
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED August 6, 2024
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____
Commission File No. 001-35664

Dave & Buster's Entertainment, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1221 S. Beltline Rd., Suite 500, Coppell, Texas, 75019
(Address of principal executive offices) (Zip Code)

35-2382255
(I.R.S. Employer ID)

(214) 357-9588
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|-------------------------------|-------------------|---|
| Common Stock \$0.01 par value | PLAY | NASDAQ Global Select Market |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by checkmark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging Growth Company | <input type="checkbox"/> | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of September 6, 2024, the registrant had 39,301,287 shares of common stock, \$0.01 par value per share, outstanding.

DAVE & BUSTER'S ENTERTAINMENT, INC.
FORM 10-Q FOR QUARTERLY PERIOD ENDED AUGUST 6, 2024
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

DAVE & BUSTER’S ENTERTAINMENT, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except per share amounts)

| | August 6, 2024 | February 4, 2024 |
|--|-----------------------|-------------------------|
| | (Unaudited) | (Audited) |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 13.1 | \$ 37.3 |
| Inventories | 37.2 | 37.2 |
| Prepaid expenses | 25.0 | 18.2 |
| Income taxes receivable | 4.9 | 22.9 |
| Accounts receivable | 15.9 | 21.9 |
| Total current assets | <u>96.1</u> | <u>137.5</u> |
| Property and equipment (net of \$1,342.8 and \$1,222.6 of accumulated depreciation as of August 6, 2024 and February 4, 2024, respectively) | 1,425.2 | 1,332.7 |
| Operating lease right of use assets, net | 1,348.7 | 1,323.3 |
| Deferred tax assets | 7.2 | 6.0 |
| Tradenames | 178.2 | 178.2 |
| Goodwill | 742.5 | 742.5 |
| Other assets and deferred charges | 36.0 | 34.2 |
| Total assets | <u>\$ 3,833.9</u> | <u>\$ 3,754.4</u> |
| LIABILITIES AND STOCKHOLDERS’ EQUITY | | |
| Current Liabilities: | | |
| Current installments of long-term debt | \$ 9.0 | \$ 9.0 |
| Accounts payable | 84.1 | 118.6 |
| Accrued liabilities | 307.8 | 306.0 |
| Income taxes payable | 7.3 | 2.0 |
| Total current liabilities | <u>408.2</u> | <u>435.6</u> |
| Deferred income taxes | 85.7 | 89.8 |
| Operating lease liabilities | 1,589.5 | 1,558.5 |
| Other long-term liabilities | 173.7 | 135.3 |
| Long-term debt, net | 1,292.4 | 1,284.0 |
| Commitments and contingencies | | |
| Stockholders’ equity: | | |
| Common stock, par value \$0.01; authorized: 400.00 shares; issued: 63.15 shares at August 6, 2024 and 62.86 at February 4, 2024; outstanding: 39.30 shares at August 6, 2024 and 40.27 at February 4, 2024 | 0.6 | 0.6 |
| Preferred stock, 50.00 authorized; none issued | — | — |
| Paid-in capital | 611.4 | 597.6 |
| Treasury stock, 23.85 and 22.59 shares as of August 6, 2024 and February 4, 2024, respectively | (1,007.5) | (945.3) |
| Accumulated other comprehensive loss | (1.0) | (0.9) |
| Retained earnings | 680.9 | 599.2 |
| Total stockholders’ equity | <u>284.4</u> | <u>251.2</u> |
| Total liabilities and stockholders’ equity | <u>\$ 3,833.9</u> | <u>\$ 3,754.4</u> |

See accompanying notes to consolidated financial statements.

DAVE & BUSTER'S ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions, except per share amounts; unaudited)

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|----------------------|---------------|------------------------|---------------|
| | August 6, 2024 | July 30, 2023 | August 6, 2024 | July 30, 2023 |
| Entertainment revenues | \$ 375.7 | \$ 360.8 | \$ 761.4 | \$ 753.9 |
| Food and beverage revenues | 181.4 | 181.3 | 383.8 | 385.5 |
| Total revenues | 557.1 | 542.1 | 1,145.2 | 1,139.4 |
| Cost of entertainment | 32.9 | 35.3 | 66.1 | 70.5 |
| Cost of food and beverage | 48.9 | 51.8 | 103.0 | 110.9 |
| Total cost of products | 81.8 | 87.1 | 169.1 | 181.4 |
| Operating payroll and benefits | 131.2 | 127.0 | 272.8 | 257.6 |
| Other store operating expenses | 167.6 | 165.6 | 343.7 | 331.6 |
| General and administrative expenses | 30.4 | 32.2 | 61.9 | 63.6 |
| Depreciation and amortization expenses | 57.5 | 49.1 | 120.3 | 98.0 |
| Pre-opening costs | 4.1 | 4.0 | 7.4 | 8.7 |
| Total operating costs | 472.6 | 465.0 | 975.2 | 940.9 |
| Operating income | 84.5 | 77.1 | 170.0 | 198.5 |
| Interest expense, net | 33.9 | 32.9 | 67.0 | 63.6 |
| Loss on debt refinancing | — | 11.2 | — | 11.2 |
| Income before provision for income taxes | 50.6 | 33.0 | 103.0 | 123.7 |
| Provision for income taxes | 10.3 | 7.1 | 21.3 | 27.7 |
| Net income | 40.3 | 25.9 | 81.7 | 96.0 |
| Unrealized foreign currency translation gain (loss) | — | 0.1 | (0.1) | 0.1 |
| Total other comprehensive gain (loss) | — | 0.1 | (0.1) | 0.1 |
| Total comprehensive income | \$ 40.3 | \$ 26.0 | \$ 81.6 | \$ 96.1 |
| Net income per share: | | | | |
| Basic | \$ 1.02 | \$ 0.60 | \$ 2.05 | \$ 2.11 |
| Diluted | \$ 0.99 | \$ 0.60 | \$ 1.99 | \$ 2.09 |
| Weighted average shares used in per share calculations: | | | | |
| Basic | 39.67 | 43.01 | 39.94 | 45.47 |
| Diluted | 40.78 | 43.38 | 41.12 | 45.83 |

See accompanying notes to consolidated financial statements.

DAVE & BUSTER'S ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions; unaudited)

Twenty-Six Weeks Ended August 6, 2024

| | Common Stock | | Paid-In Capital | Treasury Stock at Cost | | Accumulated Other Comprehensive Loss | Retained Earnings | Total |
|--|--------------|--------|--------------------|------------------------|--------------|---|----------------------|----------|
| | Shares | Amount | | Shares | Amount | | | |
| Balance February 4, 2024 | 62.86 | \$ 0.6 | \$ 597.6 | 22.59 | \$ (945.3) | \$ (0.9) | \$ 599.2 | \$ 251.2 |
| Net income | — | — | — | — | — | — | 41.4 | 41.4 |
| Unrealized foreign currency translation loss | — | — | — | — | — | (0.1) | — | (0.1) |
| Share-based compensation | — | — | 4.0 | — | — | — | — | 4.0 |
| Issuance of common stock | 0.29 | — | 7.5 | — | — | — | — | 7.5 |
| Repurchase of common stock | — | — | — | 0.21 | (11.5) | — | — | (11.5) |
| Balance May 5, 2024 | 63.15 | \$ 0.6 | \$ 609.1 | 22.80 | \$ (956.8) | \$ (1.0) | \$ 640.6 | \$ 292.5 |
| Net income | — | — | — | — | — | — | 40.3 | 40.3 |
| Share-based compensation | — | — | 2.3 | — | — | — | — | 2.3 |
| Repurchase of common stock | — | — | — | 1.05 | (50.7) | — | — | (50.7) |
| Balance August 6, 2024 | 63.15 | \$ 0.6 | \$ 611.4 | 23.85 | \$ (1,007.5) | \$ (1.0) | \$ 680.9 | \$ 284.4 |

See accompanying notes to consolidated financial statements.

DAVE & BUSTER'S ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
(in millions; unaudited)

Twenty-Six Weeks Ended July 30, 2023

| | Common Stock | | Paid-In Capital | Treasury Stock at Cost | | Accumulated Other Comprehensive Loss | Retained Earnings | Total |
|--|--------------|--------|--------------------|------------------------|------------|---|----------------------|----------|
| | Shares | Amount | | Shares | Amount | | | |
| Balance January 29, 2023 | 62.42 | \$ 0.6 | \$ 577.5 | 14.01 | \$ (639.0) | \$ (0.9) | \$ 472.3 | \$ 410.5 |
| Net income | — | — | — | — | — | — | 70.1 | 70.1 |
| Share-based compensation | — | — | 6.7 | — | — | — | — | 6.7 |
| Issuance of common stock | 0.09 | — | 0.1 | — | — | — | — | 0.1 |
| Repurchase of common stock | — | — | — | 3.62 | (127.5) | — | — | (127.5) |
| Balance April 30, 2023 | 62.51 | \$ 0.6 | \$ 584.3 | 17.63 | \$ (766.5) | \$ (0.9) | \$ 542.4 | \$ 359.9 |
| Net income | — | — | — | — | — | — | 25.9 | 25.9 |
| Unrealized foreign currency translation gain | — | — | — | — | — | 0.1 | — | 0.1 |
| Share-based compensation | — | — | 5.2 | — | — | — | — | 5.2 |
| Issuance of common stock | 0.18 | — | 0.6 | — | — | — | — | 0.6 |
| Repurchase of common stock | — | — | — | 2.09 | (77.3) | — | — | (77.3) |
| Balance July 30, 2023 | 62.69 | \$ 0.6 | \$ 590.1 | 19.72 | \$ (843.8) | \$ (0.8) | \$ 568.3 | \$ 314.4 |

See accompanying notes to consolidated financial statements.

DAVE & BUSTER'S ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

| | Twenty-Six Weeks Ended August 6, 2024 | Twenty-Six Weeks Ended July 30, 2023 |
|---|--|---|
| Cash flows from operating activities: | | |
| Net income | \$ 81.7 | \$ 96.0 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 120.3 | 98.0 |
| Non-cash interest expense | 5.6 | 6.0 |
| Deferred taxes | (5.3) | 16.3 |
| Loss on debt refinancing | — | 11.2 |
| Share-based compensation | 6.3 | 11.9 |
| Other, net | 6.6 | 5.9 |
| Changes in assets and liabilities: | | |
| Inventories | — | 1.7 |
| Prepaid expenses | (6.8) | (5.6) |
| Income tax receivable | 18.0 | (7.7) |
| Accounts receivable | 6.0 | (1.6) |
| Other assets and deferred charges | (2.9) | 3.5 |
| Accounts payable | (19.9) | (23.5) |
| Accrued liabilities | 1.6 | (18.5) |
| Income taxes payable | 5.3 | 1.2 |
| Other long-term liabilities | (5.9) | 1.4 |
| Net cash provided by operating activities: | 210.6 | 196.2 |
| Cash flows from investing activities: | | |
| Capital expenditures | (229.1) | (133.8) |
| Proceeds from sales of property and equipment | 0.4 | 0.4 |
| Net cash used in investing activities: | (228.7) | (133.4) |
| Cash flows from financing activities: | | |
| Proceeds from term loan and revolver | 270.0 | 87.4 |
| Term loan and revolver payments | (266.5) | (44.3) |
| Debt issuance costs | — | (3.1) |
| Proceeds from sale-leaseback transaction | 44.8 | — |
| Principal payments on sale-leaseback financing | (0.3) | — |
| Proceeds from the exercise of stock options | 7.6 | 0.7 |
| Repurchases of common stock under share repurchase program | (60.0) | (200.0) |
| Repurchases of common stock to satisfy employee withholding tax obligations | (1.7) | (2.5) |
| Net cash used in financing activities: | (6.1) | (161.8) |
| Decrease in cash and cash equivalents | (24.2) | (99.0) |
| Beginning cash and cash equivalents | 37.3 | 181.6 |
| Ending cash and cash equivalents | \$ 13.1 | \$ 82.6 |
| Supplemental disclosures of cash flow information: | | |
| Increase/(decrease) in accounts payable for the acquisition of property and equipment | \$ (14.6) | \$ 8.4 |
| Cash paid for income taxes, net | \$ 2.9 | \$ 17.8 |
| Cash paid for interest, net | \$ 59.9 | \$ 57.9 |

See accompanying notes to consolidated financial statements.

DAVE & BUSTER'S ENTERTAINMENT, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except per share amounts; unaudited)

Note 1: Summary of Significant Accounting Policies

The accompanying consolidated financial statements include the accounts of Dave & Buster's Entertainment, Inc. (referred to herein as the "Company", "we," "us" and "our"), any predecessor companies and its wholly-owned subsidiaries, Dave & Buster's Holdings, Inc. ("D&B Holdings"), which owns 100% of the outstanding common stock of Dave & Buster's, Inc. ("D&B Inc"), the operating company. The Company, headquartered in Coppell, Texas, is a leading operator of high-volume entertainment and dining venues ("stores") in North America for adults and families.

During the twenty-six weeks ended August 6, 2024, the Company opened six stores, and as of August 6, 2024, the Company owned and operated 224 stores in 43 states, Puerto Rico and one Canadian province.

The Company operates its business as two operating segments based on its major brands, Dave & Buster's and Main Event. The Company has one reportable segment as both brands provide similar products and services to a similar customer base, are managed together by a single management team and share similar economic characteristics.

Fiscal Calendar — The Company has historically operated on a 52 or 53-week fiscal year that ends on the Sunday after the Saturday closest to January 31. Each quarterly period reported has 13 weeks, except for 53-week fiscal years when the fourth quarter has 14 weeks. Fiscal 2023, which ended on February 4, 2024, followed this calendar and had 53 weeks. The first quarter of fiscal 2024 also followed this calendar and had 13 weeks.

On May 6, 2024, the first day of the 2nd quarter of fiscal 2024, the Company changed its fiscal year to end on the Tuesday after the Monday closest to January 31st. The change was made to improve labor and operational efficiencies by ending the Company's periods outside of the busier weekend timeframe. As a result of this change, the second quarter and fiscal year 2024 have two additional days added to its normal 13-week quarter and 52-week year. The third and fourth quarters of fiscal 2024 will end on November 5, 2024 and February 4, 2025, respectively.

Basis of Presentation — The Company's financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States for interim financial information as prescribed by the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all the information and notes required by GAAP for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Our quarterly financial data should be read in conjunction with the audited financial statements and notes thereto for the year ended February 4, 2024, included in our Annual Report on Form 10-K.

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities at the date of the consolidated financial statements and for the period then ended. Actual results could differ from those estimates. Operating results for the thirteen and twenty-six weeks ended August 6, 2024 are not necessarily indicative of results that may be expected for any other interim period or for the full fiscal year ending February 4, 2025.

Cash and cash equivalents — We consider transaction settlements in process from credit card companies and all highly-liquid investments with original maturities of three months or less to be cash equivalents. Our cash management system provides for the daily funding of all major bank disbursement accounts as checks are presented for payment. Under this system, outstanding checks in excess of the cash balances at certain banks can create book overdrafts. There were no book overdrafts as of August 6, 2024 or as of February 4, 2024.

Fair value of financial instruments — Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. In determining fair value, the accounting standards establish a three-level hierarchy for inputs used in measuring fair value.

The carrying amounts of cash and cash equivalents, accounts and notes receivable, accounts payable, and other current liabilities approximate fair value because of their short-term nature. The fair value of the Company's debt is determined based on traded price data as of the measurement date, which we classify as a level two input within the fair value hierarchy as defined under GAAP. The fair value of the Company's debt was as follows as of the periods indicated:

DAVE & BUSTER'S ENTERTAINMENT, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except per share amounts; unaudited)

| | August 6, 2024 | February 4, 2024 |
|---------------------------|-------------------|-------------------|
| Revolving credit facility | \$ 8.0 | — |
| Term loan | 896.6 | 898.3 |
| Senior secured notes | 441.1 | 445.0 |
| | <u>\$ 1,345.7</u> | <u>\$ 1,343.3</u> |

Revenues — Our entertainment revenues primarily consist of attractions including redemption and simulation games, bowling, laser tag, billiards and gravity ropes. Our food and beverage revenues consist of full meals, appetizers and both alcoholic and non-alcoholic beverages. The Company's revenue for these categories was as follows:

| | Twenty-Six Weeks Ended | |
|----------------------------------|------------------------|-----------------|
| | August 6, 2024 | July 30, 2023 |
| Entertainment | \$ 750.3 | \$ 739.2 |
| Other ⁽¹⁾ | 11.1 | 14.7 |
| Entertainment revenues | <u>\$ 761.4</u> | <u>\$ 753.9</u> |
| Food and non-alcoholic beverages | \$ 263.8 | \$ 261.2 |
| Alcoholic beverages | 120.0 | 124.3 |
| Food and beverage revenues | <u>\$ 383.8</u> | <u>\$ 385.5</u> |

⁽¹⁾ Primarily consists of revenue earned from party rentals and gift card breakage (see *Revenue recognition* below).

