DAVE & BUSTER'S

CHICAGO BOOTH

The University of Chicago Booth School of Business

Project Ding Ding Ding

Dave & Buster's Acquisition

OCTOBER 2023

Executive Summary

An acquisition of Dave & Buster's presents an attractive investment opportunity given favorable transaction terms, strong positioning and performance within an attractive market, high potential for value creation, and an exceptional management team to partner and execute with

Background & Thesis

Company Background

Dave & Buster's ("D&B") is the largest operator of FECs[1] in the world, offering the ability to play games, watch sports, and eat/drink

Valuation

Dave & Buster's is valued at a discount to peers, implying good value for its performance

Investment Thesis

1. **Attractive Market**
   The market is recession resilient given minimal impact from '09 financial crisis and is poised for strong growth on the heels of a quick COVID recovery
2. **Strong Positioning**
   Dave and Buster's is poised to capture the "experience generation", given its market leading role in a fragmented industry and compelling value proposition
3. **Resilient Business**
   Dave & Buster's has shown macroeconomic resilience through strong year-one returns on unit launches, high-margin entertainment revenue growth, and stable cash flow generation
4. **High Potential**
   We see significant opportunity to generate value through top-line expansion, with new stores and revenue per store growth as drivers
5. **Strong Management**
   Management comes from Main Event and brings with them the exact playbook that Dave & Buster's needs

Transaction Overview

The transaction acquires D&B with $2.4B in sponsor equity and $1.9B in debt at SOFR + 5.75%

Purchasing Cost

$ TERMS

$4.4B	=	***$1.1B***	+	***$3.1B***	+	***$0.2B***
TOTAL TXN COST		*BUYOUT OF DEBT*		*BUYOUT OF EQUITY*		*TXN FEES & CASH TO B/S*

xEBITDA TERMS

7.9x	=	***2.0x***	+	***5.5x***	+	***0.4x***
TOTAL TXN COST		*BUYOUT OF DEBT*		*BUYOUT OF EQUITY*		*TXN FEES & CASH TO B/S*

Debt Funding

Revolver

$500M *undrawn revolver at SOFR + 4.75%*

Unitranche TL

$1,900M *secured debt at SOFR + 5.75% & 1% amortization*

Equity Funding

Sponsor Equity

$2,421M *in Sponsor Equity (4.3x) with 95.1% fully-diluted ownership*

Other Equity

$100M *in rollover equity (0.2x) with 3.9% fully-diluted ownership & 1% option pool*

Operating Financials

We expect revenues to grow in line with the industry and EBITDA margins to stay roughly flat, resulting in '28P EBITDA of $900M and strong FCF generation

Base Case Financial Snapshot

	TTM at Close	*Fiscal Years Ending December 31,*					
$ in thousands	**Dec'23 TTM E**	**2024P**	**2025P**	**2026P**	**2027P**	**2028P**	**5Y CAGR**
Revenue	**2,319,163**	**2,557,399**	**2,832,745**	**3,123,960**	**3,431,820**	**3,757,133**	**10.1%**
Y/Y Growth	22.6%	10.3%	10.8%	10.3%	9.9%	9.5%	–
Gross Profit	**1,960,983**	**2,161,863**	**2,393,998**	**2,639,415**	**2,898,756**	**3,172,695**	**10.1%**
Margin	84.6%	84.5%	84.5%	84.5%	84.5%	84.4%	–
EBITDA	**557,122**	**614,579**	**680,997**	**751,275**	**825,603**	**904,179**	**10.2%**
Margin	24.0%	24.0%	24.0%	24.0%	24.1%	24.1%	–
Unlevered FCF	**350,716**	**314,825**	**366,186**	**411,639**	**493,180**	**544,171**	**9.2%**
Margin	15.1%	12.3%	12.9%	13.2%	14.4%	14.5%	

Returns

Base Case

The Base Case generates a healthy 20% IRR

20.1%	**2.5x**
IRR	MOIC

Bear Case

Downside returns invested capital by limiting discretionary capex

0.3%	**1.0x**
IRR	MOIC

Upside Cases

Upside returns showcase the high growth and uplift potential

Bull Case

27.7%	**3.4x**
IRR	MOIC

Mgmt. Case

37.2%	**4.9x**
IRR	MOIC

Footnotes:

[1] Family Entertainment Centers

Company Description

Dave & Buster's is the leading owner and operator of family entertainment centers, with over 200 venues in North America that offer premier entertainment and dining experiences to guests across its two distinct brands: Dave & Buster's and Main Event

Company Overview

A unique and immersive experience that fosters social interaction, competition, and fun

"Eatertainment Offering"	Dave & Buster's has developed a distinctive offering based on the customer value proposition: "Eat, Drink, Play, and Watch". The interaction between playing games, watching sports, dining and enjoying full-service bar areas is the defining feature of the customer experience
Main Event Acquisition	In Jun-22, Dave & Buster's acquired Main Event, placing it as the largest operator of family entertainment centers (FECs) in the world. Main Event brought over much of the management team who had a strong track record
Family & Young Adult Focus	The primary target for Dave & Buster's locations is young adults (21-39), while Main Event branded stores primarily focus on families with children
Owner / Operator	Dave and Buster's owns and operates all 211 locations, allowing for better quality control of the customer experience; they employ 23k employees of which c. 21k are store hourly employees

History and Key Milestones

30+ years of building the Dave & Buster's brand

1982 First location opens in 1982 in Dallas, TX

1989 Edison Brothers Stores acquires 80%

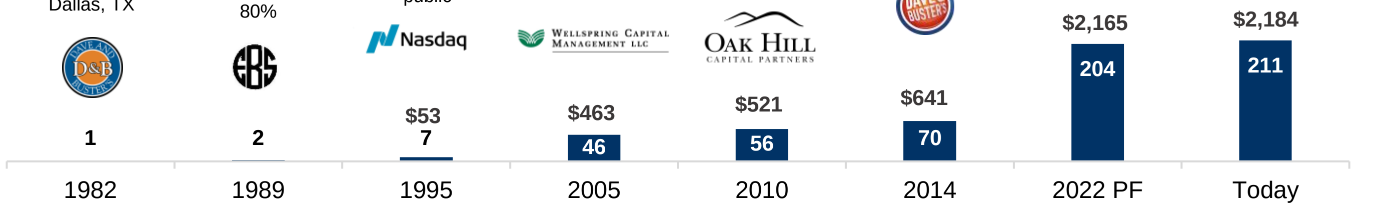
1995 Spun off from Edison Brothers and goes public

2005 Acquired by Wellspring Capital Management

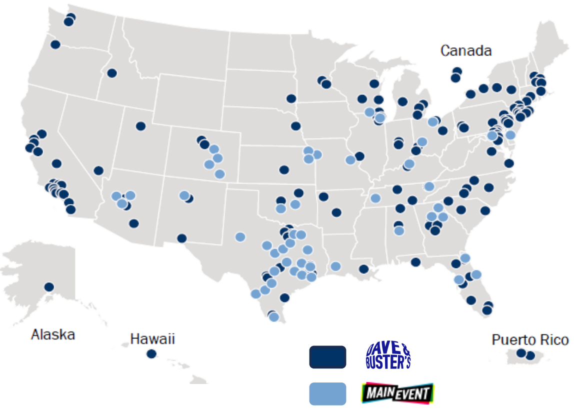
2010 Acquired by Oak Hill Capital Partners

2014 Launches a second IPO on NASDAQ under PLAY

2022 Acquires Main Event and brings in new management



Nationwide Presence



211 units with 69m+ annual visits

Located in 100% of the Top 25 DMAs

90% industry-leading brand awareness

52% of stores located in high growth Sun Belt region

Differentiated Offering

Sources:
Dave and Buster's Investor Relations platform, Public Filings, Pitchbook, and Internal Booth Research Resources

Footnotes
[1] Company Overview statistics as of Jan-23

Business Overview

Profitable growth through business cycles, a diversified revenue stream, and healthy margins makes Dave & Buster's an attractive buyout candidate from a historical financial perspective

Financial Highlights

High Growing: Dave & Buster's has a 10% revenue CAGR from '10-'22

Profitable: Margins have expanded c. +900 bps. since 2008 and has generated positive cash flow in 13 out of the last 15 years (cash flow negative in '20 from COVID and '15 from expansion investment)

Resilient: The business has grown in 13 out of the last 15 years, only shrinking 2% during the great financial crisis and during COVID

Entertainment (65% Rev. / 70% Gross Profit)	**Food & Beverage** (35% Rev. / 30% Gross Profit)
• Higher margin **entertainment sales outpaced F&B sales**, as revenue mix shift from 47/53 to 65/35 today • **Entertainment was more resilient** during GFC with same-store sales (SSS) declining mid-single digits versus high single-digits+ for food & beverage	• Gross margins dropped to 71% in FY22 (typically c. 74%) largely due to **commodity inflation, which has started to dissipate** • From '16-'19, SSS growth was -3%, which was 300 bps below peer group

Strong Financial Profile

$2,184m
LTM Revenue

85%
LTM gross margin

24%
LTM EBITDA margin

14%
SSS growth (FY19-FY22)

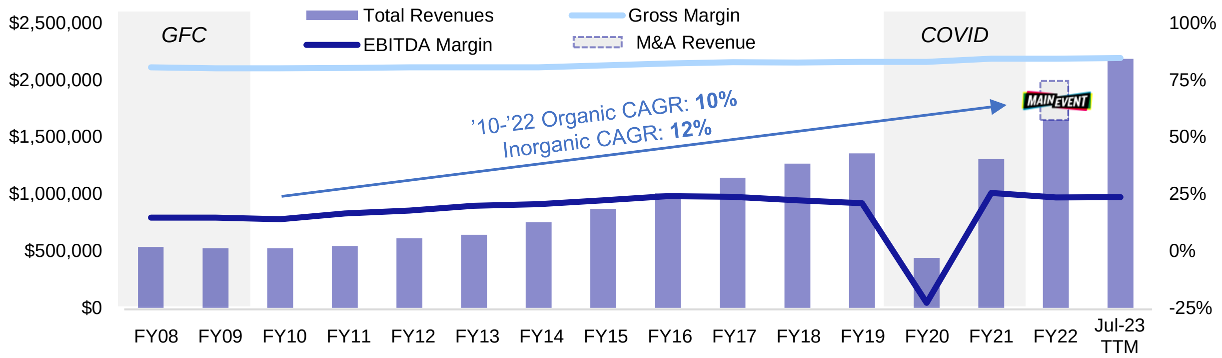
10%
FY10-FY22 Organic Rev. CAGR

$512m
LTM EBITDA

48%
LTM FCF conversion

$11m
Average Unit Volume

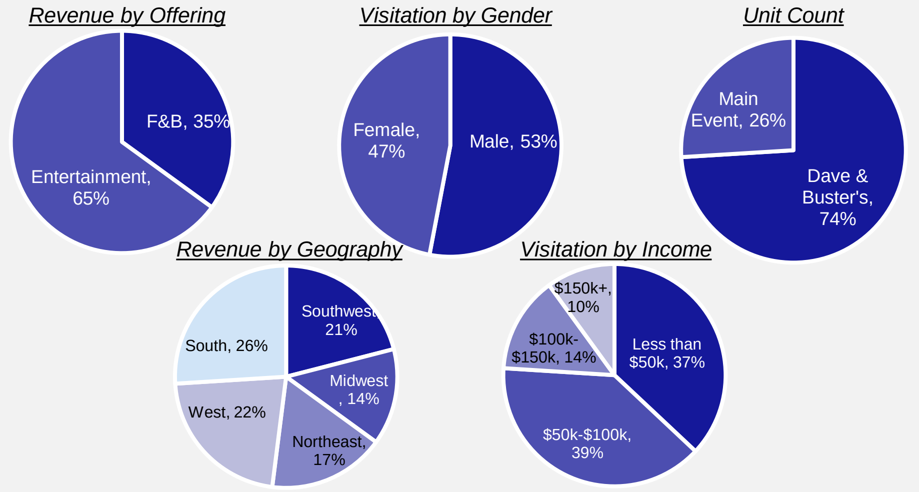
Dave & Buster's has grown revenue 13 out of the last 15 years and through multiple cycles



	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Jul-23 TTM
Food & Beverage Revenue %	53%	52%	51%	50%	49%	48%	48%	47%	45%	43%	42%	42%	37%	33%	35%	35%
Entertainment Revenue %	47%	48%	49%	50%	51%	52%	52%	53%	55%	57%	58%	58%	63%	67%	65%	65%
Stores	52	56	58	61	64	70	79	91	102	116	131	147	147	152	212	211
Consolidated SSS growth						1%	7%	9%	3%	-1%	-2%	-3%	n/m	-11%	14%	

vs. 2019 SSS

Diversified revenue stream drives healthy growth with downside protection



Sources:
Dave and Buster's Investor Relations platform, Public Filings, Pitchbook, and Internal Booth Research Resources

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Footnotes
[1] FCF Conversion calculated as (EBITDA – Capex) / EBITDA

Primary Research Overview

To-date, the Deal Team has conducted interviews with five Company and industry professionals to better understand the potential for investment, which we have incorporated into our overall investment thesis and approach

