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Dave & Buster's Entertainment, Inc. (PLAY) Q4 2026 Earnings Call Transcript

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Q4: 2026-03-31 Earnings Summary



EPS of -\$0.35 **misses by \$0.81** | Revenue of \$529.60M (-0.92% Y/Y) **misses by \$25.32M**

Dave & Buster's Entertainment, Inc. ([PLAY](#)) Q4 2026 Earnings Call March 31, 2026 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

Andrew Barish - Jefferies LLC, Research Division

Andrew Strelzik - BMO Capital Markets Equity Research

Dennis Geiger - UBS Investment Bank, Research Division

Michael Hickey - The Benchmark Company, LLC, Research Division

Jeffrey Farmer - Gordon Haskett Research Advisors

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

Presentation

Operator

Good afternoon, and welcome to the Dave & Buster's Fourth Quarter 2025 (sic) [2026] Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Cory Hatton, Head of Entertainment Finance, Investor Relations and Treasurer. Please go ahead.

Cory Hatton

Head of Entertainment Finance, Investor Relations & Treasurer

Thank you, Gary, and welcome to everyone on the line. Joining me in the room 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 fourth quarter and full year 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. 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 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 evening, everyone, and thank you for joining our call today. I'm pleased to report that our back to back -- back to basics strategy continues to gain meaningful traction. As we discussed on our Q3 call, we saw improvement in same-store sales throughout last quarter. I'm encouraged to share that excluding the 3 days of impact from Winter Storm Fern in January, we also saw improvement throughout the fourth quarter. We have now had 6 consecutive fiscal months of improving same-store sales for the Dave & Buster's brand, when adjusting for the 3-day storm impact and ended February roughly flat in same-store sales.

We're also pleased to report that during the first fiscal month of 2026, we have experienced continued momentum with roughly flat total company same-store sales as well as growth in revenue and adjusted EBITDA. Since joining the company about 9 months ago and fully immersing myself in every facet of the business, I'm even more confident in our ability to dramatically improve operating results.

During financial year 2026, we will continue to make meaningful improvements to the business. Sharpening our marketing and promotions to drive brand consideration, traffic and repeat visitation, refining our food and beverage pricing and menu architecture, launching a powerful lineup of culturally relevant new games, implementing our improved remodel program and opening up several new stores at attractive returns on investment.

We've also significantly strengthened our leadership team and are prioritizing our field operations and culture, because we know that exceptional execution and guest experience will lead to improved traffic and sales. We believe we have the right strategy, the right team and the right momentum to create meaningful value for our guests and our shareholders.

Our priorities for financial year 2026 are clear. One, grow same-store sales; and two, generate meaningful free cash flow. To that end, during financial year 2026, this management team is highly confident in its ability to deliver an increase in same-store sales, revenue and adjusted EBITDA and to generate more than \$100 million in free cash flow.

Let me now provide an update on each pillar of our back to basics strategy. First, on marketing. As we discussed last quarter, we have reconstructed our marketing strategy with a clearer, more disciplined approach to planning and execution. We created a simplified marketing and promotional calendar which effectively communicates the attractiveness of our offerings. We continue to believe that improving and optimizing our marketing message as well as our media mix are one of the biggest opportunities we have to improve traffic, sales and adjusted EBITDA. We've been laser-focused on leveraging data to balance our investment between television and digital channels, and to make sure we get the right message to the right people at the right time.

Looking ahead to 2026, our marketing reset will go even further. Our focus is to rebuild brand consideration while promoting culturally relevant promotions at attractive price points. We're also focused on building brand buzz, leveraging our exciting Instagram-worthy entertainments on the arcade. One recent example of this was our Valentine's Day promotion where we gave away diamond engagement rings to 5 lucky customers using our Human Crane. The campaign generated over 6 billion impressions and a tremendous amount of earned media value.

We're also activating our loyalty program to drive personalized messaging and increase guest traffic through frequency. We are building a scalable special events business engine that turns even into culturally relevant moments and converts our event guests into repeat walk-in customers. For example, Super Bowl, which used to be one of the worst Sundays of the year for us, ended up being a highly productive day for us this year with ticketed advanced purchase programming where guests would enjoy our massive 40-foot screens, unlimited wings and games for \$24.99. Looking ahead, and as already highlighted, the FIFA World Cup represents another significant opportunity to establish Dave & Buster's as a destination of choice for major watch occasions and drive incremental traffic this summer.

Second, during the last several quarters, our food and beverage offering has been one of the earliest success stories of our back to basics strategy. As we've discussed, the percentage of guests who came into our stores to play games and then also ate food had declined significantly versus historical levels. Our menu had changed quite materially in the years following COVID. Over the course of 2025, we reversed that trend decisively. Our new menu, which is largely a return to our successful pre-COVID menu was launched in October and delivered strong results. In late 2025, traffic in our dining rooms was up meaningfully year-over-year which helped us grow our comparable food and beverage sales approximately 7% during the fourth quarter. Our F&B same-store sales have now been positive for the last 6 fiscal months through February 2026.

