence Keen
Chief Financial Officer
3 June 2024

Note on alternative performance measures (APMs)

The Group uses APMs to enable management and users of the financial statements to better understand elements of the financial performance in the period. APMs referenced earlier in the report are explained as follows.

UK like-for-like (LFL) revenue for H1 FY2024 is calculated as:

- Total Group revenues 119.2m, less
- New UK centre revenues for H1 FY2023 and H1 FY2024 that have not annualised £3.3 m, less
- Canada revenues for H1 FY2024 of £15.9m

New centres are included in the LFL revenue after they complete the calendar anniversary of their opening date. LFL UK comparatives for H1 FY2023 are £98.8m.

Gross profit on cost of goods sold is calculated as revenue less directly attributable cost of goods sold and excludes any payroll costs. This is how we report in the business monthly and at centre level, as labour costs are judged as material and thus reported separately within administrative expenses. These amounts are presented separately on the consolidated income statement for ease of reconciliation.

Group adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) reflects the underlying trade of the overall business. It is calculated as statutory operating profit plus depreciation, amortisation, impairment, loss on disposal of property, right-of-use assets, plant and equipment and software and any exceptional costs or income, and is also shown pre-IFRS 16 as well as adjusted for IFRS 16. The reconciliation to operating profit is set out in this report.

Free cash flow is defined as net cash flow pre-dividends, exceptional items, acquisition costs, bank funding and any equity placing. Useful for investors to evaluation cash from normalised trading.

LFL spend per game is defined as LFL revenue in the year divided by the number of bowling games and golf rounds played.

Adjusted operating cash flow is calculated as Group adjusted EBITDA less working capital, maintenance capital expenditure, taxation and payment of the capital element of leases. This represents a good measure for the cash generated by the business after considering all necessary maintenance capital expenditure to ensure the routine running of the business. This excludes exceptional items, acquisitions, share buyback/issue, dividends paid, net interest paid, debt drawdowns and any debt repayments.

Expansionary capital expenditure includes all capital on new centres, refurbishments and rebrands only. Investors see this as growth potential.

Adjusted profit after tax is calculated as statutory profit after tax, adding back the acquisition fees in Canada of £0.3m (H1 FY2023: £0.5m) and the non-cash expense of £1.1m (H1 FY2023: £0.7m) related to the fair value of the earn out consideration on the Canadian acquisition in May 2022. This adjusted profit after tax is also used to calculate adjusted earnings per share.

Constant currency exchange rates are the actual periodic exchange rates from the previous financial period and are used to eliminate the effects of the exchange rate fluctuations in assessing certain KPIs and performance.

Condensed Consolidated Income Statement and Statement of Comprehensive Income
For the six months ended 31 March 2024

	Note	Six months ended 31 March 2024			Six months ended 31 March 2023		
		Before exceptional items Unaudited £'000	Exceptional items (note 4) Unaudited £'000	Total Unaudited £'000	Before exceptional Items[1] Unaudited £'000	Exceptional Items (note 4) Unaudited £'000	Total[1] Unaudited £'000
Revenue		119,187	-	**119,187**	110,052	192	110,244
Cost of goods sold		(19,825)	-	**(19,285)**	(18,972)	-	(18,972)
Centre staff costs[1]		(22,269)	-	**(22,269)**	(19,903)	-	(19,903)
Gross profit		77,093	-	**77,093**	71,177	192	71,369
Administrative expenses		(41,528)	(1,197)	**(42,725)**	(39,031)	(1,091)	(40,122)
Operating profit		35,565	(1,197)	**34,368**	32,146	(899)	31,247
Finance income	5	1,029	-	**1,029**	497	-	497
Finance expenses	5	(5,668)	(201)	**(5,869)**	(4,954)	(79)	(5,033)
Profit before tax		30,926	(1,398)	**29,528**	27,689	(978)	26,711
Tax charge	6	(7,581)	-	**(7,581)**	(5,769)	(42)	(5,811)
Profit for the period attributable to equity shareholders		23,345	(1,398)	**21,947**	21,920	(1,020)	20,900
Other comprehensive income							
Retranslation (loss) of foreign currency denominated operations		(321)	-	**(321)**	(724)	-	(724)
Total comprehensive income for the period attributable to equity shareholders		23,024	(1,398)	**21,626**	21,196	(1,020)	20,176
Earnings per share							
Basic earnings per share (pence)				**12.78**			12.21
Diluted earnings per share (pence)				**12.69**			12.16
Weighted average number of shares – Basic				**171,676,053**			171,222,369
Dilutive potential ordinary shares				**1,306,478**			649,078
Weighted average number of shares – Diluted				**172,982,531**			171,871,447

[1] The Directors have reviewed their presentation of the Financial Statements and have now disclosed centre staff costs within gross profit. Centre staff costs were previously disclosed within administrative expenses. Comparatives have also been re-presented.

Reconciliation of operating profit to Group adjusted EBITDA

	Note	Six months ended 31 March 2024 Unaudited £'000	Six months ended 31 March 2023 Unaudited £'000
Operating profit		**34,368**	31,247
Exceptional items	4	**1,197**	899
Depreciation of property, plant and equipment	9	**5,256**	4,932
Depreciation of right-of-use assets	10	**7,015**	6,370
Amortisation of intangible assets	11	**431**	395
Loss on disposal of property, plant and equipment, right-of-use assets and software	9, 10, 11	**15**	43
Group adjusted EBITDA		**48,282**	43,886

Group adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) reflects the underlying trade of the overall business. It is calculated as operating profit plus depreciation, amortisation, impairment losses, loss on disposal of property, plant and equipment, right-of-use assets and software and exceptional items.