Individual	Experience	Diligence Focus Areas	Key Learnings
Chief Executive Officer *(Dave and Buster's)*	Dave & Buster's Main Event CEC entertainment On The Border Mexican Grill & Cantina california pizza kitchen	***Business strategy / model*** ***Growth opportunities*** ***Margin sustainability*** ***Main Event integration*** ***Recession risks***	• First mover advantage led to success for decades, but the market ultimately caught up. The **previous management team was very risk-averse and did not invest enough in the business and brand** • Opportunity present to **generate material growth** through **longer-term strategic initiatives**, including data analytics / leverage, new entertainment offerings, and entering new markets • Size and reach is a major strength in a fragmented industry; allows Dave & Buster's to deploy a **"fast follower" approach** where they can analyze value drivers and innovation at smaller players and incorporate into own business at scale • Belief there is enough North America whitespace to **grow 14-18 new units per year** and eventually reach **500+ units**; new **smaller units** have been successful in **previously unreachable locations** • Resilient business model as the consumer trades down on entertainment in a worsening macro environment, **providing a natural hedge** given Dave & Buster's relatively affordable price point
Investment Banker *(Houlihan Lokey)*	Houlihan Lokey	***Industry drivers / risks*** ***Macro exposure*** ***Growth opportunities*** ***M&A market***	• "Eatertainment" / family entertainment centers (FECs) viewed as **recession resilient** due to **affordability** versus alternatives; **many FEC concepts grew year-over-year during GFC** • Potential opportunity for Dave & Buster's if they can more effectively and efficiently **capture small markets where boutique, local players operate** • Private equity has increased investment in industry post-COVID due to **stable industry growth**, reasonable capex spend, and **high cash flow generation**
Private Credit Investor *(Audax Private Debt)*	Audax Group BNP PARIBAS	***State of credit markets*** ***Capital structure guidance***	• Dave & Buster's has capacity to hold **additional debt from current 2.5x net leverage** • Scaled business with growth levers can support a fixed charge coverage ratio around **1.1x** • Belief is that debt financing can likely be **unitranche with margin between 550 - 575 bps**
Equity Research Professional *(William Blair)*	William Blair ICS	***Growth opportunities*** ***Management effectiveness*** ***Valuation considerations***	• Number of levers to pull on revenue with **significant whitespace across US for new stores** • New **management from Main Event is experienced** and should bring over positive best practices • Belief is that current valuation (5-6x EBITDA) is relatively cheap. If Dave & Buster's sees successful traction with expansion and remodeling, **10x EBITDA valuation would seem reasonable**
ESG Analyst for Private Equity Firm *(Coller Capital)*	Coller Capital Skybound Capital	***ESG initiatives / opportunities***	• Relatively **safe investment from an ESG standpoint** and no material issues cited in company's first sustainability report • Opportunity to continue building on energy, water and waste management practices

Key Investment Highlights

Dave and Buster's is well positioned in an attractive market, resulting in a resilient business with high potential for its strong management team to drive further value creation

INVESTMENT HIGHLIGHT #1

Attractive Market

The market is recession resilient given minimal impact from '09 financial crisis and is poised for strong growth on the heels of a quick COVID recovery

KEY NOTES

- **Recession Resiliency:** The industry showed resiliency against the broader economy during the Global Financial Crisis, largely due to persistent human demand for entertainment
- **Growth Outlook:** OOH Entertainment industry is expecting growth in the low double-digits in a post-COVID economy, with the fragmented Family Entertainment Centers (FECs) sub-sector projecting 9.8% growth

INVESTMENT HIGHLIGHT #2

Strong Positioning

Dave and Buster's is poised to capture the "experience generation", given its market leading role in a fragmented industry and compelling value proposition

KEY NOTES

- **Experience Generation:** Dave & Buster's target audiences are families (millennials) and young adults (Gen Z), who are entering their spending prime
- **Fragmented Market:** Dave & Buster's is the market leader in a fragmented market, enabling it to "watch from above" and take a "fast follower" approach to innovation in the space
- **Value Proposition:** Dave & Buster's offers a compelling value proposition – one where wealthier consumers trade down to in harsher macro conditions, preserving the top line

INVESTMENT HIGHLIGHT #3

Resilient Business

Dave & Buster's has shown macroeconomic resilience through strong year-one returns on unit launches, high-margin entertainment revenue growth, and stable cash flow generation

KEY NOTES

- **Great Financial Crisis:** Dave & Buster's only shrank 2% in FY09, outperformed the OOH Entertainment market, generated meaningful cash, and had good returns on new unit builds
- **Today's Resiliency:** Dave and Buster's is even more prepared to weather the effects of a downturn today given healthier revenue mix, demographic and geographic diversification, and +900 bps of margin expansion since the financial crisis

INVESTMENT HIGHLIGHT #4

High Potential

We see significant opportunity to generate value through top-line expansion, with store expansion and revenue per store growth as drivers

KEY NOTES

- **Store Expansion:** Strong unit economics support Dave & Buster's expansion plans in both the US and international markets. US market has significant room for new units in MSAs as well as smaller, less saturated MSAs
- **Revenue Per Store Growth:** Dave & Buster's has significant opportunities to boost revenue per store by elevating the customer experience through store renovations, improving marketing spending, updating prices, and refreshing the food & beverage menu

INVESTMENT HIGHLIGHT #5

Superb Management

Management comes from Main Event and brings with them the exact playbook that Dave & Buster's needs

KEY NOTES

- **Management:** The management team brings rich expertise in the OOH Entertainment; 4 out of 7 come from Main Event as part of the 2022 acquisition
- **Main Event Playbook:** Main Event management's playbook of unit growth, brand development, sales cultures, and operational discipline drove a 17% FY17-21 Adj. EBITDA CAGR versus 3% for their peers over the same period

Market Overview

INVESTMENT HIGHLIGHT #1

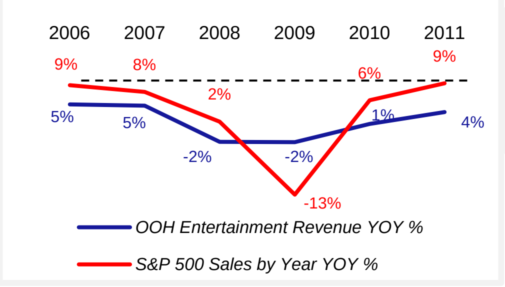
The Out-of-Home Entertainment (OOH) market is recession resilient, as demonstrated during both the GFC and the COVID-19 pandemic, and is poised for an attractive growth rate on the heels of a quick COVID recovery

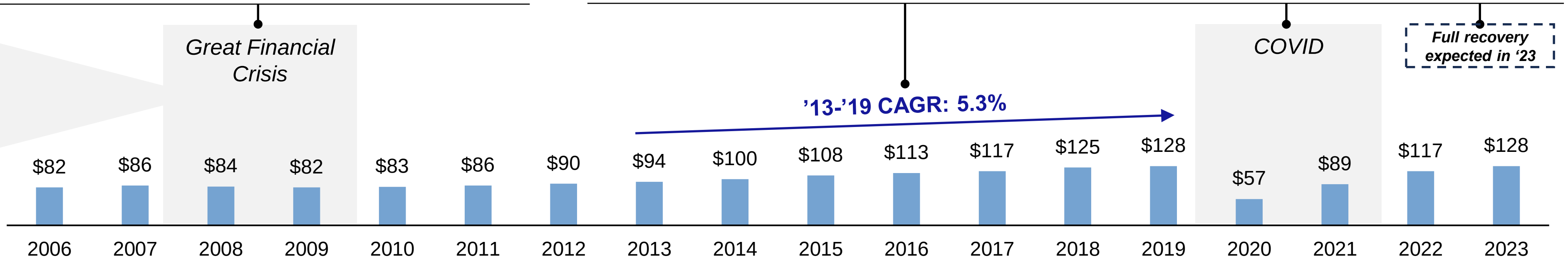
Historical Perspective

OOH Entertainment revenue has grown considerably over the past fifteen years and rebounded quickly after two macro crises

*The **industry showed resiliency against the broader economy during the Global Financial Crisis**, largely due to persistent human demand for entertainment*

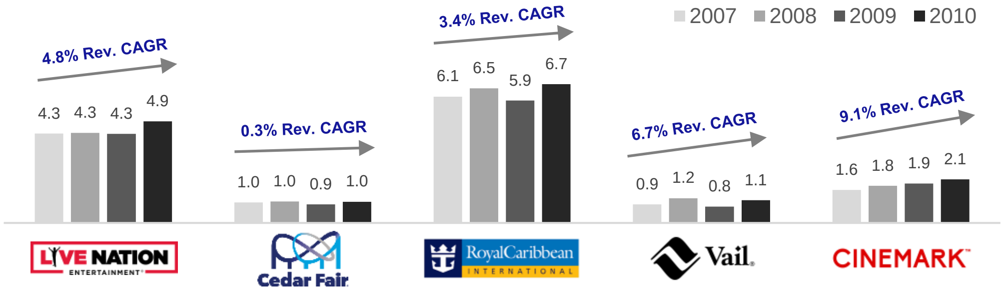
*Prior to COVID, the US OOH Entertainment industry was growing at a stable 5% CAGR and is **expected to reach pre-COVID levels by the end of ‘23***





Financial Crisis Case Studies

The best managed OOH Entertainment companies have yielded growth



Growth Outlook

The industry is projected to grow at a 9.8%...

- OOH Entertainment industry is expecting growth in the low double-digits in a post-COVID economy, with the **fragmented Family Entertainment Centers (FECs) sub-sector projecting 9.8% growth**
- Substantial growth driven by reenergized brands, pricing increases, and enhanced customer experiences

… and the Street agrees for key players

DAVE & BUSTER'S	TOPGOLF	Bowlero
10.3% CY22-’25 Revenue CAGR	**10.3%** CY22-’25 Revenue CAGR	**9.6%** CY22-’25 Revenue CAGR

Sources:
NASDAQ, Houlihan Lokey (Out-of-Home Entertainment: State of the Industry June 2023), Cannacord Genuity Capital Markets, Federal Reserve Bank of St. Louis, company reports

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Footnotes

[1] OOH Entertainment includes cruise lines, movie theatres, live entertainment, outdoor activities / leisure, interactive entertainment, HIGHLIGHT parks

Market Positioning

INVESTMENT HIGHLIGHT #2

Dave & Buster's is well-positioned for material growth driven by their growing experience-focused consumer base, a fragmented market ripe for disruption, and a compelling value proposition relative to entertainment peers / options

Key Highlights | **Details** | **Supporting Evidence**

Rise of the "Experience Generation"

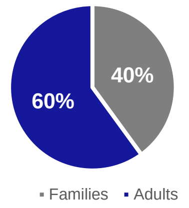
- **Millennials are Growing:** Millennials, US largest generation by population, are entering their earning prime. Annual spending of US households headed by Gen Zs and Millennials hit **$2.5tr in '21 (30% of US total)**
- **Millennials are Experience-Focused:** An Eventbrite study found 3 out of every 4 millennials would choose to spend money on a desirable experience or event over buying something desirable, and **61% of millennials and 63% of Gen Z said they plan on spending more on events this year versus last year**

Gen Z and Millennials Want to Splurge on Dining…

> *"Food and travel continued to be splurge-worthy categories among US consumers. Over the summer, **40 percent of Gen Z and millennials reported an intent to splurge on restaurants**"*
> *- McKinsey Report, October 2023*

… and millennial families and Gen Z young adults are Dave and Buster's Main Customers

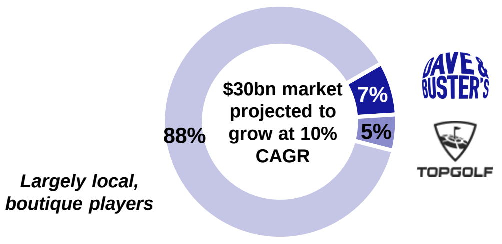
Audience Segmentation



Fragmented Market

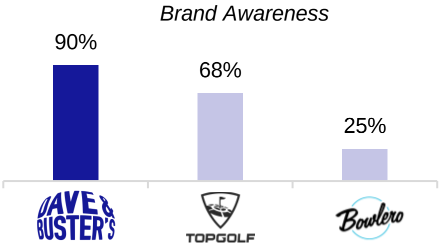
- **First Mover Advantage:** In the fast-growing FEC market, there are no scaled FEC competitors targeting Dave & Buster's demographic outside of TopGolf (5% of market). Most FECs are local, boutique players that serve customers within a 15-mile radius
- **Scale Advantages:** Dave & Buster's has the advantage of analyzing revenue and traffic drivers at these smaller players and incorporating strong performers into their own offering at higher margins