Revenue recognition — Customers purchase cards with game play credits or “chips” to be used on a variety of redemption and simulation games. Entertainment revenues related to game play primarily consist of game play credits, which are used by customers to activate video and redemption games. Redemption games allow customers to earn tickets, which may be redeemed for prizes. We have deferred a portion of entertainment revenues for the estimated unfulfilled performance obligations related to unredeemed game play credits and tickets. The deferral is based on an estimated rate of future use by customers of unused game play credits and the material right provided to customers to redeem tickets in the future for prizes. During the twenty-six weeks ended August 6, 2024, we recognized revenue of \$48.7 related to the amount in deferred entertainment revenues as of the end of fiscal 2023. These revenues are included in entertainment revenues on the consolidated statements of comprehensive income.

We recognize revenue on unredeemed gift cards in proportion to the pattern of redemption by the customers. During the twenty-six weeks ended August 6, 2024, we recognized revenue of \$8.7 related to the amount in deferred gift card revenue as of the end of fiscal 2023. These revenues are included in Entertainment revenues on the consolidated statements of comprehensive income.

Earnings per share — Basic net income per share is computed by dividing net income available to common shareholders by the basic weighted average number of common shares outstanding for the reporting period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For the calculation of diluted net income per share, the basic weighted average shares outstanding is increased by the dilutive effect of stock options and restricted share awards. Stock options and restricted share awards with an anti-dilutive effect are not included in the diluted net income per share calculation.

DAVE & BUSTER'S ENTERTAINMENT, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except per share amounts; unaudited)

Basic weighted average shares outstanding are reconciled to diluted weighted average shares outstanding as follows:

| | Twenty-Six Weeks Ended | |
|---|------------------------|---------------|
| | August 6, 2024 | July 30, 2023 |
| Basic weighted average shares outstanding | 39.94 | 45.47 |
| Weighted average dilutive impact of awards | 1.18 | 0.36 |
| Diluted weighted average shares outstanding | 41.12 | 45.83 |
| Weighted average awards excluded as anti-dilutive | 0.25 | 0.51 |

Recent accounting pronouncements — We reviewed the accounting pronouncements that became effective for fiscal year 2024 and determined that either they were not applicable, or they did not have a material impact on the consolidated financial statements. See discussion at Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended February 4, 2024 for previously issued accounting pronouncements that may have an impact to the Company in the future.

Accounting reclassifications — We reclassified \$1.8 to cost of entertainment and \$5.7 to cost of food and beverage, respectively, from other store operating expenses for the twenty-six weeks ended July 30, 2023 to be consistent with the presentation for the twenty-six weeks ended August 6, 2024. We determined that reclassifying the expenses, which are primarily related to inventory items provided to customers during promotions and events, results in a clearer presentation of the cost of goods sold.

Note 2: Accrued Liabilities

Accrued liabilities consist of the following as of the dates presented:

| | August 6, 2024 | February 4, 2024 |
|--|-----------------|------------------|
| Deferred entertainment revenue | \$ 115.5 | \$ 121.2 |
| Current portion of operating lease liabilities, net ⁽¹⁾ | 64.7 | 63.1 |
| Compensation and benefits | 34.2 | 29.0 |
| Deferred gift card revenue | 16.9 | 20.3 |
| Property taxes | 14.7 | 9.7 |
| Sales and use and other taxes | 8.2 | 12.5 |
| Customer deposits | 10.8 | 9.7 |
| Accrued interest | 10.8 | 9.6 |
| Utilities | 7.4 | 7.5 |
| Current portion of self-insurance reserves | 5.7 | 5.7 |
| Current portion of deferred occupancy costs | 2.7 | 2.9 |
| Other | 16.2 | 14.8 |
| Total accrued liabilities | \$ 307.8 | \$ 306.0 |

⁽¹⁾ The balance of leasehold incentive receivables of \$13.9 and \$13.0 as of August 6, 2024 and February 4, 2024, respectively, is reflected as a reduction of the current portion of operating lease liabilities.

DAVE & BUSTER'S ENTERTAINMENT, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except per share amounts; unaudited)

Note 3: Leases

We currently lease most of the buildings or sites for our stores, store support center, and warehouse space under facility operating leases. These leases typically have initial terms ranging from ten to twenty years and include one or more options to renew. When determining the lease term, we include option periods for which renewal is reasonably certain. Most of the leases require us to pay property taxes, insurance, and maintenance of the leased assets. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. Operating leases also include certain equipment leases that have a term in excess of one year. Certain facility leases also have provisions for additional contingent rentals based on revenues.

Operating lease cost, variable lease cost and short-term lease cost related primarily to our facilities is included in "Other store operating expenses" for our operating stores, "Pre-opening costs" for our stores not yet operating, or "General and administrative expenses" for our store support center and warehouse, in the consolidated statement of comprehensive income.

The components of lease expense, including variable lease costs primarily consisting of common area maintenance charges and property taxes, are as follows:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|-----------------------|----------------------|----------------|------------------------|-----------------|
| | August 6, 2024 | July 30, 2023 | August 6, 2024 | July 30, 2023 |
| Operating lease cost | \$ 50.7 | \$ 49.2 | \$ 101.0 | \$ 97.2 |
| Variable lease cost | 11.9 | 8.9 | 22.8 | 19.6 |
| Short-term lease cost | 1.0 | 0.9 | 1.3 | 1.6 |
| Total | <u>\$ 63.6</u> | <u>\$ 59.0</u> | <u>\$ 125.1</u> | <u>\$ 118.4</u> |

Operating lease payments in the table above includes minimum lease payments for future sites for which the leases have commenced. As of August 6, 2024, the Company had signed lease agreements with total lease payments of \$69.2 related to five facility leases which had not yet commenced. Fixed minimum lease payments related to these facilities are not included in the right-of-use assets and lease liabilities on the consolidated balance sheets as of August 6, 2024.

Sale-leaseback transactions

In July 2024, the Company entered into a sale and master lease agreement (a "sale-leaseback") with an unrelated third party. Under this agreement, the Company sold two of its store properties, including land, buildings and certain improvements, at a sale price of \$44.8 and then leased the assets back through the sale-leaseback transaction.

The transaction was accounted for as a failed sale-leaseback based on GAAP. As a result, the store property assets remain on the consolidated balance sheet at their historical net book value and are depreciated over the remaining term of the master lease. A financing obligation liability was recognized in the amount of the net proceeds received in the amount of \$44.3. The Company will not recognize rent expense related to the leased assets. Instead, monthly rent payments under the master lease agreement (initially, \$3.6 per year) will be recorded as interest expense and a reduction of the outstanding liability.

As of August 6, 2024, including the transaction noted above, the Company had financing liabilities related to six properties. The current outstanding liability of \$0.3 is included in accrued liabilities and the long-term outstanding liability of \$127.5 is included in other long-term liabilities on the consolidated balance sheet.

DAVE & BUSTER'S ENTERTAINMENT, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except per share amounts; unaudited)

Note 4: Debt

Long-term debt consists of the following:

| | August 6, 2024 | February 4, 2024 |
|--|-------------------|-------------------|
| Credit facility—revolver | \$ 8.0 | \$ — |
| Credit facility—term loan | 893.3 | 897.8 |
| Senior secured notes | 440.0 | 440.0 |
| Total debt outstanding | 1,341.3 | 1,337.8 |
| Less current installments of long-term debt | (9.0) | (9.0) |
| Less issue discounts and debt issuance costs | (39.9) | (44.8) |
| Long-term debt, net | <u>\$ 1,292.4</u> | <u>\$ 1,284.0</u> |

June 29, 2022 Credit Facility

The Company has a senior secured credit agreement including a revolving credit facility with a maturity date of June 29, 2027, and a term loan facility with a maturity date of June 29, 2029 (the "Credit Facility").

The revolving credit facility can expire before the stated maturity date if the aggregate outstanding principal amount of the 7.625% senior notes (described below) exceeds \$100.0 ninety-one days prior to November 1, 2025. A portion of the revolving facility not to exceed \$35.0 is available for the issuance of letters of credit. As of August 6, 2024, we had letters of credit outstanding of \$11.0 and an unused commitment balance of \$481.0 under the revolving facility. The Credit Facility may be increased through incremental facilities, by an amount equal to the greater of (i) \$400.0 and (ii) 0.75 times trailing twelve-month Adjusted EBITDA, as defined in the Credit Facility, plus additional amounts subject to compliance with applicable leverage ratio and/or interest coverage ratio requirements. The Credit Facility is unconditionally guaranteed by D&B Holdings and certain of D&B Inc's existing and future wholly owned material domestic subsidiaries.

The term loan facility bears interest at Term SOFR or ABR (each, as defined in the amended Credit Facility) plus (i) in the case of Term SOFR loans, 3.25% per annum and (ii) in the case of ABR loans, 2.25% per annum. The Revolving Loans bear interest subject to a pricing grid based on net total leverage, at Term SOFR plus a spread ranging from 2.50% to 3.00% per annum or ABR plus a spread ranging from 1.50% to 2.00% per annum. Unused commitments under the revolving facility incur initial commitment fees of 0.30% to 0.50%. The interest rate margin applicable to term loans and Revolving Loans outstanding under the Credit Facility would be subject to an additional 0.25% step-down if a rating of B1/B+ or higher from Moody's and S&P is achieved (which will step back up if such rating is subsequently not maintained).

7.625% Senior Secured Notes

During fiscal 2020, the Company issued \$550.0 aggregate principal amount of 7.625% senior secured notes (the "Notes"). Interest on the Notes is payable in arrears on November 1 and May 1 of each year. The Notes mature on November 1, 2025, unless earlier redeemed, and are subject to the terms and conditions set forth in the related indenture. The Notes were issued by D&B Inc and are unconditionally guaranteed by D&B Holdings and certain of D&B Inc's existing and future wholly owned material domestic subsidiaries. During fiscal 2021, the Company redeemed a total of \$110.0 outstanding principal amount of the Notes. The Company may elect to further redeem the Notes, in whole or in part, at certain specified redemption prices, plus accrued and unpaid interest, at the redemption date.

Restrictive covenants and debt compliance

Our debt agreements contain restrictive covenants that, among other things, place certain limitations on our ability to incur additional indebtedness, make loans or advances to subsidiaries and other entities, pay dividends, acquire other businesses or sell assets. The Credit Facility also requires the Company to maintain a maximum net total leverage ratio, as defined, as of the end of each fiscal quarter. We were in compliance with our covenants and the terms of our debt agreements as of August 6, 2024.

Interest expense

The Company's weighted average effective interest rate on our total debt facilities was 9.6% and 10.3% for the twenty-six weeks ended August 6, 2024 and July 30, 2023, respectively.

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The following table sets forth our recorded interest expense, net for the periods presented:

| | Twenty-Six Weeks Ended | |
|--|------------------------|---------------|
| | August 6, 2024 | July 30, 2023 |
| Interest expense on debt | \$ 59.8 | \$ 60.7 |
| Interest associated with swap agreements | — | (0.2) |
| Amortization of issue discount and issuance cost | 5.6 | 6.0 |
| Interest expense on sale-leasebacks ⁽¹⁾ | 2.9 | — |
| Interest income | (0.3) | (1.7) |
| Capitalized interest | (1.0) | (1.2) |
| Total interest expense, net | \$ 67.0 | \$ 63.6 |

⁽¹⁾ See discussion of sale-leaseback transaction at Note 3 to the consolidated financial statements.

Note 5: Commitments and Contingencies

We are subject to certain legal proceedings and claims that arise in the ordinary course of our business, including claims alleging violations of federal and state law regarding workplace and employment matters, discrimination, slip-and-fall and other customer-related incidents and similar matters. In the opinion of management, based upon consultation with legal counsel, the amount of ultimate liability, with respect to such legal proceedings and claims will not materially affect the consolidated results of our operations or our financial condition. Legal costs related to such claims are expensed as incurred.

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Note 6: Stockholders' Equity and Share-Based Compensation

Share issuances and repurchases

The Company treats shares withheld for tax purposes on behalf of our employees in connection with the vesting of time-based and performance-based restricted stock units as common stock repurchases because they reduce the number of shares that would have been issued upon vesting. These were immaterial for all periods presented.

Our Board of Directors has approved a share repurchase program with a total authorization limit of \$500.0. During the twenty-six weeks ended August 6, 2024, the Company repurchased 1.23 million shares at an average of \$48.79 per share. The remaining dollar value of shares that may be repurchased under the program was \$140.0 as of August 6, 2024. Future decisions to repurchase shares continue to be at the discretion of the Board of Directors and will be dependent on our operating performance, financial condition, capital expenditure requirements and other factors that the Board of Directors considers relevant.

Share-based compensation

Our compensation expense related to share-based compensation was as follows:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|-------------------------------------|----------------------|---------------|------------------------|---------------|
| | August 6, 2024 | July 30, 2023 | August 6, 2024 | July 30, 2023 |
| General and administrative expenses | \$ 2.3 | \$ 5.2 | \$ 6.3 | \$ 11.9 |

Share-based awards

Our share-based compensation award activity during the twenty-six weeks ended August 6, 2024 was as follows:

| | Options | Restricted Stock Units | Total |
|---|---------|------------------------|---------|
| Outstanding at February 4, 2024 | 0.82 | 1.51 | 2.33 |
| Granted | 0.08 | 0.31 | 0.39 |
| Exercised | (0.16) | n/a | (0.16) |
| Performance adjusted units | n/a | (0.06) | (0.06) |
| RSUs vested | n/a | (0.07) | (0.07) |
| Forfeited | (0.03) | (0.13) | (0.16) |
| Outstanding at August 6, 2024 | 0.71 | 1.56 | 2.27 |
| Remaining unrecognized compensation expense | \$ 3.6 | \$ 28.0 | \$ 31.6 |

The fair value of our time-based and performance-based restricted stock units is based on our closing stock price on the date of grant. The grant date fair value of stock options was determined using the Black-Scholes option valuation model. The grant date fair value of performance-based awards with market conditions was determined using the Monte Carlo valuation model. The unrecognized expense will be substantially recognized by the end of fiscal 2027.

During the twenty-six weeks ended August 6, 2024, the Company granted certain options and time-based and performance-based restricted stock units to employees and directors of the Company. These grants vest over a range of one year to five years. Certain of the market-based restricted stock units can vest earlier if the targets are achieved prior to that time. As a result, the requisite service period for such grants was determined to be less than the explicit service period.

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Note 7: Income Taxes

The effective tax rate for the twenty-six weeks ended August 6, 2024, was 20.7%, compared to 22.4% for the twenty-six weeks ended July 30, 2023. The current year tax provision includes higher excess tax benefits associated with share-based compensation and lower permanent differences as compared to the prior year.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with the accompanying consolidated financial statements and the related notes in Item 1 and with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K as filed with the SEC on April 2, 2024. Amounts included in the following discussion, except for operating weeks and per share amounts, are rounded in millions.

Unless otherwise specified, the meanings of all defined terms in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” are consistent with the meanings of such terms as defined in the Notes to Consolidated Financial Statements. This discussion contains statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not a guarantee of future performance and our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this quarterly report as a result of various factors, including those set forth in the section entitled “Risk Factors” in our Annual Report on Form 10-K filed with the SEC on April 2, 2024. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Form 10-Q, such results or developments may not be indicative of results or developments in subsequent periods.

Quarterly Financial Highlights

- Second quarter revenue of \$557.1 million increased 2.8% from the second quarter of 2023.
- Comparable store sales decreased 6.3% compared to the same calendar period in 2023. The same calendar period compares the 93 days of the second quarter from May 6, 2024 through August 6, 2024 to the 93 days of the prior year from May 8, 2023 through August 8, 2023. See further discussion of comparable store sales below at *Revenues*.
- Net income totaled \$40.3 million, or \$0.99 per diluted share, compared with net income of \$25.9 million, or \$0.60 per diluted share in the second quarter of 2023.
- Adjusted EBITDA of \$151.6 million increased 8.1%, or \$11.3 million, from the second quarter of 2023.