Management use Group adjusted EBITDA as a key performance measure of the business and it is considered by management to be a measure investors look at to reflect the underlying business.

Reconciliation of net debt	Six months ended 31 March 2024 Unaudited £'000	Six months ended 31 March 2023 Unaudited £'000	Year ended 30 September 2023 Audited £'000
Cash and cash equivalents	**(41,404)**	(44,149)	(52,455)
Net (cash) excluding finance leases	**(41,404)**	(44,149)	(52,455)
Finance leases	**205,054**	192,279	194,205
Net debt	**163,650**	148,130	141,750

Net debt is defined as borrowings from bank facilities excluding issue costs, plus finance leases less cash and cash equivalents.

Condensed Consolidated Statement of Financial Position
As at 31 March 2024

	Note	31 March 2024 Unaudited £'000	31 March 2023 Unaudited £'000	30 September 2023 Audited £'000
Assets				
Non-current assets				
Property, plant and equipment	9	**91,209**	74,734	78,279
Right-of-use assets	10	**160,840**	150,563	150,811
Goodwill and intangible assets	11	**94,150**	88,628	89,376
Deferred tax asset		**131**	298	1,309
		346,330	314,223	319,775
Current assets				
Cash and cash equivalents		**41,404**	44,149	52,455
Trade and other receivables	7	**9,213**	5,898	8,116
Corporation tax receivable		**-**	-	715
Inventories		**2,898**	2,639	2,445
		53,515	52,686	63,731
Total assets		**399,845**	366,909	383,506
LIABILITIES				
Current liabilities				
Trade and other payables	8	**29,574**	25,984	29,109
Lease liabilities	10	**12,964**	11,910	12,553
Corporation tax payable		**799**	96	-
		43,337	37,990	41,662
Non-current liabilities				
Other payables	8	**6,237**	3,866	5,208
Lease liabilities	10	**192,090**	180,369	181,652
Deferred tax liability		**1,655**	-	1,960
Provisions		**5,652**	5,297	5,084
		205,634	189,532	193,904
Total liabilities		**248,971**	227,522	235,566
NET ASSETS		**150,874**	139,387	147,940
Equity attributable to shareholders				
Share capital	12	**1,716**	1,717	1,717
Share premium		**39,716**	39,716	39,716
Merger reserve		**(49,897)**	(49,897)	(49,897)
Capital redemption reserve		**1**	-	-
Foreign currency translation reserve		**(454)**	(313)	(133)
Retained earnings		**159,792**	148,164	156,537
TOTAL EQUITY		**150,874**	139,387	147,940

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 March 2024

	Note	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
Equity at 30 September 2022 (audited)		1,711	-	39,716	(49,897)	411	146,479	138,420
Shares issued during the period		6	-	-	-	-	-	6
Dividends paid		-	-	-	-	-	(19,723)	(19,723)
Share-based payments	14	-	-	-	-	-	541	541
Deferred tax on share-based payments		-	-	-	-	-	(33)	(33)
Retranslation of foreign currency denominated operations		-	-	-	-	(724)	-	(724)
Profit for the period		-	-	-	-	-	20,900	20,900
Equity at 31 March 2023 (unaudited)		1,717	-	39,716	(49,897)	(313)	148,164	139,387
Dividends paid		-	-	-	-	-	(5,615)	(5,615)
Share-based payments	14	-	-	-	-	-	663	663
Deferred tax on share-based payments		-	-	-	-	-	74	74
Retranslation of foreign currency denominated operations		-	-	-	-	180	-	180
Profit for the period		-	-	-	-	-	13,251	13,251
Equity at 30 September 2023(audited)		1,717	-	39,716	(49,897)	(133)	156,537	147,940
Share buy back	12	(1)	1				(379)	(379)
Dividends paid		-	-	-	-	-	(19,351)	(19,351)
Share-based payments	14	-	-	-	-	-	752	752
Deferred tax on share-based payments		-	-	-	-	-	286	286
Retranslation of foreign currency denominated operations		-	-	-	-	(321)	-	(321)
Profit for the period		-	-	-	-	-	21,947	21,947
Equity at 31 March 2024 (unaudited)		**1,716**	**1**	**39,716**	**(49,897)**	**(454)**	**159,792**	**150,874**

Condensed Consolidated Statement of Cash Flows
For the six months ended 31 March 2024