Dave & Buster's has the largest FEC market share[1]…



… and is the most recognized brand

Brand Awareness

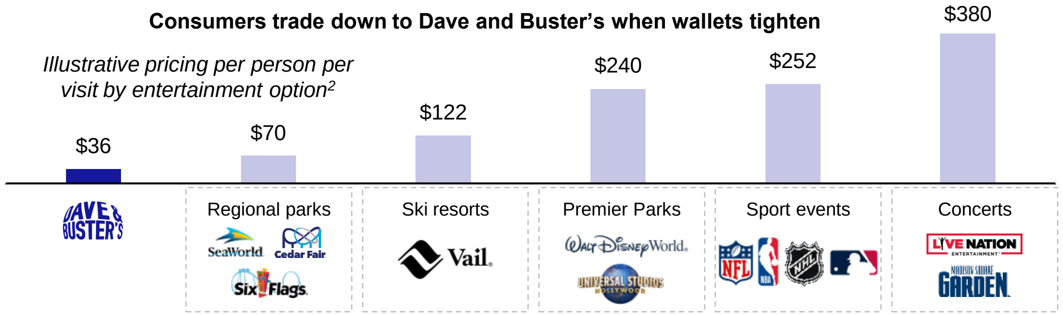


Compelling Value Proposition

- **Cheaper Options Win in Downturns:** In a downturn, consumers historically have focused their discretionary spend largely on domestic / local vacation destinations and out-of-home entertainment options rather than extravagant international travel and entertainment
- **D&B Has Favorable Price Positioning:** Dave and Buster's **relative transaction value to entertainment peers should support market share gains** within the out-of-home entertainment category, particularly if consumer spending pressures intensify

Consumers trade down to Dave and Buster's when wallets tighten

Illustrative pricing per person per visit by entertainment option[2]



Sources:
Internal survey of competitors' website, Insider Intelligence, Eventbrite, McKinsey Report (Stable and spending: An update on the state of the US consumer; Oct. 2023), Dave and Buster's 2021 Investor Presentation

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Footnotes

[1] 2022 competitor analysis from major consulting practice

[2] Regional parks data as of Q4-22; ski resorts data as of Q2-23 (data represents mountain net revenue / total skier visits); all other data as of Q3-22

Resilient Business Through Cycles

INVESTMENT HIGHLIGHT #3

Dave & Buster's has shown macroeconomic resilience through strong year-one returns on unit launches, high-margin entertainment revenue growth, and stable cash flow generation

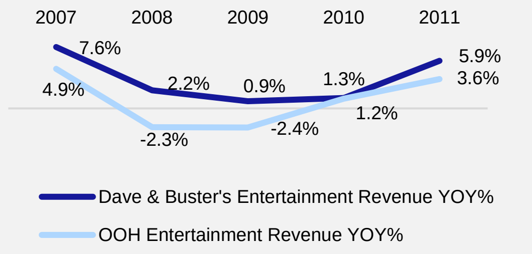
Global Financial Crisis

Dave & Buster's performed well during the GFC…

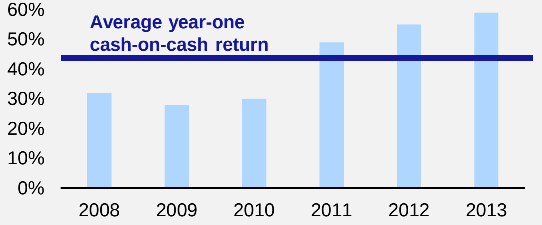
Key Notes

- **Quick Return to Growth:** Revenue **only dropped 2%** in FY09 and then **returned on its growth trajectory**, driven by the entertainment segment and new builds
- **Strength Against Market:** Entertainment revenue grew and **outperformed the broader OOH Entertainment industry** over GFC
- **New Builds Remained Profitable:** From '08 to '13, new units had generated an average **year-one cash-on-cash return greater than 40%**, bottoming out at 28% in '09
- **Stable Margins:** From FY08-FY11, gross and EBITDA margins stayed within a 30 bps band and 250 bps band, respectively; lead to stable FCF generation over GFC
- **FCF Generation:** Dave & Buster's generated unlevered FCF every year during the GFC

OOH Entertainment revenue growth over GFC



Y1. new store cash-on-cash returns by GFC class



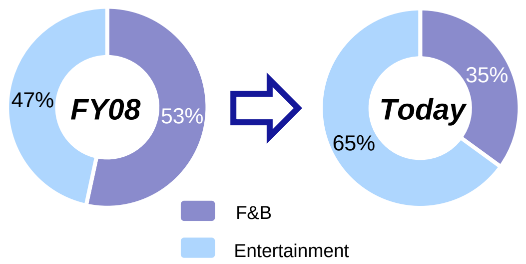
Dave & Buster's Today

… and Dave & Buster's is even better equipped for a macro downturn today

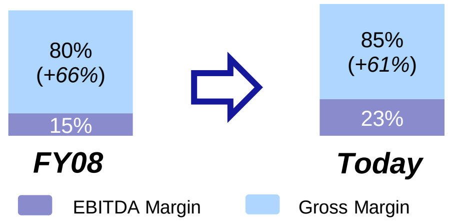
Key Notes

- **Healthier Revenue Mix:** Higher margin entertainment sales (40% flow-through) outpaced the food and beverage sales (10% flow-through); entertainment was more resilient during GFC with SSS declining mid-single digits versus high single-digits+ for food & beverage
- **Demographic Diversification:** Main Event targets a different, more-resilient demographic (families with kids), which was not a core customer base during GFC
- **Further Diversified Across US:** Since GFC, Dave & Buster's has grown to 211 stores across the US from 52 concentrated in Texas, New York, and California
- **Margin Expansion:** Margin growth (c. *+900 bps* since GFC) provides additional financial buffer in the event of a downturn

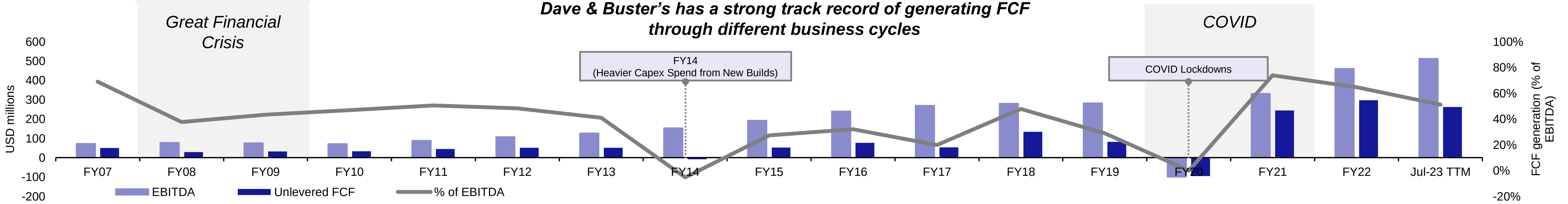
Revenue by Offering



Margin Expansion



Dave & Buster's has a strong track record of generating FCF through different business cycles



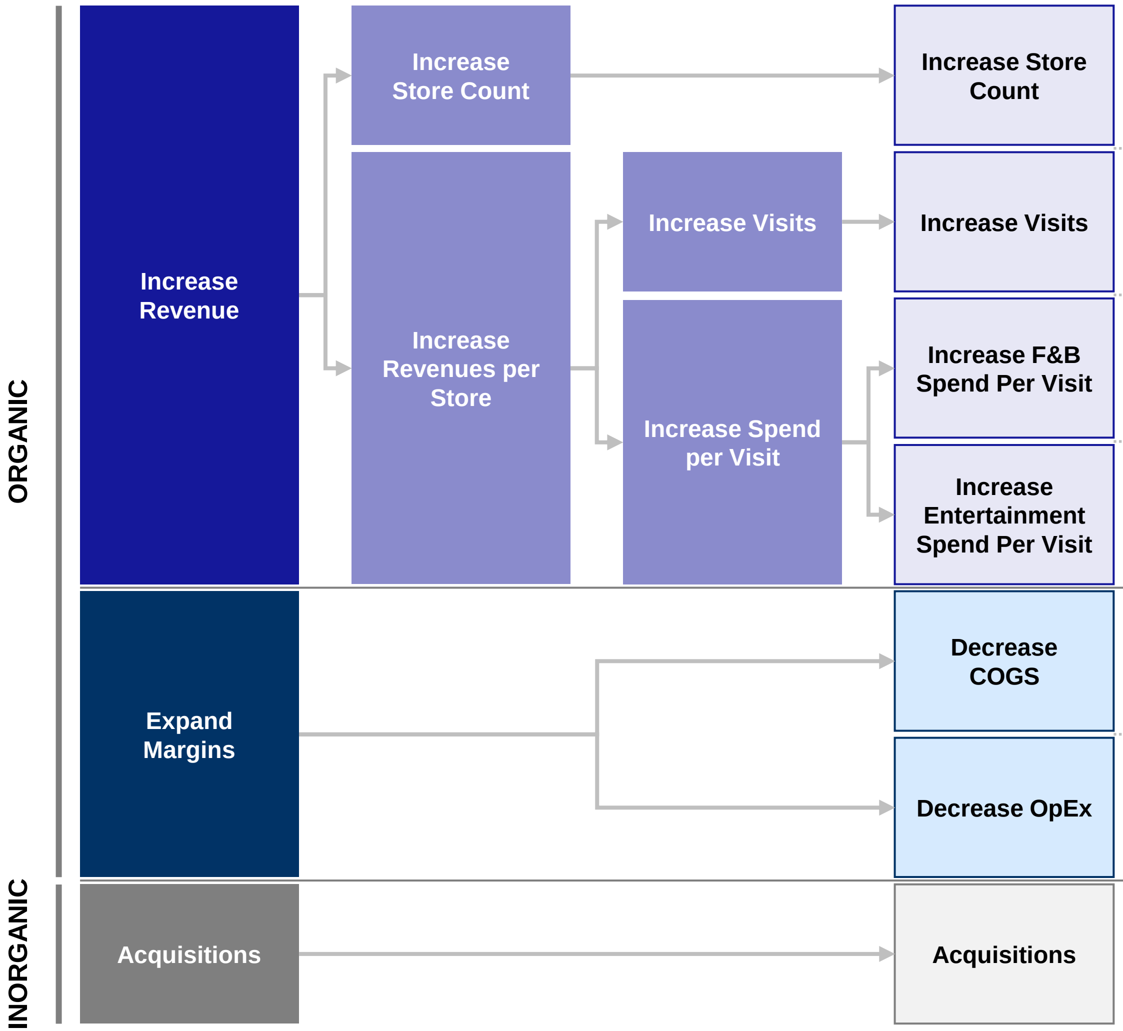
Sources:
Dave and Buster's Investor Relations platform, Public Filings, Pitchbook, and Internal Booth Research Resources, Houlihan Lokey (Out-of-Home Entertainment: State of the Industry June 2023)

Footnotes
[1] Today refers to Jul-23 TTM

Value Creation Levers

INVESTMENT HIGHLIGHT #4

We see significant opportunity to generate value through top-line expansion, with store expansion and revenue per store growth as drivers



	CATEGORY	DRIVER	SUB-DRIVER	LEVER	OPPORTUNITY	KEY CONSIDERATIONS
ORGANIC	Increase Revenue	Increase Store Count		Increase Store Count	HIGH	• **Significant whitespace** for new units present in the US in both top MSAs and smaller, less penetrated MSAs • Favorable unit economics supports **strong cash-on-cash return** in both year one and steady-state
		Increase Revenues per Store	Increase Visits	Increase Visits	HIGH	• **A remodel cycle** (first since 2011) can drive incremental foot traffic and increase engagement • **Optimized marketing messaging & channel mix** can drive better conversion • **Special events** focus (e.g., sports watching, birthdays) can drive traffic
			Increase Spend per Visit	Increase F&B Spend Per Visit	HIGH	• Historically, 57% of customers ordered food compared with 39% today suggesting a redesigned and **higher quality menu** and **improved order systems** (e.g., tech-enabled order management) can drive more revenue
				Increase Entertainment Spend Per Visit	HIGH	• **Simple dynamic pricing models** (i.e., peak demand & geography driven) and **price increases** can improve pricing, which **hasn't changed in 20 years** • D&B can introduce bundles and discounts to **upsell / cross-sell**
	Expand Margins			Decrease COGS	LOW	• Small opportunity to **simplify food & beverage offerings** to drive down costs • Small opportunity to **renegotiate procurement contracts**
				Decrease OpEx	LOW / MEDIUM	• **Market-based wages** can optimize labor costs • **IT investments** can automate back-office functions
INORGANIC	Acquisitions			Acquisitions	LONGER TERM	• Given **prioritization of organic growth** and debt-heavy capitalization, M&A is not a near-to medium-term opportunity • With time, we can consider potential **small-swings with regional boutiques** (e.g., GameTime) and **national big swings** (e.g., Chuck E. Cheese)

Sources:
Team diligence and analysis

Value Creation – Store Expansion Deep Dive

INVESTMENT HIGHLIGHT #4

There is significant whitespace for geographic expansion and unit economics of new stores demonstrate economic feasibility

Whitespace in US & Overseas Markets

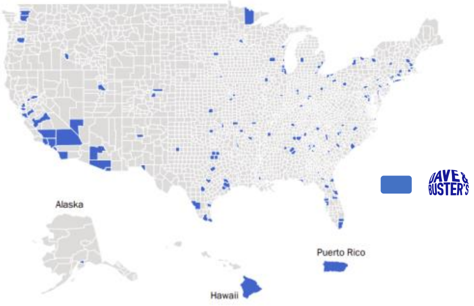
The US presents sizeable runway for expansion & international is a frontier