General

We are a leading owner and operator of high-volume venues in North America that combine dining and entertainment for both adults and families under the “Dave & Buster’s” and “Main Event” brands. The core of our concept is to offer our customers quality dining and various forms of entertainment all in one location. Our entertainment offerings provide an extensive assortment of attractions centered around playing games, bowling, and watching live sports and other televised events. Our brands appeal to a relatively balanced mix of male and female adults, as well as families and young adults. We believe we appeal to a diverse customer base by providing a highly customizable experience in a dynamic and fun setting.

Our Dave & Buster’s stores average 40,000 square feet and range in size between 16,000 and 70,000 square feet. Our Main Event stores average 54,000 square feet and range in size between 37,500 and 78,000 square feet. Generally, our stores are open seven days a week, with normal hours of operation generally from between 10:00 to 11:30 a.m. until midnight, with stores typically open for extended hours on weekends.

Key Measures of Our Performance

We monitor and analyze several key performance measures to manage our business and evaluate financial and operating performance, including:

Comparable store sales. Comparable store sales are a comparison of sales to the same period of prior years for the comparable store base. We historically define the comparable store base to include those stores open for a full 18 months before the beginning of the current fiscal year and excluding stores permanently closed or planned for closure during the current fiscal year. For fiscal 2024, our comparable store base consists of 195 stores, of which 146 are Dave & Buster's branded stores and 49 are Main Event branded stores.

New store openings. Our ability to expand our business and reach new customers is influenced by the opening of additional stores in both new and existing markets. The success of our new stores is indicative of our brand appeal and the efficacy of our site selection and operating models. For the twenty-six weeks ended August 6, 2024, we opened six new stores (five Dave & Buster's branded stores and one Main Event branded store).

Non-GAAP Financial Measures

In addition to the results provided in accordance with GAAP, we provide non-GAAP measures which present operating results on an adjusted basis. These are supplemental measures of performance that are not required by or presented in accordance with GAAP and include Adjusted EBITDA, Adjusted EBITDA Margin, Credit Adjusted EBITDA, Store Operating Income Before Depreciation and Amortization and Store Operating Income Before Depreciation and Amortization Margin (defined below). These non-GAAP measures do not represent and should not be considered as an alternative to net income or cash flows from operations, as determined in accordance with GAAP, and our calculations thereof may not be comparable to similarly titled measures reported by other companies and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Although we use these non-GAAP measures to assess the operating performance of our business, they have significant limitations as an analytical tool because they exclude certain material costs. For example, Adjusted EBITDA does not take into account a number of significant items, including our interest expense and depreciation and amortization expense. In addition, Adjusted EBITDA excludes certain other costs which may be important in analyzing our GAAP results. Because Adjusted EBITDA does not account for these expenses, its utility as a measure of our operating performance has material limitations. Our calculations of Adjusted EBITDA adjust for these amounts because they do not directly relate to the ongoing operations of the currently underlying business of our stores and therefore complicate comparison of the underlying business between periods. Nevertheless, because of the limitations described above, management does not view Adjusted EBITDA, Adjusted EBITDA Margin, Credit Adjusted EBITDA, Store Operating Income Before Depreciation and Amortization or Store Operating Income Before Depreciation and Amortization Margin in isolation and also uses other measures, such as revenues, gross margin, operating income and net income to measure operating performance.

Adjusted EBITDA and Adjusted EBITDA Margin

We define "Adjusted EBITDA" as net income, plus interest expense, net, loss on debt refinancing, provision for (benefit from) income taxes, depreciation and amortization expense, (gain) loss on property and equipment transactions, impairment of long-lived assets, share-based compensation, currency transaction (gains) losses and other costs. "Adjusted EBITDA Margin" is defined as Adjusted EBITDA divided by total revenues.

Adjusted EBITDA is presented because we believe that it provides useful information to investors and analysts regarding our operating performance. By reporting Adjusted EBITDA, we provide a basis for comparison of our business operations between current, past and future periods by excluding items that we do not believe are indicative of our core operating performance.

Credit Adjusted EBITDA

We define "Credit Adjusted EBITDA" as Adjusted EBITDA plus certain other items as defined in our Credit Facility (see *Liquidity and Capital Resources* below for additional discussion and reconciliation). Other adjustments include (i) entertainment revenue deferrals, (ii) the cost of new projects, including store pre-opening costs, and (iii) other costs and adjustments as permitted by the debt agreements. We believe the presentation of Credit Adjusted EBITDA is appropriate as it provides additional information to investors about the calculation of, and compliance with, certain financial covenants in the Credit Facility.

Store Operating Income Before Depreciation and Amortization and Store Operating Income Before Depreciation and Amortization Margin

We define "Store Operating Income Before Depreciation and Amortization" as operating income, plus depreciation and amortization expense, general and administrative expenses and pre-opening costs. "Store Operating Income Before

Depreciation and Amortization Margin” is defined as Store Operating Income Before Depreciation and Amortization divided by total revenues. Store Operating Income Before Depreciation and Amortization Margin allows us to evaluate operating performance of each store across stores of varying size and volume.

We believe that Store Operating Income Before Depreciation and Amortization is another useful measure in evaluating our operating performance because it removes the impact of general and administrative expenses, which are not incurred at the store level, and the costs of opening new stores, which are non-recurring at the store level, and thereby enables the comparability of the operating performance of our stores for the periods presented. We also believe that Store Operating Income Before Depreciation and Amortization is a useful measure in evaluating our operating performance within the entertainment and dining industry because it permits the evaluation of store-level productivity, efficiency, and performance, and we use Store Operating Income Before Depreciation and Amortization as a means of evaluating store financial performance compared with our competitors. However, because this measure excludes significant items such as general and administrative expenses and pre-opening costs, as well as our interest expense, net, loss on debt refinancing and depreciation and amortization expense, which are important in evaluating our consolidated financial performance from period to period, the value of this measure is limited as a measure of our consolidated financial performance.

Presentation of Operating Results

We have historically operated on a 52 or 53-week fiscal year that ends on the Sunday after the Saturday closest to January 31. Each quarterly period reported has 13 weeks, except for 53-week fiscal years when the fourth quarter has 14 weeks. Fiscal 2023, which ended on February 4, 2024, followed this calendar and had 53 weeks. The first quarter of fiscal 2024 also followed this calendar and had 13 weeks.

On May 6, 2024, the first day of the second quarter of fiscal 2024, the Company changed its fiscal year to end on the Tuesday after the Monday closest to January 31st. The change was made to improve labor and operational efficiencies by ending the Company's periods outside of the busier weekend timeframe. As a result of this change, the second quarter and fiscal year 2024 have two additional days added to its normal 13-week quarter and 52-week year. The third and fourth quarters of fiscal 2024 will end on November 5, 2024 and February 4, 2025, respectively.

All dollar amounts are presented in millions, unless otherwise noted, except per share amounts.

Store-Level Variability, Quarterly Fluctuations, Seasonality and Inflation

We operate stores varying in size and have experienced significant variability among stores in volumes, operating results and net investment costs.

Our new stores typically open with sales volumes in excess of their expected long-term run-rate levels, which we refer to as a “honeymoon” effect. We traditionally expect our new store sales volumes in year two to be 10% to 20% lower than our year one targets, and to grow in line with the rest of our comparable store base thereafter. As a result of the substantial revenues associated with each new store, the number and timing of new store openings will result in significant fluctuations in quarterly results.

New store operating margins (excluding pre-opening expenses) during the first year of operation historically benefit from honeymoon sales leverage on occupancy, management labor and other fixed costs. This benefit is partially offset by normal inefficiencies in hourly labor and other costs associated with establishing a new store. In year two, operating margins may decline due to the loss of honeymoon sales leverage on fixed costs which is partially offset by improvements in store operating efficiency.

Our operating results historically have fluctuated due to seasonal factors. Typically, we have higher revenues associated with the spring and year-end holidays, which will continue to be susceptible to the impact of severe or unseasonably mild weather on customer traffic and sales during that period. Our third quarter, which encompasses the back-to-school fall season, has historically had lower revenues as compared to other quarters.

We expect that economic and environmental conditions and changes in regulatory legislation will continue to exert pressure on both supplier pricing and consumer spending related to entertainment and dining alternatives. There is no assurance that our cost of products will remain stable or that federal, state, or local minimum wage rates will not increase beyond amounts currently legislated, however, the effects of any supplier price increase or wage rate increases might be partially offset by selective price increases if competitively appropriate.

Thirteen Weeks Ended August 6, 2024 (the “second quarter of 2024”) Compared to the Thirteen Weeks Ended July 30, 2023 (the “second quarter of 2023”)

Results of operations. The following table sets forth selected data for the periods indicated. All information is derived from the accompanying unaudited consolidated statement of comprehensive income.

| | Thirteen Weeks Ended | | | |
|---|--------------------------------------|---------|-------------------------------------|---------|
| | August 6, 2024 ⁽¹⁾ | | July 30, 2023 ⁽¹⁾ | |
| Entertainment revenues | \$ 375.7 | 67.4 % | \$ 360.8 | 66.6 % |
| Food and beverage revenues | 181.4 | 32.6 % | 181.3 | 33.4 % |
| Total revenues | 557.1 | 100.0 % | 542.1 | 100.0 % |
| Cost of entertainment ⁽²⁾ | 32.9 | 8.8 % | 35.3 | 9.8 % |
| Cost of food and beverage ⁽²⁾ | 48.9 | 27.0 % | 51.8 | 28.6 % |
| Total cost of products | 81.8 | 14.7 % | 87.1 | 16.1 % |
| Operating payroll and benefits | 131.2 | 23.6 % | 127.0 | 23.4 % |
| Other store operating expenses ⁽²⁾ | 167.6 | 30.1 % | 165.6 | 30.5 % |
| General and administrative expenses | 30.4 | 5.5 % | 32.2 | 5.9 % |
| Depreciation and amortization expenses | 57.5 | 10.3 % | 49.1 | 9.1 % |
| Pre-opening costs | 4.1 | 0.7 % | 4.0 | 0.7 % |
| Total operating costs | 472.6 | 84.8 % | 465.0 | 85.8 % |
| Operating income | 84.5 | 15.2 % | 77.1 | 14.2 % |
| Interest expense, net | 33.9 | 6.1 % | 32.9 | 6.1 % |
| Loss on debt refinancing | — | — % | 11.2 | 2.1 % |
| Income before provision for income taxes | 50.6 | 9.1 % | 33.0 | 6.1 % |
| Benefit from income taxes | 10.3 | 1.8 % | 7.1 | 1.3 % |
| Net income | \$ 40.3 | 7.2 % | \$ 25.9 | 4.8 % |
| Company-owned stores at end of period | | 224 | | 211 |

⁽¹⁾ All percentages are expressed as a percentage of total revenues for the respective period presented, except cost of entertainment, which is expressed as a percentage of entertainment revenues, and cost of food and beverage, which is expressed as a percentage of food and beverage revenues.

⁽²⁾ We reclassified \$0.9 to cost of entertainment and \$2.6 to cost of food and beverage, respectively, from other store operating expenses for the second quarter of 2023 to be consistent with the presentation for the second quarter of 2024. We determined that reclassifying the expenses, which are primarily related to inventory items provided to customers during promotions and events, results in a clearer presentation of the cost of goods sold.

Reconciliations of Non-GAAP Financial Measures

Adjusted EBITDA

The following table reconciles Net income to Adjusted EBITDA for the periods indicated:

| | Thirteen Weeks Ended | | | | | |
|--|-------------------------------|-------|------------------------------|----|-------|--------|
| | August 6, 2024 ⁽⁵⁾ | | July 30, 2023 ⁽⁵⁾ | | | |
| Net income | \$ | 40.3 | 7.2 % | \$ | 25.9 | 4.8 % |
| Interest expense, net | | 33.9 | | | 32.9 | |
| Loss on debt refinancing | | — | | | 11.2 | |
| Provision for income taxes | | 10.3 | | | 7.1 | |
| Depreciation and amortization expense | | 57.5 | | | 49.1 | |
| EBITDA | | 142.0 | 25.5 % | | 126.2 | 23.3 % |
| Share-based compensation ⁽¹⁾ | | 2.3 | | | 5.2 | |
| Transaction and integration costs ⁽²⁾ | | 0.4 | | | 5.3 | |
| System implementation costs ⁽³⁾ | | 2.7 | | | 1.7 | |
| Other costs, net ⁽⁴⁾ | | 4.2 | | | 1.9 | |
| Adjusted EBITDA | \$ | 151.6 | 27.2 % | \$ | 140.3 | 25.9 % |

⁽¹⁾ Non-cash share-based compensation expense, net of forfeitures, recorded in general and administrative expenses on the consolidated statement of comprehensive income.

⁽²⁾ Transaction and integration costs related to the acquisition and integration of Main Event recorded in general and administrative expenses on the consolidated statement of comprehensive income.

⁽³⁾ System implementation costs represent expenses incurred related to the development of new enterprise resource planning, human capital management and inventory software for our stores and store support teams. These charges are primarily recorded in general and administrative expenses on the consolidated statement of comprehensive income.

⁽⁴⁾ The amount for the second quarter of 2024 primarily consisted of \$7.2 million of one-time, third-party consulting fees, \$0.1 million of severance costs and a \$3.1 million gain on property and equipment transactions. The amount for the second quarter of 2023 primarily consisted of losses on property and equipment transactions. The third-party consulting fees are not part of our ongoing operations and were incurred to execute two related, discrete, and project-based strategic initiatives aimed at transforming our marketing strategy and one discrete, project-based initiative to transform our supply chain operational efficiency. They are included in general and administrative expenses on the consolidated statement of comprehensive income. The transformative nature, narrow scope, and limited duration of these incremental consulting fees are not reflective of the ordinary course expenses incurred to operate our business.

⁽⁵⁾ All percentages are expressed as a percentage of total revenues for the respective period presented.

Store Operating Income Before Depreciation and Amortization

The following table reconciles Operating income to Store Operating Income Before Depreciation and Amortization for the periods indicated:

| | Thirteen Weeks Ended | | | | | |
|---|-------------------------------|-------|------------------------------|----|-------|--------|
| | August 6, 2024 ⁽¹⁾ | | July 30, 2023 ⁽¹⁾ | | | |
| Operating income | \$ | 84.5 | 15.2 % | \$ | 77.1 | 14.2 % |
| General and administrative expenses | | 30.4 | | | 32.2 | |
| Depreciation and amortization expense | | 57.5 | | | 49.1 | |
| Pre-opening costs | | 4.1 | | | 4.0 | |
| Store Operating Income Before Depreciation and Amortization | \$ | 176.5 | 31.7 % | \$ | 162.4 | 30.0 % |

⁽¹⁾ All percentages are expressed as a percentage of total revenues for the respective period presented.

Capital Additions

The table below reflects accrual-based capital additions. Capital additions do not include any reductions for accrual-based leasehold improvement incentives (“Payments from landlords”).

| | Thirteen Weeks Ended | |
|-------------------------------------|----------------------|---------------|
| | August 6, 2024 | July 30, 2023 |
| New store and operating initiatives | \$ 83.1 | \$ 48.0 |
| Games | 4.6 | 7.9 |
| Maintenance | 24.7 | 31.7 |
| Total capital additions | \$ 112.4 | \$ 87.6 |
| Payments from landlords | \$ 1.0 | \$ 4.9 |

Results of Operations**Revenues**

Total revenues for the second quarter of 2024 increased \$15.0 million, or 2.8%, to \$557.1 million compared to \$542.1 million for the second quarter of 2023. Entertainment revenues for the second quarter of 2024 increased by \$14.9 million, or 4.1%, to \$375.7 million from \$360.8 million in the second quarter of 2023. Food sales increased by \$3.1 million, or 2.5%, to \$128.2 million in the second quarter of 2024 from \$125.1 million in the second quarter of 2023. Beverage sales decreased by \$3.0 million, or 5.3%, to \$53.2 million in the second quarter of 2024 from \$56.2 million in the second quarter of 2023.

The increase in revenue is primarily attributable to \$26.9 million of incremental sales from new stores, an increase in other revenues and deferrals of \$7.6 million and the impact of two additional days due to the shift in the period end from Sunday to Tuesday, partially offset by a \$19.5 million decrease in comparable store sales. The decrease in comparable store revenues is due primarily to a reduction in demand relative to a more robust consumer environment in the prior year period.