	Note	Six months ended 31 March 2024 Unaudited £'000	Six months ended 31 March 2023 Unaudited £'000
Cash flows from operating activities			
Profit before tax		**29,528**	26,711
Adjusted by:			
Depreciation of property, plant and equipment (PPE)	9	**5,256**	4,932
Depreciation of right-of-use (ROU) assets	10	**7,015**	6,370
Amortisation of intangible assets	11	**431**	395
Net interest expense	5	**4,840**	4,536
Loss on disposal of property, plant and equipment, software and ROU Assets		**15**	43
Share-based payments		**752**	541
Operating profit before working capital changes		**47,837**	43,528
(Increase) in inventories		**(397)**	(426)
(Increase) in trade and other receivables		**(962)**	(584)
Increase/(decrease) in payables and provisions		**1,167**	(1,905)
Cash inflow generated from operations		**47,645**	40,613
Interest received		**1,040**	411
Corporation tax paid		**(4,964)**	(4,270)
Bank interest paid		**(80)**	(124)
Lease interest paid		**(5,453)**	(4,741)
Net cash inflow from operating activities		**38,188**	31,889
Cash flows from investing activities			
Acquisition of subsidiaries	17	**(7,535)**	(7,574)
Subsidiary cash acquired	17	**20**	320
Purchase of property, plant and equipment		**(15,523)**	(11,230)
Purchase of intangible assets		**(435)**	(65)
Net cash used in investing activities		**(23,473)**	(18,549)
Cash flows from financing activities			
Payment of capital elements of leases		**(5,995)**	(5,540)
Issue of shares		**-**	6
Share buy back	12	**(379)**	-
Dividends paid		**(19,351)**	(19,723)
Net cash used in financing activities		**(25,725)**	(25,257)
Net change in cash and cash equivalents for the period		**(11,010)**	(11,917)
Effect of foreign exchange rates on cash and cash equivalents		**(41)**	-
Cash and cash equivalents at the beginning of the period		**52,455**	56,066
Cash and cash equivalents at the end of the period		**41,404**	44,149

Notes to the condensed consolidated interim financial statements

1. General information

The Directors of Hollywood Bowl Group plc (together with its subsidiaries, the "Group" or "HWB Group") present their interim report and the unaudited financial statements for the six months ended 31 March 2024 ('Interim Financial Statements').

HWB Group is incorporated and domiciled in England and Wales, under company registration number 10229630. The registered office of the company is Focus 31, West Wing, Cleveland Road, Hemel Hempstead, HP2 7BW, United Kingdom.

On 2 October 2023, the Group acquired the assets, including the long leasehold, of Lincoln Bowl. On 7 November 2023 the Group acquired Woodlawn Bowl Inc. in Guelph, Ontario and on 11 November 2023, the assets and lease of Lucky 9 Bowling Centre Limited in Richmond, British Columbia, as well as its associated restaurant and bar, Monkey 9 Brewing Pub Corp. These three acquisitions are consolidated in Hollywood Bowl Group plc's Financial Statements with effect from their respective date of acquisition.

The interim Financial Statements were approved by the Board of Directors on 3 June 2024.

The Group's last annual audited financial statements for the year ended 30 September 2023 have been prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006, and these Interim Financial statements should be read in conjunction with them.

The comparative figures for the year ended 30 September 2023 are an abridged version of the Group's last annual financial statements and, together with other financial information contained in these interim results, do not constitute statutory financial statements of the Group as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 30 September 2023 have been delivered to the Registrar of Companies. The external auditor has reported on those accounts: their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

2. Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting' and the Disclosures and Transparency Rules of the United Kingdom's Financial Conduct Authority. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

The Interim Financial Statements are presented in Pounds Sterling, rounded to the nearest thousand pounds, except where otherwise indicated; and under the historical cost convention, except for fair value items on acquisition.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the presentation of the Group's consolidated financial statements for the year ended 30 September 2023. At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the Group have been published but are not yet effective and have not been adopted early by the Group. The impact of these standards is not expected to be material.

Basis of consolidation

The consolidated financial information incorporates the Financial Statements of the Company and all of its subsidiary undertakings. The Financial Statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies. Acquisitions are accounted for under the acquisition method from the date control passes to the Group. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill, or a gain on bargain purchase if the fair values of the identifiable net assets are greater than the cost of acquisition. Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

The results of Lincoln Bowl, Woodlawn Bowl Inc. and Lucky 9 Bowling Centre Limited as well as its associated restaurant and bar, Monkey 9 Brewing Pub Corp are included from the respective dates of acquisition, being 2 October 2023, 7 November 2023 and 11 November 2023.

Going concern

The financial position of the Group, its cash flows, performance and position are described in the financial review section. Details of the Group's available and drawn facilities are included in note 13. At 31 March 2024, the Group had a cash balance of £41.4m with an undrawn RCF of £25m with Barclays Bank plc, and no outstanding loan balances, giving an overall liquidity of £66.4m.

In their consideration of going concern, the Directors have reviewed the Group's future cash forecasts and profit projections using a base case and a severe but plausible downside scenario. The Directors are of the opinion that the Group's forecasts and projections show that the Group is able to operate within its current facilities and comfortably comply with the covenants outlined in its RCF.

Taking the above, and the principal risks faced by the Group as outlined in note 15 to these interim financial statements, into consideration, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least twelve months from the date of this report. Accordingly, the Group continues to adopt the going concern basis in preparing these interim financial statements.

Exceptional items and other adjustments

Exceptional items and other adjustments are those that in management's judgement need to be disclosed by virtue of their size, nature and incidence, in order to draw the attention of the reader and to show the underlying business performance of the Group more accurately. Such items are included within the income statement caption to which they relate and are separately disclosed on the face of the condensed consolidated income statement and in the notes to these interim Financial Statements.

