Driving our growth strategy

Hollywood Bowl Group plc
Annual report and accounts 2022

Driving our growth strategy

Our unique purpose-led culture and proven investment-led strategy are enabling us to capitalise on the significant growth opportunities in the markets we operate in.

Strategic report

Corporate report

Financial statements

Our purpose is bringing families and friends together for affordable fun and safe, healthy competition

Our strategy...

- Delivering like-for-like revenue growth
- Actively refurbishing our assets
- Developing new centres and acquisitions
- Focusing on our people
- Leveraging our indoor leisure experience

Read more on **pages 32 to 37**

is underpinned by our commitment to sustainable growth...

- Safe and inclusive leisure destinations
- Outstanding workplaces
- Sustainable centres

Read more on **pages 46 to 58**

and strong market fundamentals...

- Growth of competitive socialising
- Combined retail and leisure experiences
- Low market penetration
- Sector consolidation opportunities

Read more on **pages 30 and 31**

enabling us to create value for our stakeholders

- Continually enhancing our customers' experience
- Building energetic and engaging teams who share our values and are proud to be part of our culture
- Maintaining support of our investors to help us grow the business and consistently deliver returns

Read more on **pages 27 to 29**

Our financial performance

+28.3%
LFL revenue growth[1]
(2021: +28.6%)

£193.7m
Revenue
(2021: £71.9m)

+169.5%
Total revenue growth
(2021: -9.6%)

£77.5m
Group adjusted EBITDA[1]
(2021: £30.6m)

£37.5m
Profit after tax
(2021: £1.7m)

21.91p
Earnings per share
(2021: 1.05p)

£39.4m
Adjusted profit after tax[1]
(2021: £1.7m)

23.07p
Adjusted earnings per share[1]
(2021: 1.05p)

8.53p
Final ordinary dividend per share

3.0p
Special dividend per share

1 Definitions for these measures are in the key performance indicators section (pages 38 and 39). A reconciliation between key adjusted and statutory measures, as well as notes on alternative performance measures, is provided in the Chief Financial Officer's review (pages 40 to 45). Management believes providing these specific financial highlights gives valuable supplemental detail regarding the Group's results, consistent with how management evaluates the Group's performance. Due to the restrictions in FY2020 and FY2021, like-for-like (LFL) calculations above are compared to the last uninterrupted year of trading in FY2019.

Reasons to invest

Hollywood Bowl Group is the UK's market leader with national scale, and the second largest operator of ten-pin bowling centres in the world. We operate a high-quality, well-invested estate with diverse revenue streams and multiple levers, including our expansion into Canada, to drive further growth.

People and leadership

Our highly motivated and engaged operational teams deliver our customer-focused experiences, and are led by a stable and experienced management team who is committed to sustainable growth

Read more on **pages 51 to 54**

Top 25

UK's Best Big Companies to Work For in 2022

Balance sheet strength

By driving revenues, achieving healthy margins and maintaining a strong balance sheet, we continue to invest appropriately in enhancing and scaling our business

Read more on **pages 18 to 22**

£56.1m

Net cash at year end

Market opportunities

As the clear leader in both the UK ten-pin bowling and the competitive socialising markets, we are best placed and have the experience to capitalise on the growth opportunities available in the markets we operate in

Read more on **pages 30 and 31**

9

Centres added to the Group estate in FY2022

Exciting growth pipeline

Alongside our ongoing centre refurbishment plan, we are targeting more new centres for our Hollywood Bowl, Puttstars and Splitsville brands, which is backed by our rigorous and disciplined location selection process

Read more on **page 35**

15-20

Target range of new openings before the end of FY2025

Customer focus

Our ten-pin bowling and mini-golf centres provide fun and safe environments for people of all ages, and their experiences are enhanced by research led insight and a culture of continuous improvement

Read more on **pages 12 to 15**

61%

UK net promoter score

Providing great value entertainment experiences

Through our customer focus and insight-led service, product and technological innovation, we are on a mission to continually enhance our customers' experience of the inclusive competitive socialising activities of ten-pin bowling and indoor mini-golf.

Our centres offer bowling lanes or mini-golf courses, a licensed bar, a diner and an amusements zone featuring the latest games designed to keep everyone entertained.

Our brands

hollywood bowl

Our UK ten-pin bowling brand, with centres typically offering 24 bowling lanes, situated in prime locations on leisure or retail parks.

Centres

64*

Market leader
in UK ten-pin bowling market

Read more on **pages 12 and 13**

PUTTSTARS

Our UK indoor mini-golf brand with centres offering three mini-golf courses, situated in prime locations on leisure or retail parks.

Centres

5

Challenger brand
in UK mini-golf market

Read more on **pages 14 and 15**

splitsville entertainment

Our Canadian ten-pin bowling brand with centres typically offering 29 bowling lanes, located in standalone locations or co-located with retail units.

Centres

6

Established brand
in Canadian ten-pin bowling market

Read more on **pages 16 and 17**

* Includes two remaining AMF centres which will be rebranded in FY2023

Our locations

UK
Hollywood Bowl is the UK's largest ten-pin bowling brand with 64 centres nationwide. Puttstars is our emerging indoor mini-golf brand, which opened its first centre in 2020

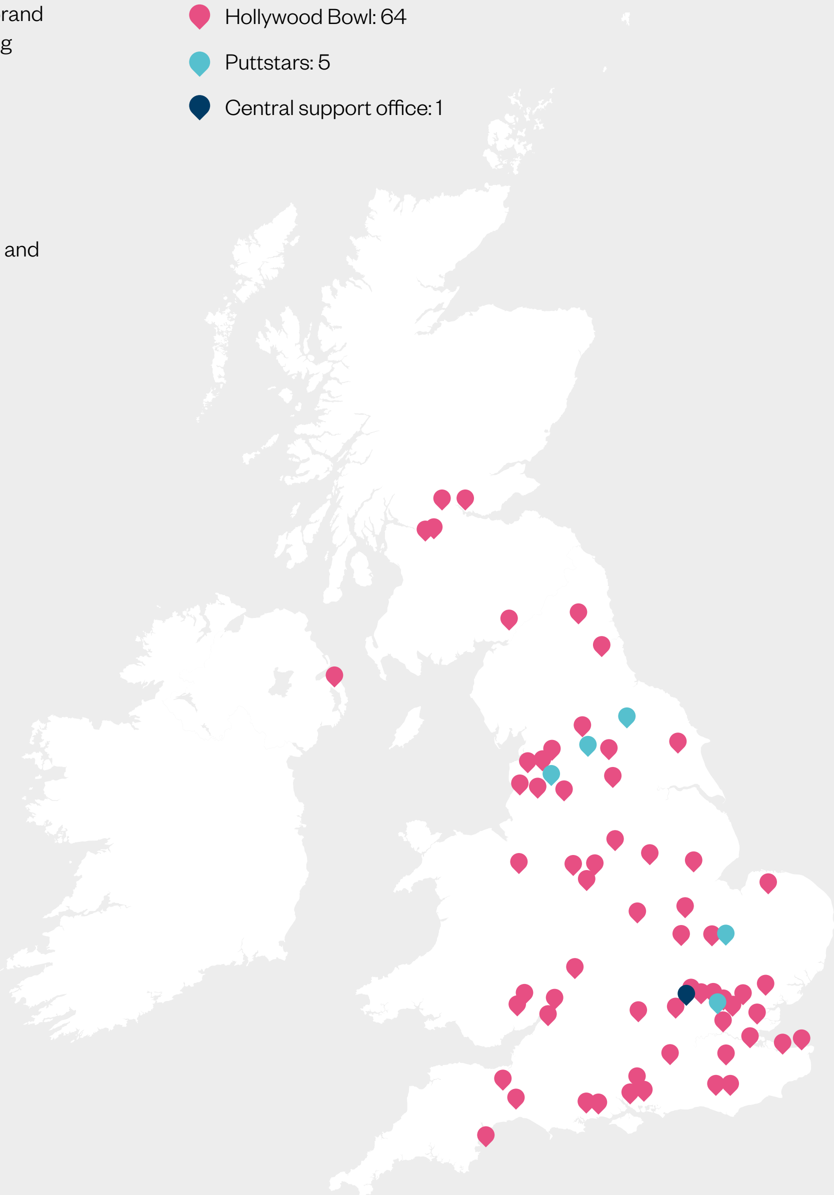
Read more on **pages 12 to 15**

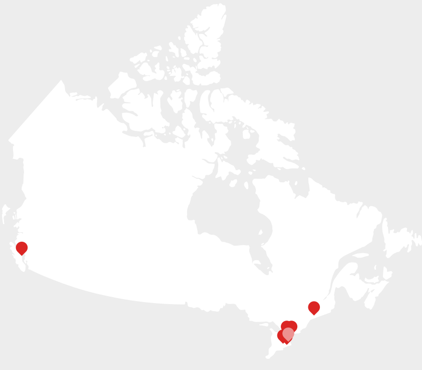
Canada
Splitsville is our first overseas ten-pin bowling brand and was acquired by the Group in May 2022

Read more on **page 16**

75
Centres open as at 16 December 2022

15-20
Target range of new centres opening before end of FY2025





The Group's excellent performance has exceeded expectations

"I salute our team members' effort in delivering on our purpose and providing consistently excellent customer experiences."

Peter Boddy, Non-Executive Chairman

Each year, I cannot help but enthuse about the people who work with us at Hollywood Bowl Group, and FY2022 has been no different.

A record year flashed by and, as customers returned in their droves, our Centre Managers and team members delivered excellent customer service unfailingly throughout the year.

The Group's excellent financial performance in FY2022 exceeded the Board's expectations, as well as the FY2019 (the last full year of uninterrupted trading) revenue levels by 28.3 per cent on a like-for-like (LFL) basis. We have made further progress against our customer-led strategy, investing in and growing our estate, including announcing a new milestone for the business this year with our first international acquisition in Canada. We have continued to improve our customer experience, and we are proud of the great value for money we offer families and friends across the UK and Canada. As a result of this excellent performance we were pleased to reinstate our dividend for the year and set out the Group's updated capital allocation policy, which centres on sustainable profit growth and shareholder returns, on page 44.

Demand for great value competitive socialising remains strong, and we achieved four of our five-highest ever revenue months during the year. The UK summer of travel disruptions in 2021, knocked foreign travel off the agenda for many, benefiting the domestic leisure and entertainment sector in that period, and we continued to see the benefit of that during the early months of FY2022. We also experienced our second-highest revenue month on record during August 2022, despite the heatwave, with our centres also providing our customers a welcome reprieve from the hot weather.

This excellent performance has been achieved by our teams who have stood up to the many, well-publicised challenges experienced by businesses throughout the year, including COVID-19 related absences, labour shortages and supply chain issues. Our Centre Managers successfully navigated these challenges while coordinating multiple on-site operations and leading their teams on a daily basis. I salute their efforts in delivering on our purpose and providing consistently excellent customer experiences. We were pleased to reward this significant team effort with a sector-leading bonus scheme in the year.

I am extremely proud of the way our senior leadership team (SLT) has continued to create stakeholder value while innovating and elevating customer experiences. We have seized opportunities to make the Group more operationally efficient, while supporting our Centre Managers to make well-informed decisions at local level. Together, the Board and SLT remain laser focused on our strategic growth initiatives.

We have invested further in our portfolio, refurbishing or rebranding eight centres during the year. We continue to implement and introduce a number of performance enhancing initiatives, such as optimising the layouts in our centres to create more lanes and extra space for our amusements. We have accelerated our digital offering and improved how we interact with customers – amplifying their experiences to meet heightened expectations. Work included in-centre digital displays, improved Customer Relationship Management (CRM) capability, as well as website and IT architecture improvements that collectively help improve our customers' interactions.

We have grown the portfolio during the year, opening two new Hollywood Bowl centres in Resorts World Birmingham and in Belfast, both of which are trading in line with expectations, and we continue to see significant opportunity to grow the brand in the UK and add to our pipeline.

Since the launch of our new Puttstars leisure brand, a unique and modern twist on indoor mini-golf, in March 2020, we have been testing the format and refining the value proposition. COVID-19 halted progress for nearly two years, however, since the lifting of restrictions, the trial is progressing well. Informed by customer research and the lessons we have learned, we are refining the operational delivery and making modifications in the centre environments and game-play. We opened two new Puttstars during the calendar year, and we continue to see opportunity to add to our pipeline and grow the brand by expanding into those five-star locations across the UK where a Hollywood Bowl centre is not suitable, for example, where there is a smaller available footprint.

Looking further afield, an exciting highlight of the year was the acquisition in May of Teaquinn Holdings Inc (Teaquinn) in Canada for an initial consideration of CAD 17m (approximately £10.6m), which was funded from the Group's existing cash resources.

The business comprises Splitsville, a Canadian ten-pin bowling brand, and Striker Bowling Solutions, a supplier and installer of bowling equipment across Canada.

This was an excellent opportunity to acquire a well-operated, freehold-backed business with an experienced existing management team led by founder Pat Haggerty. The Canadian bowling market is well established but fragmented and under invested, and ripe for consolidation. Together with Pat, we see significant potential for profitable growth in a territory which shares many characteristics of the UK market of some ten years ago. In addition to refurbishment opportunities, we have the potential to add up to ten sites to the portfolio over the next five years. The Board believes this is an opportunity that aligns well with our strategic growth plans with targeted returns in line with our financial investment criteria.

In October 2021, we appointed Melanie Dickinson to the Board as Chief People Officer in recognition of the huge importance we place on our team members, and the impact that her role has had on the success of the Group. We conducted full pay reviews and awarded well-earned bonuses to our team members, recognising their contribution to a stellar performance in FY2022. We did this on the back of a bonus scheme introduced last year, rewarding our centre teams for displaying behaviours that align with Group strategy and environmental performance targets. Excellent service is fundamental to our success, and is embedded in everything we do and the rewards we offer.

In the context of our focus on our team members, I was delighted that the Group was recognised as one of The UK's 25 Best Big Companies to Work For in 2022.

We welcomed Julia Porter as an Independent Non-Executive Director on 1 September 2022, and as a member of the Audit, Nomination and Remuneration Committees.

We will sadly say goodbye to Claire Tiney following a three-month handover with Julia, who will become Chair of the Remuneration Committee as Claire will be retiring by rotation at the AGM in January 2023.

I would like to thank Claire for her excellent insights and contribution to the Group since 2016, and the other members of the Board for their valued contributions during the year.

Operating sustainably has long been a priority for the Group. Having evolved our wider environmental, social and governance (ESG) strategy in FY2021, this year we have further embedded sustainability considerations in the way we operate, and have extended our targets and stated ambitions.

This year for the first time, we have integrated the Task Force on Climate-related Financial Disclosures (TCFD) framework and recommendations in our reporting, giving more visibility on the climate-related risks we face, the environmental initiatives we are currently undertaking, and the steps required to meet stakeholder expectations. We are putting additional systems and processes in place to mitigate against future risks and measure performance in this area.

We work hard to mitigate business risks, and although inflationary pressures are expected to continue, we are well placed to withstand them through our operating model, as well as our multiple revenue streams. We are exceptionally pleased to have closed FY2022 in a robust cash and liquidity position. With no current debt we are not directly impacted by interest rate rises.

The investments and refurbishments made to our estate have allowed us to deliver great value to all of our stakeholders, while keeping true to our purpose of bringing people together for affordable and healthy competition that is safe and fun, in a wholly positive environment.

Our strict return on investment hurdle rate currently has sufficient headroom to allow us to continue our capital investment and refurbishment programmes, as well as pursue our expansion plans. We are confident in our ability to not only withstand but to succeed in the face of the current headwinds, and are committed to keeping our prices affordable for customers so they can continue to enjoy a family treat at one of our bowling or mini-golf centres.

I would like to thank all the suppliers, landlords, partners, shareholders and other stakeholders that have worked with us to ensure our business could deliver such an outstanding performance, and I hope you will continue to share in the Group's success in the years ahead.

Peter Boddy
Non-Executive Chairman
15 December 2022

18.3%

LFL games growth vs FY2019

14.53 pence

Total dividend per share

Q&A with Peter

We ask Chairman Peter Boddy about his highlights of FY2022 and ambitions for the coming year.

Q – Describe what has made you most proud this year?

A – I am most proud of our team of talented people and the hard work that they have put into achieving our success this year. A major contributor to our ability to attract and retain our talented people is the training and development opportunities we offer to our team members. Outside of the structured training however, lies a genuine spirit and ethos of empowering people. One of the proudest moments of the year was being able to reward these efforts with pay increases and exceptional bonuses, as well as the recognition of being named one of the UK's 25 Best Big Companies To Work For.

Q – What have been the most difficult obstacles faced by the business?

A – The past couple of years have presented so many exceptional challenges that it is difficult to know where to begin to answer that question. Naturally, the spectre of COVID-19 looms large over much of what we have done and achieved in recent years, but we have become stronger in the face of it. Businesses have faced a number of operational challenges in the aftermath, and never before have so many global, political and environmental factors been under consideration in the daily actions of our SLT and the people they manage. However, we came through it and delivered an outstanding performance, underpinned by great service and excellent teamwork.

Q – What are your priorities for the Group for the future?

A – More of the same – growth and performance. The Canadian acquisition has been a real highlight, and we are naturally very excited to grow the Splitsville brand and refine our offer in a new market . Closer to home, we still see opportunity to grow both our Hollywood Bowl and Puttstars brands and to invest in the quality of our portfolio. The SLT is constantly stretching ideas on how we can make customers' experience better, and remain true to our core proposition of offering great value-for-money, family-friendly leisure experiences.

Q – How has the Group responded to the increased profile of ESG?

A – It has always been a priority of the Group to look after our people and customers, and to reduce our environmental impact. We will continue to do all of this as we evolve our ESG strategy, extending our ambitious targets. For the first time this year, we have incorporated the TCFD framework in our reporting, which highlights our strategies to mitigate against the climate-related risks we face. Our consistently high standards of corporate governance ensure our governance framework meets the needs of the business and is appropriately aligned with best practice, and we are extending the Committee structure in 2023 to include a Corporate Responsibility Committee, which will be chaired by one of our Non-Executive Directors.

We're all about the entertainment experience

A passion for bringing friends and families together to share memorable entertainment experiences is at the very heart of what we do.

Our three unique brands create inclusive fun and healthy competition for customers of all ages and abilities to enjoy.

Our drive for constant improvement and innovation helps us to evolve and enhance our customers' experience when they visit one of our centres.

Hollywood Bowl Group operates with three core customer-facing brands.

We are the UK's largest ten-pin bowling operator, where we have 64 bowling centres under the Hollywood Bowl brand.

Also in the UK, we have five indoor mini-golf centres operating under the Puttstars brand.

Following the acquisition of Teaquinn, we now have the platform to grow our first overseas bowling business under the Splitsville brand in Canada, where we have six ten-pin bowling centres.

Read more on **pages 12 to 17**

hollywood bowl

1,508
Bowling lanes

64
UK centres

2
New centres opened in FY2022

PUTTSTARS

135
Mini-golf holes

5
UK centres

1
New centre opened in FY2022

splitsville ENTERTAINMENT

174
Bowling lanes

6
Canadian centres

1
New centre opened in FY2022 (post acquisition)

hollywood bowl

The market-leading brand

Ten-pin bowling is part of the UK's diverse 'out-of-home' leisure sector. Its popularity is based around offering an inclusive, fun, affordable and sociable experience for friends, families or work colleagues, appealing to a broad range of consumers.

Hollywood Bowl is the market leader in the UK and is our most recognised brand. We specialise in operating large, high-quality bowling centres which are predominantly located in prime 'out-of-town' multi-use leisure parks alongside cinemas and casual dining sites.

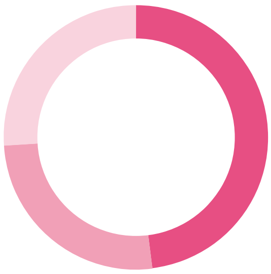
We will complete the rebranding of the remaining two AMF Bowling centres to the Hollywood Bowl brand, in FY2023.

Understanding the experiences our customers really value

We believe that customer service is a true point of differentiation in a competitive leisure market. We focus on the critical customer satisfaction drivers: value for money, cleanliness, team friendliness and service speed.

Our customer experience programmes provide valuable insights into our customers' preferences, by digitally capturing satisfaction levels following each visit. As well as understanding what our customers want and value, we monitor our customer satisfaction and net promoter scores carefully, and are always ready to react quickly to any operational issue or respond to customer feedback.

FY2022 revenue mix



- Bowling 47.8%
- Food and drink 26.1%
- Amusements 26.1%

29%

Market share of UK bowling lanes

16.6m

Games bowled

+6.1%pts

Net promoter score versus FY2019

£21.8m

Capital invested in FY2022

The complete entertainment experience

Alongside bowling, our food, drink and amusements offerings give our customers a complete entertainment experience, providing more reasons to visit and increase dwell time and secondary spend.

We continue to offer the great value, simplified food menu that was introduced during COVID-19, focusing on good quality and speed of service. We have also introduced a 'snacks and sharers' lane menu, which sits alongside lane drinks ordering.

Amusements remains an area where innovation and new product development are key. As part of our ongoing refurbishment programme, we are increasing the density and quality of family-friendly games and amusement machines. Over time, it has become relatively cheaper to play a game – encouraging more play at a lower entry cost – and we have removed additional barriers to play by rolling out Nayax 'tap to play', which provides digital coin credit to be used on our games.

295

New amusement machines added in FY2022

49.9%

Growth in amusement revenue vs FY2019

Enhancing the digital customer experience

We continue to develop and enhance the customer journey through investment in the use of technology.

Post COVID-19, we saw an upsurge in online bookings, when compared to FY2019, a trend which continued in FY2022.

We increased our investment in content development, and in digital brand and sales activation advertising across a wide variety of customer groups and channels, including social media, which resulted in increased revenues and reduced cost per acquisition from this activity.

We also continued to invest in our website, to simplify the online customer journey and enhance the booking process.

This has helped improve the presentation of products, dynamic pricing, sales conversion levels and increased booking lead times.

Our customer data platform is improving engagement rates and driving revenue from our database of over two million contactable customers via our automated and tactical CRM programmes.

Internal digital screens continue to be rolled out. They help promote healthy competition through our live leader boards, support the upsell of food and beverages, and enhance the overall ambience of the centres with varying content by time of day. We also have external digital signage in some of our centres to increase kerb appeal.

We have strengthened our in-house digital team and the agencies we work with, and have several exciting digital transformation projects planned for FY2023.

+97%

Increase in online bowling revenue vs FY2019

+28%

Increase in website conversion vs FY2019

7m

Visitors to hollywoodbowl.co.uk

2m

Contactable contacts on database for use in CRM programmes

PUTTSTARS

Our indoor mini-golf brand

A fragmented market

Leveraging our indoor leisure experience, we have opened five Puttstars mini-golf trial centres since 2020, with the most recent opened in November 2022 in Peterborough.

As with bowling, mini-golf appeals to a broad range of consumers. The market remains highly fragmented with more than 1,000 indoor and outdoor locations in the UK, where the vast majority are managed by independent operators.

Each centre offers a diverse entertainment experience, including three nine-hole courses, bar, diner and amusement areas.

Technology and digital channels form an integral part of the Puttstars customer journey and its marketing approach. We have adopted a bespoke digital-scoring system, replacing the traditional paper and pencil scorecard.

Our in-centre screen installations provide centre-wide leader board information, promoting friendly competition and heightened customer participation, which in turn leads to increased dwell time and ancillary spend on food and drink.

Trial phase - testing, learning and evolving

Since launching in FY2020, we have been pleased with the excellent customer satisfaction levels being achieved, but we continue to look for opportunities to evolve the Puttstars brand and customer proposition through insights gained from customer and team member feedback.

We have made enhancements to our existing centre environments, as well as developing our brand framework and improving the customer proposition.

Our new Peterborough centre, which opened in November 2022, incorporates learnings from a major customer research project which informed some changes to the centre's environment.

These included:

- varying the course difficulties to encourage second games and return visits
- a more defined visual style for each course
- hole design improvements
- a mobile scoring app
- improved customer sight lines of the courses from inside and outside the centre
- upgraded external signage and digital journey

In FY2023 we will also be enhancing the brand communications framework to reflect some of the visual changes in the Peterborough centre.

Strategy unchanged but rollout slowed

We remain committed to the Puttstars concept and we continue to test and learn from operating our trial sites.

Our rollout plan in prime locations will continue for Puttstars, albeit at a slower pace. Alongside this we are evaluating adding mini-golf courses to Hollywood Bowl centres as a fourth offer, where space allows.

As we have historically done, we will continue to prioritise opening new Hollywood Bowl centres over mini-golf centres where the space and configuration of a unit allows.

The market opportunity for indoor mini-golf remains strong and with more flexible space requirements than bowling, we believe there is scope to open a further 10-15 centres in the UK over the coming years, as the proposition and Puttstars brand become more established in the local markets they operate in.

490k+
Rounds played

£8.27
Average spend per round

92.4%
Customers highly satisfied or satisfied

£2.6m
Investment in new Peterborough centre

A 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. It is a well-established market with similarities to the UK, but is fragmented and underinvested, and ripe for consolidation.

A well-operated, asset-backed business
Splitsville is made up of six large family entertainment centres. All centres have ten-pin bowling lanes, a large bar and diner and an amusements offer.

The company is a well-operated, freehold 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 and is already earnings accretive in FY2022.

Hollywood Bowl Group believes there is significant opportunity to add value to the existing Splitsville business through leveraging its customer-led operating model, technology and digital marketing experience, and through increasing the scale of the business.

In addition, there are a number of well-populated urban areas that are currently underserved by family entertainment offers. The Group has an identified pipeline of new centre opportunities and sees the potential that at least ten centres can be added over the next five years.

6
Centres in highly populated areas

174
Bowling lanes

29
Average number of bowling lanes per centre

10
Pipeline of new centre opportunities to be opened over next five years

STRIKER BOWLING SOLUTIONS

Striker Bowling Solutions is a B2B supplier and installer to the Canadian bowling industry and exclusive Canadian agent for Brunswick Bowling, the largest bowling manufacturer in the world.

The business works with clients to build new, and modernise existing, bowling centres, providing comprehensive advice, design and installation services, as well as supplying parts and maintenance servicing. The business has an established network in the Canadian bowling market and unmatched insight into the changes that are ever present in today's bowling industry. Through Striker, Splitsville will be able to fit out its own centres at cost as the business expands in Canada.

Consideration terms

Hollywood Bowl acquired Teaquinn for a total consideration of CAD 17m (approximately £10.6m) satisfied by an initial payment of CAD 13.6m in cash and a deferred consideration of CAD 3.4m.

The deferred consideration will be payable at the earlier of Pat Haggerty leaving the business and the end of FY2025. There are no other conditions on payment of this consideration. Additionally, Pat Haggerty will be incentivised by a separate cash-based earn out scheme. The earn out will be calculated using an EBITDA (pre-IFRS 16) multiple of 9.2 times at the time of calculation (no earlier than end of FY2025), deducting any intra-group debt and applying a 20 per cent apportionment for Pat's allocation, before finally deducting the deferred consideration. A proportion of this earn out will be charged to the Group income statement each financial year until it is paid out. See note 33 to the Financial Statements for more information on the earn out and other key elements of the Teaquinn acquisition.

The total aggregate amount payable under the terms of the acquisition, including the earn-out and deferred consideration, is capped at CAD 34m. The earn-out crystallises no earlier than the end of FY2025.

Acquisition highlights

Teaquinn is a well-operated business with a high-quality management team and a long track record of trading performance. Teaquinn comprises Splitsville, an operator of ten-pin bowling centres, and Striker Bowling Solutions, a B2B supplier and installer of bowling equipment. Splitsville, pre-COVID-19, operated four bowling centres with CAD 12.3m revenue and CAD 2.7m EBITDA (pre-IFRS 16) in FY2019, with the combined businesses generating CAD 18.7m revenue with an EBITDA (pre-IFRS 16) of CAD 3.0m. A fifth centre was acquired in 2021.

For the financial year ended 31 December 2021, Teaquinn reported unaudited EBITDA (pre-IFRS 16) of CAD 2.7m and net income of CAD 1.9m.

Our investment strategy and amazing team combined to deliver excellent results

"We are confident that our unique blend of inclusive leisure experiences provides significant growth opportunities in the UK and Canadian markets."

Stephen Burns, Chief Executive Officer

I am very pleased to report another excellent performance for Hollywood Bowl Group in FY2022. For the first time since FY2019, trading has been largely uninterrupted. Our results are reflective of the effectiveness of our industry-leading operating model, the execution of our clear and consistent strategy, and the continued strong customer demand for fantastic value-for-money family entertainment experiences.

This excellent performance is also due to the efforts of our team members who have worked hard to deliver great value-for-money and family-friendly experiences, as shown by the consistently high customer satisfaction scores achieved throughout the year.

We started the financial year with real momentum and trading has remained strong throughout the year. Our strong financial position enabled us to take advantage of the favourable market environment to invest in growing our portfolio in the UK. We marked a key milestone for the business with our first international expansion into Canada via an acquisition in May 2022. The quality of our overall estate is constantly improving, with new centre openings and refurbishments generating attractive returns and enhancing our customer experience.

A record performance across all revenue lines

The profit before tax grew by £46.2m when compared to FY2021, to £46.7m and was £19.1m (69.2 per cent) ahead of FY2019 (our last year of uninterrupted trading). Group adjusted EBITDA pre-IFRS 16 was £60.6m vs £38.2m in FY2019. Each of our centres, that has been open for at least 12 months, had a positive contribution with an average EBITDA for FY2022 (on a pre-IFRS 16 basis) of £1.15m per centre, which is an industry-leading result.

The free cash flow of £34.8m demonstrates our highly cash generative business model, and with net cash of £56.1m at the end of FY2022, the business is in excellent financial health.

Total revenues grew to £193.7m, a 49.2 per cent increase when compared to FY2019, with all revenue lines seeing considerable growth driven by increases in footfall and spend. Games volumes grew by 18.3 per cent on a LFL basis compared to FY2019, whilst LFL spend per game grew by 8.4 per cent, up from £9.64 in FY2019 to £10.45 in FY2022.

As well as increased game volumes, the improvements and investments we have made in our centres have continued to drive average spend per game. We have optimised the layout of centres to increase the space allocated to amusements, and have also added additional lanes in certain centres. Amusement spend per game benefited from this increased density, as well as new game formats and improvements in payment technology which remove barriers to play. Food and beverage LFL revenue saw an increase of 18.6 per cent compared to FY2019, despite a reduction in average menu pricing. This was a result of our strategic decision to simplify our menus during the COVID-19 period, to focus on speed of delivery and quality at accessible price points which in turn increased our order volume.

We have been pleased with the trading we have seen in Canada since our acquisition. Total revenue was CAD 9.6m with EBITDA pre-IFRS 16 of CAD 1.6m. COVID-19 restrictions were lifted in Canada at the end of March 2022, and the result reflects a similar 'bounce' in demand that was experienced in the UK from May 2021.

An outstanding, committed team

I cannot praise our team members enough for their hard work and dedication, and for delivering great customer experiences throughout the year, as reflected by our net promoter score which has increased by 6.1 percentage points compared to FY2019. This was achieved against a backdrop of challenges experienced across the leisure sector including supply chain issues and COVID-19 related absences, particularly during the peak of the Omicron wave.

An outstanding, committed team continued

We recognised and incentivised these efforts with a generous review of our pay and benefits packages and bonus schemes reflecting our long-held belief that the Group's success should be shared appropriately.

Incentive-based bonuses paid out to our Centre Managers in FY2022 were on average 135 per cent of base pay, whilst our Assistant Managers received an average 24 per cent of base pay. Furthermore, 64 per cent of our hourly rate team members received bonuses measured against financial, environmental and customer satisfaction performance criteria, which equated to £0.7m in FY2022.

These payments were well deserved in an excellent year and our teams have entered FY2023 stronger than ever.

We have worked very hard on our people initiatives to continue to attract and retain the very best talent in an increasingly competitive labour market. We have expanded our industry-leading training and development programmes, introducing talent programmes for our Technicians and Contact Centre team for the first time. In total, 25 new candidates joined our Centre Manager in Training programme and 75 candidates joined our Assistant Manager in Training programme.

We are acutely aware that the cost of living crisis has the potential to impact our team members over the coming months. We therefore took the decision to further support them by providing a one-off cost of living payment to team members in September which totalled £0.6m.

We were enormously proud to have been recognised as one of the UK's Best Big Companies To Work for in 2022. This accolade is a testament to the fantastic working culture we have built, and the importance we place on creating outstanding workplaces, which is one of the three pillars of our sustainability strategy.

Innovating and investing

We have continued to generate attractive returns on the investments in our portfolio during the year and our new centre pipeline is progressing well.

We are pleased to have opened two new Hollywood Bowl centres in Resorts World Birmingham and Belfast, as well as a Puttstars in Harrow. At the end of FY2022, our UK estate consisted of 67 centres, including four Puttstars. We opened two new centres, Hollywood Bowl Speke and Puttstars Peterborough, at the start of FY2023, and are due on site at two new Hollywood Bowl locations in FY2023. Our pipeline continues to build and we are targeting to open a further ten UK centres before the end of FY2025.

We refurbished or rebranded eight centres during the year, all of which are delivering returns in line with our hurdle rate of 33 per cent or above. As part of our refurbishment strategy, we have invested in enhancing the customer experience in our centres resulting in higher spend per game. The combination of our dining and bar areas means that they can be managed more efficiently, and has also increased the capacity and density of family-friendly games and amusement machines. This initiative, alongside the introduction of payment technology that removes barriers to play, has helped drive revenues in amusements. We plan to commence at least seven further refurbishments or rebrands in FY2023, including converting our last two AMF Bowling centres to Hollywood Bowl.

A total of 15 centres have benefited from the installation of Pins on Strings technology in the period, taking the total of the estate now completed to 41 centres (65 per cent of the estate).

Investment in all aspects of the digital customer journey has continued. Since lockdowns ended, there has been a shift in the way customers make bookings, with the majority now made online. We have made further investments in our website and booking engine to improve sales conversions, encourage early bookings and improve dynamic pricing, allowing us to offer better value for customers at non-peak periods, driving overall capacity utilisation, whilst also automatically driving yield during the peak periods. We have also improved our CRM capabilities, enabling us to be more selective and targeted in our marketing to improve engagement and conversion rates.

£10.45

LFL SPG +8.4% vs FY2019

£12.5m

Expansionary UK capital spent in FY2022

During the year, we continued to introduce dynamic digital displays to encourage customer engagement and friendly competition at our centres. Positioned strategically, these displays publish live scoring leader boards and showcase food and drink content that reflect customer profile changes through the day. To stimulate food and beverage sales further, we have upgraded our WIFI networks in all centres to support at-lane ordering.

We continue to significantly invest in our technology initiatives and grow our IT team. We have recently appointed a new IT and Digital Transformation Director who takes on a strategic role in the ongoing development of our IT capability, as the digital customer journey becomes ever more important.

International expansion and acquisition

In May 2022, we were delighted to announce the acquisition of Teaquinn, comprising Splitsville, an operator of five ten-pin bowling centres, and Striker Bowling Solutions, a B2B supplier and installer of bowling equipment, for an initial consideration of CAD 17m (approximately £10.6m). This acquisition is a key milestone for the Group as we take our first steps internationally, in line with our long-term growth plan.

The company is a well-operated, freehold asset-backed business that provides us with an exciting platform for growth in the fragmented and under-invested Canadian market. Bowling is well established in Canada; it is a popular pastime and there are more established leagues and regular, committed players when compared to the UK, but we believe there is an opportunity to leverage our customer-led operating model, technology and digital marketing experience to meet unmet demand for affordable family leisure experiences.

The Canadian market is ripe for consolidation with many centres under single ownership and few groups operating more than three centres. In addition, there are a number of well-populated urban areas that are currently under-served by family entertainment offers where we see potential for growth.

We will work with Pat Haggerty, Founder and President of Teaquinn, and his management team, to grow our portfolio in this new market while maintaining our typical 'test and learn' approach. Since the acquisition, we have focused on putting in place the financial systems and structure that will support this growth, including recruiting a VP of Operations, Head of Marketing and Director of Finance.

We have completed our first acquisition in Kingston, Ontario, bringing the number of centres we own in Canada to six; five in Ontario and one in British Columbia.

We have an identified pipeline of new site opportunities with the potential that at least ten sites can be added over the next five years, and at least a further 20 sites over the next ten years. Our mid-term goal is to open two new sites per year on average.

Similar to our UK strategy, we will continue to apply a rolling refurbishment programme that fits within our strict return on investment criteria. Our first refurbishment is expected to complete in H1 FY2023, and we also plan to refurbish the recently acquired centre in Kingston, Ontario. Striker supplies and maintains a large number of bowling centres across Canada, which will benefit us and allow us to fit out our own centres at cost, as we build the business.

We have been very pleased with the trading results since the acquisition. COVID-19 restrictions were lifted fully in March 2022, and trading has followed a similar pattern to the UK with an initial rebound in demand. We achieved double digit LFL revenue growth against 2019 for the four months to 30 September 2022.

Placing sustainability at the heart of our business

Energy efficiency remains a key focus, and the Group's programme of solar panel installations remained on track with a total of 22 centres now completed or under construction, with more than 30 per cent of our centres close to, or actively generating, their own energy. We will continue to negotiate with our landlords if we see a feasible opportunity to install solar panels; we believe that circa. 50 per cent of our UK current estate could benefit from this approach.

Placing sustainability at the heart of our business continued

We are making good progress with our waste reduction and recycling targets, with our team members' bonus allocation in part being measured against how effectively waste is managed and recycled. This has supported an excellent performance with eight centres recycling over 85 per cent of all waste produced. On average, 77.7 per cent of our waste in FY2022, in the UK, was recycled, compared to 71.6 per cent in FY2021.

We continue to embed more targets and stated ambitions in our ESG strategy and have, for the first time this year, integrated the TCFD framework and recommendations in our reporting. By doing so we are giving our stakeholders more visibility on the climate-related risks we face, and the current and developing plans to mitigate against them.

In recognition of our commitment to sustainability, in FY2023 we are establishing a Corporate Responsibility Committee that will report directly to the Board and will be headed by Ivan Schofield.

Well insulated from inflationary pressures

We are mindful of the increasing cost pressures and have continued to focus on controlling our costs throughout the year and we remain well insulated from wider inflationary pressures. Our UK electricity usage costs are hedged to the end of FY2024 and over 70 per cent of our revenues are not subject to inflation in cost of goods sold. Labour costs account for less than 20 per cent of revenue at centre level, and food and drink costs represent less than 10 per cent of overall costs and through the work undertaken to simplify our menus, we have reduced our exposure to supply chain and food inflation.

This enables us to keep our prices low, and our headline price remains the lowest of all the branded bowling operators – a family of four is able to bowl with us for less than £24.

Outlook

We have continued the momentum from FY2022 into the start of the current financial year with strong demand and encouraging pre-bookings for the Christmas period.

Against the backdrop of the increasing cost of living, we believe our great value-for-money offer will remain attractive to families seeking affordable, family-friendly leisure experiences. We are committed to continuing to invest in and supporting our team members to deliver these positive customer experiences.

We are focused on continuing to execute our customer-led strategy and generate attractive returns through investing in the overall quality of the estate via new centre openings, refurbishments and rebrands, innovation of the customer offer and technology enhancements.

The strength of our balance sheet, alongside our highly cash generative business model, means we are in an excellent position to pursue our growth strategy, and we see the potential in the future to grow our business to more than 110 centres, through our Hollywood Bowl and Puttstars brands in the UK, and Splitsville in Canada.

I would like to thank each and every member of our team for their efforts last year and look forward to another successful and exciting year ahead.

Stephen Burns
Chief Executive Officer
15 December 2022

£81.1m

Liquidity available at end of FY2022

£21m-£23m

Planned capital expenditure for FY2022

Q&A with Stephen

We ask CEO Stephen Burns about trading since COVID-19 and strategic progress

Q – To what extent is the demand experienced in the last 18 months reflective of a structural change in the bowling industry?

A – There clearly was a post-COVID-19 'bounce', and it is fair to expect this to drop back a bit, although we haven't seen it so far. Customers that have visited a Hollywood Bowl for the first time since we reopened are finding that our offer is stronger than ever. We are giving our customers more reasons to stay for longer and come back more often by providing a family-friendly and great value-for-money entertainment experience. It's also important to remember that our headline prices are very attractive for customers and remain the lowest of all the branded bowling operators – with a family of four able to bowl with us for less than £22.

Q – What are your plans for Puttstars and how are the trials progressing?

A – We launched our first Puttstars in March 2020, following which our centres were closed almost immediately due to COVID-19, so it is still early days for the concept and the brand in terms of time that the business has traded. With our recent new centre in Peterborough, we now have five Puttstars open. We have continued to test and learn, supported by customer research in order to refine the 'value' experience, alongside evolving our marketing and branding to increase customer appeal. The customer feedback has been excellent so far and we are waiting to see the feedback from our updated design in Peterborough before we decide on what to retrofit into the earlier centres. We continue to see a good deal of opportunity to grow the brand in a fragmented market by securing sites in prime locations where the space isn't suitable for a Hollywood Bowl or by introducing mini-golf courses in Hollywood Bowls as a fourth offer where space allows.

Q – Why have you decided to expand into Canada above other territories?

A – In line with our stated Group strategy, we long set our sights on overseas expansion and have carried out extensive research into potential markets where we could apply our operating model. We began with the premise that we wanted to find out what bowling businesses were doing in other countries, in part so that we could learn and apply innovation to our own business. We found that when it comes to family-friendly leisure bowling, the UK is without a doubt the world leader. That also provides us a with the opportunity to bring our operating model into other countries. Canada represents the best fit for us as it shares many similarities with the UK bowling market, and we believe there is unmet demand for well-invested, affordable, family-friendly bowling-led experiences. Splitsville's operations and brand provide us with an excellent platform for further growth, and we believe there is a significant opportunity to add value to the existing Splitsville business by leveraging our customer-led operating model, technology and digital marketing experience, and through increasing the scale of the business.

Q – Why is the rollout of Pins on Strings so important to the business?

A – One of the key indicators in operating a bowling centre is games per stop (GPS), which measures the number of games played before a mechanical failure stops play. Because there are fewer mechanical parts to Pins on Strings compared to traditional pinsetters, we are able to increase GPS from an average of 409 to an average of 1,108. This can have a massive impact on the performance of a centre, since fewer stops means more play and higher asset utilisation at 100 per cent gross margin. Pins on Strings also requires a reduced level of labour to operate and uses less energy which is of benefit to our operating costs and the environment.

Our business model delivers value through continual investment in enhancing our customers' experience

What sets us apart

Successful brands
We operate a portfolio of bowling and mini-golf centres across the UK and Canada, under our Hollywood Bowl, Puttstars and Splitsville brands.

High-quality estate
Our centres are predominantly in prime locations, in, out-of-town, multi-use leisure and retail parks, alongside cinema and casual dining sites.

Motivated and engaged teams
Our teams are the face of our business and are focused on delivering the best brand experience for our customers.

Landlord relationships
Excellent relationships with developers and landlords ensure that we maintain a strong pipeline of potential new high-quality sites.

Strong balance sheet
By driving revenues, continuing to achieve healthy margins and maintaining a strong balance sheet, we are able to invest appropriately in all areas of our business and create value for our stakeholders.

What we do

Our centres offer a complete entertainment experience for customers of all ages. Alongside our core offer of bowling or mini-golf, they can also enjoy amusements and food and drink. These additional offerings not only enhance their experience and increase reasons to visit, but also increase dwell time and secondary spend.

Multiple revenue streams

Bowling

Mini-golf

Amusements

Food

Beverages

Read more on our purpose IFC

Our ESG strategy:

1. Safe and inclusive leisure destinations

Where we invest

Investment

Customer experience

- Safe and secure environments
- Technology to enhance the wider customer journey
- Centre maintenance and upgrades
- Centre refurbishments and reconfigurations
- Customer insight programmes

Link to strategy

1 Delivering like-for-like revenue growth

2 Actively refurbishing our assets

People

- Attracting and retaining the best people in the leisure industry
- A fair deal for our team members with comprehensive bonus and incentive schemes
- Extensive training and development
- Team engagement and wellbeing programmes

Link to strategy

4 Focusing on our people

Growth

- New centre developments
- Broadening the appeal to new and existing customers through digital marketing programmes and environment upgrades
- Acquisitions
- UK and international market expansion

Link to strategy

3 Developing new centres and acquisitions

5 Leveraging our indoor leisure experience

Value creation

Our customers

We strive to deliver the best possible experience through exceptional service, in unique, contemporary, safe and exciting environments at a highly accessible price point.

Our people

Our team members are highly focused on commercial, satisfaction and sustainability measures to ensure our customers enjoy the best possible experience whilst we minimise our impact on the environment. Management programmes are in place to attract, retain and nurture top talent.

Our partners

We support a wide ecosystem of partners and suppliers through commercial arrangements designed to build mutually beneficial long-term relationships.

Our communities

The inclusive nature of bowling and mini-golf makes them an important contributor to social wellbeing. We offer subsidised access for concessionary users and educational groups.

Our investors

We are focused on sustainable, profitable growth by driving revenues, and managing our margins and cash position to provide attractive returns.

2. Outstanding workplaces

3. Sustainable centres

Read more on **pages 46 to 58**

Working with our stakeholders Section 172

Effective engagement and collaboration.

Considering all our stakeholders is a vital part of the Board's strategic decision making. Engaging our stakeholders in a way that aligns with our culture and supports our goal of remaining an industry leader is fundamental to the long-term sustainable success of the Group.

Section 172 of the Companies Act 2006 requires directors to always act in good faith and in a way that would most likely promote the success of the company for the benefit of its stakeholders. As part of this, the Board must always consider how decisions balance the needs of our different stakeholders, as well as the consequences on long-term performance. The nature of operating a large-scale business means it is not always possible to provide positive outcomes for every stakeholder. In these situations, the Board has to make decisions despite competing stakeholder priorities. Our stakeholder engagement processes allow us to better understand what matters to stakeholders, consider all relevant factors and select the best course of action for long-term business success.

The disruption caused by the pandemic and the government restrictions to address it has made working as closely as possible with our stakeholders more important than ever.

Our key stakeholders

The Board considers the Group's key stakeholders to be:

- Team members (employees)
- Customers
- Investors
- Suppliers, partners and lending banks
- The communities in which it operates
- The environment

Read more on the Business model on **pages 24 and 25**

Read more on Sustainability on **pages 46 to 58**

Read more on Governance on **pages 76 to 85**

S172(1) statement:

In accordance with section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, have regard, amongst other matters, to:

a. the likely consequences of any decision in the long term;

b. the interests of the Group's employees;

c. the need to foster the Group's business relationships with customers and suppliers;

d. the impact of the Group's operations on the community and the environment;

e. the desirability of the Group maintaining a reputation for high standards of business conduct; and

f. the need to act fairly between members of the Group.

The following disclosure describes how the Directors of the Group have taken account of the matters set out in section 172(1) (a) to (f) and forms the Directors' statement required under section 172 of the Companies Act 2006.

