Dave & Buster's Entertainment, Inc. (PLAY) Q2 2027 Earnings Call Transcript

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Q2: 2026-09-14 Earnings Summary

EPS of -$0.27 misses by $0.46 | Revenue of $544.10M (-2.39% Y/Y) misses by $12.73M

Dave & Buster's Entertainment, Inc. (PLAY) Q2 2027 Earnings Call September 14, 2026 5:00 PM EDT

Company Participants

Cory Hatton - Interim Chief Financial Officer
Darin Harper - CEO & Director

Conference Call Participants

Andrew Barish - Jefferies LLC, Research Division
Jordan Bender - Citizens JMP Securities, LLC, Research Division
Brian Vaccaro - Raymond James & Associates, Inc., Research Division
Eric Wold - Texas Capital Securities, Research Division
Michael Hickey - StoneX Financial, Inc., Research Division
Andrew Strelzik - BMO Capital Markets Equity Research
Dennis Geiger - UBS Investment Bank, Research Division
Jeffrey Farmer - Gordon Haskett Research Advisors

Presentation

Operator

Thank you. Hello and welcome to the Dave & Buster's Entertainment, Inc. Q2 2026 Earnings Call. [Operator Instructions]

I would now like to turn the conference over to Cory Hatton, Interim CFO. You may begin.

Cory Hatton
Interim Chief Financial Officer

Thank you, Operator, and welcome to everyone on the line. Joining me on today's call is Darin Harper, our Chief Executive Officer. After our prepared remarks, we will take 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 2026 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. Any 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 has 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.

And with that, let me turn the call over to Darin.

Darin Harper
CEO & Director

Thank you, Cory, and good evening, everyone. Before I get into our results, I want to start by saying how grateful I am for the trust that the board and this team have placed in me. I've spent almost 20 years in this industry and originally joined the company almost 10 years ago. And we have an obvious, actionable, and enormous opportunity in front of us to improve this business and create meaningful value for our shareholders.

The Back-to-Basic strategy that we are executing continues to bear fruit. We are experiencing ongoing growth in food and beverage sales, as well as in special event sales. The same-store sales of our remodels continue to outperform the system, and we are also encouraged by the results we saw from activations we executed around certain holidays and sporting events. Further, we improved same-store sales in July and saw continued improvement in the third quarter to date. While we are not satisfied with the overall result, we are encouraged by these trends and the success of our strategies, and we are confident that the actions now underway will restore traffic and sales growth.

Same-store sales declined 2.9% in Q2, but July improved sequentially, with total company same-store sales down 1.6% versus down 5% in June. Additionally, same-store sales trends have further improved over the first five weeks of the third quarter. And we expect continuing improvement in trends and significantly better top-line performance over the remainder of the year and beyond.

Following my appointment as CEO, we have further strengthened the executive leadership team. In late August, we announced recent appointments and promotions within our management team. Amanda Busby was recently appointed Chief Operations Officer, and she joins other previously announced appointments of Jeremy Tucker, Chief Marketing Officer, Kevin Fish, Chief Technology and Digital Officer, and Rachel Morgan, Chief Legal Administrative Officer and Corporate Secretary. Additionally, Aldo Rosales was promoted to Chief Strategy and Revenue Management Officer. All these individuals have significant and relevant experience and are highly incentivized and motivated to drive this business forward.

I truly believe this is an incredibly robust leadership team. And together we have strengthened our ability to elevate operations, drive sustainable revenue growth, accelerate digital innovation, and maintain the strong governance and discipline necessary to support long-term success and drive shareholder value.

Our priorities going forward are clear: restore traffic and same-store sales growth, and convert that progress into durable EBITDA growth and free cash flow generation. Before I get into updates on our Back-to-Basics plan, let me quickly take a moment to establish the framework for how we're approaching our priorities. We are predominantly an occasion-based business with high awareness, but we have not consistently been the obvious answer when a guest is planning one of those occasions and our value and execution have not been dependable enough. Our guests come a couple times a year for a reason, planned days in advance. When we're the obvious answer, we win decisively.

So we're focused on three things, all within our control. Number one, the occasion, meaning we focus on capturing demand that already exists within personal, seasonal, and cultural calendars. Second, relevance, meaning our entertainment and F&B offerings are unmistakably appealing for that occasion. And lastly, consistent value and execution, meaning a singular and consistent value message that a guest can recall at the moment of consideration and a visit that delivers exceptional guest experience to drive another visit.

I'll now provide an update on each pillar of our Back-to-Basics plan and how the strategic framework of occasion, relevancy, and consistent value and execution informs our priorities within each. Let me start with marketing because this is where the clearest evidence of progress showed up this quarter and where we believe tremendous opportunity exists when we focus on capitalizing on existing demand for an out-of-home occasion.

