

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**Form 10-Q**

---

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED **October 31, 2021**

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)

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

**2481 Mañana Drive, Dallas, Texas, 75220**  
(Address of principal executive offices) (Zip Code)

**(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 December 2, 2021, the registrant had 48,422,820 shares of common stock, \$0.01 par value per share, outstanding.

---

---

[Table of Contents](#)

**DAVE & BUSTER'S ENTERTAINMENT, INC.**  
**FORM 10-Q FOR QUARTERLY PERIOD ENDED OCTOBER 31, 2021**  
**TABLE OF CONTENTS**

	<u>Page</u>
<b>PART I</b>	
<b><a href="#">FINANCIAL INFORMATION</a></b>	3
Item 1. <a href="#">Financial Statements</a>	3
Item 2. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	18
Item 3. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	31
Item 4. <a href="#">Controls and Procedures</a>	32
<b>PART II</b>	
<b><a href="#">OTHER INFORMATION</a></b>	32
Item 1. <a href="#">Legal Proceedings</a>	32
Item 1A. <a href="#">Risk Factors</a>	32
Item 2. <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	33
Item 6. <a href="#">Exhibits</a>	34
<a href="#">Signatures</a>	35

**PART I – FINANCIAL INFORMATION**
**Item 1. Financial Statements**

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

	October 31, 2021 (unaudited)	January 31, 2021 (audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 27,005	\$ 11,891
Inventories	37,256	23,807
Prepaid expenses	12,376	11,878
Income taxes receivable	67,646	70,064
Other current assets	2,101	1,231
Total current assets	146,384	118,871
Property and equipment (net of \$891,352 and \$798,804 accumulated depreciation as of October 31, 2021 and January 31, 2021, respectively)	779,518	815,027
Operating lease right of use assets	1,038,269	1,037,569
Deferred tax assets	9,467	5,874
Tradenames	79,000	79,000
Goodwill	272,561	272,597
Other assets and deferred charges	25,517	23,886
Total assets	<u>\$2,350,716</u>	<u>\$2,352,824</u>
<b>LIABILITIES AND STOCKHOLDERS’ EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 39,295	\$ 36,400
Accrued liabilities	250,948	234,790
Income taxes payable	435	446
Total current liabilities	290,678	271,636
Deferred income taxes	12,606	13,658
Operating lease liabilities	1,270,929	1,267,791
Other liabilities	45,267	50,119
Long-term debt, net	484,677	596,388
Commitments and contingencies		
Stockholders’ equity:		
Common stock, par value \$0.01; authorized: 400,000,000 shares; issued: 61,364,015 shares at October 31, 2021 and 60,488,833 shares at January 31, 2021; outstanding: 48,342,301 shares at October 31, 2021 and 47,646,606 shares at January 31, 2021	614	605
Preferred stock, 50,000,000 authorized; none issued	—	—
Paid-in capital	545,168	531,191
Treasury stock, 13,021,714 and 12,842,227 shares as of October 31, 2021 and January 31, 2021, respectively	(603,745)	(595,970)
Accumulated other comprehensive loss	(4,959)	(9,085)
Retained earnings	309,481	226,491
Total stockholders’ equity	246,559	153,232
Total liabilities and stockholders’ equity	<u>\$2,350,716</u>	<u>\$2,352,824</u>

See accompanying notes to consolidated financial statements.

**DAVE & BUSTER'S ENTERTAINMENT, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**  
(in thousands, except share and per share amounts)

	Thirteen Weeks Ended October 31, 2021	Thirteen Weeks Ended November 1, 2020
Food and beverage revenues	\$ 107,747	\$ 38,346
Amusement and other revenues	210,229	70,706
Total revenues	317,976	109,052
Cost of food and beverage	30,082	10,664
Cost of amusement and other	22,531	7,244
Total cost of products	52,613	17,908
Operating payroll and benefits	78,995	27,704
Other store operating expenses	103,322	70,783
General and administrative expenses	22,104	11,746
Depreciation and amortization expense	34,381	34,384
Pre-opening costs	2,092	2,570
Total operating costs	293,507	165,095
Operating income (loss)	24,469	(56,043)
Interest expense, net	13,423	8,213
Loss on debt extinguishment / refinancing	2,829	904
Income (loss) before benefit for income taxes	8,217	(65,160)
Benefit for income taxes	(2,368)	(17,117)
Net income (loss)	10,585	(48,043)
Unrealized foreign currency translation gain (loss)	(34)	34
Unrealized gain on derivatives, net of tax	1,371	1,370
Total other comprehensive income	1,337	1,404
Total comprehensive income (loss)	\$ 11,922	\$ (46,639)
Net income (loss) per share:		
Basic	\$ 0.22	\$ (1.01)
Diluted	\$ 0.21	\$ (1.01)
Weighted average shares used in per share calculations:		
Basic	48,277,358	47,613,741
Diluted	49,283,503	47,613,741

See accompanying notes to consolidated financial statements.

**DAVE & BUSTER'S ENTERTAINMENT, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**  
(in thousands, except share and per share amounts)

	Thirty-Nine Weeks Ended October 31, 2021	Thirty-Nine Weeks Ended November 1, 2020
Food and beverage revenues	\$ 316,511	\$ 119,268
Amusement and other revenues	644,443	200,423
Total revenues	960,954	319,691
Cost of food and beverage	86,366	32,667
Cost of amusement and other	63,729	21,997
Total cost of products	150,095	54,664
Operating payroll and benefits	209,897	85,197
Other store operating expenses	292,883	229,137
General and administrative expenses	57,665	35,587
Depreciation and amortization expense	104,355	104,896
Pre-opening costs	5,427	8,781
Total operating costs	820,322	518,262
Operating income (loss)	140,632	(198,571)
Interest expense, net	41,971	22,491
Loss on debt extinguishment / refinancing	2,829	904
Income (loss) before provision (benefit) for income taxes	95,832	(221,966)
Provision (benefit) for income taxes	12,842	(71,777)
Net income (loss)	82,990	(150,189)
Unrealized foreign currency translation gain (loss)	12	(97)
Unrealized gain (loss) on derivatives, net of tax	4,114	(2,207)
Total other comprehensive income (loss)	4,126	(2,304)
Total comprehensive income (loss)	\$ 87,116	\$ (152,493)
Net income (loss) per share:		
Basic	\$ 1.73	\$ (3.56)
Diluted	\$ 1.68	\$ (3.56)
Weighted average shares used in per share calculations:		
Basic	48,050,558	42,185,163
Diluted	49,257,269	42,185,163

See accompanying notes to consolidated financial statements.

**DAVE & BUSTER'S ENTERTAINMENT, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)**  
(in thousands, except share amounts)

	Thirteen Weeks Ended October 31, 2021							
	Common Stock		Paid-In Capital	Treasury Stock At Cost		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amt.		Shares	Amt.			
<b>Balance August 1, 2021</b>	61,276,473	\$613	\$540,348	13,020,098	\$(603,686)	\$ (6,296)	\$298,896	\$229,875
Net income	—	—	—	—	—	—	10,585	10,585
Unrealized foreign currency translation loss	—	—	—	—	—	(34)	—	(34)
Unrealized gain on derivatives, net of tax	—	—	—	—	—	1,371	—	1,371
Share-based compensation	—	—	3,778	—	—	—	—	3,778
Issuance of common stock	87,542	1	1,042	—	—	—	—	1,043
Repurchase of common stock	—	—	—	1,616	(59)	—	—	(59)
<b>Balance October 31, 2021</b>	<u>61,364,015</u>	<u>\$614</u>	<u>\$545,168</u>	<u>13,021,714</u>	<u>\$(603,745)</u>	<u>\$ (4,959)</u>	<u>\$309,481</u>	<u>\$246,559</u>

	Thirteen Weeks Ended November 1, 2020							
	Common Stock		Paid-In Capital	Treasury Stock At Cost		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amt.		Shares	Amt.			
<b>Balance August 2, 2020</b>	60,422,212	\$604	\$526,253	12,827,300	\$(595,728)	\$ (12,077)	\$331,319	\$250,371
Net loss	—	—	—	—	—	—	(48,043)	(48,043)
Unrealized foreign currency translation gain	—	—	—	—	—	34	—	34
Unrealized gain on derivatives, net of tax	—	—	—	—	—	1,370	—	1,370
Share-based compensation	—	—	2,999	—	—	—	—	2,999
Issuance of common stock	61,518	1	271	—	—	—	—	272
Repurchase of common stock	—	—	—	14,401	(229)	—	—	(229)
<b>Balance November 1, 2020</b>	<u>60,483,730</u>	<u>\$605</u>	<u>\$529,523</u>	<u>12,841,701</u>	<u>\$(595,957)</u>	<u>\$ (10,673)</u>	<u>\$283,276</u>	<u>\$206,774</u>

See accompanying notes to consolidated financial statements.

**DAVE & BUSTER'S ENTERTAINMENT, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)**  
(in thousands, except share amounts)

	Thirty-Nine Weeks Ended October 31, 2021							
	Common Stock		Paid-In Capital	Treasury Stock At Cost		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amt.		Shares	Amt.			
<b>Balance January 31, 2021</b>	60,488,833	\$605	\$531,191	12,842,227	\$(595,970)	\$ (9,085)	\$226,491	\$153,232
Net income	—	—	—	—	—	—	82,990	82,990
Unrealized foreign currency translation gain	—	—	—	—	—	12	—	12
Unrealized gain on derivatives, net of tax	—	—	—	—	—	4,114	—	4,114
Share-based compensation	—	—	9,936	—	—	—	—	9,936
Issuance of common stock	875,182	9	4,041	—	—	—	—	4,050
Repurchase of common stock	—	—	—	179,487	(7,775)	—	—	(7,775)
<b>Balance October 31, 2021</b>	<u>61,364,015</u>	<u>\$614</u>	<u>\$545,168</u>	<u>13,021,714</u>	<u>\$(603,745)</u>	<u>\$ (4,959)</u>	<u>\$309,481</u>	<u>\$246,559</u>

  

	Thirty-Nine Weeks Ended November 1, 2020							
	Common Stock		Paid-In Capital	Treasury Stock At Cost		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amt.		Shares	Amt.			
<b>Balance February 2, 2020</b>	43,386,852	\$434	\$339,161	12,783,512	\$(595,041)	\$ (8,369)	\$ 433,465	\$ 169,650
Net loss	—	—	—	—	—	—	(150,189)	(150,189)
Unrealized foreign currency translation loss	—	—	—	—	—	(97)	—	(97)
Unrealized loss on derivatives, net of tax	—	—	—	—	—	(2,207)	—	(2,207)
Share-based compensation	—	—	5,344	—	—	—	—	5,344
Issuance of common stock	17,096,878	171	185,018	—	—	—	—	185,189
Repurchase of common stock	—	—	—	58,189	(916)	—	—	(916)
<b>Balance November 1, 2020</b>	<u>60,483,730</u>	<u>\$605</u>	<u>\$529,523</u>	<u>12,841,701</u>	<u>\$(595,957)</u>	<u>\$ (10,673)</u>	<u>\$ 283,276</u>	<u>\$ 206,774</u>

See accompanying notes to consolidated financial statements.

**DAVE & BUSTER'S ENTERTAINMENT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(in thousands)

	Thirty-Nine Weeks Ended October 31, 2021	Thirty-Nine Weeks Ended November 1, 2020
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 82,990	\$ (150,189)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	104,355	104,896
Non-cash interest expense	5,660	4,088
Impairment of long-lived assets	—	13,727
Deferred taxes	(6,191)	(17,730)
Loss on disposal of fixed assets	634	541
Loss on debt extinguishment or refinancing	2,829	904
Share-based compensation	9,936	5,344
Other, net	3,250	1,292
Changes in assets and liabilities:		
Inventories	(13,449)	7,745
Prepaid expenses	(498)	2,761
Income tax receivable	2,418	(42,243)
Other current assets	(870)	2,580
Other assets and deferred charges	(1,859)	(3)
Accounts payable	(3,419)	(11,945)
Accrued liabilities	19,069	44,742
Income taxes payable	(11)	(2,639)
Other liabilities	(6,346)	4,375
Net cash provided by (used in) operating activities	<u>198,498</u>	<u>(31,754)</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(63,559)	(72,604)
Proceeds from sales of property and equipment	550	234
Net cash used in investing activities	<u>(63,009)</u>	<u>(72,370)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from debt	37,000	688,000
Payments of debt	(152,000)	(760,250)
Net proceeds from the issuance of common stock	—	182,207
Proceeds from the exercise of stock options	4,050	465
Dividends paid	—	(4,891)
Repurchases of common stock to satisfy employee withholding tax obligations	(7,775)	(16,805)
Debt issuance costs and prepayment premiums	(1,650)	(916)
Net cash provided by (used in) financing activities	<u>(120,375)</u>	<u>87,810</u>
Increase (decrease) in cash and cash equivalents	15,114	(16,314)
Beginning cash and cash equivalents	11,891	24,655
Ending cash and cash equivalents	<u>\$ 27,005</u>	<u>\$ 8,341</u>
<b>Supplemental disclosures of cash flow information:</b>		
Increase (decrease) in fixed asset accounts payable	\$ 6,314	\$ (12,315)
Cash paid (refund received) for income taxes, net	\$ 16,043	\$ (9,281)
Cash paid for interest, net	\$ 43,910	\$ 17,306

See accompanying notes to consolidated financial statements.



**DAVE & BUSTER’S ENTERTAINMENT, INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in thousands, except share and per share amounts)**

**Note 1: Summary of Significant Accounting Policies**

The accompanying unaudited 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 & Busters, Inc. (“D&B Inc”), the operating company. All intercompany balances and transactions have been eliminated in consolidation. The Company, headquartered in Dallas, Texas, is a leading operator of high-volume entertainment and dining venues (“stores”) in North America for adults and families under the name “Dave & Buster’s”. The Company operates its business as one operating and one reportable segment. During the thirteen weeks ended October 31, 2021, we opened one new store located in Bellevue, Washington and during the thirty-nine weeks ended October 31, 2021, we opened three new stores. At October 31, 2021, we owned and operated 143 stores located in 40 states, Puerto Rico and one Canadian province.

The Company operates 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. Fiscal 2021 and 2020, which end on January 30, 2022 and January 31, 2021, respectively, contain 52 weeks.

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 January 31, 2021, included in our Annual Report on Form 10-K as filed with the SEC.

**COVID-19 Considerations** — On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic and on March 13, 2020, the United States declared a National Public Health Emergency. As a result, several state and local mandates were implemented that encouraged the practice of social distancing, placed restrictions from individuals gathering in groups and, in many areas, placed complete restrictions on non-essential movement outside of the home. Shortly after the national emergency declaration, state and local officials began placing restrictions on businesses, some of which allowed To-Go or curbside service only while others limited capacity in the dining room or midway. By March 20, 2020, all our 137 operating stores were temporarily closed. On April 30, 2020, our first store re-opened to the public, as state and local guidelines began to allow dining rooms and arcades to open at limited capacity and/or limited hours of operation. By the end of fiscal 2020, 107 of our 140 stores were open and operating in limited capacity, including five new stores for which construction had commenced prior to the outbreak of the COVID-19 pandemic. The Company re-opened the remaining 34 stores that had been temporarily closed by August 1, 2021, the end of the second quarter of fiscal 2021.