Accounting estimates and judgements

The preparation of the Group financial statements requires management to make judgements, estimates and assumptions in applying the Group's accounting policies to determine the reported amounts of assets, liabilities, income and expenditure. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions applied prospectively.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are set out below.

Critical accounting judgements

- *Dilapidation provision*

A provision is made for future expected dilapidation costs on the opening of leasehold properties not covered by the LTA and is expected to be utilised on lease expiry. This also includes properties covered by the LTA where we may not extend the lease, after consideration of the long-term trading and viability of the centre. Properties covered by the LTA provide security of tenure and we intend to occupy these premises indefinitely until the landlord serves notice that the centre is to be redeveloped. As such, no charge for dilapidations can be imposed and no dilapidation provision is considered necessary as the outflow of economic benefit is not considered to be probable.

Key sources of estimation uncertainty

The key estimates are discussed below:

- *Property, plant and equipment and right-of-use asset impairment reviews*

Plant and equipment and right-of-use assets are assessed for impairment when there is an indication that the assets might be impaired by comparing the carrying value of the assets with their recoverable amounts. The recoverable amount of an asset or a CGU is typically determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

The key assumptions in the value-in-use calculations include growth rates of revenue and expenses, and discount rates. The carrying value of property, plant and equipment and right-of-use assets have been assessed to reasonable possible changes in key assumptions and these would not lead to a material impairment.

Further information in respect of the Group's property, plant and equipment and right-of-use assets is included in notes 9 and 10 respectively.

- *Contingent consideration*

Non-current other payables includes contingent consideration in respect of the acquisition of Teaquinn Holdings Inc. in FY2022. The additional consideration to be paid is contingent on the future financial performance of Teaquinn Holdings Inc. in FY2025 or FY2026. This is based on a multiple of 9.2x Teaquinn's EBITDA pre-IFRS 16 in the financial period of settlement and is capped at CAD 17m. The contingent consideration has been accounted for as post-acquisition employee remuneration and recognised over the duration of the employment contract to FY2026. The key assumptions include a range of possible outcomes for the value of the contingent consideration based on Teaquinn's forecasted EBITDA pre-IFRS 16 and the year of payment.

Other estimates

The acquisitions of Lincoln Bowl, Woodlawn Bowl Inc. and Lucky 9 Bowling Centre Limited have been accounted for using the acquisition method under IFRS 3. The identifiable assets, liabilities and contingent liabilities are recognised at their fair value at date of acquisition. Calculating the fair values of net assets, notably the fair values of intangible assets identified as part of the purchase price allocation, involves estimation and consequently the fair value exercise is recorded as another accounting estimate. The amortisation charge is sensitive to the value of the intangible asset values, so a higher or lower fair value calculation would lead to a change in the amortisation charge in the period

following acquisition. These estimates are not considered key sources of estimation uncertainty as a material adjustment to the carrying value is not expected in the following financial year.

Adjusted measures

The Group uses a number of non-Generally Accepted Accounting Principles (non-GAAP) financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, listed below, are important when assessing the underlying financial and operating performance of the Group by investors and shareholders. These non-GAAP measures comprise of like-for-like revenue growth, adjusted profit after tax, adjusted earnings per share, net debt, Group operating cash flow, Group adjusted EBITDA and Group adjusted EBITDA margin.

Further explanation on alternative performance measures is provided in the Chief Financial Officer's review.

3. Segmental reporting

Management consider that the Group consists of two operating segments, as it operates within the UK and Canada The UK operating segment includes the Hollywood Bowl and Puttstars brands. The Canada operating segment includes the Splitsville and Striker Bowling Solutions brands. Within these two operating segments there are multiple revenue streams which consist of the following:

	Six months ended 31 March 2024			Six months ended 31 March 2023		
	UK Unaudited £'000	Canada Unaudited £'000	Total Unaudited £'000	UK Unaudited £'000	Canada Unaudited £'000	Total Unaudited £'000
Bowling	46,387	8,249	54,636	45,164	5,042	50,206
Food and drink	28,527	4,178	32,705	26,743	2,805	29,548
Amusements	27,216	1,783	28,999	25,612	1,515	27,127
Mini-golf	1,153	105	1,258	1,307	44	1,307
Installation of bowling equipment	-	1,449	1,449	-	1,757	1,757
Other	46	94	140	120	135	299
	103,329	**15,858**	**119,187**	98,946	11,298	110,244

No single customer provides more than ten per cent of the Group's revenue.

	Six months ended 31 March 2024			Six months ended 31 March 2023		
	UK Unaudited £'000	Canada Unaudited £'000	Total Unaudited £'000	UK Unaudited £'000	Canada Unaudited £'000	Total Unaudited £'000
Revenue	103,329	15,858	**119,187**	98,945	11,298	110,244
Group adjusted EBITDA[1]	42,708	5,574	**48,282**	40,207	3,679	43,886
Operating profit	31,471	2,897	**34,368**	28,656	2,591	31,247
Finance income	957	72	**1,029**	444	53	497
Finance expense	4,980	889	**5,869**	4,621	412	5,033
Depreciation and amortisation	11,221	1,481	**12,702**	11,063	634	11,697
Profit before tax	27,448	2,080	**29,528**	24,479	2,232	26,711
PPE asset additions	11,086	4,890	**15,976**	9,946	1,799	11,745
Intangible asset additions	435	-	**435**	65	-	65
Total assets	338,873	60,972	**399,845**	328,011	38,898	367,788
Total liabilities	**211,052**	**37,919**	**248,971**	207,014	20,508	227,522

[1] Group adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated as operating profit plus depreciation, amortisation, impairment losses, loss on disposal of property, plant and equipment, right-of-use assets and software and exceptional items.