In addition to our new menu, our improved execution around our Eat & Play Combo offering has also been a powerful driver. Guest opt-in to EPC has improved significantly to a double-digit percentage of our guests since the beginning of 2025, growing from roughly 10% in Q1 2025 to approximately 16% in Q4 2025, demonstrating the attractiveness of the offering and seamless accessibility via kiosk. All told, the percentage of people who came into the stores -- excuse me, all told, the percentage of people who came into our stores to play games and then also ate food also improved by roughly 700 basis points year-over-year in Q4.

Third, regarding our games offering. As we have previously discussed, we moved away from introducing new games to the system over the last 6 years. This current management team strongly believes that was a mistake and that delivering new and relevant games and attractions as the company had done consistently before COVID is a key element to attracting new and repeat guests and drive traffic and same-store sales. To that end, we've been hard at work and are excited to be introducing at least 10 new games and attractions across our store portfolio in year 2026. This is the most new games we have introduced in a year since 2017, demonstrating that a renewed focus on our entertainment offering is a core and obvious pillar of the back to basics strategy.

Many of the new games we will introduce this year will be associated with highly relevant cultural IPs, which will maximize awareness, engagement and traffic. This is one of the strongest lineups we have ever assembled as a company, and it reflects our commitment to delivering experiences that are bigger, bolder and more immersive than anything our guests have seen before.

Our new lineup of innovation includes games featuring John Wick, Stranger Things, Mandalorian and Grogu. Additionally, given the exceptional demand, we have now rolled out Human Crane across the entire system. We're equally excited about our big push to leverage our highly differentiated watch offering, which includes massive 40-foot screens, promote visitation to our stores during World Cup soccer games this summer. We devised a comprehensive 360 activation around soccer this summer, which will experience new games, win items and new F&B innovation all linked to soccer.

This revitalized product offering represents a significant step forward in the quality, variety and cultural relevance of our entertainment offerings. We are combining world-class IP partnerships and innovative original concepts, and we are doing it in a way that drives both per capita spend and repeat visitation. I could not be more enthusiastic about what this means for our guest experience and our business. For year 2026, our ambition is to continue to evolve our play experience and position Dave & Buster's as the fun capital of America.

Fourth, regarding operations. We are reinvesting in our field operations with comprehensive training programs designed to empower our teams to deliver exceptional guest experiences and drive higher customer satisfaction. By fostering a collaborative culture that receives strong support from our shared services center, we're reducing turnover, enhancing engagement and creating an environment where our people and our brand can truly thrive. For year 2026, we are establishing what we call an obsession metric around speed of service with clear standards at critical guest moments such as 1-minute greet and 4-minute drinks time, supported by coaching and performance management. We are also revamping our labor model to optimize staffing and simplify operational processes.

To bring all this together and further accelerate our momentum, we are elevating our culture and people capabilities across the organization. From launching industry-leading GM incentives to investing in training programs and simplifying task for our team members, we are sending a message to the field that our success is closely tied to our execution and to our guest experience. For year '26, we're implementing leadership development programs and tools across both the shared services center and the field to strengthen our bench, improve retention and increase internal mobility.

We're also establishing our employee value proposition and unifying our culture by defining and activating a shared mission across Dave & Buster's and Main Event. We want our teams to know that we are walking the talk on the fundamental truth that our guest experience can never exceed our team member experience.

Finally, we have made continued progress on our revamped remodel program. As mentioned last quarter, we have high confidence. We have found the right layout to increase traffic and overall productivity and generate highly attractive ROIs at a reasonable cost. We recently opened 3 new remodels and we have 3 new remodels under construction and plan to open an additional 4 remodels in the next 9 months. As a reminder, remodeled stores consistently outperform non-remodeled stores by approximately 700 basis points.

As we have discussed before, after COVID, this company moved away from many of the very clear and obvious elements that made it successful. Marketing and promotions changed significantly. The F&B menu and offerings changed significantly. The commitment to annual games and entertainment investment changed significantly. The focus on operations excellence changed significantly and a commitment to refresh stores while maintaining the core ethos of what customers love about D&B changed significantly.

We are now going back to basics piece by piece to restore those elements that made this brand and this company is successful and it's working. We have made meaningful progress over the past 9-plus months and expect that progress to now even more quickly convert to financial results. We cannot have more confidence in our back to basic plan and our ability to grow this business meaningfully in the near term and over the long term.