1. Dave & Buster's maintains **plenty of whitespace for new units across the US**, within both its top MSAs and smaller, less penetrated MSAs
2. Main Event's current footprint (South and Midwest-focus) is complementary to Dave & Buster's larger Northeast and West Coast presence
3. Potential for both brands to **expand within each other's focused area without a material cannibalization** threat due to the different entertainment options and demographic targets
4. Store per capita analysis shows **significant room to grow within the more populous, concentrated states** across the US
5. Based on our research to-date and conversations with industry experts, we believe there is an opportunity to expand to **500+ units in the US alone**
6. Next frontier of growth available **outside the US**; D&B can test international markets via a **franchising model** that would help diversify the current revenue mix **without adding significant cost or complexity into the current business**

Dave & Buster's Stores per Capita Analysis

	Population (millions)	D&B Stores	Main Event Stores	Stores per Capita
California	39.0	21	0	0.5
Texas	30.0	14	22	1.2
New York	22.2	9	3	0.5
Florida	19.7	13	0	0.7
Pennsylvania	13.0	7	0	0.5
Ohio	12.6	4	2	0.5
Arizona	11.8	6	0	0.5
Georgia	10.9	5	3	0.7
Long-Term Target (US)	**335.6 (Current)**	**500+ Total Units**		**0.7**

Geographic Distribution of D&B Stores



Favorable Unit Economics

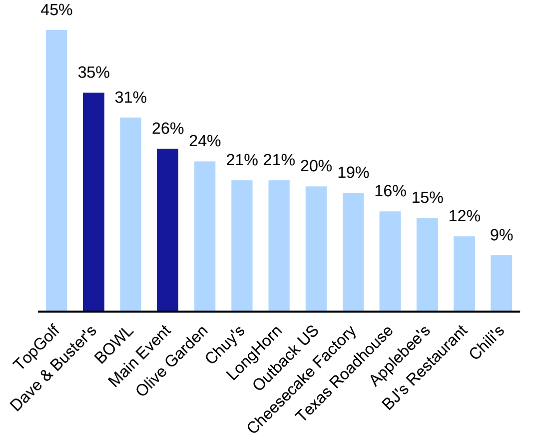
Strong cash-on-cash returns of new builds support expansion opportunity

1. Driven by healthy AUVs and attractive store margins, **average 4-Wall EBITDA for each active unit is c. $4m**
2. Returns on the "new" mini-stores concept have been strong to-date and **enables effective penetration of smaller MSAs** largely dominated by smaller, boutique players
3. Ongoing **capex needs are relatively limited post-build out** (annual maintenance and games capex per unit is c. $300k)
4. Success rate of new builds has historically been high, with **no units currently running a negative 4-Wall EBITDA and no closures since 2016**
5. Stores typically see **high volumes year one**, leading to a 35% target year-one cash-on-cash returns

Dave & Buster's Store Returns

	New Mini-Stores	Traditional Build
# of Stores	5	211
Square Feet	15-25k	30-45k
Recent NDC⁽¹⁾	$6.6m	$7.7m
Avg. Revenue	$8m	$11m
Avg. 4-Wall EBITDA	$3m	$4m
Avg. 4-Wall EBITDA margin	40%	35%
Avg. 4-Wall EBITDA / NDC⁽¹⁾	45%	50%

Target Cash Returns vs. Peer Group



Sources:
Dave and Buster's Investor Relations platform, Public Filings, US Census Bureau, UBS research report

Footnotes
[1] Net development costs for stores built since 2018; costs include equipment, building, leaseholds and site costs, net of tenant improvement allowances and other landlord payments, excluding pre-opening costs and capitalized interest

Value Creation – Revenue Per Store Deep Dive

INVESTMENT HIGHLIGHT #4

Underinvestment in the brand leaves significant opportunity to unleash further EBITDA potential via efficiency gains from existing units

KEY INSIGHT

Underinvested Stores

Dave & Buster's last remodel cycle began 2011 and is overdue for a refresh to its look and feel

Current Stores

IDEAS

Remodel Cycle

A remodel cycle can drive incremental foot traffic and increase engagement by modernizing look & feel, upgrading technology for guest engagement, and improve layout

New Store Concept

+ VISITORS

KEY INSIGHT

Unoptimized Sales & Marketing

Dave & Buster's is inefficiently spending its marketing budget and not driving customers to its highest satisfaction offerings: watch and special occasions

50% MARKETING CONVERSION

85% 2019 MARKETING BUDGET ON LINEAR TV

12% UNAIDED WATCH AWARENESS

$40M FEWER SALES IN 2022 FROM EVENTS VS. 2019

IDEAS

Marketing Optimization

D&B can look to optimize marketing messaging & channel mix to drive better conversion

Sports Betting

D&B can improve value prop. by partnering with a betting platform and creating an in-person betting experience

Occasions Focus

D&B can market and train employees to promote special occasion opportunities

+ VISITORS

KEY INSIGHT

Archaic Pricing

Dave and Buster's does not have peak demand or geographic pricing and has not raised prices in 20 years!

20 Yrs. SINCE PREVIOUS PRICE INCREASE

40-80% LOWER PRICES VS. COMPETITORS

IDEAS

New Pricing Model

Dave & Buster's can invest in a dynamic pricing model based on geography and peak/trough demand to capture more value and raise prices to be more closely in-line with competitors (e.g., +20% over 5 year holding period)

+ENTERTAIN.

KEY INSIGHT

Declining Food & Beverage

Historically, 57% of customers ordered food compared with 39% today

57% HISTORICAL % OF CUST. ORDERING FOOD

39% CURRENT % OF CUST. ORDERING FOOD

IDEAS

Revamped Food & Beverage Menu

D&B can invest in a redesigned menu to improve price / value proposition of its food and beverage offerings (incl. alcohol)

Tech-Enabled Ordering System

D&B can create a new ordering system to improve ordering experience, streamline food operations, and create dynamic menu offers & advertising

+FOOD & BEV.

Sources:
Dave and Buster's Investor Presentation, Primary Research with Dave and Buster's CEO

Management Team

INVESTMENT HIGHLIGHT #5

The majority of Dave & Buster's current management team comes from Main Event and has a strong track record of growing units, nurturing brands, and developing sales cultures – exactly what Dave & Buster's needs

★ ***From Main Event Acquisition***

The management team brings rich expertise in OOH Entertainment; 4 out of 7 come from Main Event as part of the 2022 acquisition

Name and Title	Years at D&B	Industry Exp.	Prior Experience
 **Chris Morris** Chief Executive Officer	1 Year	30+ Years	★ Chief Executive Officer, Main Event • President, California Pizza Kitchen • Chief Financial Officer, On the Border
 **Michael Quartieri** Chief Financial Officer	2 Years	30+ Years	• Executive Vice President, LiveOne, Inc. • Chief Financial Officer, Scientific Games • Senior Vice President, Las Vegas Sands Corp.
 **Tony Wehner** Chief Operating Officer	1 Year	30+ Years	★ Chief Operating Officer, Main Event • Chief Executive Officer, BigShots Golf • Chief Operations Officer, Bar Louie
 **Ashley Zickefoose** Chief Marking Officer	1 Year	25+ Years	★ Chief Marketing Officer, Main Event • Chief Marketing Officer, CEC Entertainment • Chief Marketing Officer, On the Border
 **Steve Klohn** Chief Information Officer	1 Year	30+ Years	★ Chief Information Officer, Main Event • Chief Technology Officer, Brinker International • Senior Vice President Technology, RealPage
 **John Mulleady** Chief Development Officer	11 Years	30+ Years	• Director of Real Estate, BJ's Wholesale Club, Inc. • Vice President of Real Estate, Circuit City
 **Antonio Bautista** Chief International Development Officer	2 Years	30+ Years	• Chief Executive Officer, ALBP Global Hospitality • Chief Operations Officer, Fogo De Chao • Senior Vice President, Hard Rock Cafe (Retail)

Main Event Playbook

Main Event Management's Playbook of unit growth, brand development, sales cultures, and operational discipline drove their massive success

Unit Growth

Grew from 9 units in '11 to 53 by the end of '22 (17% CAGR) with strong 25%+ target cash-on-cash returns by overhauling the real estate strategy for new units

Brand Building

By refining the brand (focus on families), adjusting the marketing approach, and improving the customer experience, SSS grew 23% from FY19 to FY22

Sales Culture

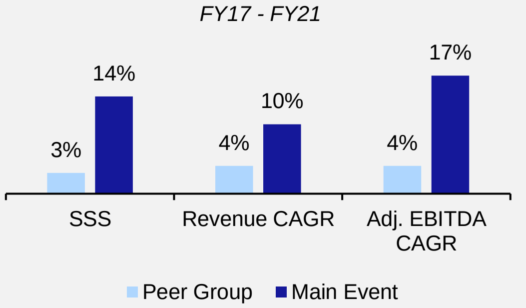
Special events business bookings increased through dedicated marketing and sales team with a performance-based compensation structure and efficient advertising investments

Ops. Discipline

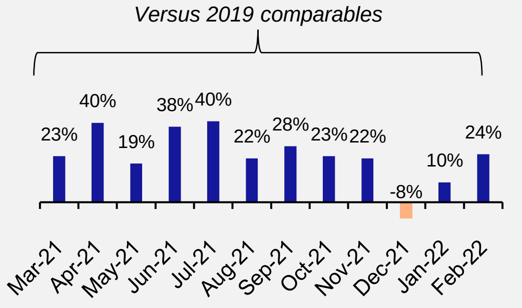
Margin improvements by diligently tracking KPIs vs. benchmarks and more efficient labor scheduling and inventory management

Results **Results** **Results** **Results**

Outperformance vs. Peers[1]



Strong SSS growth trajectory



Sources:
Dave and Buster's Investor Relations platform, Public Filings, Pitchbook, and Internal Booth Research Resources

Footnotes
[1] Peers includes Bowlero, Topgolf, Darden Restaurants, Texas Roadhouse, Brinker International, Bloomin' Brands, BJ's restaurants, Cracker Barrel Old Country Store, Cheesecake Factory, Six Flags Entertainment, SeaWorld Entertainment, Cedar Fair and Vail Resorts

Investment Risks and Mitigants; ESG

Investment team strongly considers major risk factors and the most fluid inputs to these risks to develop and maintain pre-planned responses for rapid implementation at any time

	Key Risks	Mitigant
Supply Risk	**Inflation impact on commodity and labor costs** • Dave & Buster's may not be able to adjust prices sufficiently to offset the impact of various cost increases without negatively impacting customer demand • Increase in wages, including a rise in the federal minimum wage, could lead to difficulty in attracting and retaining talent; labor shortages could adversely impact operations of existing stores and opening of new stores	• **Entertainment Offering:** Low-cost entertainment offering (65% of revenue) less impacted by inflationary pressures • **Guest-serving Technology Services:** Expediate roll-out throughout stores to optimize the distribution of customer service responsibilities between technology and staff, decreasing labor demand • **Price Hedging:** Explore ways to hedge the price of food and beverage with futures contracts or other financial risk management strategies
Demand Risk	**Changes in consumer preferences and buying patterns** • Customer preferences could decrease foot traffic to the "brick and mortar" store • Change in consumer dietary preferences	• **Modularized Remodels:** Remodels with a modularized layout can bring in new fast-following innovation to compete with changing tastes and preferences, enabling D&B to perpetually be relevant to the consumer • **Ride Sports Evergreen Demand:** Dave & Buster's unique "sports watching" arena experience brings in year-round foot traffic to social sports watchers • **Loyalty:** Invest further in loyalty programs to drive retention and engagement from customers • **M&A:** Consider tuck in acquisitions to diversify entertainment offerings and consumer demographic profiles
Development Risk	**Macroeconomic effect on commercial real estate and development projects** • Construction costs for store expansions and renovations may exceed the budget • Leases become too expensive to justify return on investment for renewals or new builds • The complexes housing Dave & Buster's locations could become vacant, reducing foot traffic • Leases are often long-term and non-cancelable	• **Performance on Previous Development Projects**: Dave & Buster's has an average 4-Wall EBITDA per operational unit of $4m and an average cash-on-cash return on store expansions from FY08-18 of 49% • **Incremental Expansion:** Strategically add stores with intervals between each expansion to monitor new unit performance • **Explore New Broker Networks:** Build relationships between current development team and new broker networks for access to larger pool of qualified potential sites

ESG Notes

Energy Mgmt.

All stores have transitioned from incandescent and CFL to more eco-friendly LED light fixtures. D&B has also installed lighting control systems that improve energy efficiency as well as energy control programs HVAC systems to manage energy consumption

Water Mgmt.