4. Exceptional items

Exceptional items are disclosed separately in the financial statements where the Directors consider it necessary to do so to provide further understanding of the financial performance of the Group. They are material items or expenses that have been shown separately due to, in the Directors judgement, their significance, one-off nature or amount:

	Six months ended 31 March 2024 Unaudited £'000	Six months ended 31 March 2023 Unaudited £'000
Bowling revenue VAT rebate[1]	**-**	192
Administrative expenses[2]	**-**	(2)
Acquisition fees[3]	**(297)**	(469)
Contingent consideration[4]	**(1,101)**	(699)
Exceptional items before tax	**(1,398)**	(978)
Tax charge	**-**	(42)
Exceptional items after tax	**(1,398)**	(1,020)

[1] During FY2022, HMRC conducted a review of its policy position on the reduced rate of VAT for leisure and hospitality and the extent to which it applies to bowling. Following its review, HMRC now accepts that leisure bowling should fall within the scope of the temporary reduced rate of VAT for leisure and hospitality, as a similar activity to those listed in Group 16 of schedule 7A of the VAT Act 1994. As a result, in the prior year, the Group made a retrospective claim for overpaid output VAT for the period 15 July 2020 to 30 September 2021 relating to package sales totalling £192,000, included within bowling revenue.
[2] Prior year expenses associated with the VAT rebate, relating to additional turnover rent, profit share due to landlords and also professional fees, which are included within administrative expenses.
[3] Legal and professional fees relating to the acquisitions of Lincoln Bowl, Woodlawn Bowl Inc and Lucky 9 Bowling Centre Limited (31 March 2023: HLD Investments Inc. (operating as YYC Bowling & Entertainment), Mountain View Bowl Inc and Wong and Lewis Investments Inc. (operating as Let's Bowl)).
[4] Contingent consideration of £900,000 (31 March 2023: £620,000) in administrative expenses and £201,000) (31 March 2023: £79,000) of interest expense in relation to the acquisition of Teaquinn in May 2022.

5. Finance income and expenses

	Six months ended 31 March 2024 Unaudited £'000	Six months ended 31 March 2023 Unaudited £'000
Interest on bank deposits	**1,029**	497
Finance income	**1,029**	497
Interest on bank borrowings	**100**	113
Unwinding of discount on provisions	**115**	100
Unwinding of discount on contingent consideration (note 4)	**201**	79
Finance costs on lease liabilities	**5,453**	4,741
Finance expense	**5,869**	5,033

6. Taxation

	Six months ended 31 March 2024 Unaudited £'000	Six months ended 31 March 2023 Unaudited £'000
The tax expense is as follows:		
- UK Corporation tax	**5,399**	3,901
- Foreign tax suffered	**968**	622
Total current tax	**6,367**	4,523
Deferred tax:		
Origination and reversal of temporary differences	**1,214**	1,238
Effects of changes in tax rates	**-**	50
Total deferred tax	**1,214**	1,288
Total tax expense	**7,581**	5,811

Factors affecting tax charge:
The income tax expense was recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the profit before tax for the half year ended 31 March 2024.

Deferred tax

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the periods when the assets are realised or liabilities settled, based on tax rates enacted or substantively enacted at 31 March 2024.

7. Trade and other receivables

	Six months ended 31 March 2024 Unaudited £'000	Six months ended 31 March 2023 Unaudited £'000	Year ended 30 September 2023 Audited £'000
Trade receivables	**1,799**	1,498	2,356
Other receivables	**115**	140	129
Prepayments	**7,299**	4,260	5,631
	9,213	5,898	8,116

Trade receivables have an ECL against them that is immaterial. There were no overdue receivables at the end of any period.

8. Trade and other payables

Current	Six months ended 31 March 2024 Unaudited £'000	Six months ended 31 March 2023 Unaudited £'000	Year ended 30 September 2023 Audited £'000
Trade payables	**4,783**	4,593	7,025
Other payables	**3,785**	2,509	1,366
Accruals and deferred income	**15,723**	12,768	15,421
Taxation and social security	**5,283**	6,114	5,297
	29,574	25,984	29,109

Non-current	Six months ended 31 March 2024 Unaudited £'000	Six months ended 31 March 2023 Unaudited £'000	Year ended 30 September 2023 Audited £'000
Other payables	**6,237**	3,866	5,208

Accruals and deferred income includes a staff bonus accrual of £2,097,000 (31 March 2023: £2,485,000, 30 September 2023: £4,955,000). Deferred income includes £1,065,000 (31 March 2023: £1,129,000, 30 September 2023: £801,000) of customer deposits received in advance and £3,342,000 (31 March 2023: £1,096,000, 30 September 2023: £1,870,000) relating to bowling equipment installations, all of which is recognised in the income statement during the following 12 months.