First, as stated earlier, Jeremy Tucker joined us as CMO during Q2. Before Jeremy, we had gone more than a year without a CMO and several years without consistent marketing leadership. And the result was a frequently changing promotional calendar, significant media shifts and measurement challenges, and messaging that did not always connect. Under Jeremy's leadership, I'm extremely confident we're now on the right path to addressing these challenges. Jeremy and I have been working very closely together, and we both recognize the enormous opportunity in marketing, given the renewed focus on execution and capturing demand at the right time within our guests' personal, seasonal, and cultural needs moments. You'll hear more from us in the coming months with regard to how we're optimizing our media to more effectively capture consumer demand through better targeting, discoverability, media, flighting, and messaging. Combined with relevant in-store entertainment and watch experiences that align with existing seasonal and cultural demand, we believe we are well positioned to drive meaningful traffic growth.

Lastly, we also intend to simplify our messages and market, keeping a consistent evergreen value message with our guests that has strong recall at the point of consideration. Jeremy is building up the team and continuing to refine and revolve the strategy using the insights and learnings from all of our testing and research we've conducted over the last several months. We have made clear and significant progress in both confirming our strategic direction and ensuring we're executing day-to-day and we have significant opportunity to continue improving.

Second, an update on games and entertainment. As previously discussed, our guests value relevant experiences, including new games, games that they can play together, experiences targeted at guests, unique fandom, and in-culture collectibles. Recent research tells us that more than 70% of our guests say learning about new games or activities would incentivize them to come more, supporting the importance of innovating in our games and prize and merchandise. So far this year, we launched 10 new games and attractions, including Mandalorian and Grogu, John Wick, Stranger Things, Hot Wheels, Speedway, ICEE Slush Rush, Perfect Pump, and Odin's Hammer. And we have several additional exciting games we will announce in the coming months, including several bespoke entertainment offerings we are working on. This year was a step in the right direction to enhancing our relevancy, and we expect continued improvement in our new game strategy in FY '27 and beyond.

We also recognize that entertainment value is important to our consumers. We have taken actions to defend overall value perception relative to peers through our rate card and game pricing changes and have furthered our goal to make sure we are offering clear, compelling value for the right occasion.

Furthermore, an additional area we are addressing is the strong cultural demand for collectibles, which we can deliver through multiple areas of our Midway. Our research and own experience clearly demonstrates that this is an obvious and ongoing area of demand amongst our consumer demographics. Our stores and our inherent gaming experience are perfectly suited to better capitalize on this significant opportunity. We are spending material time developing a thoughtful and prompt plan around this topic and expect to have more to discuss in the coming months. Together, entertainment relevancy in all that we do, games, experiences, including a strong watch and cultural events calendar, partnerships, and in-culture collectibles, along with clear, understandable value, can grow traffic, and check.

Third, food and beverage continues to see significant success. Company-wide food and beverage comparable sales grew 7.6% in Q2. F&B has now been positive for 5 straight quarters, driven primarily by a return to the proven menu and better execution of the Eat & Play Combo. We will continue to thoughtfully evolve the menu, focusing on execution consistency and designs to increase attached opportunity. We will raise awareness as to the quality of our F&B offerings and strategically take inflationary price increases on a consistent basis.

Watch is also an important element of our F&B business. More than half our guests identify football, basketball, or baseball as sports they typically watch. And when guests watch sports at a food or bar venue, more than 90% order food and more than 80% order alcohol. Our 40-foot screens, broad menu, and game day F&B offers give us a differentiated platform. And there is low-hanging fruit for us to become more dependable in showcasing popular and increasingly localized sports to these natural customers who still don't often think of us as their go-to destination to watch sports out of the house. We have seen a lot of success when we create activations around popular watch occasions, including double-digit sales growth during World Cup matches activated in our stores. We believe we have significant opportunity to keep growing this part of the business.

Fourth, operations. As previously discussed, consistent execution is critical to driving sales. Brand fundamentals are only as strong as the experience delivered in each location. Amanda, our new Chief Operations Officer, is raising standards through field leadership, training, and accountability. We are enabling our team members to succeed and better leverage our support center to support the field. The guest experience cannot exceed the team member experience, and we are building the culture and tools to make the standard real. This is another area where we are extremely excited about new leadership and highly confident in the team's strategic direction. Delivering a high-quality guest experience is critical and driving repeat visitation. And we believe that Amanda and her team are already making significant improvements on that front and will continue to do so.

Finally, remodels. We have completed 6 Dave & Buster's remodels in FY '26 in Cincinnati, Jacksonville, San Antonio, Nashville, San Diego, and Miami. The current wave is continuing to outperform non-remodel locations, and 2 additional remodels are scheduled for the second half of the year in Frisco, Texas, and Westbury, New York. This is the investment we want focused, repeatable, and tied to a clear return threshold. The new prototype is materially more cost-effective than the legacy program. And early results show we can preserve the highest impact guests and productivity elements while eliminating ineffective spend.

Remodels can augment our traffic billing initiatives by making the experience more modern, easier to navigate, and more productive. That said, we will pace the program to performance, construction readiness, and returns, all while ensuring we allocate our capital toward its best and highest overall returns.

Capital discipline remains central. We have invested $127.6 million of net CapEx year-to-date through Q2 and remain on pace to spend under $200 million in net CapEx in FY '26, as we indicated earlier this year. We are scrutinizing every project against minimum return thresholds and prioritizing remodels, new games, and technology that improve the guest experience and unit economics. Our capital framework is straightforward, protect liquidity, fund the highest return projects, improve cash conversion and reduce leverage over time.