Revenue mix by category, as a percentage of total revenues, for the periods indicated was as follows:

| | Thirteen Weeks Ended | |
|------------------------|----------------------|---------------|
| | August 6, 2024 | July 30, 2023 |
| Entertainment revenues | 67.5 % | 66.5 % |
| Food revenues | 23.0 % | 23.1 % |
| Beverage revenues | 9.5 % | 10.4 % |

Selected revenue and store data for the periods indicated are as follows:

| | Thirteen Weeks Ended | | |
|--|----------------------|---------------|-----------|
| | August 6, 2024 | July 30, 2023 | Change |
| Comparable store revenues, on a fiscal calendar basis ⁽¹⁾ | \$ 482.0 | \$ 501.5 | \$ (19.5) |
| Noncomparable store revenues ⁽¹⁾⁽²⁾ | 65.4 | 38.5 | 26.9 |
| Other revenues and deferrals | 9.7 | 2.1 | 7.6 |
| Total revenues | \$ 557.1 | \$ 542.1 | \$ 15.0 |
| Comparable store operating weeks ⁽¹⁾ | 2,591 | 2,535 | 56 |
| Noncomparable store operating weeks ⁽¹⁾⁽²⁾ | 396 | 195 | 201 |
| Total store operating weeks | 2,987 | 2,730 | 257 |

⁽¹⁾ During the second quarter of 2024 we adjusted our period close from Sunday to Tuesday of each week (see further discussion at Note 1). This adjustment had the effect of adding 56 store operating weeks for our comparable stores and seven weeks for our noncomparable stores for the second quarter of 2024.

⁽²⁾ Our noncomparable store count includes two stores that were closed during the second quarter of 2024.

The \$19.5 million, or 3.9%, comparable store revenue decrease presented in the table above is on a fiscal period basis. Due to the 53rd week in fiscal 2023, the second quarter of 2024 ended approximately one week later than the second quarter of 2023. Additionally, the second quarter of 2024 includes two additional days of revenue due to the adjusted calendar discussed in the footnote to the table above. Comparable store revenues based on the same calendar period adjusts for these impacts and compares the 93 day period from May 6, 2024 through August 6, 2024 to the 93 day period from May 8, 2023 through August 8, 2023. Comparable store revenues based on the same calendar period decreased 6.3%.

Cost of products

The total cost of products was \$81.8 million for the second quarter of 2024 compared to \$87.1 million for the second quarter of 2023. The total cost of products as a percentage of total revenues decreased to 14.7% for the second quarter of 2024 compared to 16.1% for the second quarter of 2023.

Cost of entertainment was \$32.9 million in the second quarter of 2024 compared to \$35.3 million in the second quarter of 2023. The cost of entertainment, as a percentage of entertainment revenues, decreased to 8.8% for the second quarter of 2024 from 9.8% in the second quarter of 2023. The decrease was primarily attributable to price increases.

Cost of food and beverage products was \$48.9 million for the second quarter of 2024 compared to \$51.8 million for the second quarter of 2023. Cost of food and beverage products, as a percentage of food and beverage revenues, decreased to 27.0% for the second quarter of 2024 from 28.6% for the second quarter of 2023. The decrease was primarily attributable to food and beverage menu price increases, continued supply chain and ingredient optimization, and the mix of products sold with our new menu.

Operating payroll and benefits

Total operating payroll and benefits was \$131.2 million in the second quarter of 2024 compared to \$127.0 million in the second quarter of 2023. The total cost of operating payroll and benefits as a percentage of total revenues was 23.6% in the second quarter of 2024 compared to 23.4% in the second quarter of 2023. This increase is primarily due to employee retention tax credits recognized in the prior year, partially offset by labor management efficiencies.

Other store operating expenses

Other store operating expenses was \$167.6 million in the second quarter of 2024 compared to \$165.6 million in the second quarter of 2023. The increase is primarily due to higher occupancy costs for new stores and repairs & maintenance costs, partially offset by gains from the disposal of assets and lease terminations. Other store operating expense as a percentage of total revenues decreased to 30.1% in the second quarter of 2024 compared to 30.5% in the second quarter of 2023. This decrease in expense as a percentage of total revenues was due primarily to the gains on property and equipment transactions.

General and administrative expenses

General and administrative expenses decreased to \$30.4 million in the second quarter of 2024 compared to \$32.2 million in the second quarter of 2023. The decrease in general and administrative expenses was driven primarily by lower share-based and incentive compensation in the current year, partially offset by increased consulting and other costs related to discrete, one-time initiatives. General and administrative expenses as a percentage of total revenues decreased to 5.5% in the second quarter of 2024 compared to 5.9% in the second quarter of 2023 for the same reasons.

Depreciation and amortization expense

Depreciation and amortization expense increased to \$57.5 million in the second quarter of 2024 compared to \$49.1 million in the second quarter of 2023, primarily due to new store openings.

Pre-opening costs

Pre-opening costs of \$4.1 million in the second quarter of 2024 were comparable to \$4.0 million in the second quarter of 2023 because we had a similar number of stores in the development pipeline.

Interest expense, net

Interest expense, net increased to \$33.9 million in the second quarter of 2024 compared to \$32.9 million in the second quarter of 2023 due primarily to incremental interest expense associated with sale-leaseback transactions, partially offset by a decrease in interest rates on our Credit Facility. See further discussion of the Company's debt activity and failed sale-leaseback transaction at Note 4 and Note 3, respectively, to the consolidated financial statements.

Provision for income taxes

The effective tax rate for the second quarter of 2024 was 20.4%, compared to 21.5% for the second quarter of 2023. The current year tax provision includes higher excess tax benefits associated with share-based compensation and lower permanent differences compared to the prior year.

Twenty-Six Weeks Ended August 6, 2024 (the “2024 period”) Compared to the Twenty-Six Weeks Ended July 30, 2023 (the “2023 period”)
Results of operations

The following table sets forth selected data for the periods indicated. All information is derived from the accompanying consolidated statement of comprehensive income.

| | Twenty-Six Weeks Ended | | | |
|---|-------------------------------|---------|------------------------------|---------|
| | August 6, 2024 ⁽¹⁾ | | July 30, 2023 ⁽¹⁾ | |
| Entertainment revenues | \$ 761.4 | 66.5 % | \$ 753.9 | 66.2 % |
| Food and beverage revenues | 383.8 | 33.5 % | 385.5 | 33.8 % |
| Total revenues | 1,145.2 | 100.0 % | 1,139.4 | 100.0 % |
| Cost of entertainment ⁽²⁾ | 66.1 | 8.7 % | 70.5 | 9.4 % |
| Cost of food and beverage ⁽²⁾ | 103.0 | 26.8 % | 110.9 | 28.8 % |
| Total cost of products | 169.1 | 14.8 % | 181.4 | 15.9 % |
| Operating payroll and benefits | 272.8 | 23.8 % | 257.6 | 22.6 % |
| Other store operating expenses ⁽²⁾ | 343.7 | 30.0 % | 331.6 | 29.1 % |
| General and administrative expenses | 61.9 | 5.4 % | 63.6 | 5.6 % |
| Depreciation and amortization expenses | 120.3 | 10.5 % | 98.0 | 8.6 % |
| Pre-opening costs | 7.4 | 0.6 % | 8.7 | 0.8 % |
| Total operating costs | 975.2 | 85.2 % | 940.9 | 82.6 % |
| Operating income | 170.0 | 14.8 % | 198.5 | 17.4 % |
| Interest expense, net | 67.0 | 5.9 % | 63.6 | 5.6 % |
| Loss on debt refinancing | — | — % | 11.2 | 1.0 % |
| Income before provision for income taxes | 103.0 | 9.0 % | 123.7 | 10.9 % |
| Provision for income taxes | 21.3 | 1.9 % | 27.7 | 2.4 % |
| Net income | \$ 81.7 | 7.1 % | \$ 96.0 | 8.4 % |
| Company-owned stores at end of period | | 224 | | 211 |

⁽¹⁾ All percentages are expressed as a percentage of total revenues for the respective period presented, except cost of entertainment, which is expressed as a percentage of entertainment revenues, and cost of food and beverage, which is expressed as a percentage of food and beverage revenues.

⁽²⁾ We reclassified \$1.8 to cost of entertainment and \$5.7 to cost of food and beverage, respectively, from other store operating expenses for the 2023 period to be consistent with the presentation for the 2024 period. We determined that reclassifying the expenses, which are primarily related to inventory items provided to customers during promotions and events, results in a clearer presentation of the cost of goods sold.

Reconciliations of Non-GAAP Financial Measures

Adjusted EBITDA

The following table reconciles Net income to Adjusted EBITDA for the periods indicated:

| | Twenty-Six Weeks Ended | | | | | |
|--|-------------------------------|-------|------------------------------|----|-------|--------|
| | August 6, 2024 ⁽⁵⁾ | | July 30, 2023 ⁽⁵⁾ | | | |
| Net income | \$ | 81.7 | 7.1 % | \$ | 96.0 | 8.4 % |
| Interest expense, net | | 67.0 | | | 63.6 | |
| Loss on debt refinancing | | — | | | 11.2 | |
| Provision for income taxes | | 21.3 | | | 27.7 | |
| Depreciation and amortization expense | | 120.3 | | | 98.0 | |
| EBITDA | | 290.3 | 25.3 % | | 296.5 | 26.0 % |
| Share-based compensation ⁽¹⁾ | | 6.3 | | | 11.9 | |
| Transaction and integration costs ⁽²⁾ | | 1.0 | | | 8.0 | |
| System implementation costs ⁽³⁾ | | 6.6 | | | 3.2 | |
| Other costs, net ⁽⁴⁾ | | 6.5 | | | 2.7 | |
| Adjusted EBITDA | \$ | 310.7 | 27.1 % | \$ | 322.3 | 28.3 % |

⁽¹⁾ Non-cash share-based compensation expense, net of forfeitures, recorded in general and administrative expenses on the consolidated statement of comprehensive income.

⁽²⁾ Transaction and integration costs related to the acquisition and integration of Main Event recorded in general and administrative expenses on the consolidated statement of comprehensive income.

⁽³⁾ System implementation costs represent expenses incurred related to the development of new enterprise resource planning, human capital management and inventory software for our stores and store support teams. These charges are primarily recorded in general and administrative expenses on the consolidated statement of comprehensive income.

⁽⁴⁾ The amount for the 2024 period primarily consisted of \$9.0 million of one-time, third-party consulting fees, \$0.9 million of severance costs and a \$3.4 million gain on property and equipment transactions. The amount for the 2023 period primarily consisted of a \$1.7 million impairment charge related to assets removed from service and a \$0.7 million loss on property and equipment transactions. The third-party consulting fees are not part of our ongoing operations and were incurred to execute two related, discrete, and project-based strategic initiatives aimed at transforming our marketing strategy, and one discrete, project-based initiative to transform our supply chain operational efficiency. They are included in general and administrative expenses on the consolidated statement of comprehensive income. The transformative nature, narrow scope, and limited duration of these incremental consulting fees are not reflective of the ordinary course expenses incurred to operate our business.

⁽⁵⁾ All percentages are expressed as a percentage of total revenues for the respective period presented.

Store Operating Income Before Depreciation and Amortization

The following table reconciles Operating income to Store Operating Income Before Depreciation and Amortization for the periods indicated:

| | Twenty-Six Weeks Ended | | | | | |
|---|-------------------------------|-------|------------------------------|----|-------|--------|
| | August 6, 2024 ⁽¹⁾ | | July 30, 2023 ⁽¹⁾ | | | |
| Operating income | \$ | 170.0 | 14.8 % | \$ | 198.5 | 17.4 % |
| General and administrative expenses | | 61.9 | | | 63.6 | |
| Depreciation and amortization expense | | 120.3 | | | 98.0 | |
| Pre-opening costs | | 7.4 | | | 8.7 | |
| Store Operating Income Before Depreciation and Amortization | \$ | 359.6 | 31.4 % | \$ | 368.8 | 32.4 % |

⁽¹⁾ All percentages are expressed as a percentage of total revenues for the respective period presented.

Capital Additions

The table below reflects accrual-based capital additions. Capital additions do not include any reductions for accrual-based leasehold improvement incentives (“Payments from landlords”).

| | Twenty-Six Weeks Ended | |
|-------------------------------------|------------------------|---------------|
| | August 6, 2024 | July 30, 2023 |
| New store and operating initiatives | \$ 162.8 | \$ 87.0 |
| Games | 13.6 | 8.1 |
| Maintenance | 38.0 | 47.1 |
| Total capital additions | \$ 214.4 | \$ 142.2 |
| Payments from landlords | \$ 5.6 | \$ 7.2 |

Results of Operations**Revenues**

Total revenues for the 2024 period increased \$5.8 million, or 0.5%, to \$1,145.2 million compared to \$1,139.4 million for the 2023 period. Entertainment revenues for the 2024 period increased by \$7.5 million, or 1.0%, to 761.4 from \$753.9 million in the 2023 period. Food sales increased by \$2.6 million, or 1.0%, to \$263.8 million in the 2024 period from \$261.2 million in the 2023 period. Beverage sales decreased by \$4.3 million, or 3.5%, to \$120.0 million in the 2024 period from \$124.3 million in the 2023 period.

The increase in revenue is primarily attributable to \$55.8 million of incremental sales from new stores and an increase of \$7.8 million in other revenues and deferrals, partially offset by a \$57.8 million decrease in comparable store sales. The decrease in comparable store revenues is due primarily to a reduction in demand relative to a more robust consumer environment in the prior year period.

Revenue mix by category, as a percentage of total revenues, for the periods indicated was as follows:

| | Twenty-Six Weeks Ended | |
|------------------------|------------------------|---------------|
| | August 6, 2024 | July 30, 2023 |
| Entertainment revenues | 66.5 % | 66.2 % |
| Food revenues | 23.0 % | 22.9 % |
| Beverage revenues | 10.5 % | 10.9 % |

Selected revenue and store data for the periods indicated are as follows:

| | Twenty-Six Weeks Ended | | Change |
|--|------------------------|---------------|-----------|
| | August 6, 2024 | July 30, 2023 | |
| Comparable store revenues, on a fiscal calendar basis ⁽¹⁾ | \$ 1,006.0 | \$ 1,063.8 | \$ (57.8) |
| Noncomparable store revenues ⁽¹⁾⁽²⁾ | 132.8 | 77.0 | 55.8 |
| Other revenues and deferrals | 6.4 | (1.4) | 7.8 |
| Total revenues | \$ 1,145.2 | \$ 1,139.4 | \$ 5.8 |
| Comparable store operating weeks ⁽¹⁾ | 5,126 | 5,070 | 56 |
| Noncomparable store operating weeks ⁽¹⁾⁽²⁾ | 751 | 348 | 403 |
| Total store operating weeks | 5,877 | 5,418 | 459 |

⁽¹⁾ During the 2024 period we adjusted our period close from Sunday to Tuesday of each week (see further discussion at Note 1). This adjustment had the effect of adding 56 store operating weeks for our comparable stores and seven weeks for our noncomparable stores for the 2024 period.

⁽²⁾ Our noncomparable store count includes two stores that were closed during the 2024 period.

The \$57.8 million, or 5.4%, comparable store revenue decrease presented in the table above is on a fiscal period basis. Due to the 53rd week in fiscal 2023, the 2024 period ended approximately one week later than the 2023 period. Additionally, the 2024 period includes two additional days of revenue due to the adjusted calendar discussed in the footnote to the table above. Comparable store revenues based on the same calendar period adjusts for this shift in weeks and compares the period from February 5, 2024 through August 6, 2024 to the period from February 6, 2023 through August 8, 2023. Comparable store revenues based on the same calendar period decreased 6.0%.

Cost of products

The total cost of products was \$169.1 million for the 2024 period and \$181.4 million for the 2023 period. The total cost of products as a percentage of total revenues decreased to 14.8% for the 2024 period compared to 15.9% for the 2023 period.

Cost of entertainment decreased to \$66.1 million in the 2024 period compared to \$70.5 million in the 2023 period. The cost of entertainment, as a percentage of entertainment revenues, decreased to 8.7% for the 2024 period from 9.4% in the 2023 period. The decrease was primarily attributable to price increases.