How we engage with our key stakeholders

Here, we will outline the Board and Group's approach to considering and engaging with our key stakeholder groups. As well as our ongoing engagement activities, we also regularly receive and respond to specific feedback as well as provide updates on important issues to our stakeholders.

However, the Board does reserve certain matters for its own decision making. These are outlined on page 80.

In response to COVID-19 we took steps to increase our communication, collaboration and information sharing with stakeholders regarding our actions and the potential impacts on them, as well as the information we have considered, and we have continued this approach as we have emerged from the pandemic.

Here are the details of our stakeholder groups, the activities in FY2022 and the outcomes of the engagement.

Our team

Our team members are key to our business success and the driving force behind our positive customer feedback. They are principally responsible for the experiences our customers look forward to, and revisit us for.

What is important to them

- Regular, relevant and clear communication
- Engagement with all levels of management
- Opportunities to provide feedback
- Career and skills development options
- Attractive salary, benefits and opportunities to share in the success of the Group
- An inclusive employer who embraces diversity at all levels

How the Board considers the interests of the stakeholder group

- All Directors visit multiple new, refurbished and existing centres each year
- Attendance at the annual management conference
- Bi-annual feedback sessions between management and team members
- The Board's diversity policy is detailed on page 89. Diversity is a key consideration of the Board's succession planning

How we engaged with them during FY2022

- Fourth Engage enabled us to communicate key messages instantly, with the opportunity for the team to interact; we have also used the platform to deliver wellbeing initiatives to support our team
- We have undertaken employee engagement surveys and pulse surveys
- The Company has a Whistleblowing policy in place, which enables employees to raise concerns on any areas of the business. All cases are reported on at every Board meeting
- We publish our Gender Pay Gap report once a year

Outcomes of engagement during FY2022

- Fourth Engage enabled us to deliver our internal training and wellbeing initiatives to support our team
- We were pleased to have been able to reintroduce face-to-face training sessions this year, following virtual training sessions being delivered in the COVID-19 period. We have updated our learning platform to include more user-generated content and encourage social learning. This content has also been shared through Fourth Engage
- The outputs of the engagement surveys were considered by the Board and senior leadership team, resulting in actions being identified and put in place
- We were delighted to be recognised as one of the UK's Top 25 Best Big Companies to Work for in 2022

Our customers

Providing our customers with a great experience every time they visit is a core consideration for the Board. Customer feedback remains our best indicator for whether we are delivering on this.

What is important to them

- A great value visit every time
- A clean and safe environment
- Excellent customer service from friendly team members
- Fully working, fault-free equipment

How the Board considers the interests of the stakeholder group

- The Board reviews customer satisfaction scores at every meeting
- Customer satisfaction scores form part of all bonus schemes from team members to senior leadership
- The senior leaders use customer feedback to identify improvements to ways of working and ongoing investments into new centres and refurbishments

How we engaged with them during FY2022

- Post-visit customer satisfaction surveys
- Qualitative market research programmes
- Quantitative market research programmes
- Social media and customer queries submitted via the contact centre
- Regular feedback and monitoring ensured safety standards and expectations were being met

Outcomes of engagement during FY2022

- We saw improved overall satisfaction scores from our customer visits versus FY2019
- Enhancements to the Hollywood Bowl and Puttstars brand propositions

Our communities and the environment

We take pride in being an active part of our communities, with school outreach programmes, concession discounts and charity fundraising.

We always take into account the environmental impacts of business operations and strategy.

What is important to them

- A positive contribution to local communities through employment and amenity provision
- Ongoing support for local and national charities
- Energy efficiency and sustainable working practices

How the Board considers the interests of the stakeholder group

- The Board considers the longer-term impact of its operations as part of its sustainability strategy
- The Board continues to focus on improving its energy efficiency

How we engaged with them during FY2022

- Our Sustainability report details our ESG strategy, activities undertaken and future initiatives. This can be found on pages 49 and 50

Outcomes of engagement during FY2022

- We continued with our investment into solar panels, with 17 installations completed or nearing completion during FY2022
- Increase in uptake of concessionary discount rates versus FY2019
- Continuation of support for Barnardo's as our national charity partner
- We have made further progress in our ESG strategy and initiatives (read more on pages 46 to 48)

Our investors

Investors are an important source of feedback on our business model and plans for future growth.

What is important to them

- Relevant and timely information on Group performance
- Regular engagement with management
- Growth of share price and dividend returns data
- Information on ESG strategy and performance
- Information on Remuneration policy

How the Board considers the interests of the stakeholder group

- The Board receives feedback from shareholder meetings and through the Group's brokers, Investec and Berenberg
- The Board welcomes questions from our shareholders at any time
- The Remuneration Committee Chair continues to consult shareholders on any future major changes to its Policy. The Report of the Remuneration Committee can be found on pages 96 to 100
- The Board remains focused on the Group's ESG initiatives. The Sustainability report is on pages 46 to 58 and Corporate governance report on pages 76 to 85

How we engaged with them during FY2022

- The AGM was held in January 2022
- Investor relations during the year consisted of meetings with our current and prospective shareholders and presentations given to shareholders upon the release of annual or interim results. These meetings included identifying key overseas markets for expansion, including but not limited to Canada
- Attendance and presentations given at investor conferences

Outcomes of engagement during FY2022

- The Board's view on dividends is outlined in the Chief Financial Officer's review on page 44
- We have made further progress in our ESG strategy and initiatives
- Awarded best Annual Report for European Small Cap Business
- Investor Relations Best Practice Awards Finalist - Small Cap Annual Report

IR awards magazine

Our suppliers and partners

Our partnerships extend beyond the small number of main suppliers we have for IT services, amusements, food and beverages to also encompass our landlords.

We expect high ethical standards from every supplier and partner we work with.

What is important to them

- Clear and concise communication to our suppliers and partners that shows integrity and reliability at all times
- Strong listed covenant
- Acting as a responsible tenant

How the Board considers the interests of the stakeholder group

- The Board is committed to high standards of ethics
- Executive Directors hold regular discussions directly with our main suppliers
- The Board takes a zero-tolerance approach to bribery, corruption and modern slavery and reviews supplier and partner policies in these areas

How we engaged with them during FY2022

- The Executive Directors continued to closely engage with landlords to agree extensions and revised terms as required
- We actively manage our supplier relationships and have worked with our major suppliers to carefully manage costs and supply chain disruption
- We publish our Payment Practices Report twice a year
- Our suppliers our audited annually on their compliance with modern slavery and human trafficking legislation

Outcomes of engagement during FY2022

- We maintained positive relationships with our major suppliers and landlords throughout FY2022

Our lending banks

Our lending banks provide funds for growth and working capital as required.

What is important to them

- Regular monthly reporting, including rolling 12-month forecasts
- Regular invitations to new openings and refurbishment launches

How the Board considers the interests of the stakeholder group

- Bank representatives are able to attend half-year and full-year results presentations
- Forward-looking forecasts are provided at every monthly Board meeting to ensure covenant compliance

How we engaged with them during FY2022

- We provided regular monthly updates on Company performance and reported on debt covenant look forwards

Outcomes of engagement during FY2022

- The £25m revolving credit facility (RCF) remains in place until December 2024

Responding to a changing landscape

Our position as UK market leader in both the ten-pin bowling and competitive socialising markets enhances our ability to respond to changing market dynamics. There are a number of UK market trends which we see as important opportunities for the Group.

Popularity of competitive socialising

As consumers are returning to pre-pandemic spending, they are increasingly preferring to create and share social experiences rather than accumulating material items, which is shaping how they allocate their discretionary budgets and leisure time.

Opportunity

The 'competitive socialising market' evolved due to strong consumer appetite for unique and inclusive experiences, including updated takes on traditional activities such as bowling, mini-golf, table tennis and bingo.

Response

Through our active refurbishment programme and the introduction of innovations like our scoring systems, leaderboards, and new mini-golf concept, we are continuing to set the standard for competitive socialising in our nationwide locations.

Link to strategy 1 2 3 4 5

Combined retail and leisure experiences

High street, and out-of-town, traditional retail outlets and development schemes are under increasing pressure from online channels and the rise of the 'experience economy'.

Opportunity

Numerous retail property landlords and developers are responding to this by looking to expand their leisure offering and create a wider destination customer experience to increase footfall and extend dwell time.

Response

Our strong record of proactive and successful partnerships with landlords, alongside our unique customer experiences, means we are considered key existing and potential new anchor tenants alongside cinema and casual dining operators.

Link to strategy 1 3

Key to strategy

1. Driving like-for-like revenue growth
2. Actively refurbishing out assets
3. Developing new centres and acquisitions
4. Focusing on our people
5. Leveraging our indoor leisure experience

See our strategy on **pages 33 to 37**

Low market penetration

In the UK, ten-pin bowling has historically been a relatively low-frequency activity, and with 338 centres, has lower levels of location accessibility when compared to cinema.

Outlook

In the UK, the activities of ten-pin bowling and mini-golf enjoy a wide demographic appeal and high level of participation interest when compared to other offerings in the competitive socialising sector.

Response

In the last year, we have worked closely with agents and landlords to further strengthen our new centre pipeline which will enable us to accelerate the expansion of our market coverage into prime locations for both the Hollywood Bowl and Puttstars brands.

Link to strategy 3 5

Sector consolidation

Well-capitalised businesses can increase their share of the wider leisure market as financially challenged operators become less competitive or exit the market.

Opportunity

This trend and the associated opportunities accelerated due to the COVID-19 pandemic and the subsequent trading and liquidity pressures experienced by many operators in the leisure and hospitality sectors.

Response

The wider leisure market remains highly fragmented with many independent operators in existence. Whilst in the bowling sector there are less than 25 independent centres with more than 16 lanes, we continue to closely monitor wider opportunities of varying scale with our strict high-quality location criteria guiding our evaluations.

Link to strategy 3 5

Our proven growth strategy

1
Driving like-for-like revenue growth

2
Actively refurbishing our assets

3
Developing new centres and acquisitions

4
Focusing on our people

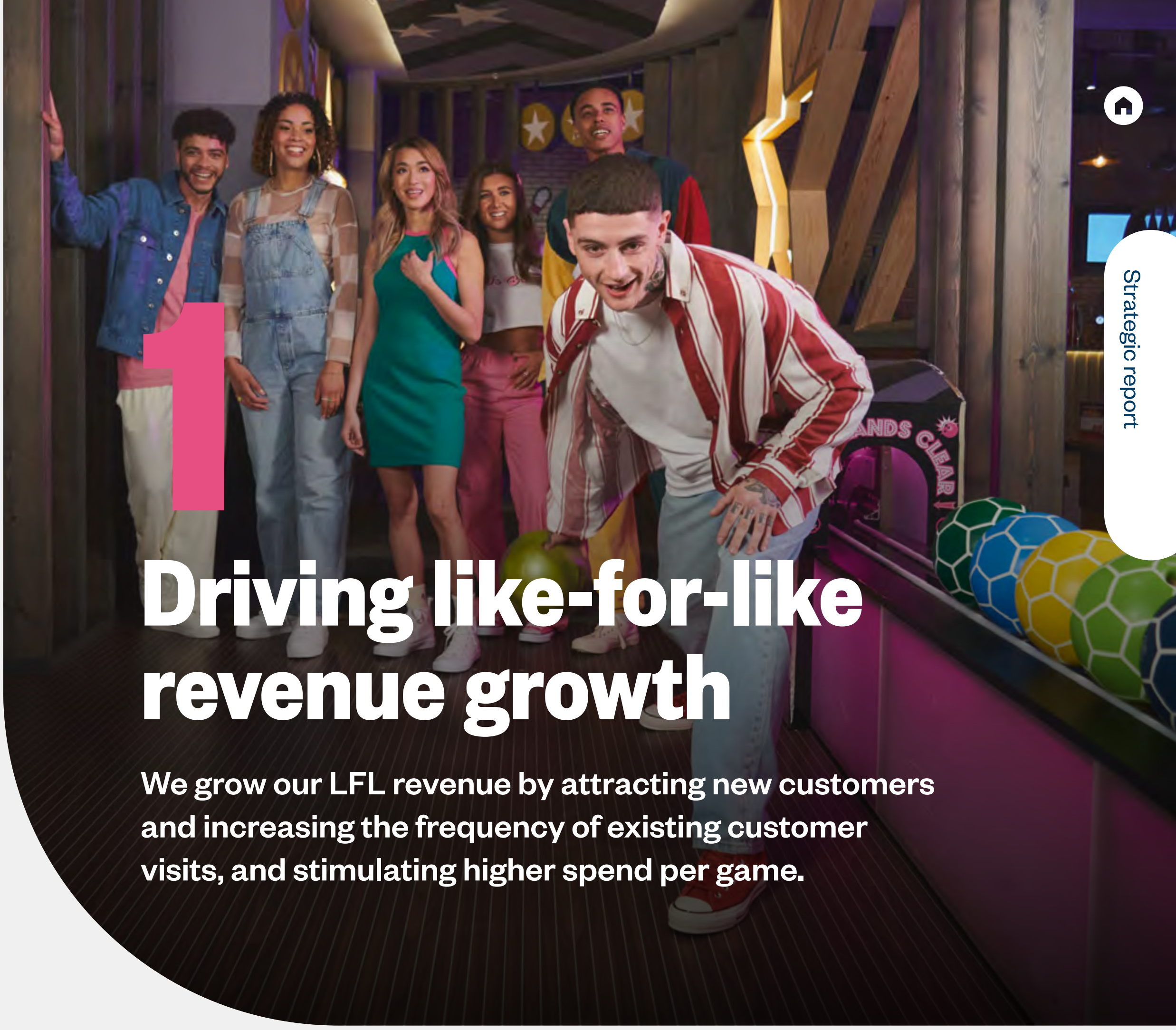
5
Leveraging our indoor leisure experience

See our risks on pages 69 to 73

See our markets on pages 30 and 31

Key to risks

1. Economic environment
2. Covenant breach
3. Expansion/growth
4. Core systems
5. Supplier (non-amusements)
6. Amusement supplier
7. Management recruitment and retention
8. Food safety
9. GDPR and cyber security
10. Targeted IT threat/attack
11. Compliance
12. Climate change



1 Driving like-for-like revenue growth

We grow our LFL revenue by attracting new customers and increasing the frequency of existing customer visits, and stimulating higher spend per game.

We do this by

- Focusing on sales, service and safety superiority
- Providing an outstanding customer experience by attracting and retaining the best talent
- Increasing dwell time through a diverse entertainment experience
- Investing in technology and improving the digital customer journey to drive sales and engagement
- Continually improving the food and beverage and amusement offering
- Maximising customer awareness and engagement through targeted digital marketing to a variety of customer groups

What we achieved

- Customer service score of 59.3 per cent
- Net promoter score of 61.0 per cent
- Ongoing improvements to training and development programmes for all team members
- Our customer data platform is helping to improve engagement rates and opportunities for database-generated revenue, with insights used to drive digital advertising effectiveness and to improve conversion rates
- Development of our website and booking engine functionality, which has simplified the customer journey, and improved presentation of dynamic pricing and conversion levels
- Introduced an improved value snacks and sharers food menu and increased 'at lane' food and beverage orders by improving in-centre WIFI and networks
- Space optimisation to add extra bowling lanes and extended amusement areas

What's next?

- Continued focus on innovation, and investment in technology at circa. 30 per cent ROI
- Digital transformation projects to improve core systems and marketing capabilities
- Drive additional improvements and excellent value-for-money customer experiences

Links to risks

1 Economic environment

6 Amusement supplier

7 Management recruitment and retention

28.3%

LFL revenue growth vs FY2019

18.3%

LFL games growth vs FY2019

8.4%

LFL average spend growth vs FY2019

2

Actively refurbishing our assets

Investing in the customer experience creates improved sales and profitability at existing centres. Our upgrades attract new customers, increase customer satisfaction and ultimately increase revenues.

We do this by

- Typically refurbishing our centres on a five to seven-year cycle with an average spend of £0.4m per refurbishment, keeping our centres fresh and introducing innovations
- Reconfiguring centres to drive sales in high-growth sales streams, for example combining the bar and diner space to create more amusement space – without reducing the number of covers
- Phasing out the AMF brand by rebranding centres to Hollywood Bowl to improve customer brand recognition and loyalty
- Increasing the space, density and quality of family games and amusement machines, driving ancillary revenues
- Introducing in-centre digital upgrades to improve customer engagement, and encourage food and beverage spend
- Investing in solar panels to reduce impact on the environment and our exposure to energy price increases

What we achieved

- Completed the refurbishment or rebrand of eight centres
- Spent £12.9m on continuously improving our centres
- Added an average of 1,000 sq ft to amusements space during refurbishments – creating on average eight new machine places and adding 323 new amusement pieces to our estate
- Continued to rollout our in-centre digital installations with enhanced content – now in 33 centres
- Continued to rollout Nayax 'tap to play' and upgraded WIFI at all centres
- Completed rollout of Pins on Strings in 15 centres – now in 41 centres
- Installed solar panels at 17 centres to bring the total to 22 centres
- Two AMF centres rebranded with final two to complete in FY2023

What's next?

- Seven refurbishments and rebrands to be completed in FY2023
- Continued rollout of Pins on Strings to improve games per stop (GPS)
- Negotiate with landlords to continue solar panel rollout

Links to risks

1 Economic environment

6 Amusement supplier

7 Management recruitment and retention

8

Centres refurbished or rebranded in FY2022

14.7%

LFL spend growth in first year after refurbishment

40%+

Average ROI on capital spend

3

Developing new centres and acquisitions

We actively explore growth opportunities via new build centres and the acquisition of sites or operators.

We do this by

- Focusing on quality openings and setting minimum ROI on net capital expenditure
- Looking to international markets that are fragmented and underinvested, and ripe for consolidation
- Seeking acquisitions meeting strict investment criteria, overseas or at home, where we can add value and where there is significant potential for sustained profitable growth

What we achieved

- Opened two new Hollywood Bowl centres and one new Puttstars centre
- Completed the acquisition of the Splitsville brand in Canada, adding five large well-operated bowling centres with bar, dining and amusements in populous locations, and providing a new strategic platform for growth

What's next?

- At least ten further centres scheduled to open in the UK by the end of FY2025 including a sixth Puttstars centre
- Leverage our customer-led operating model, technology and digital marketing experience to add value to the Splitsville business
- Continue to develop a pipeline of new Canadian site opportunities, with more than ten additional sites planned in the next five years

Links to risks

2 Covenant breach

3 Expansion/growth

7 Management recruitment and retention

3

New centres opened in FY2022

15-20

New centre openings targeted by end of FY2025

1

Overseas acquisition completed in FY2022

4

Focusing on our people

Our dedicated, dynamic and diverse teams enable us to deliver on our Group purpose. Attracting and retaining top talent is a priority.

We do this by
- Having a positive, fun, high-performance corporate culture
- Providing industry-leading training and development programmes
- Offering highly competitive pay, benefits and bonus schemes to all our team members
- Actively engaging and communicating with all team members

What we achieved
- Reassessed team members' pay in current inflationary environment, increasing salaried teams' remuneration
- Introduced new bonus schemes and rewarded more than 64 per cent of our hourly paid team members with performance-related bonuses
- Carried out a number of diversity initiatives, including reviewing our careers website to appeal to all ethnic, cultural and religious backgrounds
- Introduced, and held, five Assistant Centre Manager in Training programmes
- Introduced talent programmes for our technicians and contact centres
- Filled 40 per cent of management vacancies from our internal talent pipeline
- Provided a one-off cost of living payment to all team members
- Recognised as one of the UK's Top 25 Best Big Companies To Work For in 2022

What's next?
- Launch the new employer brand to our team members
- Continue to run market-leading incentive schemes for our teams

Links to risks
4 Core systems

7 Management recruitment and retention

40%

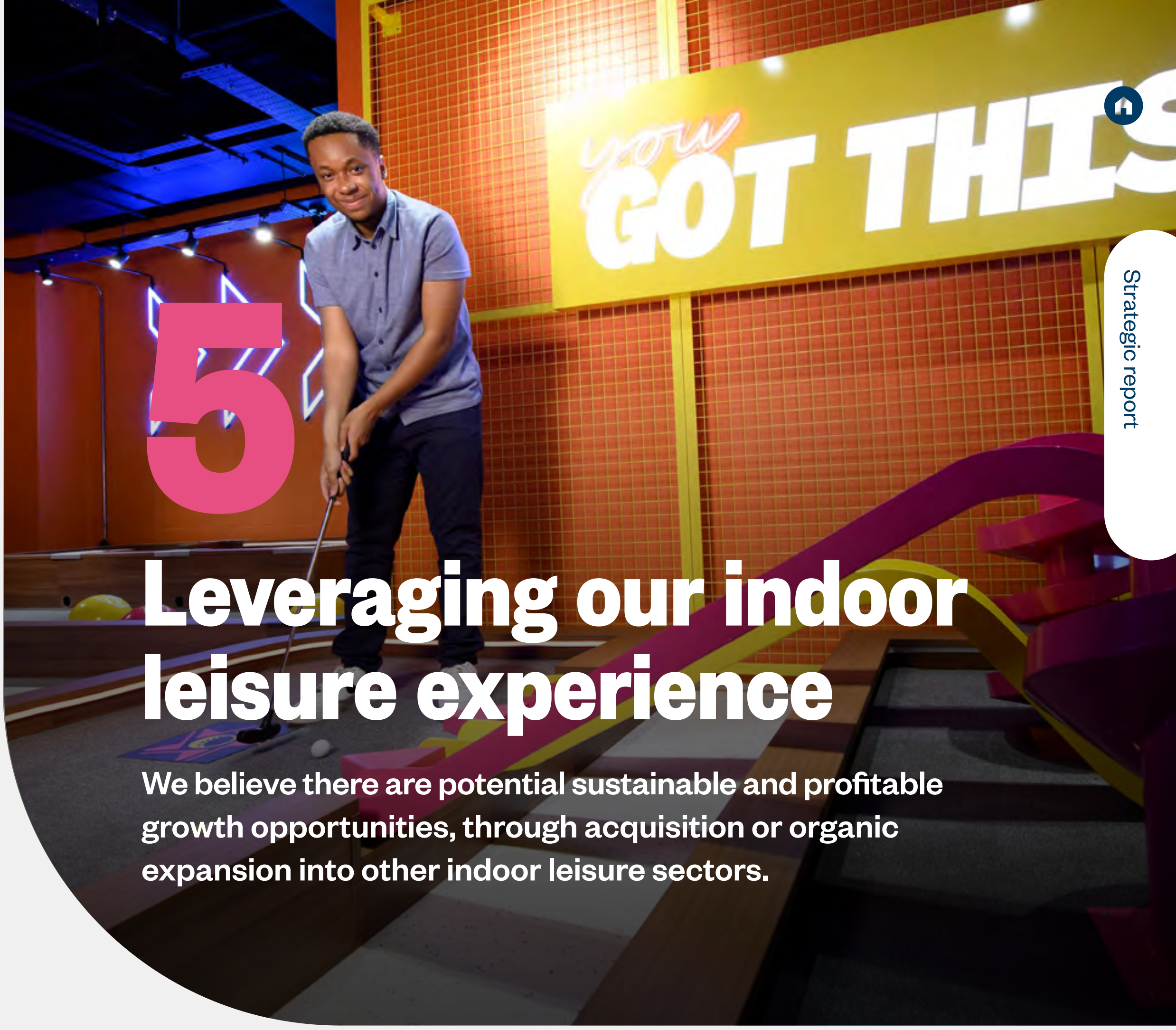
Of management vacancies filled from internal talent pool

64%+

Of hourly paid team members received performance-related bonuses

£5.6m

Bonuses paid to centre teams



5 Leveraging our indoor leisure experience

We believe there are potential sustainable and profitable growth opportunities, through acquisition or organic expansion into other indoor leisure sectors.

We do this by

- Conducting extensive research into adjacent leisure market opportunities and indoor amusement offerings
- Applying strict investment criteria before entering new sectors, as well as insight-led brand positioning
- Conducting trials to test centre environments and customer propositions

What we achieved

- Extended our Puttstars trial centres with the opening of a fifth new centre during the period
- Enhanced the customer proposition and centre environments to drive customer interaction and sales

What's next?

- Latest Puttstars centre in Peterborough opened in November 2022 with environment, technology and brand upgrades
- Updated brand framework and increased marketing spend in local catchments
- Increased co-promotion between Hollywood Bowl and Puttstars brands
- Continued evaluation of rollout of Puttstars centres in high-quality locations where bowling centres are not viable due to existing centres or unit space constraints
- Opportunity to trial mini-golf courses in selected Hollywood Bowl centres as a fourth offer

Links to risks

2 Covenant breach

3 Expansion/growth

4 Core systems

1

Puttstars centre opened in FY2022

66%

Net promoter score for Puttstars in FY2022

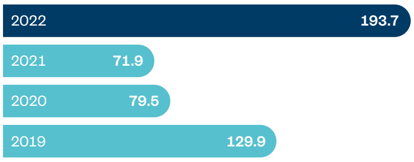
18,000 sq ft

Unit size required for a three course Puttstars centre

We monitor our performance by regularly reviewing KPI metrics[1]. We use these to gain a thorough understanding of the drivers of our performance, of our operations and of our financial condition.

Financial KPIs

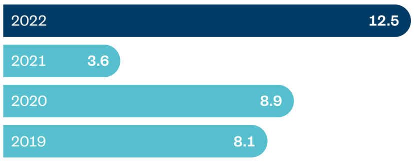
Revenue (£m)
+169.5%



Definition
Revenue is generated from customers visiting our centres to bowl or play mini-golf, and spending money on one of the ancillary offers – our amusements, diner or bar.

Comment
Revenue increased by 169.5 per cent, to £193.7m, driven through significant LFL growth, new centre performance as well as the acquisition of Teaquinn. It is also worth noting that FY2022 traded uninterrupted from COVID-19 restrictions.

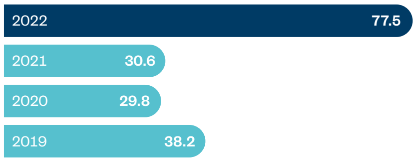
Revenue generating capex (£m)
+244.5%



Definition
Capital expenditure on refurbishments, rebrands and new centres (excluding maintenance capex).

Comment
Revenue generating capex increased by 244.5 per cent, to £12.5m, as three new centres were opened in FY2022, whilst no new centres opened in FY2021. The Group also returned to its pre-pandemic level of refurbishments and rebrands.

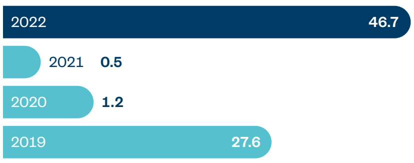
Group adjusted EBITDA (£m)
+153.5%



Definition
Group adjusted EBITDA is calculated as operating profit before depreciation, impairment, amortisation, loss on disposal of property, plant, equipment and software and exceptional items. A reconciliation between Group adjusted EBITDA and statutory operating profit is on page 42.

Comment
Group adjusted EBITDA increased by £46.9m to £77.5m, largely due to revenue growth as well as being open for the full financial year.

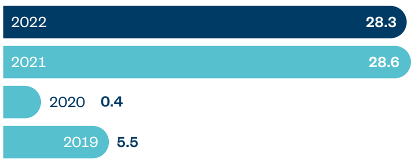
Profit before tax (£m)
+10000.6%



Definition
Profit before tax as shown in the financial statements.

Comment
Profit before tax grew to £46.7m due to the growth in revenues and strong cost controls in the year.

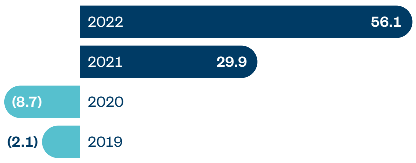
Like-for-like revenue growth (%)
+28.3% pts



Definition
LFL revenue growth is total revenue excluding any new centres and closed centres. New centres are included in the LFL revenue growth calculation for the period after they complete the calendar anniversary of their opening date. Due to the restrictions in FY2020 and FY2021, LFL revenue is compared to FY2019.

Comment
LFL revenue has increased 28.3 per cent when compared to FY2019.

Net cash/(debt) (£m)
+87.6%



Definition
Net cash/(debt) is defined as cash and cash equivalents (£56.1m) less borrowings from bank facilities (£nil) excluding issue costs.

Comment
The Group is in a net cash position as at year-end due to the strong trading during the year and tight cost controls.

Gross profit margin (%)
-0.9% pts

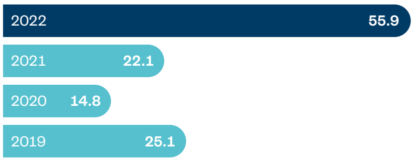
Definition

Gross profit margin is calculated as revenue minus the cost of sales and any irrecoverable VAT, divided by revenue. Bowling has a gross profit of 100 per cent, with the costs of operating bowling in administrative costs, while each of the other revenue streams has an associated cost of sales.

Comment

Gross profit margin decreased year-on-year due to a combination of higher LFL revenue growth in amusements outstripping other revenue lines as well as the lower margin in the Canadian business as guided on acquisition.

Group adjusted operating cash flow (£m)
+152.9%



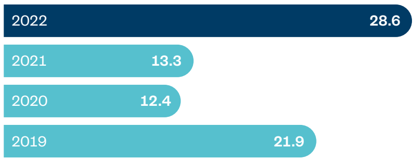
Definition

Group adjusted operating cash flow is calculated as Group adjusted EBITDA less working capital, maintenance capex and corporation tax paid. A reconciliation of Group adjusted operating cash flow to net cash flow is provided on page 43.

Comment

Group adjusted operating cash flow increased due to a combination of higher Group adjusted EBITDA and a positive movement in working capital.

Group operating profit margin (%)
+15.3% pts



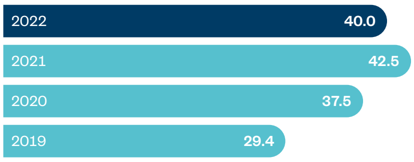
Definition

Operating profit margin is calculated as operating profit per the Financial Statements divided by revenue.

Comment

Operating profit margin increased year on year to 28.6 per cent, due in the main to the strong revenue performance during the year.

Group adjusted EBITDA margin (%)
-2.5% pts



Definition

Group adjusted EBITDA margin is calculated as Group adjusted EBITDA divided by total revenue.

Comment

Group adjusted EBITDA margin was 40 per cent, in line with management expectations. Group adjusted EBITDA margin on a pre-IFRS 16 basis was 31.3 per cent.

Total average spend per game (£)
+1.2%

Definition

Total average spend per game is defined as total revenue in the year divided by the number of bowling games and golf rounds played in the year. It does not include Canada where bowling is sold by time, not games.

Comment

Average spend per game increased by 1.2 per cent, to £10.45, due to customers continuing to spend more during their visits.

1 Some of the measures described are not financial measures under Generally Accepted Accounting Principles (GAAP), including International Financial Reporting Standards (IFRS), and should not be considered in isolation or as an alternative to the IFRS Financial Statements. These KPIs have been chosen as ones which represent the underlying trade of the business and which are of interest to our shareholders.

Our strong, well-capitalised business is delivering robust returns

> The liquidity position of the Group remains strong and we are well prepared to mitigate most inflationary pressures."
>
> **Laurence Keen,** Chief Financial Officer

Group financial results

	FY2022 (statutory)	FY2021	FY2019	Movement FY2022 vs FY2019
Revenue	**£193.7m**[4]	£71.9m	£129.9m	+49.2%
Gross profit	**£164.3m**	£61.6m	£111.4m	+47.6%
Gross profit margin	**84.8%**	85.7%	85.7%	-0.9%pts
Administrative expenses	**£108.9m**	£54.9m	£82.9m	+31.3%
Group adjusted EBITDA[1]	**£77.5m**	£30.6m	N/A	N/A
Group adjusted EBITDA[1] pre-IFRS 16	**£60.6m**	£15.1m	£38.2m	+58.6%
Group profit after tax	**£37.5m**	£1.7m	£22.3m	+68.1%
Adjusted group profit after tax[2]	**£39.4m**	£1.7m	£22.3m	+77.0%
Free cash flow[3]	**£34.8m**	£8.7m	£14.4m	+142.6%
Total dividend per share	**14.53p**	nil	11.93p	+21.8%

1 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. Government grant income of £2.8m is included in Group adjusted EBITDA for FY2021. The reconciliation to operating profit is set out below in this section of the report.

2 Adjusted group profit after tax is calculated as group profit after tax, adding back the Teaquinn acquisition fees of £1.6m, the non-cash expense of £0.4m related to the fair value of the earn out consideration on the Teaquinn acquisition and deducting the non-cash credit in relation to the Teaquinn bargain purchase of £39,075.

3 Free cash flow is defined as net cash flow pre exceptional items, cost of acquisitions, debt facility repayment, RCF drawdowns, dividends and equity placing.

4 During FY2020 the Chancellor announced the reduced rate (TRR) of VAT on hospitality activities from which bowling activities were initially excluded. The Tenpin Bowling Proprietors Association has been lobbying on the industry's behalf, since that date, for the sector to be treated in line with the hospitality industry. We received confirmation on 12 April 2022 that HMRC agreed that there is indeed a clear distinction between the sport of competitive bowling and the leisure activity of bowling – with the latter being able to benefit from TRR of VAT retrospectively. The total value of this is detailed in note 6 .

Following the introduction of the new lease accounting standard IFRS 16, the Group has decided 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 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.

The trading periods of FY2020 and FY2021 were disrupted due to a combination of COVID-19 lockdowns and trading restrictions once open; therefore comparisons for this FY2022 financial review are made with FY2019 (the last full year of uninterrupted trading) unless otherwise stated.

All LFL revenue commentary excludes the impact of TRR of VAT on bowling and revenue relating to the Group's Canadian business, which was acquired in May 2022, as well as any new centres opened from FY2019 onwards.

Revenue

The Group continued its trajectory of strong momentum from FY2021 into FY2022, with significant LFL growth at 28.3 per cent when compared to the same period in FY2019. It is worth noting that the warm summer weather in the UK did not impact negatively on revenues, with August 2022 recording the second-highest revenue month (after August 2021) at £17.8m.

LFL revenue growth was a combination of a growth in spend per game of 8.4 per cent, as well as game volume growth of 18.3 per cent. The exceptionally strong LFL growth, alongside the performance of the Group's new UK centres, resulted in record UK revenues of £181.7m, and growth of 37.6 per cent compared to FY2019. This excludes the prior periods impact of TRR of VAT on bowling activities which was worth £5.8m.

The Group is very pleased with the performance of our Canadian business Teaquinn since its acquisition in May 2022. Total revenues were CAD 9.6m, (£6.2m) with Splitsville accounting for CAD 6.4m.

Total statutory revenue for FY2022 (including the prior periods impact of TRR) was £193.7m.

Gross profit margin

Statutory gross profit was £164.3m with margin at 84.8 per cent.

Gross profit for the UK business was £160.2m with a margin of 85.4 per cent. Excluding the prior periods impact of TRR of VAT, gross profit was £154.4m at a margin of 85.0 per cent, a decline of 70 basis points compared to FY2019, which was in line with expectations.

Revenues grew across all categories, but the strongest growth was seen in amusements, with LFL revenue growth of over 40 per cent, outstripping other revenue lines. Given the amusements' lower margin rate, this has impacted on the overall gross profit margin but equated to more gross profit overall.

Gross profit for Teaquinn was in line with expectations at CAD 6.4m (£4.1m), with a margin of 66.2 per cent. This lower margin rate when compared to the UK business is as guided on acquisition, and is due to a combination of the higher food and drink mix in the Splitsville centres, the lower amusement gross margin as well as the effect of the lower gross profit margin of the Striker business (which as a gross profit margin of circa. 30 per cent).

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.

Administrative expenses on a statutory basis were £108.9m. On a pre-IFRS 16 basis, administrative expenses were £114.1m, compared to £82.9m during the corresponding period in FY2019.

Employee costs in centres increased to £33.7m, an increase of £8.7m when compared to FY2019, due to a combination of salary increases over the periods and the impact of higher revenues. The balance of the increase compared to FY2019 is in respect of new centres in the UK and the employee costs in the Canadian business of CAD 2.5m (£1.8m).

Administrative expenses continued

Total property-related costs, accounted for under pre-IFRS 16, were £34.5m, with £33.3m for the UK business (FY2019: £30.6m). Property costs in the UK increased by £2.7m, with new centre costs of £4.5m, whilst business rates were lower due to the government implemented COVID-19 concession in the first half of FY2022.

Energy costs continue to be a focus for the Group. UK electricity usage costs are hedged to the end of FY2024, and we continue to work closely with our landlords to install solar panels on more centres. In all, 17 centres had solar panels installed in FY2022 resulting in nearly 30 per cent (22 centres) of our UK estate benefiting from this technology. The Group generated 1,865,982 kWh of electricity from its solar panels and used 20,480,858 kWh of electricity in total. It is estimated that on an annual basis, solar will generate up to 20 per cent of electricity used.

Total property costs, under IFRS 16, were £35.9m, including £9.8m accounted for as property lease assets depreciation and £8.5m in implied interest relating to the lease liability under IFRS 16.

Corporate costs include all central costs as well as the out-performance bonus for centres. Total corporate costs increased by £10.2m when compared to FY2019, to £22.1m. The main driver of this increase is centre management out-performance bonuses, which account for £6.4m incremental cost. This is reflective of the hard work and commitment of our outstanding centre teams across the estate. Other increases have been seen in marketing spend, of £0.9m, and £1.4m in the support centre headcount as we continue to invest in our teams.

The statutory depreciation, amortisation and impairment charge for FY2022 was £25.7m compared to £20.9m in FY2021. Excluding property lease assets depreciation, this charge in FY2022 was £14.1m. This is due to the continued capital investment programme, including new centres and refurbishments.

Detailed impairment testing resulted in an impairment charge in the year of £2.5m against property, plant and equipment and £1.8m against right-of-use assets for three centres. The discount rate used for the weighted average cost of capital (WACC) is calculated with reference to the latest market assumptions for the risk-free rate, equity risk premium and the cost of debt. These discount rates were impacted by the volatility in the debt markets as at 30 September 2022. The WACC discount rate (pre-tax) is 16.0 per cent (FY2021: 12.7 per cent).

Exceptional items

As a result of the HMRC position on TRR of VAT, the Group made a retrospective claim for overpaid VAT, and the prior period amounts have been classified as exceptional items. The total exceptional income in relation to this, net of associated expenses, is £5.6m. Note 6 to the financial statements includes more detail on the impact of TRR of VAT included in the full year results.

Exceptional costs relate to the acquisition of Teaquinn. Acquisitions costs totalled £1.6m. The earn out consideration for Pat Haggerty has been recognised as an exceptional cost of £0.5m in FY2022. The earn out consideration is considered as a post acquisition employment expense and not in the scope of IFRS 3, but instead is accounted for under IAS 19. The earn out has a cost impact in the following financial years up to and including at least FY2025.

More detail on this and the acquisition of Teaquinn is shown in note 33 to the Financial Statements.

Group adjusted EBITDA and operating profit

Group adjusted EBITDA pre-IFRS 16 (excluding the prior periods impact of TRR of VAT on bowling activities) increased to a record £60.6m and includes a contribution of £1.0m from Teaquinn.

Compared to FY2019 this was an increase of 58.6 per cent. The increase is primarily due to the increased revenue performance and the Group's relatively fixed cost base.

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.

Share-based payments

During the year, the Group granted further Long Term Incentive Plan (LTIP) shares to the senior leadership team. These 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 102 of the Annual Report. The Group recognised a total charge of £939,812 in relation to the Group's share-based LTIP arrangements. Share-based costs are not classified as exceptional costs.

Group adjusted EBITDA and operating profit

	FY2022 £'000	FY2021 £'000
Operating profit[1]	**55,449**	9,580
Depreciation and impairment	**25,052**	20,472
Amortisation	**624**	477
Loss on property, right-of-use assets, plant and equipment and software disposal	**18**	29
Exceptional items	**(3,688)**	—
Group adjusted EBITDA under IFRS 16	**77,455**	30,558
IFRS 16 adjustment[2]	**(16,850)**	(15,416)
Group adjusted EBITDA pre-IFRS 16	**60,605**	15,142

1 Operating profit in FY2021 includes government grant income of £2.8m (FY2022: nil).

2 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.

Cash flow and net debt

	FY2022 £'000	FY2021 £'000
Group adjusted EBITDA under IFRS 16	**77,455**	30,558
Movement in working capital	**8,814**	6,905
Maintenance capital expenditure	**(9,323)**	(5,951)
Taxation	**(6,616)**	—
Payment of capital elements of leases	**(14,450)**	(9,420)
Adjusted operating cash flow (OCF)[1]	**55,881**	22,092
Adjusted OCF conversion	**72.2%**	72.3%
Expansionary capital expenditure[2]	**(12,508)**	(3,631)
Disposal proceeds	**2**	—
Net bank loan interest paid	**(104)**	(1,207)
Lease interest paid	**(8,452)**	(7,952)
Debt repayments[3]	—	(600)
Free cash flow (FCF)[4]	**34,819**	8,702
Exceptional items	**4,091**	—
Acquisition of Teaquinn Holdings Inc	**(8,099)**	—
Cash acquired in Teaquinn Holdings Inc	**415**	—
Debt facility repayment[3]	—	(24,900)
(Repayment)/drawdown of RCF[3]	—	(4,000)
Dividends paid	**(5,132)**	—
Equity placing (net of fees)	30	29,356
Net cash flow	**26,124**	9,158

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 taking into account 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 Note 22 to the Financial Statements includes the aggregated amounts debt repayments, debt facility repayment and repayment/drawdown of the RCF.

4 Free cash flow is defined as net cash flow pre exceptional items, cost of acquisitions, debt facility repayment, RCF drawdowns, dividends and equity placing.

Financing

Finance costs decreased to £8.8m in FY2022 (FY2021: £9.1m) comprising mainly of implied interest relating to the lease liability under IFRS 16 of £8.2m. An amount of £0.2m is associated with the Group bank borrowing facility.

The Group's bank borrowing facilities are a revolving credit facility (RCF) of £25m at a margin rate of 1.75 per cent above SONIA and an agreed accordion of £5m. The loan term runs to the end of December 2024; and the RCF remains fully undrawn.

Cash flow and liquidity

The liquidity position of the Group remains strong, with a net cash position of £56.1m as at 30 September 2022, compared to £29.9m at 30 September 2021. Detail on the cash movement in the year is shown in the table above.

Capital expenditure

During the financial year, the Group invested net capex of £21.8m. A total of £3.6m was invested into the refurbishment programme, with eight UK centres completed including a rebrand of AMF to Hollywood Bowl in Shrewsbury, as well as interim spends of £0.8m on two Canadian centres.

New UK centre capital expenditure was a net £9.2m. This relates to the three centres opened in the year (£7.7m) as well as interim payments totalling £1.5m in relation to Hollywood Bowl Speke and Puttstars Peterborough, which opened in early FY2023.

The Group's strong balance sheet ensures that it can continue to invest in profitable growth with plans to open more locations during FY2023 and beyond.

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

The Group spent £9.3m on maintenance capital in the UK. This includes £4.1m for the continued rollout of Pins on Strings technology across the Group with 15 centres completed in FY2022, bringing the total to 41 centres; as well as £1.5m spent on installing further solar panels, with 22 centres now benefitting from this technology.

Investments were also made to in-centre digital displays as well as the Group's CRM, website and IT architecture to increase performance and to continue to improve our customers' digital experience.

In light of the rolling refurbishment programme, maintenance capital, as well as new centres in the UK and Canada, we expect capital expenditure to be in the region of £21m to £23m in FY2023.

Taxation

The Group's tax charge for the year is £9.2m arising on the profit before tax generated in the period.

Earnings

Statutory profit before tax for the year was a record £46.7m, and 69.2 per cent higher than FY2019, the last comparable period.

The Group delivered profit after tax of £37.5m (FY2021: £1.7m and FY2019: £22.3m) and basic earnings per share was 21.91 pence (FY2021: 1.05 pence and FY2019: 14.86 pence).

Adjusted profit after tax is £39.4m. This is calculated to take account of the impact of the costs associated with the Teaquinn acquisition.

Earnings continued

It is calculated as statutory profit after tax, adding back the Teaquinn acquisition fees of £1.6m, the non-cash expense of £0.4m related to earn out consideration on the Teaquinn acquisition and deducting the non-cash credit in relation to the Teaquinn bargain purchase of £39,075.

Dividend and capital allocation policy

The Board has declared a final dividend of 8.53 pence per share, based on an adjusted profit after tax of £39.4m (adjusted earnings per share of 23.07 pence).

Given the Group's strong liquidity position, the Board has reviewed its capital allocation policy with the priorities for the use of cash as follows:

- Capital investment into the existing centres through an effective maintenance and refurbishment programme
- Investments into new centre opportunities, including expansion in both the UK and Canada
- To pay and grow the ordinary dividend every year with a payout of 50 per cent of adjusted profit after tax
- Any excess cash will be available for additional distribution to shareholders as the Board deems appropriate, without impacting on our ability for investment in the growth of the business.

The Board believes that setting a proforma net cash[1] to Group adjusted EBITDA pre-IFRS 16[2] ratio target (net cash ratio target), provides a good guide for the future allocation of surplus cash within the business. The Board has set a net cash ratio target of 0.5 times and will look for this target to be achieved by the end of FY2025, as set out below.

- End of FY2022 0.600X
- End of FY2023 0.570X
- End of FY2024 0.535X
- End of FY2025 0.500X

In line with this strategy, the Board has proposed a special dividend of 3.0 pence per share be paid to shareholders alongside the ordinary dividend of 8.53 pence per share, bringing the full year dividend to 14.53 pence per share.

Subject to approval from shareholders at the AGM, the ex-dividend date is 2 February 2023, with a record date of 3 February 2023 and a payment date of 24 February 2023.

Going concern

In assessing the going concern position of the Group for the Consolidated Financial Statements for the year ended 30 September 2022, the Directors have considered the Group's cash flow, liquidity, and business activities, as well as the principal risks identified in the Group's Risk Register.

As at 30 September 2022, the Group had cash balances of £56.1m, no outstanding loan balances, no COVID-19 concession deferrals and an undrawn RCF of £25m, giving an overall liquidity of £81.1m.

The Group has undertaken a review of its liquidity using a base case and a severe but plausible downside scenario.

The base case is the Board approved budget for FY2023 as well as the first three months of FY2024 which forms part of the Board approved five-year plan. Under this scenario there would be positive cash flow, strong profit performance and all covenants would be passed. It should also be noted that the RCF remains undrawn.

The most severe downside scenario stress tests for reasonably adverse variations in the economic environment leading to a deterioration in trading conditions and performance. Under this severe but plausible downside scenario, the Group has modelled revenues dropping by 4 per cent and 5 per cent for FY2023 and FY2024 respectively, from the assumed base case and inflation continues at an even higher rate than in the base case, specifically around cost of labour. The model still assumes that investments into new centres would continue, whilst refurbishments in the early part of FY2024 would be reduced and the Pins on Strings would be delayed until FY2025. These are all mitigating factors that the Group has in its control. Under this scenario, the Group will still be profitable and have sufficient liquidity within its cash position to not draw down the RCF, with all financial covenants passed.