So in summary, we are encouraged by this high-quality leadership team we've built. The improving top line trend we are seeing and the numerous initiatives we have in place. As mentioned earlier, F&B sales have now grown for 5 consecutive quarters, and special events have grown for 7 consecutive quarters. We also demonstrated an improved ability to grow sales during key seasonal and cultural moments by capturing demand in ways we haven't been as successful in doing in the past. We are investing capital more intelligently, and net CapEx continues to decrease, and cash flow conversion is improving.

While acknowledging room for further progress, Q2 was an improvement compared to Q1. Encouragingly, Q3 has further improved since July. We have a clear map: capture existing demand, deliver relevant entertainment, make value clear, and execute consistently in every store. Our focus is converting these leading indicators into durable traffic, stronger guest frequency, and improved profitability, which will generate significant shareholder value in the near term.

And with that, let me turn the call back over to Cory to walk through our financial results in more detail.

Cory Hatton

Interim Chief Financial Officer

Thank you, Darin. I will now review the quarter and the actions we are taking to improve cash generation and margins. Same-store sales sequentially improved 250 basis points from Q1 in the second quarter, improving to down 2.9% company-wide. Food and beverage remained strong, special events grew, and higher attach rates to F&B from our gaming customers supported the overall occasion.

Adjusted EBITDA declined by approximately $31 million on a year-over-year basis during the quarter, driven by a decline in same-store sales and a number of non-normalized items, without which adjusted EBITDA would have declined by approximately $16 million, including: one, a $10 million noncash deferral adjustment last year that did not exist in Q2 of this year; two, an impact of $3 million from higher-than-normal preopening expenses due to timing of new stores; and three, approximately $2 million of non-normalized growth in insurance expenses, which we have subsequently addressed and reduced. The noncash deferrals will be a lower but still relevant headwind in Q3 of this year, after which there will be no more material adjustments to lap.

Q2 revenue was $544.1 million versus $557.4 million in the prior year. Adjusted EBITDA was $98.9 million, an 18.2% margin versus $129.7 million and a 23.3% margin in Q2 FY '25. Under GAAP, we reported a net loss of $12.5 million or $0.36 per diluted share versus net income of $11.4 million or $0.32 per diluted share in the prior year. Adjusted net loss was $9.5 million or $0.27 per diluted share versus adjusted net income of $13.9 million or $0.40 per diluted share in the prior year.

Cash generation improved. Adjusted free cash flow was positive $19.5 million through Q2 FY '26 versus negative $36.5 million through Q2 in the prior year period, a year-over-year improvement of approximately $56 million.

Cash from operations was $160.6 million year-to-date, up from $129.8 million in the prior year. Net capital expenditures were $127.6 million for the 6 months ended August 4, 2026, versus $155.4 million in the prior year period. Despite softer sales, this conversion reflects our focus on capital discipline and cash generation. We are taking an aggressive and proactive approach to costs.

As mentioned in prior quarters, we have hired a dedicated resource to help lead a comprehensive cost-saving initiative across the entire enterprise. That effort has already identified $15 million of savings, which will be realized over the next 12 months. However, we are not stopping there. We believe there are significant additional costs that can be removed from the business without having any impact to the customer experience. More to come on this, but we are targeting at least doubling the $15 million in the coming months.

On development, we opened 6 new domestic stores in Q2 for a total of 7 in the first half, 5 Dave & Buster's and 2 Main Events. We operate 250 company-owned stores, 184 Dave & Buster's and 66 Main Events, plus 6 international franchise stores. We are tailoring the new store pipeline and pacing development carefully. We plan to open 4 new domestic stores in the balance of FY '26 and 5 in FY '27. We plan to have extremely high standards for additional new stores until comps turn decisively positive, allowing us to deploy capital to higher return uses in the core business and set ourselves up to generate consistent free cash flow for the foreseeable future.

As Darin mentioned, we completed 6 Dave & Buster's remodels year-to-date and plan on 2 more during the remainder of FY '26. We also expect at least 1 additional international franchise store opening this year in Mexico City. We will execute remodel development as long as it continues to produce attractive returns and monitor uses of capital alongside other accretive opportunities.

Our path is straightforward. Traffic recovery, cost discipline and capital discipline will translate into improving free cash flow and deleveraging. We are encouraged by the strength in food and beverage, special events and our remodel program, and we remain focused on converting those successes into sustained traffic, margin and cash flow improvement.

And with that, operator, please open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Your first question comes from Andy Barish with Jefferies.

Andrew Barish
Jefferies LLC, Research Division

Congrats to both on the new roles. I guess, Darin, it doesn't sound like there's any big strategic directional changes, but maybe kind of behind the scenes, some differences in your management style and your background that may drive some changes. Would you be willing to kind of just talk about that as we look out to the next couple of quarters, please?

Darin Harper
CEO & Director

Sure. Thanks, Andy. Yes, first, let me say that the bones of our Back-to-Basics strategy are sound. So you're not going to hear a materially different shift from that. What you will see, however, is a deeper articulation of how this comes to life.