As stores were re-opened during fiscal 2020, typically in limited capacity, the Company reduced labor and other operating costs. During fiscal 2020, the Company also negotiated with landlords and other vendors to negotiate relief from cash payments under existing lease and trade payable obligations, extending or reducing payment terms with several vendors. Regarding negotiations with landlords, a total of 126 initial rent relief agreements related to our operating locations and corporate headquarters were executed during fiscal 2020, which generally provided for rent deferrals on all or a portion of rent for up to six months. As the COVID-19 pandemic continued to impact our business into the fourth quarter, the Company renewed negotiations with the majority of these landlords in order to provide additional rent relief, generally seeking to delay or extend the terms of deferral pay back periods and/or provide rent relief beyond the periods in the initial agreements. The second phase of negotiations resulted in 99 additional rent relief agreements, the last of which were executed in the third quarter of fiscal 2021.

In addition to reducing or deferring expenditures, including capital expenditures and discretionary spending, during the first half of fiscal 2020, the Company obtained additional liquidity through the sale of common stock, which resulted in net proceeds of \$182,207. On October 27, 2020, D&B Inc completed the private sale of \$550,000 in aggregate principal amount of 7.625% senior secured notes due 2025. At the same time, the revolving credit commitments under our existing credit facility were extended through August 17, 2024, and the suspension of our financial ratio covenants was extended until the last day of the first quarter of fiscal year 2022. On September 20, 2021, the Company redeemed \$55,000 outstanding principal amount of the senior secured notes. See Note 3, Debt, for more information on these transactions.

## [Table of Contents](#)

The measures taken by the Company as well as the re-opening of the Company's stores provide sufficient liquidity to meet estimated cash flow needs and covenant compliance obligations for at least the next twelve months from the issuance of the financial statements. We cannot predict whether, when or the manner in which the conditions surrounding COVID-19, particularly as a result of new variants of COVID-19, will change, including possible vaccination or mask mandates, capacity restrictions or re-closures of our currently open stores and customer engagement with our brand.

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 thirty-nine weeks ended October 31, 2021 are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending January 30, 2022.

**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 creates book overdrafts. A book overdraft of \$8,168 is presented in "Accounts payable" in the Consolidated Balance Sheets as of January 31, 2021. There was no book overdraft as of October 31, 2021. Changes in the book overdraft position are presented within "Net cash provided by (used in) operating activities" within the Consolidated Statements of Cash Flows.

**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 as follows: Level One inputs are quoted prices available for identical assets or liabilities in active markets; Level Two inputs are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; and Level Three inputs are unobservable and reflect management's own assumptions.

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 interest rate swap is determined based upon Level Two inputs which includes valuation models as reported by our counterparties and third-party valuation specialists. These valuation models are based on the present value of expected cash flows using forward rate curves. The fair value of borrowings under our revolving credit facility was \$62,114 as of January 31, 2021, and the fair value of our senior secured notes was \$527,776 and \$576,033 as of October 31, 2021 and January 31, 2021, respectively. The fair value of the Company's debt is determined based on a discounted cash flow method, using a sector-specific yield curve based on market-derived, trade price data as of the measurement date, and is classified as a Level Two input within the fair value hierarchy.

The Company also measures certain non-financial assets (primarily property and equipment, right-of-use ("ROU") assets, goodwill, tradenames and other assets) at fair value on a non-recurring basis in connection with its periodic evaluations of such assets for potential impairment.

During the thirteen and thirty-nine weeks ended November 1, 2020, the Company recorded an impairment charge for its long-lived assets, including ROU assets, of \$0 and \$6,746, respectively, primarily driven by the expected impact of the COVID-19 pandemic on future cash flows of specific stores. During the thirty-nine weeks ended October 31, 2021, the Company did not identify triggering events which would require a change in management's estimate regarding the recoverability of store asset values, and no impairment related to our operating stores was recognized. The Company has determined no events and circumstances existed during the thirty-nine weeks ended October 31, 2021 that would indicate it is more likely than not that its goodwill or tradename are impaired. The ultimate severity and longevity of the COVID-19 pandemic is unknown, and therefore, it is possible that impairments could be identified in future periods, and such amounts could be material.

During the thirteen and thirty-nine weeks ended November 1, 2020, the Company recorded an impairment loss and related contract termination costs of \$0 and \$6,981 related to projects in development and discussions to terminate several executed lease contracts that had not yet commenced, which is included in "Other store operating expenses" in the Consolidated Statements of Comprehensive Income (Loss). There were no impairment charges related to our potential future sites during the thirty-nine weeks ended October 31, 2021.

**Interest rate swaps** — Effective February 28, 2019, the Company entered into three interest rate swap agreements to manage our exposure to interest rate movements on our variable rate credit facility. The agreements entitle the Company to receive at specified intervals, a variable rate of interest based on one-month LIBOR in exchange for the payment of a fixed rate of interest throughout the life of the agreements. The notional amount of the swap agreements, which mature August 17, 2022, totals \$350,000 and the fixed rate of interest for all agreements is 2.47%.

## Table of Contents

The Company initially designated its interest rate swap agreements as a cash flow hedge and accounted for the underlying activity in accordance with hedge accounting. Effective April 14, 2020, the Company amended its existing credit facility agreement to obtain relief from its financial covenants, and as a result, the variable interest rate terms were modified to create an interest rate floor of 1.00%. Accordingly, and as a result of the then current forward interest rate curve, the Company discontinued the hedging relationship as of April 14, 2020 (de-designation date). Given the continued existence of the hedged interest payments, the Company is reclassifying its accumulated other comprehensive loss of \$17,609 as of the de-designation date into “Interest expense, net” using a straight-line approach over the remaining life of the originally designated hedging relationship. The amount of pre-tax losses in accumulated other comprehensive loss reclassified into interest expense subsequent to the de-designation date was \$5,660 and \$4,088 for the thirty-nine weeks ended October 31, 2021 and November 1, 2020, respectively, and the Company expects to reclassify \$5,975 within the next twelve months. Effective with the de-designation, any gain or loss on the derivatives are recognized in earnings in the period in which the change occurs. For the thirty-nine weeks ended October 31, 2021 and November 1, 2020, a gain of \$92 and a loss of \$1,578, respectively, were recognized, which are included in “Other store operating expenses” in the Consolidated Statements of Comprehensive Income (Loss).

Prior to the de-designation, changes in the fair values of the interest rate swaps were recorded as a component of other comprehensive loss until the interest payments being hedged were recorded as interest expense, at which time the amounts in accumulated other comprehensive loss were reclassified as an adjustment to interest expense. Cash flows related to the interest rate swaps were included as a component of interest expense and in operating activities.

Credit risk related to the failure of our counterparties to perform under the terms of the swap agreements is minimized by entering transactions with carefully selected, credit-worthy parties and the fact that the swap contracts are distributed among several financial institutions to reduce the concentration of credit risk. Our swap agreements with our derivative counterparties contain a provision where if the Company defaults on any of its indebtedness, and repayment of the indebtedness has been accelerated, the Company could also be declared in default on its derivative obligations.

The following derivative instruments were outstanding as of the end of the periods indicated:

	Balance Sheet Location	Fair Value	
		October 31, 2021	January 31, 2021
Interest rate swaps	Accrued liabilities	\$ (6,384)	\$ (8,350)
Interest rate swaps	Other liabilities	—	(4,416)
Total derivatives		<u>\$ (6,384)</u>	<u>\$ (12,766)</u>

The following table summarizes the activity in accumulated other comprehensive loss related to our derivative instruments:

	Thirteen weeks ended		Thirty-nine weeks ended	
	October 31, 2021	November 1, 2020	October 31, 2021	November 1, 2020
Loss recorded in accumulated other comprehensive income	\$ —	\$ —	\$ —	\$ 7,602
Loss reclassified into income (1)	\$ (1,886)	\$ (1,886)	\$ (5,660)	\$ (4,566)
Income tax expense (benefit) in accumulated other comprehensive income	\$ 515	\$ 516	\$ 1,546	\$ (829)

(1) Amounts reclassified into income are included in “Interest expense, net” in the Consolidated Statements of Comprehensive Income (Loss).

**Revenue recognition** — Amusement revenues are primarily recognized upon utilization of game play credits on power cards purchased and used by customers to activate video and redemption games. Redemption games allow customers to earn tickets, which may be redeemed for prizes in our WIN! area. We have deferred a portion of amusement revenues for the estimated unfulfilled performance obligations 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 thirteen and thirty-nine weeks ended October 31, 2021, we recognized revenue of approximately \$12,900 and \$37,700, respectively, related to the amount in deferred amusement revenue as of the end of fiscal 2020.

## Table of Contents

In jurisdictions where we do not have a legal obligation to remit unredeemed gift card balances to a legal authority, we recognize revenue on unredeemed gift cards in proportion to the pattern of redemption by the customers. During the thirteen and thirty-nine weeks ended October 31, 2021, we recognized revenue of approximately \$1,200 and \$3,000, respectively, related to the amount in deferred gift card revenue as of the end of fiscal 2020, of which approximately \$690 and \$930, respectively, was breakage revenue.

**Stockholders' equity** — In our consolidated financial statements, the Company treats shares withheld for tax purposes on behalf of our employees in connection with the vesting of time-based and performance restricted stock units as common stock repurchases because they reduce the number of shares that would have been issued upon vesting. During the thirty-nine weeks ended October 31, 2021 and November 1, 2020, we withheld 179,487 and 58,189 shares of common stock to satisfy \$7,775 and \$916 of employees' tax obligations, respectively. The share activity in the thirty-nine weeks ended November 1, 2020 includes the settlements of \$2,517 cash obligations through the issuance of 160,540 shares of common stock.

On April 14, 2020, pursuant to an open market sale agreement, the Company sold 6,149,936 shares of its common stock at a price of \$12.20 per share, for proceeds of \$75,000, prior to deducting offering expenses related to the offering. During May 2020, the Company entered into an underwriting agreement, pursuant to which it sold an additional 10,593,416 shares of its common stock (including shares under an over-allotment option) at a price of \$10.44 per share, for proceeds of \$110,600, prior to deducting offering costs.

Effective March 18, 2020, the Board of Directors of the Company adopted a 364-day duration Shareholder Rights Plan (the "Rights Plan") and declared a dividend of one preferred share purchase right for each outstanding share of common stock to shareholders of record on March 30, 2020 to purchase from the Company one one-ten thousandth of a share of Series A Junior Participating Preferred Stock, par value \$0.01 per share, of the Company for an exercise price of \$45.00, once the rights become exercisable, subject to adjustment as provided in the related rights agreement. The Rights Plan expired on March 17, 2021.

**Earnings per share** — Basic net income (loss) per share is computed by dividing net income (loss) available to common shareholders by the basic weighted average number of common shares outstanding for the reporting period. Diluted net income (loss) 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 (loss) 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 (loss) per share calculation. For the thirteen weeks ended October 31, 2021 and November 1, 2020, the Company excluded anti-dilutive awards from the calculation of approximately 236,279 and 1,652,925, respectively. For the thirty-nine weeks ended October 31, 2021 and November 1, 2020, the Company excluded anti-dilutive awards from the calculation of approximately 161,093 and 1,523,945, respectively. Basic weighted average shares outstanding are reconciled to diluted weighted average shares outstanding as follows:

	Thirteen weeks ended		Thirty-nine weeks ended	
	October 31, 2021	November 1, 2020	October 31, 2021	November 1, 2020
Basic weighted average shares outstanding	48,277,358	47,613,741	48,050,558	42,185,163
Weighted average dilutive impact of awards (1)	1,006,145	—	1,206,711	—
Diluted weighted average shares outstanding	49,283,503	47,613,741	49,257,269	42,185,163

(1) Amounts exclude all potential common and common equivalent shares for periods when there is a net loss.

**Recently adopted accounting guidance** — In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which removes certain exceptions related to the approach for intraperiod tax allocations, the calculation of income taxes in interim periods, and the recognition of deferred taxes for taxable goodwill. The Company adopted this standard as of the beginning of fiscal year 2021, and the adoption did not have a material impact on our consolidated financial statements.

**Recent accounting pronouncements** — In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Reform on Financial Reporting*, which provides temporary optional expedients and exceptions to the current guidance for contract modifications and hedging relationships through December 31, 2022, that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. A contract modification resulting from reference rate reform may be accounted for as a continuation of the existing contract rather than the creation of a new contract. Additionally, changes in the critical terms of hedging relationships, caused by reference rate reform, should not result in the de-designation of the instrument, provided certain criteria are met. Although the Company has swap agreements based on LIBOR rates, the guidance is not expected to have an impact on our consolidated financial statements due to the de-designation of our hedging relationships in fiscal 2020.

**Note 2: Accrued Liabilities**

Accrued liabilities consist of the following as of the end of each period:

	<u>October 31, 2021</u>	<u>January 31, 2021</u>
Deferred amusement revenue	\$ 92,909	\$ 78,852
Current portion of operating lease liabilities, net (1)	51,735	46,471
Compensation and benefits	24,702	13,846
Current portion of deferred occupancy costs	22,564	36,121
Property taxes	10,449	8,149
Deferred gift card revenue	9,564	10,918
Current portion of derivatives	6,384	8,350
Utilities	5,453	4,151
Current portion of long-term insurance	5,100	5,100
Sales and use taxes	4,177	1,385
Customer deposits	4,130	1,373
Accrued interest	256	11,321
Other	13,525	8,753
Total accrued liabilities	<u>\$ 250,948</u>	<u>\$ 234,790</u>

- (1) The balance of leasehold incentive receivables of \$3,823 and \$8,763 as of October 31, 2021 and January 31, 2021, respectively, is reflected as a reduction of the current portion of operating lease liabilities.

**Note 3: Debt**

Long-term debt consists of the following:

	<u>October 31, 2021</u>	<u>January 31, 2021</u>
Senior secured notes	\$ 495,000	\$ 550,000
Credit facility - revolver	—	60,000
Total debt outstanding	495,000	610,000
Less debt issuance costs	(10,323)	(13,612)
Long-term debt, net	<u>\$ 484,677</u>	<u>\$ 596,388</u>

On October 27, 2020, the Company issued \$550,000 aggregate principal amount of 7.625% senior secured notes (the “Notes”). Interest on the Notes accrues from October 27, 2020 and is payable in arrears on November 1 and May 1 of each year, commencing on May 1, 2021. The Notes mature on November 1, 2025, unless earlier redeemed, and are subject to the terms and conditions set forth in the related indenture. Prior to November 1, 2022, but not more than once during any twelve-month period commencing with the issue date of the Notes, the Company may redeem up to 10% of the original principal amount of the Notes at a redemption price of 103% of the principal amount, plus accrued and unpaid interest, at the redemption date. After November 1, 2022, the Company may redeem the Notes, in whole or in part, at certain specified redemption prices, plus accrued and unpaid interest, at the redemption date. 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, which is substantially the same as the guarantors of the Company’s existing credit facility.

