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EPS of \$0.40 **misses by \$0.52** | Revenue of \$557.40M (0.05% Y/Y) **misses by \$5.29M**

Dave & Buster's Entertainment, Inc. (NASDAQ:[PLAY](#)) Q2 2025 Earnings Call September 15, 2025 5:00 PM EDT

Company Participants

Cory Hatton - Head of Entertainment Finance, Investor Relations & Treasurer

Tarun Lal - CEO & Director

Darin Harper - Chief Financial Officer

Conference Call Participants

Jeffrey Farmer - Gordon Haskett Research Advisors

Andrew Barish - Jefferies LLC, Research Division

Andrew Strelzik - BMO Capital Markets Equity Research

Jake Bartlett - Truist Securities, Inc., Research Division

Eric Wold - Texas Capital Securities, Research Division

Brian Mullan - Piper Sandler & Co., Research Division

Brian Vaccaro - Raymond James & Associates, Inc., Research Division

Michael Hickey - The Benchmark Company, LLC, Research Division

Dennis Geiger - UBS Investment Bank, Research Division

Presentation

Operator

Good afternoon, and welcome to the Dave & Buster's Second Quarter 2025 Earnings Conference Call. [Operator Instructions]. Please note, this event is being recorded. I would now like to turn the conference over to Cory Hatton, Vice President, Head of Entertainment Finance, Investor Relations and Treasurer. Please go ahead.

Cory Hatton

Head of Entertainment Finance, Investor Relations & Treasurer

Thank you, operator, and welcome to everyone on the line. In connection with today's call, you can find our earnings release, 10-Q and a supplemental deck titled September 2025 Investor Update that has been posted to the Events and Presentations section of our Investor Relations website. Joining me in the room and on today's call are Tarun Lal, our Chief Executive Officer; and Darin Harper, our Chief Financial Officer. After our prepared remarks, we will be happy to take your questions. This call is being recorded on behalf of Dave & Buster's Entertainment, Inc. and is copyrighted.

Before we begin the discussion on our company's second quarter 2025 results, I'd like to call your attention to the fact that in our prepared remarks and responses to questions, certain items may be discussed, which are not entirely based on historical fact. Many of these items should be considered forward-looking statements relating to future events within the meaning of the Private Securities Litigation Reform Act of 1995. All such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated.

Information on these risks and uncertainties have been published in our filings with the SEC, which are available on our website. In addition, our remarks today will include references to financial measures that are not defined under generally accepted accounting principles. Investors should review the reconciliation of these non-GAAP measures to the comparable GAAP measure contained in our earnings release this afternoon. And with that, let me turn the call over to Tarun.

Tarun Lal

CEO & Director

Thank you, Cory. Good afternoon, everyone, and thank you for joining our call today. I am deeply honored to take the helmet and collaborate with this talented team to drive innovation, growth and the company's next chapter. Our brand strengths and unique national footprint provide a powerful platform to deliver meaningful social connections at scale. I have spent a lot of time over the past 6 months researching the space and analyzing this business, including meeting with many key members of the team and the Board, and this is prior to joining while I evaluated this opportunity. This prework has allowed me to align quickly on areas of success as well as missteps and develop my own views on the clear focus areas of near-term opportunity.

Importantly, this largely aligns with the strategic plan put in place by Kevin Sheehan, our Interim CEO and the current Nonexecutive Chair of our Board. Just a little bit about my past experience. I officially joined this iconic brand in July with more than 30 years of leadership experience at Yum!, including recent roles as President of the KFC U.S. business, being the Global COO of KFC and Managing Director across key international markets. I have overseen marketing, operations and development in multiple geographies across the world. I've built and developed high-performing teams and together with them, have led multiple successful turnarounds in key markets.

As a team, we drove strong same-store sales and profitability and catalyze breakthrough development of new stores. I'm disciplined and tenacious and strongly believe that executional excellence behind a few big strategic priorities can unlock significant value creation. To that end, I'm confident that my extensive U.S. and global experience uniquely positions me to drive strategic and operational excellence and financial success at Dave & Buster's. Dave & Buster's is a phenomenal business with very addressable challenges that I'm very confident we can overcome as a team. In my first several weeks here on the job, I've invested time training in stores and have gained what I believe is a solid understanding of our products. I've also developed a better appreciation of our team member and guest experiences.