All units use plumbing fixtures with automatic shut-off faucets, reducing water consumption by 50% for lavatories and 20% for water closets

To reduce water use, we would look to install high-efficiency pre-rinse spray valves across all kitchen units

DEI

Racial minorities make up c. 65% of the Dave & Buster's US workforce. We would back D&B's commitment to driving further representation of women and team members who are Black, Indigenous, or People of Color (BIPOC) in our corporate and field leadership before the end of FY25

Sources:
D&B 2022 10-K, Green Street CPPI Insights

Public Comparables

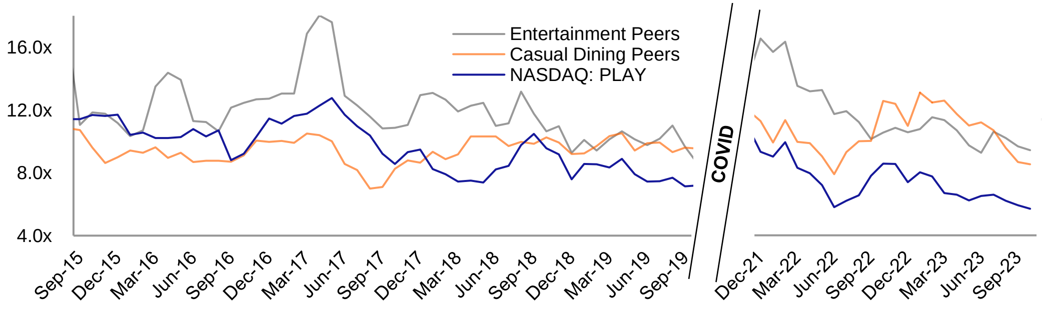
The deal team’s view is a combination of large-scale US-centric entertainment and casual dining companies is the best representative peer group, which is supportive of a high single-digit acquisition multiple and implies Dave & Buster’s is trading at a discount, given its financial performance

Public Comparables

		Enterprise Value		LTM				CY19-CY22		TEV/ Revenue (2)		TEV / LTM EBITDA (2)		
Company Name	**Ticker**	**Total**	**Excl. Oper.**	**Revenue**	**EBITDA**	**EBITDA Margin**	**FCF Conv. (1)**	**Revenue CAGR**	**EBITDA CAGR**	**LTM**	**'23E**	**LTM**	**'23E**	**'24E**
Dave & Buster's Entertainment, Inc.	**NASDAQ: PLAY**	**4,291**	**2,710**	**2,184**	**518**	**24%**	**48%**	**12.6%**	**15.5%**	**1.2x**	**1.2x**	**5.2x**	**5.0x**	**4.7x**
Entertainment Peers														
Cinemark Holdings, Inc.	NYSE:CNK	4,893	3,572	2,803	472	17%	74%	-9.5%	-24.2%	1.3x	1.2x	7.6x	6.2x	6.0x
Topgolf Callaway Brands Corp.	NYSE:MODG	6,334	4,836	4,187	464	11%	-19%	33.0%	38.7%	1.2x	1.1x	10.4x	7.8x	6.7x
Bowlero Corp.	NYSE:BOWL	3,918	3,393	1,059	307	29%	51%	n/a	n/a	3.2x	3.1x	11.1x	9.5x	8.3x
Six Flags Entertainment Corporation	NYSE:SIX	4,760	3,835	1,371	474	35%	73%	-2.8%	-4.8%	2.8x	2.7x	8.1x	7.6x	7.0x
Median		**4,827**	**3,704**	**2,087**	**468**	**23%**	**62%**	**-2.8%**	**-4.8%**	**2.0x**	**1.9x**	**9.3x**	**7.7x**	**6.9x**
Average		**4,976**	**3,909**	**2,355**	**429**	**23%**	**45%**	**6.9%**	**3.2%**	**2.1x**	**2.0x**	**9.3x**	**7.8x**	**7.0x**
Casual Dining Peers														
Bloomin' Brands, Inc.	NASDAQ:BLMN	3,996	2,700	4,548	544	12%	48%	2.3%	7.5%	0.6x	0.6x	5.0x	4.8x	4.8x
Brinker International, Inc.	NYSE:EAT	3,487	2,345	4,133	342	8%	46%	5.8%	-7.1%	0.6x	0.6x	6.9x	6.0x	5.8x
The Cheesecake Factory Incorporated	NASDAQ:CAKE	3,235	1,937	3,409	204	6%	37%	10.4%	-6.3%	0.6x	0.6x	9.5x	7.7x	6.8x
Cracker Barrel Old Country Store, Inc.	NASDAQ:CBRL	2,638	1,899	3,443	239	7%	47%	2.8%	-15.4%	0.6x	0.6x	7.9x	7.6x	6.9x
Darden Restaurants, Inc.	NYSE:DRI	22,868	19,732	10,772	1,616	15%	63%	4.6%	6.8%	1.8x	1.8x	12.2x	11.7x	10.7x
Texas Roadhouse, Inc.	NASDAQ:TXRH	6,805	6,300	4,348	485	11%	40%	13.6%	14.3%	1.4x	1.4x	13.0x	12.3x	10.7x
Median		**3,742**	**2,523**	**4,241**	**414**	**10%**	**46%**	**5.2%**	**0.3%**	**0.6x**	**0.6x**	**8.7x**	**7.6x**	**6.9x**
Average		**7,171**	**5,819**	**5,109**	**572**	**10%**	**47%**	**6.6%**	**0.0%**	**0.9x**	**0.9x**	**9.1x**	**8.3x**	**7.6x**

Peer Set Valuation Time Series

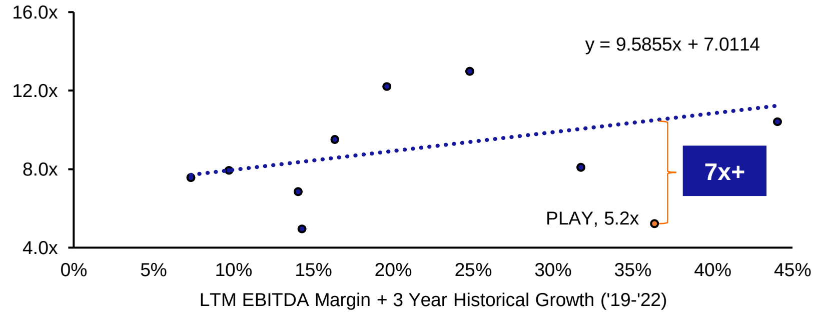
From pre-COVID post COVID entertainment and casual dining multiples have gone from c. 12x to c. 10x versus 6.7x for Dave & Buster’s, suggesting good value for its fundamental financials



Averages	**Pre-COVID (’15-’19)**	**Post-COVID (’21-’23)**
Entertainment	11.9x	11.7x
Casual Dining	9.4x	10.6x
PLAY	**9.4x**	**6.7x**

Regression-Based Implied Multiple

Based on recent growth and margins, PLAY should be trading at a 7x+ multiple



Sources:
S&P CapitalIQ (as of October 23, 2023); all figures (excluding percentages and multiples) in USD millions

Footnotes
[1] FCF Conversion calculated as (EBITDA – Capex) / EBITDA
[2] Valuation multiples off TEV excluding operating leases (industry convention)
[3] For time series analysis, pre-COVID timeframe from Sep-15 to Sep-19 and post-COVID timeframe from Dec-21 to present day

Precedent Transactions

While precedent transactions for comparable assets in casual dining and out-of-home entertainment markets have generally traded at high single to low double-digit EBITDA multiple, our primary research and conversations with bankers suggest a 7.5x multiple is a reasonable entry price for D&B

KEY TAKEAWAYS

1. Casual Dining Acquisition Multiple

For casual dining comps, previous larger transactions suggest scale and margin profile are key drivers of multiple. Dave & Buster's larger scale (*$2bn+ revenue*) and higher margins (*+1,000 bps*) compared to **the peer set average support a high single-digit LTM EBITDA acquisition multiple**

2. Entertainment vs. Casual Dining

Over the past five years, entertainment comps have generally traded at a **c. 20% discount to casual dining peers**, with the discount growing in recent years due to concerns around the impact of challenged consumer spending implying a **mid- to high-single digit multiple** for Dave and Buster's

3. Universe of Acquirers

Transactions were limited during COVID ('19-'21) as peer markets were impacted by nationwide lockdowns. Post-COVID, deal flow has picked up with a **strong blend between strategic acquirors and financial sponsors**, suggesting a widespread M&A exit buyer universe

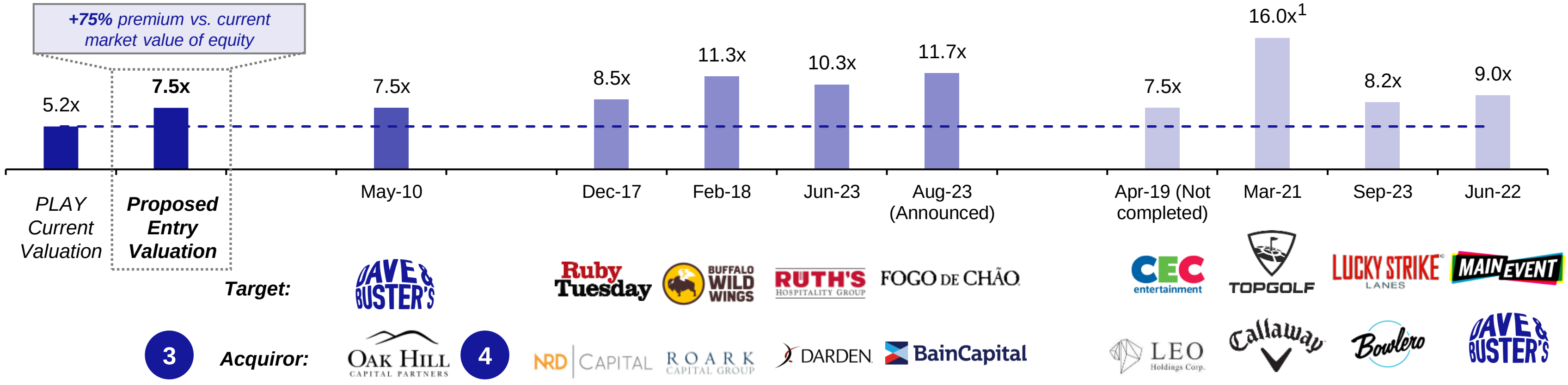
4. Historical Buyout at 7.5x

To note, Oak Hill Capital Partners acquired Dave & Buster's at a **7.5x LTM EBITDA** multiple in 2010

Precedent Transactions

Date	Acquiror	Target	Transaction Value	LTM Revenue	LTM EBITDA	LTM EBITDA Margin	TEV / LTM Revenue	TEV / LTM EBITDA
Casual Dining Comps								
Dec-17	NRD Capital Management	Ruby Tuesday	314	1,046	37	4%	0.3x	8.5x
Feb-18	Arby's (Roark Capital)	Buffalo Wild Wings	2,885	2,061	255	12%	1.4x	① 11.3x
Jun-23	Darden (NYSE:DRI)	Ruth's Hospitality Group	715	500+	69	~14%	n/a	10.3x
Aug-23 (Announced)	Bain Capital	Fogo de Chão	1,100	n/a	94	n/a	n/a	11.7x
Entertainment Comps								②
Apr-19 (Not completed)	Leo Holdings Corp.	CEC Entertainment	1,400	913	187	20%	1.5x	7.5x
Mar-21	Callaway (NYSE:ELY)	Topgolf	2,541	1,059	59	6%	2.4x	43.1x
Sep-23	Bowlero (NYSE:BOWL)	Lucky Strike	90	87	11	13%	1.0x	8.2x
Jun-22	Dave & Buster's Entertainment, Inc.	Main Event	835	365	93	25%	2.3x	9.0x
					Including $20m projected synergies with Dave & Buster's:			*7.4x*
Median			**968**	**980**	**81**	**13%**	**1.5x**	**9.7x**
Average			**1,235**	**922**	**101**	**13%**	**1.5x**	**13.7x**
		NASDAQ: PLAY	2,710	2,184	518	24%	1.2x	5.2x
		Delta to Median	*+1,743*	*+1,205*	*+437*	*+11%*	*(0.2x)*	*(4.4x)*

Acquisition Valuation Benchmarking



Sources:
S&P CapitalIQ (as of October 23, 2023), Public Filings, Pitchbook, and Internal Booth Research Resources

Footnotes
[1] Topgolf acquisition valued at c. 16x '22E EBITDA (assuming Topgolf added $100m on top of the $59m in '19 through the opening of c. 20 locations and $5m in EBITDA per location)
[2] Fogo de Chão acquisition multiple off FY '19 EBITDA

Transaction Overview

The proposed transaction acquires Dave & Buster's for $4.2B TEV excl. fees and is funded with 57% equity (95.1% sponsor fully diluted ownership) and 43% debt ($1.9B unitranche term loan at SOFR + 5.75%)

Funding Sources and Uses

We will fund the $4,178 purchase price (+75% premium to market) and $242m in estimated fees & cash to B/S with 43% debt and 57% equity

Sources	$	x	%	Uses	$	x	%
Revolver	–	–	–	Buyout of Equity	3,086,367	5.5x	70%
Term Loan	1,900,000	3.4x	43%	Buyout of Debt	1,092,047	2.0x	25%
Secured Notes	–	–	–	Cash to B/S	100,000	0.2x	2%
Rollover Equity	100,000	0.2x	2%	Transaction Fees	104,460	0.2x	2%
Sponsor Equity	2,420,874	4.3x	55%	Financing Fees	38,000	0.1x	1%
Total Sources	**4,420,874**	**7.9x**	**100%**	**Total Uses**	**4,420,874**	**7.9x**	**100%**

Capitalization & Sponsor Ownership

This capitalization results in a 3.2x net leverage ratio and 95.1% fully diluted sponsor equity ownership