Taking the above and the principal risks faced by the Group 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 12 months from the date of this report.

Accordingly, the Group continues to adopt the going concern basis in preparing these Financial Statements.

Outlook and guidance

We remain in a strong position to continue to take full advantage of the opportunities we have both in the UK and Canada. Our entry into Canada presents us with a significant opportunity to apply our successful business model in a similarly fragmented and underfunded market as the UK was ten years ago.

With UK electricity usage costs hedged to the end of FY2024 and labour costs representing less than 20 per cent of revenue at centre level, we have the ability to absorb most inflationary pressures through the dynamics of our business.

We will continue to provide great value for money through focused pricing, and we believe any price increases we may need to pass on in FY2023 will be minimal. Our capital deployment programmes remain unaffected. We believe we are able to achieve our hurdle rate of 33 per cent return on investment in the seven refurbishments taking place in FY2023. As a result of our improved centre environments, together with the continued roll out of Pins on Strings, dwell time should increase further and therefore encourage higher customer spend.

Laurence Keen
Chief Financial Officer
15 December 2022

1 Proforma net cash is defined as cash and cash equivalents as per the statement of financial position less any bank borrowings less any final ordinary dividends for the financial year

2 Group adjusted EBITDA pre-IFRS 16 is calculated as shown on page 45 and excluding any impact from TRR of VAT in current and prior periods

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. It should be noted that trading periods for FY2020 and FY2021 were disrupted due to a combination of COVID-19 lockdowns and trading restrictions once open, therefore comparisons in this financial review use FY2019 as a base.

Like-for-like (LFL) revenue for FY2022 is calculated as:

- Total revenues £193.7m, less
- TRR of VAT for prior periods £5.8m, less
- TRR of VAT for FY2022 £3.0m, less
- New centres revenues from FY2019 onwards £12.2m, less
- Teaquinn revenues £6.2m

New centres are included in the LFL revenue after they complete the calendar anniversary of their opening date.

LFL comparatives for FY2019 are £129.9m.

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.

Spend per game is defined as UK revenue in the year (excluding any revenues relating to TRR of VAT for prior years (£5.8m) and TRR of VAT for FY2022 (£3.0m)) divided by the number of bowling games and golf rounds played in the UK.

Adjusted operation 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 taking into account 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.

Expansionary capital expenditure includes all capital on new centres, refurbishments and rebrands only.

Adjusted profit after tax is calculated as statutory profit after tax, adding back the Teaquinn acquisition fees of £1.6m, the non-cash expense of £0.4m related to the fair value of the earn out consideration on the Teaquinn acquisition, as well as deducting the non-cash credit in relation to the Teaquinn bargain purchase. This adjusted profit after tax is also used to calculated adjusted earnings per share.

Embedding sustainability in everything we do

Having evolved our wider ESG strategy in FY2021, this year we have embedded sustainability considerations further in the way we operate and have extended our targets and stated ambitions in environmental, social and governance (ESG) areas.

Our business is inherently people focused and has social aims and responsibility at its heart, with a key focus on employment and the communities where our centres are located. We also aim to reduce our environmental impact, both at a local level and in the context of our contribution to climate change. Underpinning both these aspects is a robust governance framework that ensures our operations deliver on our purpose while maximising our positive impacts and minimising any negative impacts.

We support the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). For the first time this year, we have included the TCFD framework in our reporting which identifies the financial and strategic risks and opportunities of different climate-related scenarios. More information can be found on page 59 to 68.

The following sustainability overview section relates to our UK operations only, unless otherwise stated. In FY2023 we will be including our Canadian business within our ESG strategy, frameworks and reporting.

In FY2023, we are establishing a Corporate Responsibility Committee that will have responsibility for the governance of sustainability in our business as well as driving the changes and strategy that will allow us to set our net zero target, and support a transition to a decarbonised economy and society.

Our ESG strategy is based on three pillars:

Safe and inclusive leisure destinations

We bring friends and families together in our welcoming centres where we prioritise health and safety, a responsible approach to eating and drinking, accessibility to all and positive local community relations.

Outstanding workplaces

We focus on developing and training our team members, supporting their wellbeing and maintaining a diverse and inclusive Company culture in which they can thrive.

Sustainable centres

The centres we operate for playing, working and socialising are increasingly more energy efficient, low-emission, sustainably sourced and recycling-oriented places.

Our purpose

Bringing families and friends together for affordable fun and safe, healthy competition

Safe and inclusive leisure destinations

Priority issues:

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

Supports strategic objectives:

1 2 4 5

Helps mitigate principal risks:

Food safety and Compliance

Stakeholder value for:

Customers, People, Communities, Investors

Links to SDGs

3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

Read more on **pages 49 and 50**

Outstanding workplaces

Priority issues:

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

Supports strategic objectives:

1 4

Helps mitigate principal risks:

Employee retention and Compliance

Stakeholder value for:

Customers, People, Communities, Investors

Links to SDGs

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Read more on **pages 51 to 54**

Sustainable centres

Priority issues:

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

Supports strategic objectives:

2 3 5

Helps mitigate principal risks:

Compliance and climate change

Stakeholder value for:

Environment, Customers, People, Communities, Investors, Partners & Suppliers

Links to SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Read more on **pages 55 to 58**

Underpinned by a dynamic Group culture, robust Board governance of ESG and progressive relationships with suppliers and partners.

Our initiatives, metrics and current and future targets are measured against each of these pillars and we will continue to update our stakeholders on our progress.

Hollywood Bowl Group and the SDGs

The UN Sustainable Development Goals (SDGs) are the global blueprint to achieve a better and more sustainable future for all. The call for action is an urgent one and we want to play our part.

It is an important framework that we use to help inform our approach and ensure that our strategy supports broader sustainable development priorities. All the goals are of the utmost importance but we believe our business is best placed to contribute to six goals which we have used to align our strategy as shown above.

We will continue to use the SDGs, and the targets and indicators that sit under the goals, to guide us as we further develop the measurement, structures and plans that will support our ESG strategy.

Key to strategy

1. Delivering like-for-like revenue growth
2. Actively refurbishing our assets
3. Developing new centres and acquisitions
4. Focusing on our people
5. Leveraging our indoor leisure experience

Sustainability governance and risk management

In recognition of our commitment to sustainability, in FY2023 we are establishing a Corporate Responsibility Committee that will oversee the governance of sustainability. The Committee will report directly to the Board and will be chaired by a Non-Executive Director and attended by senior representatives from across the Group. The Committee will hold bi-annual meetings to ensure effective delivery of our sustainability strategy.

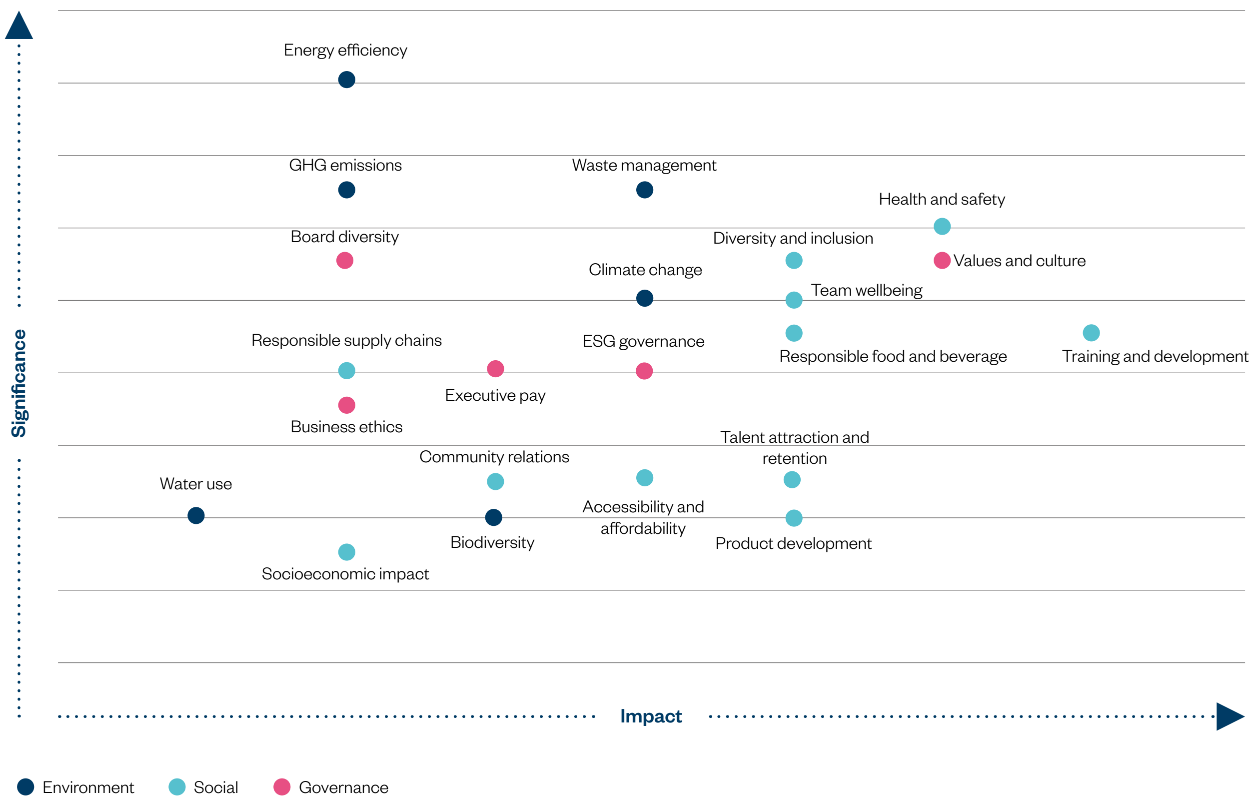
The Board is responsible for managing key sustainability risks that may impact business strategy. Working with PwC a Climate Risk and Opportunities Register was developed in September 2022. Climate change risks that have the potential to impact the Group have been included within our Group Risk Register, recognising the importance of this global issue to the long-term sustainability of our business model. More information about this can be found on page 73.

Measuring the impact we make

We have several targets that guide our sustainability trajectory, some of which we introduced for the first time in FY2022. These targets are identified in our progress reports for each pillar on the following pages. We take these targets very seriously and share here both where we have achieved our targets, and where there are still improvements to make.

Our range of targets and ambitions is evolving as we put in place structures to monitor and report against them, and we expect to share more extensive reporting against our progress in 2023, including providing information and targets relating to our Canadian operation that was acquired in May 2022.

Materiality matrix



Materiality matrix methodology

Our materiality matrix was developed with the support of external consultants who conducted a detailed analysis, drawing on industry intelligence and macro trends to create a long list of material ESG topics. A risk and opportunity analysis was conducted against each topic to establish its potential to impact on the business (plotted on the x-axis, 'Impact'), and its significance to the business and stakeholders, and prevalence in the market (plotted on the y-axis, 'Significance'). Our multi-pillar sustainability strategy was developed with these material issues at its heart.

Safe and inclusive leisure destinations

FY2022 highlights

750,000
Of concessionary discount games bowled

£28,000
Amount raised for charity partner Barnardo's

48.3%
Of all soft drinks sold are sugar-free

97.0%
Of centres passing food and drink audits

Accessibility, wellbeing and community relations

We provide inclusive and sociable activities that enable families and friends of all ages and abilities to spend quality time together, in an environment that is fun and welcoming while actively promoting wellbeing. In recent years, we have all come to realise the importance of socialising, especially during COVID-19, when mental and physical health were at the forefront of everyone's minds. Our centres provide opportunities for all customer groups to get involved, and we foster excellent community relations through concessionary discounts and local community engagement which includes charity fundraising events and school partnerships.

The Group continues to support the children's charity Barnardo's as our national charity partner, with team members and Centre Managers encouraged to raise funds through their own centres and our central support centre, for this worthy cause.

Progress in FY2022	FY2023 targets
750,000 of concessionary discount games were played	750,000+ of concessionary discount games played
We raised £28,000 for Barnardo's	Raise £40,000 for Barnardo's

Health and safety

The health and safety of our teams and customers is an ongoing priority, and we continue to demonstrate our commitment to this area, by measuring and monitoring performance across all centres and locations throughout the Group. It is critical to business performance and the experience we offer our customers and integral to our promise to deliver an outstanding workplace. We continue to refresh and reinforce our policies and practices, as well as comply with all safety legislation and act on all reported incidents. As part of our internal audit reviews, we undertake safety audits, and any incident reports are reviewed by the Board on a monthly basis.

Responsible food and beverage

We collaborate with our suppliers to offer healthier alternatives as part of our range, which might include reducing the salt and sugar content of the food and beverages we serve. We actively promote a range of sugar-free soft drinks, with fresh water readily available. Health and safety is strictly embedded in our daily operations, and team members are required to have completed food safety and allergen awareness training.

Our SLT proactively considers the impact of the food and drink options we offer and is committed to clearly providing customers with the facts they need, including allergen information, so they can make fully informed choices.

Our centres are audited regularly, often on an unannounced basis, by internal food safety auditors or environmental health officers and we consistently achieve high food ratings.

Progress in FY2022	FY2023 targets
97% of centres passed food and drink audit	100% of centres passing food and drink audit
48.3% of all soft drinks sold were sugar free	50% of all soft drinks sold to be sugar free
Over 98% of our team in related roles completed food and safety and allergen training. To ensure this is exceeded next year we will further increase our efforts with all new team members	100% of team members in related roles to have completed food safety and allergen training within three months of passing probation period

> “The health and safety of our teams and customers is an ongoing priority, and we continue to demonstrate our commitment to this area.”

Outstanding workplaces

FY2022 highlights

7.5%
Increase in salaried team members' pay in light of inflationary environment

£0.6m
Total cost of living payment to team members

£5.6m
Paid in bonus to centre teams in recognition of excellence

96.9%
Of our team completed online training and development modules

4.9
Out of 7 – the average score for wellbeing in our team engagement survey

One of the UK's Top 25 Best Big Companies To Work For in 2022

Talent attraction and retention

Our team members are the lifeblood of our business and key to our success. This is why we have worked doubly hard on our people initiatives this year, so we can continue to attract and retain the best talent available in a labour market that has become increasingly competitive. Recruiting and retaining good people continues to be a challenge for the leisure and entertainment sector – due to its transitional nature – but we are pleased to report that our turnover rates are proven to be substantially lower than many of our hospitality peers. During this reporting period, we have refreshed our renewed rewards package and improved employee engagement and talent programmes. Our new employer brand will launch early in FY2023.

Our people have been instrumental to our outstanding performance in FY2022, facing challenges head on, whether it was supplier or food delivery shortages, or working to support each other when Omicron-related sickness absences were at their peak. We have recognised these efforts through pay increases and generous bonus schemes. In addition we have provided a one-off cost of living payment to help team members totalling £0.6m.

Reward and recognition of our team members is an important part of our strategy to engage and retain great people. It's also an essential part of fostering a high-performance, purpose-led culture across the business. In addition to providing fair pay to all our team members, we also offer benefits such as free activities and discounted food and drink when they visit our centres with their friends and family.

Progress in FY2022	FY2023 targets
We were pleased that 40% of management appointees came from internal candidates. This key area of focus is one we are looking to further improve upon	45% of management appointments from internal candidates

Training and development

Working at Hollywood Bowl Group is more than 'just a job' – it is a high-performance culture, where teams are nurtured through exceptional training and reward schemes where positive behaviours are actively encouraged.

Our teams have entered FY2023 stronger than ever, on the back of industry leading talent development programmes that were reintroduced post the COVID-19 lockdowns. We now have well over 100 team members enrolled, with 40 per cent of all management vacancies filled from our internal talent pipeline. We value this experience as team members progress through the Group, while also maintaining a healthy balance of new recruits from outside the Company.

We have expanded these programmes, introducing talent programmes for our technicians and Contact Centre team for the first time. In total, 25 new candidates joined our Centre Manager in Training programme and 75 candidates joined our Assistant Centre Manager in Training programme.

We recognise and embrace our role in enabling team members to develop their skills, whether they are entering or returning to the workplace on a temporary or transitional basis or motivated to develop a fulfilling a career that allows them to rise up the ranks.

Progress in FY2022	FY2023 targets
5.6% of our team members participated in development programmes	Have more than 5% of our team participating in development programmes
We achieved above our target and had 97% of our team completing online development modules.	Maintain 97% of our team completing online development modules

Team wellbeing

The wellbeing of all teams is of vital importance to us, and we have a range of established initiatives in place to make this happen. The importance of wellbeing was highlighted in our recent annual conference where we held a workshop and all our talent programmes now include wellbeing modules. We now have three Mental Health First Aiders, and are training up two more, and we have regular communications around mental health and wellbeing on Fourth Engage (our internal social media) to highlight events such as World Mental Health Day.

We enhanced our Employee Assistance Programme (EAP) in FY2022, moving provider in May to PAM Assist, which provides a free support service for mental health, financial, legal or bereavement issues. A team member can call directly, or we can make a referral. In addition to this, an app can be downloaded, which provides information and ideas around wellbeing, with regular news articles, recipes, workouts, guided meditations, health assessments, information on cognitive therapies, and much more.

Progress in FY2022	FY2023 targets
We were proud to achieve a 1 star rating in our Best Companies Team survey which placed us in the Top 25 of Big UK Companies To Work For	Maintain a 1 star rating in the overall Best Companies Team survey
We achieved a score of 4.9 (out of 7) in our Team wellbeing survey which was an increase of 6% year-on-year	Maintain 4.9 (out of 7) in our Team wellbeing survey

Diversity and inclusion

We actively promote a culture that fosters inclusion, in outstanding workplaces that are both diverse and welcoming. Difference is valued, as it is a reflection of the people and communities where we live and work. We commit to no-one being discriminated against on the grounds of gender, race, ethnicity, religious belief, political affiliation, sexual orientation, age or disability. We encourage our team to celebrate all religious and cultural festivals equally.

Diversity and inclusion are critical to our success, and help us to reflect the expectations of our customers, while providing customer experiences that are relevant, accessible and welcoming. We have identified focus areas to improve and are making changes to the way we recruit to attract ever greater diversity and more women, and to ensure that our centres are reflective of the diversity of their own communities. We are also encouraging wider gender diversity into senior roles, and we are acting on the issues that prevent team members from applying for promotions. As a result, we've taken steps to embed more flexibility in the structure of senior roles.

In addition, we've continued to develop our employer branding, and our website is now designed to reach, and appeal to a broad range of potential talent.

A spotlight on: performance culture

Rachael Hayward joined the Group in 2021 as Regional Support Manager for Outer London.

We caught up with Rachael, who shared insights about our high-performance culture and how rewards are allocated in practice. Her feedback describes an exceptional team effort and high levels of engagement, driven by their combined efforts to reach the monthly customer satisfaction target, supported by Centre Managers and Regional Managers.

"The monthly target is clear, and teams are briefed daily on customers' experiences, via feedback forms, social media posts and information posted on our employee engagement app, Fourth Engage. Whole centre teams work together to achieve the customer satisfaction target, including those team members who are not customer facing, such as the technicians maintaining the bowling lanes, and this makes it so much easier for us to lift our standards, as the rewards are fully inclusive.

We also conduct regular Centre and Assistant Manager listening sessions, female-only listening groups, video conference updates, leadership team visits to all centres, and Q&A sessions with the leadership team that are open to all team members.

We conduct monthly one-to-one meetings as a platform for meaningful and structured discussion that covers wellbeing, performance and areas of opportunity. This is an open format, with a clear and direct feedback loop that covers performance and any areas for improvement, or any wellbeing concerns are openly addressed.

Engagement is very high as all team members receive an extra 50 pence per hour for hours worked during any month that the target is met. This is successful because the leadership has worked hard to make sure that targets are fair and achievable, fostering trust at all levels, which subsequently fuels the positive energy that drives our fantastic culture, and customer satisfaction.

Our Centre Managers are equally motivated by a generous bonus scheme and can receive up to 20 per cent of their centre's financial outperformance versus budget, if overall customer satisfaction scores have also been reached."

A spotlight on: training and development

Scott Moyle joined the Group in 2014.

He has worked in our High Wycombe, Cheltenham and Bristol centres, developing his career by taking advantage of all the talent development opportunities on offer. He now works as Regional Support Manager for London and Kent, and is responsible for service, team engagement and operational standards for ten centres.

Scott described his journey as challenging and rewarding in equal measure. His success has been determined by an aptitude for sales, operations, food and drink, leadership and the requirement to be constantly upskilling to keep pace with the requirements of the business. Being promoted from within has its advantages, as he knows and understands the business intimately and support is guaranteed from the SLT and others, so long as the attitude is flexible and adaptable. Below is the trajectory of Scott's journey, and the different steps of the ladder:

- Almost half of the Group's Assistant Managers have come through the Assistant Manager in Training (AMIT) programme which consists of on-the-job learning, and managing shifts in the presence of more experienced managers. Learning modules include HR, presentation skills, and exposure to financial and commercial activities with active Regional Managers, so as to gain experience of working at a more senior level.
- The Centre Manager in Training programme builds on the AMIT by developing people and project management skills with off-site training and one on one training sessions with key individuals within in the business.
- The Senior Leadership Development programme was established in 2016 and takes Centre Managers to the next level of seniority. Scott has now been working as a Regional Support Manager for nearly five years, initially in the Wales and West region, followed by South Coast, London and Kent.

Team members and managers at all levels have the platform to move up to the next level. There is a healthy pipeline of internal and external talent, so the Company always benefits from a mix of in-house operational, and 'outside' experience. More recently, apprenticeships have been introduced at team member level, which aims to develop more Assistant Managers in training.

Q&A

with Melanie Dickinson, Chief People Officer

Q – Can you describe the culture at Hollywood Bowl Group?

A – Our culture is underpinned by a set of values and a very clear ambition to be creators of positive energy in great places to work or play. We encourage our teams to work together around this mindset, in a learning environment that is supportive and inclusive. The Board and executive management team play a key role in living and shaping a values-based Company culture. We were delighted to have been recognised as a Top 25 Big Companies To Work For in 2022, providing testimony to the importance and focus we place on creating outstanding workplaces, which is one of the foundational pillars of our sustainability strategy.

Q – What does this mean in practice?

A – Team members are encouraged to make quick decisions and take personal responsibility, following a set of guiding principles that make Hollywood Bowl Group a dynamic operation. Team members are encouraged to make suggestions around new ways of working, and behavioural 'pins' are awarded monthly by our Chief Operating Officer, Darryl Lewis, to those who excel.

We had a significant number of challenges in the face of supplier shortages and peak absences through the Omicron wave. Our team members have repeatedly 'stepped up' and demonstrated their worth and value, and we have used this exceptional set of circumstances to reward them for this hard work.

Q – How have you demonstrated commitment to help team members through the cost of living crisis?

A – We were pleased to be able to review and improve team members' pay and help them during the cost of living crisis. This year we increased salaried teams' remuneration by an average of more than seven per cent and ran generous bonus schemes in recognition of excellence and outperformance, with more than £5.6m paid out in the year. We also gave out a generous cost of living payment totalling £0.6m. We are acutely aware of the pressures our team face, and the impact the current economic environment will be having on families, and we took real steps to help.

Q – What are you most looking forward to in FY2023?

A – I look forward to continuing our great work across all centres in the UK and now in Canada as we continue to deliver on our stakeholder promises. The area of ESG is moving at an exceptional pace, and these initiatives will be further embedded in our Group ways of working. Developing talent from our pipeline is always so rewarding, and we are excited to build on the momentum of a really successful year. Nothing or no one stands still here at Hollywood Bowl Group, as it is such a dynamic and supportive environment to work in.

Sustainable centres

Strategic report

FY2022 highlights

32%
Of centres now have solar array installations

77.7%
Of waste was diverted from landfill to recycling

65%
Of centres using energy efficient Pins on Strings

54%
Reduction in emissions intensity ratio (Scope 1 and 2) for our centres since 2017

60.9
Our energy intensity ratio for Scope 1 and 2 emissions

Energy efficiency and reducing our usage

Our action plan for reducing the environmental impact of our business includes increasing onsite generation of renewable electricity and driving energy use efficiency through our business. To reduce our usage, we are:

- Driving behaviour change within our teams to reduce electricity usage
- Continuing to roll out more energy efficient air handling plant to replace old technology plant
- Maintaining our focus with quarterly Corporate Responsibility Steering Group meetings
- Installing more solar panels on centre roofs with a further ten planned for FY2023

Measuring Scope 3 emissions and net zero

We are committed to reducing our Scope 1 and 2 GHG emissions intensity ratio, from a base year of FY2019, by 46 per cent by FY2025 and to begin measuring our Scope 3 emissions for FY2023. This will help us to identify a net zero target which will be outlined in our FY2023 Annual Report.

"Net zero" is defined in this report as the point where Hollywood Bowl Group would be able to reduce its net GHG emissions to zero.

In the case where it is not feasible to abate scope 1, 2 or 3 emissions completely, the Group will look to offset the remaining emissions, for example, through actions such as ecosystem restoration and creation.

Measuring Scope 3 emissions and net zero continued

To support our move towards net zero we have set the following short-term utility targets:

FY2022 performance	Targets
60.9 intensity ratio of Scope 1 and 2 emissions	55 intensity ratio of Scope 1 and 2 emissions by the end of 2025
8.2% of our electricity was generated from onsite renewables	12% of our electricity to be generated from onsite renewables by the end of FY2023
0% of purchased electricity used was from renewable sources	100% of purchased electricity from renewable sources by the end of FY2023
17 centres had solar installations taking the total to 22	10 centres to have solar installations in by the end FY2023
65% of the UK estate now using energy efficient Pins on Strings technology	100% of the UK estate using energy efficient Pins on Strings technology by the end of FY2028

Solar

Our programme of solar panel installations is running ahead of schedule with 22 of our centres now completed or under construction. More than 30 per cent of our centres actively generate their own energy. The 22 roof arrays that we currently have produce 4,104 kWp and a yield of 3,423,947 kWh per year.

We exported 227,602 kWh of electricity back to the grid as a result of the solar arrays on our roofs in FY2022.

We will continue to negotiate with our landlords if we see a feasible opportunity to install solar panels. We believe 50 per cent of our current estate has the potential for solar array installs.

	FY2019	FY2020	FY2021	FY2022	Target for FY2023
Number of solar array installations completed	2	nil	3	17	10
Cumulative total	2	2	5	22	32

Greenhouse gas

Greenhouse gas (GHG) emissions for FY2022 have been measured as required under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013. The GHG Protocol Corporate Accounting and Reporting Standards (revised edition) and the electricity and gas consumption data has been provided by Schneider Electric and Total. Conversion factors are taken from https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022.

In May 2022 we purchased Teaquinn and emissions data for these centres, post purchase to the end of the financial year, is included. The conversion factors for Canada are taken from Emission Factors and Reference Values – Canada.ca.

Our Scope 1 emissions

Natural gas, company car (the Group no longer provides ICE company cars and has introduced an electric vehicle scheme for regional support team members) and refrigerant gas loss emissions.

This is made up of natural gas and refrigerant gas losses. There are no reported F gas losses in Canada in the period covered and we do not have any ICE company cars in the UK or Canada.

Total Scope 1 emissions

	Natural gas tCO_2e	F gas losses tCO_2e	Total tCO_2e
UK	537.0	4.5	541.5
Canada	45.2	—	45.2
Total	582.2	4.5	586.7

Our Scope 2 emissions

Our total Scope 2 emissions in FY2022 were 3,400.7 tCO_2e, made up of the following:

Electricity

	Electricity kWh	Emissions factor	Total (tCO_2e)
UK	17,857,086	0.19121	3,414.4
Canada	953,709	0.028/0.0078	26.9

Electric vehicles – UK only

Total mileage is 85,895 miles x 0.03341 = 2,869. 75 $kgCO_2e$ or 2.9 tCO_2e.

Solar export

227,602 kWh's electricity exported back to the grid as a result of the solar arrays on our roofs. This equates to a saving of 43.5 tCO_2e.

Intensity ratio

	tCO_2e
Scope 1 emissions	586.7
Scope 2 emissions	3,400.7
Total Scope 1 and 2 emissions	3,987.4
Intensity ratio (tCO_2e per centre)	60.9

Over 99 per cent of all Scope 1 emissions were from natural gas. This includes heating, hot water and cooking as it is not possible to accurately determine the percentage from each. 96.4 per cent of electricity was from UK operations.

Our total electricity and gas usage

	Electricity kWh	Gas kWh
FY2017	18,581,702	4,384,837
FY2018	18,849,729	5,260,995
FY2019	19,573,573	4,104,855
FY2020	11,560,010	2,830,792
FY2021	12,192,555	1,932,559
FY2022*	18,810,815	3,193,670

* Data includes UK and Canada/ excludes solar generated electricity exported to grid.

Data from centres where the landlord supplies electricity/gas has been excluded.

Electricity usage

Our commitment to efficiently and ethically use natural resources is ongoing.

We have reduced our emission ratio for Scope 1 and 2 emissions by 72.0 or 54.2 per cent for FY2022 compared to FY2017.

	Scope 1	Scope 2	Scope 1 + 2	Intensity ratio
FY2017	807.5	6,532.6	7,340.1	132.9
FY2018	967.8	5,335.6	6,303.4	113.7
FY2019	773.6	5,003.0	5,776.6	102.6
FY2020	568.4	2,695.0	3,263.4	55.1
FY2021	560.0	2,588.8	3,148.8	50.8
FY2022	586.7	3,400.7	3,987.4	60.9

FY2020 and FY2021 were impacted by COVID-19 shutdowns.

The original target that we set was to bring the Intensity Ratio down below 100 and this has now been achieved. The target is now to bring it down to 55 by the end of FY2025.

Climate change

We understand that climate change is likely to impact our business in a number of ways. We welcome the framework and recommendations from the TCFD which are designed to improve and increase corporate reporting of climate-related information.

Having assessed our climate-related risks and mitigations in greater depth as part of our ESG strategy, we have integrated these recommendations into our report for the first time.

More information can be found on pages 59 to 68.

Waste management and recycling

Recycling the waste we produce is part of our commitment to mitigate against the environmental impacts of our operations. In FY2017 we recycled 65.8 per cent of our waste and this has increased to 77.7 per cent for FY2022. All of our waste is 100 per cent diverted from landfill.

Our performance in waste reduction and recycling has been enhanced by behaviour changing incentives including aligning waste management to team members' bonus allocations. The initiatives have supported an excellent performance with nine centres recycling over 85 per cent of all waste produced; we are now looking to replicate this level of commitment across our estate. On average 77.7 per cent of our waste in FY2022 was recycled compared to 71.6 per cent in FY2021.

Waste volumes were impacted by the COVID-19 lockdown for FY2020 and FY2021.

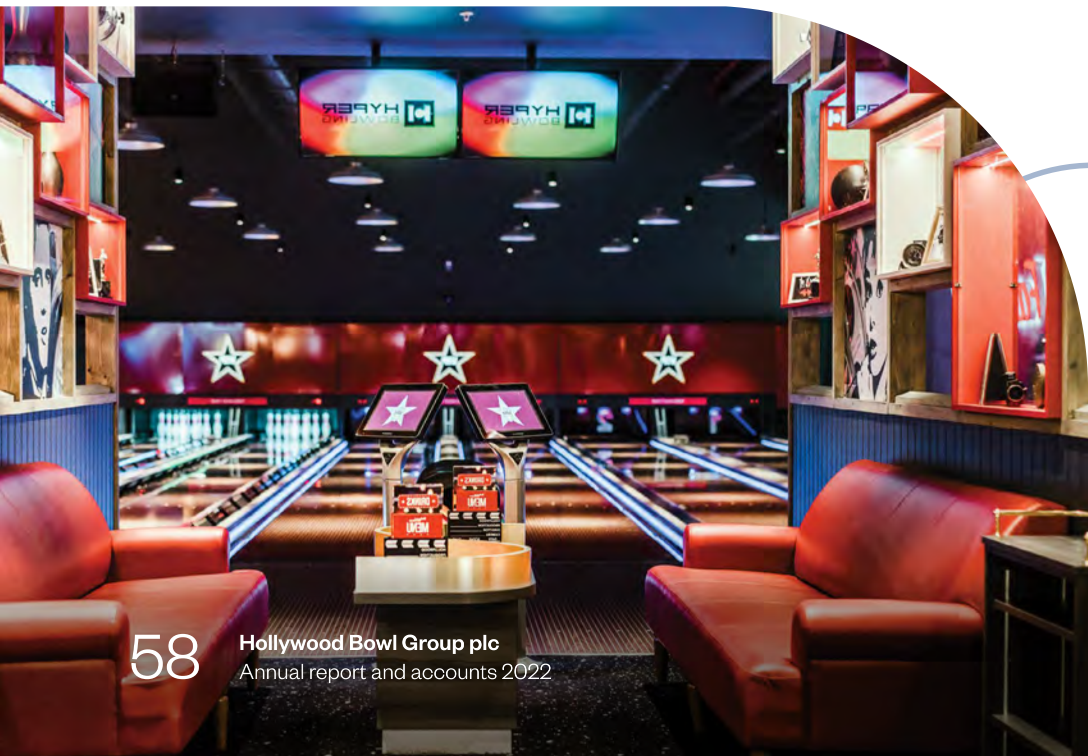
	General	Glass	Mixed recycling/ organic
FY2017	7,443.72	1,621.44	12,695.88
FY2018	6,770.04	1,652.26	12,978.86
FY2019	7,096.24	1,831.92	12,745.42
FY2020	4,160.00	1,215.12	7,560.74
FY2021	2,536.16	914.40	5,472.76
FY2022	4,517.24	2,106.72	13,606.30

	General	Recycling	Total waste	Recycling percentage
FY2017	7,443.72	14,317.32	21,761.04	65.8%
FY2018	6,770.04	14,631.12	21,401.16	68.4%
FY2019	7,096.24	14,577.34	21,673.58	67.3%
FY2020	4,160.00	8,775.86	12,935.86	67.8%
FY2021	2,536.16	6,387.16	8,923.32	71.6%
FY2022	4,517.24	15,713.02	20,230.26	77.7%

Waste data is for the UK only. All waste data supplied by Biffa. This excludes data from centres where the landlord manages the waste streams.

FY2022 performance	Targets
77.7% of waste generated was recycled	By the end of 2025, 80% of UK waste generated to be recycled, with 100 per cent diversion from landfill
1.17% food and drink wastage as a percentage of revenue To ensure we achieve our target we will be exploring the areas where food and drink wastage occurs, to lower the frequency	By the end of 2025, we aim to have 1% food and drink wastage as a percentage of revenue

"Our performance in waste reduction and recycling has been enhanced by behaviour changing incentives including aligning waste management to team members' bonus allocations."



Task Force on Climate-related Financial Disclosures statement

In our FY2021 Annual Report and Accounts, we recognised that climate change will likely impact our business in a number of ways. To understand these impacts, we set out to integrate the TCFD recommendations to improve and increase our corporate reporting in FY2022.

In accordance with the LSE Listing Rule 9.8.6R(8), we present our 2022 TCFD compliance statement and confirm that we have made climate-related financial disclosures for the year ended 30 September 2022 which are:

a) consistent with the following TCFD recommendations and recommended disclosures:

- Governance – (b)
- Strategy – (a), (b) and (c);
- Risk management (a), (b) and (c)
- Metrics and targets (a) and (b)

b) partially consistent with the following TCFD recommendations and recommended disclosures:

- Governance (a)
- Metrics and targets (c)

A summary of our TCFD compliance statement is set out in the following table.

Further details regarding how we have aligned to the TCFD recommendations are set out in the subsequent pages and in relevant sections of this Annual Report.

Summary of our TCFD compliance statement

TCFD pillar	TCFD recommended disclosure	Cross-reference for the disclosure in the report	Summary of compliance response and next steps
Governance	a) Board oversight	Page 61	The Group is currently implementing an updated process and framework for the Board to monitor and oversee progress against goals and targets to address climate-related issues
	b) Management's role	Page 61	Consistent with TCFD recommendation
Risk management	a) Risk identification and assessment process	Page 62	Consistent with TCFD recommendation
	b) Risk management process	Pages 62 and 69	Consistent with TCFD recommendation
	c) Integration into overall risk management	Pages 62 and 69	Consistent with TCFD recommendation
Strategy	a) Climate-related risks and opportunities	Page 63 to 67	Consistent with TCFD recommendation
	b) Impact on the Company's businesses, strategy, and financial planning	Page 63 to 67	Consistent with TCFD recommendation
	c) Resilience of the Company's strategy	Page 63 to 67	Consistent with TCFD recommendation
Metrics and targets	a) Climate-related metrics in line with strategy and risk management process	Page 68	Consistent with TCFD recommendation
	b) Scope 1, 2, (and 3) GHG metrics and the related risks	Page 64 to 68	Partially compliant with TCFD recommendation
	c) Climate-related targets and performance against targets	Page 68	The Corporate Responsibility Steering Group presented a suite of metrics and targets in relation to climate risks and opportunities at the Board meeting in October 2022 which were approved This process of updating on performance against these targets and extending the range of targets will be the responsibility of the Corporate Responsibility Steering Group and the Corporate Responsibility Committee

Governance

Board oversight

The Board has overall responsibility for climate-related matters, and delegates oversight and monitoring responsibilities to the Group Chief Executive, Stephen Burns. During FY2022, updates from the Corporate Responsibility Steering Group, (which includes members of the Board), were given to the Board and Audit Committee on climate issue risks and mitigations such as the solar panel install programme.

Recognising climate issues, such as energy consumption and use of renewable energy sources, the Board acknowledged the need for a more formalised meeting agenda to be put in place. It was agreed at the Board strategy day on 14th September 2022 that 'climate change' would be added as a six-month standing agenda item to Board meetings to formalise the oversight process. The first Board meeting with 'climate change' as a standing agenda item was held on 21st October 2022, and the Board discussed climate change topics, including progress against relevant pre-existing goals (e.g. renewable energy sources) and future planned activities and targets. As the Group continues to progress its climate journey, the Board's updates will include progress against climate-related goals and metrics including those identified as part of our climate risk assessment set out in the 'Strategy' section of the TCFD disclosure.

The Board gives full and close consideration of ESG factors, including climate, when assessing the impact of decisions, it makes. Examples of strategic decisions made, in relation to climate, in recent years by the Board include:

- Our programme of solar panel installations across our sites to increase onsite generation of renewable energy. See our 'Sustainability overview' section on pages 46 to 58 for more detail
- Our programme of Pins on Strings bowling equipment installations which reduces the energy consumption associated with providing our core product
- Recruitment of an in-house Energy Analyst to facilitate future analysis of our Scope 3 emissions which allows us to develop a credible net zero road map and agreed target year to achieve net zero. We will work with our suppliers, building designers, equipment providers, team members and other partners to create this road map
- Incorporation of a climate-related target into our Long Term Incentive Plans, relating to the achievement of emissions intensity ratios for scope 1 and scope 2 emissions. For more detail see our Annual report on remuneration on pages 101 to 113

Priorities for FY2023

- At the September 2022 Board strategy day, the Board agreed to the creation of a new Board sub-committee (the Corporate Responsibility Committee) in H1 FY2023, which would be responsible for updating the Board on climate issues on a bi-annual basis. This sub-committee will take over responsibility from the Corporate Responsibility Steering Group at an Executive level, with the Corporate Responsibility Steering Group taking on a more operational role.
- At the October 2022 Board meeting, it was agreed that Ivan Schofield (Non-Executive Director) would chair the new Corporate Responsibility Committee. Other committee members will include the Chief Executive Officer, the Chief Marketing and Technology Officer and the Chief People Officer.
- The Board will consider whether strategic decisions need to be made as a result of climate scenario analysis performed on the most significant climate risks to the business. This will be discussed at next bi-annual 'climate change' agenda item at the Board meeting in April 2023.
- Following the identification of climate-related metrics and targets, progress against climate-related goals and targets will be covered in the next bi-annual 'climate change' agenda item at the Board meeting in April 2023.
- An extensive Board member workshop and training session, delivered by external consultants, is planned in Q2 FY2023 to upskill the current Board members on climate change.

Management's role

Responsibility for climate change issues at a management level sits with our Chief Marketing and Technology Officer, Mathew Hart, who also chairs the Corporate Responsibility Steering Group.

Members of the Corporate Responsibility Steering Group also include the Chief Operating Officer, Chief People Officer, Energy & Safety Manager and relevant heads of department.

The Corporate Responsibility Steering Group is responsible for the identification, management and reporting of climate-related risks and opportunities. The Corporate Responsibility Steering Group meets on a quarterly basis to discuss environmental and social strategies and performance, including climate change, and will update the Corporate Responsibility Committee on a bi-annual basis.

Priorities for FY2023

- As agreed by the Board, a new "Corporate Responsibility Committee" led by Ivan Schofield will be established in H1 FY2023. Once established, this Committee will take over from the Corporate Responsibility Steering Group for updating the Board and the Audit Committee on climate-related risks and opportunities.
- Following the acquisition of our Canadian business in May 2022, we will be looking to assess and establish climate targets and a reporting framework for Canada which will be included in our next Annual Report and Accounts.

Organisation and reporting structure for climate governance

Risk management

The Board is ultimately responsible for ensuring that a robust risk management process is in place and that it is being adhered to, including for climate risk. The significance of climate risk is aligned with other risks, given climate risk is identified and assessed in line with the existing risk processes and is included in our principal risks register. More information on our risk management process is available in the Risk management section on pages 69 to 73.

Identifying, assessing and managing climate-related risks and opportunities

In our FY2021 Annual Report and Accounts, we committed to assessing climate-related risks and mitigations in greater depth as part of our ESG strategy. We have now conducted a detailed climate risk assessment, across our UK business. External experts, PwC, were engaged to support and assist us with this process, however we retained ownership over the assessment, process and outputs. The following process was undertaken over the last year:

1. We, assisted by PWC, reviewed our business to generate an initial list of climate-related risks and opportunities across our full UK value chain that could impact the business. These were aligned to the TCFD risk and opportunity categories.
2. Workshops facilitated by PwC were run with key stakeholders across the business, including representatives from a range of core business functions. A wide range of perspectives were obtained on climate-related risks and opportunities, including impacts from historical events as well as assessing potential future trends. These workshops also allowed the opportunity to build awareness of climate change risks across the business, which will help to further mature our response to TCFD requirements going forward.
3. Based on the workshop outputs, through heat mapping and using our existing risk scoring methodology, the more significant climate risks were identified and a qualitative assessment was performed to help understand both the business and financial impacts of the risks and opportunities. The Corporate Responsibility Steering Group and Chief Financial Officer reviewed the outputs of the qualitative assessments and resulting significant risks. Climate risk was incorporated into relevant risk registers, in line with existing risk management processes, and mitigation/management activities were considered by the Corporate Responsibility Steering Group and Chief Financial Officer for the more significant risks.
4. Climate scenario analysis was performed on selected potentially material climate risks and opportunities to assess the potential quantitative financial impact on the UK business.

Priorities for FY2023

- Now that we have assessed our material climate risks and opportunities in line with our risk management procedures, we will look to further embed our risk management and monitoring process for climate risks within our risk management framework, and continue to assess the materiality of climate risks. For example, given the uniqueness of assessing climate risks, we will look to address our existing probability/impact matrix to ensure this is appropriate for all risks, including climate risks.

Strategy

Climate-related risks and opportunities have the potential to impact our business over the short, medium and long term. In considering our climate risks and opportunities, we define short, medium and long-term horizons as follows:

- Short term (0 – 5 years): **aligns to the Group's financial planning and modelling horizon**
- Medium term (5 – 15 years): **represents the interim period between the Group's financial planning horizon and the longest centre leases**
- Long Term (15+ years): **aligns with the longest time frame for the Group's leasing agreements for properties**

We face potential physical risks including extreme weather events as well as transition risks resulting from the transition to a lower carbon economy including the cost of transitioning products and services to lower emissions options.

Following our climate risk assessment process as outlined in the 'Risk Management' section, the following climate risks and opportunities were identified to be those that had the potential to be material for the business over the short, medium and long term.