I have traveled across the country and witnessed firsthand the pride and dedication of our teams out in the field. The field, which is where the majority of our teams, our products and our customers are, is the best training ground. There is no better way to learn than the ground up. My manager and trainer in my training store was [Garrett], who graciously invested time with me and taught me everything from the most popular games to cooking the most popular items like wings and the burgers and making some of the guests' favorite cocktails like the million dollar margarita. Spending time with our guests and team members reminded me that Dave & Buster's is more than just a business. It's a place where people connect, celebrate and create lasting memories.

I truly believe that the strength of our brands and the passion of our people give us a foundation to reach far beyond what we've already achieved. I look forward to shaping a vision that not only drives growth but also deepens our role as a destination where joy and connection thrive. As you may recall, the management presented a formal investor plan a few years ago that I studied in detail. My conclusion is that the principles and initiatives outlined in that strategy are generally right. However, the true measure of success depends not only on the strength of the ideas, but on the quality and consistency of execution. I believe there has been a very clear executional failure that will be rectified.

My intention is to build on the sound foundations of that plan, assess where we can raise the bar and provide a clear focus that will allow us immediate and long-term growth and value creation, which we will get into a lot more detail with my presentation later on in the call. My immediate focus is clear: reinforce our guest-first culture, deliver memorable experiences and drive meaningful growth in sales, cash flow and shareholder value. We have significant key strengths. We are a true category of one with no peer at our scale. Our \$1 million midway appeals broadly across demographics, driving repeat visits while our unique ability to serve multiple occasions, play, watch, eat and drink creates meaningful social connections that keep guests coming back.

Our challenges are also clear: sharpening brand distinctiveness, improving retail marketing, strengthening value perception and delivering an excellent customer experience across both F&B and games. Tackling these areas will be critical to unlocking the full potential of our business. With that, and before getting into more details on my initial observations and strategic plan updates, I would like to turn the call over to Darin, our CFO, to walk us through the financial results of our second quarter. Darin?

Darin Harper
Chief Financial Officer

Thank you, Tarun, and good afternoon, everyone. Overall, our financial position remains strong, underpinned by a business model that consistently delivers high returns on new unit investments, strong unit level economics, disciplined cost control and a robust free cash flow generation. The leadership team and Board remain focused on executing against our priorities to drive both top line growth and sustained cash flow. We are confident in the levers available to further improve operating performance and enhance shareholder value.

So turning to a more detailed view of our financials. In our second quarter of fiscal 2025, comparable store sales decreased 3% versus the prior year period. We updated you on our last call that comps for the first 5 weeks of the quarter were down 2.2% versus the prior year period. We were negatively impacted in the second half of the quarter by the July 4 holiday falling on a Friday this year versus a Thursday in the prior year. And our same-store [Technical Difficulty]

Operator

We seem to have lost the connection with the speakers. We'll reattempt to rejoin them shortly. [Audio Gap].

Ladies and gentleman, the speakers have rejoined us. Please continue.

Darin Harper

Chief Financial Officer

All right. Sorry for that technical delay, everyone. Picking up where I left off. We're confident we are focused on the right priorities in the second half of 2025. And as a reminder, we are lapping particularly soft numbers in the balance of the year. During the second quarter, we generated revenue of \$557 million, net income of \$11 million or \$0.32 per diluted share. Adjusted net income of \$14 million or \$0.40 per diluted share and adjusted EBITDA of \$130 million, resulting in an adjusted EBITDA margin of 23%.

As a reminder, reconciliations of all non-GAAP financial measures can be found in today's press release. We generated \$34 million in operating cash flow during the second quarter, ending the quarter with \$12 million in cash and \$443 million in total liquidity, combined with the availability under our \$650 million revolving credit facility, net of \$14 million in outstanding letters of credit. Year-to-date, we have generated \$130 million of operating cash flow. We ended the quarter with net total leverage ratio of 3.2x as defined under our credit agreement. Year-to-date, in 2025, we have invested a total of \$193 million in capital additions on a gross basis or approximately \$110 million on a net basis when factoring in payments from landlords.

Details of which can be found in our table in our 10-Q filing. As we mentioned to you before, we are focused on converting our significant operating cash flow to free cash flow through more strict management and capital spend, eliminating ineffective and inefficient spend. We're committed to demonstrating our ability to generate free cash flow while continuing to invest in double-digit new store growth, new gains, other high ROI initiatives and a more diligent remodel program. In the quarter, we closed on a sale-leaseback transaction for the real estate of 2 open and operating Dave & Buster's stores and entered into a build-to-suit takeout commitment for additional real estate assets of future Dave & Buster's and Main Event stores with an institutional real estate investor.