Cost of food and beverage products decreased to \$103.0 million for the 2024 period compared to \$110.9 million for the 2023 period. Cost of food and beverage products, as a percentage of food and beverage revenues, decreased to 26.8% for the 2024 period from 28.8% for the 2023 period. The decrease was primarily attributable to food and beverage menu price increases, continued supply chain and ingredient optimization, and the mix of products sold with our new menu, partially offset by promotional pricing to drive traffic and loyalty engagement.

Operating payroll and benefits

Total operating payroll and benefits increased to \$272.8 million in the 2024 period compared to \$257.6 million in the 2023 period. The total cost of operating payroll and benefits as a percentage of total revenues was 23.8% in the 2024 period compared to 22.6% in the 2023 period. This increase is primarily due to additional stores in the current year and employee retention tax credits recognized in the prior year, partially offset by labor management efficiencies.

Other store operating expenses

Other store operating expenses increased to \$343.7 million in the 2024 period compared to \$331.6 million in the 2023 period. The increase is primarily due to higher occupancy costs related to new store openings, marketing costs primarily from the first quarter of the year, maintenance costs, utilities and supplies, partially offset by gains on asset disposals and lease terminations and favorable self-insurance experience rates. Other store operating expense as a percentage of total revenues increased to 30.0% in the 2024 period compared to 29.1% in the 2023 period. This increase as a percentage of total revenues was primarily due to marketing costs, repairs and maintenance costs, utilities and supplies, partially offset by gains on asset sales and lease terminations and favorable self-insurance experience rates.

General and administrative expenses

General and administrative expenses decreased to \$61.9 million in the 2024 period compared to \$63.6 million in the 2023 period. The decrease in general and administrative expenses was driven primarily by lower share-based and incentive compensation in the current year, partially offset by increased consulting and other costs related to discrete, one-time initiatives. General and administrative expenses as a percentage of total revenues decreased to 5.4% in the 2024 period compared to 5.6% in the 2023 period due primarily to the reasons noted above.

Depreciation and amortization expense

Depreciation and amortization expense increased to \$120.3 million in the 2024 period compared to \$98.0 million in the 2023 period, primarily due to new store openings and remodels and the acceleration of depreciation for two store closures.

Pre-opening costs

Pre-opening costs decreased to \$7.4 million in the 2024 period compared to \$8.7 million in the 2023 period primarily related to the cadence of new store openings during the 2024 period compared to the 2023 period.

Interest expense, net

Interest expense, net increased to \$67.0 million in the 2024 period compared to \$63.6 million in the 2023 period due primarily to a decrease in interest income and incremental interest expense associated with sale-leaseback transactions, partially offset by a decrease in interest rates on our Credit Facility. See further discussion of the Company's debt activity and failed sale-leaseback transaction at Note 4 and Note 3, respectively, to the consolidated financial statements.

Provision for income taxes

The effective tax rate for the 2024 period was 20.7%, compared to 22.4% for the 2023 period. The current year tax provision includes higher excess tax benefits associated with share-based compensation and lower permanent differences compared to the prior year.

Liquidity and Capital Resources

June 29, 2022 Credit Facility

The revolving credit facility portion of the Credit Facility can expire before the stated maturity date if the aggregate outstanding principal amount of the 7.625% senior notes (described below) exceeds \$100.0 ninety-one days prior to November 1, 2025. A portion of the revolving facility not to exceed \$35.0 is available for the issuance of letters of credit. As of August 6, 2024, we had letters of credit outstanding of \$11.0 and an unused commitment balance of \$481.0 under the revolving facility. The Credit Facility may be increased through incremental facilities, by an amount equal to the greater of (i) \$400.0 and (ii) 0.75 times trailing twelve-month Adjusted EBITDA, as defined, plus additional amounts subject to compliance with applicable leverage ratio and/or interest coverage ratio requirements. The Credit Facility is unconditionally guaranteed by D&B Holdings and certain of D&B Inc's existing and future wholly owned material domestic subsidiaries.

The term loan facility portion of the Credit Facility bears interest at Term SOFR or ABR (each, as defined in the amended Credit Facility) plus (i) in the case of Term SOFR loans, 3.25% per annum and (ii) in the case of ABR loans, 2.25% per annum. The Revolving Loans bear interest subject to a pricing grid based on net total leverage, at Term SOFR plus a spread ranging from 2.50% to 3.00% per annum or ABR plus a spread ranging from 1.50% to 2.00% per annum. Unused commitments under the revolving facility incur initial commitment fees of 0.30% to 0.50%. The interest rate margin applicable to term loans and Revolving Loans outstanding under the Credit Facility would be subject to an additional 0.25% step-down if a rating of B1/B+ or higher from Moody's and S&P is achieved (which will step back up if such rating is subsequently not maintained).

7.625% Senior Secured Notes

The Company issued the Notes during fiscal 2020. Interest on the Notes is payable in arrears on November 1 and May 1 of each year. The Notes mature on November 1, 2025, unless earlier redeemed, and are subject to the terms and conditions set forth in the related indenture. The Notes were issued by D&B Inc and are unconditionally guaranteed by D&B Holdings and certain of D&B Inc's existing and future wholly owned material domestic subsidiaries. During fiscal 2021, the Company redeemed a total of \$110.0 outstanding principal amount of the Notes. The Company may elect to further redeem the Notes, in whole or in part, at certain specified redemption prices, plus accrued and unpaid interest, at the redemption date.

Over the next twelve months, we intend to extend the maturity of these obligations either by amending our Credit Facility or issuing new notes. We may redeem the outstanding Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any. If redeemed prior to November 1, 2024, we would be required to pay an additional premium of approximately 1.9% of the then outstanding balance.

Sale-leaseback transactions

In July 2024, the Company entered into a sale-leaseback with an unrelated third party. Under this agreement, the Company sold two of its store properties, including land, buildings and certain improvements, at a sale price of \$44.8 and then leased the assets back through the sale-leaseback transaction.

The transaction was accounted for as a failed sale-leaseback based on GAAP. As a result, the store property assets remain on the consolidated balance sheet at their historical net book value and are depreciated over the remaining term of the master lease. A financing obligation liability was recognized in the amount of the net proceeds received in the amount of \$44.3. The Company will not recognize rent expense related to the leased assets. Instead, monthly rent payments under the master lease agreement (initially, \$3.6 per year) will be recorded as interest expense and a reduction of the outstanding liability.

As of August 6, 2024, including the transaction noted above, the Company had financing liabilities related to six properties. The current portion of the outstanding financing liability of \$0.3 is included in accrued liabilities and the long-term portion of the outstanding liability of \$127.5 is included in other long-term liabilities on the consolidated balance sheet.

Interest expense

The following table sets forth our recorded interest expense, net for the periods presented:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|--|----------------------|---------------|------------------------|---------------|
| | August 6, 2024 | July 30, 2023 | August 6, 2024 | July 30, 2023 |
| Interest expense on debt | \$ 30.2 | \$ 30.6 | \$ 59.8 | \$ 60.7 |
| Interest associated with swap agreements | — | — | — | (0.2) |
| Amortization of issue discount and issuance cost | 2.8 | 3.0 | 5.6 | 6.0 |
| Interest expense on sale-leasebacks ⁽¹⁾ | 1.5 | — | 2.9 | — |
| Interest income | (0.2) | — | (0.3) | (1.7) |
| Capitalized interest | (0.4) | (0.7) | (1.0) | (1.2) |
| Total interest expense, net | \$ 33.9 | \$ 32.9 | \$ 67.0 | \$ 63.6 |

⁽¹⁾ See discussion of sale-leaseback transactions at Note 3 to the consolidated financial statements.

Credit Adjusted EBITDA and Net Total Leverage Ratio.

Credit Adjusted EBITDA, a non-GAAP measure, represents Adjusted EBITDA plus certain other items as defined in our Credit Facility. See further discussion at *Non-GAAP Financial Measures* above. The following table reconciles Net income to Credit Adjusted EBITDA, as defined in our Credit Facility for the periods indicated:

| | Trailing Four Quarters Ended August 6, 2024 |
|--|--|
| Net income | \$112.6 |
| Add back: | |
| Interest expense, net | 130.8 |
| Loss on debt refinancing | 4.9 |
| Provision for income taxes | 29.8 |
| Depreciation and amortization expense | 230.8 |
| EBITDA | 508.9 |
| Add back: | |
| Share-based compensation ⁽¹⁾ | 10.4 |
| Transaction and integration costs ⁽²⁾ | 4.1 |
| System implementation costs ⁽³⁾ | 12.8 |
| Pre-opening costs ⁽⁴⁾ | 17.1 |
| Entertainment revenue deferrals ⁽⁵⁾ | — |
| Other items, net ⁽⁶⁾ | 7.8 |
| Credit Adjusted EBITDA, a non-GAAP measure | \$561.1 |

⁽¹⁾ Non-cash share-based compensation expense, net of forfeitures, recorded in general and administrative expenses on the consolidated comprehensive income statement.

⁽²⁾ Transaction and integration costs related to the acquisition and integration of Main Event recorded in general and administrative expenses on the consolidated comprehensive income statement.

⁽³⁾ System implementation costs represent expenses incurred related to the development and launch of new enterprise resource planning, human capital management and inventory software for our stores and store support teams. These charges are primarily recorded in general and administrative expenses on the consolidated comprehensive income statement.

⁽⁴⁾ Represents costs incurred, primarily consisting of occupancy and payroll related expenses, associated with the opening of new stores. These costs are considered a "cost of new projects" as defined in our Credit Facility.

⁽⁵⁾ Represents non-cash reductions to our deferred entertainment revenue liabilities. These costs, which are included in entertainment revenues on the consolidated comprehensive income statement, are considered an "other non-cash charge reducing net income" as defined in our Credit Facility.

⁽⁶⁾ Amount primarily consists of one-time, third-party consulting fees, severance costs and (gain) loss on property and equipment transactions. The third-party consulting fees are not part of our ongoing operations and were incurred to execute two related, discrete, and project-based strategic initiatives aimed at transforming our marketing strategy, which are included in general and administrative expenses on the consolidated statement of comprehensive income. The transformative nature, narrow scope, and limited duration of these incremental consulting fees are not reflective of the ordinary course expenses incurred to operate our business.

The Company's maximum permitted Net Total Leverage Ratio, as defined in our Credit Facility, is 3.5x. The following table calculates Net Total Leverage Ratio as of and for the period indicated:

| | As of, and for the Trailing Four Quarters Ended, August 6, 2024 |
|------------------------------------|--|
| Credit Adjusted EBITDA (a) | \$561.1 |
| Total debt ⁽¹⁾ | \$1,301.4 |
| Less: Cash and cash equivalents | \$(13.1) |
| Add: Outstanding letters of credit | \$11.0 |
| Net debt (b) | \$1,299.3 |
| Net Total Leverage Ratio (b / a) | 2.3 x |

⁽¹⁾ Amount represents the face amount of debt outstanding, net of unamortized debt issuance costs and debt discount.

Dividends and Share Repurchases

Our Board of Directors has approved a share repurchase program with a total authorization limit of \$500.0 million. During the 2024 period, the Company repurchased 1.23 million shares for a total of \$60.0 million representing 3.1% of the shares issued and outstanding as of February 4, 2024. The remaining dollar value of shares that may be repurchased under the program is \$140.0 million as of August 6, 2024.

There were no dividends declared or paid during the 2024 period. Future decisions to pay cash dividends or repurchase shares continue to be at the discretion of the Board of Directors and will be dependent on our operating performance, financial condition, capital expenditure requirements, compliance with debt agreements and other factors that the Board of Directors considers relevant.

Cash and Cash Equivalents

As of August 6, 2024, the Company had cash and cash equivalents of \$13.1 million. The Company can operate with a working capital deficit because cash from sales is usually received before related liabilities for product supplies, labor and services become due. Our operations do not require significant inventory or receivables and we continually invest in our business through the growth of stores and operating improvement additions, which are reflected as non-current assets and not a part of working capital. Based on our current business plan, we believe our cash and cash equivalents combined with expected cash flows from operations and available borrowings under our revolving credit facility should be sufficient not only for our operating requirements but also to enable us, in the aggregate, to finance our capital allocation strategy, including capital expenditures, through at least the next twelve months.

Cash Flow Activity

Operating Activities — Cash flow from operations typically provides us with a significant source of liquidity. Our operating cash flows result primarily from cash received from our customers, offset by cash payments we make for products and services, team member compensation, occupancy, and other operating costs. Cash from operating activities is also subject to changes in working capital. Working capital at any specific point in time is subject to many variables, including seasonality, the timing of cash receipts and payments, and vendor payment terms.

Cash flow from operating activities increased to \$210.6 million for the 2024 period compared to \$196.2 million for the 2023 period. The increase was primarily driven by higher revenues and the timing of changes in working capital, partially offset by a decrease in net income.

Investing Activities — Cash flow used in investing increased to \$228.7 million for the 2024 period from \$133.4 million for the 2023 period primarily due to an increase in capital expenditures related to store remodels and new store openings.

Financing Activities — Cash flow used in financing was \$6.1 million in the 2024 period primarily consisting of share repurchases, partially offset by proceeds from sale leaseback transactions, net debt proceeds and proceeds from stock option exercises. Cash flow used in financing activities of \$161.8 million in the 2023 period primarily consisted of share repurchases, partially offset by net debt proceeds.

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations as reported on Form 10-K for the year ended February 4, 2024.

Accounting policies and estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosures of contingent assets and liabilities. These estimates and assumptions affect amounts of assets, liabilities, revenues and expenses and the disclosure of gain and loss contingencies at the date of the consolidated financial statements. Our current estimates are subject to change if different assumptions as to the outcome of future events were made. We evaluate our estimates and judgments on an ongoing basis, and we adjust our assumptions and judgments when facts and circumstances dictate. Since future events and their effects cannot be determined with absolute certainty, actual results may differ from the estimates we used in preparing the accompanying consolidated financial statements. A complete description of our critical accounting policies and estimates is included in our annual consolidated financial statements and the related notes in our Annual Report on Form 10-K for the fiscal year ended February 4, 2024.

Recent accounting pronouncements

Refer to Note 1 to the Consolidated Financial Statements for information regarding new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Commodity Price Risk

We are exposed to market price fluctuation in food, beverage, supplies and other costs such as energy. Given the historical volatility of certain of our food product prices, including proteins, seafood, produce, dairy products, and cooking oil, these fluctuations can materially impact our food costs. While our purchasing commitments partially mitigate the risk of such fluctuations, there is no assurance that supply and demand factors such as disease or inclement weather will not cause the prices of the commodities used in our restaurant operations to fluctuate. Additionally, the cost of purchased materials may be influenced by tariffs and other trade regulations which are outside of our control. To the extent that we do not pass along cost increases to our customers, our results of operations may be adversely affected.

Interest Rate Risk

The Credit Facility, discussed further at Note 4 to the consolidated financial statements, is based on variable interest rates. As of August 6, 2024, the Company had \$8.0 million outstanding on its revolving facility and an outstanding balance of \$893.3 million on its term loan facility. The impact on our annual results of operations of a hypothetical one percentage point interest rate change on the outstanding balance of the credit facility as of August 6, 2024 would be approximately \$9.0 million.

Inflation

Severe increases in inflation could affect the United States or global economies and have an adverse impact on our business, financial condition and results of operation. If several of the various costs in our business experience inflation at the same time, such as commodity price increases beyond our ability to control and increased labor costs, we may not be able to adjust prices to sufficiently offset the effect of the various cost increases without negatively impacting consumer demand.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 promulgated under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

In fiscal 2023, we began the implementation of a new enterprise resource planning system (“ERP”) to align processes across the organization, enhance operational efficiency, and provide timely information to the Company’s management team related to the operation of the business.

During the second quarter of 2024, we substantially completed the implementation of the ERP, which also included new financial management, inventory management, payroll and human capital management systems. The implementation of these systems resulted in material changes to our internal controls. The Company updated our internal controls to reflect changes to the financial reporting business processes impacted by the implementation and will continue to monitor the impact of the implementation on our financial reporting business processes.

There were no other changes to our internal control over financial reporting practices or processes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during our second quarter ended August 6, 2024.

PART II – OTHER INFORMATION**Item 1. Legal Proceedings**

Information regarding legal proceedings is incorporated by reference from Note 5 to our Consolidated Financial Statements set forth in Part I of this report.

Item 1A. Risk Factors

See discussion in “Risk Factors” in Item 1A of the Company's Annual Report on Form 10-K for the year ended February 4, 2024.