The Company used the proceeds of the Notes offering, along with cash on hand, to repay the \$255,000 principal balance of the term loan facility, \$463,000 of borrowings under the revolving credit facility, and related accrued interest. The Company incurred debt costs of \$18,300, which are being amortized over the terms of the respective Notes and revolving credit facility. The Company also recorded a loss of \$904 related to the unamortized debt costs associated with the term portion of the credit facility.

Concurrent and subject to the issuance of the Notes, the Company entered into a second amendment to its existing credit facility, which included relief from testing compliance with certain financial covenants until the last day of the fiscal quarter ending on May 1, 2022. During the financial covenant suspension period the Company is required to maintain minimum liquidity (primarily availability under the credit facility) of \$150,000. The second amendment extended the maturity date of the \$500,000 revolving portion of the

## Table of Contents

facility from August 17, 2022 to August 17, 2024, increased the interest rate spread to 4.00% during the financial covenant suspension period, and instituted a 1.00% utilization fee during that same time. The utilization fee is due at maturity. The financial covenant suspension period may end earlier, at the Company's election, if certain predetermined financial covenant ratios are achieved. After the financial covenant suspension period, the interest rate spread ranges from 1.25% to 3.00%. The second amendment terminated the term loan portion of the credit facility, which triggered payment of \$1,900 of lender debt costs associated with the first amendment. The first amendment, effective April 14, 2020, provided initial relief from compliance with financial covenants after the COVID-19 pandemic and increased the interest rate spread on variable rate debt to 2.00% plus a LIBOR floor of 1.00%.

Our credit facility and Notes 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.

On September 20, 2021, the Company redeemed \$55,000 outstanding principal amount of the Notes. In connection with the early redemption of the Notes, the Company paid a prepayment premium of \$1,650, plus accrued and unpaid interest to the date of redemption, pursuant to the terms of the indenture governing the Notes. Additionally, the early redemption of the Notes resulted in a loss on extinguishment of \$1,179 related to a proportionate amount of unamortized issuance costs. Refer to Note 8 regarding additional early redemption in fiscal 2021.

For the thirty-nine weeks ended October 31, 2021 and November 1, 2020, respectively, the Company's weighted average interest rate on outstanding borrowings was 10.26% and 4.17%, respectively. At October 31, 2021, we had letters of credit outstanding of \$10,486 and an unused commitment balance of \$489,514 under the revolving credit facility.

**Interest expense, net** — The following table sets forth our recorded interest expense, net:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 31, 2021	November 1, 2020	October 31, 2021	November 1, 2020
Interest expense on debt	\$ 10,782	\$ 6,092	\$ 33,921	\$ 17,255
Interest associated with swap agreements	1,886	1,886	5,660	4,566
Amortization of issuance cost	1,070	427	3,275	1,081
Interest income	—	—	—	(22)
Capitalized interest	(315)	(192)	(885)	(389)
Total interest expense, net	\$ 13,423	\$ 8,213	\$ 41,971	\$ 22,491

## Note 4: Leases

We currently lease most of the buildings or sites for our stores, corporate office, 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 includes 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 corporate office and warehouse, in the Consolidated Statements of Comprehensive Income (Loss).

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 31, 2021	November 1, 2020	October 31, 2021	November 1, 2020
Operating lease cost	\$ 33,915	33,278	\$ 100,506	100,162
Variable lease cost	7,862	5,351	22,492	18,405
Short-term lease cost	121	102	431	329
Total	\$ 41,898	\$ 38,731	\$ 123,429	\$ 118,896

## [Table of Contents](#)

During fiscal 2020, the Company entered into 126 initial rent relief agreements with our respective landlords on operating locations and our corporate headquarters. Under these agreements, certain rent payments will be abated, deferred or modified without penalty for various periods, generally providing for full deferral for three months beginning April 2020, with partial deferrals continuing for periods of up to six months at approximately 50% of those locations. As the COVID-19 pandemic continued to impact our business into the fourth quarter of fiscal 2020, the Company renewed negotiations with the majority of these landlords in order to provide additional rent relief, generally seeking to delay or extend the terms of deferral pay back periods and/or provide rent relief beyond the periods in the initial agreements. The second phase of negotiations resulted in 99 additional rent relief agreements, the last of which were executed in the third quarter of fiscal 2021. The Company has elected to apply the practical expedient to account for lease concessions and deferrals resulting directly from COVID-19 as though the enforceable rights and obligations to the deferrals existed in the respective contracts at lease inception and will not account for the concessions as lease modifications unless the concession results in a substantial increase in the Company's obligations. A total of 208 of our 225 rent relief agreements qualified for this accounting election, and the remaining agreements were treated as lease modifications, primarily due to a significant extension of the lease term. The Company has bifurcated our current operating lease liabilities into the portion that remains subject to accretion and the portion that is accounted for as a deferral of payments or as short payments. The current portion of deferred occupancy costs or short pays is included in "Accrued liabilities" and the balance, or \$12,175 and \$16,243 as of October 31, 2021 and January 31, 2021, respectively, is included in "Other liabilities" in the Consolidated Balance Sheets.

### **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.

The Company is a defendant in several lawsuits filed in courts in California alleging violations of California Business and Professions Code, industry wage orders, wage-and-hour laws and rules and regulations pertaining primarily to the failure to pay proper regular and overtime wages, failure to pay for missed meals and rest periods, pay stub violations, failure to pay all wages due at the time of termination and other employment related claims (the "California Cases"). Some of the California Cases purport or may be determined to be class actions or Private Attorneys General Act representative actions and seek substantial damages and penalties. During fiscal 2020, the Company settled a portion of the cases at the approximate amount estimated and accrued. For the remaining cases, the Company's assessments are based on assumptions that have been deemed reasonable by management, but that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause the Company to change those estimates and assumptions. Management's assessment of these California Cases, as well as other lawsuits, could change because of future determinations or the discovery of facts that are not presently known. Accordingly, the ultimate costs of resolving these cases may be substantially higher or lower than estimated. The Company continues to aggressively defend the remaining cases.

**Note 6: Share-Based Compensation**

Compensation expense related to stock options and restricted stock units is included in “General and administrative expenses” in the Consolidated Statements of Comprehensive Income (Loss) and is as follows:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 31, 2021	November 1, 2020	October 31, 2021	November 1, 2020
Stock options	\$ 88	269	\$ 446	1,099
Restricted stock units	3,690	2,730	9,490	4,245
Share-based compensation expense	<u>\$ 3,778</u>	<u>\$ 2,999</u>	<u>\$ 9,936</u>	<u>\$ 5,344</u>

Transactions related to stock option awards during the thirty-nine weeks ended October 31, 2021 were as follows:

	2014 Stock Incentive Plan		2010 Stock Incentive Plan	
	Number of Options	Wtd. Avg. Exercise Price	Number of Options	Wtd. Avg. Exercise Price
Outstanding at January 31, 2021	1,231,601	\$ 36.77	173,563	\$ 7.51
Granted	—	—	—	—
Exercised	(203,861)	16.48	(100,009)	6.90
Forfeited	(13,167)	45.75	—	—
Outstanding at October 31, 2021	<u>1,014,573</u>	<u>\$ 40.73</u>	<u>73,554</u>	<u>\$ 8.33</u>
Exercisable at October 31, 2021	<u>950,187</u>	<u>\$ 39.97</u>	<u>73,554</u>	<u>\$ 8.33</u>

The total intrinsic value of options exercised during the thirty-nine weeks ended October 31, 2021 was \$8,756. The unrecognized expense related to our stock option plan totaled approximately \$125 as of October 31, 2021 and will be expensed over a weighted average period of 0.4 years.

Transactions related to restricted stock units during the thirty-nine weeks ended October 31, 2021, were as follows:

	Shares	Wtd. Avg. Fair Value
Outstanding at January 31, 2021	1,116,341	\$ 17.32
Granted	301,847	47.82
Performance adjusted units	362,491	15.30
Vested	(571,312)	15.39
Forfeited	(51,686)	38.01
Outstanding at October 31, 2021	<u>1,157,681</u>	<u>\$ 24.67</u>

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 market stock units was determined using a Monte-Carlo simulation model. The unrecognized expense related to restricted stock units was \$13,692 as of October 31, 2021 and will be expensed over a weighted average period of 1.8 years.

During the thirty-nine weeks ended October 31, 2021 and November 1, 2020, excess tax expense (benefit) of \$(6,034) and \$431, respectively, were recognized in the “Provision (benefit) for income taxes” in the Consolidated Statement of Comprehensive Income (Loss) and classified as a source in operating activities in the Consolidated Statement of Cash Flows.

**Note 7: Income Taxes**

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law. Intended to provide economic relief to those impacted by the COVID-19 pandemic, the CARES Act includes provisions, among others, allowing for the carryback of net operating losses generated in fiscal 2018, 2019 and 2020 and technical amendments regarding the expensing of qualified improvement property. The application of the technical amendments made by the CARES Act to qualified improvement property resulted in additional tax net operating losses which were carried back from fiscal 2020 and fiscal 2019 to years with a higher federal corporate income tax rate. During the second quarter of fiscal 2021, the Company filed the fiscal 2020 carryback claims for federal tax refunds of approximately \$57,400. Due to government delays in processing these claims, we do not expect to receive a majority of these funds until fiscal 2022.



---

## [Table of Contents](#)

The effective tax rate for the thirty-nine weeks ended October 31, 2021, was 13.4%, compared to a benefit of 32.3% for the thirty-nine weeks ended November 1, 2020. The current year tax provision includes higher excess tax benefits associated with share-based compensation while the prior year tax provision was a tax benefit primarily due to the impact of the pre-tax loss and the impact of the tax provisions within the CARES Act.

### **Note 8: Subsequent Event**

On November 11, 2021, the Company redeemed an additional \$55,000 outstanding principal amount of the Notes using available cash and funds from its revolving credit facility. In connection with the early redemption of the Notes, the Company paid a prepayment premium of \$1,650, plus accrued and unpaid interest to the date of redemption, pursuant to the terms of the indenture governing the Notes. The early redemption of the Notes resulted in a loss on extinguishment of approximately \$1,100 related to a proportionate amount of unamortized issuance costs. At November 28, 2021, the Company's total debt outstanding was \$463,000, consisting of \$440,000 of Notes and \$23,000 in borrowing under the revolving credit facility.

On December 7, 2021, the Company filed notice with the credit facility administrative agent to immediately terminate the covenant suspension period.

## **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 unaudited 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 Securities and Exchange Commission (“SEC”) on March 31, 2021. 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 Unaudited 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 March 31, 2021. 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, those results or developments may not be indicative of results or developments in subsequent periods.

### **Recent Developments**

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic and on March 13, 2020, the United States declared a National Public Health Emergency. Shortly after the national emergency declaration, state and local officials began placing restrictions on businesses, some of which allowed To-Go or curbside service only while others limited capacity in the dining room or midway. By March 20, 2020, all our 137 operating stores were temporarily closed. On April 30, 2020, our first store re-opened to the public, as state and local guidelines began to allow dining rooms and arcades to open at limited capacity and/or limited hours of operation. By the end of fiscal 2020, 107 of our 140 stores were open and operating in limited capacity, including five new stores for which construction had commenced prior to the outbreak of the COVID-19 pandemic. The Company re-opened the remaining 34 stores that had been temporarily closed by August 1, 2021, the end of the second quarter of fiscal 2021.

The Company continues to be subject to risks and uncertainties as a result of the COVID-19 pandemic, particularly as a result of new variants of COVID-19, which appears to be causing an increase in COVID-19 cases. Public health officials and medical professionals have warned that a resurgence of COVID-19 cases may continue, particularly if vaccination rates do not quickly increase or if additional potent variants emerge. It is unclear how long a resurgence may last, how severe it may be, and what safety measures governments may impose in response to it. For instance, a few jurisdictions that our stores operate have recently imposed proof of vaccination requirements for our customers and team members, and many of our stores have face mask requirements. We cannot predict with certainty how quickly our customers will return to our stores once all restrictions have been lifted or the impact this will have on consumer spending habits. Additionally, in connection with the COVID-19 pandemic, there have been disruptions in various food and amusement supply chains, and we have incurred expenses to recall, hire and retain team members as our operating stores have re-opened and the majority of operating hour and capacity restrictions have been lifted.

### **Key Third Quarter 2021 Highlights**

- Revenues totaled \$317,976 compared with \$299,352 in the third quarter of 2019. Revenues totaled \$109,052 in the third quarter of 2020, which ended with 104 of our 137 stores open and operating in limited capacity.
- Overall comparable store sales were relatively flat, decreasing 0.4% compared with the same period in 2019 and increased 189.3% compared with the same period in 2020, which ended with 84 of our 114 comparable stores open and operating in limited capacity.

## [Table of Contents](#)

- Net income totaled \$10,585, or \$0.21 per diluted share, compared with net income of \$482, or \$0.02 per diluted share in the same period of 2019. In the same period of 2020, we recorded a net loss of \$48,043.
- EBITDA totaled \$58,850, or 18.5% of revenues, compared with EBITDA of \$39,839 or 13.3% of revenues in the third quarter of 2019. The increase in EBITDA over fiscal 2019 is largely driven by the higher mix of amusements, reductions in hourly labor costs, and reduced discretionary marketing spend. We recorded an EBITDA loss of \$21,659 in the third quarter of 2020.
- Ended the quarter with \$27,005 in cash and approximately \$340,000 of liquidity available under the Company's revolving credit facility, net of a \$150,000 minimum liquidity covenant and \$10,486 in letters of credit.

### 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 name "Dave & Buster's". Founded in 1982, the core of our concept is to offer our customers the opportunity to "Eat Drink Play and Watch" all in one location. Eat and Drink are offered through a full menu of entrées and appetizers and a full selection of non-alcoholic and alcoholic beverages. Our Play and Watch offerings provide an extensive assortment of entertainment attractions centered around playing games and watching live sports and other televised events. Our brand appeals to a relatively balanced mix of male and female adults, as well as families and teenagers. We believe we appeal to a diverse customer base by providing a highly customizable experience in a dynamic and fun setting.

Our stores, which average 40,000 square feet, range in size between 16,000 and 70,000 square feet. Our stores are generally open seven days a week, with normal hours of operation typically from 11:30 a.m. to midnight.

### Key Measures of Our Performance

We monitor and analyze several key performance measures to manage our business and evaluate financial and operating performance. These measures include:

**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 fiscal year and excluding stores permanently closed during the period. Due to the limitations of store operations during the COVID-19 pandemic, the comparable store base for fiscal 2021 is defined as stores open for a full 18 months before the beginning of fiscal 2020 and excludes two stores that the Company elected not to reopen after they were closed in March 2020 due to local operating limitations. At October 31, 2021, our comparable store base consisted of 114 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. Between November 2, 2020 and October 31, 2021, we opened six new stores (three in fiscal 2020 and three in fiscal 2021).