	Capitalization Table at Close			*Pro-Forma Ownership*	
	Dec' 23P	**xEBITDA**	**Total %**	**Basic**	**Fully Diluted**
Revolver	–	–	–		
Term Loan	1,900,000	3.4x	44.0%		
Secured Notes	–	–	–		
Gross Debt	**1,900,000**	**3.4x**	**44.0%**		
Cash	(100,000)	(0.2x)	(2.3%)		
Net Debt	**1,800,000**	**3.2x**	**41.7%**		
Rollover Equity	100,000	0.2x	2.3%	4.0%	3.9%
Sponsor Equity	2,420,874	4.3x	56.0%	96.0%	95.1%
Option Pool	–	–	–	–	1.0%
Total Capitalization	**4,320,874**	**7.8x**	**100.0%**	**100.0%**	**100.0%**

Preliminary Financing Indication[1]

Based on preliminary financing indications, we will take on a $1,900 unitranche TL (net 3.2x EBITDA) at SOFR + 5.75% and a $500M undrawn revolver

			NOT USED *For informational purposes*
	Revolver	**Term Loan**	**Secured Notes**
Capacity	$500M	Up to $1,900M Secured Debt[2]	
Usage	$0 (Undrawn)	$1,900M	$0
Coupon & Fees	SOFR + 4.75%	SOFR + 5.75%	12% (PIK)
Maturity	6 years	6 years	7 years
Amortization & Fees	0.5% Undrawn Fee	1% Amortization	None
Prepayment	None	1% Premium	None
Covenants	Net Leverage < 4.0x TTM aEBITDA		
Restrictions	Can take on additional debt if (1) Net Leverage < 4.0x TTM aEBITDA, (2) FCCR > 1.1x, and (3) is second-lien or unsecured		

Sources:
Team Analysis

Footnotes:

[1] Preliminary financing indication provided by Audax Private Debt

[2] Based on minimum Fixed Charge Coverage Ratio of > 1.1x

Scenarios Overview

The Base Case generates a healthy 20% IRR, while the downside returns invested capital via removing discretionary capex and upside cases showcase the high growth and uplift potential

		Bear Case	Base Case	Bull Case	Management Case
Returns	**IRR**	**0.3%**	**20.1%**	**27.7%**	**37.7%**
	MOIC	**1.0x**	**2.5x**	**3.4x**	**4.9x**
Transaction Assumptions	**Entry Multiple**	• Purchase at **7.5x EBITDA**, a +76% premium to market price			
	Exit Multiple	• Same as entry multiple – **7.5x EBITDA**			• **8.5x EBITDA** (+1x Mult. Exp.)
	Debt Funding	• **2.9x EBITDA** (43% debt, 57% equity)			
Operating Assumptions	**Revenue Growth**	• **5Y CAGR of (1.0%)**. • Remodel and store expansion proves to be value-destructive, resulting in +**2.6% store expansion** • Macro headwinds deteriorate organic growth resulting in **(4.0%) revenue per store** growth.	• **5Y CAGR of +10.1%**. • Remodels and store expansion captures latent demand and rejuvenates the brand, resulting in +**6.5% store expansion** • Organic growth slightly outpaces macro at +**3.4% revenue per store**, driven by F&B growth	• **5Y CAGR of +14.4%**. • Remodels and store expansion revitalizes demand & generates brand excitement, resulting in +**6.5% store expansion** • Revenue per store outperforms macro at **+6.5% revenue per store**, driven by F&B growth	• **5Y CAGR of +18.6%**. • Remodels and store expansion are a massive success, leading to +**7.2% store expansion** • Success leads significant macro outperformance, with **+10.7% revenue per store**, driven by both F&B and entertainment
	Gross Margin	• Margins decline from **84.6% to 83.1%** over the 5 years due to pricing pressure.	• Margins decline from **84.6% to 84.4%** due to mix shift towards F&B revenues.	• Margins remain at **84.6%** as mix shift towards F&B revenues is offset by operational efficiencies	• Margins increase from **84.6% to 84.9%** due to operational efficiencies
	Operating Expenses	• OpEx increases from (60.5%) of sales to **(61.5%) of sales** due to deficiencies at lower scale	• OpEx remains in line with historicals at **(60.4%) of sales**	• OpEx improves vs historicals to **(60.0%)** from operational efficiencies	• OpEx improves vs historicals to **(59.8%)** from operational efficiencies
	Capital Expenditures	• **$0.9B in 5Y Capex (7.8% of sales)** from reducing discretionary capex by 42% vs. Base Case	• **$1.6B in 5Y Capex (10.5% of sales)** from store expansion and remodeling	• **$1.7B in 5Y Capex (9.7% of sales)** from store expansion and remodeling	• **$1.8B in 5Y Capex (8.4% of sales)** from store expansion and remodeling
	Working Capital	• Assets and Liabilities grow in line with core operating metrics (sales, COGS, OpEx) at historical rates			

Sources:
Company Data, Team Estimates

Base Case Financials

A strong financial model, driven by revenue growth & strong flow through to FCF, enables us to pay down ~75% of debt by Y5, yielding a 2.5x MOIC

With revenue growing in line with the market, we expect to grow EBITDA to $900M and generate $2.1B in unlevered free cash flow over our 5-year holding period

	Fiscal Years Ending January,					*TTM at Close*	*Fiscal Years Ending December 31,*					*CAGR*	
$ in thousands	**2019A**	**2020A**	**2021A**	**2022A**	**2023A**	**Dec'23 TTM E**	**2024P**	**2025P**	**2026P**	**2027P**	**2028P**	**19-'23A**	**24-'28P**
Financial Forecast													
Food & Beverage Revenue	536,469	563,576	159,501	436,637	678,333	801,602	888,980	990,285	1,098,271	1,213,312	1,335,798	6.0%	10.8%
Entertainment Revenue	728,832	791,115	277,011	867,419	1,286,094	1,517,561	1,668,418	1,842,460	2,025,689	2,218,508	2,421,335	15.3%	9.8%
Total Revenues	**1,265,301**	**1,354,691**	**436,512**	**1,304,056**	**1,964,427**	**2,319,163**	**2,557,399**	**2,832,745**	**3,123,960**	**3,431,820**	**3,757,133**	**11.6%**	**10.1%**
Cost of Food and Beverages	(139,199)	(148,196)	(45,207)	(119,123)	(193,742)	(222,485)	(246,646)	(274,652)	(304,489)	(336,260)	(370,070)	8.6%	10.7%
Cost of Entertainment	(81,064)	(85,115)	(29,698)	(85,848)	(115,122)	(135,695)	(148,889)	(164,095)	(180,056)	(196,803)	(214,368)	9.2%	9.6%
Gross Profit	**1,045,038**	**1,121,380**	**361,607**	**1,099,085**	**1,655,563**	**1,960,983**	**2,161,863**	**2,393,998**	**2,639,415**	**2,898,756**	**3,172,695**	**12.2%**	**10.1%**
% of Revenue	82.6%	82.8%	82.8%	84.3%	84.3%	84.6%	84.5%	84.5%	84.5%	84.5%	84.4%	0.5%	(0.0%)
OpEx	(764,506)	(838,986)	(461,141)	(767,982)	(1,195,190)	(1,403,862)	(1,547,284)	(1,713,001)	(1,888,140)	(2,073,154)	(2,268,516)	11.8%	10.1%
Diligence Adjusted EBITDA	**280,532**	**282,394**	**(99,534)**	**331,103**	**460,373**	**557,122**	**614,579**	**680,997**	**751,275**	**825,603**	**904,179**	**13.2%**	**10.2%**
% of Revenue	22.2%	20.8%	(22.8%)	25.4%	23.4%	24.0%	24.0%	24.0%	24.0%	24.1%	24.1%		
Taxes	(30,666)	(26,879)	83,432	(19,014)	(36,531)	(42,413)	(39,001)	(55,386)	(72,916)	(91,357)	(113,951)		
Non-Cash Expenses	9,592	9,740	25,356	24,346	64,872	48,149	5,429	5,429	5,429	5,429	5,429		
Changes in Working Capital	92,528	46,483	(6,395)	11,813	73,159	64,434	56,118	68,647	72,552	76,645	80,935		
Capex	(216,286)	(228,091)	(83,016)	(92,197)	(234,224)	(276,576)	(322,300)	(333,500)	(344,700)	(323,140)	(332,420)		
Unlevered Cash Flow	**135,700**	**83,647**	**(80,157)**	**256,051**	**327,649**	**350,716**	**314,825**	**366,186**	**411,639**	**493,180**	**544,171**		
Interest Expense							(214,457)	(184,271)	(153,761)	(124,018)	(85,258)		
Mandatory Debt Payments							(19,000)	(19,000)	(19,000)	(19,000)	(19,000)		
Levered Cash Flow							**81,368**	**162,915**	**238,878**	**350,162**	**439,913**		
Optional Debt Payment							(81,368)	(162,915)	(238,878)	(350,161)	(439,913)		
Levered Cash Flow After Paydown							–	–	–	–	–		

Debt Paydown

We are able to pay off 75% of debt with generated cash

	TTM at Close	*Fiscal Years Ending December 31,*				
$ in thousands	**Dec'23 TTM E**	**2024P**	**2025P**	**2026P**	**2027P**	**2028P**
Debt Balance						
Revolver	–	–	–	–	–	–
Term Loan	1,900,000	1,799,632	1,617,717	1,359,839	990,678	531,764
Secured Notes	–	–	–	–	–	–
Less: Cash	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Net Debt	**1,800,000**	**1,699,632**	**1,517,717**	**1,259,839**	**890,678**	**431,764**
Leverage Ratios						
Net Leverage Ratio -- 4.0x Covenant	**3.2x**	**2.8x**	**2.2x**	**1.7x**	**1.1x**	**0.5x**
Debt Service Coverage Ratio		1.1x	1.4x	1.9x	2.9x	4.4x
Creditor Fixed Charge Coverage Ratio		1.1x	1.3x	1.7x	2.1x	2.6x

Equity Returns

EBITDA expansion and debt paydown lead to a 2.5x MOIC

	TTM at Close	*Fiscal Years Ending December 31,*				
$ in thousands	**Dec'23 TTM E**	**2024P**	**2025P**	**2026P**	**2027P**	**2028P**
Diligence Adjusted EBITDA	$557,122	$614,579	$680,997	$751,275	$825,603	$904,179
Exit Multiple	7.5x	7.5x	7.5x	7.5x	7.5x	7.5x
Enterprise Value	**4,178,413**	**4,609,343**	**5,107,474**	**5,634,560**	**6,192,021**	**6,781,343**
Cash	100,000	100,000	100,000	100,000	100,000	100,000
Transaction Costs	142,460	–	–	–	–	–
Revolver	–	–	–	–	–	–
Term Loan	(1,900,000)	(1,799,632)	(1,617,717)	(1,359,839)	(990,678)	(531,764)
Secured Notes	–	–	–	–	–	–
Total Equity Value	**2,520,874**	**2,909,711**	**3,589,757**	**4,374,721**	**5,301,344**	**6,349,579**
Sponsor Equity, % of Total Equity	96.0%	95.1%	95.1%	95.1%	95.1%	95.1%
Sponsor Equity	**2,420,874**	**2,766,344**	**3,412,882**	**4,159,169**	**5,040,135**	**6,036,722**
MOIC		**1.1x**	**1.4x**	**1.7x**	**2.1x**	**2.5x**
IRR		**14.3%**	**18.7%**	**19.8%**	**20.1%**	**20.1%**

Sources:

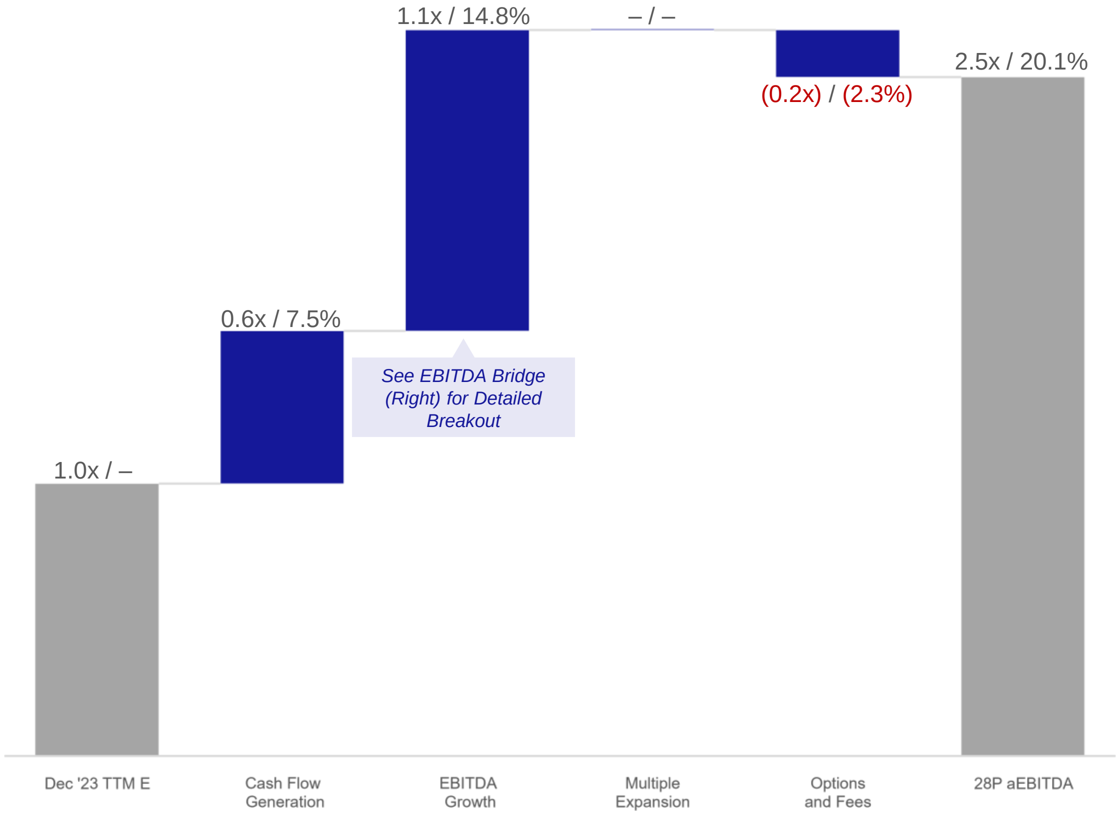
Company Data, Team Estimates

Base Case Adjusted EBITDA and Returns Bridge

Sponsor returns are primarily generated from EBITDA growth, which is primarily generated from store expansion