Item 2. Unregistered Sales of Equity Securities

Information regarding repurchase of our common stock during the twenty-six weeks ended August 6, 2024:

| Period ⁽¹⁾ | Total Number of Shares Repurchased ⁽²⁾ (in millions) | Average Price Paid per Share ⁽²⁾ | Total Number of Shares Repurchased as Part of Publicly Announced Plans ⁽²⁾⁽³⁾ (in millions) | Approximate Dollar Value of Shares That May Yet Be Repurchased Under the Plans ⁽⁴⁾ (in millions) |
|-----------------------------------|--|---|---|--|
| February 5, 2024 to March 3, 2024 | — | \$ — | — | \$ 200.0 |
| March 4, 2024 to April 7, 2024 | — | \$ — | — | \$ 200.0 |
| April 8, 2024 to May 5, 2024 | 0.18 | \$ 52.97 | 0.18 | \$ 190.2 |
| May 6, 2024 to June 4, 2024 | 0.65 | \$ 51.24 | 0.84 | \$ 156.8 |
| June 5, 2024 to July 9, 2024 | 0.29 | \$ 44.27 | 1.13 | \$ 144.0 |
| July 10, 2024 to August 6, 2024 | 0.10 | \$ 38.55 | 1.23 | \$ 140.0 |

⁽¹⁾ The Company uses a "4-5-4" calendar to determine the months in each quarter. The periods presented represent the 4-week and 5-week periods making up the twenty-six weeks ended August 6, 2024.

⁽²⁾ Represents cumulative shares repurchased under repurchase programs. Excludes shares withheld for tax purposes on behalf of our employees in connection with the vesting of time-based and performance-based restricted stock units totaling 0.03 for the twenty-six weeks ended August 6, 2024.

⁽³⁾ Our Board of Directors approved a share repurchase program in March 2023, with approved increases in April and September 2023 and February 2024 (see further discussion at Note 6 to our consolidated financial statements). Under the program, the Company may repurchase shares on the open market, through privately negotiated transactions, and through trading plans designed to comply with Rule 10b5-1 of the Exchange Act, as amended. The share repurchase program(s) may be modified, suspended or discontinued at any time.

⁽⁴⁾ Represents total cumulative share repurchase authorizations in effect, less cumulative purchases, at the end of each period presented.

Item 6. Exhibits

| Exhibit Number | Description |
|-----------------------|---|
| 10.1* | Employment Agreement by and among Dave & Buster's Management Corporation, Dave & Buster's Entertainment, Inc., and Darin Harper effective June 17, 2024. |
| 31.1* | Certification of Christopher Morris, Chief Executive Officer of the Registrant, pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a). |
| 31.2* | Certification of Darin Harper, Chief Financial Officer of the Registrant, pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a). |
| 32.1* | Certification of Christopher Morris, Chief Executive Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2* | Certification of Darin Harper, Chief Financial Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | Inline XBRL Inline Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document |
| 101.SCH | Inline XBRL Inline Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Inline Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Inline Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Inline Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Inline Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101). |

* Filed herein

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DAVE & BUSTER'S ENTERTAINMENT, INC.,
a Delaware corporation

Date: September 10, 2024

By: /s/ Christopher Morris
Christopher Morris
Chief Executive Officer

Date: September 10, 2024

By: /s/ Darin Harper
Darin Harper
Chief Financial Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (this “Agreement”) is entered into on the 17th day of June, 2024 (the “Effective Date”), between Dave & Buster’s Management Corporation, Inc., a Delaware corporation (“D&B Management”), Dave & Buster’s Entertainment, Inc., a Delaware corporation (“D&B”), and Darin E. Harper (the “Employee”). D&B Management and D&B are collectively referred to herein as the “Company.” D&B Management, D&B and the Employee are collectively referred to herein as the “Parties”.

WHEREAS, as of the Effective Date, D&B Management shall employ Employee and D&B agrees that Employee shall serve as Chief Financial Officer (“CFO”);

WHEREAS, the Parties acknowledge and agree that the services of the Employee are of a special and unique character, and in the performance of duties for the Company, the Employee has been and will be provided additional Confidential Information, in consideration for the restrictive covenant obligations and in reliance on the restrictions on disclosure of the Confidential Information set forth in Paragraph 7;

WHEREAS, the Company desires to be assured that the Confidential Information and goodwill of the Company will be preserved for the exclusive benefit of the Company and that, as a material incentive for the Company to enter into this Agreement, as well as in exchange for the consideration specified herein (including, without limitation substantial amounts of compensation, benefits, and access to the Confidential Information, in each case, as set forth herein), and employment of the Employee under this Agreement, the Employee acknowledges and agrees to be bound by the restrictive covenant obligations and the restrictions on disclosure of the Confidential Information set forth in Paragraph 7;

WHEREAS, the Parties acknowledge and agree that the restrictive covenant obligations and the restrictions on disclosure of the Confidential Information set forth in Paragraph 7 are essential to the protection of the Company’s Confidential Information and the continued growth and stability of the Company’s business, good will, customer base and to the continuing viability of its endeavors, and that such restrictive covenants are a material inducement to the Company entering into this Agreement; and

WHEREAS, the Parties acknowledge and agree that the Company would be irreparably harmed if their Confidential Information were disclosed by the Employee.

NOW, THEREFORE, for and in consideration of the promises herein contained, the provision of Confidential Information and other good and valuable consideration, the sufficiency of which is hereby acknowledged, D&B, D&B Management, and Employee agree as follows:

1. **Employment/Duties.** D&B Management agrees to employ Employee and D&B agrees that Employee shall serve as (“CFO”). Employee will be responsible for performing those duties that are customarily associated with the position of CFO and other such reasonable duties that are assigned by the Chief Executive Officer (or Board of Directors if role is Chief Executive Officer) from time-to-time. The Company or its Affiliates (as defined below) will provide appropriate training to Employee to permit performance of the duties competently.

2. **Term of Agreement.** This Agreement shall be in effect for one (1) year from the Effective Date of this Agreement unless it is terminated earlier under the terms of Paragraph 8; provided, however, that commencing on the first anniversary of the Effective Date, and on each annual anniversary of such date, the term of this Agreement shall be automatically extended for a one year period unless it is terminated earlier under the terms of Paragraph 8. The Parties agree that unless specifically stated otherwise, the obligations created in Paragraphs 7, 9, 10, 11, 12 and 18 will survive the termination of this Agreement and of Employee’s employment with D&B Management.

3. **Employee’s Responsibilities.** Employee agrees that unless specifically stated otherwise, during the term of Employee’s employment by D&B Management, Employee will devote Employee’s full business time and best efforts and abilities to the performance of Employee’s duties for the Company. Employee agrees to act in the best interest of the Company at all times. Employee will act in accordance with the highest professional standards of ethics and integrity. Employee agrees to use Employee’s best efforts and skills to preserve the business of the Company and the goodwill of its employees and persons having business relations with the Company. Employee will comply with all applicable laws and all of the Company’s and its Affiliates’ then current policies and procedures. Notwithstanding anything contained herein to the contrary, if (a) Employee complies with the terms and provisions of D&B’s Code of Business Conduct and Ethics, as the same may be revised from time-to-time and (b) Employee’s activities do not interfere with Employee’s obligations to the Company, then, during the term of Employee’s employment by D&B Management, Employee may: (x) engage in charitable, civic, fraternal and professional activities, (y) give lectures on behalf of educational or for-profit institutions, and (z) manage personal investments; provided that Employee shall disclose any conflicts of interest that cause Employee’s personal endeavors to be in material conflict with the business of the Company and/or its Affiliates. Employee shall only serve on the board of directors of (i) a national charitable, civic or fraternal organization, (ii) a privately owned business, or (iii) a publicly-traded company with the prior written approval of the Board of Directors of D&B Management, in its sole discretion, and only to the extent that any such enterprise described in (i), (ii), or (iii) is not a Competitive Business. The Board of Directors of D&B Management will consider Employee's performance, time in role, time required to fulfill Employee's obligations to the Company, as well as the potential benefit to the Company in making its determination.

4. **No Limitations.** Employee warrants and represents that there is no contractual, judicial or other restraint that impairs Employee's right or legal ability to enter into this Agreement and to carry out Employee's duties and responsibilities to the Company, its affiliates, and its subsidiaries.

5. **Compensation and Benefits.**

(a) **Base Salary.** During the term of this Agreement, D&B Management will pay to Employee a base salary of \$475,000 per year. The base salary will be paid bi-weekly on regularly scheduled paydays determined by the Company. Employee shall be given an annual performance evaluation and, as determined by the Board of Directors of D&B Management, may receive periodic salary adjustments.

(b) **Annual Bonus.** During the term of this Agreement, the Employee will be eligible to receive an annual bonus as approved on annual basis by the Board of Directors of D&B Management and, if so approved, as determined by the Company based upon the attainment of a combination of individual and Company goals during a fiscal year set forth in a bonus plan approved by the Board of Directors of D&B Management, payable in accordance with such bonus plan. Employee's individual participation percentage in the bonus plan at target is equal to 80% of such Employee's base salary for the fiscal year.

(c) **Retirement and Welfare Plans.** Employee shall be eligible to participate in any profit sharing, qualified and nonqualified retirement plans, and any health, life, accident, disability insurance, sick leave, or other benefit plans or programs made available to similarly situated employees of the Company in accordance with the terms of such plans, as may be amended, supplemented or modified from time to time (collectively, the "Plans"), as long as they are kept in force by the Company and provided that Employee meets the eligibility requirements of the respective Plans. Nothing contained herein shall limit the right of the Company, in its sole and absolute discretion, to modify, amend or discontinue any of the Plans.

(d) **PTO.** Subject to the Company's generally applicable policies relating to paid time off ("PTO"), Employee shall be entitled to PTO commensurate with the Company's policy for senior management and Employee's position and tenure with the Company, but in no event less than twenty-seven (27) days PTO during each calendar year.

(e) **Office and Support Staff.** To the extent reasonably practicable, the Company shall endeavor to supply the Employee (i) with all equipment, supplies, and secretarial staff reasonably required in the performance of the Employee's duties and (ii) a fully furnished and appointed office comparable in size, furnishings and decorations to

the offices of other officers of D&B of comparable responsibilities and the facilities of the Company shall be generally available to Employee in the performance of Employee's duties.

(f) Other Benefits. The Company will provide Employee with other employment benefits, as in existence from time to time, the Company provides to its full-time executive employees.

(g) Expenses. The Company shall reimburse the Employee for all reasonable and necessary business expenses incurred by the Employee in connection with the performance of the Employee's duties under this Agreement, including, but not limited to, reasonable travel, meals, and hotel accommodations of Employee, in each case subject to the Company's then current policies and procedures. Reimbursement shall be made upon submission by Employee of vouchers or an itemized list thereof in accordance with the Company's then current policies and procedures. Employee hereby authorizes the Company in advance to deduct any expenses from the Employee's salary if Employee fails to submit an expense as provided by the Company's then current policies and procedures.

(h) Long-Term Incentive Plan. The Parties acknowledge that the Company has offered certain long-term incentive benefits pursuant to the Dave & Buster's Entertainment, Inc. Amended and Restated 2014 Omnibus Incentive Plan (as such plan may be amended, modified, supplement, restated or replaced from time to time), the terms of which shall be governed in any separate award agreement for benefits granted under such plan.

6. Training. The Company has provided and will continue to provide Employee with such specialized training as the Company, in its sole discretion, deems necessary or beneficial to the performance of Employee's job duties.

7. Confidential Information and Restrictive Covenants. In consideration of the premises and mutual promises contained herein, and for other good and valuable consideration specified herein (including, without limitation substantial amounts of compensation, the Company Group (as defined below) shall provide the Employee with benefits and Confidential Information, the use or disclosure of which would cause the Company Group substantial loss or injury including substantial diminishment of their goodwill, and would place the Company Group at a material competitive disadvantage. Accordingly, the Company and the Employee hereby agree as follows:

(a) Certain Definitions.

(i) As used in this Agreement, "Affiliate" of any person means any person, directly or indirectly controlling, controlled by or under common control with

such person, and includes any person who is an officer, director or employee of such person and any person that would be deemed to be an “affiliate” or an “associate” of such person, as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended. As used in this definition, “controlling” (including, with its correlative meanings, “controlled by” and “under common control with”) means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities, partnership or other ownership interests, by contract or otherwise). With respect to any natural person, “Affiliates” shall also include, without limitation, such person’s spouse, child and any trust the beneficiaries or grantor of which are limited solely to such person and/or his or her spouse or child. As used in this Agreement, “person” means any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

(ii) As used in this Agreement, “Company Group” shall mean D&B, any subsidiary and any successor to any of the foregoing.

(iii) As used in this Agreement, “Competitive Business” shall mean the owners or operators of venues in the Restricted Territory that combine a dining offering that is primarily full service with games, entertainment, sports attractions or sports viewing, but shall not include (x) dining establishments that derive less than 20% of their aggregate revenues from games, entertainment and sports attractions and have not highlighted sports viewing as a core offering in their consumer marketing or (y) entertainment concepts that derive less than 20% of their aggregate revenues from dining operations. For the avoidance of doubt, Competitive Business shall include, without limitation, the companies identified in Appendix A to the minutes of the Company’s compensation committee meeting whereby the form of this Agreement was approved.

(iv) As used in this Agreement, “Restricted Territory” shall mean: (a) North America and (b) any other state, province or country in which the Company (1) operates during the Employee’s employment or at the time of the Employee’s resignation or termination or (2) has expressed interest in operating or expects to operate within two (2) years following the Employee’s resignation or termination, and in each case in clause (2), of which the Employee was aware.

(b) Nondisclosure of Confidential Information. During the term of this Agreement, the Company Group agrees to provide, continue to provide, and provide access to, and the Employee will acquire, certain Confidential Information. As a material incentive for the Company Group to enter into this Agreement, as well as in exchange for the consideration specified herein (including, without limitation substantial amounts of compensation, benefits and access to the Confidential Information, in each case, as set forth herein), and employment of the Employee under this Agreement, the Employee shall maintain in strict confidence and shall not disclose to third parties or use in any task,

work or business (except on behalf of the Company Group) any proprietary or confidential information regarding the Company Group and/or Employee's work with the Company Group, including, without limitation, trade secrets, current and future business plans, customers, customer lists, customer information, vendors, vendor lists, vendor information, employees, employee information, sales, purchasing, pricing determinations, price points, internal and external cost structures, operations, marketing, financial and other business strategies, positioning of stores, information and plans, products and services, games and amusement, development of games and amusement, food and beverage, financial performance and other financial data and compilations of data, new store development and locations, pipeline, information regarding the Company Group's processes, computer programs and/or records, software programs, intellectual property, business development opportunities, acquisitions, acquisition targets, confidential information developed by consultants and contractors, manuals, memoranda, projections, and minutes ("Confidential Information"), without the express written permission of the Board of Directors of D&B. The Employee's confidentiality obligation in this Paragraph 7 shall include, but not be limited to, any Confidential Information to which the Employee has access to, had access to, will have access to, receives, or received in connection with Employee's employment by Company Group, and any information designated as confidential by the Company Group. Notwithstanding the foregoing, the term Confidential Information shall not include information that (i) is publicly disclosed through no fault of the Employee, either before or after it becomes known to the Employee, (ii) was known to the Employee prior to the date of this Agreement, which knowledge was acquired independently and not from the Company Group or its directors or employees or (iii) became available to the Employee on a non-confidential basis from a source other than the Company Group, provided such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Company Group or any other party with respect to such information. The Company Group and the Employee acknowledge and agree that the Confidential Information is continually evolving and changing and that some new Confidential Information will be needed by the Employee and provided by the Company Group for the first time in the course of the term of this Agreement. The Employee expressly acknowledges the trade secret status of the Confidential Information and agrees that the Employee's access to such Confidential Information constitutes a protectable business interest of the Company Group. Notwithstanding the foregoing restrictions, the Employee may disclose any Confidential Information (a) to the Employee's legal advisors subject to such advisor's agreement to maintain the information as confidential, (b) to the extent required for the Employee's enforcement of Employee's rights hereunder (provided that such information be submitted under seal or otherwise not publicly disclosed), (c) to the extent required by an order of any court or other governmental authority, but in each case only after the Company Group has been so notified in writing and has had five (5) business days to obtain reasonable protection for such information in connection with such disclosure, and (d) if such disclosure is protected under the whistleblower provisions of federal law or regulation. 18 U.S.C. § 1833(b) provides: "An

individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.” Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

(c) Return of Property. Upon termination of the Employee’s employment with the Company Group (for any reason), the Employee shall promptly return to the Company Group all Company property, Confidential Information and all copies thereof obtained by the Employee, or Employee’s employees or agents. The Parties acknowledge that the Company Group would not retain the Employee’s services or provide Employee with access to its Confidential Information without the covenants and promises contained in this Paragraph 7. For avoidance of doubt, the Employee shall deliver promptly to the Company Group on termination of Employee’s employment with the Company Group for any reason, or at any other time the Company Group may so request, all Confidential Information and all other documentation containing information relating to the business of the Company Group or property of the Company Group which Employee obtained or developed while employed by, or otherwise serving or acting on behalf of, the Company Group and which Employee may then possess or have under Employee’s control or relating to the “Work” (as defined below).