### Non-GAAP Financial Measures

In addition to the results provided in accordance with generally accepted accounting principles ("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, 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 entitled 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 pre-opening and 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 vary from period to period and do not directly relate to the ongoing operations of the currently underlying business of our stores and therefore complicate comparison of underlying business between periods. Nevertheless, because of the limitations described above, management does not view Adjusted EBITDA or Store Operating Income Before Depreciation and Amortization in isolation and also uses other measures, such as revenues, gross margin, operating income and net income, to measure operating performance.

## [Table of Contents](#)

**Adjusted EBITDA and Adjusted EBITDA Margin.** We define “Adjusted EBITDA” as net income (loss) plus interest expense, net, loss on debt extinguishment or refinancing, provision (benefit) for income taxes, depreciation and amortization expense, loss on asset disposal, impairment of long-lived assets, share-based compensation, pre-opening costs, 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.

**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 (loss) 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 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 operate on a 52 or 53-week fiscal year that ends on the Sunday after the Saturday closest to January 31. Each quarterly period has 13 weeks, except in a 53-week year when the fourth quarter has 14 weeks. All references to the third quarter of 2021 relate to the 13-week period ended October 31, 2021. All references to the third quarter of 2020 relate to the 13-week period ended November 1, 2020. All references to the third quarter of 2019 relate to the 13-week period ended November 3, 2019. Fiscal 2021, fiscal 2020 and fiscal 2019 consist of 52 weeks. All dollar amounts are presented in thousands, unless otherwise noted, except share and per share amounts.

### **Store-Level Variability, Quarterly Fluctuations, Seasonality and Inflation**

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

Our new stores historically 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 may result in significant fluctuations in quarterly results.

In the first year of operation new store operating margins (excluding pre-opening expenses) typically 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. Furthermore, rents in our new stores are typically higher than our comparable store base.

Our operating results fluctuate significantly due to seasonal factors. Typically, we have higher revenues associated with 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 the 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. Although there is no assurance that our

## [Table of Contents](#)

cost of products will remain stable or that federal, state or local minimum wage rates will not increase beyond amounts currently legislated, the effects of any supplier price increase or wage rate increases might be partially offset by selected menu price increases if competitively appropriate. In addition, how quickly, and to what extent, normal economic and operating conditions can resume cannot be predicted, and the resumption of normal business operations may be delayed or constrained by lingering effects of the COVID-19 pandemic on us or our suppliers, third-party service providers, and/or customers.

### Thirteen Weeks Ended October 31, 2021 Compared to Thirteen Weeks Ended November 1, 2020

**Results of operations.** The following table sets forth selected data, in thousands of dollars and as a percentage of total revenues (unless otherwise noted) for the periods indicated. All information is derived from the accompanying unaudited consolidated statements of comprehensive income (loss).

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	October 31, 2021		November 1, 2020	
Food and beverage revenues	\$ 107,747	33.9%	\$ 38,346	35.2%
Amusement and other revenues	210,229	66.1	70,706	64.8
Total revenues	317,976	100.0	109,052	100.0
Cost of food and beverage (as a percentage of food and beverage revenues)	30,082	27.9	10,664	27.8
Cost of amusement and other (as a percentage of amusement and other revenues)	22,531	10.7	7,244	10.2
Total cost of products	52,613	16.5	17,908	16.4
Operating payroll and benefits	78,995	24.8	27,704	25.4
Other store operating expenses	103,322	32.5	70,783	64.9
General and administrative expenses	22,104	7.0	11,746	10.8
Depreciation and amortization expense	34,381	10.8	34,384	31.5
Pre-opening costs	2,092	0.7	2,570	2.4
Total operating costs	293,507	92.3	165,095	151.4
Operating income (loss)	24,469	7.7	(56,043)	(51.4)
Interest expense, net	13,423	4.2	8,213	7.6
Loss on debt extinguishment / refinancing	2,829	0.9	904	0.8
Income (loss) before benefit for income taxes	8,217	2.6	(65,160)	(59.8)
Benefit for income taxes	(2,368)	(0.7)	(17,117)	(15.7)
Net income (loss)	\$ 10,585	3.3%	\$ (48,043)	(44.1)%
Change in comparable store sales (1)		189.3%		(65.6)%
Company-owned stores at end of period (1)		143		137
Comparable stores at end of period (1)		114		114

(1) As of the end of the third quarter of fiscal 2020, 104 of our 137 total stores and 84 of our 114 comparable stores were open and operating in limited capacity. Our comparable store count as of the end of the third quarter of fiscal 2020 excludes a store in Chicago, Illinois and a store in Houston, Texas, which were at or near the end of their respective lease terms, when the Company decided not to re-open.

## [Table of Contents](#)

### **Reconciliations of Non-GAAP Financial Measures**

#### **Adjusted EBITDA**

The following table reconciles (in dollars and as a percent of total revenues) Net income (loss) to Adjusted EBITDA for the periods indicated:

	<b>Thirteen Weeks Ended</b>		<b>Thirteen Weeks Ended</b>	
	<b>October 31, 2021</b>		<b>November 1, 2020</b>	
Net income (loss)	\$10,585	3.3%	\$(48,043)	-44.1%
Interest expense, net	13,423		8,213	
Loss on debt extinguishment / refinancing	2,829		904	
Benefit for income taxes	(2,368)		(17,117)	
Depreciation and amortization expense	34,381		34,384	
EBITDA	58,850	18.5%	(21,659)	-19.9%
Loss on asset disposal	377		124	
Share-based compensation	3,778		2,999	
Pre-opening costs	2,092		2,570	
Other costs (1)	3,112		(5)	
Adjusted EBITDA	<u>\$68,209</u>	21.5%	<u>\$(15,971)</u>	-14.6%

- (1) Primarily represents costs related to currency transaction (gains) or losses. The third quarter of fiscal 2021 includes a \$3,230 severance obligation to the Company's former Chief Executive Officer, who terminated his service in this position effective September 30, 2021.

#### **Store Operating Income Before Depreciation and Amortization**

The following table reconciles (in dollars and as a percent of total revenues) Operating income (loss) to Store Operating Income Before Depreciation and Amortization for the periods indicated:

	<b>Thirteen Weeks Ended</b>		<b>Thirteen Weeks Ended</b>	
	<b>October 31, 2021</b>		<b>November 1, 2020</b>	
Operating income (loss)	\$24,469	7.7%	\$(56,043)	-51.4%
General and administrative expenses	22,104		11,746	
Depreciation and amortization expense	34,381		34,384	
Pre-opening costs	2,092		2,570	
Store Operating Income Before Depreciation and Amortization	<u>\$83,046</u>	26.1%	<u>\$(7,343)</u>	-6.7%

#### **Capital Additions**

The table below reflects accrual-based capital additions. Capital additions do not include any reductions for accrual-based leasehold improvement incentives or proceeds from sale-leaseback transactions (collectively, "Payments from landlords").

	<b>Thirteen Weeks Ended</b>		<b>Thirteen Weeks Ended</b>	
	<b>October 31, 2021</b>		<b>November 1, 2020</b>	
New store and operating initiatives	\$	20,616	\$	7,700
Games		195		361
Maintenance capital		8,402		1,208
Total capital additions	<u>\$</u>	<u>29,213</u>	<u>\$</u>	<u>9,269</u>
Payments from landlords	\$	5,717	\$	4,709

**Results of Operations****Revenues**

In response to the COVID-19 outbreak, which was declared a global pandemic on March 11, 2020 and a National Public Health Emergency in the United States on March 13, 2020, the Company temporarily closed all of our stores by March 20, 2020. On April 30, 2020, our first store re-opened to the public, as state and local guidelines began to allow dining rooms and arcades to open with capacity and other restrictions, with two additional stores offering limited food and beverage for off-premises dining by the end of our first quarter of fiscal 2020. By the end of the third quarter of fiscal 2020, 104 of our 137 stores were open and operating with a combination of limited menus, reduced dining room seating, reduced games in the midway, reduced operating hours and other restrictions referred to as "limited operations". Of these 104 open stores, 84 were comparable stores. By the end of our second quarter of the current fiscal year, all of the Company's stores were open and operating, the majority of which having no operating restrictions.

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

	<b>Thirteen Weeks Ended</b>		
	<b>October 31, 2021</b>	<b>November 1, 2020</b>	<b>Change</b>
Total revenues	\$ 317,976	\$ 109,052	\$208,924
Total store operating weeks	1,854	1,221	633
Comparable store revenues	\$ 259,206	\$ 89,592	\$169,614
Comparable store operating weeks	1,482	993	489
Noncomparable store revenues	\$ 55,356	20,092	\$ 35,264
Noncomparable store operating weeks	372	228	144
Other revenues and deferrals	\$ 3,414	\$ (632)	\$ 4,046

Total revenues increased \$208,924, or 191.6%, to \$317,976 in the third quarter of fiscal 2021 compared to total revenues of \$109,052 in the third quarter of fiscal 2020. The increase in revenue is attributable primarily to more store operating weeks in the third quarter of fiscal 2021 compared to the prior year due to temporary store closures during the third quarter of fiscal 2020, as a result of the COVID-19 pandemic. For the thirteen weeks ended October 1, 2021, we derived 22.7% of our total revenue from food sales, 11.2% from beverage sales, 65.5% from amusement sales and 0.6% from other sources. For the thirteen weeks ended November 1, 2020, we derived 23.2% of our total revenue from food sales, 12.0% from beverage sales, 64.4% from amusement sales and less than 0.4% from other sources. The shift in mix from food and beverage sales to amusement sales of 109 basis points is due, in part, to reduced special events and less discounting of amusements, offset somewhat by food price increases effective midway through the third quarter of fiscal 2021.

Comparable store revenue increased \$169,614 or 189.3%, in the third quarter of fiscal 2021 compared to the third quarter of fiscal 2020, due primarily to an 49.2% increase in comparable store operating weeks. Comparable store sales in the third quarter of fiscal 2021 were approximately 99.6% of the levels achieved pre-pandemic during the third quarter of fiscal 2019. Our individual comparable stores generally experienced gradual increases in weekly sales performance as operating weeks increased. Individual store performance after re-opening was also impacted by changes in local operating restrictions and consumer reactions to changes in local COVID-19 infection rates.

Food sales at comparable stores increased by \$39,049, or 187.8%, to \$59,842 in the third quarter of fiscal 2021 from \$20,793 in the third quarter of fiscal 2020. Beverage sales at comparable stores increased by \$19,129, or 176.6%, to \$29,959 in the third quarter of fiscal 2021 from \$10,830 in the 2020 comparison period. Comparable store amusement and other revenues in the third quarter of fiscal 2021 increased by \$111,436, or 192.2%, to \$169,405 from \$57,969 in the comparable period of fiscal 2020.

Non-comparable store revenue increased \$35,264 in the third quarter of fiscal 2021 compared to the third quarter of fiscal 2020, for the same reasons noted above, including 144 more store operating weeks.

**Cost of products**

The total cost of products was \$52,613 for the third quarter of fiscal 2021 and \$17,908 for the third quarter of fiscal 2020. The total cost of products as a percentage of total revenues increased 10 basis points to 16.5% for the third quarter of fiscal 2021 compared to 16.4% for the third quarter of fiscal 2020.

## [Table of Contents](#)

Cost of food and beverage products increased to \$30,082 compared to \$10,664 for the third quarter of fiscal 2020. Cost of food and beverage products, as a percentage of food and beverage revenues, increased 10 basis points to 27.9% for the third quarter of fiscal 2021 from 27.8% for the third quarter of fiscal 2020. The impact of year-over-year cost increases primarily in meat and poultry products were partially offset by lower closure-related spoilage costs and food price increases effective midway through the third quarter of fiscal 2021.

Cost of amusement and other increased to \$22,531 in the third quarter of fiscal 2021 compared to \$7,244 in the third quarter of fiscal 2020. The costs of amusement and other, as a percentage of amusement and other revenues, increased 50 basis points to 10.7% for the third quarter of fiscal 2021 from 10.2% in the third quarter of fiscal 2020. This increase was driven primarily by higher freight costs and higher cost per ticket resulting from disruptions in the supply chain.

### ***Operating payroll and benefits***

Total operating payroll and benefits increased by \$51,291, or 185.1%, to \$78,995 in the third quarter of fiscal 2021 compared to \$27,704 in the third quarter of fiscal 2020. Nearly all our store workforce, except a small team of essential personnel, were furloughed in mid-March 2020. Hourly team members began to return as stores re-opened at reduced staffing levels. The total cost of operating payroll and benefits as a percentage of total revenues was 24.8% in the third quarter of fiscal 2021 compared to 25.4% in the third quarter of fiscal 2020. This decrease is primarily due to favorable leveraging on management labor and benefits and lower labor hours due to labor efficiency initiatives and hourly labor staffing shortages, partially offset by increases in the hourly labor cost and higher incentive compensation, including referral and retention incentives implemented during the second quarter of fiscal 2021.

### ***Other store operating expenses***

Other store operating expenses increased by \$32,539, or 46.0%, to \$103,322 in the third quarter of fiscal 2021 compared to \$70,783 in the third quarter of fiscal 2020. The increase is primarily due to the impact of increased store weeks during the third quarter of fiscal 2021 on costs such as utilities, supplies, maintenance, and other services. Other store operating expense as a percentage of total revenues decreased to 32.5% in the third quarter of fiscal 2021 compared to 64.9% in the third quarter of fiscal 2020. This decrease was due primarily to favorable sales leveraging on occupancy costs and utilities and reduced marketing spend in the third quarter of fiscal 2021.

### ***General and administrative expenses***

General and administrative expenses increased by \$10,358, or 88.2%, to \$22,104 in the third quarter of fiscal 2021 compared to \$11,746 in the third quarter of fiscal 2020. The increase in general and administrative expenses was driven primarily by higher incentive compensation, professional fees, salaries and benefits, board fees, officer insurance, and share-based compensation. The third quarter of fiscal 2021 also includes a \$3,230 severance obligation to the Company's former Chief Executive Officer, who terminated his service in this position effective September 30, 2021. During the third quarter of fiscal 2020, some corporate team members continued on furlough and board fees remained suspended.

### ***Depreciation and amortization expense***

Depreciation and amortization expense was relatively flat at \$34,381 in the third quarter of fiscal 2021 compared to \$34,384 in the third quarter of fiscal 2020. Increased depreciation due to our 2021 and 2020 capital expenditures for new stores, operating initiatives, games and maintenance capital, was offset by other assets reaching the end of their depreciable lives.

### ***Pre-opening costs***

Pre-opening costs decreased by \$478 to \$2,092 in the third quarter of fiscal 2021 compared to \$2,570 in the third quarter of fiscal 2020 due to a decrease in the number of planned new store openings after construction was reduced as a result of impacts of the COVID-19 pandemic which began during the first quarter of fiscal 2020.