Sponsor Equity Returns ’23E-’28P Build

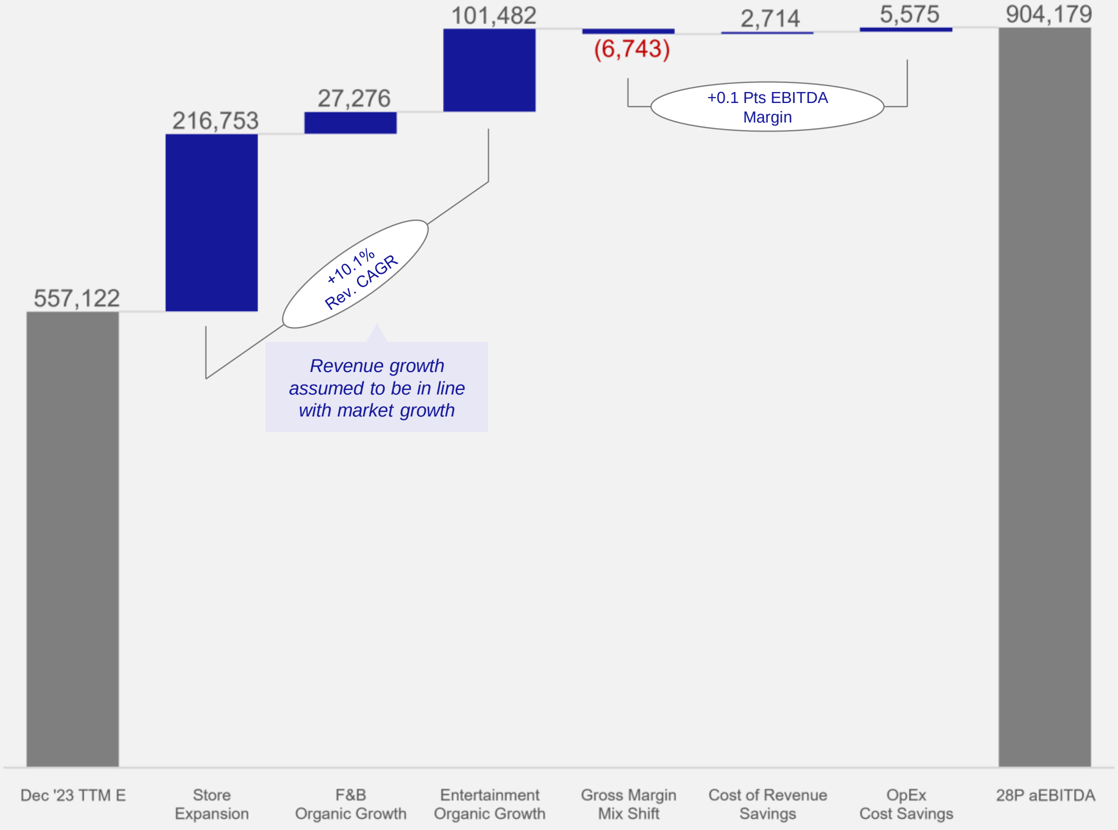
Given the attractive entry price, FCF generation creates 0.6x of value and EBITDA expansion drives most of the returns



See EBITDA Bridge (Right) for Detailed Breakout

Adjusted EBITDA ’23E-’28P Bridge

EBITDA expansion is primarily driven by store expansion; Entertainment growth drives most of the remainder given large base & high margin



+10.1% Rev. CAGR

+0.1 Pts EBITDA Margin

Revenue growth assumed to be in line with market growth

Sources

Company Data, Team Estimates

Upside & Downside Financials

The team believes that there is sufficient downside protection given the strong cash generation of the business and the ability to preserve cash by removing $700M in discretionary Capex; the upside provides tremendous opportunity to leverage the core brand to drive financial results

Bear Case

In the downside scenario, we take out $700M in discretionary, non-maintenance capex and could cut up to $1.2B if needed

	TTM at Close	*Fiscal Years Ending December 31,*				
$ in thousands	**Dec'23 TTM E**	**2024P**	**2025P**	**2026P**	**2027P**	**2028P**
Returns						
Diligence Adjusted EBITDA	$557,122	$558,110	$552,349	$534,197	$509,885	$484,474
Multiple	7.5x	7.5x	7.5x	7.5x	7.5x	7.5x
Enterprise Value	**4,178,413**	**4,185,827**	**4,142,617**	**4,006,474**	**3,824,135**	**3,633,552**
Cash	100,000	100,000	100,000	100,000	100,000	100,000
Transaction Costs	142,460	–	–	–	–	–
Revolver	–	–	–	–	–	–
Term Loan	(1,900,000)	(1,872,088)	(1,757,946)	(1,598,999)	(1,379,208)	(1,170,888)
Total Equity Value	**2,520,874**	**2,413,739**	**2,484,671**	**2,507,474**	**2,544,928**	**2,562,664**
Sponsor Equity, % of Total Equity	96.0%	95.1%	96.0%	96.0%	96.0%	96.0%
Sponsor Equity	**2,420,874**	**2,294,809**	**2,386,107**	**2,408,006**	**2,443,974**	**2,461,006**
Financial Forecast						
Total Revenues	**2,319,163**	**2,363,568**	**2,380,451**	**2,343,579**	**2,277,842**	**2,204,652**
Cost of Revenue	(358,180)	(371,980)	(381,628)	(382,600)	(378,558)	(372,870)
Gross Profit	**1,960,983**	**1,991,588**	**1,998,823**	**1,960,979**	**1,899,284**	**1,831,783**
% of Revenue	84.6%	84.3%	84.0%	83.7%	83.4%	83.1%
OpEx	(1,403,862)	(1,433,478)	(1,446,474)	(1,426,782)	(1,389,399)	(1,347,309)
Diligence Adjusted EBITDA	**557,122**	**558,110**	**552,349**	**534,197**	**509,885**	**484,474**
% of Revenue	24.0%	23.6%	23.2%	22.8%	22.4%	22.0%
Taxes	(42,413)	(26,437)	(26,969)	(28,095)	(28,809)	(31,995)
Non-Cash Expenses	48,149	5,429	5,429	5,429	5,429	5,429
Changes in Working Capital	64,434	9,625	6,044	(7,529)	(14,908)	(16,904)
Capex	(276,576)	(301,000)	(228,100)	(173,750)	(98,680)	(99,320)
Unlevered Cash Flow	**350,716**	**245,727**	**308,753**	**330,252**	**372,916**	**341,684**
Interest Expense		(217,815)	(194,611)	(171,305)	(153,124)	(133,364)
Mandatory Debt Payments		(19,000)	(19,000)	(19,000)	(19,000)	(19,000)
Levered Cash Flow		**8,912**	**95,142**	**139,947**	**200,792**	**189,320**
Optional Debt Payment		(8,912)	(95,142)	(139,947)	(200,792)	(189,319)
Levered Cash Flow After Paydown		**–**	**–**	**–**	**–**	**–**
Leverage Ratios						
Net Leverage Ratio -- 4.0x Covenant	**3.2x**	**3.2x**	**3.0x**	**2.8x**	**2.5x**	**2.2x**
Creditor Fixed Charge Coverage Ratio		1.0x	1.3x	1.7x	2.0x	2.1x

Bull Case

In the upside scenario, our operational investments yield strong cash generation which enable us to fully pay off debt

	TTM at Close	*Fiscal Years Ending December 31,*				
$ in thousands	**Dec'23 TTM E**	**2024P**	**2025P**	**2026P**	**2027P**	**2028P**
Returns						
Diligence Adjusted EBITDA	$557,122	$641,897	$745,460	$860,996	$986,182	$1,121,544
Multiple	7.5x	7.5x	7.5x	7.5x	7.5x	7.5x
Enterprise Value	**4,178,413**	**4,814,230**	**5,590,949**	**6,457,467**	**7,396,367**	**8,411,583**
Cash	100,000	100,000	100,000	100,000	100,000	219,110
Transaction Costs	142,460	–	–	–	–	–
Revolver	–	–	–	–	–	–
Term Loan	(1,900,000)	(1,774,308)	(1,526,190)	(1,153,945)	(593,851)	–
Total Equity Value	**2,520,874**	**3,139,922**	**4,164,759**	**5,403,522**	**6,902,516**	**8,630,694**
Sponsor Equity, % of Total Equity	96.0%	95.1%	95.1%	95.1%	95.1%	95.1%
Sponsor Equity	**2,420,874**	**2,985,211**	**3,959,553**	**5,137,279**	**6,562,414**	**8,205,441**
Financial Forecast						
Total Revenues	**2,319,163**	**2,657,915**	**3,070,480**	**3,527,780**	**4,019,649**	**4,547,678**
Cost of Revenue	(358,180)	(410,110)	(473,319)	(543,298)	(618,462)	(699,041)
Gross Profit	**1,960,983**	**2,247,805**	**2,597,160**	**2,984,482**	**3,401,187**	**3,848,637**
% of Revenue	84.6%	84.6%	84.6%	84.6%	84.6%	84.6%
OpEx	(1,403,862)	(1,605,908)	(1,851,700)	(2,123,486)	(2,415,005)	(2,727,093)
Diligence Adjusted EBITDA	**557,122**	**641,897**	**745,460**	**860,996**	**986,182**	**1,121,544**
% of Revenue	24.0%	24.2%	24.3%	24.4%	24.5%	24.7%
Taxes	(42,413)	(44,984)	(69,285)	(97,310)	(128,769)	(167,328)
Non-Cash Expenses	48,149	5,429	5,429	5,429	5,429	5,429
Changes in Working Capital	64,434	80,233	101,596	112,305	120,418	128,870
Capex	(276,576)	(343,600)	(356,200)	(368,800)	(326,620)	(335,900)
Unlevered Cash Flow	**350,716**	**338,975**	**427,000**	**512,620**	**656,640**	**752,615**
Interest Expense		(213,283)	(178,881)	(140,376)	(96,545)	(39,653)
Mandatory Debt Payments		(19,000)	(19,000)	(19,000)	(19,000)	(19,000)
Levered Cash Flow		**106,692**	**229,119**	**353,244**	**541,095**	**693,961**
Optional Debt Payment		(106,692)	(229,119)	(353,244)	(541,095)	(574,851)
Levered Cash Flow After Paydown		**–**	**–**	**–**	**–**	**119,111**
Leverage Ratios						
Net Leverage Ratio -- 4.0x Covenant	**3.2x**	**2.6x**	**1.9x**	**1.2x**	**0.5x**	**(0.2x)**
Creditor Fixed Charge Coverage Ratio		1.1x	1.5x	1.9x	2.7x	3.5x

Sources

Company Data, Team Estimates

Returns Sensitivity

Returns are sensitive to entry and exit multiples; in downside cases, we see potential for multiple contraction while in base and upside cases, we see potential for multiple expansion

Bear Case

Exit Multiple

Entry Multiple	6.5x	7.0x	7.5x	8.0x	8.5x
6.5x	1.3% / 1.1x	3.5% / 1.2x	**5.4% / 1.3x**	7.3% / 1.4x	9.1% / 1.5x
7.0x	-1.4% / 0.9x	0.7% / 1.0x	**2.8% / 1.1x**	4.6% / 1.3x	6.2% / 1.3x
7.5x	**-3.8% / 0.8x**	**-1.6% / 0.9x**	**0.3% / 1.0x**	**2.2% / 1.1x**	**3.9% / 1.2x**
8.0x	-5.8% / 0.7x	-3.7% / 0.8x	**-1.8% / 0.9x**	0.0% / 1.0x	1.7% / 1.1x
8.5x	-7.6% / 0.7x	-5.6% / 0.8x	**-3.7% / 0.8x**	-1.9% / 0.9x	-0.3% / 1.0x