Climate-related risks and opportunities

Risk/Opportunity	TCFD category	Description and potential impact on the business	Our response/actions we're taking/how it is managed	Time horizon
Changing customer behaviours in reaction to increasingly warmer summers and potential resultant growth of outdoor leisure market Metric – revenue reduction in high temperature periods	Chronic	Based on observed historical trends within data held by the Group, warmer weather has the potential to result in reduced footfall As the UK begins to experience drier weather in the spring and summer months, customer behaviours may change, spending less time on indoor leisure This could lead to a loss in revenue as footfall decreases, or a reduction in profit margins if the price of bowling is reduced to drive footfall	Scenario analysis was conducted to assess the extent to which changing customer behaviours, as a result of changing weather patterns caused by climate, will impact revenue It was found that the impacts of this climate risk were relatively low across all scenarios We will continue to monitor this risk going forward and our annual financial planning will take these findings into account	Medium
Business interruption and damage to assets due to increased frequency and severity of extreme weather events (e.g. flooding / extreme heat) Metric – proportion of revenue located in areas subject to flooding	Acute	While the type and severity of hazards will vary by location and season, and change over time, it is expected that the frequency and severity of events such as flood events will increase. These extreme events may impact the Group in three ways: 1) physical damage to operating sites which require repair; 2) disruption to business operations due to temporary closure; and 3) inability of customers to get to the sites These events may also have further financial impacts, for example, via increased insurance premiums	Scenario analysis was conducted to assess the extent to which our UK sites are at risk of business interruption and damage as a result of extreme events such as flooding Overall, it was found that only a low number of sites were assessed to be at risk of flooding under a 4°C scenario These sites will continue to be monitored and further assessments will be conducted to explore mitigation options Furthermore, our wide location base limits the scale of exposure caused by localised events	Medium-long

Climate-related risks and opportunities continued

Risk/Opportunity	TCFD category	Description and potential impact on the business	Our response/actions we're taking/how it is managed	Time horizon
Carbon taxes increasing costs due to pricing of GHG emissions being applied to own operations and embodied carbon in supply chain and transportation/ distribution Metric – % of total UK electricity generated from on-site renewables Target – 12% by end of FY2023 Metric – % of energy purchased from renewable sources Target - 100% by end of FY2025	Policy and Legal	While the scope and level of carbon pricing to date has had little impact on the Group, it is possible that future increases in scope for the UK Emissions Trading Scheme could impact our operations and supply chain by: 1) increasing energy and other operating costs 2) leading the Group to retire assets or investment to reduce emissions 3) increasing supply chain costs as carbon prices are passed on by suppliers	We are addressing our operational emissions through our investments in energy efficient equipment, the installation of solar panels at our sites and through renewable energy contracts Regarding emissions embodied within our supply chain, we plan to undertake analysis of our Scope 3 emissions as one of our key activities in FY2023 In addition, we are working with suppliers to further reduce the emissions of our supply chain as well as our own operations Our regular schedule of contract renewals and reviews allows us the opportunity to benchmark and adjust suppliers based on their carbon intensity if appropriate	Short
Cost of transitioning operations to net zero in order to be compatible with the UK's net zero carbon targets Metric – Scope 1 and 2 emissions intensity ratio Target – 55 by end of FY2025 Metric – % of goods for resale supply chain expenditure that have a carbon reduction plan and net zero target defined Target – TBC in FY2023	Technology	The UK's commitment to reach net zero emissions by 2050 has several implications for the Group Namely, as regulations and standards are adopted to support this ambition, there may be direct and indirect impacts on our operations These include increased operational costs associated with upgrading buildings and assets to incorporate more energy efficient technology	The Group is committed to operating sustainably and to finding ways, over time, to reduce our carbon emissions Our investment in Pins on Strings equipment is helping reduce energy usage In FY2023, we will undertake analysis of our Scope 3 emissions to allow us to develop a credible net zero road map and agreed target year to achieve net zero We will work with our suppliers, building designers, equipment providers, team members and other partners to create this road map Key food and drink suppliers already have carbon reduction targets in place which are due to be achieved through a range of measures, including replacing older vehicles with new, more environmentally-friendly ones; consolidating networks through more efficient routes (multi-temperature, better planning) reducing mileage and therefore emissions	Medium-long

Risk/Opportunity	TCFD category	Description and potential impact on the business	Our response/actions we're taking/how it is managed	Time horizon
Energy sources: Increased investment in and use of lower emission sources of energy, reducing exposure to volatility in fossil fuel and energy prices, and future carbon taxes Metric – % of total UK electricity generated from on-site renewables Target – 12% by end of FY2023 Metric – % of energy purchased from renewable sources Target - 100% by end of FY2025	Energy Source	As the UK shifts to a low carbon economy and transitions away from fossil fuels, it is expected that prices for these energy sources will increase with the introduction of carbon taxes and become more volatile As we continue our investment programme in solar installations, this is an opportunity to reduce reliance on fossil fuels and therefore reduce exposure to fluctuating energy prices, reducing operational costs and emissions	We have already installed operational solar panels at over 30% of our UK sites. We are working hard to achieve our target of 50% solar panel installation in our current estate by the end of FY2025 and 100% renewable energy by the end of FY2025 As part of our plan to reduce carbon emissions and energy usage in our operations, we are committed to investing in renewable energy solutions, performance tracking technology and the recruitment of an in-house Energy Analyst to support greater accountability and visibility in our operations We have also conducted quantitative scenario analysis to understand how investment in solar energy generation on-site and moving to renewable energy contracts will result in avoided costs of carbon taxes that would have been incurred if we continued to rely on external non-renewably sourced energy companies	Medium

Scenario analysis

Following our initial assessment of climate related risks and opportunities, three were selected for further quantitative assessment via scenario analysis based on their assessed potential materiality:

- **Changing customer behaviours** – The potential financial impacts of chronic weather (prolonged shifts in weather patterns as a result of climate change) on our UK sites
- **Business interruption and damage to assets** – The potential impact of fluvial and coastal flooding in terms of reduced customer footfall and site closures
- **Energy sources** – The potential carbon tax saving across 2022 to 2050 as a result of our strategy to install solar panels and move to renewable energy suppliers

These climate risks and opportunities were evaluated across a range of climate scenarios to understand how they could evolve under certain situations, helping us to assess and improve our climate resilience.

Climate scenarios demonstrate a range of possible pathways and emission trajectories, and their impact on global temperature increases compared to pre-industrial levels. These trajectories are based on the different rates of decarbonisation of the world economy and will impact how physical and transition risks manifest. Publicly available scenarios, sourced from the Network for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC), were selected for our analysis as outlined below.

Climate Risk/Opportunity	Scenarios	Data Sources
Transition risk/Opportunity		
Energy Sources	NGFS scenarios **Scenario 1:** Early action **Scenario 2:** Late action **Scenario 3:** No additional action	IEA[1] – Carbon intensities NGFS[2] – Carbon prices
Physical risk		
Business interruption and damage to assets	IPCC pathways: **Scenario 1:** SSP1-2.6 (<2°C) **Scenario 2:** SSP2-4.5 (2-3°C)	We obtained localised climate data to a $90m^2$ resolution based on the latest IPCC CMIP6 global climate models, providing projections for each of our scenarios and time horizons for flood exposure
Changing customer behaviours	**Scenario 3:** SSP5-8.5 (>4°C)	World Meteorological Organization[3] – Temperature, wind speed and precipitation (historical data) Climate Analytics[4] – Temperature, wind speed and precipitation (scenario data)

1 International Energy Agency (2022), Global Energy and Climate Model, IEA, Paris https://www.iea.org/reports/global-energy-and-climate-model, Licence: CC BY 4.0

2 Network for Greening the Financial System (NGFS) (2021), NGFS Scenario Data Downscaled National Data V2.0, https://www.ngfs.net/ngfs-scenarios-portal

3 World Meteorological Organization (2022), https://public.wmo.int/en

4 Climate Analytics (2022), Climate Impact Explorer, https://climate-impact-explorer.climateanalytics.org

The scenarios were selected due to their prominence within climate change discourse. This enables the selected risks and opportunities to be assessed in line with scenarios that represent the collective market's understanding of the range of possible outcomes as a result of the effects of climate change and society's response.

Changing customer behaviours

The relative impacts of chronic weather events on revenue were examined for three IPCC scenarios (RCP2.6, RCP 4.5 and RCP 8.5). A statistical model was developed to identify how weather (wind, temperature and precipitation) has historically impacted daily revenue at each of the 67 sites was used to forecast relative changes in sales under climate scenarios, compared to a baseline of 2018-2020 for the time periods 2030 to 2050.

Key assumptions, outputs and sensitivities

- Analysis is based on existing UK sites and does not allow for the addition of sites in the future
- The historical relationship between weather and sales will continue to be observed in the future
- No adjustments were made to revenue during modelling to account for growth or inflation
- Historical sales data was selected to remove any potential impacts of COVID-19

While all chronic weather events, particularly increasing temperatures, were found to result in some changing customer behaviours across all examined scenarios, the impacts of these changing behaviours on revenue were not found to be significant and no clear seasonal trends were identified.

Scenario analysis continued

Business interruption and damage to assets

Scenario analysis modelled the potential exposure to business interruption and resulting financial impact due to fluvial and coastal flooding on each of our UK sites.

Key assumptions, outputs and sensitivities

- Analysis is based on existing UK centres
- The historical relationship between weather and sales is assumed to continue
- All sites located on ground floor/basement floors are exposed to both refurbishment and access downtime. Sites located on the first floor and above are only exposed to access downtime where floodwaters exceed three metres. Property and equipment damage are not included in this analysis
- Flood defences, including regional flood defences, are assumed to remain unchanged from 2022 until 2050

The analysis found that the potential impact from floods increases over time across all of the scenarios examined. The impacts under RCP 8.5, as represented in the 95th percentile, were found to be the largest and reflect the most challenging scenario examined. Under this scenario, our UK sites located in Brighton, Norwich and Basingstoke are the most at risk, with an additional six sites expected to be at risk of flooding between 2022–2050. The impacts of the potential exposure to flooding was not found to be significant in the context of the overall business.

Energy sources

Scenario analysis was performed to understand the potential carbon tax savings as a result of existing and planned future solar panel installations, compared to sourcing all electricity from the national grid. Currently, 22 of our UK sites have solar panels installed, with installations for 10 sites planned by the end FY2023. The potential carbon cost savings resulting from these sites were examined over the period of 2022-2050 by applying IEA carbon intensities (tCO_2/MWh) associated with three different scenarios ('Early Action', 'Late Action', and 'No Additional Action') and NGFS carbon prices (£/tCO_2) to internal energy consumption data.

Key assumptions, outputs and sensitivities

- The average percentage of electrical consumption drawn from solar panels across all installed sites was applied (32.9 per cent)
- Electricity consumption of each site remains static until 2050
- As IEA carbon intensity figures are provided in 5-year increments, a linear interpolation is assumed to provide an annual view
- The analysis assumes the implementation of either new or more stringent carbon prices[5] on the consumption of fossil fuel-based electricity from 2023 as outlined below.

5 NGFS carbon prices. All carbon prices are expressed in £2010. IEA carbon prices were converted from USD to GBP using an exchange rate of 1.2658.

Scenario	2030 (£/tCO_2)	2040 (£/tCO_2)	2050 (£/tCO_2)
Early action	£122	£186	£568
Late action	£0	£198	£747
No additional action	£0	£2	£4

Under the most challenging scenario, the NGFS 'Early Action' scenario, the aggregate carbon savings realised from the 32 sites between 2023-2050, represent a significant financial impact. However, there also remains a significant exposure to carbon taxes from purchased electricity during this period. In response, we have put in place the following mitigation; by the end of FY2023, we will purchase 100 per cent renewable electricity and by the end of FY2025 all of our purchased gas will also be from renewable sources. Therefore, our expected carbon emissions exposure, and carbon tax exposure, from purchased energy, is zero.

Priorities for FY2023

- Further priorities for FY2023 include advancing data gathering activities for those risks and opportunities that were not able to be quantitatively assessed via scenario analysis at this stage.
- We will look to re-evaluate our scenario analysis results in response to significant events that may affect business strategy (i.e., in the case of a major acquisition) as recommended by the TCFD.
- Our climate risk assessment was performed for the UK business. We will look to assess the impacts and materiality of climate related risks and opportunities across our Canada business in the future, should it become material in size.

Metrics and targets

We have set a range of climate-related metrics and targets in the table below. We are currently in the process of calculating scope 3 emissions, and we will set out our net zero carbon reduction plan in our FY2023 Annual Report and Accounts.

Climate-related metrics

TCFD cross-industry metric category	Unit of measure	Metric	Metric target set and reported?	Linked to identified climate risks and opportunities
GHG emissions	tCO_2e	Absolute Scope 1 and 2 emissions in UK	Yes – 4125 by end of FY2025 (based on 75 UK centres)	Carbon taxes
GHG emissions	tCO_2e	Absolute Scope 3 emissions	No – target expected to be set and disclosed in FY2023	Carbon taxes
Transition Risks	%	% of total electricity purchased in the UK from renewable sources	Yes - 100% renewable purchased electricity in UK by end of FY2023	Energy sources
Transition risks	%	% of total UK electricity generated from onsite renewable sources	Yes – 12% of total UK electricity generated from on-site renewable sources by end of FY2023	Energy sources
Transition risks	%	% of total gas purchased in the UK from renewable sources	Yes – 100% renewable gas purchased in UK by end of FY2025	Energy sources
Transition risks	kWh	Gas usage in the UK	Yes – zero by end of FY2030	Energy sources
Transition risks	Total tCO_2e/ Centres	UK Average carbon energy intensity ratio by centre	Yes – 55 by end of FY2025	Carbon taxes Cost of transitioning operations to net zero
Transition risks	%	% of UK estate using energy efficient Pins on Strings technology	Yes – 100% by end of FY2028	Cost of transitioning operations to net zero
Physical risks	% of annual revenue	% of UK revenue located in an area subject to high risk of flooding	No	Business interruption and damage to assets

Priorities for FY2023

- The Group will look to develop a net zero target following the assessment of Scope 3 emissions
- The Group will also look to develop several additional metrics to support the monitoring of the identified risks and opportunities including; the proportion of Group expenditure on goods for resale from suppliers with a defined carbon reduction plan and net zero target (or equivalent). This will help monitor the cost of transitioning operations to net zero

Our approach to risk

The Board and senior management take their responsibility for risk management and internal controls very seriously, and for reviewing their effectiveness at least bi-annually. An effective risk management process balances the risk and rewards as well as being dependent on the judgement of the likelihood and impact of the risk involved. The Board has overall responsibility for ensuring there is an effective risk management process in place and to provide reasonable assurance that they are fully understood and managed.

When we look at risk, we specifically consider the effects it could have on our business model, our culture and therefore our ability to deliver our long-term strategic purpose.

Read more on **pages 24 and 25**

We consider both short and long-term risks and split them into the following groups: financial, social, operational, technical, governance and environmental risks.

Risk appetite

This describes the amount of risk we are willing to tolerate as a business. We have a higher appetite for risks accompanying a clear opportunity to deliver on the strategy of the business.

We have a low appetite for, and tolerance of, risks that have a downside only, particularly when they could adversely impact health and safety or our values, culture or business model.

Our risk management process

The Board is ultimately responsible for ensuring that a robust risk management process is in place and that it is being adhered to. The main steps in this process are:

1

Department heads

Each functional area of the Group maintains an operational risk register, where senior management identifies and documents the risks that their department faces in the short term, as well as the longer term. A review of these risks is undertaken on at least a bi-annual basis to compile their department risk register. They consider the impact each risk could have on the department and overall business, as well as the mitigating controls in place. They assess the likelihood and impact of each risk.

2

The Executive team

The Executive team reviews each departmental risk register. Any risks which are deemed to have a level above our appetite are added to/retained on the Group risk register (GRR) which provides an overview of such risks and how they are being managed. The GRR also includes any risks the Executive team is managing at a Group level. The Executive team determines mitigation plans for review by the Board.

3

The Board

Challenges and agrees the Group's key risks, appetite and mitigation actions at least twice yearly and uses its findings to finalise the Group's principal risks.

The principal and emerging risks are taken into account in the Board's consideration of long-term viability as outlined in the Viability statement.

Read more on **pages 74 and 75**

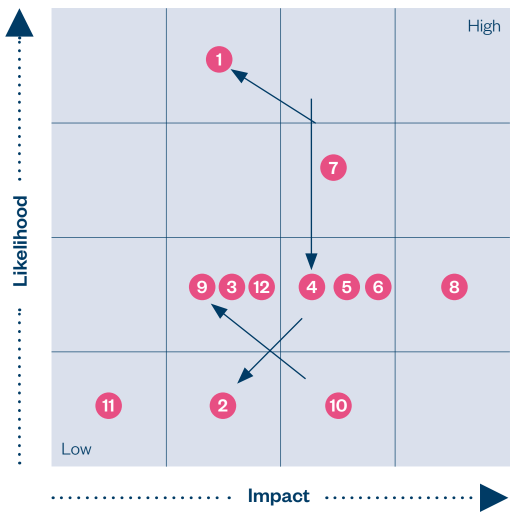
Risk management activities

Risks are identified through operational reviews by senior management; internal audits; control environments; our whistleblowing helpline; and independent project analysis.

The internal audit team provides independent assessment of the operation and effectiveness of the risk framework and process in centres, including the effectiveness of the controls, reporting of risks and reliability of checks by management.

We continually review the organisation's risk profile to verify that current and emerging risks have been identified and considered by each head of department.

Each risk has been scaled as shown on the risk heat map.



Financial risks
1 – Economic environment
2 – Covenant breach
3 – Expansion / growth (NEW)

Operational risks
4 – Core systems
5 – Suppliers (non-amusements)
6 – Amusement supplier
7 – Management retention and recruitment
8 – Food safety

Technical risks
9 – GDPR and cyber security
10 – Targeted IT threat / attack (NEW)

Regulatory risks
11 – Compliance
12 – Climate change (NEW)

The Board has identified 12 principal risks which are set out on page 69. These are the risk which we believe to be the most material to our business model, which could adversely affect the revenue, profit, cash flow and assets of the Group and operations, which may prevent the Group from achieving its strategic objectives.

We acknowledge that risks and uncertainties of which we are unaware, or which we currently believe are immaterial, may have an adverse effect on the Group.

Financial risks

Risk	Risk and impact	Mitigating factors
1 **Economic environment** ▲	• Change in economic conditions in particular a recession due to the after-effects of COVID-19, as well as inflationary pressures and the current war in Ukraine • Adverse economic conditions, including, but not limited to, increases in interest rates/ inflation may affect Group results • A decline in spend on discretionary leisure activity could negatively affect all financial as well as non-financial KPIs	• An economic contraction is likely, impacting consumer confidence and discretionary income. The Group's has low customer frequency per annum and also the lowest price per game of the branded operators. Therefore, whilst it would suffer in such a recession, the Board is satisfied that the majority of centre locations are based in high-footfall locations which should better withstand a recessionary decline • Along with appropriate financial modelling and available liquidity, a focus on opening new centres in high-quality locations only with appropriate property costs, as well as capital contributions, remains key to the Group's new centre-opening strategy • We have an unrelenting focus on service, costs and value, along with electricity hedged until September 2024. Plans are developed to mitigate many cost increases, as well as a flexible labour model, if required, in an economic downturn
2 **Covenant breach** ▼	• The banking facility, with Barclays Plc, has quarterly leverage covenant tests which are set at a level the Group is comfortably forecasting to be within • Covenant breach could result in a review of banking arrangements and potential liquidity issues	• The potential for future pandemic lockdowns has elevated this risk, and financial resilience has therefore become central to our decision-making and will remain key for the foreseeable future • The current RCF is £25m, with a margin of 175bps above SONIA as well as an accordion of £5m. Net leverage covenants are 1.75x and are tested quarterly. The facility is currently undrawn • Group revenue and profit performance since reopening in May 2021 have been above internal and external forecasts, which has resulted in a net cash position of £56.1m at the end of FY2022 • Appropriate financial modelling has been undertaken to support the assessment of the business as a going concern. The Group has headroom on the current facility with leverage cover within its covenant levels, as shown in the monthly Board packs. We prepare short-term and long-term cash flow, EBITDA (pre-IFRS 16) and covenant forecasts to ensure risks are identified early. Tight controls exist over the approval for capital expenditure and expenses • The Directors consider that the combination of events required to lower the profitability of the Group to the point of breaching bank covenants is unlikely
3 **Expansion/ growth NEW**	• Competitive environment for new centres results in less new Group centre openings • New concepts appear more attractive to landlords • Higher rents offered by short-term private groups	• The Group uses multiple agents to seek out opportunities across the UK • Continued focus with landlords on initial investment as well as refurbishment and maintenance capital • Strong financial covenant provides forward-looking landlords with both value and comfort • Relaunched property flyer in June 2022, with good success

Key to risk change Increasing ▲ Decreasing ▼ Unchanged ▶

Operational risks

Risk	Risk and impact	Mitigating factors
4 **Core systems** (Unchanged)	• Failure in the stability or availability of information through IT systems could affect Group business and operations • Customers not being able to book through the website is a bigger risk given the higher proportion of online bookings compared to prior years • Inaccuracy of data could lead to incorrect business decisions being made	• All UK core systems (non-cloud based) are backed up to our disaster recovery centre • The reservation systems, provided by a third party, are hosted by Microsoft Azure Cloud for added resilience and performance. This also has full business continuity provision and scalability for peak trading periods. The CRM/CDP system is hosted by a third party utilising cloud infrastructure with data recovery contingency in place • The reservations system also has an offline mode, so in-centre customers could still book but the Customer Contact Centre (CCC) and online booking facility would be down. A back-up system exists for CCC to take credit card payments offline. A full audit process exists for offline functionality • All technology changes which affect core systems are authorised via change control procedures • The Group undertakes periodic strategic reviews of its core system set-up with associated market comparisons of available operating systems to ensure that it has the most appropriate technology in place
5 **Suppliers (non-amusements)** (Unchanged)	• Operational business failures from key suppliers (non-IT) • Unable to provide customers with a full experience	• The Group has key UK suppliers in food and drink under contract with tight service level agreements (SLAs). Alternative suppliers that know our business could be introduced, if needed, at short notice. Centres hold between 14 and 21 days of food, drink and amusement products. Regular reviews and updates are held with external partners to identify any perceived risk and its resolution. This process has been required since reopening in 2021, with substitute products available in all scenarios. A policy is in place to ensure the safe procurement of food and drink within allergen controls • Splitsville uses Xtreme Hospitality (XH), a group buying company, to align itself with tier one suppliers in all service categories including food and drink. If XH is unable to provide a service or product, Splitsville is able to source directly itself
6 **Amusement supplier** (Unchanged)	• Any disruption which affects Group relationship with amusement suppliers • Customers would be unable to utilise a core offer in the centres	• Regular key supplier meetings between our Head of Amusements, and Namco and Inspired Gaming. There are half-yearly meetings between the CEO, the CFO and Namco • Namco is a long-term partner that has a strong UK presence and supports the Group with trials, initiatives and discovery visits • Namco also has strong liquidity which should allow for a continued relationship during or post any consumer recession • Player 1 is the amusements supplier to Splitsville. Player 1 is a subsidiary Cineplex Inc which is listed on the Canadian stock market. Quarterly meetings are held with Player 1
7 **Management retention and recruitment** (Unchanged)	• Loss of key personnel – centre managers • Lack of direction at centre level with effect on customer experience • More competitive recruitment landscape due to Brexit and COVID-19 pandemic • More difficult to execute business plans and strategy, impacting on revenue and profitability	• The Group runs Centre Manager in Training (CMIT) and Assistant Manager in Training (AMIT) programmes annually, which identify centre talent and develop team members ready for these roles. Centre managers in training run centres, with assistance from their regional support manager as well as experienced centre managers from across the region, when a vacancy needs to be filled at short notice • The Group bonus schemes were reviewed for the estate reopening in May 2021, to ensure they were still a strong recruitment and retention tool. The incentives now benefit all team members in-centre including hourly and salaried team. The hourly scheme has paid out to over 64 per cent of Team Members since the start of FY2022 • All 18-21 year olds are paid 20p above NMW/NLW, once they have completed their probation period • Wellbeing guides were issued across the business during the pandemic, as well as frequent Group Zoom Q&A sessions and updates via our team member app, to improve team engagement

Key to risk change Increasing ▲ Decreasing ▼ Unchanged ▶

Operational risks continued

Risk	Risk and impact	Mitigating factors
8 **Food safety** Unchanged	• Major food incident including allergen or fresh food issues • Loss of trade and reputation, potential closure and litigation	• Food and drink audits are undertaken in all centres based upon learnings of the prior year and food incidents seen in other companies, as well as for health, safety and legal compliance. online training, which includes allergen and intolerance issues, is reviewed, understood and complied with by team members • Allergen awareness is part of our team member training matrix which needs be completed before team members can take food or drink orders. Information is regularly updated and remains a focus for the centres. This was enhanced further in the latest menu, along with an online allergens list which is available for all customers. A primary local authority partnership is in place with South Gloucestershire covering health and safety, as well as food safety • In conjunction with the supply chain risk the Allergen Control Policy has been reviewed and updated • All food menus have an allergen disclaimer • All food menus have a QR code linking the customer to up-to-date allergen content for each product, updated through the 'Nutritics' system

Technical risks

Risk	Risk and impact	Mitigating factors
9 **GDPR and cyber security** Increasing	• Data protection or GDPR breach. Theft of customer email addresses and impact on brand reputation in the case of a breach • Risk of cyber-attack/terrorism could impact the Group's ability to keep trading. More bookings are being taken online currently, which increases this risk	• The Group adopts a multi-faceted approach to protecting its IT networks through protected firewalls and secure two-factor authentication passwords, as well as the frequent running of vulnerability scans to ensure integrity of the firewalls • A Data Protection Officer has been in position for a number of years and attends external courses to continue to build knowledge • All team members have been briefed via online presentations. A training course on GDPR awareness was created on STARS (online training tool) and all team members have to complete this before being able to work on shift • A cyber security partner is in place to handle any cyber security breaches and will work with the Group on a priority basis – 365x24x7 – if necessary • Periodic penetration testing is conducted through a third-party cyber security company • In FY2023 we will be upgrading the IT infrastructure and networks in our Canadian business to move from centres based operations to centrally hosted and managed services
10 **Targeted IT threat / attack** **NEW**	• Website hack • Increased threat of targeted hack post COVID-19 reopening • Prevent customers from booking online • PCI accreditation • Non-accreditation can lead to acquiring bank removing transaction processing	• The Group has an externally hosted website by Fortrabbit in a secure infrastructure using AWS under ISO 27001 and PCI accreditation • It deploys proactive security on its infrastructure in the form of regular patching and upgrades as well as penetration testing • AWS enforces a high level of physical security to safeguard its data centres, with military grade perimeter controls for example • The web site and booking site are protected by Cloudflare WAF with Distributed Denial of Service (DDoS) protection • There is active protection of the network against a DDoS attack • A quarterly review meeting is held with the card acquirer, to keep abreast of market developments and any new technical requirements for PCI and security • A PCI gap analysis is performed annually to ensure the business infrastructure is in line with the current published PCI standards. Recommendations from the latest review are being addressed in a project to select and implement new payment devices, services and processes to further reduce this risk

Key to risk change Increasing Decreasing Unchanged

Regulatory risk

Risk	Risk and impact	Mitigating factors
11 **Compliance** (Unchanged)	• 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	• Expert opinion is sought where relevant. We run regular training and development for appropriately qualified staff • The Board has oversight of the management of regulatory risk and ensures that each member of the Board is aware of their responsibilities • Compliance documentation for centres to complete for health and safety, and food safety, is updated and circulated twice per year. Adherence to Company/legal standards is audited by the internal audit team

Environmental risk

Risk	Risk and impact	Mitigating factors
12 **Climate change NEW**	• Increasing carbon taxes • Business interruption and damage to assets • Cost of transitioning operations to net zero	• Significant progress already made with solar panel installations and transitioning energy contracts to renewable sources • Corporate Responsibility Committee created to closely monitor and report on climate related risks and opportunities • Extended range of climate related targets created • TCFD disclosure completed in FY2022 including scenario planning to understand materiality of risks • Net zero plan and target being created in FY2023

Key to risk change Increasing Decreasing Unchanged

Going concern

In assessing the going concern position of the Group for the consolidated financial statements for the year ended 30 September 2022, the Directors have considered the Group's cash flow, liquidity, and business activities, as well as the principal risks identified in the GRR.

As at 30 September 2022, the Group had cash balances of £56.1m, no outstanding loan balances, no COVID-19 concession deferrals and an undrawn RCF of £25m, giving an overall liquidity of £81.1m.

The Group has undertaken a review of its liquidity using a base case and a severe but plausible downside scenario.

The base case is the Board approved budget for FY2023 as well as the first three months of FY2024 which forms part of the Board approved five-year plan. Under this scenario there would be positive cash flow, strong profit performance and all covenants would be passed. It should also be noted that the RCF remains undrawn. Furthermore, it is assumed that the Group adhere to its capital allocation policy as outlined on pages 44.

The most severe downside scenario stress tests for reasonably adverse variations in the economic environment leading to a deterioration in trading conditions and performance. Under this severe but plausible downside scenario, the Group has modelled revenues dropping by four per cent and five per cent for FY2023 and FY2024 respectively from the assumed base case, and inflation continues at an even higher rate than in the base case, specifically around cost of labour. The model still assumes that investments into new centres would continue, whilst refurbishments in the early part of FY2024 would be reduced and further Pins on Strings installs would be delayed until FY2025. These are all mitigating factors that the Group has in its control. Under this scenario, the Group will still be profitable and have sufficient liquidity within its cash position to not draw down the RCF, with all financial covenants passed.

Taking the above and the principal risks faced by the Group 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 12 months from the date of this report.

Accordingly, the Group and Parent Company continue to adopt the going concern basis in preparing these Financial Statements.

Viability statement

In accordance with the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a period significantly longer than 12 months and have made this assessment over a five-year period to 30 September 2027. The Directors have determined that a five-year period, as opposed to the three-year period previously adopted, is an appropriate period over which to assess viability, as it aligns with the Group's investment plans and gives a greater certainty over the forecasting assumptions used.

The Directors are mindful of the heightened uncertainty driven by the Russian invasion of Ukraine and the subsequent increase in the cost of living, and accept that forecasting across this time frame remains challenging and have, therefore, also focused on understanding the level of headroom available before the Group reaches a position of financial stress.

In making this viability statement, the Directors have reviewed the overall resilience of the Group and have specifically considered a robust assessment of the impact, likelihood and management of principal risks facing the Group, as at 30 September 2022 and looking forward over the next five-year period, including consideration of those risks that could threaten its business model, future performance, liquidity or sustainability.

The assessment of viability has specifically considered risks that could threaten the Group's day-to-day operations and existence. This assessment considered how risks could affect the business now and how they may develop and impact the Group's financial forecasts over five years.

The Group's business model and strategy are central to an understanding of its prospects, with further details found in the Strategy section of the Annual Report.

Context

The Group established a base case model of financial performance over the five-year assessment period and a viability scenario upon which the Board has made its assessment of the Group's ongoing viability, and which reflects prudent expectations of future customer demand and the successful execution of the Group's strategic plans.

The Group undertook a review of the previously approved financial plan and forecasts in light of the uncertainty caused by the increase in the cost of living and resultant period of potential economic recession in the UK and Canada. A period of 'stagflation' would have a negative impact on the forecasts included in the base case.

Assessment process

The Directors subsequently made a robust consideration of the key risks and uncertainties that could impact the future performance of the Group and the achievement of its strategic objectives, as discussed on pages 32 to 37 of this Annual Report. Particular regard was paid to the potential impacts of an economic recession in FY2023 and FY2024.

The viability scenario also takes into account the principal risks and uncertainties facing the Group across the five-year period in order to assess its ability to withstand multiple challenges. The impacts of an economic recession have been built into the scenario, but the impact of further one-off events that cannot be reasonably anticipated has not been included.

Key assumptions

The base case forecast, which is prepared on a prudent basis, assumes low single-digit LFL revenue declines for FY2023 and FY2024 compared with FY2022. The process undertaken considers the Group's adjusted EBITDA, capital spend, cash flows and other key financial metrics over the projection period.

The base case assumes no significant change in gross margin percentage and that dividend payments will continue into FY2023, in line with the Group's dividend policy.

The Board considers this scenario to be reasonable, especially given the performance since the start of the financial year, which has been trading ahead of the base case forecast.

Assessment of viability

Although the viability scenario reflects the Board's best estimate of the future prospects of the Group, the Board has also tested the potential impact of a severe but plausible downside scenario, by quantifying the financial impact and overlaying this on the detailed financial forecasts in place.

This severe but plausible downside scenario includes a reduction in revenue of four and five percentage points on the base case for FY2023 and FY2024 respectively and an increase in operating costs to reflect higher inflation. It is then forecasted that revenue will return to base case forecasts for FY2025, FY2026 and FY2027. The impact of inflation in FY2023 and FY2024 is a one percentage point increase in operating costs, with higher labour costs per hour offset partially by a reduction in the number of hours worked due to lower revenues.

Whilst the assumptions of a severe economic recession in this scenario is plausible, it does not represent our view of the likely outturn as the FY2023 base case scenario already includes assumptions on reduced revenue and increased costs when compared to FY2022. However, the results of this scenario help to inform the Directors' assessment of the viability of the Group.

Viability statement

The Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, retain sufficient available cash and not breach any covenants under any drawn facilities over the remaining term of the current facilities.

Non-financial information statement

The Group has complied with the requirements of sections 414CA and 414CB of the Companies Act 2006 by including certain non-financial information within the Strategic report. The following table constitutes our non-financial information statement, and includes cross references to where more detailed disclosures of non-financial information can be found.

Reporting requirement	Principal locations in this Annual Report	Page	Summary of relevant policies
Business model	Business model	24, 25	An explanation of the Group's business model is given on pages 24-25
Principal risks	Principal risks and uncertainties	69-73	The Board has a process for considering the principal risks as outlined on pages 69-73
Non-financial KPIs	Strategic report	1-69	The Board approves relevant non-financial KPIs against which operational performance is measured. These are disclosed in the Strategic report
Environmental matters	Sustainability overview TCFD disclosure statement	55-57 59-69	Our environmental strategy is set out on pages 55-69
Employees	Chief Executive Officer's statement S172 statement/stakeholder engagement Sustainability overview Chief People Officer Q&A Principal risks and uncertainties	18-23 26-28 51-53 54 71	Our employee related policies and procedures which include our privacy notice and all work-related policies, are available to all employees on HAPI (our intranet) Our social sustainability strategy is set out on pages 46-54
Human rights, anti-corruption and anti-bribery	Sustainability overview S172 statement/stakeholder engagement	46-54 26-29	Our Anti-Bribery and Corruption policy and Modern Slavery policy set out relevant policies and expected standards. The Group has a zero-tolerance approach to human rights abuses, bribery and corruption. We also have a Whistleblowing policy
Social matters	Sustainability overview S172 statement/stakeholder engagement	46-54 26-29	Our social sustainability strategy is set out on pages 46-54

FY2022 has been a significant year for the Group

"The Board continues to promote high standards of corporate governance, and keeps our governance framework under review to ensure that it develops to meet the needs of the business and supports the long-term success of the Group."

Peter Boddy, Non-Executive Chairman

Read full biography on page 78

Dear shareholders,

On behalf of the Board, I am pleased to present our Corporate governance report for the year ended 30 September 2022. This section of the Annual Report describes how we have applied the principles of the Code, and highlights the key activities of the Board and its Committees in the period.

FY2022 has been a significant year for the Group, with key decisions made by the Board including our international expansion through the acquisition of Teaquinn in Canada, continued investment in our centres and supporting technology, and the reinstatement of dividends. In making those decisions, the Board was mindful of both the impact on stakeholders and likely long-term consequences; our statement setting out how the Directors have discharged their duty under s172 of the Companies Act 2006, which includes a description of how the Company has engaged with its key stakeholders, is set out on pages 26 to 29 of the Strategic report.

The Board continues to promote high standards of corporate governance, and keeps our governance framework under review to ensure that it develops to meet the needs of the business and supports the long-term success of the Group. During FY2022, that development has included:

- a revised approach to reviewing key business risks with the introduction of a programme of deep dives into key risk topics (see the Audit Committee report on page 91 for more detail);
- The continued development of our approach to ESG, with the approval of our ESG roadmap, the establishment of an ESG governance framework, and reviewing climate-related risks and opportunities and the analysis underlying our TCFD disclosures as set out on pages 59 to 68;
- Progressing our Board succession plans, in particular with the appointment of Julia Porter as a Non-Executive Director and to succeed Claire Tiney as Chair of our Remuneration Committee.

As a Board, we recognise that it is incumbent on us to set the tone in terms of the culture and values that we expect to permeate across the business. Our culture and values are key drivers of the success of the business, and we continue to monitor them through direct interaction with team members and regular reports from the Executive Team, in particular around team member and customer engagement, and shareholder, supplier and other stakeholder relationships. I believe that in our meetings and interactions with team members, all of the Directors demonstrate our positive and high-performance culture.

With the impact of the COVID-19 pandemic having receded, we have been able to revert to in-person Board meetings (with our March Board meeting held on site at our Puttstars centre in Harrow) and the Non-Executive Directors and I have resumed our programme of centre visits and days out with management. This allows us to get a true sense of the experience delivered to customers in our centres, as well as supporting direct engagement with team members across the Group. All of the Non-Executive Directors also attended the Company conference in September, which was a fantastic event and a further opportunity to get to know Centre Managers and all Support team members.

As noted above, we have conducted a successful Non-Executive Director recruitment process (described in detail in the Nomination Committee report on page 88) during the year, and we were delighted to welcome Julia Porter to the Board in September 2022. Julia has been provided with a tailored induction programme to get her up to speed with the business (see page 84 for more detail), and has been working with Claire Tiney to ensure a seamless handover of Remuneration Committee Chair responsibilities. In line with our agreed Board succession plans, Claire will not seek re-election at the 2023 AGM, and on behalf of the Board I would like to place on record our thanks for her service to the Group since our IPO in 2016.

In accordance with corporate governance best practice, we have for the first time conducted an externally facilitated Board evaluation process during the year, with Parsons Talent Consulting engaged for that purpose. The process and outcomes are described in detail on pages 84 and 85. We were very pleased that the feedback received supported our previously held view that our Board operates effectively, with meetings conducted in a manner which supports the effective contribution of all attendees, and constructive challenge and support from the Non-Executive Directors. As you will note from the outcomes set out on page 85, there are a number of areas where we recognise further improvement/developments can be made and we intend to take these forward during FY2023. We will consider during the year the appropriate cycle for evaluation processes going forwards, but anticipate that our FY2023 Board evaluation process will be conducted internally.

Peter Boddy
Non-Executive Chairman
15 December 2022

Governance report

Committee key

A Audit committee N Nomination committee R Remuneration committee Committee chair

N

Peter Boddy

Non-Executive Chairman

Appointment

Peter joined the Group as Non-Executive Chairman in 2014.

Skills and experience

Peter has extensive non-executive experience at board level, including roles at Thwaites plc (SID and Chair of Remuneration Committee 2007–2015), Novus Ltd (Chairman 2015–2018), Xercise4less (Chairman 2013–2019) and the Harley Medical Group (Chairman 2012–2019). Previously, he held the position of CEO or Managing Director in a number of successful private equity-backed leisure sector companies including Fitness First UK, Megabowl Group Limited and Maxinutrition Limited. Peter has a degree in economics from De Montfort University and an MBA from Warwick Business School.

Top bowling score

220

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

Melanie Dickinson

Chief People Officer

Appointment

Melanie joined the Group as Talent Director in October 2012.

Skills and experience

Melanie has over 20 years of HR experience across the leisure and hospitality sectors.

Starting her career in retail operations before moving into HR, Melanie has held HR roles at Pizza Express, Holmes Place Health Clubs and Pizza Hut UK; as well as obtaining a post graduate diploma in Personnel and Development.

Most recently, she headed the People function at Zizzi Restaurants, part of the Gondola group.

Top bowling score

144

A N R

Nick Backhouse

Senior Independent Non-Executive Director

Appointment

Nick joined the Group as Senior Independent Non-Executive Director in June 2016.

Skills and experience

Nick has extensive experience at board level, including non-executive roles at Guardian Media Group plc (2007–2017) where he was also the Senior Independent Director, All3Media (2011–2014) and Marston's PLC (2012–2018), and has experience as an Audit Committee Chair and member. He is currently Chairman at the Giggling Squid Restaurant Group, the Senior Independent Director at Loungers plc and a Non-Executive Director and chair of the Audit Committee at Hyve Group plc. In his executive career, Nick was the Deputy Chief Executive Officer of the David Lloyd Leisure Group and was previously Group Finance Director of NCP, Chief Financial Officer of the Laurel Pub Company and CFO of Freeserve PLC. Prior to that, he was a Board Director of Baring Brothers International. Nick is a Fellow of the ICAEW and has an MA in economics from Cambridge University.

Top bowling score

203

A N R

Claire Tiney

Independent Non Executive Director

Appointment

Claire joined the Group as an Independent Non-Executive Director in June 2016.

Skills and experience

Claire has over 20 years' board level experience encompassing executive and non-executive roles in blue-chip retailing, property development and the services sector across the UK and Western Europe. Claire spent 20 years as an executive director in a number of businesses including Homeserve plc, Mothercare plc and WH Smith Group plc. Most recently, Claire was HR Director at McArthurGlen Group, the developer and owner of designer outlet malls throughout Europe. Claire was previously Senior Independent Director at Topps Tiles and retired from the board in June 2021 having served nine years. She is currently Non-Executive Director and Chair of the Remuneration Committee at Volution Plc. She has an MBA from Stirling University.

Top bowling score

144

A N R

Ivan Schofield

Independent Non-Executive Director

Appointment

Ivan joined the Group as an Independent Non-Executive Director in October 2017.

Skills and experience

Ivan has extensive experience in the leisure sector in the UK and across continental Europe. He held a number of senior roles for Yum Brands Inc. over 15 years, notably as Managing Director of KFC France and Western Europe and more recently as CEO of itsu. Prior to this, he held roles at Unilever and LEK Consulting. Ivan runs his own executive coaching and leadership development business and is also Non-Executive Director of Thunderbird Fried Chicken Limited. Ivan holds a BSc in economics with econometrics from the University of Bath, an MBA from INSEAD and is a graduate of the Meyler Campbell Business Coaching Programme.

Top bowling score

165

A N R

Julia Porter

Independent Non-Executive Director

Appointment

Julia joined the Group as an Independent Non-Executive Director in September 2022.

Skills and experience

Julia has more than 30 years experience encompassing executive and non-executive roles in advertising, media and the technology sectors in UK and globally. She has held executive director roles in a number of businesses including IPC Magazines, Getty Images and ITV plc. Most recently, Julia was Director of Consumer Revenues at Guardian News & Media where she developed and delivered their subscriptions and customer data strategies as well as a major subscriptions technology project. Julia is a Non-Executive Director and Chair of the Remuneration Committee at Safestyle Plc. Previously she has been Non-Executive Director of Freeview (the UK's largest free to air digital TV platform) and Origin Housing. She holds an MBA from London Business School.

Top bowling score

139

UK Corporate Governance Code – Compliance statement

As a company with a premium listing on the London Stock Exchange, Hollywood Bowl Group plc is required under the FCA Listing Rules to comply with the provisions of the UK Governance Code (the Code), a copy of which can be found on the website of the Financial Reporting Council, www.frc.org.uk. For the financial year ended 30 September 2022, and as set out in the following report, the Company has applied the principles, and complied with all relevant provisions, of the 2018 version of the Code.

Governance framework and structure

The Board is responsible for promoting the long-term success of the business for the benefit of shareholders, developing and overseeing the development of the Group's strategic aims and objectives (including monitoring financial and operational performance against agreed plans and targets), and ensuring an appropriate system of governance (including a robust system of internal controls and a sound risk management framework) is in place.

The Group's business model and strategy (as developed and approved by the Board) are set out on pages 24 and 25 and pages 32 to 37 respectively, and detail how the Group strategy generates value in the long term, and our contribution to wider society.

The Board is also responsible for establishing our purpose and values, and providing leadership in setting the desired culture of the business and ensuring that this is embedded throughout the Group.

The Board continuously monitors the culture of the Group, through interactions with team members (during site visits and through attendance at events such as the Company conference), regular reports to the Board on team member and stakeholder engagement, and specific updates on team culture and development from the Chief Operations Officer and Chief People Officer. The Board remains satisfied that this approach to monitoring culture is appropriate and effective, that the key elements of the desired culture (dynamic, inclusive, positive, fun, high performance) are embedded across the Group, and that the culture is aligned with our purpose of bringing families and friends together for affordable fun and safe, healthy competition.

The Board has formally delegated certain governance responsibilities to its committees (as outlined in the illustration of our governance framework below), with those responsibilities set out clearly in the committees' terms of reference. The terms of reference and formal Schedule of Matters Reserved to the Board (which are available to view on the Group's website, www.hollywoodbowlgroup.com), as well as Group policies and procedures which address specific risk areas, are core elements of the Group's governance framework. These are reviewed annually by the Board and Committees to ensure that they remain appropriate to support effective governance processes. Matters outside of the Schedule of Matters Reserved or the Committees' terms of reference fall within the responsibility and authority of the CEO, including all executive management matters.

Governance framework

Board

Key responsibilities:
- Overall leadership of the Group
- Promoting strong corporate governance
- Approving financial statements and dividend policy
- Set strategy, purpose, values and culture
- Oversight of systems of internal control and risk management
- Approving, and reviewing performance against, business plans and budgets
- Approving major contracts & material capital expenditure

Audit Committee

Key responsibilities
- Review integrity of annual and interim financial statements
- Review accounting policies, financial reporting and regulatory compliance
- Review internal financial controls and monitor effectiveness of risk management and internal control systems
- Oversee relationship with external auditor

See Audit Committee report page 91 to 95

Remuneration Committee

Key responsibilities
- Set Remuneration Policy
- Determine Executive Director and senior management remuneration
- Approve measures and targets for annual and long-term incentive schemes
- Monitor workforce pay and conditions

Directors' Remuneration report page 96 to 100

Nominations Committee

Key responsibilities
- Board appointments
- Succession planning
- Promotes diversity and inclusion
- Monitors NED independence and time commitments
- Reviews size and composition of Board and Committees

Nomination Committee report page 86 to 90

Executive Committee

Composition: Chief Executive Officer, Chief Financial Officer, Chief People Officer, Chief Marketing & Technology Officer, Chief Operations Officer, President and Managing Director-Canada.

Reporting to the CEO, the Executive Committee is responsible for the day-to-day operations of the Group and implementing the strategy agreed by the Board. Monitors performance against financial and operational KPIs, and manages risk through the development and implementation of controls, policies and procedures.

During FY2023, and as indicated in our TCFD statement on page 61, the Board intends to establish a Corporate Responsibility Committee which will have delegated responsibility for the oversight of the development and monitoring of the Group's ESG strategy (including climate-related risks and opportunities). More information on the role and activities of the Corporate Responsibility Committee will be provided in our FY2023 Annual Report.

Individual Board roles and responsibilities

There is a clear division of responsibilities between the Chairman and Chief Executive Officer. The key responsibilities of members of the Board are set out below. Biographies of each Director, which describe the skills and experience he or she brings to the Board, can be found on pages 78 and 79.

Non-Executive Chairman

Peter Boddy

Peter is responsible for the leadership and overall effectiveness of the Board and for upholding high standards of corporate governance throughout the Group and particularly at Board level. In line with the culture promoted throughout the business, Peter encourages open debate and discussion in the interaction of the Board, and facilitates the effective contribution of the Non-Executive Directors.

Chief Executive Officer (CEO)

Stephen Burns

Stephen is responsible for all executive management matters, including: performance against the Group's strategy and objectives; leading the executive leadership team in dealing with the day-to-day operations of the Group; and ensuring that the culture, values and standards set by the Board are embedded throughout the organisation.

Senior Independent Director (SID)

Nick Backhouse

Nick provides a valuable sounding board for the Chairman and leads the Non-Executive Directors' annual appraisal of the Chairman. Nick is available to shareholders if they have concerns which are not resolved through the normal channels of the CEO or Chairman, or where such contact is inappropriate.

Chief Financial Officer (CFO)

Laurence Keen

Laurence works with the CEO to develop and implement the Group's strategic objectives. He is also responsible for the financial performance of the Group and the Group's property interests and supports the CEO in all investor relations activities.

Chief People Officer (CPO)

Melanie Dickinson

Melanie works with the CEO and executive leadership to develop and implement the Group's strategic objectives, with a particular focus on people strategy and team member development. Melanie is responsible for the Group's HR function, including pay and reward, culture, training and team engagement.

Non-Executive Directors

Nick Backhouse, Julia Porter, Claire Tiney and Ivan Schofield

Nick, Julia, Claire and Ivan provide objective and constructive challenge to management and help to develop proposals on strategy. They also scrutinise and monitor financial and operational performance, and support the SLT, drawing on their background and experience from previous roles.

Executive Committee

Mathew Hart

Chief Marketing and Technology Officer

Top bowling score

151

Mathew joined the Group as Commercial Director in January 2015. He has over 25 years of commercial, marketing, e-commerce and general management experience across the travel, leisure and healthcare sectors.

Mathew has held executive positions at Holiday Autos (Managing Director), Lastminute.com (Group Marketing Director), Cannons Health Clubs (Group Marketing and Commercial Director), Nuffield Health (Group Marketing Director) and Encore Tickets (Group Marketing Director).

Darryl Lewis

Chief Operating Officer

Top bowling score

187

Darryl joined the Group as Regional Director in September 2013. He has over 25 years' experience in key operational roles across the leisure sector, including cinemas and theme parks.

Darryl worked in general management, film and content planning and senior operational support roles in the cinema industry for 20 years with Showcase Cinemas, Warner Bros, International Theatres and Vue.