In the quarter, we received approximately \$77 million in funds related to these properties. We are pleased with the outcome, the executional abilities of our team and the support of our real estate partners to close on this important transaction for our company. This transaction significantly enhances a long-term partnership with a very large real estate capital provider, solidifies a long-term funding vehicle for our robust pipeline of future new store openings, monetizes our real estate at attractive valuations underwritten to reflect our successful track record of new store openings and future earnings power of our superior 4-wall economics and ultimately provides a significant amount of liquidity for us to continue to make accretive investments to grow our business.

Our new store development continues to deliver strong returns, and we have a solid pipeline of upcoming store openings. In the second quarter, we opened 3 new Dave & Buster's stores in Freehold, New Jersey; Wilmington, North Carolina; and Reno, Nevada. Already in the third quarter, we have opened 1 additional Dave & Buster's store in Spokane, Washington and 2 additional Main Event locations in Taylor, Michigan and Norman, Oklahoma. This takes our new store openings year-to-date to 8, and we now expect a total of 11 new store openings in fiscal 2025, the midpoint of our previously guided range of 10 to 12 new stores.

With the opening of our second international franchise location in India in August, we expect 5 more international openings over the next 6 months. As a reminder, we have secured agreements for over 35 additional stores in the coming years. We see international franchising as a driver of highly efficient incremental growth, monetizing our brand around the world with minimal investment and risk. Now with that, I will turn the call back over to Tarun for some additional thoughts and materials before opening up the line for questions. Tarun?

Tarun Lal

CEO & Director

Thank you, Darin. Now I would like to walk through a short presentation to put some structure around my initial observations and the ultimate framework for our go-forward plan. So starting with a bit more detail on my initial observations, many of which should be stating the obvious to you as investors. We have a very strong iconic brand with excellent brand recognition in Dave & Buster's and of course, associated with that very strong brand awareness.

Our customers love us. We provide a fun-filled customer experience and receive strong guest satisfaction scores, which translates into a loyal customer base. We have an exceptional business model with best-in-class scale and unit economics along with highly compelling new store economics. We made specific execution missteps that resulted in lack of awareness of our offerings and inconsistent operational execution. We have high confidence that we will improve performance in the near term by executing on focused improvements. Our value proposition remains highly attractive, and our back-to-basics approach has shown meaningful progress.

I genuinely see our stock as materially undervalued in the public markets with significant upside potential. I'm truly excited with this opportunity to work together with an outstanding team and Board to unlock significant shareholder value in the near term. Moving to the next slide. In reviewing our performance, it became very clear where our approach was falling short. Starting with what was not working column on the left. So in marketing, we moved away from TV completely, and we had an unfocused promotional strategy going from a few targeted promotions to weigh too many promotions. In food and beverage, we leaned too heavily on appetizers and shareable and cut most of our highest revenue menu items.

Operationally, we moved too fast, creating disruptions and breakdowns in communication between corporate and the field and a loss of focus on training. In games, we pulled back almost entirely on new games introductions, reducing them by almost 80%, along with a very complex pricing structure. These missteps limited our ability to drive traffic, sales and brand relevance. Our remodel program, while moving the needle, also missed the mark, overspending against plan with a prototype that underperformed potential with limited marketing support. Finally, poor CapEx discipline translated to significantly lower than normalized cash flow generation.

Now turning the right-hand side of what has worked. Recently, we have made meaningful progress in several areas. In marketing, we reintroduced TV advertising and sharpened promotions with fewer, more focused offerings. In food and beverage, we improved attach rates with our Eat & Play combo and through stronger positioning of entrées and a revamped and successfully tested new menu. Operationally, we have simplified our initiatives, which I will touch on more in a later slide, and we have rebuilt our corporate field communication as well as our training teams, which I'm particularly passionate about given my background as an operator.

In games, we have moved quickly to introduce 10 new titles in '25. With remodels, we have controlled spending, and we have a new prototype that we will be getting out in the market very soon that we are encouraged will drive better results at a fraction of the cost, and we will couple it with better marketing support to drive awareness with traffic to really showcase the newness of the asset. Finally, on cash flow, we have pursued a more capital-light new store financing, as Darin mentioned earlier, that will bring down upfront expenditure, and we have successfully cut low ROI and wasteful CapEx now.