Non-current other payables includes £3,357,000 (31 March 2023: £1,352,000, 30 September 2023: £2,359,000) of contingent consideration and £1,831,000 (31 March 2023: £1,803,000, 30 September 2023: £1,862,000) of deferred consideration in respect of the acquisition of Teaquinn Holdings Inc.

9. Property, plant and equipment

	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Lanes and pinspotters £'000	Plant & machinery, fixtures and fittings £'000	Total £'000
Cost						
At 1 October 2022	7,406	1,240	38,686	18,050	50,518	115,900
Additions	-	-	11,554	4,269	6,178	22,001
Acquisitions	-	-	77	74	46	197
Disposals	-	-	(451)	(222)	(1,840)	(2,513)
Effects of movement in foreign exchange	(517)	-	(102)	(8)	(34)	(661)
At 30 September 2023 (audited)	**6,889**	**1,240**	**49,764**	**22,163**	**54,868**	**134,924**
Additions	-	-	9,958	1,503	4,515	15,976
Acquisitions (note 17)	-	2,000	74	479	65	2,618
Disposals	-	-	(430)	(478)	(1,362)	(2,270)
Effects of movement in foreign exchange	(235)	-	(52)	(54)	(38)	(379)
At 31 March 2024 (unaudited)	**6,654**	**3,240**	**59,314**	**23,613**	**58,048**	**150,869**
Accumulated depreciation						
At 1 October 2022	24	388	18,857	4,534	23,456	47,259
Depreciation charge	63	29	3,399	740	5,911	10,142
Impairment charge	-	-	-	-	1,633	1,633
Impairment reversal	-	-	-	-	(241)	(241)
Disposals	-	-	(436)	(162)	(1,548)	(2,146)
Effects of movement in foreign exchange	(1)	-	(1)	-	-	(2)
At 30 September 2023 (audited)	**86**	**417**	**21,819**	**5,112**	**29,211**	**56,645**
Depreciation charge	31	12	1,758	451	3,004	5,256
Disposals	-	-	(427)	(463)	(1,331)	(2,221)
Effects of movement in foreign exchange	(3)	-	(7)	(4)	(6)	(20)
At 31 March 2024 (unaudited)	**114**	**429**	**23,143**	**5,096**	**30,878**	**59,660**
Net book value						
At 31 March 2024 (unaudited)	**6,540**	**2,811**	**36,171**	**18,517**	**27,170**	**91,209**
At 30 September 2023 (audited)	6,803	823	27,945	17,051	25,657	78,279

Plant & machinery, fixtures and fittings includes £4,157,000 (31 March 2023: £2,039,000; 30 September 2023: £845,000) of assets in the course of construction, relating to the development of new centres.

As at 31 March 2024, outstanding capital commitments to fit out new and refurbish existing sites and to complete the installation of solar panels totalled £14,176,000 (31 March 2023: £673,000; 30 September 2023: £5,450,000).

10. Leases

Group as a lessee

The Group has lease contracts for property and amusement machines used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. There are nine (FY2023: ten) lease contracts that include variable lease payments in the form of revenue-based rent top-ups.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Property £'000	Amusement machines £'000	Total £'000
Cost			
At 1 October 2022	174,260	11,239	185,499
Lease additions	2,452	5,522	7,974
Acquisition	4,911	-	4,911
Lease surrenders	-	(1,071)	(1,071)
Lease modifications	5,418	-	5,418
Effects of movement in foreign exchange	(1,070)	-	(1,070)
At 30 September 2023 (audited)	**185,971**	**15,690**	**201,661**
Lease additions	7,169	1,862	9,031
Acquisitions (note 17)	5,711	-	5,711
Lease surrenders	-	(676)	(676)
Lease modifications	3,007	-	3,007
Effects of movement in foreign exchange	(630)	-	(630)
At 31 March 2023 (unaudited)	**201,228**	**16,876**	**218,104**
Accumulated depreciation			
At 1 October 2022	31,264	6,780	38,044
Depreciation charge	10,464	2,501	12,965
Impairment charge	1,277	-	1,277
Impairment reversal	(459)	-	(459)
Lease surrenders	-	(977)	(977)
At 30 September 2023 (audited)	**42,546**	**8,304**	**50,850**
Depreciation charge	5,549	1,466	7,015
Lease surrenders	-	(601)	(601)
At 31 March 2024 (unaudited)	**48,095**	**9,169**	**57,264**
Net book value			
At 31 March 2024 (unaudited)	**153,133**	**7,707**	**160,840**
At 30 September 2023 (audited)	143,425	7,386	150,811

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Property £'000	Amusement machines £'000	Total £'000
Lease liabilities			
At 1 October 2022	182,550	5,819	188,369
Lease additions	2,452	5,522	7,974
Acquisitions	4,911	-	4,911
Accretion of interest	9,568	240	9,808
Lease modifications	5,418	-	5,418
Lease surrenders	-	(145)	(145)
Payments[1]	(17,882)	(3,167)	(21,049)
Effects of movement in foreign exchange	(1,081)	-	(1,081)
At 30 September 2023 (audited)	**185,936**	**8,269**	**194,205**
Lease additions	7,169	1,862	9,031
Acquisitions (note 17)	5,711	-	5,711
Accretion of interest	5,244	209	5,453
Lease modifications	3,007	-	3,007
Lease Surrenders	-	(109)	(109)
Payments[1]	(9,774)	(1,811)	(11,585)
Effects of movement in foreign exchange	(659)	-	(659)
At 31 March 2024 (unaudited)	**196,634**	**8,420**	**205,054**
Current	9,566	3,398	12,964
Non-current	187,068	5,022	192,090
At 31 March 2024	**196,634**	**8,420**	**205,054**
Current	9,304	3,249	12,553
Non-current	176,632	5,020	181,652
At 30 September 2023	185,936	8,269	194,205

[1] In the 6 month period to 31 March 2024, £136,000 (6 months to 31 March 2023: £34,000) of rent payments were part of the working capital movements in the year.