Pat Haggerty

President and Managing Director Canada

Top bowling score

214

Pat joined the Group in May 2022 upon the acquisition of his business. He has over 30 years of experience in the bowling industry.

In 2000 Pat became the exclusive Distributor for Brunswick in Canada and in 2005 he began building and operating his own bowling centres under the Splitsville brand, growing the estate to five centres at the time of the acquisition by Hollywood Bowl Group.

The Board and Executive Committee

The Board and Executive Committee work closely together to ensure the robust governance of the business and successful execution of our strategy.

Board independence

The Board consists of eight Directors (including the Chairman), four of whom are considered to be independent as indicated in the table below:

Non-Independent

Peter Boddy (Chairman)
Stephen Burns (Chief Executive Officer)
Laurence Keen (Chief Financial Officer)
Melanie Dickinson (Chief People Officer) (appointed October 2021)

Independent

Nick Backhouse (SID)
Julia Porter (appointed September 2022)
Claire Tiney
Ivan Schofield

Board and Committee attendance

The Board normally meets formally at least nine times per year, with ad-hoc meetings or calls convened to deal with urgent matters between formal Board meetings, and did in fact meet on nine occasions during FY2022, reflecting a return to a more normalised environment as COVID-19 pandemic-related restrictions were eased. The impact of the pandemic did continue to be felt however, and therefore the majority of our meetings during the year were in a hybrid format allowing individual directors to attend via video conference where necessary (although our preference remains for all attendees to meet in person wherever possible). The table below shows the attendance (in person or by video conference) of each Director at the formal scheduled meetings of the Board and of the Committees of which they are a member:

Membership and attendance of Board and Committees

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Peter Boddy	9/9	N/A	N/A	2/2
Stephen Burns*	8/9	N/A	N/A	N/A
Laurence Keen	9/9	N/A	N/A	N/A
Melanie Dickinson*	8/9	N/A	N/A	N/A
Nick Backhouse	9/9	4/4	6/6	2/2
Julia Porter**	1/1	N/A	1/1	N/A
Ivan Schofield	9/9	4/4	6/6	2/2
Claire Tiney	9/9	4/4	6/6	2/2

* Stephen Burns and Melanie Dickinson each missed one Board meeting during the year due to illness. In both cases, their normal reports were provided to the Board, and the other attending Executive Directors were briefed on key matters to be discussed.

** Although Julia Porter was appointed as a member of the Audit, Remuneration and Nominations Committees when she joined the Board on 1 September 2022, Julia was unable to attend the first meetings of those Committees (held on 9 September 2022) following her appointment due to prior commitments disclosed to the Company prior to her being offered the role. We therefore do not believe it is fair or appropriate to record her as "absent" for those meetings in the table above.

In addition to the Chief Executive and Chief Financial Officer, and in line with our established practice of all members of the Executive Committee being invited to attend, the Chief Marketing and Technology Officer and Chief Operating Officer were present at Board meetings during the year.

Where Non-Executive Directors are unable to attend a Board or Committee meeting, they are encouraged to submit any comments or questions on the matters to be discussed to the Chairman (or Committee Chair, as appropriate) in advance to ensure that their views are recorded and taken into account.

All Directors attended a full strategy review session in September and the Non-Executive Directors remain in regular contact with the Chairman, whether in face-to-face meetings or by telephone, to discuss matters relating to the Group without the executives present.

Information and support

Agendas and accompanying papers are distributed to the Board and Committee members well in advance of each Board or Committee meeting via an electronic Board paper system for efficiency and security purposes. These include reports from Executive Directors, other members of senior management and external advisers. The Non-Executive Directors are also in regular contact with the Executive Directors and other senior executives outside of formal Board meetings.

All Directors have direct access to senior management should they require additional information on any of the items to be discussed.

The Board and the Audit Committee receive regular and specific reports to allow the monitoring of the adequacy of the Group's systems of internal controls (described in more detail in the Audit Committee report on pages 94 and 95).

Appointment and election

Each Non-Executive Director is expected to devote sufficient time to the Group's affairs to fulfil his or her duties. Their letter of appointment anticipates that they will need to commit a minimum of two days per month to the Group, specifying that more time may be required. This time commitment was reviewed and confirmed as appropriate by the Nomination Committee during the year, and each of the Non-Executive Directors has confirmed that they continue to be able to devote sufficient time to discharge their duties effectively as a Director of the Company.

The Board is satisfied that each of the Directors continues to contribute effectively and are committed to their roles. The Board is therefore pleased to recommend the election of Julia Porter, and the re-election of all other Directors (with the exception of Claire Tiney who will step down from the Board at the 2023 AGM) at the Company's AGM on 30 January 2023. All of the Directors have a service agreement or a letter of appointment, with details of their notice periods and unexpired terms of office set out on page 108.

A formal Non-Executive Director recruitment process was conducted during the year, and resulted in the appointment of Julia Porter with effect from 1 September 2022. A detailed summary of the process is set out in the Nomination Committee report on page 88.

Activity during the year

The Board approves an annual calendar of agenda items to ensure that all matters are given due consideration and are reviewed at the appropriate point in the regulatory and financial cycle. The activity of the Board during FY2022 is shown in the table below:

Board agenda for year to 30 September 2022	Oct	Dec	Jan	Mar	Apr	May	Jun	Jul	Sep
Corporate governance									
Directors' conflicts of interest	●	●	●	●	●	●	●	●	●
Board, Director and Committee performance evaluation		●			●			●	
Review Schedule of Matters Reserved to the Board									●
ESG strategy and updates		●			●			●	
Board diversity policy		●							
NED recruitment updates			●	●			●	●	
Board pack contents review								●	
Compliance and risk									
Reviewing the principal risks and uncertainties affecting the Group		●							●
Risk register and risk heat map	●								●
Risk deep dives			●		●		●	●	
Going concern review and approval of long-term Viability statement		●							
Review and approval of Modern Slavery and Human Trafficking Statement				●					
Review of Gender Pay Gap reporting				●					
Review of Disclosure Policy, Insider List & Share Dealing Code					●				
Group insurances									●
Operations, customers and suppliers									
Reviewing customer experience measures	●				●				
COVID-19 planning	●								
Utilities review				●					
People									
Review results of team engagement survey								●	
Review of team member incentive schemes/employee assistance programmes	●				●				
Support centre structure	●								
Employee branding project		●					●		
Performance									
Approval of full-year results, the Annual Report and Accounts, half-year results, the Notice of Annual General Meeting and dividends		●				●			
Budget									●
Review of dividend policy/dividend proposals		●	●	●		●			
Strategy									
IT projects update					●		●		
Brand evolution							●		
Review of progress on strategic projects	●	●	●	●			●	●	●

Induction

All new Directors appointed to the Board undertake a tailored induction programme, the purpose of which is to help new Directors develop a sound understanding and awareness of the Group, focusing on its culture, operations and governance structure.

Julia Porter's induction programme commenced shortly after her appointment to the Board, and, in addition to the provision of relevant documentation, included a combination of meetings with Executive Committee, senior management and other team members, attendance at Company events and site visits. Julia's induction is summarised under key themes below:

Strategy & culture	Operations & Company events	Financial reporting and risk management	Board process and corporate governance
CEO meeting (covering strategy, business plan and new business)	Support centre town hall meeting	CFO meeting (covering external auditor relationship, Audit Committee process, internal controls, internal audit and risk management)	Company Secretary meeting (covering Board procedures, terms of reference, activity schedules and governance policies)
CPO meeting (organisation, culture and HR policies)	CMIT graduation	Head of Finance meeting (covering non-audit services, business planning, management reporting, tax)	CMTO meeting (covering IT and marketing functions, IR and communications programme)
Cultural induction	Company Conference		
Wheel roadshow	Centre visits with the COO and Regional Support Manager		
Board strategy day			

Performance evaluation

We conduct a formal Board evaluation process each year, including an assessment of the Board, its Committees and the performance of individual Directors. In recent years, the Board evaluation has been in the form of detailed questionnaires (FY2020) and a process of individual interviews between the Chairman and Board members and attendees (FY2021). For the FY2022 process, the Board agreed with the Chairman's recommendation that the evaluation should be externally facilitated, recognising the potential benefit of an independent third party review (particularly given that prior to Julia Porter's appointment there had been no changes to our Board composition since 2017).

Having considered proposals from a number of potential evaluators, we engaged Parsons Talent Consulting (led by Annabel Parsons) to facilitate an evaluation of the Board. Although Annabel had previously provided executive coaching services to Laurence Keen, the Board agreed that those services would not impact the independence of the evaluation process.

The external evaluation process is summarised below:

Discovery

- Interviews with Chairman and CEO to identify key areas of culture, behaviours, process to be reviewed
- Review of governance documentation
- Design questionnaires and interview framework

Data collection

- Questionnaires completed (by Directors and regular Board attendees) and analysed
- Directors and regular attendees interviewed by Parsons Talent Consulting
- Board meeting observation (October 2022)

Feedback

- Feedback to Chairman
- Feedback to Board meeting (December 2022)
- Discuss findings/recommendations and develop action plan
- Identify development areas for Board and Directors

Parsons Talent Consulting presented their feedback on the evaluation to the Board's meeting on 6 December 2022. Overall the Board was found to be effective and performing well, with the review identifying some areas for further consideration to ensure that our focus and approach continues to evolve in line with the changing needs of the business and the broader environment (including the developing governance landscape and investor expectations). We were pleased to note that the Board had already identified and begun to take action in a number of specific areas identified for development (e.g. around succession planning, diversity and risk), as described elsewhere in this Annual Report.

The Board intends to discuss specific findings in more detail at our meeting in January 2023 with a view to developing a plan to address and prioritise agreed areas of focus to ensure any changes in our approach best serve the needs of the business. These are likely to include matters such as: reviewing the structure of Board agendas to ensure we continue to promote the importance of forward looking, strategic debate; promoting individual Director, and collective Board, development in topics of increasing importance (such as climate change, sustainability and ESG more broadly); and continuing our focus on developing Board and Executive succession plans to support the future growth of the business, including how we further diversity in the composition of our Board. We will report on specific actions identified, and our progress against them, in our 2023 Annual Report

Conflicts of interest and external appointments

In accordance with the Board-approved procedure relating to Directors' conflicts of interest, all Directors have confirmed that they did not have any conflicts of interest with the Group during the year. Other than Laurence Keen's appointment as a Non-Executive Director of Tortilla Mexican Grill plc (disclosed in our FY2021 Annual Report), none of the Directors took on any new external appointments during FY2022.

Whistleblowing Policy

The Group has adopted procedures by which employees may, in confidence, raise concerns relating to possible improprieties in matters of financial reporting, financial control or any other matter. The Whistleblowing Policy applies to all employees of the Group, who are required to confirm that they have read the policy and are aware of how the procedure operates as part of an ongoing internal training programme. The Board receives regular updates with respect to the whistleblowing procedures during the year, with all incidents reported to the Board having been addressed under appropriate Group HR policies and procedures.

Stakeholder engagement

Engagement with the workforce

The Chairman and the Non-Executive Directors frequently visit the Group's centres, including attending new or refurbished centre openings, accompanied by regional support managers and centre management teams. At those centre visits, the Non-Executive Directors take the opportunity to engage directly with team members at all levels, allowing them to assess the understanding of the Group's culture across the business. Our team members are encouraged to engage openly with all colleagues, and as a result the Non-Executive Directors are able to effectively gauge the views of the workforce.

The Board receives regular presentations from the Chief Operating Officer on the output and feedback from centre management and team member listening sessions. The Chairman and Non-Executive Directors are also invited to attend the annual conference, which provides further opportunity to engage with team members.

The Board has assessed the various methods by which the Directors engage with the wider workforce and continues to be of the view that the combination of the methods described above ensures that the Board is appropriately informed about, and understands, workforce views. The Board therefore believes that this approach appropriately addresses the requirement to engage with the workforce under provision 5 of the Code and does not currently intend to adopt one of the three workforce engagement methods suggested in that provision. The Board will, of course, continue to keep its stakeholder engagement mechanisms under review.

Relations with shareholders

As part of its ongoing investor relations programme, the Group aims to maintain an active dialogue with its shareholders, including institutional investors, to discuss issues relating to the performance of the Group. Communicating and engaging with investors means the Board can express clearly its strategy and performance and receive regular feedback from investors. It also gives the Board the opportunity to respond to questions and suggestions.

The Non-Executive Directors are available to discuss any matter shareholders might wish to raise and to attend meetings with investors and analysts, as required. Investor relations activity is a standing item on the Board's agenda and ensuring a satisfactory dialogue with shareholders, and receiving reports on the views of shareholders, is a matter reserved to the Board.

The Company's AGM will be held on Monday 30 January 2023. Electronic proxy voting will be available to shareholders through both our registrar's website and the CREST service. Voting at the AGM will be conducted by way of a poll and the results will be announced through the Regulatory News Service and made available on the Group's website.

More information on AGM arrangements is included in the AGM Notice which will be distributed to shareholders and made available on the Group's website.

Report of the Nomination Committee

Peter Boddy
Nomination Committee Chair
Read full biography on page 78

Nomination Committee	
Chair	Peter Boddy
Committee members	Nick Backhouse Julia Porter[1] Claire Tiney Ivan Schofield
Number of meetings held in the year	2

1 Appointed as a member of the Committee with effect from 1 September 2022.

Role and responsibilities

The role of the Nomination Committee is set out in its terms of reference, which were last updated in September 2022 and are available on the Group's website. The Committee's primary purpose is to develop and maintain a formal, rigorous and transparent procedure for identifying appropriate candidates for Board appointments and reappointments, and to make recommendations to the Board.

Specific duties of the Committee include:

- regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes;
- keeping under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- reviewing annually the time commitment required of Non-Executive Directors.

The Nomination Committee is also responsible for keeping Board succession plans under review, monitoring compliance with the Company's Board Diversity Policy, and for making recommendations on the composition of the Board Committees.

Activity during the year

The Nomination Committee has met on two occasions during the year and once since the year end. Committee meetings have focused on the matters set out in the table below:

Activities of the Committee during the year to 30 September 2022

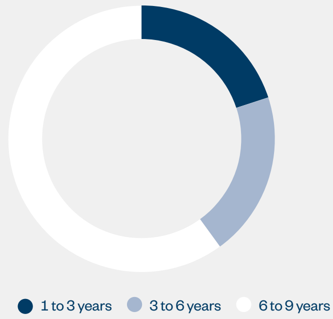
Board succession planning	Review of Non-Executive Director succession planning matrix Identified need to start process to recruit Remuneration Committee Chair successor Reviewed Executive and senior management succession plans
Board appointments	Oversaw search process for new Non-Executive Director and Remuneration Committee Chair successor (described in detail below) Recommended the appointment of Julia Porter
Diversity Policy	Reviewed and recommended updates to the Board Diversity Policy
Board and Committee composition	Review of composition of the Board Review of Non-Executive Directors' independence Review of time commitment requirements, including each Director's external interests
Performance evaluation	Review of results from Committee performance evaluation and discussion on related actions Review of the Committee's terms of reference

Board composition and tenure

Gender Diversity

Independence (exc. Chair)

NED Tenure (at year end)



Succession planning

As shown in the chart above, a majority of our Non-Executive Directors (Nick Backhouse, Claire Tiney and I) have served on the Board for over six years having been appointed in connection with the Company's IPO. The Nomination Committee has been conscious of the need for a managed succession plan to ensure that Nick, Claire and I do not stand down from the Board at the same time, and that we have an orderly succession and handover of duties of Committee Chairs. We have developed a non-executive succession planning matrix as a tool to support consideration of the timing for future appointments and to identify key search criteria (including skills, experience and diversity). The matrix is considered at each meeting of the Committee, and I maintain a dialogue with all of the Non-Executives between meetings to ensure we are all aligned with the plans and timings.

The matrix was discussed at our meeting in November 2021, and in line with the agreed succession plan, the Committee agreed it would be appropriate to commence the search for a new Non-Executive Director, specifically with remuneration committee experience, as a potential successor to Claire Tiney as Remuneration Committee Chair. The search process, and subsequent appointment of Julia Porter, is described in more detail below. We were delighted to welcome Julia to the Board in September 2022, and her induction has included a detailed handover process with Claire for the Chair of Remuneration Committee role which Julia will assume from that Committee's first meeting in FY2023. Claire has indicated her intention to step down from the Board at the 2023 AGM.

The Non-Executive Director succession plan is designed on the assumption that no Non-Executive Director will serve on the Board for longer than nine years, but retains flexibility such that tenure beyond nine years may be accepted if considered to be in the best interests of the Company at the time, and the overall independence of the Board is not compromised.

The Committee also reviews Executive and senior management succession plans, with the aim of ensuring that the Group's future leadership will have the qualities necessary to support the delivery of our strategic objectives. The Executive Team maintains a detailed succession planning matrix identifying potential internal successors, and potential gaps in skills and experience which may need to be addressed through development programmes or external recruitment. Through the Board's annual programme of activity, we aim to make sure that potential executive successors are given opportunities to meet and present to the Board on their areas of expertise and to further their development.

Appointment of Julia Porter

As noted above, through it's succession planning process the Committee identified the need to commence a search for a new Non-Executive Director and Remuneration Committee Chair successor during the year. The table below summarises the process, and key considerations at each step, in the Non-Executive Director search which ultimately led to the appointment of Julia Porter on 1 September 2022.

Step	Key considerations/decisions
Develop role/candidate profile	• Remuneration committee experience in a listed company • Background in marketing • Digital/customer data experience • Board gender balance (considering the objectives of the Board Diversity Policy, and aim to maintain and improve gender balance through Non-Executive Director succession where possible)
Identify and engage external search agency/service	• Ensuring access to a diverse pool of appropriately experienced candidates, beyond established networks • Having considered a number of options, the Committee agreed to engage Women on Boards (which is not an executive search firm, but provides services to support the identification of a diverse pool of Non-Executive Director candidates) to support the search process. Women on Boards does not have any other connection with the Company or any individual Directors
Shortlisting candidates	• Women on Boards provided a short list of candidates matching the role/candidate profile • The Chair and Remuneration Committee Chair reviewed and interviewed shortlisted candidates, identifying a reduced shortlist of four candidates • Details on all shortlisted candidates were made available to the Nomination Committee members
Interviews	• The Chair and CEO met the four shortlisted candidates,and recommended a preferred candidate • Remaining Nomination Committee members interviewed the preferred candidate
Recommendation and appointment	• Having met and discussed preferred candidates, the members of the Nomination Committee agreed to recommend to the Board that Julia Porter be appointed • The Board formally approved Julia Porter's appointment as a Non-Executive Director and as a member of the Audit, Remuneration and Nomination Committees, with effect from 1 September 2022

Diversity

The Committee reviews the Board Diversity Policy on an annual basis and continues to be responsible for monitoring compliance with the objectives of that Policy. The Policy recognises the benefits of greater diversity, including gender diversity and sets out the Board's commitment to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to their role. As it is not currently anticipated that the size of the Board will be increased, and therefore all Non-Executive Directors in post at any one time will also be members of each of the Audit, Remuneration and Nomination Committee, the Policy does not contain any specific diversity objectives relating to the composition of those committees.

As reported last year, the Policy was amended in the early part of FY2022 to set out (in addition to a requirement that at least two members of the Board are female) longer-term aspirations to achieve no less than 40 per cent female representation on the Board, and at least one director being from a non-white ethnic minority background. The policy recognises this balance may not be achieved through our first cycle of Non-Executive Director succession (i.e. the succession of the Non-Executive Directors appointed at IPO), and that periods of change in Board composition may result in periods when the desired balance is not met. Progress against that and the other objectives during the year is set out in the policy is summarised below:

Objective/responsibility	Progress/activity in FY2022
Maintain a balance such that: • At least two members of the Board are female, with a long-term aspiration to achieve no less than 40 per cent women on the Board • In the longer-term, at least one director to be from a non-white ethnic minority background	At least two Directors have been female since Melanie Dickinson's appointment to the Board in October 2021. The current proportion of women on the Board is 38 per cent. This will fall to 29 per cent when Claire Tiney steps down at the 2023 AGM, but the minimum two female directors objective will continue to be met. Both the gender and ethnic diversity objectives will be considered as part of future Non-Executive recruitment processes in line with our Non-Executive Director succession planning
In the recruitment process, encourage diversity in the candidates by: • Only engaging executive search firms that are signatories to the Executive Search Firms' Voluntary Code of Conduct • Ensuring that the search firm engaged is briefed to include an appropriate emphasis on diversity considerations • Ensure that Non-Executive Director shortlists include at least 50 per cent female candidates • Consider candidates who may not have previous Board experience in executive and Non-Executive Directorship leadership roles	Women on Boards is not a traditional executive search firm and therefore is not a signatory to the Voluntary Code of Conduct. However the Committee felt that Women on Boards was able to offer the broadest and most diverse pool of candidates. A suitably detailed briefing was provided to Women on Boards to ensure that identified candidates met our key criteria. All of the shortlisted candidates were female (in line with our requirements). Given the UK Corporate Governance Code requirement that remuneration committee chairs must have served for at least one year on a Remuneration Committee, we were not able to consider candidates with no previous board experience on this occasion
Review regularly the structure, size, and composition of the Board (including the balance of skills, knowledge, and experience), taking into account this Policy, and make recommendations to the Board for any changes	This is an annually recurring item on the Committee's agenda and was reviewed by the Committee at its meeting in September 2022
When considering Board succession planning, have regard to the Board Diversity Policy	The Non-Executive Director succession planning matrix highlights current diversity statistics on the Board and will continue to be considered against the Board Diversity Policy
Review the Board Diversity Policy annually, assessing its effectiveness and recommending any changes to the Board	The Policy was updated as noted above in December 2021 and will continue to be subject to annual review by the Committee

Diversity continued

The Committee is aware of the new Listing Rule requirements to disclose, on a comply explain basis, a statement setting out the extent to which specific diversity targets have been met, along with numerical data on the ethnic background and gender identity of the Board and executive management. These new requirements do not apply to Hollywood Bowl with respect to FY2022, but appropriate disclosures will be included (in line with the prescribed format where appropriate) in our FY2023 annual report. As noted in the table on page 89, our Board Diversity Policy includes the aspiration to achieve (in the longer term) the Listing Rule targets relating to female and ethnic minority representation on the Board. We do not currently meet the Listing Rule requirement that at least one of the four key Board roles (Chair, CEO, CFO or Senior Independent Director) be held by a woman, but this will be considered in the course of our Non-Executive Director succession planning discussions, and recruitment processes, going forwards.

Overall gender diversity across the business is good with the Committee and the Executive team recognising the need to support the development of women into senior management roles. Diversity considerations will be a factor of all future Board recruitment processes in line with the Board Diversity Policy described above.

Annual Review of Board and Committee composition

In accordance with its terms of reference, the Committee reviews annually the composition of the Board and its Committees, and the independence of the Non-Executive Directors. The review was conducted in September 2022, and therefore took account of Julia Porter's recent appointment to the Board and each of the Committees.

The Committee is satisfied that each of the Non-Executive Directors continue to be independent in thought and judgement, and when assessed against the circumstances likely to impair independence set out in provision 10 of the Code. Taking account of the continued independence of the Non-Executive Directors, the Committee is also satisfied that the composition of the Board and its Committees remains appropriate, having considered the objectives of the Board Diversity Policy and the balance of skills, experience and diversity of thought required for those bodies to operate effectively. All of these factors will of course continue to be considered through our succession planning and Board recruitment processes.

Annual evaluation

As described on page 84 the Board evaluation process has been externally facilitated this year.

In addition to the externally facilitated process, each of the Board Committees has reviewed its own performance by way of questionnaires completed by Committee members and other attendees, with the results discussed at the Committees' meetings in December 2022. In general, the evaluation confirmed that the Nomination Committee operates effectively, with positive feedback around our approach and Board succession planning.

Peter Boddy
Chair of the Nomination Committee
15 December 2022

Report of the Audit Committee

Nick Backhouse

Audit Committee Chair

Read full biography on page 79

Audit Committee	
Chair	Nick Backhouse
Committee members	Julia Porter[1] Claire Tiney Ivan Schofield
Number of meetings held in the year	4

1 Appointed as a member of the Committee with effect from 1 September 2022.

Role and responsibilities

The Audit Committee's duties and responsibilities are set out in full in its terms of reference, which were last updated in September 2022 and are available on the Company's website.

Specific duties of the Committee include:

- monitoring the integrity of the annual and interim financial statements;
- keeping under review the internal financial control systems; and
- overseeing the relationship with the internal and external audit functions.

Dear shareholders,

On behalf of the Board, I am pleased to present the Audit Committee report for the year ended 30 September 2022.

As you will have read in the Strategic report, the business has delivered strong financial performance in FY2022 showing like-for-like revenue growth on FY2019, which we have agreed is the appropriate comparator given the impact of the COVID-19 pandemic on our ability to trade in FY2020 and FY2021. We have benefited from our focus during FY2021 on strengthening the Company's cash position to ensure we were well placed to capitalise on opportunities as the impact of the pandemic receded, as evidenced in particular by our successful strategic acquisition of Teaquinn during the year.

The activity of the Committee during FY2022 is described in the report that follows. Our key role is in monitoring the integrity of annual and half-year financial statements, and in particular ensuring that appropriate consideration is given to key accounting judgements and estimates. In that context, we have reviewed the accounting treatment for the Teaquinn acquisition, including in relation to the valuation of the business and property acquired in Canada. In line with required accounting standards, a full impairment review has been conducted at the year-end with particular consideration around the Puttstars and Canadian centres in line with the key audit matters identified by our external auditor, KPMG.

As noted in the following report, the Committee also reviewed all correspondence between the Group and the Financial Reporting Council (FRC) in relation to the FRC's query following its review of the FY2021 Annual Report and Accounts.

We conducted our annual review of the effectiveness of the external audit process during the year as described in more detail on page 95, and assessed KPMG's continuing independence. The Committee continues to be satisfied that KPMG is independent and that the audit service provided is effective, and has recommended to the Board that a resolution to reappoint KPMG as our external auditor be proposed at our 2023 AGM.

Governance report

Other areas covered during the year (which we consider in accordance with our agreed formal schedule of annual activity) have included a continued focus on ensuring that internal controls operate effectively, and are developed and adapted to meet the requirements of the business. We review the documented internal controls matrix on a regular basis, and challenge management to gain assurance over its operation. We have also returned to our usual cycle of updates from the internal audit function, whose remit has continued to expand to cover areas such as our Team Member loyalty scheme, staff expenses and other operational areas.

The Audit Committee has again evaluated its own performance by way of questionnaires completed by each member of the Committee and other regular attendees. We discussed the outcome of the evaluation at our meeting in December 2022, including any points relating to the Audit Committee that arose from the separate, externally facilitated, Board evaluation process. I'm pleased to report that the findings indicate that the Committee continues to operate effectively.

I was delighted to welcome Julia Porter as a member of the Committee on her appointment as a Non-Executive Director in September. Other than Julia's appointment, there were no changes to the composition of the Committee during the year and we continue to be comprised wholly of Independent Non-Executive Directors.

> “We have ensured that internal controls operate effectively, and are developed and adapted to meet the requirements of the business.”
>
> **Nick Backhouse,** Chair of the Audit Committee

The Board has confirmed that it is satisfied that I have recent and relevant financial experience as recommended under the Code by virtue of my qualification as a chartered accountant, my executive background in finance roles, and my experience as an Audit Committee Chair and Audit Committee member in other non-executive positions. As all members of the Committee have experience as Directors of other companies in the retail and leisure sector, the Board is also satisfied that the Audit Committee as a whole continues to have competence relevant to the sector in which the Group operates.

Nick Backhouse
Chair of the Audit Committee
15 December 2022

Meetings and attendees

The Committee's terms of reference provide that it should meet at least three times per year, and the Committee met on four occasions during FY2022. The names of the attendees of the Audit Committee meetings are set out in the table on page 91.

The external auditor has the right to attend meetings, and the Chair of the Board, Chief Executive Officer, Chief Financial Officer and Head of Finance typically attend by invitation. Outside of the formal regular meeting programme, the Audit Committee Chair maintains a dialogue with key individuals involved in the Group's governance, including the Chairman, Chief Executive Officer, Chief Financial Officer and the external audit lead partner.

Activity during the year

The Committee's activity in FY2022 included the topics set out below:

Activities of the Committee during the year to 30 September 2022	Dec	Mar	May	Sept
Financial statements and reports				
Review and recommendation to the Board of full-year results, the Annual Report and Accounts and half-year results	●		●	
Going concern assessment	●		●	
Fair, balanced and understandable assessment	●		●	
Review of significant accounting policies	●		●	●
Risk register review				●
External audit				
External audit plan and engagement		●		●
External auditor reports to the Committee (including full-year reports)	●		●	
Assessment of external auditor effectiveness		●		
Independence confirmation and review of non-audit services, spend and policy	●			●
Internal controls				
Annual review of internal audit function requirement				●
Review of risk management and internal controls	●	●	●	●
Internal audit reports	●	●		●
Assessment of internal audit effectiveness		●		
Other				
Review of results from Committee performance evaluation and discussion of related actions	●			
Review of the Committee's terms of reference				●
FRC review letter			●	
TCFD planning and initial assessment of climate risks and opportunities				●

The key areas of focus of the Committee are discussed in more detail in the rest of this report.

Significant issues considered in relation to the financial statements

Significant issues and accounting judgements are identified by the finance team and the external audit process and are reviewed by the Audit Committee. The significant issues considered by the Committee in respect of the year ended 30 September 2022 are set out in the table opposite:

Significant issues and judgements	How the issues were addressed
Valuation of property, plant and equipment and right-of-use assets	The Committee reviewed and challenged the calculations and assumptions (including growth rates of revenue and expenses, and discount rates applied) underlying the trigger tests for impairment of PPE and ROU assets at the Group's cash generating units (CGUs). The Committee agreed with management's estimates of the recoverable amount of PPE and ROU assets, and that it was appropriate to recognise an impairment charge of £4.3m (£2.5m for PPE and £1.8m for ROU assets).
Valuation of acquisition related intangible assets and tangible assets (property) arising from the Teaquinn Holdings acquisition	The Committee reviewed the calculation methodology to support the valuation of property and intangible assets acquired in relation to the Teaquinn acquisition. The Committee was comfortable with the approach adopted, and agreed with management's assessment that the valuations adopted were not a material source of estimation uncertainty as there was no expectation of a material adjustment to the carrying value in the next financial year.

Financial Reporting Council (FRC) letter

In May 2022, Hollywood Bowl Group received a query from the UK Financial Reporting Council (FRC) following a review of the September 2021 Annual Report and Accounts. The Committee reviewed all correspondence between the Group and the FRC, and also discussed the matters raised with our auditor. This included the following matters:

1. **Presentation of £2,110,000 rent concessions included within the payment of capital elements of leases in the consolidated cash flow statement.**

   Following the FRC review, we believe that it is more appropriate to recognise the rent concessions within the adjustments to cash flows from operating activities as an additional disclosure. The impact of this change is to reduce net cash used in financing by £2,110,000, and to increase operating profit before working capital changes by the same amount. There is no adjustment to the total net change in cash and cash equivalents for the year. The adjustments are also explained in note 34 to the Consolidated Financial Statements.

2. **Classification of cash flows in relation to the amounts owed by and to Group companies in the parent Company's cash flow statement.**

   Following the review by the FRC, and in accordance with FRS 102, we have concluded that it is appropriate to reclassify the decrease in trade and other payables of £27,574,000 as financing activities as opposed to their classification in the September 2021 Annual Report and Accounts as operating activities.

The FRC's enquiries, which were limited to a review of the September 2021 Annual Report and Accounts, are now complete. The FRC review does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into, and accordingly the review provides no assurance that the Annual Report and Accounts is correct in all material respects.

Risk management and internal controls

The Board has overall responsibility for setting the Group's risk appetite and ensuring that there is an effective risk management framework to maintain appropriate levels of risk. The Board has, however, delegated responsibility for review of the risk management methodology, and the effectiveness of internal controls, to the Audit Committee.

The Group's system of internal controls comprises entity-wide, high-level controls, controls over business processes and centre-level controls. Policies and procedures, including clearly defined levels of delegated authority, have been communicated throughout the Group. Internal controls have been implemented in respect of the key operational and financial processes of the business. These policies are designed to ensure the accuracy and reliability of financial reporting and govern the preparation of the financial statements. The Board is ultimately responsible for the Group's system of internal controls and risk management and discharges its duties in this area by:

- holding regular Board meetings to consider the matters reserved for its consideration;
- receiving regular management reports which provide an assessment of key risks and controls;
- scheduling annual Board reviews of strategy including reviews of the material risks and uncertainties (including emerging risks) facing the business;
- ensuring there is a clear organisational structure with defined responsibilities and levels of authority;
- ensuring there are documented policies and procedures in place; and
- reviewing regular reports containing detailed information regarding financial performance, rolling forecasts, actual and forecast covenant compliance, and financial and non-financial KPIs.

During FY2022, the Board approved a revised approach to reviewing key business risks, and established a programme of deep dives into specific risks being presented at Board meetings throughout the year. These deep dives assisted in developing a broader understanding of the risks, any change in risk level, and the mitigations and controls implemented (and an assessment of their effectiveness). Specific risks covered by these deep dives in FY2022 included team member retention, the expansion risk linked to new centre openings, supply chain and IT security. This revised approach has proved effective in promoting more effective discussion and debate around the risks and associated controls, and has resulted in a number of follow-up actions to improve control effectiveness as a direct result of challenge from the Non-Executive Directors.

The process by which the Audit Committee has monitored and reviewed the effectiveness of the system of internal controls and risk management during the year has included:

- regularly reviewing the detailed internal controls matrix which addresses and tracks actions against items such as control deficiencies identified by KPMG;
- receiving updates from the Group's internal audit function on reviews of key processes and controls;
- conducting an annual review of the Group's control systems and their effectiveness; and
- reporting and updating the Board on the risk and control culture within the Group.

Internal audit

The remit of the Group's internal audit function, which was originally focused on reviewing compliance with in-centre processes and controls, has evolved over time and now covers other operational processes such as supplier onboarding, employee expenses, the issuance of customer refunds, and any other areas that the Audit Committee or management identify as being appropriate for review (often informed by the internal controls matrix). Specific areas covered in the internal audit function's reports to the Audit Committee during FY2022 have included a review of team member loyalty benefits and expenses (and supporting processes), and centre-base audits around food hygiene and safety.

With respect to centre audits, the internal audit function performs regular testing of the detailed processes and controls required to be applied by centre teams. Internal audit findings are presented to the relevant Centre Manager, Regional Support Manager, Operations Director, Chief Operating Officer and the Chief Financial Officer for review, with a focus on ensuring that centre management and team members are supported to meet the required standards. Detailed summaries of centre performance against the required standards are presented to the Audit Committee twice per year.

A member of the internal audit team attends Audit Committee meetings at least twice per year to provide updates on the activities of the internal audit function.

As part of its annual programme of activity, the Committee has reviewed and assessed the internal audit function and has concluded that the internal audit function continues to operate effectively. As part of that assessment, the Committee also considered the other methods by which it receives assurance on the effectiveness of risk management and internal controls. The Committee remains satisfied that it receives appropriate assurance through a combination of the internal audit function's activities, and its own review and challenge of the internal control and risk management systems.

External auditor

The Audit Committee is responsible for overseeing the Group's relationship with its external auditor, KPMG. During the year, the Audit Committee has discharged this responsibility by:

- agreeing the scope of the external audit and negotiating the remuneration of the external auditor;
- receiving regular reports from the external auditor, including with regard to audit strategy and year-end audits;
- regularly meeting the external auditor without management present; and
- assessing the auditor's independence and the effectiveness of the external audit process.

External audit effectiveness review

The Committee reviewed the effectiveness of the external audit process following completion of the FY2021 audit. In accordance with our established practice, a report was prepared by the finance team summarising its view of KPMG's effectiveness based on interactions during the audit and set out under three headings: 'Mindset and Culture'; 'Skills, Character and Knowledge'; and 'Quality Control'. The report was discussed at the Committee's meeting in March 2022, and in making its assessment the Committee also took into account its own interactions with the external auditor. The Committee concluded that the external audit process had been effective, noting in particular that KPMG continued to demonstrate an appropriate level of professional scepticism in the audit process, provided an independent and objective approach. The Committee also noted improvements in audit processes from the prior year, and that the audit had been performed in line with the agreed timetable and with key issues being addressed in an efficient manner.

Non-audit services

The engagement of the external audit firm to provide non-audit services to the Group can impact on the independence assessment. The Company has a policy which requires Audit Committee approval for any non-audit services which exceed £25,000 in value. The engagement of the external auditor to provide any non-audit services for less than £25,000 (with the exception of the issuance of turnover certificates and financial covenant tests, for which authority is delegated to the Chief Financial Officer to approve where the fee is less than £5,000 per certificate) must be discussed with the Audit Committee Chair in advance. All requests to use the external auditor for non-audit services must be reviewed by the Chief Financial Officer. The policy recognises that certain non-audit services may not be carried out by the external auditor.

During the year ended 30 September 2022, KPMG was engaged to provide permitted non-audit services relating to EBITDA certification and turnover rent certificates for a fee of £8,000, representing 2.0 per cent of the total audit fee. The external auditor is best placed to undertake other accounting, advisory and consultancy work in view of its knowledge of the business, as well as confidentiality and cost considerations. This is shown in further detail in note 7 to the financial statements.

Appointment and tenure

KPMG was first appointed as the Group's external auditor in 2007. Stuart Burdass was appointed as the lead audit partner for the FY2021 audit following the retirement of Peter Selvey (the previous lead audit partner), with the intention that Matt Radwell would become lead audit partner to the Group on his appointment as a KPMG audit partner. Matt is therefore the lead audit partner for FY2022.

The Audit Committee continues to be satisfied with the scope of the external auditor's work and the effectiveness of the external audit process, and that KPMG continues to be independent and objective. The Committee is therefore pleased to recommend that KPMG be reappointed as the Group's auditor at the 2023 AGM.

During the year, the Committee considered the appropriate timing for putting the audit out to tender. The Committee is mindful of the requirement to tender the audit no later than FY2026 and of the benefits of audit rotation, but given the Committee's assessment of KPMG's performance to date and also the recent rotation of the lead audit partner, it has concluded that there was no need to conduct an audit tender at this time.

Nick Backhouse
Chair of the Audit Committee
15 December 2022

Report of the Remuneration Committee

Claire Tiney

Remuneration Committee Chair

Read full biography on page 79

Remuneration Committee	
Chair	Claire Tiney
Committee members	Julia Porter[1] Nick Backhouse Ivan Schofield
Number of meetings held in the year	4

1 Appointed as a member of the Committee with effect from 1 September 2022.

Role and responsibilities

The role of the Remuneration Committee is set out in its terms of reference, which are available on the Group's website. The Committee's primary purpose is to develop and determine the Group's Remuneration Policy for the Executive Directors, Chairman and senior management.

Specific duties of the Committee include:

- setting the Remuneration Policy for Executive Directors, Chairman and senior management;
- determining individual pay awards within the terms of the agreed Policy; and
- ensuring that the Remuneration Policy operates to align the interests of management with those of shareholders.

The Committee also has responsibility for reviewing pay and conditions across the Group, and the alignment of incentives and rewards with culture.

Dear shareholders,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2022, which will be my last before I step down from the Board at the AGM on 30 January 2023. It has been a pleasure to serve on the Company's Board, and as Chair of the Committee, since the IPO in 2016, and I am very grateful to my colleagues, and to our shareholders, for their support with respect to remuneration matters in that period. I'm delighted that we were able to appoint Julia Porter as a Non-Executive Director and my successor as Remuneration Committee Chair, and have enjoyed a comprehensive handover to her over recent months, ahead of her taking over the role of Committee Chair in 2023.

We were very pleased that our revised Directors' Remuneration Policy (the Policy), which was set out in our 2021 Annual Report, was approved by shareholders at our 2022 AGM with a very high percentage of votes cast in favour of the Policy. This report, prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the FCA Listing Rules and the Code, sets out how the Policy has been applied during FY2022. The report consists of:

- my annual statement as the Chair of the Remuneration Committee;
- the Annual report on remuneration, which sets out payments made to the Directors and details the link between Company performance and remuneration for FY2022. The Annual report on remuneration is subject to an advisory shareholder vote at the 2023 AGM; and
- a summary of the Policy, including how the Committee intends to implement it in 2023.

Performance in FY2022 and remuneration outcomes

As detailed in the Strategic report, the Group delivered a very strong year of financial and operational performance, with like-for-like revenue growth (versus FY2019) of 28.3 per cent and Group adjusted EBITDA pre-IFRS 16, of £60.6m. We have successfully managed post-pandemic recruitment challenges, and are now benefiting from stronger and more stable centre management teams, delivering continually strong operational performance, and meeting our non-financial benchmarks (including overall customer satisfaction (OSAT) and waste recycling). As set out earlier in this Annual Report, the Group will be paying a final ordinary dividend of 8.82 pence per share, the highest final ordinary dividend per share the Group has delivered to shareholders since IPO. We also expanded into our first international market with the acquisition of Teaquinn, which includes Canadian ten-pin bowling operator Splitsville, in May 2022.

Across the wider workforce, we have awarded pay increases to hourly paid and salaried team members, ensuring that we continue to offer competitive pay levels aimed at recruiting and retaining key talent. The average rate of hourly pay increases across the Group was 8.7 per cent (on a weighted average basis), and for salaried team members was 7.5 per cent, resulting in an overall average pay increase for the wider workforce of 7.6 per cent. We also continue to offer centre management bonus schemes, under which our team members are incentivised on a similar basis to our senior management and Executive Directors, and introduced a Company electric vehicle scheme which operates by way of pre-tax salary sacrifice with an annual Company contribution. The Group was also pleased to support its team members with a cost of living payment in the second half of the year which totalled £0.6m.

The FY2022 bonus opportunity for the Executive Directors was up to 100 per cent of salary, with 80 per cent based on an adjusted EBITDA pre-IFRS 16 target, and the remaining 20 per cent split equally on performance against the non-financial KPIs of overall customer satisfaction (OSAT) and waste recycling. A detailed breakdown of the measures is set out on page 101. All targets were met in full, resulting in a bonus outturn of 100 per cent of salary for each of the Executive Directors. This is aligned with the rest of the workforce where very strong financial and operational performance in FY2022 has seen increased bonus out-turns across the Group. This follows two years of zero bonus being payable to Executive Directors.

Our Executive Directors each received an award under the Long Term Incentive Plan (LTIP) in February 2020, prior to the share price fall in March 2020 due to COVID-19, meaning there are no windfall gain, which vests by reference to the Group EPS performance in FY2022. Our strong performance in FY2022 resulted in an EPS out-turn of 21.91 pence per share, outperforming the target for maximum vesting of 18.49 pence per share, and therefore the awards will vest in full in February 2023.

The Committee considered the formulaic outcomes for the annual bonus and LTIP in the context of overall business performance and the shareholder experience, and in particular took into account the very strong financial performance, the recommencement of dividend payments, positive customer engagement, wider workforce pay, and the successful completion of our strategic acquisition of Teaquinn. Taking all of this into account, the Committee determined that the outcomes are appropriate and that no discretion would be applied.

The Committee can confirm that the Remuneration Policy operated as intended in the year under review.

FY2023 remuneration

Salary and benefits

The Committee reviewed Executive Director salaries during the year, mindful of the fact that the scope of the role and responsibilities of our Executive Directors has increased in recent years, particularly with the international expansion through the Teaquinn acquisition and the addition of the Puttstars brand in the UK. The Committee also took into account the performance of the Group, as set out earlier in this letter, and the performance of the Executive Directors. Whilst not a primary consideration, the Committee was also mindful of the fact that the base salary levels for each of our Executive Directors were around or below lower quartile when compared with relevant comparator groups. In our discussions, the Committee was mindful of the need to ensure that any decisions relating to Executive Director pay were taken in the context of the experience of our wider workforce. As noted above, the overall average pay increase for the wider workforce in FY2022 was 7.6 per cent. The Committee also recognises the need to continue to motivate and retain our high-performing team of Executive Directors to support the delivery of our strategy and generation of shareholder value.

Having taken these factors into account, the Committee therefore approved base salary increases of 7.5 per cent for the CEO and CPO, and an 8.5 per cent increase for the CFO, recognising his specific focus on the Canadian business, excellent performance in the role and the positioning of his salary against the market. The resulting salaries all remain below the FTSE SmallCap median.

FY2023 bonus

The maximum bonus opportunity for Executive Directors in FY2023 will continue to be 100 per cent of base salary. As in FY2022, bonus outcomes will be determined based on achievement of a scorecard of financial and strategic targets, with 80 per cent based on Group adjusted EBITDA pre-IFRS 16 and 20 per cent based on non-financial measures. In line with our usual practice, actual targets, performance against them, and the resulting awards will be disclosed in the FY2023 Annual Report.

FY2023 LTIP

Given the increased size and complexity of the business and performance as set out earlier in this letter, to ensure that total remuneration packages for the CEO and CFO remain competitive against the market, and to create further alignment with shareholder interests, the Committee intends to grant LTIPs to the CEO and CFO in FY2023 with a maximum opportunity of 150 per cent of salary. This award level is within the maximum permitted under our shareholder approved Remuneration Policy. The Committee had intended to grant awards at 150 per cent of salary in FY2022 to reflect the strong performance of the business and individuals, but both the CEO and CFO requested that this was delayed for a year due to the uncertainty presented by the COVID-19 pandemic. It is intended that the maximum LTIP opportunity for the CPO will continue to be 100 per cent of salary. In line with our normal practice, the awards will vest three years after grant, and will be subject to a further two-year holding period. The Committee will continue to ensure that the targets are stretching and that they incentivise the long-term sustainable success of the Group – the proposed increase to LTIP award levels will ensure executives are appropriately rewarded for the delivery of our long-term strategic objectives – and performance will be assessed in the round to ensure that the outcomes are fair and a holistic reflection of the performance achieved by the Group and the Executive Directors. The total remuneration package remains below the FTSE SmallCap median level.

The performance measures for the LTIP awards are set out in detail in the Annual report on remuneration on page 112.

Stakeholder engagement

The Committee is regularly updated on pay and benefits arrangements for team members across the Group, and takes into account colleague remuneration as part of its review of executive remuneration. Engagement with the workforce on remuneration matters, including to explain how Executive pay is aligned with wider Company pay policy, is conducted through engagement sessions led by the CEO and COO and the wider team engagement survey.

I am always happy to engage with shareholders and investors on remuneration matters, in particular to ensure transparency around our decision-making on Executive pay. I have been very pleased with the level of engagement with our significant shareholders during the course of the year, and the support shown for our proposals.

Annual General Meeting

On behalf of the Board, I would like to thank shareholders for their continued support. I am always happy to hear from the Company's shareholders. You can contact me via the Company Secretary if you have any questions on this report or more generally in relation to the Group's Remuneration Policy.