So for instance, you heard me talk about occasions, and this is a critical component of how we're going to approach our marketing, both messaging and media. So this drives how we tap into the consumer demand at the right time in the right channels with the right message. And so it's going to be accomplished through a really thorough understanding of what's driving that consumer demand through seasonal cultural and personal calendars. And so as we noted on the call, when we do this right and have done this right historically, we generate significant growth. So we're sort of behind the scenes, we're really going to be focused on that and how to do that at scale. And so what you're likely going to see is less big disconnected tent-pole campaigns and a greater focus on tapping into these seasonal cultural moments likely through middle to lower funnel focused. So more to come on that, but Jeremy, our new CMO is really building this out.

Again, from a relevancy perspective, you're going to see us leverage our brand in ways I'd say that we haven't historically. We have incredible brand awareness. We punch above our weight. We have access to amazing IP partnerships and other relevancy plays that can really lead to more exclusive and culturally relevant experiences in our box. So I think that will be a key differentiator for how we tap into that demand consideration from a guest. And then from a value and execution standpoint, you're going to, I think, see more urgency and focus on a singular value message to the guest. And Amanda, our new COO, is going to be focused on really raising the standards out in the field.

So I think with all that, we want to move smartly, but we're going to move quickly. I'd say promptness is a capstone here in terms of making sure we make smart decisions, make sure that we can measure those, quick test and learn and then pivot and execute well. And I can't reiterate enough that the management team that we have here is phenomenal, so high confidence. So hopefully, that provides you a little context, Andy.

Andrew Barish

Jefferies LLC, Research Division

Yes, very helpful. And then if I could just double-click on value. You noted some changes on the rate card and game pricing. I'm assuming that is going to be lower to reinforce value. Can you give us kind of a sense as you move through when that's going to be taking place and maybe the impact on basket or check at this point in terms of what you're expecting out of that?

Darin Harper

CEO & Director

Most of that has already occurred, Andy, with changes that we've made over the last few months. And so it really has been -- and it's come in various iterations, but the key focus is simplifying the rate card to the guest. Aldo and team have done a great job designing that so that it's more legible, it's clear to the guest in terms of what they're getting when they're buying Power Cards. That was just significant feedback that we've got through all of our guest research is, it's confusing. I don't know what to get. So we've done a lot of work there trying to simplify that entire guest experience on the kiosk or with the server.

And then furthermore, we adjusted our game pricing to allow the guests to play longer and have a longer dwell time in the Midway. And we've seen 16%, 20% plus increase in game play and dwell time. And we've really been managing that through smartly managing the redemption payout, our pricing in the WIN! store. So net-net, we've really been able to accomplish this while maintaining basket as well as maintaining our margins. So I think we've done a great job there. And we're measuring our value scores all the time. And where we lost value over the last couple of years by taking too much price we've gained that back and are in a really great position relative to our peers.

Operator

Your next question comes from Jordan Bender with Citizens.

Jordan Bender

Citizens JMP Securities, LLC, Research Division

Darin, we kind of laid out a few kind of inputs on the call around some of the renovations, some of the new store openings into next year. I guess from a high level, like we know what your net CapEx number is going to be this year. But as we think about that kind of going into the future and maybe some of this CapEx starting to slow, like just how do you kind of envision the company and just some of that spend as we start to head into '27 and beyond?

Darin Harper

CEO & Director

Yes. Good question, Jordan. What I'd say is -- as we've communicated, our new stores are going to be pulled back as well as some other aspects of the business. I think we can conservatively look at a net CapEx number that could be $150 million or south of $150 million next year. It's all going to be dependent upon where we allocate capital in terms of our existing business, in terms of entertainment, in terms of some other things like that, that we think are going to have a great return. But the good news is we have a lot of optionality and a lot of flexibility with that capital. But what we've indicated to date, we could easily be at $150 million or less in net CapEx next year.

Cory Hatton

Interim Chief Financial Officer

Yes. And just to chime in there a little bit, Jordan. I think to Darin's point, there's really kind of a core CapEx need for the business. Other companies might call it maintenance with us, it includes games, which we want to continue to refresh, but that's about $95 million to $100 million a year of kind of recurring CapEx spend. And I think what the market has kind of gotten away from is realizing a lot of the spend we've done over the last couple of years has been deemed to be growth, and we haven't seen as much of that growth. And I think we are now returning to a plan that's very much investing in the core business by pulling back on some of the new stores and evaluating the remodel program. It allows our development team to really focus on the existing portfolio, make it as efficient as possible, making the investments in maintenance and other things to bolster that same-store sales number. And we feel really good about deploying capital in those areas while pulling back in aggregate on total CapEx dollars, which will benefit our cash flow profile significantly.

Jordan Bender

Citizens JMP Securities, LLC, Research Division

Great. And then maybe just a follow-up on some of the cadence here. So you said June down 5%, July down 1.6%. I think your last call, you said you were running some promotions around World Cup. Can you just kind of talk about the impact that World Cup had on your performance in June, if it contributed to that performance? And then as we kind of exited that into the third quarter here?