11. Goodwill and intangible assets

	Goodwill £'000	Brand £'000	Trademark £'000	Customer relationships £'000	Software £'000	Total £'000
Cost						
At 1 October 2022	75,194	7,248	798	314	2,220	85,774
Additions	-	-	-	-	1,057	1,057
Acquisitions	6,865	-	-	503	-	7,368
Effects of movement in foreign exchange	(11)	-		(12)	-	(23)
At 30 September 2023 (audited)	**82,048**	**7,248**	**798**	**805**	**3,277**	**94,176**
Additions	-	-	-	-	435	435
Acquisitions (note 17)	4,506	-	-	306	-	4,812
Disposals	-	-	-	-	(28)	(28)
Effects of movement in foreign exchange	(25)	(14)	-	(3)	-	(42)
At 31 March 2024 (unaudited)	**86,529**	**7,234**	**798**	**1,108**	**3,684**	**99,353**
Accumulated amortisation						
At 1 October 2022	-	1,523	416	8	2,033	3,980
Amortisation charge	-	568	50	45	157	820
At 30 September 2023 (audited)	**-**	**2,091**	**466**	**53**	**2,190**	**4,800**
Amortisation charge	-	284	25	37	85	431
Disposals	-	-	-	-	(28)	(28)
At 31 March 2023 (unaudited)	**-**	**2,375**	**491**	**90**	**2,247**	**5,203**
Net book value						
At 31 March 2024 (unaudited)	**86,529**	**4,859**	**307**	**1,018**	**1,437**	**94,150**
At 30 September 2023 (audited)	82,048	5,157	332	752	1,087	89,376

12. Share capital

The share capital of the Group is represented by the share capital of the Parent Company, Hollywood Bowl

	31 March 2024		31 March 2023		30 September 2023	
	No of shares	£'000	No of Shares	£'000	No of shares	£'000
Ordinary shares of £0.01 each	**171,584,143**	**1,716**	171,712,3579	1,717	171,712,357	1,717

Group plc.

During the period, 128,214 ordinary shares of £0.01 each were repurchased and cancelled under the Group's share buy back programme at a total cost of £379,327.

The ordinary shares are entitled to dividends.

13. Loans and borrowings

On 29 September 2021, the Group entered into a £25m revolving credit facility (RCF) with Barclays Bank plc. The RCF had an original termination date of 31 December 2024. On 22 March 2024, the RCF had the termination date extended to 31 December 2025.

Interest is charged on any drawn balance based on the reference rate (SONIA), plus a margin of 1.65 per cent (31 March 2023 and 30 September 2023: 1.75 per cent).

A commitment fee equal to 35 per cent of the drawn margin is payable on the undrawn facility balance. The commitment fee rate as at 31 March 2024 was therefore 0.5775 per cent (31 March 2023 and 30 September 2023: 0.6125 per cent).

Issue costs of £135,000 were paid to Barclays Bank plc on commencement of the RCF and a further £35,000 on extension of the RCF. These costs are being amortised over the term of the facility and are included within prepayments.

The terms of the Barclays Bank plc facility include the following Group financial covenants:
(i) For the 7-month period ended 31 December 2021, the ratio of total net debt to adjusted EBITDA shall not exceed 1.75:1.
(ii) For the 12-month period ending on each reference date, commencing 31 March 2022 and each quarter thereafter,
the ratio of total net debt to adjusted EBITDA pre-IFRS 16 shall not exceed 1.75:1.

The Group operated within the covenants during the period and the previous period.

14. Performance share-based payments - Long term employee incentive costs

The Group had the following performance share based payment arrangements in operation during the period:
a) The Hollywood Bowl Group plc Long Term Incentive Plan 2022
b) The Hollywood Bowl Group plc Long Term Incentive Plan 2023
c) The Hollywood Bowl Group plc Long Term Incentive Plan 2024

Long Term Incentive Plans

HWB Group plc operates Long Term Incentive Plans (LTIPs) for certain key management. In accordance with IFRS 2 Share-based payment, the values of the awards are measured at fair value at the date of grant. The exercise price of the LTIPs is equal to the market price of the underlying shares on the date of grant. The fair value is determined based on the exercise price and number of shares granted, and is written off on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually vest.

In accordance with the LTIP schemes outlined in the Group's Remuneration Policy (Annual Report FY2023), the vesting of these awards is conditional upon the achievement of an EPS target set at the time of grant and measured at the end of a 3-year period ending 30 September 2023, 2024, 2025 and 2026 and the Executive Directors' continued employment at the date of vesting. The LTIP 2022, 2023 and 2024 also have performance targets based on return on centre invested capital, emissions ratio for Scope 1 and Scope 2 and team member development.