Together, these actions are strengthening our performance and positioning us for sustained growth. Moving to the next slide. On the back of the things that are working, on this next slide, we demonstrate progress made so far. Our back-to-basic strategy with Kevin drove a material improvement in same-store sales. It's still short of where we ultimately want to be, but has been a significant stabilizer. Our food and beverage and special events business are turning solidly positive, driven by our winning promotions, menu revamp and investment in field sales managers.

Our company continues to benefit from the recent and significant improvements in our special events business, which drives awareness, subsequent trips and deeper brand engagement. While our overall same-store sales special events revenue has been up 6% year-to-date, the Dave & Buster's brand comparable special events revenue was up nearly 10% year-over-year and 20% over 2023 in the second quarter. We continue to achieve sizable 40%-plus returns on our new stores, and we have opened 22 since the start of fiscal 2024. While we did not execute our remodel program to date as we did like, these new assets are outperforming non-remodel stores by 700 basis points, which continues to highlight the opportunity to do more remodels at an appropriate cost and with the right elements.

Moving to the next slide. As you all know, our company unveiled a comprehensive strategic plan at our Investor Day in 2023. I believe this plan had the right ideas. We just attempted to implement too much at the same time. I strongly believe that focus on prioritized execution is key. The areas that I am most focused on at the moment are: one, marketing, where we look to drive incremental traffic by improving consideration and frequency by improving the overall marketing message through an optimized media mix and leverage our large national sports viewing platform; two, food and beverage, improving all aspects of the menu and attach and spend per customer; three, operations, continue to repair communication between the corporate and the field, reemphasize training and reenergize the focus of the field to provide a high-quality guest experience.

Four, games, introduce a marketable lineup of 10 or more new games each year. We scrambled in fiscal 2025, 2026 and beyond will be awesome. We will push harder to include exclusive titles and more culturally relevant IP. And finally, 5 remodels, modernize and refresh the look and feel of units and improve the layout to increase traffic and overall productivity. Moving to the next slide, what are the immediate near-term goals. I want to take this opportunity to make it very clear, and this is internally too, that my near-term goals are to grow same-store sales and generate and grow free cash flow now. We will do this by narrowing our focus to the 5 areas outlined on the prior page.

And I'm just reminding relaunching our marketing engine by implementing an effective integrated marketing strategy and continuing to press on the success of local store sales managers and simplifying our value messages. Two, transform our food and beverage offerings with the launch of our Back to Basics menu nationwide this quarter; three, improving operations with a renewed focus on delivering an exceptional guest experience; four, refreshing our games offering to continue to introduce over 10 new marketable games to the midway each year; and finally, revamping our remodel program with a new prototype and appropriate marketing support.

I also wanted to share with you all that we are not waiting to make changes and implement our refocused strategy. We are making changes and implementing them real time. So coming up, we have a strong fall campaign, and we are excited to have launched our new fall season pass, giving guests unlimited daily gameplay, exclusive food and beverage discounts and 3 value-packed options to choose from. Building on the success of our summer pass, this program creates even more reasons to visit Dave & Buster's throughout the season. With everyday value and experiences that bring people together, we are reinforcing Dave & Buster's as a go-to destination for fun this fall. We're also putting the final touches on our winter pass that we will debut in the fourth quarter.

Our recently launched football watch offering complete with specials like 10 for 10 wings, continued enhancements to the leaderboard competition on our arcade floors while continuing to run our very popular evergreen promotions of the \$19.99 Eat & Play combo sets us up for good momentum. Capping off the fall football festivities is our latest midway challenge, the 2-minute drill, where we invite football fans and gamers to compete for national and local leaderboard positions each week, looking to break single season passing records over the course of the season.

We will be debuting our new back-to-basics menu in October and are doubling down on the rollout of our very profitable human crane to additional Dave & Buster's and the main event stores. We will also be launching our revised remodel program in the coming weeks. Moving to the next slide. I wanted to touch briefly on our financial position and leave you with a few key takeaways from my position. We have a strong cash flow and a strong balance sheet. This business will generate cash flow and here is the profile of the cash flow generation. We have a very strong balance sheet with no near-term maturities and significant liquidity to invest in our strategy.