### ***Interest expense, net and Loss on debt extinguishment / refinancing***

Interest expense, net increased by \$5,210 to \$13,423 in the third quarter of fiscal 2021 compared to \$8,213 in the third quarter of fiscal 2020 due primarily to an increase in the weighted average effective interest rate, offset slightly by a decrease in average outstanding debt. In connection with the September 20, 2021 early extinguishment of a portion of the Notes, The Company recorded a loss on extinguishment of \$2,829 during the third quarter of fiscal 2021. In connection with the October 27, 2020 debt refinancing, the Company recorded a charge of \$904 during the third quarter of fiscal 2020. These events are explained further in Note 3 to the Unaudited Consolidated Financial Statements.



[Table of Contents](#)

**Provision (benefit) for income taxes**

The effective tax rate for the third quarter of fiscal 2021 was a benefit of 28.8%, compared to a benefit of 26.3% for the third quarter of fiscal 2020. The current quarter tax provision includes higher excess tax benefits associated with share-based compensation and the reduction of certain valuation allowances related to our state net operating loss carryovers. The prior quarter tax provision was a tax benefit primarily due to the impact of the pre-tax loss and the impact of the tax provisions within the CARES Act.

**Thirty-Nine Weeks Ended October 31, 2021 Compared to the Thirty-Nine Weeks Ended November 1, 2020**

**Results of operations.** The following table sets forth selected data, in thousands of dollars and as a percentage of total revenues (unless otherwise noted) for the periods indicated. All information is derived from the accompanying unaudited consolidated statements of comprehensive income (loss).

	Thirty-Nine Weeks Ended October 31, 2021		Thirty-Nine Weeks Ended November 1, 2020	
Food and beverage revenues	\$ 316,511	32.9%	\$ 119,268	37.3%
Amusement and other revenues	644,443	67.1	200,423	62.7
Total revenues	960,954	100.0	319,691	100.0
Cost of food and beverage (as a percentage of food and beverage revenues)	86,366	27.3	32,667	27.4
Cost of amusement and other (as a percentage of amusement and other revenues)	63,729	9.9	21,997	11.0
Total cost of products	150,095	15.6	54,664	17.1
Operating payroll and benefits	209,897	21.8	85,197	26.6
Other store operating expenses	292,883	30.5	229,137	71.8
General and administrative expenses	57,665	6.0	35,587	11.1
Depreciation and amortization expense	104,355	10.9	104,896	32.8
Pre-opening costs	5,427	0.6	8,781	2.7
Total operating costs	820,322	85.4	518,262	162.1
Operating income (loss)	140,632	14.6	(198,571)	(62.1)
Interest expense, net	41,971	4.3	22,491	7.0
Loss on debt extinguishment / refinancing	2,829	0.3	904	0.3
Income (loss) before provision (benefit) for income taxes	95,832	10.0	(221,966)	(69.4)
Provision (benefit) for income taxes	12,842	1.4	(71,777)	(22.4)
Net income (loss)	\$ 82,990	8.6%	\$ (150,189)	(47.0)%
Change in comparable store sales (1)		195.8%		(70.2)%
Company-owned stores at end of period (1)		143		137
Comparable stores at end of period (1)		114		114

(1) As of the end of the third quarter of fiscal 2020, 104 of our 137 total stores and 84 of our 114 comparable stores were open and operating in limited capacity. Our comparable store count as of the end of the third quarter of fiscal 2020 excludes a store in Chicago, Illinois and a store in Houston, Texas, which were at or near the end of their respective lease terms, when the Company decided not to re-open.

## [Table of Contents](#)

### Reconciliations of Non-GAAP Financial Measures

#### Adjusted EBITDA

The following table reconciles (in dollars and as a percent of total revenues) Net income (loss) to Adjusted EBITDA for the periods indicated:

	Thirty-Nine Weeks Ended October 31, 2021		Thirty-Nine Weeks Ended November 1, 2020	
Net income (loss)	\$ 82,990	8.6%	\$(150,189)	-47.0%
Interest expense, net	41,971		22,491	
Loss on debt extinguishment / refinancing	2,829		904	
Provision (benefit) for income taxes	12,842		(71,777)	
Depreciation and amortization expense	104,355		104,896	
EBITDA	244,987	25.5%	(93,675)	-29.3%
Loss on asset disposal	634		541	
Impairment of long-lived assets and lease termination costs	—		13,727	
Share-based compensation	9,936		5,344	
Pre-opening costs	5,427		8,781	
Other costs (1)	3,082		54	
Adjusted EBITDA	<u>\$264,066</u>	27.5%	<u>\$(65,228)</u>	-20.4%

- (1) Primarily represents costs related to currency transaction (gains) or losses. The third quarter of fiscal 2021 includes a \$3,230 severance obligation to the Company's former Chief Executive Officer, who terminated his service in this position effective September 30, 2021.

#### Store Operating Income Before Depreciation and Amortization

The following table reconciles (in dollars and as a percent of total revenues) Operating income (loss) to Store Operating Income Before Depreciation and Amortization for the periods indicated:

	Thirty-Nine Weeks Ended October 31, 2021		Thirty-Nine Weeks Ended November 1, 2020	
Operating income (loss)	\$140,632	14.6%	\$(198,571)	-62.1%
General and administrative expenses	57,665		35,587	
Depreciation and amortization expense	104,355		104,896	
Pre-opening costs	5,427		8,781	
Store Operating Income Before Depreciation and Amortization	<u>\$308,079</u>	32.1%	<u>\$(49,307)</u>	-15.4%

#### Capital Additions

The table below reflects accrual-based capital additions. Capital additions do not include any reductions for Payments from landlords.

	Thirty-Nine Weeks Ended October 31, 2021	Thirty-Nine Weeks Ended November 1, 2020
New store and operating initiatives	\$ 40,372	\$ 48,222
Games	12,809	9,079
Maintenance capital	16,692	2,988
Total capital additions	<u>\$ 69,873</u>	<u>\$ 60,289</u>
Payments from landlords	<u>\$ 7,802</u>	<u>\$ 8,723</u>

## Results of Operations

### Revenues

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

	Thirty-Nine Weeks Ended		
	October 31, 2021	November 1, 2020	Change
Total revenues	\$ 960,954	\$ 319,691	\$ 641,263
Total store operating weeks	5,304	2,682	2,622
Comparable store revenues	\$ 794,033	\$ 268,426	\$ 525,607
Comparable store operating weeks	4,243	2,184	2,059
Noncomparable store revenues	\$ 179,603	54,763	\$ 124,840
Noncomparable store operating weeks	1,061	498	563
Other revenues and deferrals	\$ (12,682)	\$ (3,498)	\$ (9,184)

Total revenues increased \$641,263, or 200.6%, to \$960,954 in the thirty-nine weeks ended October 31, 2021 compared to total revenues of \$319,691 in the comparable period of fiscal 2020. The increase in revenue is attributable primarily to more store operating weeks in the thirty-nine weeks ended October 31, 2021 compared to the prior year which was impacted by more temporary store closures and store capacity limitations due to the COVID-19 pandemic. For the thirty-nine weeks ended October 31, 2021, we derived 22.4% of our total revenue from food sales, 10.5% from beverage sales, 66.7% from amusement sales and 0.4% from other sources. For the thirty-nine weeks ended November 1, 2020, we derived 24.6% of our total revenue from food sales, 12.7% from beverage sales, 62.2% from amusement sales and 0.5% from other sources. The shift in mix from food and beverage sales to amusement sales of 452 basis points is due, in part, to reduced special events, less discounting of amusements, and greater capacity restrictions in our dining area due to the impacts of the COVID-19 pandemic.

Comparable store revenue increased \$525,607 or 195.8%, in the thirty-nine weeks ended October 31, 2021 compared to the comparable period of fiscal 2020, due primarily to a 94.3% increase in comparable store operating weeks. Comparable store sales and comparable store weeks in the thirty-nine weeks ended October 31, 2021 were approximately 88.0% and 95.4%, respectively, of the levels achieved pre-pandemic during the thirty-nine weeks ended November 3, 2019. Our individual comparable stores generally experienced gradual increases in weekly sales performance as operating weeks increased. Individual store performance after re-opening was impacted by changes in local operating restrictions and consumer reactions to changes in local COVID-19 infection rates.

Food sales at comparable stores increased by \$111,111, or 169.3%, to \$176,738 in the thirty-nine weeks ended October 31, 2021 from \$65,627 in the comparable period of fiscal 2020. Beverage sales at comparable stores increased by \$49,967, or 145.3%, to \$84,348 in the thirty-nine weeks ended October 31, 2021 from \$34,381 in the 2020 comparison period. Comparable store amusement and other revenues in the thirty-nine weeks ended October 31, 2021 increased by \$364,529, or 216.4%, to \$532,947 from \$168,418 in the comparable thirty-nine weeks of fiscal 2020.

Non-comparable store revenue increased \$124,840 in the thirty-nine weeks ended October 31, 2021 compared to the comparable period of fiscal 2020, for the same reasons noted above, including 563 more store operating weeks.

### Cost of products

The total cost of products was \$150,095 for the thirty-nine weeks ended October 31, 2021 and \$54,664 for the comparable period of fiscal 2020. The total cost of products as a percentage of total revenues decreased 150 basis points to 15.6% for the thirty-nine weeks ended October 31, 2021 compared to 17.1% for the comparable period of fiscal 2020.

Cost of food and beverage products increased to \$86,366 for the thirty-nine weeks ended October 31, 2021 compared to \$32,667 for the comparable period of fiscal 2020. Cost of food and beverage products, as a percentage of food and beverage revenues, decreased 10 basis points to 27.3% for the thirty-nine weeks ended October 31, 2021 from 27.4% for the comparable period of fiscal 2020. The impact of year-over-year cost increases in food products, including meat and poultry, were offset by lower closure-related spoilage costs.

## [Table of Contents](#)

Cost of amusement and other increased to \$63,729 in the thirty-nine weeks ended October 31, 2021 compared to \$21,997 in the comparable period of fiscal 2020. The costs of amusement and other, as a percentage of amusement and other revenues, decreased 110 basis points to 9.9% for the thirty-nine weeks ended October 31, 2021 from 11.0% in the comparable period of fiscal 2020. This decrease was driven primarily by lower ticket redemption activity as a percent of tickets issued during the first half of fiscal 2021, offset somewhat by higher freight costs and higher cost per ticket resulting from disruptions in the supply chain.

### ***Operating payroll and benefits***

Total operating payroll and benefits increased by \$124,700, or 146.4%, to \$209,897 in the thirty-nine weeks ended October 31, 2021 compared to \$85,197 in the thirty-nine weeks ended November 1, 2020. Nearly all our store workforce, with the exception of a small team of essential personnel, were furloughed in mid-March 2020. Hourly team members began to return as stores re-opened at reduced staffing levels. The total cost of operating payroll and benefits as a percentage of total revenues was 21.8% in the thirty-nine weeks ended October 31, 2021 compared to 26.6% in the thirty-nine weeks ended November 1, 2020. This decrease is primarily due to favorable leveraging on management labor and benefits and lower labor hours due to labor efficiency initiatives and hourly labor staffing shortages, partially offset by increases in the hourly labor costs and higher incentive compensation, including referral and retention incentives implemented during the second quarter of fiscal 2021.

### ***Other store operating expenses***

Other store operating expenses increased by \$63,746, or 27.8%, to \$292,883 in the thirty-nine weeks ended October 31, 2021 compared to \$229,137 in the thirty-nine weeks ended November 1, 2020. The increase is primarily due to the impact of increased store weeks during the thirty-nine weeks ended October 31, 2021 on costs such as utilities, supplies, maintenance, and other services. These increases were offset somewhat by a \$13,727 charge for impairment of long-lived assets and lease termination costs incurred during the thirty-nine weeks ended November 1, 2020. Other store operating expense as a percentage of total revenues decreased to 30.5% in the thirty-nine weeks ended October 31, 2021 compared to 71.8% in the thirty-nine weeks ended November 1, 2020. This decrease was due primarily to favorable sales leveraging on occupancy costs and utilities and the absence of any impairment charges in fiscal 2021.

### ***General and administrative expenses***

General and administrative expenses increased by \$22,078, or 62.0%, to \$57,665 in the thirty-nine weeks ended October 31, 2021 compared to \$35,587 in the thirty-nine weeks ended November 1, 2020. The increase in general and administrative expenses was driven primarily by higher incentive compensation, salaries and benefits, professional fees, board fees, officer insurance, and share-based compensation. The third quarter of fiscal 2021 also includes a \$3,230 severance obligation to the Company's former Chief Executive Officer, who terminated his service in this position effective September 30, 2021. Effective near the end of March 2020, as a result of the impacts of the COVID-19 pandemic, most of our corporate team members were furloughed, with reduced pay and benefits for the remaining team members for a twelve-week period, and board fees were temporarily suspended. Share-based compensation was also lower during that same time due to changes in performance stock unit expense.

### ***Depreciation and amortization expense***

Depreciation and amortization expense was relatively flat at \$104,355 in the thirty-nine weeks ended October 31, 2021 compared to \$104,896 in the thirty-nine weeks ended November 1, 2020. Increased depreciation due to our 2021 and 2020 capital expenditures for new stores, operating initiatives, games and maintenance capital, was offset by other assets reaching the end of their depreciable lives.

### ***Pre-opening costs***

Pre-opening costs decreased by \$3,354 to \$5,427 in the thirty-nine weeks ended October 31, 2021 compared to \$8,781 in the thirty-nine weeks ended November 1, 2020 due to a decrease in the number of planned new store openings after construction was reduced as a result of impacts of the COVID-19 pandemic which began during the first quarter of fiscal 2020.

### ***Interest expense, net and Loss on debt extinguishment / refinancing***

Interest expense, net increased by \$19,480 to \$41,971 in the thirty-nine weeks ended October 31, 2021 compared to \$22,491 in the thirty-nine weeks ended November 1, 2020 due primarily to an increase in the weighted average effective interest rate, offset slightly by a decrease in average outstanding debt. In connection with the September 20, 2021 early extinguishment of a portion of the Notes, the Company recorded a loss on extinguishment of \$2,829 during the third quarter of fiscal 2021. In connection with the October 27, 2020 debt refinancing, the Company recorded a charge of \$904 during the third quarter of fiscal 2020. These events are explained further in Note 3 to the Unaudited Consolidated Financial Statements.

### ***Provision (benefit) for income taxes***

The effective tax rate for the thirty-nine weeks ended October 31, 2021, was 13.4%, compared to a benefit of 32.3% for the thirty-nine weeks ended November 1, 2020. The current year tax provision includes higher excess tax benefits associated with share-based compensation while the prior year was a tax benefit primarily due to the impact of the pre-tax loss and the impact of the tax provisions within the CARES Act.