During the six months ended 31 March 2024, 584,831 (31 March 2023: 627,678 and 30 September 2023:627,678) share awards were granted under the LTIP.

For the six months ended 31 March 2024, the Group has recognised £737,726 of performance share-based payment expense in the profit or loss account (31 March 2023: £568,286 and 30 September 2023: £1,218,431).

The LTIP shares are dilutive for the purposes of calculating diluted earnings per share.

15. Principal Risks and Uncertainties

The Directors have reconsidered the principal risks and uncertainties of the Group and have determined that those reported in the Annual Report for the year ended 30 September 2023 remain relevant for the remaining half of the financial year. These risks are summarised below, and how the Group seeks to mitigate these risks is set out on pages 71 to 75 of the Annual Report and Accounts 2023, which can be found at www.hollywoodbowlgroup.com.

In summary, these include:

- The economic condition in the UK – results in a decline in GDP, consumer spending, a fall in revenue and inflation pressure impacting the Group's strategy.
- Breach of covenants - could result in a review of banking arrangements and potential liquidity issues.
- Competitive environment for new centres resulting in less new Group centre openings.
- Dependency on the performance of core IT systems – reducing the ability of the Group to take bookings and resulting in loss of revenue. Inaccuracy of data could lead to incorrect business decisions being made.
- Delivery of products and services from third party suppliers which are key to the customer experience – impacting on the overall offer to the customer.
- Management retention and recruitment – lack of direction at centre level with effect on customer experience. More difficult to execute business plans and strategy, impacting on revenue and profitability.
- Food safety - major food incident including allergen or fresh food issues. Loss of trade and reputation, potential closure and litigation.
- Cyber security and GDPR – risk of cyber-attack/terrorism could impact the Group's ability to keep trading and prevent customers from booking online. Data protection or GDPR breach. Theft of customer email addresses and impact on brand reputation in the case of a breach.
- Compliance - failure to adhere to regulatory requirements such as listing rules, taxation, health and safety, planning regulations and other laws. Potential financial penalties and reputational damage.

- Climate change – increasing carbon taxes, business interruption and damage to assets and cost of transitioning operations to net zero.

16. Related Party Transactions

There were no related party transactions during the period ending 31 March 2024 or 31 March 2023.

17. Acquisitions

On 2 October 2023, the Group purchased the assets, including the long leasehold, of Lincoln Bowl. On 7 November 2023 the Group acquired Woodlawn Bowl Inc. in Guelph, Ontario and on 11 November 2023, the assets and lease of Lucky 9 Bowling Centre Limited as well as its associated restaurant and bar, Monkey 9 Brewing Pub Corp in Richmond, British Columbia. All three businesses are operators of ten-pin bowling centres. The purpose of the acquisition was to grow the Group's core ten-pin bowling business in their respective regions.

These three acquisitions are consolidated in Hollywood Bowl Group plc's Financial Statements with effect from 2 October 2023, 7 November 2023 and 11 November 2023 respectively.
The details of the business combination are as follows (stated at acquisition date fair values):

	Lincoln Bowl	Woodlawn Bowl Inc.	Lucky 9 Bowling	Total
	£'000	£'000	£'000	£'000
Fair value of consideration transferred				
Amount settled in cash	4,474	2,784	277	7,535
Recognised amounts of identifiable net assets				
Property, plant and equipment	2,100	290	228	2,618
Right-of-use assets	-	1,413	4,298	5,711
Intangible assets	135	171	-	306
Inventories	8	21	27	56
Trade and other receivables	91	42	22	155
Cash and cash equivalents	10	10	-	20
Trade and other payables	(10)	(62)	-	(72)
Lease liabilities	-	(1,413)	(4,298)	(5,711)
Deferred tax liabilities	-	(54)	-	(54)
Identifiable net assets	2,334	418	277	3,029
Goodwill arising on acquisition	2,140	2,366	-	4,506
Consideration settled in cash	4,474	2,784	277	7,535
Cash and cash equivalents acquired	(10)	(10)	-	(20)
Net cash outflow on acquisition	4,464	2,774	277	7,515
Acquisition costs paid charged to expenses				297
Net cash paid in relation to the acquisitions				**7,812**

Acquisition related costs of £297,000 are not included as part of the consideration transferred and have been recognised as an expense in the consolidated income statement within administrative expenses.

The fair value of the identifiable intangible assets acquired includes £306,000 in relation to customer relationships. The customer relationships have been valued using the multi-period excess earnings method.

The fair value of right-of-use assets and lease liabilities were measured as the present value of the remaining lease payments, in accordance with IFRS 16.

The fair value and gross contractual amounts receivable of trade and other receivables acquired as part of the business combinations amounted to £155,000. At the acquisition date the Group's best estimate of the contractual cash flows expected not to be collected amounted to £nil.

In the period since acquisition to 31 March 2024, the Group recognised £3,077,000 of revenue and £1,042,000 of profit before tax in relation to the acquired businesses. Had the acquisition occurred on 1 October 2023, the contribution to the Group's revenue would have been £3,581,000 and the contribution to the Group's profit before tax for the period would have been £1,177,000.

Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting'.

- The interim management report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

This responsibility statement was approved by the Board on 3 June 2024 and is signed on its behalf by:

Stephen Burns
CEO
3 June 2024

Laurence Keen
CFO
3 June 2024