Moving to the next slide. I also wanted to touch briefly on our current valuation. Comparing against our broad peer group, there's no other way to say it than this business is extremely undervalued today. Based on the strength of our brand, the basic economics of the business, the strong cash flow generation and the significant potential of the business, I'm very confident we are worth a lot more than we are today, which leads me to my final point in the presentation.

As you all know, I personally signed up to a compensation package tied to a near-term achievement of \$675 million of annual EBITDA. As you can see from this page, and as you all know well, I think the point is important to make, nonetheless, there is very meaningful upside in the price of our stock and the value of our business based on very achievable financial results in the near term. I'm personally highly motivated and aligned to drive this business forward, and I look forward to our shared success. And with that, operator, please open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions]. The first question is from Jeff Farmer with Gordon Haskett.

Jeffrey Farmer

Gordon Haskett Research Advisors

And welcome to Tarun. Good to have you on board. I might have missed this, but in the release, you noted that 3Q same-store sales to date are consistent with what you saw exiting Q2. The call did cut out, but did you guys mention those numbers more specifically, what those same-store sales trends look like?

Darin Harper

Chief Financial Officer

No, we did not. We didn't quantify those. But -- but with 5 weeks into Q2 last year of down 2.2% and we printed down 3% for the quarter, you can kind of back into what the second half looked like. And our trends are pretty consistent with that in Q3.

Jeffrey Farmer

Gordon Haskett Research Advisors

Okay. I only bring it up because you mentioned July was sort of a little bit of a low watermark with the calendar shift. So I didn't know if things have gotten a little bit better. So I'll move on from that. Again, in the prepared remarks, you did call out value perception as one of the challenges that Dave & Buster's is facing. Can you just elaborate on that and what you think some of the opportunities are with value perception?

Tarun Lal

CEO & Director

Yes. Thank you for the question and for the welcome. We have a very strong value proposition. I just think that we have marketed in a way that has confused our customers. And so we are currently working on simplifying the messaging and that messaging should go out as we execute our next marketing window. So I think it's not about not having the right value. I just think that both our retail marketing and our general communication has created confusion on the value ladders, and we know how to fix this now.

Operator

The next question is from Andy Barish with Jefferies.

Andrew Barish

Jefferies LLC, Research Division

Welcome. I guess just -- this was the first quarter where the same-store sales were kind of close, but margins missed. So I'm just trying to get a sense of kind of where things shake out. I know the food mix is higher, which is lower margins. But is your impression, Tarun, that there is some reinvestment needed in the business and just kind of trying to gauge where -- what that means for kind of fourth quarter margins. I know 3Q is sort of the low of the year. But yes, just trying to level set on sort of where you think margins are near term in the business.

Darin Harper

Chief Financial Officer

Yes. Andy, this is Darin. I'll take that question. Yes. So in the quarter, we had a few things at play. When you look overall at our cost structure and our cost increase year-over-year, 1/3 of our cost increase just in terms of just raw dollars is coming from new units. We've got another 1/3 that we were lapping a number of credits in the prior year and some other one-off items. There were some insurance adjustments in the prior year. There were some other franchise tax items impacting EBITDA in the prior year.

And then we had some unusual sort of one-off legal type costs as well this quarter. And then on top of it, sort of the remaining 1/3 was a mix of -- there was some reinvestment in the game room floor and the stores from an RM perspective, particularly as we geared up for the summer of games when we rolled out all of our new games. We wanted to make sure that, that experience was tight and our games were operable. But we believe that's a bit of a high watermark on that and the second half of the year is not going to be at those levels, but that was some incremental cost.

And then obviously, we had some incremental marketing costs as well in the quarter. So when we think about the second half of the year in terms of where we've seen sort of that EBITDA margin miss versus the prior year. We anticipate that, that will be very much moderated in the second half of the year, not only through, we believe, just more profitable top line performance, but also us not lapping some of these items from the prior year and not having some of these one-off items that impacted us for the quarter.

Andrew Barish

Jefferies LLC, Research Division

Got you. Very helpful. And then can you just kind of give us a sense of sort of getting back on marketing and value with Eat & Play, where that has kind of mixed of late versus maybe versus historical levels or something kind of give us a sense of how the back to basics is working?

Darin Harper

Chief Financial Officer

Yes, sure. So we've continued to experience some nice opt-in on the EPC. We're still at about 8% to 10% opt-in rate, which we like, which has -- which is higher than where things have been historically. And for a few reasons. Number one, I think we've done a really nice job with the offers within the Eat & Play combo. We're seeing food upgrades on 30% of our EPC mix, which we really like. We're also -- as mentioned before, we're now offering this Eat & Play combo on the kiosk. So for those guests, that might just be coming in intending just to play games, we're now presenting to them a very valuable offer on the kiosk, which is really driving some nice attach for us there that we really like.