Darin Harper

CEO & Director

Yes. So our World Cup promotion, overall, we were really pleased with our performance. And I'd say we even gained and executed on that activation better as the World Cup progressed. But we did lean into sort of a full activation within our 4 walls with the watch experience, themed food, some reskinned games, a soccer game, some prize integration. And then we had some ticketed events as well. And so I'll say even for the final, we saw nice double-digit growth. We're a perfect occasion for that type of experience. And there was a lot that we learned, in fact, with sort of tapping into that cultural moment.

So overall, we were well placed to capture it. And overall, I think especially as we got into couple later into the World Cup, we felt like it was incremental for us overall.

Operator

Your next question comes from Brian Vaccaro with Raymond James.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

I had a question on the operations front, and you talked about your new COO that's coming in. I was wondering if you could provide some more color just on how some of your most important internal ops metrics have trended in recent years? And what do they show as the clearest opportunities that it could improve the guest experience and hopefully, comps?

Darin Harper

CEO & Director

Yes. We have speed of service is really number one. Speed of service, game uptime and then a few other metrics. But those are a lot of the key areas that the team has been hyper-focused on. And speed of service largely in the dining room, but also speed of service, if there's an issue in the Midway, how quickly do we resolve that for the consumer. And so we have focused a lot of time on addressing that, ensuring that we have people staffed at the right time, at the right position staff to deliver on that, whether if it's hostess, server, it's back-of-house, food runner, bartender, those are all -- they all play a critical role in that.

And so we have seen -- continue to see an increase in those metrics. And so we're pleased with the direction it's going. But we know we've got a long way to go to really deliver on that experience. Again, we've got -- when you have a frequency of less than 2 times a year, it's -- and it's typically for an occasion, people are going out celebrating date night with the family, et cetera. You can't screw that up for the guest, and that really impacts our ability to get them to come back another visit. So we've made good progress, but there's more to come and Amanda and team are hyper focused on that.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

All right. I guess my follow-up was just on store margins in the quarter. The pressure seemed to step up quite a bit versus the first quarter despite same-store sales declines improving versus the last quarter. So could you just talk about the level of -- or any areas of reinvestment that we could be seeing in the P&L during the second quarter? Or is it more really a factor of the sales were down to a level on sales and obviously, entertainment or the amusement comps are higher margins. So when they're down, you're hitting sort of a base level of cost line that we're seeing. But any -- I guess, some color on the second quarter and any directional comments on the second half, the degree to which you might see margin pressure relative to either Q2 or Q1 would be helpful.

Cory Hatton

Interim Chief Financial Officer

Yes, Brian, I can take that one. I think looking at the second quarter, there's a lot of noise as we called out with that deferred revenue and the $10 million headwind that really kind of throws some of the P&L out of whack, and that translates to the stores as well.

Just to give you some helpful insights there, if you look at the comp being down the way it was at 2.9%, in total revenue being down 2.4%, that spread of about 50 basis points is one of the lowest on records, largely attributable to that $10 million. It's just, I think, really making it challenging to judge the margins for this quarter at the store level that you're talking about for that reason. I really don't think there's a material difference in the investment requirements or anything else that we feel like we need to reinvest in the stores, whether it's labor or any other OpEx. I feel like certain line items of that P&L as we talked about from a cost saving perspective, we're addressing very recently, and it's going to be impactful here for the coming quarters to grow those margins accordingly.

Operator

Your next question comes from Eric Wold with Texas Capital Securities.

Eric Wold
Texas Capital Securities, Research Division

Thanks. Good afternoon. I want to talk a little bit more on the game side. You talked about some of the changes in pricing. I think you said it was somewhere in the mid-teens to 20% kind of increase in dwell time at the Midway. Is the right way to think about that as you're seeing people hanging out longer with the same amount of spend on entertainment they would have had, but obviously, hopefully spending more on food and beverage, you're able to kind of get that check there. But what are the thoughts on that and then kind of the impact on how that could kind of change the mix and margins if that continues into place?

Darin Harper
CEO & Director

Yes, that's right. They're spending the same amount but getting greater game play and thus, greater dwell time in the box. So your intuition is exactly correct. One of the -- there's a couple of benefits. Number one, we're providing a better value proposition to the guest and our game card is lasting longer and just having a better experience. But secondly, the longer they're in the box, hopefully, the greater opportunity we have to get them to attach or spend more on F&B.

So as we work through our defining how we measure that better. I think we'll have a better sense for how to do that. There are some things that Amanda and team are going to do to try to drive more food attach when people are in the Midway. Where we've really seen a lot of that is from the introduction of our Eat & Play Combo on the kiosk, and we've been able to convert a lot of what would have been just game players into F&B. So there's more to unlock there for us, but our primary objective was to provide better value for the entertainment experience. Second is how can we attach more food. So more to come there, but we're pleased with the value that we've delivered to the guest.

Cory Hatton
Interim Chief Financial Officer

And I think also chiming in there, Eric, I think the importance of what we've achieved with resolidifying our menu as a really compelling offering and even for some guests on a stand-alone basis, the more that, that gets out there and the more we're able to kind of fine-tune the execution on that menu, which is a much better product offering than I think we've arguably ever had at Dave & Buster's, you're going to get more and more, call it, higher frequency food and beverage occasions than once or twice a year gaming occasion. And as we see that attach rate, which we've solidified primarily from the games to the food and beverage to date, eventually, our aspirations for that to work the other way as well. We'll get more food and beverage occasions that transfer into a gaming customer, and that comes at a really high margin. And that's the kind of cornerstone of this offering from an entertainment model perspective that we're really trying to drive and we're going to see some really good fruit from that effort as we proceed and get that work in both directions.