Before I pass the call over to Darin, I'd like to spend a minute addressing a topic we have gotten from many shareholders, our plans around capital expenditures, including our investment in new stores. I want to be clear that we are highly focused on strict capital expenditure discipline, minimum ROI thresholds and generating significant free cash flow. We are consistently evaluating our capital investment plans, including our new store plans and will make adjustments as we weigh the best returns for each dollar of capital. If and as we make material adjustments, we will communicate them to you. We currently plan to spend no more than \$200 million in CapEx during year '26 and to deliver over \$100 million in free cash flow this year.

To talk about this more and review our financial results, let me hand the call over to Darin Harper, our Chief Financial Officer.

Darin Harper
Chief Financial Officer

Thank you, Tarun, and good afternoon, everyone. As Tarun touched on in his comments, there are several areas where we have made very solid progress over the past several months. While our comparable store sales decreased 3.3% versus the prior year in the fourth quarter of fiscal 2025. Excluding the impact from the extreme winter weather, we estimate our comparable store sales would have decreased 1.5%. Excluding the impact of the winter storm, we saw sequential improvements in our comps during Q4 with period 12, the month of January, up 90 basis points at the Dave & Buster's brand year-over-year.

Also during the quarter, F&B same-store sales increased approximately 7%, special events grew nearly 7% and as Tarun mentioned, our remodel locations continue to outperform the balance of the system by approximately 700 basis points. Additionally, we drove sales improvement throughout our half-price games test on Sunday through Thursday. As Tarun mentioned, we experienced roughly flat comp sales performance to start the first period of FY '26. And while early days, we also saw year-over-year total revenue and EBITDA growth in the first period of FY '26 versus the corresponding period in the prior year.

This year, we also have seen a spring break calendar shift from March into the month of April. So we need a few more weeks before we have a good read on performance during our spring break period. During the fourth quarter, we generated total revenue of \$530 million, a net loss of \$40 million or \$1.15 per diluted share, adjusted net loss of \$12 million or \$0.35 per diluted share and adjusted EBITDA of \$111 million, resulting in an adjusted EBITDA margin of 21%. We estimate that the negative impact of the winter storm in January was approximately \$1 million in adjusted EBITDA, and there was further EBITDA headwind of \$9 million related to higher deferred revenue from the prior year. We expect this deferred revenue headwind to decrease in magnitude for the next couple of quarters and to be approximately \$10 million in total for FY '26.

Our fourth quarter EBITDA margin decline year-over-year was impacted by 110 basis points related to this deferred revenue headwind, 100 basis points of higher marketing costs and the balance of the margin impact due to net deleverage coming from the 3.3% same-store sales decline, which, as previously noted, was impacted 180 basis points by the winter storm in January. As Tarun mentioned, we expect positive comps in FY '26, leading to EBITDA growth and steady improvement of our margin profile over the course of FY '26.

Our adjusted net loss of \$12 million for the quarter was impacted by \$24 million of incremental depreciation expense year-over-year. We anticipate a more normalized depreciation and amortization expense in FY '26 of approximately \$75 million per quarter. As a reminder, reconciliations of all non-GAAP financial measures can be found in today's press release. On the expense side, we believe that we have an opportunity to drive even more cost optimization.

Over recent weeks, we have put together -- we have put significant effort into further improving our internal processes and controls and costs and have in parallel kicked off a comprehensive initiative to identify material cost savings across all aspects of our business, including bringing on a new senior resource who spends 100% of his time focused on cost savings initiatives. As a result, we believe we can meaningfully improve our margins over time.

Our new store development continues to deliver strong returns, and we have had a solid pipeline of upcoming store openings. In the fourth quarter, we opened 2 new domestic Dave & Buster's stores which, as expected, took our new domestic store openings for the year to 11 plus 1 relocation. We anticipate opening 11 new stores in FY '26 comprised of 8 new Dave & Buster's and 3 main events, and we expect them to contribute approximately 280 incremental operating weeks in FY '26.

On the international front, with the opening of our fourth international franchise location in the Dominican Republic, we expect 3 more international openings in the next few months in Delhi, India; Perth, Australia and Mexico City, Mexico. As a reminder, we have secured agreements for over 35 additional international franchise stores in the coming years, and we see international franchising as a driver of highly efficient incremental growth, monetizing our brand around the world with minimal investment and risk. We have a massive opportunity internationally.

We generated \$103 million in operating cash flow during the fourth quarter, ending the quarter with \$17 million in cash and \$483 million in total liquidity, combined with the availability under our \$650 million revolving credit facility, net of \$14 million in outstanding letters of credit. In 2025, we invested approximately \$270 million of CapEx on a net basis when factoring in payments from our landlords. We are making increasing progress converting our strong operating cash flow to free cash flow through more strict management on capital spending by eliminating inefficient capital spend. As a reminder, we are committed to generating meaningful free cash flow while continuing to invest in double-digit new store growth, new games, other high ROI initiatives and a more diligent remodel program.