### **Liquidity and Capital Resources**

In response to the business disruption caused by the COVID-19 pandemic which began in the first quarter of fiscal 2020, the Company took the following actions to enable it to meet its obligations over the next twelve months:

- sold shares of our common stock, generating gross proceeds of \$185,600;
- negotiated two amendments with our lenders, resulting in an extension of the maturity date of our revolving credit facility to August 17, 2024 and relief from testing compliance with certain financial covenants until the last day of the fiscal quarter ending on May 1, 2022;
- issued \$550,000 of senior secured notes, maturing November 1, 2025; and
- negotiated with our landlords, vendors, and other business partners to temporarily reduce our lease and contract payments and obtain other concessions. During fiscal 2020, a total of 126 initial rent relief agreements related to our operating locations and corporate headquarters were initially executed, which generally provide for full deferral for three months beginning April 2020, with partial deferral continuing for periods of up to six months, at approximately 50% of those locations. As the COVID-19 pandemic continued to impact our business into the fourth quarter, the Company renewed negotiations with the majority of these landlords in order to provide additional rent relief, generally seeking to delay or extend the terms of deferral pay back periods and/or provide rent relief beyond the periods in the initial agreements. The second phase of negotiations resulted in 99 additional rent relief agreements, the last of which were executed in the third quarter of fiscal 2021.

Although uncertainty persists surrounding COVID-19, particularly as a result of new variants of COVID-19, including the potential that a resurgence of COVID-19 cases may continue, how long such a resurgence may last, how severe it may be, and what safety measures governments may impose in response to it, as well as how quickly customers will return to our stores, the Company has taken measures to provide sufficient liquidity to meet estimated cash flow needs and covenant compliance obligations for at least the next twelve months. All the Company's stores were open and operating as of the end of the third quarter of fiscal 2021, and as of October 31, 2021, the Company had cash and cash equivalents of \$27,005. We expect to spend between \$95,000 and \$100,000, net of payments from landlords in capital additions during fiscal 2021. On an ongoing basis, we will continue to pursue long-term operating efficiencies and other cost savings initiatives.

The Company is also taking measures to strengthen its financial position. During the third quarter of fiscal 2021, the Company redeemed \$55,000 outstanding principal amount of the Notes, and subsequent to the end of our third quarter, the Company redeemed an additional \$55,000 outstanding principal amount of the Notes. The early redemptions are expected to reduce net cash interest on the Notes by approximately \$8,400 annually.

### **Debt and Derivatives**

Effective April 14, 2020, we amended our existing credit facility, to provide relief from compliance with financial covenants through the third quarter of fiscal 2020. The interest rate spread increased to 2.00% plus a LIBOR floor of 1.00%.

On October 27, 2020, the Company issued \$550,000 aggregate principal amount of 7.625% senior secured notes (the "Notes"). Interest on the Notes accrues from October 27, 2020 and is payable in arrears on November 1 and May 1 of each year, commencing on May 1, 2021. The Notes mature on November 1, 2025, unless earlier redeemed, and are subject to the terms and conditions set forth in the related indenture. Prior to November 1, 2022, but not more than once during any twelve-month period commencing with the issue date of the Notes, the Company may redeem up to 10% of the original principal amount of the Notes at a redemption price of 103% of the principal amount, plus accrued and unpaid interest, at the redemption date. After November 1, 2022, the Company may redeem the Notes, in whole or in part, at certain specified redemption prices, plus accrued and unpaid interest, at the redemption date. The Notes were issued by Dave & Buster's, Inc. and are unconditionally guaranteed by Dave & Buster's Holdings, Inc. and certain of Dave & Buster's, Inc. existing and future wholly owned material domestic subsidiaries, which is substantially the same as the guarantors of the Company's existing credit facility.

## [Table of Contents](#)

The Company used the proceeds of the Notes offering, along with cash on hand, to repay the \$255,000 principal balance of the term loan facility, \$463,000 of borrowings under the revolving credit facility, and related accrued interest. The Company incurred debt issuance costs of \$18,300, which are being amortized over the terms of the respective Notes and revolving credit facility. The Company also recorded a loss of \$904 related to the unamortized debt costs associated with the term portion of the credit facility.

Concurrent and subject to the issuance of the Notes, the Company entered into a second amendment to its existing credit facility, which included relief from testing compliance with certain financial covenants until the last day of the fiscal quarter ending on May 1, 2022. During the financial covenant suspension period the Company is required to maintain a minimum liquidity (primarily availability under the credit facility) of \$150,000. The second amendment extended the maturity date of the \$500,000 revolving portion of the facility from August 17, 2022 to August 17, 2024, increased the interest rate spread to 4.00% during the financial covenant suspension period, and instituted a 1.00% utilization fee during that same time. The utilization fee is due at maturity. The financial covenant suspension period may end earlier, at the Company's election, if certain predetermined financial covenant ratios are achieved. After the financial covenant suspension period, the interest rate spread ranges from 1.25% to 3.00%. The second amendment terminated the term loan portion of the credit facility, which triggered payment of \$1,900 of lender debt costs associated with the first amendment.

On September 20, 2021, the Company redeemed \$55,000 outstanding principal amount of the Notes. In connection with the early redemption of the Notes, the Company paid a prepayment premium of \$1,650, plus accrued and unpaid interest to the date of redemption, pursuant to the terms of the indenture governing the Notes. Additionally, the early redemption of the Notes resulted in a loss on extinguishment of \$1,179 related to a proportionate amount of unamortized issuance costs.

For the thirty-nine weeks ended October 31, 2021 and November 1, 2020, the Company's weighted average interest rate on outstanding borrowings was 10.26% and 4.17%, respectively. The rate has increased due to the issuance of the Notes and the second amendment to the credit facility. As of October 31, 2021, we had letters of credit outstanding of \$10,486 and an unused commitment balance of \$489,514 under the revolving credit facility.

Our credit facility and Notes 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.

During fiscal 2019, we entered into interest rate swap agreements to manage our exposure to fluctuations in interest rates on our variable rate credit facility. Our swap agreements with our derivative counterparties contain a provision where if the Company defaults on any of its indebtedness and repayment of the indebtedness has been accelerated, the Company could also be declared in default on its derivative obligations. Refer to Note 1 of the Consolidated Financial Statements for further discussion of our swap agreements, which were de-designated as hedges effective April 14, 2020, the date of the first amendment to our credit facility.

### **Dividends and Share Repurchases**

As a result of the impacts to our business arising from the COVID-19 pandemic, dividend payments are currently suspended, and the previously established share repurchase program was allowed to expire at the end of fiscal 2020.

### **Cash Flow Summary**

The Company had cash and cash equivalents of \$27,005 on October 31, 2021.

**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, employee compensation, operations, and occupancy 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 \$230,252 in the thirty-nine weeks ended October 31, 2021 compared to the thirty-nine weeks ended November 1, 2020 driven primarily by the impact of approximately 2,600 more store weeks.

**Investing Activities** — Cash flow from investing activities primarily reflects capital expenditures.

## [Table of Contents](#)

During the thirty-nine weeks ended October 31, 2021, the Company spent approximately \$35,700 for new store construction and operating improvement initiatives (\$27,900 net of payments from landlords), \$12,800 for game refreshment and \$15,000 for maintenance capital.

During the thirty-nine weeks ended November 1, 2020, the Company spent approximately \$55,800 for new store construction and operating improvement initiatives (\$47,100 net of payments from landlords), \$9,500 for game refreshment and \$7,300 for maintenance capital.

**Financing Activities** — During the thirty-nine weeks ended October 31, 2021, the Company had net repayments of \$60,000 of its revolving credit facility and a repayment related to the early extinguishment of \$55,000 principal of the Notes. During the third quarter of fiscal 2020, the Company issued \$550,000 of the Notes in a private offering, from which the proceeds, along with cash on hand, were used to pay debt issuance costs, the \$255,000 balance of the term portion of the credit facility, and \$463,000 of outstanding borrowings under the revolving portion of the credit facility. Prior to the offering and primarily during the first and second quarters of fiscal 2020, the Company received \$95,750 of net proceeds from borrowings of debt and approximately \$182,200 of net proceeds from the issuance of shares of our common stock.

### **Contractual Obligations and Commitments**

There have been no material changes outside the ordinary course of business to our contractual obligations since January 31, 2021, as reported on Form 10-K filed with the SEC on March 31, 2021.

### **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 filed with the SEC on March 31, 2021.

### **Recent accounting pronouncements**

Refer to Note 1 to the Unaudited 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 and beverage product prices. 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. At this time, we do not use financial instruments to hedge our commodity risk.

### **Interest Rate Risk**

Our variable rate indebtedness under our \$500,000 revolving credit facility is based on one-month LIBOR, with a LIBOR floor of 1.00%. Our interest rate swap agreements, with a combined notional amount of \$350,000, convert one-month LIBOR to a fixed interest rate of approximately 2.47% through August 17, 2022. At October 31, 2021, one-month LIBOR is below 1.00%.

### **Inflation**

The primary inflationary factors affecting our operations are food, amusement offerings, labor costs, and energy costs. Many of our leases require us to pay taxes, maintenance, repairs, insurance, and utilities, all of which are generally subject to inflationary increases. Finally, the cost of constructing our stores is subject to inflationary increases in the costs of labor and material.

## [Table of Contents](#)

A large portion of our hourly employees are paid wage rates at or based on the applicable federal, state or city minimum wage and increases in the minimum wage will increase our labor costs. Several states and local jurisdictions in which we operate have enacted legislation to increase the minimum wage and/or minimum tipped wage rates by varying amounts, with more planned increases in the future.

In general, we have been able to partially offset cost increases resulting from inflation by increasing prices of food and amusement offerings, improving productivity, or other operating changes. We may or may not be able to offset cost increases in the future.

### **Item 4. Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

Under the supervision and with the participation of our management, including the Interim 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 Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on that evaluation, the Interim Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

#### ***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during our third quarter ended October 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

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

### **Item 1A. Risk Factors**

The Company is supplementing the Risk Factors previously disclosed in Item 1A of the Annual Report on Form 10-K for the fiscal year ended January 31, 2021, (the “Annual Report”). The following risk factor should be read in conjunction with the Risk Factors disclosed in the Annual Report.

#### ***The Occupational Safety and Health Administration vaccine mandate for employers with more than 100 employees could have a material adverse impact on our business, financial condition, and results of operations.***

On September 9, 2021, President Biden announced plans for the federal Occupational Safety and Health Administration (“OSHA”) to issue an Emergency Temporary Standard (“ETS”) mandating that all employers with more than 100 employees ensure their workers are either fully vaccinated against COVID-19 or produce, on a weekly basis, a negative COVID test (the “vaccine mandate”). On November 4, 2021, OSHA issued the ETS, which will require covered employers to comply with the vaccine mandate beginning January 4, 2022 or face substantial penalties for non-compliance. Currently, the implementation of the vaccine mandate has been blocked by a federal appeals court, subject to the resolution of ongoing litigation challenging the constitutionality of the rules. In addition to the vaccine mandate, it is possible that additional mandates may be announced by local jurisdictions that could impact our workforce and operations. Such mandates could result in increased labor attrition and disruption, as well as difficulty securing future labor needs, and could adversely impact our results of operations.

Although we cannot predict with certainty the impact that the potential vaccine mandate and any other related measures may have on our workforce and operations, these requirements and any future requirements may require significant managerial time and attention to implement, increase our operating costs, result in attrition, including attrition of key employees, and impede our ability to recruit and retain our workforce. These measures also may further disrupt the national supply chain, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.



**Item 2. Unregistered Sales of Equity Securities**

There were no repurchases of our common stock under our share repurchase plan during the thirteen weeks ended October 31, 2021.

## Table of Contents

<b>Item 6.</b>	<b>Exhibits</b>
<b>Exhibit Number</b>	<b>Description</b>
10.1*	<a href="#"><u>Transition and Separation Agreement and Release by and between Brian A. Jenkins and Dave &amp; Buster's Entertainment, Inc. and Dave &amp; Buster's Management Corporation.</u></a>
10.2*	<a href="#"><u>Interim CEO Letter Agreement by and between Kevin Sheehan and Dave &amp; Buster's Entertainment, Inc. and Dave &amp; Buster's Management Corporation.</u></a>
10.3*	<a href="#"><u>Form of Restricted Stock Unit Agreement by and between Kevin Sheehan and Dave &amp; Buster's Entertainment, Inc.</u></a>
10.4*	<a href="#"><u>Form of Restricted Stock Unit Agreement by and between Kevin Sheehan and Dave &amp; Buster's Entertainment, Inc.</u></a>
31.1*	<a href="#"><u>Certification of Kevin Sheehan, Interim Chief Executive Officer of the Registrant, pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a).</u></a>
31.2*	<a href="#"><u>Certification of Scott J. Bowman, Chief Financial Officer of the Registrant, pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a).</u></a>
32.1*	<a href="#"><u>Certification of Kevin Sheehan, Interim 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.</u></a>
32.2*	<a href="#"><u>Certification of Scott J. Bowman, 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.</u></a>
101.INS	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	XBRL Inline Taxonomy Extension Schema Document
101.CAL	XBRL Inline Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Inline Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Inline Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Inline Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

\* Filed herein

[Table of Contents](#)

**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: December 7, 2021

By: /s/ Kevin Sheehan

Kevin Sheehan  
Interim Chief Executive Officer

Date: December 7, 2021

By: /s/ Scott J. Bowman

Scott J. Bowman  
Chief Financial Officer

**TRANSITION AND SEPARATION AGREEMENT AND RELEASE**

This Transition and Separation Agreement and Release (this "Agreement") is made and entered into by and between Brian A. Jenkins ("Executive") and Dave & Buster's Entertainment, Inc. ("D&B") and Dave & Buster's Management Corporation ("D&B Management") (D&B and D&B Management are collectively referred to as the "Company"). Executive and the Company are hereinafter collectively referred to as the "Parties."

**RECITALS:**

WHEREAS, Executive is currently employed as Chief Executive Officer pursuant to his Employment Agreement dated August 5, 2018 (the "Employment Agreement");

WHEREAS, Executive plans to retire and resign from his position on the D&B Board of Directors ("Board") and from all officer and any other director positions at D&B, D&B Management or any of their respective subsidiaries and affiliates, as of the close of business on September 30, 2021;

WHEREAS, Executive shall remain employed as a non-officer Senior Advisor to the interim Chief Executive Officer (or any subsequent Chief Executive Officer) through, and retire and resign from employment with D&B, D&B Management and all of their respective subsidiaries and affiliates at the close of business on November 30, 2021 (the "Last Day of Employment");

WHEREAS, the Parties agree that the Company is not requiring that Executive execute this Agreement to obtain any wages and bonus payments otherwise owed to him; and

WHEREAS, the Parties desire to settle fully and finally, in the manner set forth herein, all differences between them which have arisen, or which may arise, prior to, or at the time of, the execution of this Agreement, including, but in no way limited to, any and all claims and controversies arising out of the employment relationship between Executive and the Company and the termination thereof.