Eric Wold
Texas Capital Securities, Research Division

No, that's helpful. And then kind of a follow-up on, still on the games. So obviously, game comps still running negative. Maybe talk about what you've seen with the introduction of the 10 new games so far this year. Are you seeing a meaningful delta in kind of game play that you kind of call out between the new games, I could it the older games? And when you put in new games, are you seeing any kind of beneficial lift on the remainder of the Midway? Or is it really focused on the new games being put into place?

Darin Harper
CEO & Director

Yes. So when we look at introducing new games on to the gamer floor, there's a number of different metrics that we look at to try to assess how they're performing and what they've done. We look at gameplay, we look at the penetration, we look at reach and some other operational metrics to really understand how these are performing.

And so overall, we're really pleased with the 10 new games that we've put in to date. They are all performing really well in a lot of those measures that I gave, which demonstrates that they're being used and the guest likes them. And some of them are addressing other attributes that we're going after in terms of more social games that groups can play together, et cetera.

What I'd say is because we have underinvested in the Midway over the last few years that it's also a bit of a catch-up to get that relevancy back into play. And there's a bit of just consistency that you're going to need with that. And just a new game stand-alone is not going to be enough to do that. But we're getting some good learnings on some other areas that we think could unlock some interesting opportunities for us with regard to where we're going to lean into from a merchandise collectible standpoint, and that has really driven incremental spend, and we think will ultimately drive incremental traffic into our boxes.

Cory Hatton
Interim Chief Financial Officer

Yes. And I think that's a huge point there, Eric, that Darin just made in terms of what we've seen from these new games, I think a lightbulb went off for us as a management team in terms of the customer demand for merchandise as well as whether you get it directly from the game in the case of a crane machine or if you're collecting tickets and go to our WIN! store, we have a lot of work to do in a really exciting way to get our WIN! store in a much more competitive position than it's been as well as with those merchandiser games like the claw machines, getting better inventory in there and a collectible nature to attract fandoms and the IP we're already cultivating. We just feel like we have a really big moment here to bring it into a really natural ecosystem that we already have built, and that's going to reap some really big rewards in the future for us and something we're very focused on.

Operator

Your next question comes from Mike Hickey of StoneX.

Michael Hickey

StoneX Financial, Inc., Research Division

Hey, thank you. Hey, Darin. Thanks for taking our questions. Just on the, I guess, the macro, your model has been vulnerable to headwinds on the macro. And now we're dealing with diesel over $6 a gallon. It looks like interest rates are going higher. We're going to go into Q4, politics are going to be in our face. I can't imagine that's great for sentiment. I mean what are you seeing today on your business impact from energy prices, inflation, sentiment and how do you think it will trend? And how do you sort of combat that?

Darin Harper

CEO & Director

It's a tricky reality of where we are right now. As we've communicated in the past, certainly, that lower-end consumer has been impacted more. That's not unique to us, but that is a pressure we're facing. I guess what I'd say, and I think you all have noted that we didn't discuss the economy at all in our prepared remarks. And the reason is we believe all these areas that we're focused on, there's latent and significant opportunity there, notwithstanding the environment. And the reason I say that is other brands who are in the same economic environment we're in, have performed better. And we know because we've seen it with our own data when we execute right, we can really drive the business.

So are we going to operate in a difficult consumer environment? Yes. Can we -- do we still believe that we can drive the business? The answer is also yes because there's so much latent opportunity there. But that's one reason why when I discussed having a singular consistent evergreen value message, it's really important because we've bounced around with so many different messages over the last few years. And when it comes to sort of that recall for the guest, it's very confusing for them like, hey, what's Dave & Buster's running today? I don't know. There's too much stuff going on.

What our thesis is and what we believe is, especially our Eat & Play Combo and half-price games on Wednesday and Sunday. For instance, those 2, we really just want to beat that drum, be evergreen, be consistent so that when that occasion consideration comes to mind, the guest immediately is like, "Oh, yes, Dave & Buster's has great value. We can get an entree for $4.99." And that does not become a veto. So I think we feel like despite the difficult environment, we can still execute and grow sales in it.

Michael Hickey

StoneX Financial, Inc., Research Division

Thanks, Darin. Last question from us. About 8 quarters into year-over-year declines in your entertainment business. It looks like over the last 4 or 5 quarters, that weakness has actually accelerated regardless of what promo, what new games you're putting into the system. So I guess at this point, curious what evidence you have that the sort of game-centric model that really defines your business over time isn't broken at this point?

Darin Harper

CEO & Director

Yes. What I'd say is number one, through our own extensive consumer research on what guests are looking for, we know it's a remarkably stable offering that still appeals. And you see other concepts out there with similar type offerings that are able to grow.