As Tarun mentioned, in FY '26, we fully expect the net CapEx figure to be no greater than \$200 million. We are constantly evaluating our capital investment program. And if we identify better uses of our capital that makes sense for the business, we will be sure to provide an update. We completed 3 remodels of our latest remodel prototype at 3 Dave & Buster's already this year in FY '26 and are under construction at an additional 3 D&B stores. We believe this new prototype will maximize the impact elements of our successful store remodels, while eliminating previously ineffective spend for a high return outcome, and we look forward to updating you on the progress in this area.

As Tarun also mentioned, given our plans, management is highly confident in its ability to grow comparable store sales, total revenue and adjusted EBITDA during FY '26. Additionally, given our improved discipline around capital expenditures, we expect to generate more than \$100 million in free cash flow during FY '26, which we believe positions us well to continue investing in the business, reduce leverage and return capital to shareholders at ours and the Board's discretion.

Our financial foundation remains strong, supported by a business model that consistently generates high returns, healthy unit level performance, disciplined cost management and very straightforward potential to generate meaningful free cash flow. Both leadership and the Board remain sharply focused on executing our priorities to drive same-store sales growth and generate significant free cash flow.

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

Question-and-Answer Session

Operator

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

Andrew Barish

Jefferies LLC, Research Division

I was just making sure on the opening comments, you were just referring to February because of the March spring break shift, but anything else just obviously, the world's changed a lot in March. Anything else you care to comment on just in terms of consumer behavior, just too tough to read with if everything is shifting around in the business.

Darin Harper

Chief Financial Officer

Andy, it's Darin. Yes, look, it's -- obviously, there's a lot going on from a macro perspective from gas prices, from consumer sentiment and the like. It's just -- it's hard for us to parse through what's impacted to the macro versus some of these holiday shifts with spring break and Easter. So as typical for our business, we kind of like to get through this spring break period of time and try to get a better read on things. But it's mindful. We certainly know it's out there, but it's too early for us to really parse through what impact that's having.

Andrew Barish

Jefferies LLC, Research Division

Okay. Helpful. I guess kind of philosophically Tarun, more value seems to be helping to stabilize the business, whether that's half price gains now more than just Wednesday or kind of eat and play and the season pass and things like that. Are we -- I guess, are we seeing the impact of that on margins sort of as we came through the back half of last year? Or do you think like the promotional stuff can be offset by more traffic? Just trying to get a sense of kind of like what the trade-off is to kind of continue to improve margins as you guys have talked about for 2026?

Tarun Lal

CEO & Director

Andy, that's a great question. And I must say kudos to our product design and our marketing teams. They've designed the product in such a way that actually there is minimal margin erosion on either half of games or on the seasons pass. In fact, what we are seeing is that our consumers are spending the same amount of money on the games, but because they're spending more time on the games floor, they're actually consuming more food and beverage. So it's working really well. And we don't see any risk of margin dilution as a result of these value promotions.

Darin Harper

Chief Financial Officer

Yes, I'll add too, Andy, with -- because we've driven more attached on the F&B side. We're seeing more sales mix sort of weighting to F&B. And again, that's not a product of less entertainment or anything happening on the entertainment side, it's us driving more revenue on the F&B side. So that inherently -- every percentage point of sales mix into F&B will have about 16 basis points of sort of inherent pressure on gross margins. But that's something that obviously we'll live with. It's incremental penny profit. But yes, as Tarun said, we've really done a nice job designing these to be very margin neutral.

Andrew Barish*Jefferies LLC, Research Division*

Got you. And then just finally, Darin, on the net CapEx kind of finished up about \$50 million more than you kind of originally had targeted. Could you give us a little sense of the variance? Was it real estate proceeds or TIs or just kind of spending a little bit more as we look at the weighting or the timing of '26 openings?

Darin Harper*Chief Financial Officer*

Yes. Most of it, Andy, is coming from there was \$33 million of FY '24 CapEx that bled into FY '25 that was a cash outflow this year. So that was a big factor. If you net that out, it's about a \$233 million number versus the \$220 million guide and that \$13 million incremental increase, some of that came from rolling out human cranes faster than we wanted and a few other areas that we anticipated. So really, most of it is just due to timing really from the prior year. FY '24, that bled into FY '25.

Operator

The next question is from Andrew Strelzik with BMO.

Andrew Strelzik*BMO Capital Markets Equity Research*

I wanted to ask about the amusement business. With the momentum you're seeing in F&B, obviously, that means with the overall comp amusement was down pretty solidly. And so I guess, to me, that kind of feels like a truer sense of incremental traffic. Correct me if you think I'm wrong on that. But I guess I just want to ask then in your confidence that the initiatives that you have in store for '26 can change the trajectory of that business, which still seems like it's under a decent amount of pressure.