NOW THEREFORE, in consideration of the Recitals and the mutual promises, covenants and agreements set forth herein and in full compromise, release and settlement, accord and satisfaction, and discharge of all the claims or causes of action, known or unknown, possessed by or belonging to the Parties hereto, and intending to be legally bound hereby, the Parties covenant and agree as follows:

**TERMS OF AGREEMENT:**

**1. Retirement and Resignation.** Effective as of the close of business on September 30, 2021, Executive shall retire and resign from the Board, and from all officer and any other director positions at D&B, D&B Management or any of their respective subsidiaries and affiliates. Executive shall remain employed (at the same rate of base salary as in effect on the date hereof) as a non-officer Senior Advisor to the interim Chief Executive Officer (or any subsequent Chief Executive Officer) (as applicable, the "Appointed Successor") through, and retire and resign from employment with D&B, D&B Management and all of their respective subsidiaries and affiliates at the close of business on November 30, 2021. In all events, Executive shall be paid all base salary earned through the Last Day of Employment.

**2. No Admission.** This Agreement and compliance with this Agreement shall not be construed as an admission by the Company of any liability whatsoever, or as an admission by the Company of any violation of the rights of Executive or any violation of any order, law, statute, duty, or contract whatsoever against Executive or any person. The Company specifically denies and disclaims any liability to Executive for any alleged violation of any rights of Executive, or for any alleged violation of any order, law, statute, duty, common law rule or contract on the part of the Company.

**3. Consideration.** In consideration for this Agreement and Executive's release and other promises set forth herein, the Company shall pay or provide Executive with the following:

- (1) Three Million One Hundred Twenty Thousand Dollars (\$3,120,000.00) (the "Severance Amount"), subject to all applicable withholdings, representing an amount equivalent to two (2) times the sum of Executive's base salary and target annual bonus, to be made in equal, pro rata amounts according to the Company's normal payroll schedule and procedures over the course of the twenty-four (24) months commencing on the first payroll date of the Company following the sixtieth (60th) day after the Last Day of Employment (the "First Payroll Date");
- (2) Fifteen Thousand Six Hundred Ninety-Seven Dollars and Twenty Cents (\$15,697.20) (the "COBRA Amount"), subject to all applicable withholdings, representing the total monthly premiums required by Executive to maintain his health insurance benefits provided by the Company's group health insurance plan for twelve (12) months, in accordance with the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), to be made in equal, pro rata amounts according to the Company's normal payroll schedule and procedures over the course of the twelve (12) months commencing on the First Payroll Date;
- (3) Thirty Thousand Dollars (\$30,000.00) (the "Executive Allowance Amount"), subject to all applicable withholdings, representing twelve (12) months of executive allowance, to be made in equal, pro rata amounts according to the Company's normal payroll schedule and procedures over the course of the twelve (12) months commencing on the First Payroll Date;
- (4) To the extent not previously paid, payment of the annual bonus under the Company's existing annual bonus plan, which has two six-month components, for the amount accrued and earned for the first half of the Company's 2021 fiscal year (which earned amount has been determined by the Company pursuant to the terms of such plan to be equal to Seven Hundred Eighty Thousand Dollars (\$780,000)), subject to all applicable withholdings, at the time bonuses for such period are paid to bonus participants generally;

The payments under this Section shall not be due, owed, or payable to Executive until each of the following has occurred: (a) the Company's receipt of this Agreement, signed by Executive; and (b) the Bring-Down Release Effective Date; and the timing of such payments and benefits (and coordination with the release of claims hereunder and the Bring-Down Release) shall be as set forth in Paragraph 8 of the Employment Agreement. Executive agrees to return to the Company any payments received pursuant to this Section 3 in the event that Executive does not materially comply 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 set forth herein and in Paragraph 7 of the Employment Agreement, which are incorporated by reference into and hereby made a part of this Agreement. Nothing herein is intended to limit the protections afforded to Executive upon a change of control pursuant to the Equity Agreements.

In addition, Executive's separation from employment shall be deemed a "termination without cause" (or words of similar import) and a "retirement" following Executive's 60<sup>th</sup> birthday for purposes of each of Executive's outstanding equity awards, and Executive's entitlement to additional equity compensation will be governed by and subject to the terms and conditions set forth in each of his previous Equity Agreements (for the sake of clarity, as set forth on Annex A hereto). Nothing herein is intended to limit the protections afforded to Executive upon a change of control pursuant to the Equity Agreements.

**4. Tax Indemnification.** Executive acknowledges and agrees that the Company has made no representations to Executive regarding the tax consequences of any amounts received by Executive pursuant to this Agreement. Aside from any tax withholdings as set forth above, Executive agrees that he will pay any and all taxes that may be due on account of any sums of money he receives pursuant to this Agreement and that the Company shall not be liable for any portion of any such taxes. In the event any governmental agency asserts that the Company, or the Released Parties (as defined below), are liable for any taxes on account of any sums of money paid to and/or received by Executive pursuant to or as a result of this Agreement, Executive further agrees that he shall indemnify and hold the Company, and/or the Released Parties (as defined below) harmless from and for any and all claims, obligations and/or liabilities for any and all federal, state and or local taxes which may be or may become due on account of any such sums of money paid to and/or received by Executive under the terms of this Agreement.

**5. Total Consideration.** Executive agrees that the foregoing shall constitute an accord and satisfaction and a full and complete severance amount and consideration for his release of all claims and said payment shall constitute the entire amount of monetary consideration provided to him under this Agreement, and Executive will not seek any further compensation for any other claimed damage, costs, or attorneys' fees in connection with the matters encompassed in this Agreement.

**6. No Monies Owed & Duty of Cooperation.** Executive agrees to facilitate a smooth transition of his duties (including to the Appointed Successor, if applicable) and to perform all business-related tasks reasonably requested of him through his Last Day of Employment. Executive acknowledges that his severance payments are conditioned on his fulfilment of these duties and tasks. Executive also represents that, after his Last Day of Employment, no earned

wages, bonuses, stock awards, vacation, sick leave, overtime, premium pay and/or other monies or any other form of compensation of any kind, will be due to him except as described in this Agreement, and also agrees that no additional amounts will be owed under the Company's annual bonus plan for FY 2021 other than those earned during the first six-month plan. To the extent Executive has been granted Restricted Stock Units ("RSUs"), Management Share Units ("MSUs"), Performance Share Units ("PSUs") or Stock Options ("SOs"), the award agreements specific to each of such grants (collectively, the "Equity Agreements") shall govern the vesting and/or payout of any such RSUs, MSUs, PSUs and SOs.

7. **Release of Claims.** Executive, to the extent permitted by law, without limitation, hereby irrevocably and unconditionally releases and forever discharges the Company, its current and former employees, its officers, agents, Board of Directors, supervisors, representatives, attorneys, divisions, parents, subsidiaries, parents' subsidiaries, affiliates, joint ventures, partners, limited partners and successors, insurers, and all persons acting by, through, under, or in concert with any of them (all together collectively, the "Released Parties") from any and all charges, complaints, claims, causes of action, debts, sums of money, controversies, agreements, promises, damages and liabilities of any kind or nature whatsoever, both at law and equity, known or unknown, suspected or unsuspected (hereinafter referred to as "claim" or "claims"), arising from conduct occurring on or before the date of this Agreement or arising in any contract between Executive and the Company or the Released Parties, which Executive at any time heretofore had or claimed to have or which he may have or claim to have regarding events that have occurred from the beginning of time through the date this Agreement is signed. Such claims include, but are not limited to, all actions, complaints, claims and grievances, whether actual or potential, known or unknown, and specifically but not exclusively all claims that could potentially be brought arising out of Executive's employment with the Company. This provision is intended by the Parties to be all-encompassing and to act as a full and total release of any claim and any right to monetary or other recovery arising from any claim, whether specifically enumerated herein or not, that Executive might have or has had, that exists or ever has existed on or prior to the date of this Agreement. All such claims, including related attorneys' fees and costs, are forever barred by this Agreement (with the exception of any attorneys' fees and costs incurred to enforce this Agreement) without regard to whether those claims are based on any alleged breach of a duty arising in contract (including but not limited to claims arising under the Employment Agreement) or tort; any alleged unlawful act, any other claim or cause of action; and regardless of the forum in which it might be brought. This release specifically extends to, without limitation, claims or causes of action for wrongful termination, constructive discharge, impairment of ability to compete in the open labor market, breach of an express or implied contract, breach of the covenant of good faith and fair dealing, breach of fiduciary duty, fraud, misrepresentation, defamation, slander, infliction of emotional distress, discrimination, harassment, retaliation, disability, loss of future earnings, and claims under the Texas Constitution, the United States Constitution, and applicable state and federal fair employment laws, federal equal employment opportunity laws, and federal and state labor statutes and regulations, including, but not limited to, the Civil Rights Act of 1964, as amended, the Worker Retraining and Notification Act of 1988, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Racketeer Influenced and Corrupt Company Act, the Family and Medical Leave Act, the Americans With Disabilities Act of 1990, as amended, the Rehabilitation Act of 1973, as amended, the National Labor Relations Act, the Texas Worker's Compensation Act, the Texas Health and Safety Code, the Texas Minimum Wage Act, the Texas Payday Law, the Texas Commission on Human Rights Act, and the Texas Labor Code, as amended.

Executive also waives and releases to the maximum extent allowed by law all monetary and other relief that may be sought on Executive's behalf by other persons or agencies. However, notwithstanding the foregoing, nothing in this Agreement shall be construed to affect the rights and responsibilities of the Equal Employment Opportunity Commission ("EEOC") or Department of Fair Employment and Housing ("DFEH") to enforce the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended, or any other applicable law, nor shall anything in this Agreement be construed as a basis for interfering with Executive's protected right to file a timely charge with, or participate in an investigation or proceeding conducted by the EEOC or DFEH, or any other state, federal or local government entity; provided, however, if the EEOC, DFEH, or any other state, federal or local government entity commences an investigation on Executive's behalf, Executive specifically waives and releases his right, if any, to recover any monetary or other benefits of any sort whatsoever arising from any such investigation or otherwise.

To the extent applicable, nothing in this Agreement is intended to waive claims: (i) for unemployment or workers' compensation benefits; (ii) for vested rights under ERISA-covered employee benefit plans and/or the Equity Agreements as applicable on the date of this Agreement; (iii) that may arise after the date of this Agreement; or (iv) which cannot be released by private agreement.

Executive agrees that he: (a) received all wages, bonuses, overtime payments, and other monetary compensation, and other employee benefits to which he was entitled as a result of his employment and/or separation of employment with the Company (other than the amounts payable at a future date as set forth in Section 3 and compensation due under his outstanding Equity Agreements); and (b) has not suffered any on the job injury for which he has not already filed a claim.

Notwithstanding the foregoing paragraphs, Executive agrees to waive any right to recover monetary damages in any charge, complaint, report, or lawsuit against the Company filed by Executive or by anyone else on Executive's behalf, or based on any report or complaint made by Executive about the Company.

**8. Release of Age Claims.** Executive understands and agrees that he is knowingly and voluntarily entering into this Agreement with the purpose of releasing and waiving any claims he may have against Released Parties under the Age Discrimination in Employment Act of 1967 (the "ADEA") and/or age discrimination claims under Chapter 21 of the Texas Labor Code, Tex. Lab. Code §§ 21.001, *et. seq.* ("Chapter 21"). Executive acknowledges and agrees that:

- (a) This Agreement is written in a manner that he fully understands;
- (b) Executive specifically releases and waives any rights or claims against the Released Parties arising for age claims under the ADEA or Chapter 21;
- (c) This Agreement does not waive any rights or claims under the ADEA or Chapter 21 that may arise after the date this Agreement is executed;



- (d) The rights and claims Executive is releasing and waiving in this Agreement are in exchange for consideration over and above anything to which he is already entitled;
- (e) Executive is hereby advised in writing to consult with an attorney prior to executing this Agreement;
- (f) Executive has been given a period of at least twenty-one (21) days within which to consider this Agreement; and
- (g) Executive understands and acknowledges that he has a period of seven (7) days after executing this Agreement within which he can revoke the release of claims under Section 7 of this Agreement, and the Agreement shall not become effective or enforceable until the revocation period has expired.

To the extent Executive seeks to revoke his release of any age discrimination claims under the ADEA and/or Chapter 21 under this Section, any such revocation must be made in writing and sent to counsel for the Company, Celeste R. Yeager, 2001 Ross Avenue, Suite 1500, Dallas, TX 75201, within the seven (7) day time limit set forth above. Executive understands that nothing in this Agreement is intended to interfere with his right to later challenge his waiver of an ADEA or Chapter 21 claim for age discrimination.

**9. No Pending Claims.** Executive represents that he has not filed any complaints, claims, or actions against the Company and/or the Released Parties with any state, federal, or local agency or court or any other forum, and that he will not do so at any time hereafter based upon conduct occurring prior to the date that he executes this Agreement. Executive acknowledges and agrees that, to his present knowledge, he did not sustain any workplace injury during his employment with the Company for which he has not already filed a claim. Executive acknowledges that he has not made a claim or complaint of sexual harassment against the Company or any of its employees.

**10. No Assignment of Claims.** Executive represents that he has not made, and will not make, any assignment of any claim, cause or right of action, or any right of any kind whatsoever, embodied in any of the claims and obligations that are released herein, and that no other person or entity of any kind, other than Executive, had or has any interest in any claims that are released herein. Executive agrees to indemnify and hold the Company harmless from any and all claims, demands, expenses, costs, attorneys' fees, and causes of action asserted by any person or entity due to a violation of this non-assignment provision.

**11. Non-Disclosure/Confidentiality.** Executive represents that as of the date hereof he has not disclosed the amount or terms of this Agreement and/or any aspect of the Parties' negotiations that resulted in the Agreement to any other person other than his counsel, accountants, tax advisers, executive coach, or spouse, if any.

Executive agrees that he, his counsel, accountants, tax advisers, executive coach, and spouse, will keep completely confidential and will not disclose to any person or entity the facts and allegations giving rise to any dispute between the Parties, previous severance or settlement negotiations except as required or authorized by law or pursuant to court order.

- i. Executive acknowledges that these Non-Disclosure/Confidentiality provisions are a material part of the inducement for the Company to enter into this Agreement.
- ii. Executive agrees that the failure to comply with the terms of the Agreement's Non-Disclosure/Confidentiality provisions shall amount to a material breach of this Agreement. Executive and the Company specifically agree that it would be impossible to accurately calculate or assess the actual damages sustained by the Company in the event of such a breach and therefore agree that any and each such breach shall entitle the Company to recover from Executive Twenty Thousand Dollars per proven breach as liquidated damages.
- iii. In any action for enforcement of these Non-Disclosure/Confidentiality provisions, the prevailing party (which shall only include the Parties) shall be entitled to recover its reasonable attorneys' fees and costs.