Where we haven't delivered great is that ongoing innovation and ongoing relevancy in our game room floor. So the modality of kind of how consumers are using out-of-home entertainment has changed some. But our product, we have very high confidence that, that experience is still very sought after, but we have to innovate more and we have to be more relevant for the guest.

And tying back to the comment I made with respect to our brand power and our access for -- our access to partnerships, IP, exclusive items, those are absolutely things that we should be leveraging that we haven't as much as we can. That's a key element, along with our ongoing entertainment investment to drive our traffic, which will ultimately drive the entertainment category. Our entertainment is really is in line with where we see our traffic pretty much. And we've done a great job driving F&B through these various attached with our new menu. And now it's really driving and tapping into that demand with a relevant product to our consumer, and we firmly believe we can do that.

Operator

Your next question comes from Andrew Strelzik with BMO.

Andrew Strelzik

BMO Capital Markets Equity Research

I wanted first to ask about demographics and how the demographics for your business are kind of evolving as you've seen the F&B growth and the amusement declines pretty persistently here and maybe how that's framing the initiatives on the amusement side of the business, in particular, to try to drive traffic, not so much from an income cohort perspective, but whether it's age or families or otherwise.

Darin Harper

CEO & Director

Yes. Andrew, yes, one thing that we have noticed between -- I'll just talk about maybe the occasions with guests and occasions with -- I'm sorry, occasions with kids and occasions without kids. That occasions without kids is where we've seen more of a decline. And so when you think about how that's impacting our strategy, we are an adult-first occasion, but families are welcome, and we cannot alienate families. And so what you're seeing is our focus on where do we drive that appeal for the adult occasion. And again, in a way to not alienate families.

And so it's -- for instance, let's take Halloween. This is an occasion that is a clearly viewed as a family occasion. But it's also a large, highly social event, $13 billion a year spent on Halloween. Halloween falls on a Saturday this year. So it creates this unique opportunity for our business to serve family demand earlier in the day and then convert into a differentiated adult occasion at night. And so we're really focused on the Halloween activation throughout the month and then a ticketed event, adult-only event in the evening.

When we look at our game selection, it's very much of a business hold appeal for young adults. F&B, how we're looking at different cultural experiences, is this something that adults are focused on. So while 50% of our occasions approximately include kids, half of those occasions are still driven by an adult finding appeal of the Dave & Buster's offering. So that's probably the biggest sort of learning and how we're sort of approaching it through the different elements of the business.

Andrew Strelzik

BMO Capital Markets Equity Research

Okay. All right. That's helpful. And I wanted to also ask about the cost saves, the $15 million and then potentially doubling that. And I guess the question is you've taken a lot of -- the company has taken a lot of cost out of the business over the last several years, obviously, trying to restore the momentum and make investments as well. So number one, kind of where is that $15 million coming from? And number two, what gives you the confidence that you can balance both those cost saves and the reinvestment to better position the business?

Cory Hatton
Interim Chief Financial Officer

Yes. Andrew, I'll take that one. So with regards to the $15 million that we've identified and have already executed on, so it's just a matter of kind of rolling over the quarters to come and letting them season into our P&L. We've been very selective here. It's not totally changing the business or anything else. This is all very strategic on the margin in terms of identifying areas that don't impact the guest, largely kind of G&A, overhead. Specific examples, there's a lot in our IT area that we're very focused on, just a plethora of systems that maybe a project started and we didn't get to the other side of it. And yet we didn't sunset it in an appropriate way. We're very focused in that area, just being more efficient, which is going to come with some significant cost saves.

On the insurance front, there's a lot of policies we're looking at very closely working with new brokers and others to just make the right decision for the company and being tighter on how we evaluate kind of the premiums we're paying and the service levels we're getting. So those are 2 really big buckets in this area. But it ranges all over the place from janitorial services. Some of these are kind of legacy post acquisition of Main Event. We did harvest some significant synergies, but didn't go as far as we probably could in some areas as the portfolio has grown as well, being able to transfer from kind of regional service to more national service and really leverage our buying power with the size of the company we've become. And these are going to be really impactful, I think, above and beyond the $15 million that we've executed on.

There's -- as I mentioned in the prepared remarks, at least double that, that is a clear line of sight, just a matter of negotiating the contract, et cetera. But there's a lot of areas that we're very encouraged by and some significant dollars that are going to add up quickly that we feel like are real savings that we're going to be able to produce in the quarters to come.

Operator

Your next question comes from Dennis Geiger with UBS.

Dennis Geiger

UBS Investment Bank, Research Division

I wanted to ask a little bit more about the improvement that you saw into the quarter-to-date period and what you attribute that to. I know you guys touched on a bunch of initiatives with the World Cup at that point behind you, anything you would flag there beyond anything on comparisons driving that improvement in the 1-year momentum. And then as you talked about sort of continued improvement looking ahead, any thoughts with where this heads over the coming quarters?

Darin Harper

CEO & Director

Sure. Look, we're pleased with our quarter-to-date performance, but we don't want to let these last 5 weeks be indicative of where we're trying to guide. I think we've sharpened our marketing approach. We've thankfully not had any unusual lapse overall that have impacted the business. But I think we're just -- we're feeling good about -- Jeremy has been in seat for a couple of months now or 3 months or so. We're starting to work with our partners better. We're getting better line of sight into what's working from a media standpoint. We've gotten better with discoverability and some search, still a long way to go, but there's some elements that we're pleased with. But we can't comment about what this looks like over the next few weeks or over the next few periods. But we're just going to be hyper focused on just continuing to drive the business as we articulated.