And so overall, we're really liking our performance. We're seeing a nice upgrade on the Power Card piece as well, including an all you can play upgrade and a \$75 card upgrade. I mean that's representing almost 1/3 of our Eat & Play combo opt-ins as well. So, really liking that. And to Tarun's point, this is a really good value message that we know our guests like and our operators really like executing on as well.

Operator

The next question is from Andrew Strelzik with BMO.

Andrew Strelzik

BMO Capital Markets Equity Research

My first one, Tarun, maybe if you take a step back, you mentioned in some of the prepared remarks some of the prior turnarounds that you led in your prior roles. And I guess I was wondering if you could maybe compare or contrast what you're seeing at Dave & Buster's with that prior experience. And I guess I'm wondering, in particular, it's such a different type of brand, different type of concept than in your prior roles. So I guess where do you see the similarities that you can draw on and maybe some of the differences that might take a little bit more learning?

Tarun Lal

CEO & Director

That's a great question, Andrew. So my view, Andrew, is that when it comes to business transformations, there are generally more similarities than differences. And if I really think about it from a short-term perspective, the brand has kind of lost its distinctiveness. There's generally a value perception at play. And so if you can kind of sharply communicate value in the short term through a really distinctive communication, you can drive some levels of same-store sales growth.

But really, what is very important is that in the medium to short -- in the medium to long term, 2 things are very, very important. One is making sure that you have the right capability on the team and you have the right culture in the business, which is really guest-first culture, a true obsession with guests. And the second piece is really ensuring that your brand positioning is right, and there's clarity that your brand has that consumers truly understand.

So in those areas, there is complete -- there is similarity between what I've done in the past and the challenge at Dave & Buster's. I think the one difference for sure is that there is additional complexity at Dave & Buster's because not only do you offer food and beverage here, not only do we offer food and beverage here, there's also a massive fun and entertainment business that's almost an anchor for us. So it's a different product for me that I'm trying to understand. And that's why I spent so much time in the field, like learning from the ground up. So I think the product is where the real distinction is. But as I said, in my mind, with most of these transformations, there are more similarities than differences.

Andrew Strelzik

BMO Capital Markets Equity Research

Okay. That's helpful context. And then maybe I wanted to dig in a little on your comments about the poor CapEx discipline and I'm curious about some of the ways you plan to evolve that. But in particular, I'd love to hear your thoughts on new store growth and continuing to open double-digit new stores at a time when you are trying to affect a lot of change and the comps have been under pressure. And I know the 40% returns, we've heard that number a lot over time.

I think the investment community probably has a hard time with that number just given the performance over the last several years. So just would love to get your perspective on the CapEx evolution here and the new store growth.

Tarun Lal

CEO & Director

So Andrew, let me first request Darin to respond to one part of the question, then I'll share my thoughts on this too. Darin?

Darin Harper

Chief Financial Officer

Yes. So as you noted, the 40% return is obviously -- and that's a year 1 cash-on-cash return that is very advantageous for us. We continue to have the ability to find great sites, staff them appropriately despite the focus on the core business and find really great partners to help us with our capital for ground ups. So I think we continue to feel like we can open these at \$9 million to \$10 million net CapEx each. And that's an area that, as we've discussed before, look, we can lever up or down there depending on the needs of the business.

But where we currently sit with the returns, with the pipeline that we have in front of us and how we think about competitive positioning over the medium and long term, it's an area that we're still very, very bullish on. So with that, Tarun, any other context you want to provide?

Tarun Lal

CEO & Director

Yes. Thank you. Thank you, Darin. So just to add to that, Andrew, in my perspective, adding 6% to 7% of growth is, in my mind, not really a distraction. Clearly, our focus is on growing same-store sales growth. And so the core business is definitely our primary focus. And to that end, if you think about -- if you look at international, where I've spent a lot of my time, that offers tremendous growth opportunities. But like for me, the real focus is the core business in the U.S.