Claire Tiney
Chair of The Remuneration Committee
15 December 2022

As part of its oversight of the application of the Remuneration Policy during the year, the Committee has considered the factors set out in provision 40 of the Code. In our view, the proposed Policy addresses those factors as set out below:

Factor	How addressed
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	We aim to ensure that our remuneration disclosures are clear and transparent. Remuneration outcomes are set out in a consistent format each year, with detail on bonus and LTIP performance measures and targets. Our full Remuneration Policy was set out in our FY2021 Annual Report (which is available on the Company's website, with a summary of key points set out on pages 109 to 111 of this report).
Simplicity – remuneration structures should avoid complexity, and their rationale and operation should be easy to understand.	Our remuneration structure is comprised of fixed and variable remuneration, with the performance conditions for variable elements clearly communicated to, and understood by, participants. The LTIP provides a clear mechanism for aligning Executive Director and shareholder interests, and the diversity of measures in both the annual bonus and LTIP scheme allows for clear alignment with our strategic pillars, rather than reliance solely on earnings-based measures. Non-financial measures within the annual bonus also ensure our Executive Directors and wider team members are incentivised based on key operational KPIs across the Group.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The Remuneration Policy and relevant scheme rules provide discretion to the Committee to reduce award levels, and awards are subject to malus and clawback decisions. The Committee also has overriding discretion to reduce awards where out-turns are not a fair and accurate reflection of business performance.
Predictability – the range of possible values of rewards to individual Directors, and any other limits or discretions, should be identified and explained at the time of approving the policy.	The Remuneration Policy outlines the threshold, target and maximum levels of pay that Executive Directors can earn in any given year over the three-year life of the approved Remuneration Policy.
Proportionality – the link between individual awards, the delivery of strategy, and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	Variable, performance-related elements represent a significant proportion of the total remuneration opportunity for our Executive Directors. The Committee considers the appropriate financial and non-financial performance measures each year to ensure that there is a clear link to strategy. The Committee is able to exercise discretion to reduce awards if necessary to ensure that outcomes are a fair and accurate reflection of holistic business performance.
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy.	The Committee seeks to ensure that performance measures under the annual bonus scheme incentivise behaviours consistent with the Group's culture, purpose and values. The LTIP clearly aligns the Executive Directors' interests with those of shareholders, ensuring a focus on delivering against strategy to generate long-term value for shareholders.

The Remuneration Committee met on four occasions during the year and has met three times since the year end, and discussed the topics set out in the table below:

Activities of the Committee during the year to 30 September 2022	Oct	Nov	Mar	Sep
Review of FY2021 performance and the formulaic bonus outcome, and approval of Directors' bonuses for FY2021		●		
Review/approval of Directors' bonus KPIs/targets for FY2022 and FY2023 pay	●	●		
Agreeing approach to FY2023 bonus targets				●
Proposed 2022 LTIP performance targets	●	●		
Share plan awards and vestings		●		
Review of Directors' Remuneration Report (including to ensure compliance with the Remuneration Reporting Regulations)	●	●		
Consideration of engagement and feedback from shareholders			●	
Consideration of pay and conditions across the Group			●	●
Review of 2022 AGM and proxy advisory comments			●	
Review of the Committee's terms of reference				●
Discussion of Committee evaluation results	●			

Single total figure of remuneration (audited)

Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of FY2022. Comparative figures for FY2021 have been provided. Figures provided have been calculated in accordance with the UK disclosure requirements.

Name		Salary £'000	Benefits[1] £'000	Pension £'000	Bonus £'000	LTIP £'000	Total £'000	Total fixed pay £'000	Total variable pay £'000
Stephen Burns	**2022**	**412.3**	**30.0**	**20.6**	**412.3**	**263.1**	**1,138.3**	**462.9**	**675.4**
	2021	392.7	2.5	19.6	—	—	414.8	414.8	—
Laurence Keen	**2022**	**267.8**	**27.0**	**13.4**	**267.8**	**170.9**	**746.9**	**308.2**	**438.7**
	2021	255.0	2.3	12.7	—	—	270.0	270.0	—
Melanie Dickinson[2]	**2022**	**151.4**	**5.5**	**8.0**	**160.0**	**92.2**	**417.1**	**164.9**	**252.2**
	2021	—	—	—	—	—	—	—	—

1 Benefits include private medical insurance, car allowance and electric vehicle salary sacrifice (introduced with effect from 1 October 2021).

2 Melanie Dickinson was appointed as a Director with effect from 21 October 2021. Therefore, only her fixed remuneration from that date is shown in the table above, with the bonus and LTIP shown at their full value for transparency.

Non-Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director:

Name	**2022** Fees £'000	**2022** Taxable benefits £'000	**2022** Total £'000	2021 Fees[2] £'000	2021 Taxable benefits £'000	2021 Total £'000
Peter Boddy – Chairman	**135.3**	—	**135.3**	121.6	—	121.6
Nick Backhouse – Senior Independent Director; Chair – Audit Committee	**53.6**	—	**53.6**	48.3	—	48.3
Julia Porter[1]	**4.1**	—	**4.1**	—	—	—
Ivan Schofield	**47.8**	—	**47.8**	42.9	—	42.9
Claire Tiney – Chair – Remuneration Committee	**48.6**	—	**48.6**	43.6	—	43.6

1 Julia Porter was appointed as a Director with effect from 1 September 2022. Therefore, only her remuneration from that date is shown in the table above.

2 Non-Executive Directors took a 20 per cent pay cut during specific months in FY2021 as the business was in lockdown, hence the increase year-on-year is shown as over 11 per cent. The actual salary increase between FY2021 and FY2022 was 2 per cent as set out in the FY2021 Annual report on remuneration.

Bonus awards (audited)

Each of the Executive Directors was eligible to earn a bonus in respect of FY2022 of up to 100 per cent of base salary. 80 per cent of the award was based on an EBITDA pre-IFRS 16 targets, with the remaining 20 per cent split equally between the non-financial key performance indicators of average OSAT scores for the year, and the percentage of waste sent to recycling. The average OSAT and waste recycling targets are in line with the wider employee population. Details of the measures, and performance against them, is set out in the table below:

Name	Weighting	Performance targets: Threshold (25% of max)	Performance targets: On target (50% of max)	Performance targets: Maximum	Actual	% vesting	% of max bonus opportunity
Group adjusted EBITDA pre-IFRS 16	**80%**	**£38.99m**	**£41.04m**	**£43.09m**	£60.6m	100%	80%
Average Group OSAT	**10%**	—	—	**59%**	59.3%	100%	10%
Waste recycling	**10%**	—	—	**70%**	77.7%	100%	10%
Total					100%	100%	100%

Further context on performance in the year is set out in the Annual Statement from the Remuneration Committee Chair.

As a result, total bonuses awarded to the Executive Directors in respect of FY2022 and reflected in the single total figure of remuneration table above, was £412,335 to Stephen Burns, £267,750 to Laurence Keen and £160,000 to Melanie Dickinson.

Long Term Incentive Plan vesting of 2020 awards

The LTIP values included in the single total figure of remuneration table for 2022 relate to the 2020 LTIP award. Awards with a face value of 100 per cent of salary were granted to the Executive Directors on 6 February 2020 and, following a three-year performance period ending on 30 September 2022, are due to vest on 6 February 2023. The performance targets are set out below:

EPS for the final year of the performance period	Vesting
17.26 pence	25%
17.26 pence – 18.49 pence	Vesting determined on a straight-line basis
18.49 pence	100%

Actual performance achieved was 21.91 pence (audited); therefore, based on performance at the end of the vesting period, the awards will vest in full. No discretion was used by the Remuneration Committee, as the outcome is considered appropriate in the context of overall business performance, further detail of which is set out in the Annual Statement from the Remuneration Committee Chair. The values included in the single figure table have been calculated based on the average mid-market closing price of a share for each dealing day in the three-month period to 30 September 2022 (196.2 pence). No amount of the value disclosed in the single figure table above is attributable to share price appreciation. The actual value that vests, based on the closing price on the vesting date, will be disclosed in next year's Annual Report.

Long-term incentives awarded in 2022 (audited)

Awards were made under the LTIP scheme on 4 February 2022. The following share awards were granted in the form of nil cost options in accordance with the Remuneration Policy:

Director	Position	Basis of award	Face value	Number of share awards granted
Stephen Burns	Chief Executive Officer	100% of salary	£412,335	164,015
Laurence Keen	Chief Financial Officer	100% of salary	£267,750	106,503
Melanie Dickinson	Chief People Officer	100% of salary	£160,000	63,643

A five-day average share price prior to grant of 251.4 pence was used to calculate the number of awards granted.

The following performance targets apply to the FY2022 LTIP awards, and are as disclosed in the 2021 Directors' Remuneration Report.

Measure	Description	Weighting	Threshold	Target[2]	Max
Adjusted EPS[1]	Adjusted EPS for the final year of the performance period – FY2024	70%	14.65 pence (25% payout)	15.42 pence (62.25% payout)	16.19 pence (100% payout)
Return on centre invested capital	20% return on all centre invested capital (refurbs and new centres)	10%	N/A	20% return (100% payout)	N/A
Emissions ratio for Scope 1 and Scope 2	Intensity ratio (IR) of under 100	10%	N/A	IR under 100 (100% payout)	N/A
Team member development	5% of team members progressed through internal development programmes	10%	N/A	5% (100% payout)	N/A

1 Adjusted EPS is defined as stated in the Group's accounts and is subject to such adjustments as the Board, in its discretion, determines are fair and reasonable.

2 Vesting on a straight-line basis between threshold and target, and target and max performance.

Payments to past Directors (audited)

No payments were made to past Directors in the year under review.

Payments for loss of office (audited)

No payments were made for loss of office in the year under review.

Statement of Directors' shareholdings and share interests (audited)

The number of shares of the Company in which current Directors had a beneficial interest, and details of long-term incentive interests as at 30 September 2022, are set out in the table below:

	Outstanding scheme interests 30 September 2022				Beneficially owned shares[3]		
	Unvested LTIP interests subject to performance conditions	Scheme interests not subject to performance measures[1]	Vested but unexercised scheme interests[2]	Total shares subject to outstanding scheme interests	As at 1 October 2021	As at 30 September 2022	Total of all scheme interests and shareholdings at 30 September 2022
Executive Directors							
Stephen Burns[3]	463,829	2,515	105,507	571,851	3,175,049	3,175,049	3,746,900
Laurence Keen[3]	301,187	2,515	71,744	375,446	1,368,348	1,368,348	1,743,794
Melanie Dickinson	168,772	1,898	46,423	217,093	589,591	589,591	806,684
Non-Executive Directors							
Peter Boddy[3]	—	—	—	—	874,839	874,839	874,839
Nick Backhouse	—	—	—	—	18,784	18,784	18,784
Julia Porter	—	—	—	—	—	—	—
Ivan Schofield[3]	—	—	—	—	154,691	166,691	166,691
Claire Tiney	—	—	—	—	7,021	7,021	7,021

1 Sharesave awards that have not vested, and deferred bonus shares subject to holding period.

2 LTIP awards that have vested but remain unexercised.

3 Share interests of Stephen Burns, Laurence Keen, Peter Boddy and Ivan Schofield include shares held by their spouses.

Directors' share ownership guidelines (audited)

Shareholding requirements in operation at the Company are currently 200 per cent of base salary. Executive Directors are required to build their shareholdings over a five-year period from appointment. Non-Executive Directors are not subject to a shareholding requirement. Upon departure, individuals will be required to retain 100 per cent of their shareholding requirement (or full actual holding if lower) for a period of two years post cessation. This post-employment shareholding requirement applies to shares granted under incentives from February 2021.

Director	Shareholding requirement (percentage of salary)	Current shareholding (percentage of salary)[1]	Beneficially owned shares held as at 30 September 2020	Shareholding requirement met?
Stephen Burns	200	1,443%	3,175,049	Yes
Laurence Keen	200	958%	1,368,348	Yes
Melanie Dickinson	200	690%	589,591	Yes

1 The share price of 187.4 pence as at 30 September 2022 has been used to calculate the current shareholding as a percentage of salary. Unvested LTIP shares and options do not count towards satisfaction of the shareholding guidelines.

Executive Directors' share plan interest movements during FY2022 (audited)

The tables below set out the Executive Directors' interests in deferred shares under the annual bonus plan, and their interests in the LTIP scheme and the Sharesave scheme.

Awards under the Sharesave scheme are not subject to any performance conditions (other than continued employment on the vesting date). Deferred shares are not subject to any performance conditions or continued employment. The LTIP awards are subject to performance conditions as set out in the table on page 102.

Face values for LTIP awards are calculated by multiplying the number of shares granted during FY2022 by the average share price for the five business days preceding the awards. Face value for the Sharesave scheme is calculated by reference to the exercise price of options granted in 2022. Deferred shares were acquired on behalf of the Executive Directors by the Group's broker, Investec, which is provided with the appropriate post-tax value of the deferred element of bonus awards to effect the acquisition. Whilst legal title was held by the Executive Directors during the two-year holding period so that dividends were received on them, these shares were unable to be sold.

	Date of award	Vesting, exercise or release date	No. of shares/ awards held as at 1 October 2021	Awarded	Exercised/ vested	Lapsed	No. of shares/ awards held as at 30 September 2022	Grant/award price in pence (exercise price for Sharesave)	Face value of awards granted during FY2022
Stephen Burns									
Deferred shares	07/01/2020	07/01/2022	18,312	—	18,312	—	—	—	—
LTIP	27/02/2017	27/02/2020	159,744	—	159,744	—	—	—	—
	06/02/2018	06/02/2023	105,507[1,2]	—	—	—	105,507	—	—
	06/02/2020	06/02/2023	134,118	—	—	—	134,118	—	—
	22/07/2021	22/07/2024	165,696	—	—	—	165,696	—	—
	04/02/2022	04/02/2025	—	164,015	—	—	164,015	251.4	£412,335
Sharesave	01/02/2019	01/02/2022	2,378	—	—	2,378	—	—	—
	05/02/2020	01/02/2023	1,250		—	—	1,250	—	—
	08/02/2022	01/02/2025	—	1,265	—	—	1,265	284.5	£3,599
Laurence Keen									
Deferred shares	07/01/2020	07/01/2022	11,872	—	11,872	—	—	—	—
LTIP	27/02/2017	27/02/2020	108,626	—	108,626	—	—	—	—
	06/02/2018	06/02/2023	71,744[1,2]	—	—	—	71,744	—	—
	06/02/2020	06/02/2023	87,090	—	—	—	87,090	—	—
	22/07/2021	22/07/2024	107,594	—	—	—	107,594	—	—
	04/02/2022	04/04/2025	—	106,503	—	—	106,503	251.4	£267,750
Sharesave	01/02/2019	01/02/2022	2,378	—	—	2,378	—	—	—
	05/02/2020	01/02/2023	1,250	—	—	—	1,250	—	—
	08/02/2022	01/02/2025	—	1,265	—	—	1,265	284.5	£3,599
Melanie Dickinson									
LTIP	27/02/2017	27/02/2020	70,287	—	70,287	—	—	—	—
	06/02/2018	06/02/2023	46,423[1,2]	—	—	—	46,423	—	—
	06/02/2020	06/02/2023	47,028	—	—	—	47,028	—	—
	22/07/2021	22/07/2024	58,101	—	—	—	58,101	—	—
	04/02/2022	04/02/2025	—	63,643	—	—	63,643	251.4	£160,000
Sharesave	01/02/2019	01/02/2022	2,378	—	—	2,378	—	—	—
	08/02/2022	01/02/2025	—	1,898	—	—	1,898	284.5	£5,400

1 Vested but unexercised.

2 A two-year holding period (from February 2021) applies to these awards, and their release is subject to a requirement to remain in service until 6 February 2023.

Executive Directors' share plan interest movements during FY2022 (audited) continued

LTIP awards vest on the basis of adjusted EPS performance measured in the final year of the performance period. Vesting of the awards made in 2020 and 2021 shown in the table on page 104 will be based on the following adjusted EPS targets (as noted on page 102, the EPS target for the award made in 2020 has been met, and therefore the awards will vest in full on 6 February 2023):

	Vested level		
Award year	25%	Straight line between 25% and 100%	100%
2020	17.26 pence	17.26 pence – 18.49 pence	18.49 pence
2021	13.91 pence	13.91 pence – 15.37 pence	15.37 pence

The scorecard of targets that apply to the award made in 2022 are shown on page 102.

Chief Executive Officer historical remuneration

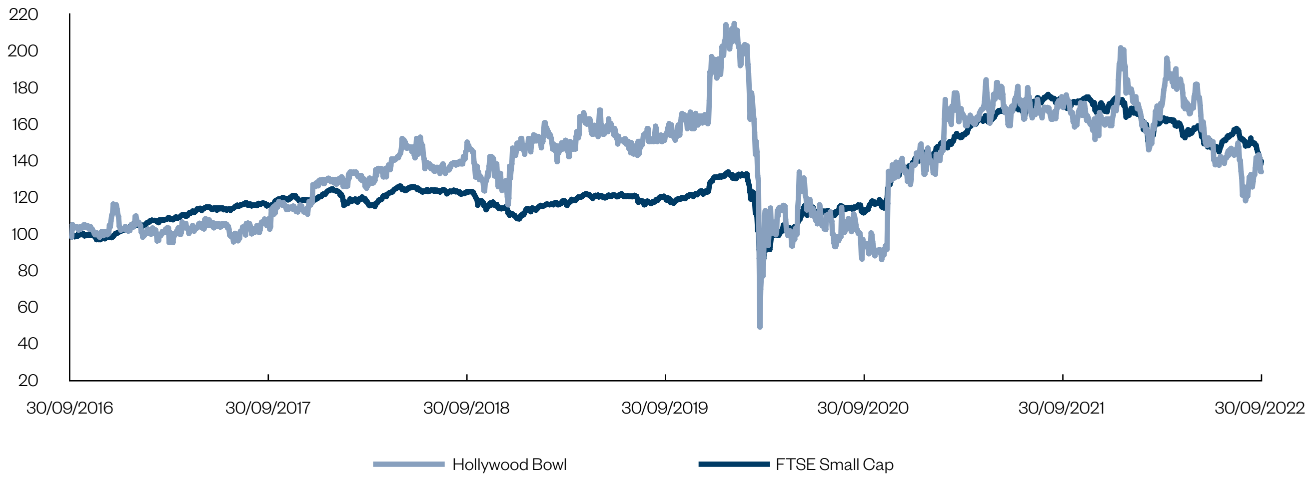
The table below sets out the total remuneration delivered to the Chief Executive Officer over the last six years since IPO, valued using the methodology applied to the single total figure of remuneration. The Remuneration Committee does not believe that the remuneration paid in earlier years as a private company bears any comparative value to that paid in its time as a public company and, therefore, the Remuneration Committee has chosen to disclose remuneration only for the six most recent financial years:

Chief Executive Officer	**2022**	2021	2020	2019	2018	2017
Total single figure (£'000)	**1,138.3**	414.8	623.2	1,061.1	536.1	514.6
Annual bonus payment level achieved (percentage of maximum opportunity)	**100%**	0%	0%	74.3%	68.1%	100%
LTIP vesting level achieved (percentage of maximum opportunity)	**100%**	0%	81%	100%	N/A	N/A

It should be noted that the Company only introduced the LTIP on admission to the London Stock Exchange in 2016.

Performance graph

The graph below shows the total shareholder return (TSR) performance of an investment of £100 in Hollywood Bowl Group plc's shares from its listing in September 2016 to the end of the period, compared with £100 invested in the FTSE Small Cap Index over the same period. The FTSE Small Cap Index was chosen as a comparator because it represents a broad equity market index of which the Company is a constituent.



Change in remuneration of Directors compared to Group employees

The table below sets out the percentage change in salary, taxable benefits and annual bonus set out in the single figure of remuneration tables (on page 101) paid to each Director in respect of FY2021 and FY2022, compared to that of the average change for employees in the Group as a whole.

	% increase in element between FY2020 and FY2021			% increase in element between FY2021 and FY2022		
	Salary and fees	Taxable benefits	Annual bonus	Salary and fees	Taxable benefits	Annual bonus
Executive Directors						
Stephen Burns	0.2	(9.1)	—	5.0	1,100	100
Laurence Keen	0.2	(2.4)	—	5.3	1,074	100
Melanie Dickinson	N/A	N/A	N/A	N/A	N/A	N/A
Non-Executive Directors[1]						
Peter Boddy	(1.6)	—	—	11.3	N/A	N/A
Nick Backhouse	(1.6)	—	—	11.1	N/A	N/A
Julia Porter	N/A	N/A	N/A	N/A	N/A	N/A
Ivan Schofield	(1.6)	—	—	11.3	N/A	N/A
Claire Tiney	(1.6)	—	—	11.5	N/A	N/A
All Group employees[2]	4.2	(2.5)	496.7	10.9	(25.0)	392.4

1 Non-Executive Directors took a 20 per cent pay cut during specific months in FY2021 as the business was in lockdown, hence the increase year-on-year is shown as over 11 per cent. The actual salary increase between FY2021 and FY2022 was 2 per cent as set out in the FY2021 Annual report on remuneration.

2 Reflects the change in average pay for all Group employees employed in both FY2021 and FY2022.

The increase in Executive Director taxable benefits reflects the introduction of a car allowance and electric vehicle scheme with effect from 1 October 2021, as described in the notes to the single figure table on page 101.

CEO pay ratio

The table below shows the ratio between the single total figure of remuneration of the CEO for FY2022 and the lower quartile, median and upper quartile pay of UK employees.

	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
Year ended 30 September 2022	Option A	68	63	41
Year ended 30 September 2021	Option A	27	25	22
Year ended 30 September 2020	Option A	50	44	38

Total UK employee pay and benefits figures used to calculate the CEO pay ratio

	25th percentile pay £000	Median pay £000	75th percentile pay £000
Salary	15.8	17.3	24.6
Total employee pay and benefits	16.7	18.2	27.8

Notes

1. The Group has chosen the Option A methodology to prepare the CEO pay ratio calculation, as this is the most statistically robust method, and is in line with the general preference of institutional investors.
2. As ratios could be unduly impacted by joiners and leavers who may not participate in all remuneration arrangements in the year of joining and leaving, the Committee has excluded any employee not employed throughout the financial year.
3. Employee pay data is based on full-time equivalent (FTE) pay for UK employees as at 30 September 2022. For each employee, total pay is calculated in line with the single figure methodology (i.e. fixed pay accrued during the financial year and the value of performance-based incentive awards vesting in relation to the performance year). Leavers and joiners are excluded. Employees on maternity or other extended leave are included pro-rata for their FTE salary, benefits and short-term incentives. No other calculation adjustments or assumptions have been made.
4. CEO pay is per the single total figure of remuneration for 2022, as set out in the table on page 105.

CEO pay ratio continued

Supporting information for the CEO pay ratio

The calculations used to determine these figures are reflective of the Group's pay proposition across the workforce, as all pay elements have been included to ensure equal comparisons. The Committee believes that the pay ratio is consistent with the pay, reward and progression policies across the Group. The increase in the pay ratio between 2021 and 2022 reflects Company performance, as the CEO's remuneration is heavily performance linked.

Relative importance of the spend on pay

The table below sets out the relative importance of the spend on pay in FY2021 and FY2022 compared with other disbursements. All figures provided are taken from the relevant Company accounts.

	Disbursements from profit in FY2022 £m	Disbursements from profit in FY2021 £m	Percentage change
Profit distributed by way of dividend	5,132	—	100
Overall spend on pay including Executive Directors	47.8	17.9	167

Shareholder voting at General Meetings

The following table shows the results of the advisory vote on the Directors' Remuneration Report, and the binding vote on our current Remuneration Policy, at our AGM held on 28 January 2022:

	Approval of the Directors' Remuneration Report		Approval of the Directors' Remuneration Policy	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	144,234,429	97.58	143,669,643	98.09
Against	3,583,749	2.42	2,797,661	1.91
Votes withheld	1,000	N/A	1,351,869	N/A

External board appointments

Where Board approval is given for an Executive Director to accept an outside non-executive directorship, the individual is entitled to retain any fees received. Stephen Burns is Non-Executive Chairman of Club Company Limited for which he receives an annual fee of £60,000. Laurence Keen is a Non-Executive Director (and Senior Independent Director and Chair of the Audit Committee) of Tortilla Mexican Grill plc, for which he receives an annual fee of £40,000.

Service agreements and letters of appointment

Each of the Executive Directors' service agreements is for a rolling term, and may be terminated by the Company or the Executive Director by giving six months' notice.

The Remuneration Committee's policy for setting notice periods is that a six-month period will apply for Executive Directors. The Remuneration Committee may, in exceptional circumstances arising on recruitment, allow a longer period, which would in any event reduce to six months following the first year of employment.

Name	Position	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Stephen Burns	CEO	24 June 2016	6	6
Laurence Keen	CFO	24 June 2016	6	6
Melanie Dickinson	CPO	21 October 2021	6	6

The Non-Executive Directors of the Company (including the Chairman) do not have service contracts;, rather they are appointed by letters of appointment. Their terms are subject to their re-election by the Company's shareholders at the AGM scheduled to be held on 30 January 2023 and to re-election at any subsequent AGM at which the Non-Executive Directors stand for re-election. In line with our agreed Non-Executive Director succession plans, Claire Tiney will not seek re-election at the 2023 AGM.

Shareholder voting at General Meetings continued

Service agreements and letters of appointment continued

The details of each Non-Executive Director's current terms are set out below:

Name	Date of appointment	Commencement date of current term	Unexpired term as at 16 December 2022
Peter Boddy	13 June 2016	16 September 2022	2 years, 9 months
Nick Backhouse	14 June 2016	14 June 2022	2 years, 6 months
Julia Porter	1 September 2022	1 September 2022	2 years, 9 months
Ivan Schofield	1 October 2017	1 October 2020	10 months
Claire Tiney	14 June 2016	14 June 2022	2 years, 6 months

Composition and terms of reference of the Remuneration Committee

The Board has delegated to the Remuneration Committee, under the agreed terms of reference, responsibility for the Remuneration Policy and for determining specific remuneration packages for the Chairman, Executive Directors and such other senior employees of the Group as the Board may determine from time to time. The terms of reference for the Remuneration Committee were reviewed during the year, and are available on the Company's website, www.hollywoodbowlgroup.com, and from the Company Secretary at the registered office.

All members of the Remuneration Committee are Non-Executive Directors. The Remuneration Committee receives assistance from the Chairman, Chief Executive Officer, Chief Financial Officer, Chief People Officer and Company Secretary, who attend meetings by invitation, except when issues relating to their own remuneration are being discussed. The Remuneration Committee met four times during the year and attendance is shown in the table on page 82.

Julia Porter will succeed Claire Tiney as Chair of the Committee when Claire steps down from the Board at the 2023 AGM.

Advisers to the Remuneration Committee

During the financial year, the Committee received advice from PwC, who served as remuneration advisers to the Committee up to the 2022 AGM, and Deloitte, who were appointed as remuneration advisers to the Committee from the 2022 AGM onwards. Since their appointment, Deloitte has advised the Company on all aspects of the Remuneration Policy for the Executive Directors and members of the executive team.

The Remuneration Committee is satisfied that the advice received from both PwC and Deloitte during the year was objective and independent. Both PwC and Deloitte are members of the Remuneration Consultants Group, with the voluntary code of conduct of that body designed to ensure that objective and independent advice is given to remuneration committees.

During the year to 30 September 2022, fees of £22,900 were paid to PwC for its advice to the Committee. Deloitte charged £17,500 for services provided during the year to 30 September 2022.

Other than in its role as remuneration adviser, Deloitte has no other connection with the Company or any individual Directors.

Consideration of conditions elsewhere in the Company

The Remuneration Committee considers pay and employment conditions across the Company when reviewing the remuneration of the Executive Directors and other senior employees. In particular, the Remuneration Committee considers the range of base pay increases across the Group, further detail of which is set out in the Remuneration Committee Chair's letter. The Group was pleased to support its team members with a cost of living payment in the second half of the year which totalled £0.6m.

The Committee supports the Board's initiative to ensure employee views and concerns are taken into account in its decision-making and has a clear understanding of pay and benefits at all team member levels in the Group. This includes decisions relating to the remuneration arrangements for senior management, the Executive Directors and centre managers.

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally.

In formulating the Remuneration Policy, approved by shareholders at the 2022 AGM, the Committee consulted directly with a number of the Company's significant shareholders regarding their views on remuneration practices and policies. The Committee has also engaged directly with significant shareholders to keep them informed of decisions relating to our implementation of the Policy in FY2023 (including in relation to the Executive Director salary increases, and LTIP award levels).

Summary of Remuneration Policy and Implementation in FY2023

The key features of the Directors' Remuneration Policy approved by shareholders at our 2022 AGM, and the intended implementation of the Policy in FY2023, are summarised below. The full Policy can be found on the Company's website, www.hollywoodbowlgroup.com, in the 'Investors' section, under 'Reports and presentations', in our Annual Report.

Salary

Executive Director salaries

Provides a base level of remuneration to support the recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.

Operation	Reviewed annually. When determining an appropriate level of salary, the Remuneration Committee considers: • remuneration practices within the Company; • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • the general performance of the Company; • salaries within the ranges paid by companies in the comparator group used for remuneration benchmarking; and • the economic environment.
Opportunity	Base salaries will be set at an appropriate level with a comparator group of comparable sized companies and will normally increase with increases made to the wider employee workforce. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted Policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.
Performance metrics used, weighting and time period applicable	None

Chairman and Non-Executive Director fees

Provides a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Company's strategic objectives.

Operation	Non-Executive Directors are paid a base fee. An additional payment is paid to the Senior Independent Director in respect of the additional duties of this role. No additional fees are paid to Non-Executive Directors or the Chairman of the Company for the membership or chairmanship of Committees. Fees are reviewed annually, based on equivalent roles in an appropriate comparator group used to review salaries paid to the Executive Directors. Non-Executive Directors do not participate in any variable remuneration or benefits arrangements.
Opportunity	The base fees for Non-Executive Directors are set with reference to the market rate. In general, the level of fee increase for the Non-Executive Directors will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce. The Company will pay reasonable expenses incurred by the Chairman and Non-Executive Directors.
Performance metrics used, weighting and time period applicable	None

FY2023 implementation

The Executive Director salaries, and Non-Executive Director fees, for FY2023 (effective from 1 October 2022) are set out below. The rationale for these increases is set out in the Annual Statement from the Remuneration Committee Chair:

	Salary		
Name	2023	2022	Percentage change
Stephen Burns	**£443,260**	**£412,335**	7.5%
Laurence Keen	**£290,509**	**£267,750**	8.5%
Melanie Dickinson	**£172,000**	**£160,000**	7.5%

The Board approved the increase of fees for the Non-Executive Directors by 4.8 per cent with effect from 1 October 2022, with this increase being below the average increase for the wider workforce. The Committee approved an increase to the Chairman's fee of 4.8 per cent, also with effect from 1 October 2022.

Chairman fee	£141,744
Senior Independent Director fee	£5,000
Base fee	£50,954
Chair of Audit Committee fee	No additional fee
Chair of Remuneration Committee fee	No additional fee

Benefits and pension

Benefits

Provides a competitive level of benefits.

Operation	The Executive Directors receive benefits which include, but are not limited to, family private health cover, death in service life assurance, income protection insurance, car allowance, and travel expenses for business-related travel (including tax if any). The Remuneration Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensure it is able to support the objective of attracting and retaining employees. Accordingly, the Remuneration Committee would expect to be able to adopt benefits such as relocation expenses, tax equalisation and support in meeting specific costs incurred by the Directors.
Opportunity	The maximum will be set at the cost of providing the benefits described.
Performance metrics used, weighting and time period applicable	None

Pensions

Provides market competitive retirement benefits.

Operation	The Committee retains discretion to provide pension funding in the form of a salary supplement or a direct contribution to a pension scheme. Any salary supplement would not form part of the salary for the purposes of determining the extent of participation in the Company's incentive arrangements.
Opportunity	The current Executive Directors receive pension funding equal to 5 per cent of base salary. Future incoming Executive Directors will receive pension funding in line with the level received by the wider employee workforce.
Performance metrics used, weighting and time period applicable	None

FY2023 implementation

No changes are proposed to benefits or pension.

Annual bonus plan

Annual bonus plan

Provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders. Provides market competitive retirement benefits.

Operation	The Remuneration Committee will determine the bonus payable after the year-end based on performance against objectives and targets. Bonus payments per individual will be both proportionate to the overall size of the bonus pot and each individual's performance versus their personal objectives. Annual bonuses are paid part in cash and part in shares deferred for two years. The maximum proportion of an annual bonus which may be paid in cash is 65 per cent. It should be noted that the Remuneration Committee has taken the view that due to their considerable shareholdings in the Company, automatic deferral of annual bonuses into shares is unnecessary for the current Executive Directors. As such the Remuneration Committee intends to pay annual bonuses to the current Executive Directors in cash, but will retain the ability to apply an appropriate level of deferral following any material sell down to ensure that shareholding requirements continue to be met. On change of control, the Remuneration Committee may pay bonuses on a pro-rata basis measured on performance up to the date of change of control. Malus and clawback provisions will apply to enable the Company to recover sums paid or withhold the payment of any sum in the event of a material misstatement resulting in an adjustment to the audited consolidated accounts of the Company or action or conduct which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.
Opportunity	The maximum bonus opportunity is 100 per cent of base salary.
Performance metrics used, weighting and time period applicable	The annual bonus outcomes will be determined based on achievement of a scorecard of financial and strategic targets, with at least half of the bonus being based on financial performance. The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event which causes the Remuneration Committee to believe that the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus outcomes are not a fair and accurate reflection of business performance. The Remuneration Committee considers that the detailed performance targets used for the annual bonus awards are commercially sensitive and that disclosing precise targets for the annual bonus plan in advance would not be in shareholder interests. Actual targets, performance achieved, and awards made will be disclosed at the end of the performance period so that shareholders can fully assess the basis for any payouts under the annual bonus plan.

FY2023 implementation

The maximum bonus opportunity for the Executive Directors will remain at 100 per cent of salary. Annual bonus outcomes will again be based on a scorecard of financial and non-financial performance targets which are aligned to the business strategy. The agreed measures and weightings for the FY2023 annual bonus are as follows:

Metric	Weighting
Group adjusted EBITDA pre-IFRS 16	**80%**
Average Group Overall Blended Index (OBI)	**10%**
Waste recycling	**10%**

The Remuneration Committee considers that the detailed performance targets for the FY2023 annual bonus awards are commercially sensitive and that disclosing precise targets for the annual bonus plan in advance would not be in shareholder interests. Actual targets, performance against them, and the resulting awards will be disclosed in the FY2023 Annual Report so that shareholders can fully assess the basis for any payouts under the annual bonus plan. OBI is a blend of customer service metrics which reflect the customer experience in the centres.

Long Term Incentive Plan (LTIP)

Incentivises the Executive Directors to maximise total shareholder returns by successfully delivering the Company's long-term objectives and to share in the resulting increase in total shareholder value.

Operation	Awards are granted annually in the form of nil-cost options or conditional awards of shares. These will vest at the end of a three-year period subject to: • the Executive Directors' continued employment at the date of vesting; and • satisfaction of the performance conditions. A further two-year holding period will apply post-vesting. The Remuneration Committee may award dividend equivalents on awards to the extent that these vest. Malus and clawback provisions will apply to enable the Company to recover sums paid or withhold the payment of any sum in the event of a material misstatement resulting in an adjustment to the audited consolidated accounts of the Company or action or conduct which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.
Opportunity	Award maximum of 150 per cent of base salary.
Performance metrics used, weighting and time period applicable	The majority of awards will be subject to financial performance targets, with the balance based on strategic metrics. The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets, and the weightings attached to performance measures, part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Remuneration Committee believes that the vesting outcome is not a fair and accurate reflection of business performance.

FY2023 implementation

Awards will be made in FY2023 under the LTIP. The LTIP awards for the Executive Directors will be as follows, with further context provided in the Annual Statement from the Remuneration Committee Chair:

- CEO 150 per cent of salary;
- CFO 150 per cent of salary; and
- CPO 100 per cent of salary.

These awards will vest three years after grant and will be subject to a further two-year holding period.

The following performance targets will apply to the FY2023 LTIP awards:

Measure	Description	Weighting	Threshold	Target	Max
Adjusted EPS[1, 2]	Adjusted EPS for the final year of the performance period – FY2025	70%	18.11 pence (25% payout)	19.06 pence (62.5% payout)	20.01 pence (100% payout)
Return on centre invested capital[2]	20% return on all centre invested capital (refurbs and new centres)	10%	18% return (50% payout)	20% return (75% payout)	22% return (100% payout)
Emissions ratio for Scope 1 and Scope 2[2]	Intensity ratio (IR) of under 100	10%	IR at 58 (50% payout)	IR at 55 (75% payout)	IR at 50 (100% payout)
Team member development[2]	5% of team members progressed through internal development programmes	10%	4% (50% payout)	5% (75% payout)	6% (100% payout)

1 Adjusted EPS is defined as stated in the Group's accounts and is subject to such adjustments as the Board, in its discretion, determines are fair and reasonable.

2 Vesting on a straight-line basis between threshold and target, and target and max performance.

The Committee deems these targets to be stretching and took into account the business plan, analyst consensus forecasts and the wider economic environment when setting the targets. The Adjusted EPS targets have progressed since the FY22 grant (with a threshold target of 18.11p being above the maximum target set last year) and we have moved from 'cliff-vesting' to a threshold to maximum range of vesting for the other measures so that additional stretch can be built into those and also reducing the total pay-out for target performance.

On behalf of the Board

Claire Tiney
Chair of the Remuneration Committee
15 December 2022

The Directors present their report for the year ended 30 September 2022.

Additional information which is incorporated by reference into this Directors' Report, including information required in accordance with the Companies Act 2006 and Listing Rule 9.8.4R can be located as follows:

Disclosure	Location
Future business developments	Strategic report – pages 2 to 45
Greenhouse gas emissions	Sustainability – pages 56 and 57
People, culture and employee engagement	Sustainability – pages 51 to 53
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 31 to the Financial Statements – pages 154 and 155
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Details can be found on pages 70 to 75 of the Strategic report and note 31 to the Financial Statements
Statement of compliance with the 2018 UK Corporate Governance Code	Corporate governance report – page 80
Details of long-term incentive schemes	Annual report on remuneration – pages 101 to 113
Directors' responsibilities statement	Page 117
Directors' interests	Details can be found on pages 103 and 104 of the Annual report on remuneration
s172 Statement	Details can be found on pages 26 to 29 of the Strategic report
Stakeholder engagement in key decisions	Details can be found on pages 26 to 29

Directors

The Directors of the Company who held office during the year are:

Peter Boddy	(Chairman)
Stephen Burns	(Chief Executive Officer)
Laurence Keen	(Chief Financial Officer)
Melanie Dickinson	(Chief People Officer) (appointed 21 October 2021)
Nick Backhouse	(Senior Independent Director)
Julia Porter	(Non-Executive Director) (appointed 1 September 2022)
Ivan Schofield	(Non-Executive Director)
Claire Tiney	(Non-Executive Director)

The roles and biographies of the Directors in office as at the date of this report are set out on pages 78 and 79. There have been no changes to the Directors between the year-end and the date of this report. The appointment and replacement of Directors is governed by the Company's Articles of Association (as detailed below), the UK Corporate Governance Code and the Companies Act 2006.

Articles of Association

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. The Articles of Association may be amended by a special resolution of the Company's shareholders. A copy of the Articles of Association can be found on the Company's website: www.hollywoodbowlgroup.com/investors/corporate-governance.

Results and dividend

The results for the year are set out in the consolidated income statement on page 127. The Directors recommend the payment of a final ordinary dividend of 8.53 pence per share and a special dividend of 3.0 pence per share, on 24 February 2023 (with a record date of 3 February 2023) subject to approval at the AGM on 30 January 2023.

Share capital

Details of the Company's share capital, including changes during the year, are set out in note 24 to the Financial Statements. As at 30 September 2022, the Company's share capital consisted of 171,070,790 ordinary shares of one pence each.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands, every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Other than the general provisions of the Articles of Association (and prevailing legislation), there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or of voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital. Shares held by the Company's Employee Benefit Trust rank pari passu with the shares in issue and have no special rights, but voting rights and rights of acceptance of any offer relating to the shares rest with the plan's Trustees and are not exercisable by employees. The Trustees have waived their right to receive dividends on shares held by the Company. As at 30 September 2022, 7,696 shares were held for the employee share plan purposes.

Authority for the Company to purchase its own shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

At the Company's AGM held on 28 January 2022, the Company was generally and unconditionally authorised by its shareholders to make market purchases (within the meaning of section 693 of the Companies Act 2006) of up to a maximum of 17,063,118 of its ordinary shares. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire at the AGM to be held on 30 January 2023, and accordingly has an unexpired authority to purchase up to 17,063,118 ordinary shares with a nominal value of £170,631.00.

Directors' interests

The number of ordinary shares of the Company in which the Directors were beneficially interested as at 30 September 2022 are set out in the Annual Report on Remuneration on page 103.

Directors' indemnities

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company and the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers.

Directors' and officers' liability insurance

Directors' and officers' liability insurance cover is maintained by the Company and is in place in respect of all the Company's Directors at the date of this report. The Company reviews its level of cover on an annual basis.

Compensation for loss of office

The Company does not have any agreements with any Executive Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company share schemes may cause options and awards outstanding under such schemes to vest on a takeover. Further information is provided in our Directors' Remuneration Policy approved by shareholders at the 2022 AGM, and can be found on page 78 of our FY2021 Annual Report, which is available on our website.

Significant interests

The table below shows the interests in shares (whether directly or indirectly held) notified to the Company in accordance with the Disclosure Guidance and Transparency Rules as at 30 September 2022 and 15 December 2022 (being the latest practicable date prior to publication of the Annual Report):

	At 30 September 2022		At 15 December 2022	
Name of shareholder	Number of ordinary shares of 1 pence each held	Percentage of total voting rights held	Number of ordinary shares of 1 pence each held	Percentage of total voting rights held
Aggregate of abrdn plc affiliated investment management entities with delegated voting rights on behalf of multiple managed portfolios	23,896,770	13.97%	23,896,770	13.97%
Slater Investments Limited	9,897,058	5.79%	9,897,058	5.79%
Schroders plc	9,092,419	5.32%	9,092,419	5.32%
Ameriprise Financial, Inc. and its group (Columbia Threadneedle)	8,611,524	5.03%	8,611,524	5.03%
JP Morgan Asset Management Holdings Inc.	8,602,007	5.03%	8,602,007	5.03%
Invesco Ltd	8,532,674	4.98%	8,532,674	4.98%
AXA Investment Managers	8,515,529	4.98%	8,515,529	4.98%

Employee involvement and policy regarding disabled persons

The Group actively encourages employee involvement and consultation and places emphasis on keeping its employees informed of the Group's activities and financial performance by such means as employee briefings and publication (via the Group's intranet) to all staff of relevant information and corporate announcements. The Group also publishes a weekly staff bulletin. Regular updates on team member engagement activity are provided to the Board by the Chief Executive Officer, Chief People Officer and Chief Operating Officer. These include feedback from regular team member engagement sessions, operational training and induction sessions. Further information about employees, including how they are incentivised, can be found in the Sustainability section on pages 51 and 52.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled member of staff should, as far as possible, be identical to that of other employees.

Branches outside the UK

The Company has six centres outside the UK, in Canada.

Political donations

The Company did not make any political donations during the year.

Change of control – significant agreements

There are a number of agreements that may take effect after, or terminate upon, a change of control of the Company, such as commercial contracts, bank loan agreements and property lease arrangements. None of these are considered to be significant in terms of their likely impact on the business as a whole.

Audit information

Each of the Directors at the date of the approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

KPMG has indicated its willingness to continue in office and a resolution seeking to re-appoint KPMG will be proposed at the forthcoming AGM.

Annual General Meeting

The 2023 AGM of the Company will be held on 30 January 2023 at 9.30am. The notice convening the meeting, together with details of the business to be considered and explanatory notes for each resolution, will be published separately and will be available on the Company's website and distributed to shareholders who have elected to receive hard copies of shareholder information.

The Strategic report on pages 2 to 75, the Corporate governance report on pages 76 to 117 and this Directors' Report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law, and any liability of the Directors in connection with these reports shall be subject to the limitations and restrictions provided by such law.

By order of the Board

Laurence Keen
Chief Financial Officer
15 December 2022

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the Parent Company Financial Statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions, and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Stephen Burns
Chief Executive Officer
15 December 2022

Laurence Keen
Chief Financial Officer
15 December 2022

Financial statements

1. Our opinion is unmodified

We have audited the financial statements of Hollywood Bowl Group plc ("the Company") for the year ended 30 September 2022 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity, Company Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 2 June 2016. The period of total uninterrupted engagement is for the seven financial years ended 30 September 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£2m (2021: £0.635m) 4.3% of adjusted profit before tax (2021: 4.3% of 5 year average profit before tax)	
Coverage	98% (2021: 100%) of group profit before tax	
Key audit matters		**vs 2021**
Recurring risks	Valuation of property, plant and equipment and right of use assets relating to the golfing centres	◀▶
	Recoverability of parent company investment in subsidiaries / amounts due from group entities	◀▶
Event driven	**New:** Valuation of acquisition-related intangible assets and tangible assets (property) associated with the Teaquinn Canada acquisition	▲

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

2. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Valuation of property, plant and equipment and right of use assets relating to the golfing centres Included within £216m (2021: £181m) Included within impairment charge: £2.5m for property, plant and equipment (2021: £0.3m) and £1.8m for right of use assets (2021: £0.6m) Refer to page 93 (Audit Committee Report), pages 135 and 136 (accounting policy) and pages 144 and 145 (financial disclosures).	**Forecast based valuation:** The Group has significant property, plant and equipment (PPE), and right of use assets held on its consolidated balance sheet. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. The key assumptions used in the value in use ("VIU") calculations for estimating the recoverable amount are expected revenues and costs in the short-term cash flow forecasts, the long-term growth rate and the discount rate. The golfing centres have performed below budget for the year and future economic forecasts, characterised by high consumer price inflation and erosion of real disposable incomes, increases this risk further. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the VIU of the golfing centres had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	We performed the detailed tests below rather than seek to rely on any of the group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: • **Assessing principles:** We evaluated whether the inputs used in the Group's assessment of impairment indicators were suitable, through discussions with management, our own knowledge of the business and market, inspection of Board minutes and other management information. • **Re-performance:** We re-performed the calculations that management performed for the initial trigger test in determining the VIU of each cash generating unit and compared data used in the model against source information, when applicable. • **Our experience:** For the golfing centres where indications of impairment existed, we evaluated the assumptions used in the forecasts and plans by management, in particular those relating to EBITDA growth for the centres. We also challenged management as to the achievability of their forecasts and business plan, taking into account the historical accuracy of previous forecasts, wider market factors (such as market expectation of the Group's performance) and other specific evidence to support the assumptions. • **Benchmarking assumptions:** We compared management's assumptions to externally derived data in relation to key inputs such as projected economic growth, cost inflation and discount rates. • **Sensitivity analysis:** We performed sensitivity analysis to stress test the assumptions noted above. • **Assessing disclosures:** We also assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the carrying amount of PPE and right of use assets in its golfing centre cash generating units. **Our results** We found the resulting estimate of the recoverable amount of PPE and right of use assets in the golfing centre cash generating units to be acceptable (2021: acceptable).

2. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Valuation of acquisition-related intangible assets and tangible assets (property) associated with the Teaquinn Canada acquisition Acquisition-related intangible assets: £4.2m, Tangible assets (property): £8.5m Refer to page 93 (Audit Committee Report), page 135 (accounting policy) and pages 155 and 156 (financial disclosures).	**Forecast-based valuation:** During the year, the Group acquired 100% of the issued share capital of Teaquinn Holdings Inc, in Canada, for fair value of consideration of £10.1m. The determination of the fair value estimate for the valuation of the separately identifiable, acquisition-related intangible assets and freehold property involves subjective estimates or uncertainties, which requires special audit consideration because of the likelihood and potential magnitude of misstatements relating to the valuation of intangible and tangible assets. Accounting for the transaction involves estimating the fair value, at acquisition date, of the assets, including the identification and valuation, where appropriate, of intangible and tangible assets. This is a particularly complex and challenging area and requires skilled expertise in making these determinations and thus results in a heightened risk of error in determining the fair value of the intangible and tangible assets (property). The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the measurement of identified intangible and tangible assets had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	We performed the detailed tests below rather than seek to rely on any of the group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: • **Inspection:** We inspected the purchase agreement for the transaction and assessed the consideration amount for this transaction, including the deferred consideration arising, and assessed the amount recognised as a post-acquisition remuneration expense. • **Assessing the assumptions:** With assistance from our corporate finance and real estate valuation specialists, we assessed the valuation of the intangible and tangible assets acquired and challenged the appropriateness of key assumptions and the appropriateness of any cashflow forecasts used in calculating the fair value of the intangibles identified by management. • **Sensitivity analysis:** We performed sensitivity analysis on the key assumptions within the cash flow forecasts used to support the intangibles recognised. This included sensitising the cash flow forecasts in the model. We critically assessed the extent to which a change in these assumptions both individually or in aggregate would result in a an adjustment to fair values and considered the likelihood of such events occurring. • **Assessing transparency:** Assessing whether the group's disclosures in relation to the acquisition and associated balances are appropriate. **Our results** We found the acquisition accounting in respect of the acquisition of Teaquinn Holdings Inc to be acceptable.

2. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Recoverability of parent company's investment in subsidiaries/amounts due from group entities £135m (2021: £124m) Refer to page 159 (accounting policy) and pages 161 and 162 (financial disclosures).	**Low Risk – High value:** The carrying amount of the parent company investments in subsidiaries and amounts due from group entities represent 74% (2021: 91%) of the parent company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit	We performed the detailed tests below rather than seek to rely on any of the group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: • **Historical comparisons :** We assessed the reasonableness of budgets by considering the historical accuracy of the previous forecasts; • **Benchmarking assumptions;** We compared the discount rate and growth rate assumptions to externally derived and historical data, as well as our own assessments in relation to key inputs; • **Sensitivity analysis:** We performed breakeven analysis of the key assumptions noted above to assess whether a reasonably possible change in these assumptions could trigger an impairment charge; and • **Comparing valuations:** We compared the sum of the discounted cashflows to the Group market capitalisation to assess the reasonableness of those cashflows. **Our results** We found the Group's assessment of the recoverability of the parent company's investment in subsidiaries and amounts due from group entities to be acceptable (2021: acceptable).

We continue to perform procedures over valuation of the property, plant and equipment and right of use assets in the bowling centres, however, taking into consideration the financial performance of the bowling centres in the year and an assessment of the headroom in the models, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £2m, determined with reference to a benchmark of profit before tax adjusted for the items described below, of £46.9m, of which it represents 4.3% (2021: £0.635m determined with reference to average profit before tax over the last five years, of which it represents 4.3%). The items we adjusted for in 2022 were the impairment of property, plant and equipment and right of use assets disclosed in notes 13 and 14 respectively, acquisition-related costs and the post-acquisition remuneration expenses disclosed in note 33, and the one-off income associated with the VAT reclaim relating to the prior year disclosed in note 6.

Materiality for the parent Company financial statements as a whole was set at £1m (2021: £0.550m, determined with reference to a benchmark of parent company total assets (2021: parent company total assets) of which it represents 0.5% (2021: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £1.5m (2021: £0.475m) for the group and £0.75m (2021 : £0.413m) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

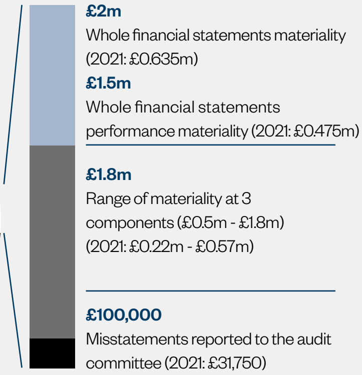
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £100,000 (2021: £31,750), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 16 reporting components (2021: 5) we subjected 2 to full scope audits for group purposes and 1 to specific risk-focused audit procedures, as the latter was not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed (2021: 2 to full scope audits for group purposes and 1 to specified risk-focused audit procedures).

The components within the scope of our work accounted for the percentages illustrated opposite.

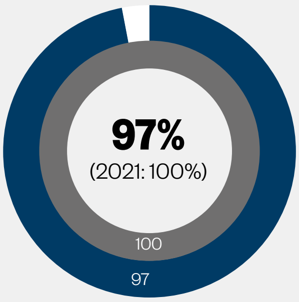
Adjusted group profit before tax
£47.0m (2021: 5 year average profit before tax of £14.9m)

Group materiality
£2m (2021: £0.635m)

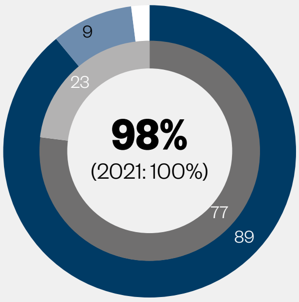


- Normalised PBT
- Group materiality

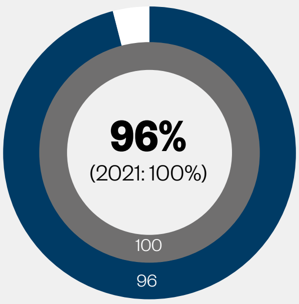
Group revenue



Group profit before tax



Group total assets



- Full scope for group audit purposes 2022
- Specified risk-focused audit procedures 2022
- Full scope for group audit purposes 2021
- Specified risk-focused audit procedures 2021
- Residual components

3. Our application of materiality and an overview of the scope of our audit continued

The remaining 3% (2021: 0%) of total group revenue, 2% (2021: 0%) of total profits and losses that made up Group profit before tax and 4% (2021: 0%) of total group assets is represented by 13 (2021: 2) reporting components, none of which individually represented more than 2% (2021: 0%) of any of total group revenue, total profits and losses that made up Group profit before tax or total group assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all components (2021: all components) was performed by the Group team, including the audit of the parent company. The Group team performed procedures on the items excluded from Group adjusted profit before tax. The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. The Group has set out its ambition for reducing the environmental impact of its operations, including increasing on site generation of renewable electricity and driving energy use efficiency throughout its operations. Further information is provided in the Group's Sustainability Overview on pages 46 to 58 and the Task Force and Climate-related Financial Disclosure Statement on pages 59 to 68.

Climate change risks could have an impact on the Group's business and operations, including changing customer behaviours, business interruption, increasing costs of carbon taxes, transitioning to reduced energy usage and changing energy sources.

As part of our audit, we have made enquiries of management to understand the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. There was no significant impact of this on our key audit matters. Based on the procedures performed, we did not identify any significant risk of climate change having a material impact on the Group's accounting estimates in this period.

We have also read the Group's disclosures of climate related information in the front half of the annual report, as set out on pages 46 to 68. We have not been engaged to provide assurance over the accuracy of these disclosures.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent Company or to cease their operations, and as they have concluded that the parent Group's and the parents Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

5. Going concern continued

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and parent Company's available financial resources is the demand for the Group's services being adversely impacted by current economic forecasts, characterised by high consumer price inflation and the potential consequent erosion of real disposable incomes.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- Critically assessing assumptions in the downside scenarios relevant to liquidity, in particular in relation to profitability by comparing to historical performance, assessing the financial performance of the group during the current year, considering the potential effects of the current economic environment, and our knowledge of the entity and the sector in which it operates.
- Assessing whether downside scenarios applied mutually consistent assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 80 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group and the parent Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group and the parent Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management including the EPS target for management remuneration under the Long Term Investment Plan scheme.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as assumptions used in impairment testing. On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited opportunity due to the high correlation to cash.

We also identified a fraud risk related to the valuation of property, plant and equipment and right of use assets relating to the golfing centres, in response to possible pressures to present an optimistic outlook for the Group.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

6. Fraud and breaches of laws and regulations – ability to detect continued

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations continued

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection, health and safety and employment law recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the audit committee other matters related to actual or suspected fraud, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

7. We have nothing to report on the other information in the Annual Report continued

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 74 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 74 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and parent Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

7. We have nothing to report on the other information in the Annual Report continued

Corporate governance disclosures continued

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review, and to report to you if a corporate governance statement has not been prepared by the Company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
- we have not identified material misstatements therein; and
- the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rule of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 117, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Radwell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road,
Watford,
WD17 1DE.
15 December 2022

Consolidated income statement and statement of comprehensive income

Year ending 30 September 2022

	Note	Before exceptional items 30 September 2022 £'000	Exceptional items (note 6) 30 September 2022 £'000	Total 30 September 2022 £'000	30 September 2021 £'000
Revenue	3	187,949	5,792	**193,741**	71,878
Cost of sales		(29,392)	—	**(29,392)**	(10,257)
Gross profit		158,557	5,792	**164,349**	61,621
Other income	4	—	—	—	2,814
Gain on bargain purchase	33	—	39	**39**	—
Administrative expenses	7	(106,796)	(2,143)	**(108,939)**	(54,855)
Operating profit		51,761	3,688	**55,449**	9,580
Finance income	10	12	—	**12**	—
Finance expenses	10	(8,774)	(22)	**(8,796)**	(9,118)
Profit before tax		42,999	3,666	**46,665**	462
Tax (charge)/credit	11	(8,135)	(1,079)	**(9,214)**	1,266
Profit for the year attributable to equity shareholders		34,864	2,587	**37,451**	1,728
Other comprehensive income					
Retranslation gain of foreign currency denominated operations		411	—	**411**	—
Total comprehensive income for the year attributable to equity shareholders		35,275	2,587	**37,862**	1,728
Basic earnings per share (pence)	12			**21.91**	1.05
Diluted earnings per share (pence)	12			**21.78**	1.04

The accompanying notes on pages 131 to 156 form an integral part of these Financial Statements.

Consolidated statement of financial position

As at 30 September 2022

	Note	30 September 2022 £'000	30 September 2021 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**68,641**	49,036
Right-of-use assets	14	**147,455**	132,342
Goodwill and intangible assets	15	**81,794**	77,948
Deferred tax asset	23	**1,647**	6,290
		299,537	265,616
Current assets			
Cash and cash equivalents	17	**56,066**	29,942
Trade and other receivables	18	**5,130**	3,300
Corporation tax receivable		**271**	650
Inventories	19	**2,148**	1,461
		63,615	35,353
Total assets		**363,152**	300,969
LIABILITIES			
Current liabilities			
Trade and other payables	20	**28,681**	18,142
Lease liabilities	14	**11,557**	13,811
		40,238	31,953
Non-current liabilities			
Other payables	20	**3,000**	565
Lease liabilities	14	**176,812**	160,129
Provisions	21	**4,682**	3,635
		184,494	164,329
Total liabilities		**224,732**	196,282
NET ASSETS		**138,420**	104,687
Equity attributable to shareholders			
Share capital	24	**1,711**	1,706
Share premium	25	**39,716**	39,691
Merger reserve	25	**(49,897)**	(49,897)
Foreign currency translation reserve	25	**411**	—
Retained earnings	25	**146,479**	113,187
TOTAL EQUITY		**138,420**	104,687

The accompanying notes on pages 131 to 156 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 15 December 2022.

Signed on behalf of the Board by:

Laurence Keen
Chief Financial Officer
Company registration number 10229630

Consolidated statement of changes in equity

For the year ended 30 September 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
Equity at 30 September 2020	1,575	10,466	(49,897)	—	111,350	73,494
Shares issued during the year	131	29,225	—	—	—	29,356
Share-based payments (note 29)	—	—	—	—	16	16
Deferred tax on share-based payments	—	—	—	—	93	93
Profit for the year	—	—	—	—	1,728	1,728
Equity at 30 September 2021	1,706	39,691	(49,897)	—	113,187	104,687
Shares issued during the year	5	25	—	—	—	30
Dividends paid	—	—	—	—	(5,132)	(5,132)
Share-based payments (note 29)	—	—	—	—	944	944
Deferred tax on share-based payments	—	—	—	—	29	29
Retranslation of foreign currency denominated operations	—	—	—	411	—	411
Profit for the year	—	—	—	—	37,451	37,451
Equity at 30 September 2022	**1,711**	**39,716**	**(49,897)**	**411**	**146,479**	**138,420**

The accompanying notes on pages 131 to 156 form an integral part of these Financial Statements.

Financial statements

Consolidated statement of cash flows

For the year ended 30 September 2022

	Note	30 September 2022 £'000	Restated[1] 30 September 2021 £'000
Cash flows from operating activities			
Profit before tax		**46,665**	462
Adjusted by:			
Depreciation of property, plant and equipment (PPE)	13	**8,721**	7,740
Depreciation of right-of-use (ROU) assets	14	**12,010**	11,882
Amortisation of intangible assets	15	**624**	477
Impairment of PPE and ROU assets	13, 14	**4,321**	850
Net interest expense	10	**8,784**	9,118
Loss on disposal of property, plant and equipment and software		**18**	29
COVID-19 rent concessions[1]	14	**—**	(2,110)[1]
Gain on bargain purchase	33	**(39)**	—
Share-based payments	29	**944**	16
Operating profit before working capital changes		**82,048**	28,464[1]
Increase in inventories		**(423)**	(121)
Increase in trade and other receivables		**(1,248)**	(1,446)
Increase in payables and provisions		**9,983**	8,456
Cash inflow generated from operations		**90,360**	35,353[1]
Interest received		**12**	—
Income tax paid – corporation tax		**(6,616)**	—
Bank interest paid		**(115)**	(1,207)
Lease interest paid		**(8,452)**	(7,952)
Net cash inflow from operating activities		**75,189**	26,194[1]
Cash flows from investing activities			
Acquisition of subsidiaries	33	**(8,099)**	—
Subsidiary cash acquired	33	**415**	—
Purchase of property, plant and equipment		**(21,653)**	(9,330)
Purchase of intangible assets		**(178)**	(252)
Sale of assets		**2**	—
Net cash used in investing activities		**(29,513)**	(9,582)
Cash flows from financing activities			
Repayment of bank loan		**—**	(29,500)
Payment of capital elements of leases		**(14,450)**	(7,310)[1]
Issue of shares		**30**	29,356
Dividends paid		**(5,132)**	—
Net cash used in financing activities		**(19,552)**	(7,454)[1]
Net change in cash and cash equivalents for the year		**26,124**	9,158
Cash and cash equivalents at the beginning of the year		**29,942**	20,784
Cash and cash equivalents at the end of the year	17	**56,066**	29,942

1 Following the FRC's corporate reporting review of the Group's Annual Report and Accounts to 30 September 2021, £2,110,000 of COVID-19 rent concessions disclosed as payment of capital elements of leases under cash flows from financing activities in the 2021 financial statements have been restated as adjustments to cash flows from operating activities within the 2021 comparative above. The effect of this change is a decrease of £2,110,000 in net cash used in financing activities and a decrease in net cash inflow from operating activities. There is no impact to the net change in cash and cash equivalents for the year. See note 34 'Cash flow information'.

The accompanying notes on pages 131 to 156 form an integral part of these Financial Statements.

1. General information

Hollywood Bowl Group plc (together with its subsidiaries, 'the Group') is a public limited company whose shares are publicly traded on the London Stock Exchange and is incorporated and domiciled in England and Wales. The registered office of the Parent Company is Focus 31, West Wing, Cleveland Road, Hemel Hempstead, HP2 7BW, United Kingdom. The registered company number is 10229630. A list of the Company's subsidiaries is presented in note 16.

On 24 May 2022, the Company acquired Teaquinn Holdings Inc. (Teaquinn). Teaquinn comprises of Splitsville, an operator of ten-pin bowling centres and Striker Bowling Solutions, a supplier and installer of bowling equipment, based in Canada. Teaquinn is consolidated in Hollywood Bowl Group plc's Financial Statements with effect from 24 May 2022.

The Group's principal activities are that of the operation of ten-pin bowling and mini-golf centres, and a supplier and installer of bowling equipment as well as the development of new centres and other associated activities.

The Directors of the Group are responsible for the consolidated Financial Statements, which comprise the Financial Statements of the Company and its subsidiaries as at 30 September 2022.

2. Accounting policies

The principal accounting policies applied in the consolidated Financial Statements are set out below. These accounting policies have been applied consistently to all periods presented in these consolidated Financial Statements. The financial information presented is as at and for the financial years ended 30 September 2022 and 30 September 2021.

Statement of compliance

The consolidated Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006. The functional currency of entities in the Group are Pounds Sterling and Canadian Dollars. The consolidated Financial Statements are presented in Pounds Sterling and all values are rounded to the nearest thousand, except where otherwise indicated.

Basis of preparation

The consolidated Financial Statements have been prepared on a going concern basis under the historical cost convention, except for fair value items on acquisition (see note 33).

The Company has elected to prepare its Financial Statements in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. On publishing the Parent Company Financial Statements here together with the Group Financial Statements, the Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and statement of comprehensive income and related notes that form a part of these approved Financial Statements.

Judgements made by the Directors, in the application of these accounting policies, that have significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed on page 140.

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 below the cost of acquisition. Intragroup balances and any unrealised gains and losses or income and expenses arising from intragoup transactions are eliminated in preparing the consolidated financial statements.

The results of Teaquinn are included from the date of acquisition on 24 May 2022.

Earnings per share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two types of dilutive potential ordinary shares, being those unvested shares granted under the Long Term Incentive Plans and Save-As-You-Earn plans.

2. Accounting policies continued

Standards issued not yet effective

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. These are listed below:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IAS 1 Classification of liabilities as current or non-current	In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.	1 October 2023
IAS 1 Presentation of financial statements and IFRS Practice Statement 2 making materiality judgements-disclosure of accounting policies	The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'.	1 October 2023
IAS 8 Definition of accounting estimates	The amendments replace the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'.	1 October 2023
IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability.	1 October 2023
IFRS 17 Insurance contracts	In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.	1 October 2023
Annual improvements to IFRS Standards 2018–2020	The annual improvements include amendments to four Standards: IFRS 1 First-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.	1 October 2022
IFRS 3 Reference to the conceptual framework	In May 2020, the IASB issued amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework.	1 October 2022
IAS 16 Property, plant and equipment: proceeds before intended use	In May 2020, the IASB issued property, plant and equipment: proceeds before intended use, which prohibits entities deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.	1 October 2022
IAS 37 Provisions, contingent liabilities and contingent assets	In May 2020, the IASB issued amendments to specify which costs a company includes when assessing whether a contract will be loss making.	1 October 2022

None of the above amendments are expected to have a material impact on the Group.

Going concern

In assessing the going concern position of the Group for the Consolidated Financial Statements for the year ended 30 September 2022, the Directors have considered the Group's cash flow, liquidity, and business activities, as well as the principal risks identified in the Groups Risk Register.

As at 30 September 2022, the Group had cash balances of £56.1m, no outstanding loan balances, no COVID-19 concession deferrals and an undrawn RCF of £25m, giving an overall liquidity of £81.1m.

The Group has undertaken a review of its liquidity using a base case and a severe but plausible downside scenario.

The base case is the Board approved budget for FY2023 as well as the first three months of FY2024 which forms part of the Board approved five-year plan. Under this scenario there would be positive cash flow, strong profit performance and all covenants would be passed. It should also be noted that the RCF remains undrawn. Furthermore, it is assumed that the Group adhere to its capital allocation policy as outlined on pages 44.

The most severe downside scenario stress tests for reasonably adverse variations in the economic environment leading to a deterioration in trading conditions and performance.

2. Accounting policies continued

Going concern continued

Under this severe but plausible downside scenario, the Group has modelled revenues dropping by circa 4 and 5 per cent from the assumed base case for FY2023 and FY2024 respectively and inflation continues at an even higher rate than in the base case, specifically around cost of labour.

The model still assumes that investments into new centres would continue, whilst refurbishments in the early part of FY2024 would be reduced and further Pins on Strings installs would be delayed until FY2025. These are all mitigating factors that the Group has in its control. Under this scenario, the Group will still be profitable and have sufficient liquidity within its cash position to not draw down the RCF, with all financial covenants passed.

Taking the above and the principal risks faced by the Group 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 12 months from the date of this report.

Accordingly, the Group continues to adopt the going concern basis in preparing these Financial Statements.

In preparing the financial statements management has considered the impact of climate change, taking into account the relevant disclosures in the Strategic report, including those made in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure.

The expected environmental impact of climate change on the business has been modelled. The current available information and assessment did not identify any risks that would require the useful economic lives of assets to be reduced in the year or identify the need for impairment that would impact the carrying values of such assets or have any other impact on the financial statements. The impact assessments will be continuously updated to reflect the latest available information on the impact of climate change.

Revenue

Revenue from customers is the total amount receivable by the Group for goods and services supplied, excluding VAT and discounts, and excludes amounts collected on behalf of third parties. The Group's performance obligations in respect of individual revenue streams are outlined below.

Revenue arising from bowling and mini-golf is recognised when the customer actually plays, with deposits paid in advance being held on the balance sheet until that time and then recognised as income.

Revenue for food and drink is recognised when the product has been transferred to the buyer at the point of sale, which is generally when payment is received.

Revenue for amusements is recognised when the customer plays the amusement machine.

Revenue from customers is disaggregated by major product and service lines, being bowling, food and drink, amusements, mini golf, installation of bowling equipment and other. Disaggregated revenue from contracts with customers is disclosed in note 3 on page 141.

Given the nature of the Group's revenue streams, recognition of revenue is not considered to be a significant area of judgement. Revenue from installation of bowling equipment contracts is recognised using the percentage of completion method as the contract activity is being performed. This is not considered to be material revenue for the Group and is not therefore a significant area of judgement.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers have been identified as the management team including the Chief Executive Officer and Chief Financial Officer.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Board considers that the Group's activity constitutes two operating and two reporting segments, being the provision of ten-pin bowling and mini-golf centres in the United Kingdom and Canada, as defined under IFRS 8. Management review the performance of the Group by reference to total results against budget.

The total profit measures are operating profit and profit after tax for the period, both disclosed on the face of the consolidated income statement and statement of comprehensive income. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group's financial information, as adjusted where appropriate.

Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the income statement. The Group also contributes to the personal pension plans of the Directors.

2. Accounting policies continued

Employee benefits continued

(iii) Share-based payments

The Group operates equity-settled share-based payment plans for its employees, under which the employees are granted equity instruments of Hollywood Bowl Group plc. The fair value of services received in exchange for the equity instruments is determined by reference to the fair value of the instruments granted at grant date. The fair value of the instruments includes any market performance conditions and non-vesting conditions. The expense is recognised over the vesting period of the award taking into account any non-market performance and service conditions.

The cost of equity-settled transactions is recognised together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award.

(iv) Save-As-You-Earn plans

The Group operates two equity-settled SAYE plans. The fair value is calculated at the grant date using the Black-Scholes pricing model. The resulting cost is charged to the Group income statement over the vesting period. The value of the charge is adjusted to reflect expected and actual levels of vesting.

Leases

The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee from the date at which the leased asset becomes available for use by the Group, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The lease term is the non-cancellable period for which the lessee has the right to use an underlying asset plus periods covered by an extension option if an extension is reasonably certain. The majority of property leases are covered by the Landlord and Tenant Act 1985 (LTA) which gives the right to extend the lease beyond the termination date. The Group expects to extend the property leases covered by the LTA. This extension period is not included within the lease term as a termination date cannot be determined as the Group are not reasonably certain to extend the lease given the contractual rights of the landlord under certain circumstances.

Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments).

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Amendments to IFRS 16: COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The practical expedient was adopted by the Group and the impact on the consolidated Financial Statements is outlined in note 14.

2. Accounting policies continued

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Dilapidation provision

A provision will be recorded, if as lessee, the Group has a commitment to make good the property at the end of the lease, which would be for the cost of returning the leased property to its original state. Changes to the dilapidation provision are recorded in property, plant and equipment.

Property, plant and equipment

Freehold land and building assets were included at fair value on the acquisition of Teaquinn. Subsequent additions are recorded at cost less accumulated depreciation and impairment charges. Freehold land is not depreciated.

All other property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of all property, plant and equipment evenly over their expected useful lives, calculated at the following rates:

Freehold property	over 50 years
Leasehold property	lesser of lease period and 25 years
Lanes and Pins on Strings	over 30–40 years
Plant and machinery and fixtures, fittings and equipment	over 3–25 years
Pinspotters	up to 10 years

The carrying value of the property, plant and equipment is compared to the higher of value-in-use and the fair value less costs to sell. If the carrying value exceeds the higher of the value-in-use and fair value less the costs to sell the asset, then the asset is impaired and its value reduced by recognising an impairment provision. New centre landlord contributions are offset against leasehold property expenditure where the related assets remain the property of the landlord. Refurbishment costs are included within plant and machinery and fixtures, fittings and equipment and are depreciated over the relevant useful economic life.

Residual values, remaining useful economic lives and depreciation periods and methods are reviewed annually and adjusted if appropriate.

Assets under construction represents the construction of centres and are included in property, plant and equipment. No depreciation is provided on assets under construction until the asset is available for use.

Goodwill and intangible assets

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Negative goodwill is recognised in the consolidated income statement immediately as a gain on bargain purchase. Positive goodwill is capitalised and stated at cost less any impairment losses. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial period following acquisition and at the end of every subsequent financial period; and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Software which is not an integral part of hardware assets is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated amortisation and impairment losses.

Other intangible assets include assets acquired in a business combination and are capitalised at fair value at the date of acquisition. Following initial recognition, finite life intangible assets are amortised on a straight-line basis over their estimated useful lives, with the expense charged to the income statement through administrative expenses.

Amortisation is provided to write off the cost of all intangible assets, except for goodwill, evenly over their expected useful lives, calculated at the following rates:

Software	over 3 years
Customer relationships	over 10–15 years
Brand names	over 5–20 years
Trademark	over 20 years

The amortisation charge is recognised in administrative expenses in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash held at centres, short-term deposits with banks and other financial institutions, and credit card payments received within 72 hours.

2. Accounting policies continued

Inventories

Inventories are carried at the lower of cost or net realisable value. Net realisable value is calculated based on the revenue from sale in the normal course of business less any costs to sell. Due allowance is made for obsolete and slow-moving items.

Impairment

(i) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost. The financial assets comprises trade and other receivables.These are always measured at an amount equal to lifetime ECL as these relate to trade and other receivables and a simplified approach can be adopted. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. There is limited exposure to ECLs due to the business model.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Impairment of non-financial assets

The carrying values of goodwill and intangible assets are reviewed at the end of each reporting period for impairment. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flows. These assets are grouped together into Cash Generating Units to assess impairment. A sensitivity analysis is also performed (see note 15). An impairment loss is recognised in the income statement immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that future taxable profit will be available against which the asset can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

2. Accounting policies continued

Equity

The following describes the nature and purpose of each reserve within equity:

- share capital: the nominal value of equity shares;
- share premium account: proceeds received in excess of the nominal value of shares issued, net of any transaction costs;
- retained earnings: all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere;
- merger reserve: represents the excess over nominal value of the fair value consideration for the business combination which arose during the Company's IPO listing. This was satisfied by the issue of shares in accordance with s612 of the Companies Act 2006; and
- foreign currency translation reserve: retranslation gains and losses of foreign currency denominated operations.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). A financial liability is classified as measured at either amortised cost or FVTPL.

(ii) Classification and subsequent measurement

Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

All financial assets not measured at amortised cost or FVOCI are measured at FVTPL, irrespective of the business model. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: business model assessment

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

2. Accounting policies continued

Financial instruments continued

(ii) Classification and subsequent measurement continued

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group's financial assets at amortised cost include trade receivables.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. All other financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net position presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the ultimate Parent Company's functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange gains and losses are included within administrative expenses in the income statement.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the balance sheet date;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. Accounting policies continued

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the income relates to a distinct identifiable expense, the income is offset against the relevant expense e.g. income received under the Coronavirus Job Retention Scheme has been offset against staff costs in administrative expenses. Where an expense is not distinctly identifiable or the income relates to multiple expenses, the income is recognised within other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as other income in the consolidated income statement in the period in which they become receivable.

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 consolidated income statement and in the notes to the consolidated Financial Statements.

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.

A reconciliation between key adjusted and statutory measures, as well as notes on alternative performance measures, is provided in the Chief Financial Officer's review on pages 41 to 45. This also details the impact of exceptional and other adjusted items when comparing to the non-GAAP financial measures in addition to those reported in accordance with IFRS.

Summary of critical accounting estimates and judgements

The preparation of the consolidated 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 consolidated Group Financial Statements are discussed 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 reviewed 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 13 and 14 respectively.

Other estimates

The acquisition of Teaquinn Holdings Inc. has 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 (note 33). The fair value of the net assets identified were determined with assistance from independent experts using professional valuation techniques appropriate to the individual category of asset or liability. Calculating the fair values of net assets, notably the fair values of contingent consideration, freehold property and intangible assets identified as part of the purchase price allocation, involves estimation and consequently the fair value exercise is recorded as an other accounting estimate. The depreciation and amortisation charge is sensitive to the value of the freehold property and intangible asset values, so a higher or lower fair value calculation would lead to a change in the depreciation and 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.

3. Segmental reporting

Management consider that the Group consists of 2 operating segments, as it operates within the UK and Canada (30 September 2021: UK only, no exceptional income). No single customer provides more than ten per cent of the Group's revenue. Within these two operating segment there are multiple revenue streams which consist of the following:

	Before exceptional income UK 30 September 2022 £'000	Exceptional income UK (note 6) 30 September 2022 £'000	Total UK 30 September 2022 £'000	Canada 30 September 2022 £'000	Total 30 September 2022 £'000	30 September 2021 £'000
Bowling	**86,409**	**5,792**	**92,201**	**2,253**	**94,454**	34,769
Food and drink	**46,660**	**—**	**46,660**	**1,067**	**47,727**	17,396
Amusements	**46,510**	**—**	**46,510**	**773**	**47,283**	18,625
Mini-golf	**1,973**	**—**	**1,973**	**—**	**1,973**	1,076
Installation of bowling equipment	**—**	**—**	**—**	**2,040**	**2,040**	—
Other	**176**	**—**	**176**	**88**	**264**	12
	181,728	**5,792**	**187,520**	**6,221**	**193,741**	71,878

The UK operating segment includes the Hollywood Bowl, AMF Bowling and Puttstars brands. The Canada operating segment includes the Splitsville and Striker Bowling Solutions brands.

Year ended 30 September 2022	UK £'000	Canada £'000	Total £'000
Revenue	**187,520**	**6,221**	**193,741**
Group adjusted EBITDA as defined in note 5	**76,289**	**1,166**	**77,455**
Operating profit	**54,673**	**776**	**55,449**
Finance income	**—**	**12**	**12**
Finance expense	**8,541**	**255**	**8,796**
Depreciation and amortisation	**20,965**	**390**	**21,355**
Impairment of PPE and ROU assets	**4,321**	**—**	**4,321**
Profit before tax	**46,132**	**533**	**46,665**
Non-current asset additions – Property, plant and equipment	**21,750**	**322**	**22,072**
Non-current asset additions – Intangible assets	**108**	**70**	**178**
Total assets	**339,194**	**25,492**	**364,686**
Total liabilities	**208,549**	**17,717**	**226,266**

4. Other income

	30 September 2022 £'000	30 September 2021 £'000
Government grant for the purpose of immediate financial support	**—**	2,814

No government grants were received in FY2022. In FY2021, £2,814,000 were received as part of a government initiative to provide immediate financial support for businesses that were forced to close as a result of trading restrictions due to the COVID-19 pandemic.

5. Reconciliation of operating profit to Group adjusted EBITDA

	30 September 2022 £'000	30 September 2021 £'000
Operating profit	**55,449**	9,580
Depreciation of property, plant and equipment (note 13)	**8,721**	7,740
Depreciation of right-of-use assets (note 14)	**12,010**	11,882
Amortisation of intangible assets (note 15)	**624**	477
Impairment of property, plant and equipment (note 13)	**2,535**	299
Impairment of right-of-use assets (note 14)	**1,786**	551
Loss on disposal of property, plant and equipment, right-of-use assets and software (notes 13–15)	**18**	29
Exceptional items (note 6)	**(3,688)**	—
Group adjusted EBITDA	**77,455**	30,558

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. Operating profit in FY2021 includes government grant income of £2,814,000.

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.

6. 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:

Exceptional items:	30 September 2022	30 September 2021
VAT rebate [1]	**5,792**	—
Administrative expenses [2]	**(144)**	—
Acquisition fees [3]	**(1,557)**	—
Gain on bargain purchase [4]	**39**	—
Contingent consideration [5]	**(464)**	—
Exceptional items before tax	**3,666**	—
Tax charge	**(1,079)**	—
Exceptional items after tax	**2,587**	—

1 During the year, 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, the Group made a retrospective claim for overpaid output VAT for the period 15 July 2020 to 30 September 2021 totalling £5,792,000, included within bowling revenue.

2 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 acquisition of Teaquinn during the year (note 33).

4 Gain on bargain purchase in relation to the acquisition of Teaquinn during the year (note 33).

5 Contingent consideration of £442,000 in administrative expenses and £22,000 of interest expense in relation to the acquisition of Teaquinn during the year (note 33).

7. Expenses and auditor's remuneration

Included in profit from operations are the following:

	30 September 2022 £'000	30 September 2021 £'000
Amortisation of intangible assets	**624**	477
Depreciation of property, plant and equipment	**8,721**	7,740
Depreciation of right-of-use assets	**12,010**	11,882
Impairment of property, plant and equipment	**2,535**	299
Impairment of right-of-use assets	**1,786**	551
Operating leases	**57**	43
Loss on disposal of property, plant and equipment, right-of-use assets and software	**18**	29
Exceptional items (note 6)	**3,666**	—
Loss on foreign exchange	**154**	16
Auditor's remuneration:		
– Fees payable for audit of these Financial Statements	**317**	228
Fees payable for other services:		
– Audit of subsidiaries	**66**	82
– Other services	**16**	11
	399	321

8. Staff numbers and costs

The average number of employees (including Directors) during the year was as follows:

	30 September 2022	30 September 2021
Directors	**7**	6
Administration	**91**	58
Operations	**2,432**	1,723
Total staff	**2,530**	1,787

Financial statements

8. Staff numbers and costs continued

The cost of employees (including Directors) during the year was as follows:

	30 September 2022 £'000	30 September 2021 £'000
Wages and salaries	**42,808**	15,853
Social security costs	**3,600**	1,648
Pension costs	**475**	336
Share-based payments (note 29)	**944**	16
Total staff cost	**47,827**	17,853

FY2022 wages and salaries includes £442,000 of contingent consideration in relation to the acquisition of Teaquinn (note 33).

FY2021 wages and salaries includes £8,287,000 of Coronavirus Job Retention Scheme government grant received.

9. Remuneration of Directors and key management personnel

A) Directors' emoluments

The Directors' emoluments and benefits were as follows:

	30 September[1] 2022 £'000	30 September[1] 2021 £'000
Salaries and bonuses	**2,004**	909
Pension contributions	**41**	32
Share-based payments (note 29)	**691**	(38)
Total	**2,736**	903

1 This includes three (FY2021: two) Executive Directors and four (FY2021: four) Non-Executive Directors.

The aggregate of emoluments of the highest paid Director was £1,211,000 (FY2021: £392,000) and Company pension contributions of £21,000 (FY2021: £20,000) were made to a defined contribution scheme on their behalf. More detail is on page 101 of the Annual report.

B) Key management personnel

The Directors and the senior managers of the Group are considered to be the key management personnel of the Group.

The remuneration of all key management (including Directors) was as follows:

	30 September 2022 £'000	30 September 2021 £'000
Salaries and bonuses	**2,673**	1,312
Pension contributions	**58**	51
Share-based payments (note 29)	**940**	(9)
Total	**3,671**	1,354

10. Finance income and expenses

	30 September 2022 £'000	30 September 2021 £'000
Interest on bank deposits	**12**	—
Finance income	**12**	—
Interest on bank borrowings	**199**	1,155
Other interest	**2**	3
Finance costs on lease liabilities	**8,452**	7,952
Unwinding of discount on contingent consideration (note 33)	**46**	—
Unwinding of discount on provisions	**97**	8
Finance expense	**8,796**	9,118

11. Taxation

	30 September 2022 £'000	30 September 2021 £'000
The tax expense/(credit) is as follows:		
– UK corporation tax	**6,436**	(384)
– Adjustment in respect of prior years	**10**	20
– Foreign tax suffered	**250**	—
– Effects of foreign exchange	**3**	—
Total current tax	**6,699**	(364)
Deferred tax:		
Origination and reversal of temporary differences	**2,431**	287
Effect of changes in tax rates	**95**	(1,202)
Adjustment in respect of prior years	**(11)**	13
Total deferred tax	**2,515**	(902)
Total tax expense/(credit)	**9,214**	(1,266)

Factors affecting current tax credit:

The tax assessed on the profit for the period is different to the standard rate of corporation tax in the UK of 19 per cent (30 September 2021: 19 per cent). The differences are explained below:

	30 September 2022 £'000	30 September 2021 £'000
Profit excluding taxation	**46,665**	462
Tax using the UK corporation tax rate of 19% (2021: 19%)	**8,866**	88
Change in tax rate on deferred tax balances	**95**	(1,202)
Non-deductible expenses	**388**	22
Non-deductible acquisition related exceptional costs	**296**	—
Effects of overseas tax rates	**66**	—
Effects of capital allowances super deduction	**(577)**	(137)
Share-based payments	**81**	(69)
Adjustment in respect of prior years	**(1)**	32
Total tax expense/(credit) included in profit or loss	**9,214**	(1,266)

The Group's standard tax rate for the year ended 30 September 2022 was 19 per cent (30 September 2021: 19 per cent).

At Budget March 2021, the government confirmed that the corporation tax main rate would remain at 19 per cent and increase to 25 per cent from 1 April 2023. As such, the rate used to calculate the deferred tax balances has increased from 19 per cent to a blended rate up to 25 per cent depending on when the deferred tax balance will be released.

12. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Hollywood Bowl Group plc by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the years ended 30 September 2022 and 30 September 2021, the Group had potentially dilutive ordinary shares in the form of unvested shares pursuant to LTIPs and SAYE schemes (note 29).

	30 September 2022	30 September 2021
Basic and diluted		
Profit for the year after tax (£'000)	**37,451**	1,728
Basic weighted average number of shares in issue for the period (number)	**170,949,286**	164,607,791
Adjustment for share awards	**963,218**	859,432
Diluted weighted average number of shares	**171,912,504**	165,467,223
Basic earnings per share (pence)	**21.91**	1.05
Diluted earnings per share (pence)	**21.78**	1.04

13. Property, plant and equipment

	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Lanes and pinspotters £'000	Plant and machinery, fixtures and fittings	Total £'000
Cost						
At 1 October 2020	—	1,240	28,652	12,269	36,157	78,318
Additions	—	—	1,435	1,489	6,406	9,330
Disposals	—	—	(424)	(448)	(406)	(1,278)
At 30 September 2021	**—**	**1,240**	**29,663**	**13,310**	**42,157**	**86,370**
Additions	—	—	8,127	5,238	8,707	22,072
Acquisition of Teaquinn Holdings Inc. (note 33)	7,061	—	872	284	237	8,454
Disposals	—	—	(24)	(796)	(595)	(1,415)
Effects of movement in foreign exchange	345	—	48	14	12	419
At 30 September 2022	**7,406**	**1,240**	**38,686**	**18,050**	**50,518**	**115,900**
Accumulated depreciation						
At 1 October 2020	—	292	11,011	4,347	14,448	30,098
Depreciation charge	—	48	2,773	694	4,225	7,740
Impairment charge	—	—	—	—	299	299
Disposals	—	—	(38)	(428)	(337)	(803)
At 30 September 2021	—	340	13,746	4,613	18,635	37,334
Depreciation charge	24	48	3,047	706	4,896	8,721
Impairment charge	—	—	2,088	—	447	2,535
Disposals	—	—	(24)	(785)	(522)	(1,331)
At 30 September 2022	**24**	**388**	**18,857**	**4,534**	**23,456**	**47,259**
Net book value						
At 30 September 2022	**7,382**	**852**	**19,829**	**13,516**	**27,062**	**68,641**
At 30 September 2021	—	900	15,917	8,697	23,522	49,036

Plant and machinery, fixtures and fittings includes £2,916,000 (30 September 2021: £2,162,000) of assets in the course of construction, relating to the development of new centres.

Impairment

Impairment testing is carried out at the CGU level on an annual basis at the balance sheet date, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each individual centre is considered to be a CGU.

An initial impairment test was performed on all seventy three centres assessing for indicators of impairment. A detailed impairment test based on a base case was then performed on nine centres, where the excess of value-in-use over the carrying value calculation was sensitive to changes in the key assumptions.

Property, plant and equipment and right-of-use assets for nine centres have been tested for impairment by comparing the carrying value of each CGU with its recoverable amount determined from value-in-use calculations using cash flow projections based on financial budgets approved by the Board covering a five-year period. This base case assumes all centres remain open during FY2023, and the financial years thereafter, and there are no further trading restrictions associated with the COVID-19 pandemic.

The key assumptions used in the value-in-use calculations are the potential adverse variations in the economic environment leading to a deterioration in trading conditions and performance during FY2023 and FY2024. Cash flows beyond this two-year period are included in the Board-approved five-year plan and assume a recovery in the economy and the performance of our centres. The other assumptions used in the value-in-use calculations were:

	2022	2021
Discount rate (pre-tax)	**16.0%**	12.7%
Growth rate (beyond three years)	**2.5%**	2.5%

Discount rates reflect current market assessments of the time value of money and the risks specific to the industry. This is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals. These discount rates are derived from the Group's weighted average cost of capital. Changes in the discount rates over the years are calculated with reference to latest market assumptions for the risk-free rate, equity risk premium and the cost of debt. These discount rates were impacted by the volatility in the debt markets at the time of calculation, 30 September 2022.

Detailed impairment testing resulted in the recognition of an impairment charge in the year of £2,535,000 (FY2021: £299,000) against property, plant and equipment assets and £1,786,000 (FY2021: £551,000) against right-of-use assets for three UK centres (note 14). Following the recognition of the impairment charge, the carrying value of property, plant and equipment is £3,456,000 and right-of-use assets is £3,151,000 for these three UK centres (note 14).

13. Property, plant and equipment continued

Sensitivity to changes in assumptions

The estimate of the recoverable amounts for six centres affords reasonable headroom over the carrying value of the property, plant and equipment and right-of-use asset, and an impairment charge of £2,535,000 for three centres under the base case. Management have sensitised the key assumptions in the impairment tests of these nine centres under the base case.

A reduction in revenue of four and five percentage points down on the base case for FY2023 and FY2024 respectively and a three percentage point increase in operating costs on the base case for FY2023 and FY2024 to reflect higher inflation, would not cause the carrying value to exceed its recoverable amount for these six centres. Therefore, management believe that any reasonable possible changes in the key assumptions would not result in an impairment charge. A further impairment of £400,000 would arise under this sensitised case in relation to three centres where we have already recognised an impairment charge in the year.

14. 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 ten (FY2021: eight) 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 year:

Right-of-use assets	Property £'000	Amusement machines £'000	Total £'000
Cost			
At 1 October 2020	139,699	7,662	147,361
Lease additions	2,581	587	3,168
Lease surrenders	—	(140)	(140)
Lease modifications	6,442	—	6,442
At 30 September 2021	148,722	8,109	156,831
Lease additions	7,805	3,462	11,267
Acquisition of Teaquinn Holdings Inc. (note 33)	11,510	—	11,510
Lease surrenders	—	(332)	(332)
Lease modifications	5,640	—	5,640
Effects of movement in foreign exchange	583	—	583
At 30 September 2022	**174,260**	**11,239**	**185,499**
Accumulated depreciation			
At 1 October 2020	9,742	2,443	12,185
Depreciation charge	9,339	2,543	11,882
Impairment charge	551	—	551
Lease surrenders	—	(129)	(129)
At 30 September 2021	19,632	4,857	24,489
Depreciation charge	9,846	2,164	12,010
Impairment charge	1,786	—	1,786
Lease surrenders	—	(241)	(241)
At 30 September 2022	**31,264**	**6,780**	**38,044**
Net book value			
At 30 September 2022	**142,996**	**4,459**	**147,455**
At 30 September 2021	129,090	3,252	132,342

14. Leases continued

Group as a lessee continued

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

Lease liabilities	Property £'000	Amusement machines £'000	Total £'000
At 1 October 2020	167,100	6,704	173,804
Lease additions	2,581	587	3,168
Accretion of interest	7,836	116	7,952
Lease modifications	6,442	(11)	6,431
Payments[1]	(15,429)	(1,986)	(17,415)
At 30 September 2021	168,530	5,410	173,940
Lease additions	7,805	3,462	11,267
Acquisition of Teaquinn Holdings Inc. (note 33)	11,510	—	11,510
Accretion of interest	8,354	98	8,452
Lease modifications	5,640	(157)	5,483
Payments[2]	(19,873)	(2,994)	(22,867)
Effects of movement in foreign exchange	584	—	584
At 30 September 2022	**182,550**	**5,819**	**188,369**
Current	9,027	2,530	11,557
Non-current	173,523	3,289	176,812
At 30 September 2022	**182,550**	**5,819**	**188,369**
Current	11,644	2,167	13,811
Non-current	156,886	3,243	160,129
At 30 September 2021	168,530	5,410	173,940

1 In FY2021, as a result of COVID-19 rent concessions, £991,000 of property payments and £745,000 of amusement machine payments noted above were deferred during the year and are netted off the payments. A further £2,110,000 of rent savings were taken to profit or loss as a credit to variable lease payments within administrative expenses.

2 In FY2022, £35,000 (FY2021: £43,000) of rent payments were part of the working capital movements in the year.

The maturity analysis of the future undiscounted payments due under the above lease liabilities is disclosed in note 31.