(d) Non-Access. Employee agrees that following the termination of Employee’s employment with D&B Management, Employee will not access the Company Group’s computer systems, download files or any information from the Company Group’s computer systems or in any way interfere, disrupt, modify or change any computer program used by the Company Group or any data stored on the Company Group’s computer systems. Employee further agrees that all of the computers, handheld devices, and mobile telephones provided by the Company are the sole property of the Company Group.

(e) Acknowledgment of the Company Group’s Right In Work Product. During the term of this Agreement, the Employee will create, develop and contribute for consideration certain ideas, plans, calculations, technical specifications, works of authorship, inventions, information, data, formulas, models, reports, processes, photographs, marks, designs, computer code, concepts and/or other proprietary materials

to the Company Group related to the operation or promotion of the business of the Company Group (collectively, the “Work”). All of the Work is, was and shall hereafter be, a commissioned “work for hire” owned by the Company Group within the meaning of Title 17, Section 101 of the United States Code, as amended. If any portion of the Work is determined not to be a “work for hire” or such doctrine is not effective, the Employee hereby irrevocably assigns, conveys and otherwise transfers to the Company Group, and its respective successors, licensees, and assigns, all right, title and interest worldwide in and to such portion of the Work and all proprietary rights therein, including, without limitation, all copyrights, trademarks, design patents, trade secret rights, moral rights, and all contract and licensing rights, and all claims and causes of action with respect to any of the foregoing, whether now known or hereafter to become known. In accordance with this assignment, the Company Group shall hold all ownership to all rights, without limitation, in and to all of the Work for its own use and for its legal representatives, assigns and successors, and this assignment shall be binding on and extended to the heirs, assigns, representatives and successors of the Employee. In the event the Employee has any right or interest in the Work which cannot be assigned, the Employee agrees to waive enforcement worldwide of any and all such rights or interests against the Company Group and its respective successors, licensees and assigns, and the Employee hereby exclusively and irrevocably licenses any and all such rights and interests, worldwide, to the Company Group in perpetuity and royalty-free, along with the unfettered right to sublicense. All such rights are fully assignable by Company Group. The Employee hereby agrees that all Work is created or developed for the sole use of the Company Group, and that the Employee has no right to market in any manner whatsoever any such Work.

(f) Non-Compete Agreement. The Parties agree that, during the course of the Employee’s employment by the Company Group and during the term of this Agreement, the Employee will have access to, and the benefit of, the Company Group’s Confidential Information, including but not limited to, the Confidential Information described in Paragraph 7(b). The Parties agree that, during the Employee’s employment, the Employee will represent the Company Group and develop contacts and relationships with other persons and entities on behalf of the Company Group, including but not limited to, with customers and potential customers. To protect the Company Group’s interest in its Confidential Information, contacts and relationships, to enforce the Employee’s obligations under this Paragraph 7, and as a material inducement for the Company Group to enter into this Agreement, as well as in exchange for the consideration specified herein (including, without limitation, substantial amounts of compensation, benefits and access to and provision of the Confidential Information, in each case, as set forth herein), and employment of the Employee under this Agreement, the Parties hereby agree and covenant that during the term of this Agreement and for a period of one (1) year (or two (2) years if the Employee is Chief Executive Officer) from the termination of this Agreement for any reason (including, without limitation, resignation by the Employee or upon notice from the Employee as provided in Paragraph 8(b)) (the “Non-Compete”

Period”), the Employee shall not directly or indirectly, for himself or others, within the Restricted Territory:

(i) own, manage, operate, join, control, or participate in the ownership, management, operation or control of, or engage in any activity, work, business, or investment with any other Competitive Business (or for or on behalf of any other entity or person or any other Competitive Business), including, without limitation, any attempted or actual activity as an employee, officer, director, advisor, agent, equity holder, consultant or independent contractor (whether or not compensated for any of the foregoing); provided, however, that the Employee may own an investment interest of less than 2% in a publicly-traded company.

(g) Non-Solicitation and Non-Hire Agreement. Additionally, in exchange for the consideration specified herein and as stated in this Paragraph 7, and as a material incentive for the Company Group to enter into this Agreement, during the term of this Agreement and for a period of two (2) years from the termination of this Agreement for any reason (including, without limitation, resignation by the Employee) (the “Non-Solicitation and Non-Hire Period”), the Employee shall not, directly or indirectly, on Employee’s own behalf or on behalf of any other person, partnership, entity, association, or corporation, induce or attempt to influence, induce, encourage, any employee of the Company Group at or above the managerial level (including, without limitation, store managers and regional managers), supplier, vendor, licensee, distributor, contractor or other business relation of the Company Group to cease working for or doing business with, or adversely alter, affect, or interfere with the employment or business relationship with the Company Group. Further, during the Non-Solicitation and Non-Hire Period, the Employee shall not, on Employee’s own behalf or on behalf of any other person, partnership, entity, association, or corporation, (i) solicit or seek to hire any employee of the Company Group at or above the store general manager level for operations employees and the officer level for non-operations employees or in any other manner attempt directly or indirectly to influence, induce, or encourage any employee of the Company Group at or above the store general manager level for operations employees and with a title of “Director” or more senior for non-operations employees to leave their employ (provided, however, that nothing herein shall restrict the Employee from engaging in any general solicitation that is not specifically targeted at such persons), nor shall Employee use or disclose to any person, partnership, entity, association, or corporation any information concerning the names, addresses or personal telephone numbers of any employees of the Company Group, or (ii), without the Company’s prior written consent, hire, employ or engage as a consultant any employee of the Company Group with a title of “Director” or more senior.

(h) Reasonableness of Restrictions, Modification. It is the desire and intent of the Parties to this Agreement that the provisions of this Paragraph 7 shall be enforced to

the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. It is expressly understood and agreed that the Company Group and the Employee consider the restrictions contained in this Paragraph 7 to be reasonable and necessary for the purposes of preserving and protecting the Confidential Information and other legitimate business interests of the Company Group. Nevertheless, if any of the aforesaid restrictions is found to be unreasonable, over-broad as to geographic area, duration or scope of activity, or otherwise unenforceable, the Company Group and the Employee intend for the restrictions herein set forth to be modified to be reasonable and enforceable and, as so modified, to be fully enforced.

(i) Specific Performance, Injunctive and Other Relief. The Parties acknowledge that money damages would not be a sufficient remedy for any breach or threatened breach of this Paragraph 7 by the Employee. Therefore, notwithstanding the arbitration provisions in Paragraph 10, the Employee and the Company Group agree that the Company Group may resort to a court to enforce this Paragraph 7 by injunctive relief. The Parties agree that the Company Group may enforce this promise without posting a bond and without giving notice to the maximum extent permitted by law. The remedies addressed in this Paragraph 7(i), shall not be deemed the exclusive remedies for a breach and/or threatened breach of this Paragraph 7, but shall be in addition to all remedies available at law or in equity to the Company Group, including, without limitation, the recovery of damages from the Employee. The Employee agrees that the Non-Compete Period and the Non-Solicitation Period shall be tolled during any period of violation by Employee of this Paragraph 7.

(j) Notice and Opportunity to Cure. The Company considers non-compliance with this Paragraph 7, to be a material breach. In the event that the Company asserts that Employee is not in compliance with any of its obligations under this Paragraph 7, unless such non-compliance or breach is willful and intentional or not susceptible to cure, the Company shall provide the Employee with written notice of such assertion and a ten (10) business day opportunity to cure such noncompliance prior to its withholding payment of any consideration specified in this Agreement or taking other legal action.

8. Termination of Agreement

(a) Death or Disability. This Agreement shall automatically terminate upon the death of Employee or upon Employee's becoming disabled to the extent that Employee is unable to perform the essential functions of Employee's position by reason of any medically determinable physical or mental impairment, which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement

benefits for a period of not less than three (3) months under an accident and health plan covering employees of D&B Management. The determination of Employee's disability shall be made in good faith by a physician reasonably acceptable to the Company.

(b) Upon Notice. Either the Company or the Employee may terminate this Agreement at any time during the term by giving the other Party no less than thirty (30) days' prior written notice of the date of termination. Promptly after the Employee or the Company gives such notice, the Parties shall meet and in good faith confer regarding the Employee's work responsibilities during the remainder of the notice period; provided that the Company may determine in its sole discretion to not have the Employee continue any work responsibilities and the Employee shall promptly cease working and vacate Employee's office. During the remainder of the notice period (if so requested by the Company), Employee agrees to use best efforts to continue performing the duties assigned by the Company, and the Company agrees to continue compensating Employee until the termination date with the same pay and benefits as before the notice was given.

(c) For Cause. The Company may terminate this Agreement without any prior written notice to Employee if the termination is "for cause." For purposes of this Agreement "for cause" shall be defined as the willful and continued failure by Employee to perform the duties assigned by the Chief Executive Officer (or the Board of Directors if the Employee is Chief Executive Officer), failure to follow reasonable business-related directions from the Chief Executive Officer (or the Board of Directors if the Employee is Chief Executive Officer), gross insubordination, non-compliance with or breach of Paragraph 7, theft from the Company or its Affiliates, habitual absenteeism or tardiness, conviction or plea of *nolo contendere* to a felony, or any other reckless or willful misconduct that is contrary to the best interests of the Company or materially and adversely affects the reputation of the Company. If the Chief Executive Officer (or the Board of Directors if the Employee is Chief Executive Officer) believes that an event constituting "for cause" under this section has occurred and such event (i) is not a criminal offense and (ii) is readily curable by Employee, then the Chief Executive Officer (or the Board of Directors if the Employee is Chief Executive Officer) shall provide written notice to the Employee setting forth: (A) the Chief Executive Officer's (or the Board of Directors' if the Employee is Chief Executive Officer) intent to terminate the Employee's employment for cause, and (B) the reasons for the Chief Executive Officer's (or the Board of Directors' if the Employee is Chief Executive Officer) intent to terminate the Employee's employment for cause. The Employee shall have ten (10) business days following the receipt of such notice to cure the alleged breach. The Chief Executive Officer (or the Board of Directors if the Employee is Chief Executive Officer) may terminate this Agreement without any further notice to Employee if such cure has not occurred within such ten (10) business day period. In the event that the Company contends that the event is not readily curable by Employee, the Chief Executive Officer (or the Board of Directors if the Employee is Chief Executive Officer) shall provide written notice to Employee setting forth: (X) the reasons for the Chief Executive

Officer's (or the Board of Directors' if the Employee is Chief Executive Officer) intent to terminate Employee's employment "for cause" and (Y) the basis for the Chief Executive Officer's (or the Board of Directors' if the Employee is Chief Executive Officer) determination that such event is not readily curable.

(d) For Good Reason. The Employee may terminate this Agreement without any prior written notice to the Company if the termination is "for good reason." For purposes of this Agreement "for good reason" shall be defined as (i) the material breach by the Company of this Agreement; (ii) the Company's relocation of the office where Employee primarily performs Employee's duties by twenty-five (25) or more miles; (iii) assignment to the Employee of any duties, authority or responsibilities that are materially inconsistent with the Employee's position, authority, duties or responsibilities, or any other Company action that results in the material diminution in such position, authorities, duties or responsibilities; (iv) substantial change in organizational reporting relationships as compared to the Effective Date that will materially impact Employee's title, status, position, authority, duties or responsibilities reporting requirements; and (v) any other purported termination of the Employee other than under the terms of this Agreement; provided, that the occurrence of any event described in this sentence may only constitute termination "for good reason" if (a) the Employee gives the Company written notice of Employee's intention to terminate Employee's employment "for good reason" and, in reasonable detail, of the event constituting grounds for such termination within sixty (60) days of the occurrence of such event, and (b) the relevant circumstances or conditions are not remedied by the Company within thirty (30) days after receipt by the Company of such written notice from the Employee.

(e) Severance Pay and Release. In the event that the Employee's employment with the Company under this Agreement is terminated for reasons other than (x) upon notice from the Employee as provided in Paragraph 8(b), subject to Paragraph 8(f) or (y) "for cause" as defined in Paragraph 8(c), the Company shall, conditioned upon the Employee's compliance with this Agreement and upon the Employee's execution of a fully effective and non-revocable general release in favor of the Company, its Board of Directors, Affiliates, and employees, in such form as reasonably approved by the Company and the Employee (the "Release") within sixty (60) days of the Employee's termination of employment, which Release shall be provided to the Employee within five (5) days of the Employee's termination of employment, pay to the Employee: (i) twelve (12) months (or twenty-four (24) months if the Employee is Chief Executive Officer) of severance pay at the Employee's then current base salary from the date of termination of the Employee's employment (adjusted, if applicable, as described below to take into account the amount of disability insurance payments received by the Employee), in accordance with the Company's normal payroll schedule and procedures and commencing on the first payroll date of the Company following the sixtieth (60th) day of the Employee's termination of employment (the "First Payroll Date"), and subject to all applicable withholding (it being agreed that the sum of the after-tax value of these

monthly payments and any income replacement benefits received from Company-provided disability insurance as described in Paragraph 8(a) shall not exceed the after-tax value of the Employee's then-current base salary). The portion of the severance pay that would have been paid to the Employee during the period between the Employee's termination of employment and the First Payroll Date had no sixty-day delay been required shall be paid to the Employee on the First Payroll Date and thereafter the remaining portion of the severance pay shall be paid without delay as provided in clause (i) above of this Paragraph 8(e); (ii) an amount equal to the annual bonus, if any, earned based on actual performance by the Employee for the prior fiscal year, if it has not previously been paid by the Company payable in a single lump sum payment at the time provided for under the bonus plan (but without regard to any requirement that the Employee be employed on the bonus payment date) or if later, on the First Payroll Date; (iii) the pro rata portion of the annual bonus, if any, earned based on actual performance by the Employee for the then-current fiscal year, payable in the calendar year in which the then-current fiscal year ends, but in no event later than one hundred twenty (120) days after the end of such fiscal year and no earlier than the First Payroll Date, in accordance with the Company's standard procedures for paying any such bonus to other employees under the bonus plan, except for any requirement that the Employee be employed on the bonus payment date, and subject to all applicable withholding; and (iv) monthly payments for a period of twelve (12) months following the Employee's termination, payable in accordance with the Company's normal payroll schedule and procedures and commencing on the First Payroll Date, and subject to all applicable withholding, that are equal to the monthly premium required by the Employee to maintain Employee's health insurance benefits provided by the Company's group health insurance plan, in accordance with the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") (it being understood that the portion of such payments described in clause (iv) that would have been paid to the Employee during the period between the Employee's termination of employment and the First Payroll Date had no sixty-day delay been required shall be paid to the Employee on the First Payroll Date, and thereafter the remaining portion of such payments shall be paid without delay). In the event that this Agreement is terminated "for cause" pursuant to Paragraph 8(c), the Company shall pay to the Employee only (A) that base salary which has been earned by the Employee through the date of termination payable in accordance with the Company's normal payroll practices and (B) unless the "for cause" termination results from the Employee's theft from the Company or its Affiliates, conviction or plea of a felony, or any other reckless or willful misconduct that materially and adversely affects the reputation of the Company, the annual bonus, if any, described in clause (ii) above of this Paragraph 8(e) and payable in accordance with clause (ii) above of this Paragraph 8(e), if it has not previously been paid by the Company. In the event that this Agreement is terminated upon notice from the Employee pursuant to Paragraph 8(b), the Company shall pay to the Employee only (1) that base salary which has been earned by the Employee through the date of termination payable in accordance with the Company's normal payroll practices and (2) the annual bonus, if any, described in Paragraph 8(e)(ii) above and payable in

accordance with Paragraph 8(e)(ii). Notwithstanding any provision to the contrary in this Agreement, no amount shall be paid pursuant to this Paragraph 8(e) unless the Employee's termination of employment constitutes of "separation from service" (as such term is defined in Treas. Reg. Section 1.409-1(h), including the default presumptions). The Employee agrees to return to the Company any payments received pursuant to this Paragraph 8 in the event that Employee does not fully comply (after written notice and opportunity to cure as provided in Paragraph 7(j) above) with all post-employment obligations set out in this Agreement, including, but not limited to, the restrictive covenants and the restrictions on disclosure of the Confidential Information of the Company Group set forth in Paragraph 7.