Tarun Lal*CEO & Director*

Yes, Andrew, thanks for the question. As we have acknowledged that I think one of the mistakes we've made as a business is that over the past 6 years, we've not invested in amusements at all. And the number of new games in our arcade or in general, the total number of games in the arcade or partnerships with relevant IPs, that's been missing for a long time. And consumers have told us that when we've spoken to them. And so as we've done our research and as we've heard from our customers and responded to what they have said, we actually feel extremely confident that our strategy of bringing new games and bringing not only new games, but different kind of games with immersive experiences with culturally relevant IPs will attract a lot more foot traffic. And that's what we're looking for.

We're looking for same-store sales growth driven by traffic. So it's early days to share all the plans for 2026. But we are in -- I mean, in addition to the -- what we have already shared with you about these 10 games that are being launched shortly, we're actually in discussions with big brands and partnerships, again, that are very, very exciting and gives us tremendous confidence that this is going to drive consumer interest. It will lead to brand consideration, and that will drive traffic and same-store sales growth.

Andrew Strelzik

BMO Capital Markets Equity Research

Okay. That's helpful. And maybe just following up on that, as you think about communicating that to guests. I mean the first point you brought up was the marketing. And so I guess from -- for 2026, I wanted to better understand exactly kind of how to think about what's changing from a marketing perspective. Is it mostly visibility or messaging and that type of thing? Or is the spend or media mix shifting in '26 versus kind of since you came in? How should we think about that?

Tarun Lal

CEO & Director

So Andrew, I think it's a combination of several things. I think -- my very strong view is one, that you need to have the right product. If you have the right product, it just gives marketing that ammunition to fire effectively. So we believe that by investing in products, in new games, in culturally relevant IPs, we're giving marketing the right ammunition and so that's kind of one piece. The second piece really is that we've now driven every execution on the back of compelling customer insights. So these are not just kind of marketing activations that are happening because of our gut or something that someone likes. It's actually based on the foundation of what consumers are telling us. So that gives us confidence.

And then finally, to your point, that I think that we had really kind of leaned on two extreme ends on media mixes. And now because we are using data and we're using MMM, we feel a lot more confident that we are reaching the right target audience through our campaigns, both using television as well as social and digital.

Operator

The next question is from Dennis Geiger with UBS.

Dennis Geiger

UBS Investment Bank, Research Division

First question, I wanted to ask a little bit more on the free cash flow guide for the year. Anything else that you could share sort of on thinking about margins as we go through the year or for the year or sort of the EBITDA at a high level? And then within the context of the CapEx, the net CapEx guide, I forget if you've given gross or anything on kind of sale-leaseback assumptions for '26 that you could share maybe?

Darin Harper

Chief Financial Officer

Yes. So on the first part of your question, yes, we're not providing any incremental EBITDA guidance for FY '26. Yes, I think one thing that might be helpful is to point you to the sort of mini deck that we had back in September that there's a slide in there with a cash flow waterfall. I think that may give you some perspective on sort of how to think about modeling this free cash flow guide a bit. When it comes to the margins for the year, overall, we feel like obviously, growing comps is what's going to drive the margin growth.

We feel like we are managing the rest of our lines pretty well between what we're doing from a cost optimization standpoint. We talked about how we're designing these promos to be as margin neutral as possible. And so we feel like how we're designing these, any inflationary pressures that we're able to manage through our cost initiatives. And then again, as we've communicated, getting it to positive comp territory, all that is going to lead and drive to margin accretion. So hopefully, that's a little bit helpful. And remind me, Dennis, the second part of your question, what was your question?

Dennis Geiger

UBS Investment Bank, Research Division

That's great, Darin. I think just a part and maybe you touched on it with the slide, I have to double check that. But just on the growth CapEx and the sale-leaseback assumption...

Darin Harper

Chief Financial Officer

Yes, yes, as far as -- yes, the gross Yes. Look, we haven't sort of historically broken that out too much. However, look, I think you could look even in our K that was filed as well. There's a table in MD&A, which breaks out the gross versus net in terms of some of the sale-leaseback proceeds. Look, I'd say that's a pretty good proxy. If you take our sale-leaseback proceeds there, divided by the number of new units. Yes, I think that will kind of give you a sense for sort of how to think about gross CapEx and sort of how we're thinking about it in FY '26 as well with -- because we're opening about the same number of units.