Base Case

Exit Multiple

Entry Multiple	6.5x	7.0x	7.5x	8.0x	8.5x
6.5x	22.6% / 2.8x	24.5% / 3.0x	**26.4% / 3.2x**	28.1% / 3.5x	29.8% / 3.7x
7.0x	19.3% / 2.4x	21.2% / 2.6x	**23.0% / 2.8x**	24.7% / 3.0x	26.3% / 3.2x
7.5x	**16.4% / 2.1x**	**18.3% / 2.3x**	**20.1% / 2.5x**	**21.7% / 2.7x**	**23.3% / 2.8x**
8.0x	13.9% / 1.9x	15.8% / 2.1x	**17.5% / 2.2x**	19.1% / 2.4x	20.7% / 2.6x
8.5x	11.8% / 1.7x	13.6% / 1.9x	**15.2% / 2.0x**	16.8% / 2.2x	18.4% / 2.3x

Bull Case

Exit Multiple

Entry Multiple	6.5x	7.0x	7.5x	8.0x	8.5x
6.5x	30.7% / 3.8x	32.6% / 4.1x	**34.4% / 4.4x**	36.1% / 4.7x	37.7% / 5.0x
7.0x	27.2% / 3.3x	29.0% / 3.6x	**30.8% / 3.8x**	32.4% / 4.1x	34.0% / 4.3x
7.5x	**24.1% / 2.9x**	**25.9% / 3.2x**	**27.7% / 3.4x**	**29.3% / 3.6x**	**30.8% / 3.8x**
8.0x	21.5% / 2.6x	23.3% / 2.8x	**24.9% / 3.0x**	26.5% / 3.2x	28.0% / 3.4x
8.5x	19.2% / 2.4x	20.9% / 2.6x	**22.5% / 2.8x**	24.1% / 2.9x	25.6% / 3.1x

Management Case

Exit Multiple

Entry Multiple	6.5x	7.0x	7.5x	8.0x	8.5x
6.5x	38.0% / 5.0x	39.9% / 5.4x	**41.6% / 5.7x**	43.3% / 6.0x	44.9% / 6.4x
7.0x	34.3% / 4.4x	36.1% / 4.7x	**37.8% / 5.0x**	39.5% / 5.3x	41.0% / 5.6x
7.5x	**31.1% / 3.9x**	**32.9% / 4.1x**	**34.6% / 4.4x**	**36.2% / 4.7x**	**37.7% / 4.9x**
8.0x	28.3% / 3.5x	30.0% / 3.7x	**31.7% / 4.0x**	33.3% / 4.2x	34.8% / 4.4x
8.5x	25.8% / 3.2x	27.5% / 3.4x	**29.2% / 3.6x**	30.7% / 3.8x	32.2% / 4.0x

Overview of Exit Options

While an IPO is likely the optimal exit, there is a strong universe of potential strategic acquirors and financial sponsors

Key Exit Considerations

Potential Buyers

Initial Public Offering Considerations

- **Reality of Scale:** Given the size of Dave & Buster's at our base case exit valuation ($6.8bn), our view is that a **public relisting is the most likely scenario**, assuming healthy market conditions
- **Potential Multiple Expansion:** While not in our base case assumptions, achieving multi-year growth targets (double-digit revenue CAGR) and optimizing the cost model should bring valuation closer in-line with the peer set (8-11x LTM EBITDA)
- **Access to More Capital:** A public relisting enables Dave & Buster's access to a larger pool of capital to fund the next phase of growth (e.g., international expansion)

DAVE & BUSTER'S → NYSE, Nasdaq

Strategic Buyer Considerations

- **Gaming Play:** Casino entertainment players might be interested as Dave & Buster's continues to branch into the sports betting world and sports betting legalizes across the country
- **Restaurants Play:** Large restaurant conglomerates could view Dave & Buster's as a way to diversify their roster, revenue stream, and margin profile
- **Synergies Drive Attractive Multiples:** **Strategics likely to pay higher valuation due to potential synergies** (e.g., improved sales and marketing, shared information technology, supply chain efficiencies). In '21, Callaway acquired TopGolf at c. **16x '22E EBITDA**

Restaurant Conglomerates

DARDEN, rbi restaurant brands international, LANDRY'S

Casino Entertainment

Wynn Resorts, Caesars Entertainment, PENN Entertainment, MGM Resorts, Sands Las Vegas Sands Corp.

Financial Sponsor Considerations

- **Financial Sponsors Play:** Dave & Buster's leading market position, stable growth trajectory, recurring cash flows, and strong management team should attract financial sponsor interest
- **Historical Precedent:** Oak Hill Capital (2014 exit) and Wellspring Capital Management (2010 exit) have made successful returns with Dave & Buster's (2.0x+ MOIC)
- **Scale as Limiting Factor:** Given the scale of Dave & Buster's at our projected exit, **large buyout / mega-funds will likely be the only sponsors** able to write a sufficient equity check
- **Lower Valuations:** Expectation is highest valuations will not come from selling to a financial sponsor

APOLLO, KKR, ROARK, Blackstone, BainCapital, LGP Leonard Green & Partners, CARLYLE, TPG

Sources:
Public Filings, Pitchbook, and Internal Booth Research Resources

Looking Ahead: Next Steps

In the next phase of diligence, our focus would revolve around further understanding the industry dynamics, economics at each active store, and growth opportunities outside the US

Further Diligence

Category	Key Questions / Topics	Ways to Address	Status
Industry / Competition	• Health of the end consumer and potential recession impact • Consumer satisfaction for Dave & Buster's versus peers • Successful strategies of local boutique players • Potential M&A opportunities	• Third-party customer analysis (net promoter score, customer satisfaction score, customer effort score, customer surveys) • Deep-dive on smaller players in attractive MSAs (high-margin entertainment offerings, marketing strategies, etc.) • Analysis on potential M&A opportunities to target adjacent markets	◑
Financial	• Unit-level contributions (unit volume, growth, margins, etc.) • Supplier contract details • Commodity and labor inflation strategies • Current operating lease details	• Detailed analysis of all 211 stores across the platform • Detailed analysis of supply chain and supplier contracts (terms, past negotiations, etc.) • Analysis to potentially hedge certain price fluctuations • Analysis of current operating leases terms (cancellation penalty, renewal status, etc.)	◔
Expansion	• Target MSA characteristics • Real estate and operating lease terms at target MSAs • Risks related to development costs and supply chain • Feasibility and scalability of international franchising model	• Deep-dive on target MSAs (demographics, market saturation, competition, consumer behavior, and legal regulations) • Market study on availability of appropriate real estate and lease terms at target MSAs • Line-item analysis on development costs and potential supply chain issues • Conversations with potential franchisees outside the US on opportunities	◔
Operations	• Individual marketing and sales initiatives assessment across platform (media presence, strategy, brand) • Food & beverage and entertainment assessment • Service staff evaluation (performance, compensation, satisfaction of employees) and availability of new talent • Feasibility and scalability of sports betting partnerships • Further assess current ESG goals and initiatives	• Deep-dive on primary drivers of customer visits and assess if effectively targeting core and growth audiences • Entertainment and food & beverage menu analysis to identify popular and underperforming items across stores • Analysis of employees KPI's, turnover, comp structure, and market benchmarking • Conversations with casino / gambling companies on potential partnerships • Engage ESG-focused consulting firm to audit current sustainability practices (energy, water, and waster management)	◔
Third Party Diligence	• Tax, Insurance, Legal / Regulatory, Technology / IT, HR / Benefits, Background Checks		

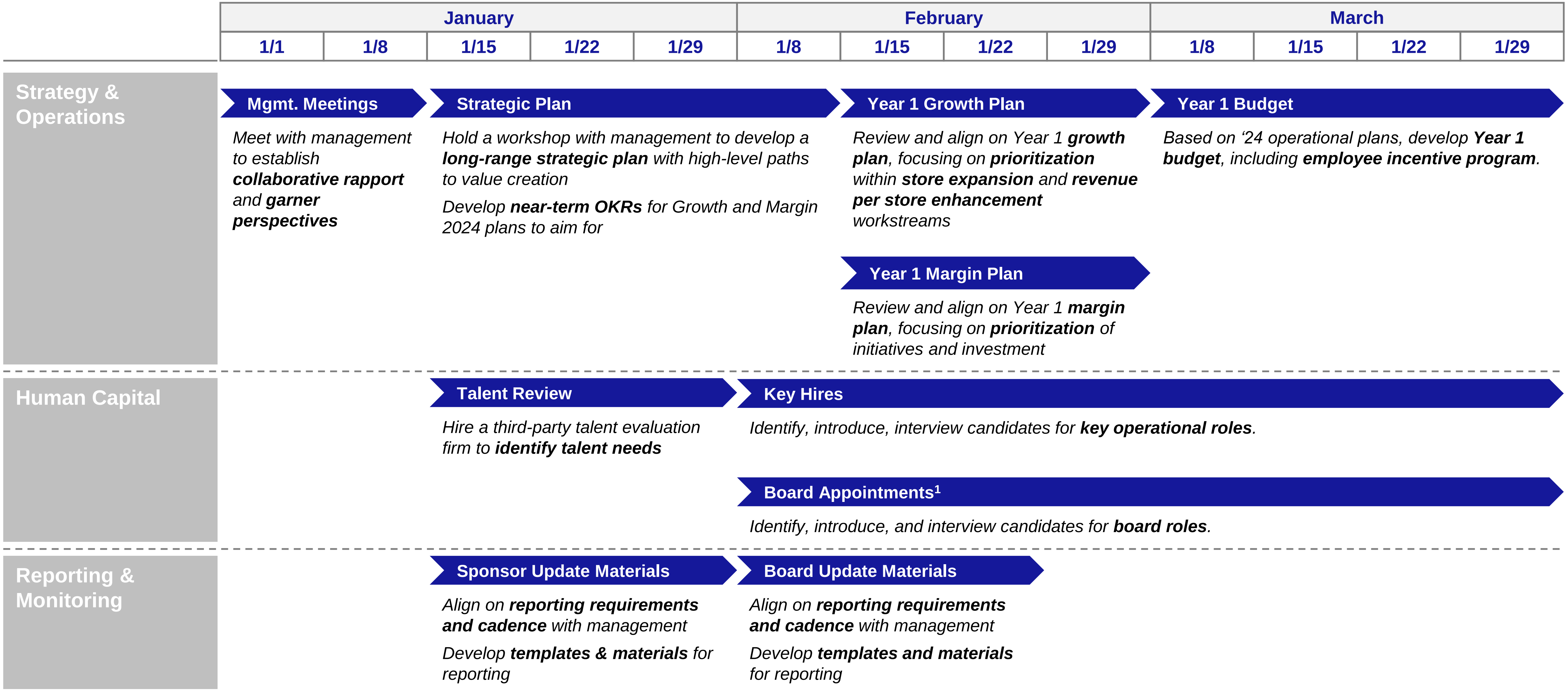
Identify, Introduce, and Interview Candidates for Board Roles

- Preliminary independent board member appointees include **Kat Cole** (ex President & COO of Focus Brands) or **Urvi Patel** (SVP, Customer Experience & Engagement at Focus Brands) for food & beverage expertise, **Josh D'Amaro** (Chairman of Disney Parks, Experiences, and Products) for entertainment expertise, and **Andy Adams** (SVP Store Development at Starbucks) for store expansion expertise

Sources:
Team Analysis

Looking Ahead: Q1 Plan (First ~100 Days)

In the first 100 days, we will work with management to make sure we have a strong long-term strategic plan and near-term execution plan, identify talent needs and gaps, and develop management systems to ensure seamless implementation of our growth initiatives



Strategy & Operations

Mgmt. Meetings

*Meet with management to establish **collaborative rapport** and **garner perspectives***

Strategic Plan

*Hold a workshop with management to develop a **long-range strategic plan** with high-level paths to value creation*

*Develop **near-term OKRs** for Growth and Margin 2024 plans to aim for*

Year 1 Growth Plan

*Review and align on Year 1 **growth plan**, focusing on **prioritization** within **store expansion** and **revenue per store enhancement** workstreams*

Year 1 Margin Plan

*Review and align on Year 1 **margin plan**, focusing on **prioritization** of initiatives and investment*

Year 1 Budget

*Based on ‘24 operational plans, develop **Year 1 budget**, including **employee incentive program**.*

Human Capital

Talent Review

*Hire a third-party talent evaluation firm to **identify talent needs***

Key Hires

*Identify, introduce, interview candidates for **key operational roles**.*

Board Appointments[1]

*Identify, introduce, and interview candidates for **board roles**.*

Reporting & Monitoring

Sponsor Update Materials

*Align on **reporting requirements and cadence** with management*

*Develop **templates & materials** for reporting*

Board Update Materials

*Align on **reporting requirements and cadence** with management*

*Develop **templates and materials** for reporting*

Footnotes:

[1] Preliminary independent board member appointees include Kat Cole (ex President & COO of Focus Brands) or Urvi Patel (SVP, Customer Experience & Engagement at Focus Brands) for food & beverage expertise, Josh D’Amaro (Chairman of Disney Parks, Experiences, and Products) for entertainment expertise, and Andy Adams (SVP Store Development at Starbucks) for store expansion expertise