The following are the amounts recognised in profit or loss:

	2022 £'000	2021 £'000
Depreciation expense of right-of-use assets	**12,010**	11,882
Impairment charge of right-of-use assets	**1,786**	551
Interest expense on lease liabilities	**8,452**	7,952
Expense relating to leases of low-value assets (included in administrative expenses)	**57**	43
Variable lease payments (included in administrative expenses)	**788**	581
COVID-19 rent savings (included in administrative expenses)	—	(2,110)
Total amount recognised in profit or loss	**23,093**	18,899

The Group has contingent lease contracts for ten (FY2021: eight) sites. There is a revenue-based rent top-up on these sites. Variable lease payments include revenue-based rent top-ups at ten (FY2021: six) centres totalling £716,000 (FY2021: £320,000). It is anticipated that top-ups totalling £737,000 will be payable in the year to 30 September 2023 based on current expectations.

Impairment testing is carried out as outlined in note 13. Detailed impairment testing resulted in the recognition of an impairment charge in the year of £1,786,000 (FY2021: £551,000) against right-of-use assets for three UK centres (FY2021: one UK centre).

15. Goodwill and intangible assets

	Goodwill £'000	Brands[1] £'000	Trademark[2] £'000	Customer relationships £'000	Software £'000	Total £'000
Cost						
At 1 October 2020	75,034	3,360	798	—	1,860	81,052
Additions	—	—	—	—	252	252
At 30 September 2021	**75,034**	**3,360**	**798**	—	**2,112**	**81,304**
Additions	70	—	—	—	108	178
Acquisition of Teaquinn Holdings Inc. (note 33)	90	3,888	—	314	—	4,292
At 30 September 2022	**75,194**	**7,248**	**798**	**314**	**2,220**	**85,774**
Accumulated amortisation						
At 1 October 2020	—	1,020	316	—	1,543	2,879
Amortisation charge	—	168	50	—	259	477
At 30 September 2021	—	1,188	366	—	1,802	3,356
Amortisation charge	—	335	50	8	231	624
At 30 September 2022	—	**1,523**	**416**	**8**	**2,033**	**3,980**
Net book value						
At 30 September 2022	**75,194**	**5,725**	**382**	**306**	**187**	**81,794**
At 30 September 2021	75,034	2,172	432	—	310	77,948

1 This relates to the Hollywood Bowl, Splitsville and Striker Bowling Solutions brands.

2 This relates to the Hollywood Bowl trademark only.

Impairment testing is carried out at the CGU level on an annual basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each individual centre is considered to be a CGU. However, for the purposes of testing goodwill for impairment, it is acceptable under IAS 36 to group CGUs, in order to reflect the level at which goodwill is monitored by management. The UK Group is considered to be the CGU, for the purposes of goodwill impairment testing, on the basis that the goodwill relates mainly to the UK operating segment.

The recoverable amount of the CGU is determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the Board covering a five-year period. This base case assumes all centres remain open during FY2023, and the financial years thereafter, and there are no further trading restrictions associated with the COVID-19 pandemic.

Cash flows beyond this period are extrapolated using the estimated growth rates stated in the key assumptions. The key assumptions used in the value-in-use calculations are:

	2022	2021
Discount rate (pre-tax)	**16.0%**	12.7%
Growth rate (beyond three years)	**2.5%**	2.5%

Discount rates reflect current market assessments of the time value of money and the risks specific to the industry. This is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals. These discount rates are derived from the Group's weighted average cost of capital. Changes in the discount rates over the years are calculated with reference to latest market assumptions for the risk-free rate, equity risk premium and the cost of debt.

Sensitivity to changes in assumptions

Management has sensitised the key assumptions in the impairment tests of the CGU under the base case scenario.

The key assumptions used and sensitised were forecast growth rates and the discount rates, which were selected as they are the key variable elements of the value-in-use calculation. The combined effect of a reduction in revenue of 4.4 percentage points on the base case for FY2023 and FY2024, an increase in the discount rate applied to the cash flows of the CGU of one per cent and a reduction of one per cent in the growth rate (beyond five years), would reduce the headroom by £57.3m. This scenario would not cause the carrying value to exceed its recoverable amount. Therefore, management believes that any reasonable possible change in the key assumptions would not result in an impairment charge.

16. Investment in subsidiaries

Hollywood Bowl Group plc's operating subsidiaries as at 30 September 2022 are as follows:

Name	Company number	Principal activity	Country of incorporation	Percentage of ordinary shares owned
Direct holdings				
Kanyeco Limited[1,2]	09164276	Investment holding	England and Wales	100%
Hollywood Bowl EBT Limited[1,2]	10246573	Dormant	England and Wales	100%
Teaquinn Holdings Inc.[1,4]	725118608	Investment holding	Canada	100%
Indirect holdings				
Kendallco Limited[1,2]	09176418	Investment holding	England and Wales	100%
The Original Bowling Company Limited[2]	05163827	Ten-pin bowling	England and Wales	100%
Original Bowling Company (NI) Limited[3]	NI679991	Dormant	Northern Ireland	100%
AMF Bowling (Eastleigh) Limited[2]	06998390	Dormant	England and Wales	100%
MABLE Entertainment Limited[2]	01094660	Dormant	England and Wales	100%
Milton Keynes Entertainment Limited[2]	01807080	Dormant	England and Wales	100%
Bowlplex Limited[2]	01250332	Dormant	England and Wales	100%
Bowlplex European Leisure Limited[2]	05539281	Dormant	England and Wales	100%
Wessex Support Services Limited[2]	01513727	Dormant	England and Wales	100%
Wessex Superbowl (Germany) Limited[2]	03253033	Dormant	England and Wales	100%
Bowlplex Properties Limited[2]	05506380	Dormant	England and Wales	100%
Xtreme Bowling Entertainment Corporation[4]	840672380	Ten-pin bowling	Canada	100%
2434335 Ontario Inc.[4,5]	836991794	Ten-pin bowling	Canada	100%
2208176 Ontario Ltd.[4,5]	803494491	Ten-pin bowling	Canada	100%
2863586 Ontario Inc.[4,5]	779941806	Ten-pin bowling	Canada	100%
2470232 Ontario Inc.[4,5]	819879529	Ten-pin bowling	Canada	100%
Splitsville Entertainment Ltd[4,5]	819960279	Ten-pin bowling	Canada	100%
2434332 Ontario Inc.[4,5]	833235385	Ten-pin bowling	Canada	100%
Striker Installations Inc.[4]	853701399	Ten-pin bowling installations	Canada	100%
Striker Bowling Solutions Inc.[4]	889559019	Ten-pin bowling installations	Canada	100%

1 These subsidiaries are controlled and consolidated by the Group and the Directors have taken the exemption from having an audit of their financial statements for the year ended 30 September 2022. This exemption is taken in accordance with Section 479A of the Companies Act 2006.

2 The registered office of these subsidiaries is Focus 31, West Wing, Cleveland Road, Hemel Hempstead, Hertfordshire, HP2 7BW.

3 The registered office of this subsidiary is Cleaver Fulton Rankin, 50 Bedford Street, Belfast, BT2 7FW, Northern Ireland.

4 These subsidiaries are controlled and consolidated by the Group. The registered office of these subsidiaries is 505 Iroquois Shore Road, Suite 9, Oakville, Ontario, L6H 2R3, Canada.

5 On 1 October 2022, these subsidiaries were dissolved and incorporated into Xtreme Bowling Entertainment Corporation as part of a group restructure.

17. Cash and cash equivalents

A) Reconciliation of cash and cash equivalents at the end of the reporting period

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	30 September 2022 £'000	30 September 2021 £'000
Cash at bank and in hand	**56,066**	29,942

B) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	1 Oct 2021 £'000	Financing cash flows £'000	Lease additions, modifications and disposals £'000	Accruals and prepayments £'000	Foreign exchange £'000	Interest expense £'000	Interest paid £'000	30 Sept 2022 £'000
Loans and borrowings (note 22)	—	—	—	(84)	—	199	(115)	—
Lease liabilities (note 14)	173,940	(14,450)	28,260	35	584	8,452	(8,452)	188,369
Total liabilities from financing activities	**173,940**	**(14,450)**	**28,260**	**(49)**	**584**	**8,651**	**(8,567)**	**188,369**

17. Cash and cash equivalents continued

B) Changes in liabilities arising from financing activities continued

	1 Oct 2020 £'000	Financing cash flows £'000	Lease additions, modifications and disposals £'000	Accruals and prepayments £'000	Foreign exchange £'000	Interest expense £'000	Interest paid £'000	30 Sept 2021 £'000
Loans and borrowings (note 22)	29,038	(29,500)	—	514	—	1,155	(1,207)	—
Lease liabilities (note 14)	173,804	(7,310)	7,489	(43)	—	7,952	(7,952)	173,940
Total liabilities from financing activities	202,842	(36,810)	7,489	471	—	9,107	(9,159)	173,940

18. Trade and other receivables

	30 September 2022 £'000	30 September 2021 £'000
Trade receivables	**836**	611
Other receivables	**245**	89
Prepayments	**4,049**	2,600
	5,130	3,300

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

19. Inventories

	30 September 2022 £'000	30 September 2021 £'000
Goods for resale	**2,148**	1,461

Goods bought for resale recognised as a cost of sale amounted to £18,700,000 (2021: £6,207,000).

20. Trade and other payables

	30 September 2022 £'000	30 September 2021 £'000
Current		
Trade payables	**5,306**	5,121
Other payables	**1,310**	1,131
Accruals and deferred income	**17,000**	7,421
Taxation and social security	**5,065**	4,469
Total trade and other payables	**28,681**	18,142

	30 September 2022 £'000	30 September 2021 £'000
Non-current		
Other payables	**3,000**	565

Accruals and deferred income includes a staff bonus accrual of £7,758,000 (30 September 2021: £1,405,000) and deferred consideration of £164,000 (30 September 2021: £nil) in relation to the acquisition of Teaquinn Holdings Inc. Deferred income includes £983,000 (30 September 2021: £746,000) of customer deposits received in advance and £160,000 relating to bowling equipment installations, all of which is recognised in the income statement during the following financial year.

Non-current other payables includes £464,000 (30 September 2021: £nil) of contingent consideration and £1,841,000 (30 September 2021: £nil) of deferred consideration in respect of the acquisition of Teaquinn Holdings Inc. (note 33). 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 in accordance with IFRS 3 paragraph B55 and recognised over the duration of the employment contract to FY2026. The present value of the contingent consideration has been discounted using a WACC of 13 per cent. There is a range of possible outcomes for the value of the contingent consideration based on Teaquinn forecasted EBITDA pre-IFRS 16 and the year of payment. This ranges from a payment (undiscounted) in FY2025 of £6,000,000 (undiscounted) to a payment in FY2026 of £9,015,000 (undiscounted), using the FY2022 year-end exchange rate. The fair value of the contingent consideration will be re-assessed at every financial reporting date, with changes recognised in the income statement.

21. Provisions

	30 September 2022 £'000	30 September 2021 £'000
Lease dilapidations provision	**4,682**	3,635

The dilapidations provision relates to potential rectification costs expected should the Group vacate its retail locations. There are no onerous leases within the estate. The movements in the dilapidations provision are summarised below:

	Dilapidations £'000
As at 30 September 2020	3,903
Change in discount rate[1]	(461)
Provided during the year	185
Unwind of discounted amount	8
As at 30 September 2021	3,635
Change in discount rate[1]	(480)
Provided during the year	1,430
Unwind of discounted amount	97
As at 30 September 2022	**4,682**

1 There was an increase in the discount rate from 1.22 per cent at 30 September 2021 to 4.40 per cent at 30 September 2022 (FY2021: an increase in the discount rate from 0.25 per cent at 30 September 2020 to 1.22 per cent at 30 September 2021), used in preparing the dilapidations provision for the year ended 30 September 2022. This resulted in a decrease in the provision of £480,000 (FY2021: a decrease of £461,000), and will unwind over the term of the property leases.

A provision is made for future expected dilapidation costs on the opening of leasehold properties not covered by the Landlord and Tenant Act 1985 (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. The provision in the year relates to three new centres (FY2021: one new 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 on these centres is not considered to be probable.

It is not anticipated that the provision will be utilised within the foreseeable future as there are no sites currently earmarked for closure that have a dilapidations provision.

22. Loans and borrowings

	30 September 2022 £'000	30 September 2021 £'000
Loans and borrowings brought forward	—	29,038
Repayment during the year	—	(29,500)
Drawdown during the year	—	—
Issue costs	—	—
Amortisation of issue costs	—	462
Loans and borrowings carried forward	—	—

On 29 September 2021, the Group repaid and cancelled its borrowing facilities with Lloyds Bank plc, and on the same day entered into a new £25m revolving credit facility (RCF) with Barclays Bank plc.

The RCF has a termination date of 31 December 2024. Interest is charged on any drawn balance based on the reference rate (SONIA), plus a margin of 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 30 September 2022 and 30 September 2021 was therefore 0.6125 per cent.

Issue costs of £135,000 were paid to Barclays Bank plc on commencement of the RCF. These costs are being amortised over the term of the facility and are included within prepayments (note 18).

The terms of the Barclays Bank plc facility include the following Group financial covenants:

(i) For the 7-month period ending 31 December 2021, the ratio of total net debt to Group adjusted EBITDA pre-IFRS 16 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 Group adjusted EBITDA pre-IFRS 16 shall not exceed 1.75:1.

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

23. Deferred tax assets and liabilities

	30 September 2022 £'000	30 September 2021 £'000
Deferred tax assets and liabilities		
Deferred tax assets	**7,050**	7,809
Deferred tax liabilities	**(5,403)**	(1,519)
	1,647	6,290

	30 September 2022 £'000	30 September 2021 £'000
Reconciliation of deferred tax balances		
Balance at the beginning of the year	**6,290**	5,295
Deferred tax credit for the year – in profit or loss	**(2,543)**	915
Deferred tax credit for the year – in equity	**(29)**	93
On acquisition of Teaquinn (note 33)	**(2,040)**	—
Effects of foreign exchange	**(43)**	—
Adjustment in respect of prior years	**12**	(13)
Balance at the end of the year	**1,647**	6,290

The components of deferred tax are:

	30 September 2022 £'000	30 September 2021 £'000
Deferred tax assets		
Fixed assets	**6,314**	6,706
Trading losses	**—**	439
Other temporary differences	**736**	664
	7,050	7,809
Deferred tax liabilities		
Property, plant and equipment	**(3,694)**	(721)
Intangible assets	**(1,709)**	(798)
	(5,403)	(1,519)

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 30 September 2022.

24. Share capital

	30 September 2022		30 September 2021	
	Shares	£'000	Shares	£'000
Ordinary shares of £0.01 each	**171,070,790**	**1,711**	170,631,183	1,706

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

During the year 428,113 ordinary shares of £0.01 each were issued under the Group's LTIP scheme (note 29).

In addition, 11,494 ordinary shares of £0.01 each were issued under the Group's SAYE scheme at an exercise price of £2.27 each. The premium of £25,000 is recorded in the share premium account.

The ordinary shares are entitled to dividends.

25. Reserves

Share premium

The amount subscribed for share capital in excess of nominal value.

Retained earnings

The accumulated net profits and losses of the Group.

Merger reserve

The merger reserve represents the excess over nominal value of the fair value consideration for the business combination which arose during the Company's IPO listing; this was satisfied by the issue of shares in accordance with Section 612 of the Companies Act 2006.

Foreign currency translation reserve

The foreign currency translation reserve represents the retranslation gains and losses of foreign currency denominated operations.

26. Lease commitments

The Group had total commitments under non-cancellable operating leases set out below:

	30 September 2022 Other £'000	30 September 2021 Other £'000
Within 1 year	**57**	57
In 2 to 5 years	**115**	172
	172	229

These operating leases are not included as IFRS 16 assets as the Group applies the low-value assets recognition exemption to leases of office equipment.

27. Capital commitments

As at 30 September 2022, the Group had entered into contracts to fit out new and refurbish existing sites and to complete the installation of solar panels on 21 sites for £4,728,000 (2021: £3,041,000). These commitments are expected to be settled in the year to 30 September 2023.

28. Related party transactions

30 September 2022 and 30 September 2021

During the year, and the previous year, there were no transactions with related parties.

29. Share-based payments

Long-term employee incentive costs

The Group operates 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.

A summary of the movement in the LTIPs is outlined below:

Scheme name	Year of grant	Method of settlement accounting	Outstanding at 1 October 2021	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 September 2022	Exercisable at 30 September 2022
LTIP 2017	2017	Equity	428,113	—	—	(428,113)	—	—
LTIP 2018	2018	Equity	282,760	—	—	—	282,760	282,760
LTIP 2020	2020	Equity	358,809	—	—	—	358,809	—
LTIP 2021	2021	Equity	452,993	—	—	—	452,993	—
LTIP 2022	2022	Equity	—	463,436	—	—	463,436	—

In accordance with the LTIP schemes outlined in the Group's Remuneration Policy, the vesting of these awards is conditional upon the achievement of an EPS target set at the time of grant, measured at the end of a three-year period ending 30 September 2019, 30 September 2020, 30 September 2022, 30 September 2023 and 30 September 2024, and the Executive Directors' continued employment at the date of vesting. The LTIP 2022 also has performance targets based on return on centre invested capital, emissions ratio for Scope 1 and Scope 2 and team member development. Further details on LTIP 2022 are available on the Hollywood Bowl Group corporate website at www.hollywoodbowlgroup.com/investors/regulatory-news dated 7 February 2022.

The awards will vest based on the following adjusted EPS targets:

LTIP 2020	LTIP 2021	LTIP 2022	Vesting
17.26	13.91	14.65	25%
17.26–18.49	13.91–15.37	14.65 – 16.19	Vesting determined on a straight-line basis
18.49	15.37	16.19	100%

During the year ended 30 September 2022, 463,436 (30 September 2021: 452,993) share awards were granted under the LTIP. For all LTIPs, the Group recognised a charge of £939,812 (30 September 2021: credit of £8,753) and related employer National Insurance of £129,694 (30 September 2021: credit of £1,208).

During the year ended 30 September 2022, 428,113 (30 September 2021: nil) share awards were exercised under LTIP 2017 and a total of 428,113 shares were issued pursuant to an existing block listing in order to satisfy the exercise of the nil-cost options (see note 24).

The following assumptions were used to determine the fair value of the LTIPs granted:

Financial year LTIP granted	2022	2021	2020
Share price at date of grant	**2.514**	2.370	2.928
Discount rate/dividend yield	**3%**	3%	3%

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

29. Share-based payments continued

Save-As-You-Earn (SAYE) schemes

The Group currently operates three SAYE schemes, available to all employees of the Group. The SAYEs permit the grant to employees of options in respect of ordinary shares linked to a bank SAYE contract for a term of three years with contributions from employees of an amount between £5 and £500 per month. During the year, a new SAYE scheme (SAYE 2022) was launched with 115 employees taking up 158,778 options with an exercise date of 1 February 2025 and an exercise price of £2.845, being equal to the market price of the shares on the date of grant. In the prior year, no new SAYE scheme was launched. The options vest if the employee remains in employment by the Group on the exercise date; otherwise, the options lapse on the date the employee leaves. The options are exercisable for a period of six months from the date of vesting. Employees can opt to leave the SAYE at any time, at which point their options will lapse.

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

In accordance with IFRS 2 Share-based payment, the values of the awards are measured at fair value at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually vest.

The fair value at grant date is estimated using a Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is three years. The fair value of options granted during the years ended 30 September 2022, 30 September 2020 and 30 September 2019 was estimated on the date of grant using the following assumptions:

	SAYE 2022	SAYE 2020	SAYE 2019
Exercise price	£2.845	£2.880	£2.270
Dividend yield	3.0%	3.0%	3.0%
Expected volatility	34.4%	56.1%	32.1%
Risk-free interest rate	1.10%	0.00%	0.28%
Life of option	3 years	3 years	3 years
Anticipated number of options to vest	50%	31%	13%

The expected volatility is based on the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. A summary of the movement in the SAYEs is outlined below:

Scheme name	Year of award	Outstanding at 1 October 2021	Granted during the year	Lapsed/cancelled during the year	Exercised during the year	Outstanding at 30 September 2022	Exercisable at 30 September 2022
SAYE 2019	2019	42,545	—	(29,942)	11,494	1,109	1,109
SAYE 2020	2020	50,395	—	(14,186)	—	36,209	—
SAYE 2022	2022	—	158,778	(34,279)	—	124,499	—

The assessed fair value of the options granted during the year ended 30 September 2022 was £0.55 (30 September 2021: £nil).

For the year ended 30 September 2022, the Group has recognised £3,813 of share-based payment charge in the income statement (30 September 2021: £25,230).

During the year, the SAYE 2019 scheme became exercisable and 11,494 (30 September 2021: SAYE 2018 and 87,703) ordinary shares of £0.01 each were issued at an exercise price of £2.27 (30 September 2021: £2.06) each (see note 24). The weighted average share price at the date of exercise relating to the share options exercised in the year was £2.63 (30 September 2021: £2.37).

The weighted average remaining contractual life of share options outstanding at 30 September 2022 was 690 days (30 September 2021: 322 days).

30. Financial instruments

Fair value hierarchy

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:

Level 1: inputs are quoted prices in active markets.

Level 2: a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets.

Level 3: a valuation using unobservable inputs (i.e. a valuation technique).

There were no transfers between levels throughout the periods under review.

Fair value

All financial assets held at the balance sheet date, which comprise trade and other receivables and cash and cash equivalents, are classified as financial assets held at amortised cost. All financial liabilities, which comprise trade and other payables and borrowings, are classified as financial liabilities held at amortised cost. The following table shows the fair value of financial assets and financial liabilities within the Group at the balance sheet date. The fair value of all financial assets and liabilities are categorised as Level 2.

30. Financial instruments continued

Fair value continued

	30 September 2022 £'000	30 September 2021 £'000
Financial assets – measured at amortised cost		
Cash and cash equivalents	**56,066**	29,942
Trade and other receivables	**1,081**	700
Financial liabilities – measured at amortised cost		
Trade and other payables	**26,616**	14,238

There is no difference between the carrying value and fair value of any of the above financial assets and financial liabilities.

31. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (fair value interest rate and price risk).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours to deal only with companies which are demonstrably creditworthy. In addition, a significant proportion of revenue results from cash transactions. The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of trade receivables. Management does not consider that there is any concentration of risk within either trade or other receivables.

The Group held cash and cash equivalents with banks which are rated AA- to AA+ of £53,862,000 at 30 September 2022 (30 September 2021: £27,885,000).

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Trade receivables have not been impaired as any ECL is deemed to be insignificant.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as is possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash flow and fair value interest rate risk

The Group's borrowings are variable rate bank loans. The Directors monitor the Group's funding requirements and external debt markets to ensure that the Group's borrowings are appropriate to its requirements in terms of quantum, rate and duration.

The Group currently holds cash balances to provide funding for normal trading activity. The Group also has access to both short-term and long-term borrowings to finance individual projects. Trade and other payables are monitored as part of normal management routine.

The table below summarises the maturity profile of the Group's financial liabilities:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	5 to 10 years £'000	More than 10 years £'000	Total £'000
2022						
Trade and other payables	**22,544**	**361**	**3,224**	**934**	**3,163**	**30,226**
Lease liabilities	**19,461**	**18,355**	**51,514**	**75,934**	**91,593**	**256,857**
	42,005	**18,716**	**54,738**	**76,868**	**94,756**	**287,083**
2021						
Trade and other payables	12,877	339	226	—	—	13,442
Lease liabilities	21,590	17,587	47,995	71,817	93,022	252,011
	34,467	17,926	48,221	71,817	93,022	265,453

Capital risk management

The Group's capital management objectives are:

(i) to ensure the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

To meet these objectives, the Group reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Group through to profitability and positive cash flow.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and borrowings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

31. Financial risk management continued

Foreign currency risk

Operating across two territories increases the Group's exposure to currency risk. Wherever possible, overseas operations will fund their day-to-day working capital requirements in local currency with cash generated from operations, naturally hedging the currency risk exposure to the Group. Management will continually monitor the level of currency risk exposure, and consider hedging where appropriate. Currently the Group considers the currency risk on consolidation of the assets and liabilities of its foreign entities to be of low materiality.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by entering into interest rate derivatives when it is considered appropriate to do so by management. At 30 September 2022 and 30 September 2021, none of the Group's borrowings were at fixed rates of interest.

The effect on the profit after tax of a notional one per cent movement in SONIA is as follows:

	2022 £'000	2021 £'000
Increase in interest rate of 1%	—	(225)
Decrease in interest rate of 1%	—	22

32. Dividends paid and proposed

	30 September 2022 £'000	30 September 2021 £'000
The following dividends were declared and paid by the Group:		
Interim dividend year ended 30 September 2022 – 3.00 pence per ordinary share	**5,132**	—
Proposed for the approval by shareholders at AGM (not recognised as a liability at 30 September 2022):		
Final dividend year ended 30 September 2022 – 8.53 pence per ordinary share	**14,598**	—
Special dividend year ended 30 September 2022 – 3.00 pence per ordinary share	**5,132**	—

33. Acquisition of Teaquinn Holdings Inc.

On 24 May 2022, the Company acquired 100% of the issued share capital and voting rights of Teaquinn Holdings Inc., the holding company of Splitsville and Striker Bowling Solutions, based in Canada. Splitsville is an operator of ten-pin bowling centres and Striker Bowling Solutions, a supplier and installer of bowling equipment. The purpose of the acquisition was to grow the Group's core ten-pin bowling business by expanding into a new geographical region.

Teaquinn is consolidated in Hollywood Bowl Group plc's financial statements with effect from the completion of the acquisition on 24 May 2022.

The details of the business combination are as follows (stated at acquisition date fair values):

	£'000
Fair value of consideration transferred	
Amount settled in cash	**10,080**
Recognised amounts of identifiable net assets	
Property, plant and equipment	**8,454**
Right-of-use assets	**11,510**
Intangible assets	**4,292**
Other non-current assets	**6**
Inventories	**265**
Trade and other receivables	**631**
Cash and cash equivalents	**415**
Current tax liability	**(425)**
Trade and other payables	**(1,479)**
Lease liabilities	**(11,510)**
Deferred tax liabilities	**(2,040)**
Identifiable net assets	**10,119**
Gain on bargain purchase	**39**
Consideration for equity settled in cash	**10,080**
Cash and cash equivalents acquired	**(415)**
Net cash outflow on acquisition	**9,665**
Acquisition costs paid charged to expenses	**1,557**
Net cash paid relation to the acquisition	**11,222**

33. Acquisition of Teaquinn Holdings Inc. continued

The fair value of the consideration transferred of £10,080,000 includes the fair value of deferred consideration of £164,000 and £1,817,000, included within current and non-current liabilities respectively at 30 September 2022, which is expected to be settled in FY2023 and FY2026 respectively.

In addition to the net cash outflow on acquisition, contingent consideration of £464,000 accrued as at the balance sheet date has been recognised in administrative expenses in the year. The contingent consideration has been accounted for as post acquisition employee remuneration in accordance with IFRS 3 paragraph B55 as this is contractually linked to ongoing employment and business performance. The consideration is therefore recognised in line with IAS 19 Employee benefits and accrued over the period in which the related services are received. This amount is included within non-current liabilities at 30 September 2022, and is expected to be settled in FY2026 for a total of £8,360,000 (undiscounted) using the FY2022 year-end exchange rate. The contingent consideration is to be paid 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 present value of the contingent consideration has been discounted using a WACC of 13 per cent. There is a range of possible outcomes for the value of the contingent consideration based on Teaquinn forecasted EBITDA pre-IFRS 16 and the year of payment. This ranges from a payment (undiscounted) in FY2025 of £6,000,000 (undiscounted) to a payment in FY2026 of £9,015,000 (undiscounted), using the FY2022 year-end exchange rate. The remaining amounts of the contingent consideration are to be recognised in administrative expenses and accrued throughout the post-acquisition period until the expected settlement in FY2026.

The gain on bargain purchase arose as a result of the contingent consideration aspect of the acquisition price relating to post acquisition employee remuneration as opposed to forming part of the purchase consideration. The gain on bargain purchase is disclosed as a separate line item in the consolidated income statement.

Acquisition related costs of £1,557,000 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 £3,770,000 and £118,000 in relation to the Splitsville and Striker Bowling Solutions brand names respectively, and £314,000 in relation to customer relationships. The brand names have been valued using the relief from royalty method and customer relationships have been valued using the multi-period excess earnings method.

The fair value of property, plant and equipment includes freehold land and buildings of £7,061,000, an uplift of £5,504,000 on the carrying value prior to the acquisition. The fair value adjustment is based on the open market value using the direct comparison approach of two properties that were valued by third party experts in accordance with the Canadian Uniform Standards of Professional Appraisal Practice as developed by the Standards Board of the Appraisal Institute of Canada.

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 the Group's policy on page 135.

The fair value and gross contractual amounts receivable of trade and other receivables acquired as part of the business combination amounted to £618,000. 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 30 September 2022, the Group recognised £6,221,000 of revenue and £383,000 of profit after tax in relation to the acquired business. Had the acquisition occurred on 1 October 2021, the contribution of Teaquinn to the Group's revenue would have been £12,795,000 and the contribution to the Group's profit before tax for the period would have been £2,187,000.

34. Cash flow information

Restatement of comparative cash flow information

Following the FRC's corporate reporting review of the Group's Annual Report and Accounts to 30 September 2021 it was felt that, with respect to the comparative for that period, it would be more appropriate for the £2,110,000 in rent concessions to be presented within the adjustments to cash flows from operating activities, and not within the payment of capital leases as originally disclosed.

As a result of this review, the comparative consolidated cash flow statement has been restated as follows:

Year ended 30 September 2021	Previously reported £'000	Restatement £'000	Restated £'000
Cash flow statement line item			
Operating profit before working capital changes	30,574	(2,110)	28,464
Net cash inflow from operating activities	28,304	(2,110)	26,194
Payment of capital elements of leases	(9,420)	2,110	(7,310)
Net cash used in financing activities	(9,564)	2,110	(7,454)

There is no adjustment to the net change in cash and cash equivalents for the year.

The FRC's enquiries, which were limited to a review of the September 2021 Annual Report and Accounts, are now complete. The FRC review does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into, and accordingly the review provides no assurance that the Annual Report and Accounts are correct in all material respects.

Company statement of financial position

As at 30 September 2022

	Note	30 September 2022 £'000	30 September 2021 £'000
ASSETS			
Non-current assets			
Investments	5	**61,125**	50,672
Trade and other receivables	8	**74,190**	72,934
Deferred tax asset	7	**343**	—
		135,658	123,606
Current assets			
Cash and cash equivalents	6	**44,912**	10,959
Deferred tax asset	7	**—**	514
Trade and other receivables	8	**256**	257
		45,168	11,730
Total assets		**180,826**	135,336
LIABILITIES			
Current liabilities			
Trade and other payables	9	**77,266**	24,719
		77,266	24,719
Non-current liabilities			
Other payables	9	**2,305**	—
		2,305	—
Total liabilities		**79,571**	24,719
NET ASSETS		**101,255**	110,617
Equity attributable to shareholders			
Share capital	10	**1,711**	1,706
Share premium	10	**39,716**	39,691
Retained earnings		**59,828**	69,220
TOTAL EQUITY		**101,255**	110,617

These financial statements were approved by the Board of Directors on 15 December 2022.

The accompanying notes on pages 159 to 164 form an integral part of these financial statements.

Signed on behalf of the Board

Laurence Keen
Chief Financial Officer
Company registration number: 10229630

Company statement of changes in equity

For the year ended 30 September 2022

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Equity as at 30 September 2020	1,575	10,466	70,007	82,048
Shares issued during the year	131	29,225	—	29,356
Share-based payments (note 5, 11)	—	—	(9)	(9)
Total comprehensive loss for the year	—	—	(778)	(778)
Equity as at 30 September 2021	1,706	39,691	69,220	110,617
Shares issued during the year	5	25	—	30
Share-based payments (note 5, 11)	—	—	940	940
Dividends paid	—	—	(5,132)	(5,132)
Total comprehensive loss for the year	—	—	(5,200)	(5,200)
Equity as at 30 September 2022	**1,711**	**39,716**	**59,828**	**101,255**

The accompanying notes on pages 159 to 164 form an integral part of these financial statements.

Company statement of cash flows

For the year ended 30 September 2022

	30 September 2022 £'000	Restated[1] 30 September 2021 £'000
Cash flows from operating activities		
Loss before tax	**(5,030)**	(1,118)
Adjusted by:		
Net interest expense	**453**	—
Share-based payments (note 11)	**567**	(38)
Operating loss before working capital changes	**(4,010)**	(1,156)
Increase in trade and other receivables	**(1,295)**	(175)
Increase in trade and other payables	**1,059**	204[1]
Cash inflow/(outflow) generated from operations	**(4,246)**	(1,127)[1]
Bank interest paid	**(115)**	—
Net cash outflow from operating activities	**(4,361)**	(1,127)[1]
Cash flows from investing activities		
Acquisition of subsidiaries	**(8,099)**	—
Net cash used in investing activities	**(8,099)**	—
Cash flows from financing activities		
Issue of shares	**30**	29,356
Dividends paid	**(5,132)**	—
Repayment of loan from subsidiary	**—**	(27,574)[1]
Loan from subsidiary	**51,515**	—
Net cash flows used in financing activities	**46,413**	1,782[1]
Net change in cash and cash equivalents for the year	**33,953**	655
Cash and cash equivalents at the beginning of the year	**10,959**	10,304
Cash and cash equivalents at the end of the year	**44,912**	10,959

1 Following the FRC's corporate reporting review of the Group's Annual Report and Accounts to 30 September 2021 we have concluded that with respect to the comparative for that period it is appropriate to reclassify the decrease in trade and other payables of £27,574,000 as financing activities and not within operating activities, as this relates to movements in finance related amounts owed by and to Group companies. The effect of this change is a decrease of £27,574,000 in net cash outflow from operating activities and a decrease in net cash flows used in financing activities. There is no impact to the net change in cash and cash equivalents for the year. See note 14 'cash flow information' on page 164.

The accompanying notes on pages 159 to 164 form an integral part of these financial statements.

1. General information

Hollywood Bowl Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company was incorporated on 13 June 2016, registered number 10229630.

On 24 May 2022, the Company acquired Teaquinn Holdings Inc. (Teaquinn). Teaquinn comprises of Splitsville, an operator of ten-pin bowling centres and Striker Bowling Solutions, a B2B supplier and installer of bowling equipment, based in Canada.

2. Summary of significant accounting policies

A summary of the significant accounting policies is set out below; these have been consistently applied throughout the period.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The functional and presentational currency of the Company is Pounds Sterling. The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand, except where otherwise indicated.

The financial statements have been prepared on a going concern basis under the historical cost convention.

The financial information presented is at and for the years ended 30 September 2022 and 30 September 2021.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has taken the exemptions under FRS 102 available in respect of the following disclosures:

- certain disclosures required by FRS 102.26 Share-based payment; and
- certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

As permitted by Section 408 of the Companies Act 2006, an entity income statement and statement of comprehensive income are not included as part of the published consolidated financial statements of Hollywood Bowl Group plc. The loss for the financial period dealt with in the financial statements of the Parent Company is £5,200,000 (2021: loss £778,000).

Investments in subsidiaries

Investments in subsidiary undertakings are initially recorded at cost, being the fair value of the consideration paid. Subsequently investments are reviewed for impairment on an individual basis annually or if events or changes in circumstances indicate that the carrying value may not be fully recoverable with any impairment charged to the income statement.

Receivables due from subsidiary undertakings

Amounts owed by subsidiaries are classified and recorded at amortised cost and reduced by allowances for ECLs. Estimated future credit losses are first recorded on initial recognition of a receivable and are based on estimated probability of default. Individual balances are written off when management deems them not to be collectible.

Employee benefits

Share-based payments

The Company operates an equity-settled share-based payment plan for its Directors, under which the Directors are granted equity instruments of Hollywood Bowl Group plc. The fair value of services received in exchange for the equity instruments is determined by reference to the fair value of the instruments granted at grant date. The fair value of the instruments includes any market performance conditions and non-vesting conditions.

The expense is recognised over the vesting period of the award taking into account any non-market performance and service conditions.

The cost of equity-settled transactions is recognised together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award.

Financial instruments

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments together with the disclosure and presentation requirements of sections 11 and 12 of FRS 102.

Cash and cash equivalents

Cash and cash equivalents includes cash held in short-term deposits with UK banks.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange gains and losses are included within administrative expenses in the income statement.

2. Summary of significant accounting policies continued

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. Directors' remuneration

The Company has no employees other than the Directors.

The Directors' emoluments and benefits were as follows:

	30 September 2022[1] £'000	30 September 2021[1] £'000
Salaries and bonuses	**1,407**	909
Pension contributions	**34**	32
Share-based payments (note 11)	**567**	(38)
Total	**2,008**	903

1 This includes three (FY2021: two) Executive Directors and four (FY2021: four) Non-Executive Directors.

The aggregate of emoluments of the highest paid Director was £1,211,000 (FY2021: £392,000) and Company pension contributions of £21,000 (FY2021: £20,000) were made to a defined contribution scheme on their behalf.

4. Taxation

	30 September 2022 £'000	30 September 2021 £'000
The tax expense/(credit) is as follows:		
– UK corporation tax	**—**	—
Total current tax	**—**	—
Deferred tax:		
Origination and reversal of temporary differences	**(443)**	259
Effect of changes in tax rates	**272**	82
Total deferred tax	**(171)**	341
Total tax (expense)/credit	**(171)**	341

4. Taxation continued

Factors affecting current credit

The tax assessed on the loss for the period is different to the standard rate of corporation tax in the UK of 19 per cent (30 September 2021: 19 per cent). The differences are explained below:

	30 September 2022 £'000	30 September 2021 £'000
Loss excluding taxation	**(5,030)**	(1,118)
Tax using the UK corporation tax rate of 19% (2021: 19%)	**(956)**	(212)
Change in tax rate on deferred tax balances	**70**	(82)
Share-based payments	**—**	(47)
Non-deductible expenses	**255**	—
Group relief	**802**	—
Total tax expense/(credit) included in profit or loss	**171**	(341)

The Group's standard tax rate for the year ended 30 September 2022 was 19 per cent (30 September 2021: 19 per cent).

In the March 2021 Budget, the government confirmed that the corporation tax main rate would remain at 19 per cent and increase to 25 per cent from 1 April 2023. As such, the rate used to calculate the deferred tax balances as at 30 September 2022 and 30 September 2021 have increased from 19 per cent to a blended rate up to 25 per cent depending on when the deferred tax balance will be released.

5. Investments

Investments in subsidiary undertakings are as follows:

	30 September 2022 £'000	30 September 2021 £'000
At the beginning of the year	**50,672**	50,644
Additions	**10,453**	28
At the end of the year	**61,125**	50,672

Details of the investments in subsidiary undertakings are outlined in note 16 to the consolidated financial statements.

On 24 May 2022, the Company acquired 100 per cent of Teaquinn. Further details on the acquisition can be found in note 33 on pages 155 to 156 of the consolidated financial statements.

6. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	30 September 2022 £'000	30 September 2021 £'000
Cash and cash equivalents	**44,912**	10,959

7. Deferred tax asset

	30 September 2022 £'000	30 September 2021 £'000
Deferred tax asset		
Deferred taxation asset	**343**	514
	343	514

	30 September 2022 £'000	30 September 2021 £'000
Reconciliation of deferred tax balances		
Balance at beginning of year	**514**	173
Deferred tax (charge)/credit for the year	**(171)**	341
Balance at end of year	**343**	514

7. Deferred tax asset continued

The components of deferred tax are:

	30 September 2022 £'000	30 September 2021 £'000
Deferred tax asset		
Temporary differences	**343**	223
Trading losses	**—**	291
	343	514

The Group will shortly be implementing a policy in relation to the payment for tax losses surrendered between Group companies under the Group relief provisions. The Company has therefore recognised a deferred tax asset in respect of its accumulated tax losses on the basis it expects to receive economic benefits in the form of payments for amounts surrendered as Group relief in future accounting periods.

8. Trade and other receivables

Current	30 September 2022 £'000	30 September 2021 £'000
Other receivables	**66**	88
Prepayments	**190**	169
	256	257

Non-current	30 September 2022 £'000	30 September 2021 £'000
Amounts owed by Group companies	**74,190**	72,934

Amounts owed by and to Group companies are non-interest bearing and are repayable on demand.

9. Trade and other payables

Current	30 September 2022 £'000	30 September 2021 £'000
Amounts owed to Group companies	**75,286**	23,873
Trade and other payables	**538**	488
Accruals and deferred income	**1,442**	358
	77,266	24,719

Non-current	30 September 2022 £'000	30 September 2021 £'000
Other payables	**2,305**	—

Non-current other payables includes £1,841,000 (30 September 2021: £nil) of deferred consideration and £464,000 (30 September 2021: £nil) of contingent consideration as a result of the acquisition of Teaquinn Holdings Inc. (see note 33 of the consolidated financial statements).

10. Share capital

	30 September 2022		30 September 2021	
	Shares	£'000	Shares	£'000
Allotted, called up and fully paid				
Ordinary shares of £0.01 each	**171,070,790**	**1,711**	170,631,183	1,706

During the year 428,113 ordinary shares of £0.01 each were issued under the Group's LTIP scheme (note 29 of the consolidated financial statements).

In addition, 11,494 ordinary shares of £0.01 each were issued under the Group's SAYE scheme at an exercise price of £2.27 each. The premium of £25,000 is recorded in the share premium account.

The ordinary shares are entitled to dividends.

11. Share-based payments

Long-term employee incentive costs

The Company operates LTIPs for the Directors. n 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.

A summary of the movement in the LTIPs is outlined below:

Scheme name	Year of grant	Method of settlement accounting	Outstanding at 1 October 2021	Granted during the year	Lapsed/cancelled during the year	Exercised during the year	Outstanding at 30 September 2022	Exercisable at 30 September 2022
LTIP 2017	2017	Equity	268,370	—	—	(268,370)	—	—
LTIP 2018	2018	Equity	177,252	—	—	—	177,252	177,252
LTIP 2020	2020	Equity	221,208	—	—	—	221,208	—
LTIP 2021	2021	Equity	273,290	—	—	—	273,290	—
LTIP 2022	2022	Equity	—	270,518	—	—	270,518	—

In accordance with the LTIP schemes outlined in the Group's Remuneration Policy, the vesting of these awards is conditional upon the achievement of an EPS target set at the time of grant, measured at the end of a three-year period ending 30 September 2019, 30 September 2020, 30 September 2022, 30 September 2023 and 30 September 2024, and the Executive Directors' continued employment at the date of vesting. The LTIP 2022 also has performance targets based on return on centre invested capital, emissions ratio for Scope 1 and Scope 2 and team member development. Further details on LTIP 2022 are available on the Hollywood Bowl Group corporate website at www.hollywoodbowlgroup.com/investors/regulatory-news dated 7 February 2022.

The awards will vest based on the following adjusted EPS targets:

LTIP 2020	LTIP 2021	LTIP 2022	Vesting
17.26	13.91	14.65	25%
17.26 -18.49	13.91–15.37	14.65–16.19	Vesting determined on a straight-line basis
18.49	15.37	16.19	100%

During the year ended 30 September 2022, 270,518 (30 September 2021: 273,290) share awards were granted under the LTIPs. For all LTIPs, the Company recognised a charge of £567,148 (30 September 2021: credit of £37,588) and related employer National Insurance charge of £78,266 (30 September 2021: credit of £5,187).

The following assumptions were used to determine the fair value of the LTIPs granted:

Financial year LTIP granted	2022	2021	2020
Share price at date of grant	**2.514**	2.370	2.928
Discount rate/dividend yield	**3%**	3%	3%

12. Loans and borrowings

On 29 September 2021, the Group repaid and cancelled its borrowing facilities with Lloyds Bank plc, and on the same day entered into a new £25m revolving credit facility (RCF) with Barclays Bank plc. The outstanding balance at 30 September 2022 and 30 September 2021 was £nil.

The RCF has a termination date of 31 December 2024. Interest is charged on any drawn balance based on the reference rate (SONIA), plus a margin of 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 30 September 2022 and 30 September 2021 was therefore 0.6125 per cent.

Issue costs of £135,000 were paid to Barclays Bank plc on commencement of the RCF. These costs are being amortised over the term of the facility and are included within prepayments (note 8).

The terms of the Barclays Bank plc facility include the following Group financial covenants:

(i) For the 7-month period ending 31 December 2021, the ratio of total net debt to adjusted EBITDA pre-IFRS 16 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 year and the previous year.

13. Guarantee

The Company has given a guarantee over certain subsidiaries under Section 479A of the Companies Act 2006 such that the financial statements of these subsidiaries for the year ended 30 September 2022 will be exempt from audit (note 16 of the consolidated financial statements).

14. Cash flow information

Restatement of comparative cash flow information

Following the FRC's corporate reporting review of the Group's Annual Report and Accounts to 30 September 2021, we have concluded that with respect to the comparative for that period it is appropriate to reclassify the decrease in amounts owed to Group companies within trade and other payables of £27,574,000 as financing activities and not within operating activities, as this relates to movements in finance related amounts owed by and to Group companies. The impact of the reclassification on the cash outflow from operations and net cash outflow from operating activities is a reduction from £28,701,000 to £1,127,000. The impact on net cash flows used in financing activities is a reduction from £29,356,000 to £1,782,000.

As a result of this review, the comparative consolidated cash flow statement has been restated as follows:

Year ended 30 September 2021	Previously reported £'000	Restatement £'000	Restated £'000
Cash flow statement line item			
Decrease in trade and other payables	(27,370)	27,574	204
Net cash outflow generated from operations	(28,701)	27,574	(1,127)
Decrease in trade and other payables	—	(27,574)	(27,574)
Net cash flows used in financing activities	29,356	(27,574)	1,782

There is no adjustment to the net change in cash and cash equivalents for the year.

The FRC's enquiries, which were limited to a review of the September 2021 Annual Report and Accounts, are now complete. The FRC review does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into, and accordingly the review provides no assurance that the Annual Report and Accounts are correct in all material respects.

Hollywood Bowl Group plc
Focus 31, West Wing
Cleveland Road
Hemel Hempstead Industrial Estate
Hemel Hempstead
Hertfordshire
HP2 7BW

Company number
10229630

Company Secretary
Bernwood Cosec Limited
E: hollywoodbowl@bernwoodcosec.co.uk

Investor relations
Tulchan Communications LLP
85 Fleet Street
London
EC4Y 1AE

T: 020 7353 4200
E: hollywoodbowl@tulchangroup.com

Registrar
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

T: 0871 664 0300
E: enquiries@linkgroup.co.uk

Auditor
KPMG LLP
58 Clarendon Road
Watford
WD17 1DE

Financial adviser and broker
Investec
30 Gresham Street
London
EC2V 7QN

Berenberg
60 Threadneedle Street
London
EC2R 8HP

hollywoodbowlgroup.com

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C001785

WORLD LAND TRUST™
www.carbonbalancedpaper.com
CBP016289

Hollywood Bowl Group plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Symbol Matt, an FSC® certified material.

This document was printed by Park Communications using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

Produced by
designportfolio

hollywoodbowlgroup.com