Dennis Geiger

UBS Investment Bank, Research Division

Got it. Very helpful. And then just a follow-up question. Just as it relates to the positive comps target for the year, really helpful to get a good sense of the key initiatives and sort of where progress is there. Anything else as you guys look into your crystal ball and you think about benefits from tax rebates over the coming couple of months, you think about maybe where gas prices might be, World Cup. Just kind of factors beyond the strategic plans, how you're thinking about some of those factors and how important they may or may not be within the context of full year comp expectations?

Tarun Lal

CEO & Director

Yes. Dennis, as far as the external environment is concerned, we cannot really predict what's going to happen tomorrow. So our focus is really on internal plans. And as we've shared before today that we are very confident that by just going back to our back to basics strategy of things that we used to do really well until COVID hit and we kind of stopped doing it. We feel very confident that, that's going to drive same-store sales growth, and we're already seeing that. We're already seeing in the last 4 periods that we've stemmed the decline. We're getting increased traffic. The business has stabilized now.

Now the big investment we are making is in new games, which, again, is like not something that is just a mere hope. We have spoken to our customers. We have spoken to our teams to understand what our guests are saying, and one of the things that they've been craving for is more games, more experiences and more immersive experiences. So we're going to give it to them, not only through like the typical arcade game, but through culturally relevant IPs. So that's kind of the second piece of the puzzle.

The third piece of the puzzle that gives us confidence is that as we shared earlier that a micro event like a Super Bowl became like a big day for us in our business. And we are now latching on to several such micro events, including the World Cup soccer, which is like honestly, in our mind, is going to be a catalyst for us to truly show our guests how compelling our watch program is. Like there's nobody in this country who has 40-foot televisions across the entire estate. Like this is -- and again, we are guilty of not promoting this enough, but now we have a really strong catalyst that gives us this opportunity.

And then finally, as I said to you that we are in conversations with big IP holders on partnerships that we should be in a position to share when we kind of come back in 3 months' time to speak to you guys. And all that in combination gives us confidence that the trend we are seeing will continue and in fact, improve.

Operator

The next question is from Mike Hickey with StoneX.

Michael Hickey

The Benchmark Company, LLC, Research Division

Tarun, Darin, Cory, just curious, double-clicking here again on 1Q. February, flat same-store sales. It seems like we should be very excited, but March, I'm just not getting a good feel for it. Obviously, we're last day of March here, you are 2/3 through your 1Q period. You guided to inflection in same-store sales. Is this a 1Q possibility? Or should we set expectations here, which obviously are important to maybe 2Q. 2Q I'm guessing you get some new games in. You've got the World Cup, you kick in marketing. You got tax refunds, you got no tax on tips. Is it really Q2 that we should be looking for your business to inflect? Or the February that we saw being flat, should that be a signpost for us here that your business has turned.

Darin Harper

Chief Financial Officer

Mike yes, certainly, we're not prepared to sort of say what we think Q1 is going to print out and where that ultimate inflection point is. As mentioned, I mean, the spring break period of time is honestly our -- it's our high watermark during the year in terms of sales volumes. And so when you have these shifts, it's pretty meaningful to our business, and we always like to get through this 4- to 5-week period of time and have a good sort of postmortem view of kind of where we were heading into it? What did it look like blended and kind of what's our exit velocity coming out of there.

So look, we'll be very excited to share results in Q1. But at the moment, it's just too early for us to say. But as Tarun mentioned, I mean, all the areas that we're focused on, we have a lot of confidence in. I mean, I guess kind of drafting a bit off of even Dennis' questions of the income tax refunds and things like that. None of that, we sort of factored into, hey, these are going to be tailwinds that we're anticipating. But the other thing I'll say is, look, if there is some consumer pullback and consumers aren't traveling as much, having been in this space for a long time, sort of that staycation concept. D&B and Main Events are well placed to sort of take advantage of that as we get into the out of school and into the summer months as well. And that, combined with what we're doing with our 10 new games, we're really optimistic about. But I'll stop shy of sort of predicting when we think sort of that trend inflection point is going to occur?

Michael Hickey

The Benchmark Company, LLC, Research Division

All right. I get it. You did say very excited. So hopefully, you'll be excited when you do report. It's nice to see the attach on the F&B. I think you highlighted a lot of that was the promo activity, the Sunday through Thursday half-price games. That seemed like it was a real driver for you. You pulled back on that. I'm guessing you're going to maybe start it again when you get some new games. So that's sort of a question -- a lead-in question to the question. Ten games is great. Is there anything -- your Human Crane was phenomenal. Putting IP on to boring games is not great. I mean, when you think about the -- not to say that they are, we just don't know -- when you look at the 10 games, is there anything to get excited about? Or are you just sort of installing and sort of hope and pray here?