Dennis Geiger

UBS Investment Bank, Research Division

Makes sense. Thanks, Darin. Just one more, just on remodels. I know you said outperforming the broader system. Any additional insights there as far as what kind of sales uplift you've been seeing? Anything on kind of where the latest return profile sits? Anything that you want to share or able to share on the latest remodel performance side of things? Thanks.

Darin Harper

CEO & Director

Sure. Yes. We're continuing to see outperformance in our remodels, as we've noted. I think as the overall system has performed better over the last couple of periods or so, that delta between the 2 has contracted some. So it's too early to get any other sort of read on that.

Look, I think as we continue to better hone our overall marketing efficiency for our base stores that's certainly going to inform us from a remodel perspective. We've obviously spent a lot of time over the last few calls talking about what's worked and hasn't worked with the remodels and sort of what we've done from a marketing perspective. But I think I'm convinced there's more that we can do really from a local activation standpoint to let our guests know even more what's happening. But I think we've seen enough to also know that this reduced capital model that has been built can still yield just as good of results as the more expensive remodel program previously.

So more to come there. But as we proceed with any capital allocation decisions, we're going to prioritize where we're going to get the best return over the near term. And so whether that's entertainment, remodels, balance sheet, whatever, we'll continue to make those decisions through that lens.

Operator

And your final question will come from Jeff Farmer with Gordon Haskett.

Jeffrey Farmer
Gordon Haskett Research Advisors

Thanks for taking the call, pretty late. Just 2 quick modeling questions, hopefully quick. Q2 same-store sales down 2.9%, average weekly sales down more than 6%. So assuming that spread is new store productivity, how should we be thinking about that spread as we're moving forward in modeling the business?

Cory Hatton
Interim Chief Financial Officer

Yes. Jeff, I think in terms of looking at that and looking at the numbers, you're looking at as well, if you do it on a per operating week basis, obviously, the comp is in line with the reported comp. But if you get into that kind of non-comp bucket, there's a couple of things going on. This is piggybacking off of Darin's prior response. But when you look at certain new stores, you are also apart from the newest stores and 6 opened this quarter, so we're still getting a good gauge on them. We're very close on the marketing of those new stores, just making sure they're opening up. If it's in a new market, especially with the Dave & Buster's, you get kind of that halo effect of awareness with the 90-plus percent national brand awareness we have, but making sure we're kind of activating them as appropriately as possible. We're going to be even better at that.

And then I think the other big noisy thing in that bucket, which is important is you have stores that opened last year that then this year are going through kind of their honeymoon effect. And so there's a handful of stores in there. It's about 26 non-comp stores that are just going through that element of decline from the prior year, which is modeled out, but can be a little bit more extreme for smaller markets, the smaller boxes that we've opened recently. And that's really the factor that's going on in that non-comp bucket.

Jeffrey Farmer

Gordon Haskett Research Advisors

Okay. And just a follow-up on that. So as it relates to those 26 stores, I haven't looked at the model that closely. But in terms of thinking about what could potentially happen over the next couple of quarters, is that 3-point plus spread a reasonable benchmark or we should be thinking about something sort of higher or lower than that?

Cory Hatton

Interim Chief Financial Officer

No, we absolutely expect it to improve from there. I think we'll see how these 6 that opened just this quarter, some in the later parts of the quarter. So as we get into the third quarter, seeing some good traction on those new stores and, of course, correcting where we need to in terms of doing an additional marketing blast. And with Jeremy on board, he's getting very focused on those.

And then I think from a kind of transition into the comp next year, we don't expect this to be a perennial challenge for us. We feel like we're making the right decisions in terms of site selection and with the 11 new stores we're opening this year, going down to 5 next year, we think we're making the right capital allocation decisions, and this is all going to be an improving scenario.

Operator

This concludes the question-and-answer session. I'll turn the call to CEO, Darin Harper, for closing remarks.

Darin Harper
CEO & Director

Thank you, operator, and thank you, everyone, for joining us this evening. Dave & Buster's and Main Event are iconic brands with exciting and significant opportunity ahead. Clearly, Q2 was not where we wanted to be, but it clarified both the challenges and the opportunity. We are encouraged by sequential improvement in July and quarter-to-date and by guest response in food and beverage, special events and remodels while remaining focused on traffic, affordability and service consistency. We will stay close to the data, listen to our guests and keep improving product and execution. Our teams across the country make this possible, and I thank them for their incredible work.

I want to reiterate that our strategy is working. We went from minus 5.4% in Q1 to minus 2.9% in the second quarter with sequential improvement in both July and the third quarter to date. As a result of all the initiatives we have in process, we expect same-store sales, revenue and EBITDA to grow in the near term. This growth will be accompanied by significant cash flow generation and materially increased equity value. I'm excited about the opportunity ahead, and I look forward to updating you on our progress. Have a wonderful evening.

Operator

This concludes today's conference call.

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