(f) Severance Pay and Release Upon Termination by the Employee Upon Notice. Notwithstanding anything to the contrary contained herein, if the Employee's employment with the Company is terminated upon notice from the Employee as provided in Paragraph 8(b) (including, without limitation, resignation by the Employee), the Company may at its sole discretion and option elect to: (i) provide any payments and other severance benefits set forth in Paragraph 8(e) to the Employee; provided that if the Employee is at any time not in full compliance with the Employee's obligations set forth in Paragraph 7, the Employee shall forfeit any and all payments and other severance benefits set forth in Paragraph 8(e); and provided further that, if the Employee is provided payments or other severance benefits described in Paragraph 8(e), the Employee shall execute a Release, or (ii) not provide any payments and other severance benefits set forth in Paragraph 8(e) to the Employee (and, for the avoidance of doubt, the Employee shall continue to be bound by all of the terms of Paragraph 7).

9. Section 409A.

(a) If any payment, compensation or other benefit provided to the Employee in connection with Employee's employment termination is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") and the Employee is a specified employee as defined in Section 409A(a)(2)(B)(i), then no portion of such "nonqualified deferred compensation" shall be paid before the earlier of (i) the day that is six (6) months plus one (1) day after the date of termination or (ii) five (5) days following the Employee's death (the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to the Employee during the period between the date of termination and the New Payment Date shall be paid to the Employee in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement. Notwithstanding the foregoing, to the extent that the foregoing applies to the provision of any ongoing welfare benefits to the Employee that would not be required to be delayed if the premiums therefor were paid by the Employee, the

Employee shall pay the full cost of premiums for such welfare benefits during the six-month period and the Company shall pay the Employee an amount equal to the amount of such premiums paid by the Employee during such six-month period promptly after its conclusion.

(b) The Parties hereto acknowledge and agree that the interpretation of Section 409A and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to the Employee that would be deemed to constitute “nonqualified deferred compensation” within the meaning of Section 409A are intended to comply with Section 409A. If, however, any such benefit or payment is deemed to not comply with Section 409A, the Company and the Employee agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any severance payments payable hereof) so that either (i) Section 409A will not apply or (ii) compliance with Section 409A will be achieved. Notwithstanding the foregoing, the Company makes no guarantee of any federal, state or local tax consequences with respect to the interpretation of Section 409A and its application to the terms of this Agreement, and the Company shall have no liability for any adverse tax consequences of the Employee, as a result of any violation of Section 409A.

(c) Notwithstanding anything to the contrary contained in this Agreement, all reimbursements for costs and expenses under this Agreement shall be paid in no event later than the end of the taxable year following the taxable year in which the Employee incurs such expense. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit and (ii) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year, provided, however, that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Internal Revenue Code of 1986, as amended, solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(d) If under this Agreement, an amount is paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

(e) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment unless such termination is also a “separation from service” as defined in Treas. Reg. Section 1.409A-1(h), including the default presumptions, and for purposes of any such

provision of this Agreement, references to a “resignation,” “termination,” “terminate,” “termination of employment” or like terms shall mean separation from service.

10. **Confidential Arbitration.** The Employee and the Company hereby agree that any controversy or claim arising out of or relating to this Agreement, including the arbitrability of any controversy or claim, which cannot be settled by mutual agreement will be finally settled by confidential and binding arbitration in accordance with the Federal Arbitration Act. Further, notwithstanding the preceding sentence, in the event disputes arise that relate in any way to and concern this Agreement and also relate in any way to and concern one or more other Equity Agreements, the Parties agree that such disputes may be joined in a single binding arbitration if doing so would not result in unreasonable delay. All arbitrations shall be administered by a panel of three neutral arbitrators (the “Panel”) admitted to practice law in Texas for at least ten (10) years, in accordance with the American Arbitration Association Rules. Any such arbitration proceeding shall be administered by the American Arbitration Association and all hearings shall take place in Dallas County, Texas. The arbitration proceeding and all related documents will be confidential, unless disclosure is required by law. The Panel will have the authority to award the same remedies, damages, and costs that a court could award, including but not limited to the right to award injunctive relief in accordance with the other provisions of this Agreement. Further, the Parties specifically agree that, in the interest of minimizing expenses and promoting early resolution of claims, the filing of dispositive motions shall be permitted and that prompt resolution of such motions by the Panel shall be encouraged. The Panel shall issue a written reasoned award explaining the decision, the reasons for the decision, and any damages awarded. The Panel’s decision will be final and binding. The judgment on the award rendered by the Panel may be entered in any court having jurisdiction thereof. This provision can be enforced under the Federal Arbitration Act. The Panel shall be permitted to award only those remedies in law or equity that are requested by the Parties, appropriate for the claims and supported by evidence, and each Party shall be required to bear its or Employee’s own arbitration costs, attorneys’ fees and expenses.

(a) The decision of the arbitrator on the points in dispute will be final, unappealable and binding, and judgment on the award may be entered in any court having jurisdiction thereof. The Parties agree that this provision has been adopted by the Parties to rapidly and inexpensively resolve any disputes between them and that this provision will be grounds for dismissal of any court action commenced by any Party with respect to this Agreement, other than post-arbitration actions seeking to enforce an arbitration award.

(b) The Parties will keep confidential, and will not disclose to any person, except as may be required by law, the existence of any controversy under this Paragraph 10, the referral of any such controversy to arbitration or the status or resolution thereof.

In addition, the confidentiality restrictions set forth in this Agreement shall continue in full force and effect.

(c) As the sole exception to the exclusive and binding nature of the arbitration commitment set forth above, the Parties agree that the Company Group may resort to Texas state courts having equity jurisdiction in and for Dallas County, Texas and the United States District Court for the Northern District of Texas, Dallas Division, at its sole option, to request temporary, preliminary, and/or permanent injunctive or other equitable relief, including, without limitation, specific performance, to enforce the post-employment restrictions and other non-solicitation and confidentiality obligations set forth in this Agreement, without the necessity of proving inadequacy of legal remedies or irreparable harm or posting bond or giving notice, to the maximum extent permitted by law. However, nothing in this Paragraph 10 should be construed to constitute a waiver of the Parties' rights and obligations to arbitrate as set forth in this Paragraph 10.

(d) IN THE EVENT THAT ANY COURT OF COMPETENT JURISDICTION OR ARBITRATOR DETERMINES THAT THE SCOPE OF THE ARBITRATION OR RELATED PROVISIONS OF THIS AGREEMENT ARE TOO BROAD TO BE ENFORCED AS WRITTEN, THE PARTIES INTEND THAT THE COURT REFORM THE PROVISION IN QUESTION TO SUCH NARROWER SCOPE AS IT DETERMINES TO BE REASONABLE AND ENFORCEABLE. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTY HERETO THAT THIS PARAGRAPH 10(d) CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH IT OR EMPLOYEE IS RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT.

BEFORE ACCEPTING THE TERMS OF THIS AGREEMENT, INCLUDING THE RESTRICTIVE COVENANT TERMS, PLEASE READ AND UNDERSTAND YOUR CONTINUING OBLIGATIONS TO THE COMPANY AND ITS AFFILIATES.

11. **Indemnification.** The Company shall indemnify Employee to the fullest extent permitted by Section 145 of the Delaware General Corporation Law against all costs, expenses, liabilities and losses, including but not limited to, attorneys fees, judgments, fines, penalties, taxes and amounts paid in settlement, reasonably incurred by Employee in conjunction with any action, suit, or proceeding, whether civil, criminal, administrative, or investigative in nature, which the Employee is made or threatened to be made a party or witness by reason of Employee's position as officer, employee or agent of the Company or otherwise due to Employee's association with the Company or due to Employee's position or association with any other entity, at the request of the Company. The Company shall advance to Employee all reasonable costs and expenses incurred in connection with such action within twenty (20) days after receipt by the Company of Employee's written request. The Company shall be entitled to be reimbursed by Employee and Employee agrees to reimburse the Company if it is determined that

Employee is not entitled to be indemnified with respect to an action, suit, or proceeding under applicable law. The Company shall not settle any such claim in any manner which would impose liability, including monetary penalties or censure, on the Employee without Employee's prior written consent, unless the Employee would be harmed by such action.

12. **Governing Law; Submission to Jurisdiction; Jury Waiver.** THIS AGREEMENT SHALL BE EXCLUSIVELY GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO CONFLICTS OF LAW DOCTRINE. THE VENUE FOR ANY ENFORCEMENT OF THE ARBITRATION AWARD SHALL BE EXCLUSIVELY IN THE COURTS IN DALLAS, TEXAS, AND THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION. THE PARTIES WAIVE ANY RIGHT TO A JURY TRIAL.

13. **Severability.** If any provision of this Agreement is declared or found to be illegal, unenforceable, or void, in whole or in part, then the Parties will be relieved of all obligations arising under such provision, but only to the extent it is illegal, unenforceable, or void. The Parties intend that this Agreement will be deemed amended by modifying any such illegal, unenforceable, or void provision to the extent necessary to make it legal and enforceable while preserving its intent, or if such is not possible, by substituting therefor another provision that is legal and enforceable and achieves the same objectives. Notwithstanding the foregoing, if the remainder of this Agreement will not be affected by such declaration or finding and is capable of substantial performance, then each provision not so affected will be enforced to the extent permitted by law.

14. **Waiver.** No delay or omission by any Party to this Agreement to exercise any right or power under this Agreement will impair such right or power or be construed as a waiver thereof. A waiver by any of the Parties to this Agreement of any of the covenants to be performed by the other or any breach thereof will not be construed to be a waiver of any succeeding breach thereof or of any other covenant contained in this Agreement. All remedies provided for in this Agreement will be cumulative and in addition to and not in lieu of any other remedies available to any Party at law, in equity or otherwise.

15. **Notices.** Any notices, consents, demands, requests, approvals and other communications to be given under this Agreement by any Party to the other shall be deemed to have been duly given if given in writing and personally delivered or sent by mail (registered or certified) or by a recognized "next-day delivery service" to the address set forth below a Party's signature, with a courtesy copy provided to the Company's General Counsel.

16. **Entire Agreement.** This Agreement represents the entire agreement relating to employment between the Company and Employee and supersedes all previous oral and

written and all contemporaneous oral negotiations or commitments, writings and other understandings which, at the Effective Date, shall be deemed to be terminated and of no further force or effect. No prior or subsequent promises, representation, or understandings relative to any terms or conditions of employment are to be considered as part of this Agreement or as binding.

17. **Amendment**. This Agreement may be amended or modified only in a writing signed by the Parties hereto.

18. **Guarantee of Payment and Performance**. D&B agrees to guarantee in all respects the payment and performance obligations of D&B Management set forth in this Agreement.

19. **Recoupment Policy**. The Company may recover amounts paid to Employee hereunder or under any other plan or program of, or agreement or arrangement with, the Company, and any gain in respect of any equity awards granted to Employee, in accordance with any applicable Company clawback or recoupment policy that is generally applicable to the Company's other senior executives, as such policy may be amended and in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended.

20. **Section 280G**. Notwithstanding anything to the contrary in this Agreement, if Employee is a "disqualified individual" (as defined in Section 280G(c) of the Internal Revenue Code of 1986, as amended (the "Code")), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which Employee has the right to receive from the Company or any of its affiliates, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Employee from the Company and its affiliates will be one dollar (\$1.00) less than three times Employee's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Employee shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Employee (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be

made by a nationally recognized accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code selected by the Company prior to the change in control (the "Accounting Firm"). All reasonable fees and expenses of the Accounting Firm shall be borne solely by the Company. Nothing in this Paragraph 20 shall require the Company to be responsible for, or have any liability or obligation with respect to, Employee's excise tax liabilities under Section 4999 of the Code, if any.

21. **Withholding**. The Company shall be entitled to withhold from any amounts to be paid or benefits provided to the Employee hereunder any federal, state, local, or foreign withholding or other taxes or charges which it is from time to time required to withhold. The Company shall be entitled to rely on an opinion of counsel or tax preparer if any question as to the amount or requirement of any such withholding shall arise.

22. **Acknowledgment**. By signing below, as a material inducement to the Company entering into this Agreement, Employee unconditionally represents and warrants that: (a) Employee has been advised to consult with an attorney regarding the terms of this Agreement; (b) Employee has consulted with, or has had sufficient opportunity to consult with Employee's own counsel or other advisors regarding the terms of this Agreement; (c) Employee has relied solely on Employee's own judgment and that of Employee's attorneys, advisors, and representatives regarding the consideration for, and the terms of, this Agreement; (d) any and all questions regarding the terms of this Agreement have been asked and answered to Employee's complete satisfaction; (e) Employee has read this Agreement and fully understand its terms and their import; and (f) Employee is entering into this Agreement voluntarily, of Employee's own free will, and without any duress, coercion, fraudulent inducement, or undue influence exerted by or on behalf of any other Party or any other person or entity.

23. **Counterparts**. This Agreement may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the Effective Date.

COMPANY:

**DAVE & BUSTER'S MANAGEMENT
CORPORATION, INC.**

By: /s/Bryan McCrory

Name: Bryan McCrory

Title: President

Address: 1221 S. Belt Line Rd, #500
Coppell, TX 75019

DAVE & BUSTER'S ENTERTAINMENT, INC.

By: /s/Humera Kassem

Name: Humera Kassem

Title: SVP & Chief People Officer

Address: 1221 S. Belt Line Rd, #500
Coppell, TX 75019

EMPLOYEE:

/s/Darin E. Harper

Name: Darin E. Harper

Address: [REDACTED]

Appendix A
Competitive Businesses

The following non-exhaustive list of businesses or brands shall each be considered a “Competitive Business” as defined in the Employment Agreement, by and among Dave & Buster’s Management Corporation, Inc., Dave & Buster’s Entertainment, Inc. and Darin E. Harper (the “Employment Agreement”), along with (a) the entities that operate or own such businesses or brands, (b) the successors of such businesses or brands and (c) the respective parent or ultimate parent companies or affiliates of such businesses or brands, if the employee works for or provides consulting services to such businesses or brands.

- Andretti Karting & Games
- Barcade
- Big Al’s
- Big Shots Golf
- Boomers Parks
- Bowlmor / Bowlero / AMF
- Buffalo Wild Wings
- Chuck E. Cheese/Peter Piper Pizza
- Cinergy Entertainment Group
- Drive Shack
- EVO Entertainment
- Fox & Hound Sports Tavern
- Gameworks
- John’s Incredible Pizza
- K1 Speed
- Kings Bowling
- Live! Brand by the Cordish Companies
- Lucky Strike Entertainment
- Main Event Entertainment
- Pinstack
- Pinstripes
- Punch Bowl Social
- Puttshack
- Puttery
- The Rec Room
- Round One Entertainment
- Scene 75 Entertainment Centers
- Top Golf/Top Golf International

CERTIFICATION

I, Christopher Morris, Chief Executive Officer of Dave & Buster's Entertainment, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dave & Buster's Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's third fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 10, 2024

/s/ Christopher Morris
Christopher Morris
Chief Executive Officer

CERTIFICATION

I, Darin Harper, Chief Financial Officer of Dave & Buster's Entertainment, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dave & Buster's Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's third fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 10, 2024

/s/ Darin Harper

Darin Harper
Chief Financial Officer

CERTIFICATION

In connection with the Quarterly Report of Dave & Buster's Entertainment, Inc. (the "Company") on Form 10-Q for the period ended August 6, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Morris, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the applicable requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 10, 2024

/s/ Christopher Morris
Christopher Morris
Chief Executive Officer

CERTIFICATION

In connection with the Quarterly Report of Dave & Buster's Entertainment, Inc. (the "Company") on Form 10-Q for the period ended August 6, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Quartieri, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the applicable requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 10, 2024

/s/ Michael A. Quartieri

Michael A. Quartieri
Chief Financial Officer