I mean besides the IP, like the games themselves, like is there anything compelling, and I didn't hear a World Cup game, I would have to imagine that you'd have the World Cup game. So any more color, please, on the games. If there's anything, innovation -- and if you're going to reengage that promo activity that Sunday through Thursday, we're all excited. It seemed like it was really moving traffic and you mentioned traffic was maybe what you need. That incremental traffic to split positive same-store sales. So it seems like the combination of those two will lead us to the inflection.

Tarun Lal

CEO & Director

I'll take that. So first of all, I think, we are far more excited than you highlighted on the new games. I think that the quality -- so as you know that in the last call, we mentioned that we brought in our Chief Games and Entertainment Officer, Putnam Shin. He's had experience with several entertainment companies in the past, including Disney, and he's worked on our games innovation calendar. And it is true that in the past, we have kind of almost kind of brought in games that are more reskin than anything truly innovative. We feel actually strongly that some of the games that we are launching now are different experiences and provide a far more social experience than the regular games that arcades have.

So whether you talk about Stranger Things or John Wick these are games that will be exciting and exciting to our guests. We've actually tested these out, by the way. These are tested with guests, and we've got a lot of good feedback. We have a -- we have a game called the Perfect Pump actually, which is on the face of it, it may sound not exciting, but it's the most popular game in the lineup, and it could be because of the gas prices. But you can -- it's funny how much time our guests are spending on some of these games.

Now as far as World Cup is concerned, we have 2 games that we're bringing in that's associated with soccer. We also have the arena that we are reskinning and we are bringing in 5 games within the arena that's associated with the World Cup. And that's not included in the list of 10 games that we're talking about. So honestly, once again, I want to reiterate that these are very exciting games. These are very exciting IPs. And as we move into the rest of the year, the quality of IPs, the quality of the games will only improve from here.

Operator

The next question is from Jeff Farmer with Gordon Haskett.

Jeffrey Farmer

Gordon Haskett Research Advisors

Just a few follow-up questions to some of the stuff that's already been discussed. But from a same-store sales perspective in 2026, can you offer anything as it relates to what type of comp you might need to hold store level margins flat in 2026?

Darin Harper

Chief Financial Officer

Yes. I -- in terms of holding flat comps, it's flat margins. I think you're looking at 1%, 1.5% sales lift, and that could keep us at flat margins.

Jeffrey Farmer

Gordon Haskett Research Advisors

Okay. And then -- as it relates to the Sunday, I think Sunday to Thursday LTO in terms of the half-price games, when that ran, what was the consumer response? Did you get the traffic sort of bump you wanted to in those sort of early week day parts or week parts rather?

Darin Harper

Chief Financial Officer

Yes. So it was a really good learning for us because it was the first time that we've done it for an extended period of time. We had tested half-price Sundays for a while as well in sort of the latter half of Q4 last year. But yes, we saw traffic lift. We saw spend lift and there was some really good learnings for us to really understand the experience from some of our more loyal consumers versus the consumers that don't have as high a frequency level, how it impacted their spend, how it impacted their dwell time and how was their win experience impacted as well. So some really good learnings, and I would anticipate that you'll see more of that in the days ahead.

Jeffrey Farmer

Gordon Haskett Research Advisors

Yes. Okay. And then final question. You've been asked this in prior quarters over the last year or so. But what is the strategic upside pursuing another year of double-digit store growth on the heels of a multiyear run of same-store sales declines. Do you feel like that's what the investor community is sort of expecting of you? Or do you think that's the best way to run the model? What is the strategy in terms of maintaining that high level of unit growth as opposed to slowing down a little bit until you get the comps up?

Darin Harper

Chief Financial Officer

Yes. Yes. Great question. And it's certainly the right question to ask. The overall historically, and here as of late, it's really been pinned on, hey, we continue to get good returns on these locations. The competition has not been slowing down, so it helps us continue to fill out markets and take a competitive advantage along the way. But I will say -- and one more comment. Obviously, the timetable for these is very lengthy in terms of turning the spigot slower or faster on it. And when we look at FY '26, we're under construction to some degree for every one of those locations, but FY '27 and beyond, there's obviously more flexibility.

We are -- as we always have been hyper diligent on just making sure that we're investing these dollars correctly. But I think we are even more focused on absolutely making sure that we're going to get the right return. And that deploying capital there does not keep us from investing in something that can drive comps. Up to this point, we've been able to do both. But we are very mindful of whether separate capital allocation approach in terms of new stores can be accretive to us from a same-store sales perspective. But -- but it's very mindful. This is a very, very, very important consideration as we move forward on that end.

Tarun Lal*CEO & Director*

Jeff, I just want to add to what Darin said. First of all, let me assure you that we've heard your feedback and the investment community feedback. Two, again, internally, we are committed to making sure that our core business delivers and anything that distracts us from the core business, we will not do. So it brings me to the fact that I don't believe that opening new stores that deliver very high cash and cash returns is a distraction. Now if somebody asked me "Hey Tarun, is there a growth target, are you going to open 15 stores, 18 stores, 20 stores?" My answer is going to be no, because that could become distracting.