And I strongly believe that we can get the core business humming and continue to add 6% to 7% growth through net new unit addition without distracting the team. And I believe this not only because of my past experience, but because I spent a lot of time in the field, this sort of growth really excites and energizes the team. Growth is -- it makes them feel like they're winning, and it's quite -- it's very motivating. So we will continue with this level of growth until we kind of feel that we are in a stronger position. We've got our momentum -- sales momentum back, and then we would explore whether we want to change this number or change this target in the future.

Operator

[Operator Instructions]. The next question is from Jake Bartlett with Truist Securities.

Jake Bartlett*Truist Securities, Inc., Research Division*

Welcome, Tarun. I look forward to hearing from you over the next number of years. My question is on the strategic game pricing. We had done a check and just found a pretty big change in the pricing over the last -- I'm not sure how much time exactly, but at least the last few months and then even more recently, where the pricing has gone to one tier essentially. Part of the prior plan had been multiple tiers. And it seems like there's one level of kind of pricing across the system now. And it also seems like the average price per ticket is significantly lower than it had been under the prior plan.

So the question is, one, what kind of impact is that having on the results kind of near term, and we look at positive food and beverage same-store sales, but negative same-store sales overall. Is that contributing to it? And then also why the change? There were some questions earlier about value. This seems like a pretty big step towards the value direction and just the thought process around it.

Darin Harper*Chief Financial Officer*

Yes. Jake, Darin. Yes, I'll take that. We -- going back to Tarun's comment on just the value proposition and the value perception with our guests, the game pricing was a really large focus of that. And to go back to last year, when you think about what the brand did in terms of increasing rate card pricing as well as increasing game level pricing at a time where there was not investment in the midway. It was really -- it was a combination that really led to a less than advantageous value proposition for the guest.

And so what we did really starting in April was we started testing some various rate card optimizations where we really focused on the entry point for the rate card, how many chips that you got with some very defined objectives around value. And then we -- and the game level pricing, what we really wanted to do was allow the guest to spend the same amount that they've been spending, but have more time in the midway. We wanted to increase dwell time. We wanted their power card to extend longer and for them to enjoy their experience more because that was key findings that we got in consumer research after the fact.

And then the last leg is managing margins through strategic win pricing. So we've done a number of different tests on that over the last several weeks, the last few months. And we think we're in a nice spot right now. We're starting to see growth in our average card loads, but also provide a much, much better value to the guest. And so look, this is an area that we're going to continue to be smart, continue to optimize.

And I think there still is the opportunity for us to look at that different sort of regional pricing. But in terms of simplicity of rollout, simplicity of messaging, this was an area that we really wanted to focus on.

Operator

The next question is from Eric Wold with Texas Capital Securities.

Eric Wold

Texas Capital Securities, Research Division

I just want to dig in a little bit on the kind of the same-store sales trends in the quarter. I know you kind of gave us the down 2.2% in the first 5 weeks. I know in the last call, you talked about some optimism around the Memorial Day holiday and kind of what you're seeing in June with some positive days in June. Maybe a little kind of what you saw kind of as you went into July, other than the calendar shift and maybe some comparisons with an earlier school start versus last year.

Was there any shift in terms of spending habits or kind of the way the consumer is reacting that you kind of was different from what you were seeing in the last call, kind of really shift in terms of the way the consumer is spending once you were in the store? I know you don't break out attendance versus spend. But kind of once they were in there, were you seeing any kind of shift in terms of their habits once they're in the locations?

Darin Harper

Chief Financial Officer

No, really didn't see any change in spending. That was pretty consistent. We -- I think as we continue to determine what the right messaging is, particularly in this environment, our learnings with the Eat & Play combo messaging as well as the summer of games, we think that resonated more with our guests than maybe the later summer leaderboard initiative. So those are learnings that we're grabbing hold of and optimizing in the second half of the year.

Operator

The next question is from Brian Mullan with Piper Sandler.

Brian Mullan

Piper Sandler & Co., Research Division

I wanted to come back to the marketing conversation. I don't want to belabor it, but just ask in maybe a different way. Tarun, I'm wondering if you could give your assessment, does this business need to significantly increase the dollar amount of marketing investments in order to really drive traffic back to the stores? I understand you're going back on TV, you're changing the messaging. Those are good things. But was there enough spend even prior to when the brand went off TV?

Tarun Lal

CEO & Director

I don't believe we need to change the run rate of investments in marketing just now. We have tried a different media mix, which is working. We will continue to further refine it to make the spend more effective. But I don't believe that we need to increase the dollar amount of spend at this point of time.

Operator

The next question is from Brian Vaccaro with Raymond James.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

Congratulations on your new role, Tarun. I just wanted to follow up on the pricing changes that you mentioned earlier. I know it can be tough to quantify, but I guess, can you level set what level of check versus traffic growth we're seeing reflected in the down 3% comp this quarter? Maybe how that compares? Is there a meaningful change in check that we should be mindful of? And also as we think about the second half, how average check could trend given some of these changes that you've made?

Darin Harper

Chief Financial Officer

Yes. Brian, yes, we didn't provide much -- any color there. But what I say is some of the things that we've done on the F&B side with respect to the attach on the Eat & Play combo, in particular, we're seeing more -- we're seeing check growth coming from that aspect of the business. I think more importantly, to the second half of your question, as we look at the second half of the year, look, I think that's going to continue to be a tailwind for us. We're rolling out a new menu in October system-wide that is going to be reintroducing a bunch of fan favorites historically. We've been testing that for a while and are seeing nice check growth there. And again, the nice thing is it's not due to price.

Really, it's due to just driving guests towards entrées and some other menu options that are just driving check that we like. And then this work that we've done with the game pricing, we believe will provide a tailwind for us as well. So optimistic that we'll have some tailwinds on the check side in the second half of the year.

Operator

The next question is from Mike Hickey with -- the Benchmark Stone Company.

Michael Hickey

The Benchmark Company, LLC, Research Division

Welcome aboard here. Just a quick one on your strategic plan. We appreciate that you feel it was sound and it was just missed execution. And when you look back on the plan, I think one of the bigger takeaways for investors at the time was that you're targeting \$1 billion in adjusted EBITDA. And if I heard you correctly, it looks like your comp plan is tied to \$675 million in adjusted EBITDA, which is a pretty big disconnect from the original strategic plan. Could you just explain that and if the \$675 million is the new target?

Tarun Lal

CEO & Director

So Mike, I'm not aware of the time line for the \$1 billion. We can certainly connect separately on that topic. But I'm confident that the \$675 million is a number -- is a target that we can hit within the time line that we have kind of committed to. So from my perspective and from this team's perspective, \$675 million is a new EBITDA target.

Operator

The next question is from Dennis Geiger with UBS.

Dennis Geiger

UBS Investment Bank, Research Division

Tarun, welcome. I'm curious if you could spend a few more minutes maybe just talking about how you think about maybe the brand-specific missteps, but more so the macro currently and the competitive environment and kind of really just looking ahead and thinking about the macro and how you think about the competitive environment broadly, perhaps relative to your plans? I'm sure the focus is to play your game and execute against the plans that you've outlined. But just how you think about those 2 dynamics within that context?

Tarun Lal*CEO & Director*

Yes. Thank you, Dennis. So Dennis, yes, there are macro headwinds, absolutely for all businesses. But these come in cycles and businesses should be prepared for them. Consumers are looking for value for their money and brands and companies that deliver that prosper even in tough macro environment. So as I shared earlier, one of our priorities is simplifying our marketing message, simplifying our promotions and making it easy for guests to understand what the real value is.

And essentially, with value, remember, it's all about trust. It's not how much you're paying only. It's about the value that you're actually receiving from the brand. So I really believe that a key part of the pivot that we are making is kind of really simplifying the messages and making it really transparent for our customers on what they are getting for the money they are spending.

So that clearly is one key part of the pivot on marketing. I think the second part is really making sure that our brand comes across as being distinctive. And there are 2 components to that. One is the product. As I talked about earlier, we are kind of working on collaborations and partnerships that will give us IP rights that will allow us to offer unique games that only D&B and Main Event can offer. So that's one part that what is the product you're offering to your consumer. I think the second piece within that is how do you communicate that? And there's so much of communication going on now on both traditional media and the digital medium that if you're not distinctive and you don't stand out, you're basically wasting your dollars. So I think that's the second part of what we are working towards now.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Tarun Lal for any closing remarks.

Tarun Lal

CEO & Director

Thank you, operator, and thank you all for joining. In closing, our business is built on a strong foundation, a resilient model, 2 brands that resonate with customers and experiences that foster loyalty. We delivered solid returns, disciplined operations and sustainable cash flow. Our leadership team, operators and Board are focused on driving growth and maximum value. We are confident in the opportunities ahead to further enhance performance and create long-term value for our shareholders. I look forward to meeting you in person and speaking with you again soon. Have a great evening. Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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