But I think that if we had sites that were very carefully chosen for their ability to deliver access to our guests to provide D&B in a way that's more convenient to our customers to ensure that the competition doesn't take the right side we are still very, very excited and committed about these opportunities. But if we feel that, that opportunity is not going to deliver, if there's a risk associated with that, we will rather conserve the CapEx and invest that into the core business. So once again, our assurance that we hear you guys and we are committed to really focusing and prioritizing our core business and making sure that it delivers positive same-store sales growth.

Operator

The next question is from Brian Vaccaro with Raymond James.

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

My question was just on the fourth quarter comps and the monthly cadence. I just want to make sure my notes were right. I think you had previously said that your November comps were down -- and today, I believe you said January was up 90 bps, which would imply December was down pretty significantly. Is that correct? And if so, maybe just some color on what might have driven that in December?

Darin Harper*Chief Financial Officer*

Yes, Brian, our same-store sales cadence sequentially actually improved throughout the quarter. And so P10 was the softer of the 3 as we -- and again, this is adjusting for the weather impact. So yes, there is actually a sequential improvement throughout the quarter. And keep in mind, too, the 90 basis points was the Dave & Buster's brand, specifically as well. I guess I do want to highlight that just we felt like that was worth calling out.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

Okay. Okay. That's good to note as well. And just so we're on the same page in terms of cadence of new unit openings there in 280 weeks implies pretty back-end weighted. Just -- is there any way to just high-level expectations kind of on the pace of openings, but if I heard the 280 weeks correctly?

Darin Harper

Chief Financial Officer

Yes, that's right. Yes. You heard the 280 weeks correctly. Yes. I guess as some high level for you, we've got 3 locations expected to open in May, location in June, location in July, a couple in August, 1 in September and then 3 in November, if that's sort of helpful from a top line sort of cadence.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

Yes, that's great. And then just last one, I wanted to just ask about the marketing spend. I believe that was about \$93 million in fiscal '25. Can you elaborate a little bit on your marketing plans for '26, either as it relates to the spend level or the mix you might deploy between sort of traditional TV versus digital?

Darin Harper

Chief Financial Officer

Yes, sure. So from a spend level, overall, we anticipate sort of traditional media spend to be very similar year-over-year. Some nontraditional type of spend may go down a little bit, some nonworking, we expect it to go and add a little bit as well. But overall, sort of that core media, we expect to be similar-ish currently. As -- in terms of mix, like we're going to continue to optimize this. I think what you'll find as in FY '25, as we leaned more into TV, linear, CTV, et cetera, that mix may wait a little bit more into digital as we've gotten better with our modeling and targeting our consumers, but certainly not where it was 2, 3 years ago.

So I think a good blend as we work through our right mix analysis and just continue to iterate with the consumer on the right message and the right channel. So I hope that's helpful.

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 to everyone for your time this evening. Let me leave you with this. Dave & Buster's is at an inflection point. We are executing against a clear differentiated strategy rooted in innovation, operational rigor and an unwavering commitment to the guest experience across every dimension of the business, brand marketing, culinary quality, in-store execution and next-generation game content, we are raising the bar, and the early returns are validating the thesis.

Our strategic framework is straightforward and disciplined, building enduring brand equity over time, drive top line performance with urgency, deliver a world-class guest experience at every touch point, protect and expand industry-leading unit economics and underpin all of it with the right talent, the right culture and the right technology infrastructure.

At the end of the day, the financial model is elegantly simple. Same-store sales growth-driven EBITDA expansion and EBITDA expansion drives long-term shareholder value creation. We are operating from a position of growing momentum. And frankly, we are still in the very early innings of unlocking the full potential of this platform.

Nonetheless, in these early innings, we have made significant and tangible progress, including; one, 6 months of sequentially improving Dave & Buster's brand same-store sales; two, roughly flat total company same-store sales and positive revenue and adjusted EBITDA growth in February; three, securing an exciting lineup of 10 new exciting games. Four, successfully turning F&B same-store sales consistently positive; five, returning to and executing on the EPC, the Eat & Play Combo, a highly successful promotion with continually increasing opt-in rates. Six, other successful promotions, including half off games, seven, successful remodels, which outperformed the system consistently by 700 basis points and lastly, eight, continued international expansion, reaching 4 total international locations with an additional 3 more to open in the next 60 days.

We see a clear path to sustain same-store sales growth, expanding free cash flow and durable value creation for our shareholders. I want to thank our teams across the globe for their extraordinary effort and dedication. They are the ones making this happen. I look forward to updating you on our continued progress. Have a wonderful evening. Thank you.

Operator

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

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