**12. Non-Disparagement.** Executive agrees to refrain from making any derogatory comment in any format, whether written or oral, to the press or any publication, whether paper or electronic, or to any individual or entity regarding the Company or any of its officers or members of the Board that relates to the Company's business or related activities or the relationship between the Parties. Executive further and specifically agrees to refrain from any online posts or communications, including, but not limited to, posts on Yelp.com, Glassdoor.com, or any other website; as well as on any social media sites (*i.e.*, Facebook) that disparage the Company or any of its officers or members of the Board. The Company shall instruct its senior vice presidents and members of the Board to refrain from making any derogatory comment in any format, whether written or oral, to the press or any publication, whether paper or electronic, or to any individual or entity regarding Executive, the Executive's employment with the Company, or the relationship between the Parties. Nothing in the foregoing shall or shall be deemed to prevent or impair any person from testifying truthfully in any legal or administrative proceeding if such testimony is compelled, requested or nonwaivable under applicable law.

**13. Future Employment.** After Executive's execution of this Agreement, he shall not seek employment or re-employment with the Company or any of its subsidiaries or parents as an employee. Should Executive become employed in contradiction of this Agreement, the fact of this Agreement will constitute a legitimate, non-discriminatory, non-retaliatory reason for terminating such employment and the Company or any of its subsidiaries or parents will have the absolute right to terminate such employment.

**14. Employment Verification.** Executive should direct any requests for verification of his employment with the Company to Rob Edmund, the Company's General Counsel and Senior Vice President of Human Resources. If Mr. Edmund is contacted for a reference or verification of employment, the Company shall only verify Executive's job title and dates of employment.

15. **Entirety of Agreement and Waiver.** The Parties affirm that this Agreement constitutes the entire agreement between the Parties and supersedes any previous negotiations, agreements, or understandings of any kind relating to the subject matter hereof including but not limited to Executive's Employment Agreement, *subject to the limitation that Paragraphs 7, 8(e) (only the last sentence thereof), 9, 10, 11, and 12 of the Employment Agreement and the obligations therein as well as the Equity Agreements in their totality shall remain in full force and effect and are hereby incorporated into this Agreement, including but not limited to the restrictions on competition, solicitation, and hiring in Paragraph 7(f)-(g) of the Employment Agreement*; that no other promise or agreement of any kind has been made to or with Executive by any person or entity to cause him to execute this Agreement. This Agreement may not be amended except by an instrument in writing, signed by each of the Parties. No failure to exercise and no delay in exercising any right, remedy, or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power under this Agreement preclude any other or further exercise thereof, or the exercise of any other right, remedy, or power provided herein or by law or in equity.

16. **Severability.** Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, or provisions shall not be affected thereby and shall remain fully valid and enforceable, and said illegal, unenforceable, or invalid part, term, or provision shall be deemed not to be a part of this Agreement.

17. **Governing Law and Waiver of Jury Trial.** This Agreement is made and entered into in the State of Texas and shall in all respects be interpreted, enforced and governed by and under the laws of the State of Texas, without regard to conflicts of law. If any action is brought to enforce this Agreement, the prevailing party (which only includes the Parties) shall be entitled to reasonable attorneys' fees and costs. The Parties waive any right to jury trial.

18. **Confidential Arbitration.** Executive 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 his 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 Section 18, 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 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 postemployment 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 Section 18 should be construed to constitute a waiver of the Parties' rights and obligations to arbitrate as set forth in this Section 18.
- (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 SECTION 18 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH IT OR HE 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.

**19. Interpretation.** This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against the drafter or any of the Parties.

**20. Voluntary Agreement.** Executive represents that he has reviewed all aspects of this Agreement, that he has carefully read and fully understands all the provisions of this Agreement, including its final and binding effect, that he understands that in agreeing to this document he is releasing the Released Parties from any and all claims he may have against them, that he voluntarily agrees to all the terms set forth in this Agreement, that he knowingly and willingly intends to be legally bound by the same, that he was given the opportunity to consider the terms of this Agreement and discuss them with his legal counsel, that he does not rely and has not relied upon any statement made by any other party or its respective agents, representatives or attorneys with regard to any aspect of this Agreement, including its effect, and that the terms of this Agreement were determined through negotiation between counsel for Executive and the Company's counsel.

**21. Binding Agreement.** It is expressly understood and agreed by the Parties hereto that this Agreement shall be binding upon and will inure to the benefit of Executive's individual and/or collective heirs, successors, agents, executors, and administrators if any, and will inure to the benefit of the individual and/or collective successors, assigns, fiduciaries and insurers of the Parties, their present and former affiliated business entities, their successors, assigns, fiduciaries and insurers, and all of their present and former proprietors, partners, shareholders, directors, officers, employees, agents, and all persons acting by, through, or in concert with any of them.

**22. Attorneys' Fees and Costs.** The Parties shall each bear their own attorneys' fees and costs incurred in connection with this Agreement. However, in any subsequent proceeding or action to interpret or enforce the terms of the Agreement, the prevailing party (which only includes the Parties) shall be entitled to an award of reasonable attorney's fees and costs.

**23. Counterparts.** This Agreement may be executed in counterparts and each counterpart, when executed, shall have the validity of a second original. Photographic or facsimile copies of any such signed counterparts may be used in lieu of the original for any purpose.

**24. Acknowledgment.** By signing below, Executive unconditionally represents and warrants that: (a) he has been advised to consult with an attorney regarding the terms of this Agreement; (b) he has consulted with, or has had sufficient opportunity to consult with his own counsel or other advisors regarding the terms of this Agreement; (c) he has relied solely on his own judgment and that of his 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 his complete satisfaction; (e) he has read this Agreement and fully understand its terms and their import; and (f) he is entering into this Agreement voluntarily, of his 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.

**25. Cooperation in Litigation.** Executive agrees to cooperate fully with the Company and its counsel with respect to any matter (including litigation, investigation, government proceedings and general claims) which relates to matters with which he was involved during the term of his employment with the Company, subject to reimbursement of reasonable out-of-pocket travel costs and expenses, and, to the extent Executive is required to spend substantial time on such matters following his service as Senior Advisor, the Company shall agree to compensate Executive for such time at an hourly rate (based on Executive's annual base salary as of the date hereof, divided by 2080). Further, as noted in Section 15 of this Agreement, the Company incorporates Paragraph 11 of Executive's Employment Agreement herein, which entitles Executive to continuing rights for indemnification as articulated therein and to the extent permitted under the Company's insurance and Company policies. Such cooperation may include appearing from time to time at the offices of the Company or its counsel, or telephonically, for conferences and interviews and providing testimony in depositions, court proceedings and administrative hearings as necessary for the Company to defend claims, and in general providing the Company and its counsel with the full benefit of Executive's knowledge with respect to any such matter. Executive agrees to render such cooperation in a timely fashion and at such times as may be mutually agreeable to the parties concerned.

**25. Medicare.** This Agreement is based upon a good faith determination of the Parties to resolve a disputed claim. The Parties have not shifted responsibility of medical treatment to Medicare in contravention of 42 U.S.C. Sec. 1395y(b). The Parties resolved this matter in compliance with both state and federal law. The Parties made every effort to adequately protect Medicare's interest and incorporate such into the terms of this Agreement.

Executive warrants that he is not a Medicare beneficiary as of the date of this release. Because Executive is not a Medicare recipient as of the date of this release, no conditional payments have been made by Medicare.

While it is impossible to accurately predict the need for medical treatment, this Agreement is based upon a good faith determination of the Parties in order to resolve a disputed claim. The Parties have attempted to resolve this matter in compliance with both state and federal law and it is believed that the terms adequately consider and protect Medicare's interest and do not reflect any attempt to shift responsibility of treatment to Medicare pursuant to 42 U.S.C. Sec. 1395y(b). The Parties acknowledge and understand that any present or future action or decision by CMS or Medicare on this Agreement, or Executive's eligibility or entitlement to Medicare or Medicare payments, will not render this release void or ineffective, or in any way affect the finality of this Agreement.

**26. Effective Date.** The Agreement is not effective or enforceable until expiration of seven (7) calendar days following Executive's execution of the Agreement. The eighth (8th) day following Executive's execution of the Agreement, if he has not revoked his Agreement within the seven-day revocation period, shall be the "Effective Date" of the Agreement. If Executive revokes his agreement within the seven-day revocation period, this Agreement will not be effective and the Company will have no obligation to comply with the terms herein, including but not limited to the payments under Section 3.

27. **Bring-Down Release.** Subject to and conditioned upon the Company's continued compliance with the terms of this Agreement, Executive agrees to extend (the "Extension") Executive's release and waiver of claims hereunder (and the related representations, acknowledgements, and covenants as set forth herein) effective as of the Last Day of Employment (the "Bring-Down Release"), in each case, to include all claims not otherwise excluded from such release arising through and including the Last Day of Employment. The Extension shall be effected by Executive's re-executing (but not earlier than the Last Day of Employment) the signature page to this Agreement where indicated (such date of re-execution, the "Bring-Down Release Effective Date").

*The remainder of this page is left intentionally blank.*

**PLEASE READ CAREFULLY. THIS TRANSITION AND SEPARATION AGREEMENT AND RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. YOU HAVE 21 DAYS TO CONSIDER THIS AGREEMENT. YOU MAY REVOKE YOUR AGREEMENT WITHIN 7 DAYS OF EXECUTING THIS AGREEMENT.**

To reflect their agreement to each of the terms set forth above, the Parties have signed this Agreement as of the dates set forth below.

**AGREED:**

Dated: September 21, 2021

/s/ Brian A. Jenkins

\_\_\_\_\_  
**BRIAN A. JENKINS**

Dated: September 21, 2021

**DAVE & BUSTER'S ENTERTAINMENT, INC.**

By: /s/ Robert W. Edmund

\_\_\_\_\_  
Name: Robert W. Edmund

Title: General Counsel, Secretary & SVP of HR

Dated: September 21, 2021

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

By: /s/ Robert W. Edmund

\_\_\_\_\_  
Name: Robert W. Edmund

Title: General Counsel, Secretary & SVP of HR

**BRING-DOWN RELEASE:**

**(NOT TO BE EXECUTED BEFORE THE LAST DAY OF EMPLOYMENT)**

Dated: \_\_\_\_\_, 2021

\_\_\_\_\_  
**BRIAN A. JENKINS**



## ANNEX A

### TREATMENT UNDER EQUITY AGREEMENTS

The below sets forth the treatment in accordance with the existing terms of Executive's outstanding Equity Agreements that apply in the event of a "termination without cause" or "retirement" after age 60 (as applicable)

- Under Executive's June 2018 RSU grant, Executive will receive a pro-rata share of the 16,795 original RSU award (pro-rated through his Last Day of Employment);
- Under Executive's 2020 RSU grant, Executive will receive accelerated vesting of the rest of the original award amount at the time the next vesting tranche is settled for similarly situated executives, which is expected to be in or around May of 2022;
- Under Executive's 2020 MSU grant, Executive will receive accelerated vesting of the rest of the full earned award amount, to be accelerated and settled within 30 days of separation;
- Under Executive's 2021 April MSU award, Executive will receive a pro-rated portion of the earned award (pro-rated through his Last Day of Employment), to be settled after the performance period concludes in or around April of 2024.
- Under Executive's 2021 April PSU award, Executive will receive a pro-rated portion of the earned award (pro-rated through his Last Day of Employment), to be settled after the performance period concludes in or around April of 2022.
- Executive will receive continued vesting following his separation of both his April 2019 stock options and the remainder of his 2021 RSU grant.
- For all outstanding vested and unvested options, instead of having to exercise them within 90 days of separation, Executive's will have the full original terms (10 years from date of grant) to exercise them.



**Robert W. Edmund**  
General Counsel & SVP of HR

September 21, 2021

Via Hand Delivery

Mr. Kevin M. Sheehan  
Chair, Board of Directors  
Dave & Buster's Entertainment, Inc.

Re: Appointment as Interim CEO

Dear Kevin:

This letter agreement (this "Agreement") sets forth our mutual understandings and agreements regarding your appointment, effective October 1, 2021 (the "Effective Date"), as Interim Chief Executive Officer ("Interim CEO") of Dave & Buster's Management Corporation, Inc., a Delaware corporation ("D&B Management"), and Dave & Buster's Entertainment, Inc., a Delaware corporation ("D&B"), in addition to also serving as the Chairman of the Board of Directors of D&B (the "Board"). D&B Management and D&B are collectively referred to below as the "Company." D&B Management, D&B and you are collectively referred to below as the "Parties."

In consideration of the promises below, the sufficiency of which all Parties acknowledge, D&B, D&B Management, and you agree as follows:

1. Title; Duties; Term. You agree to serve as Interim CEO, and shall perform those duties that are customarily associated with the position of Interim CEO. This Agreement shall be in effect until the earlier of (i) the appointment of a permanent Chief Executive Officer of the Company or (ii) June 30, 2022, unless earlier terminated as provided below. During the course of your employment, you will devote your full business time and best efforts and abilities to the performance of your duties for the Company. You will comply with all applicable laws and all of the Company's and its affiliates' then-current policies and procedures. So long as you comply with the terms and provisions of D&B's Code of Business Ethics, as the same may be revised from time-to-time and your activities do not interfere with your obligations to the Company, then, during the term of your employment you may: (x) engage in charitable, civic, fraternal and professional activities and (y) manage personal investments; provided that you disclose any conflicts of interest that cause your personal endeavors to be in material conflict with the business of the Company and/or its affiliates. You may not serve on the board of directors of any national charitable, civic or fraternal organization, any privately owned business, or any publicly-traded company without the prior written approval of the Board of Directors of D&B, in its sole discretion, and then only to the extent that any such enterprise does not compete with the Company or its affiliates. Your existing memberships on boards of directors as of the Effective Date as previously disclosed to the Company are deemed approved.

DAVE & BUSTER'S ENTERTAINMENT, INC. • 2481 MANANA DR. • DALLAS, TEXAS 75220-1203 • (214) 357-9588  
• daveandbusters.com •

2. **Compensation and Benefits.** During the term of this Agreement, in lieu of any compensation that would otherwise be payable to you in your capacity as a member of the Board of Directors of D&B (which shall cease and be suspended during the period in which he serves as Interim CEO, except for continued vesting of previously granted restricted stock units and cash compensation already paid for the current fiscal quarter), you will receive the following compensation and benefits in consideration of your service as Interim CEO:

**Base Salary.** You will receive a base salary at an annual rate of \$780,000. The base salary will be paid bi-weekly on regularly scheduled paydays determined by the Company.

**Annual Bonus.** You will be eligible to receive an annual bonus as approved by the Board and, if so approved, as determined by the Company based upon the attainment Company goals during the fiscal year set forth in the bonus plan approved by the Board of Directors of D&B Management, payable in accordance with such bonus plan. Your individual participation percentage in the bonus plan is equal to 100% of your base salary for the fiscal year. Any earned bonus shall be pro-rated to reflect the elapsed time you served as Interim CEO.

**Equity Awards.** As of the Effective Date, you shall be awarded under the Company's Amended and Restated 2014 Omnibus Incentive Plan (the "**Plan**") special one-time grants of time-based restricted stock units ("**RSUs**") and performance-based restricted stock units ("**PSUs**") as follows:

(i) RSUs with respect to a number of shares of D&B common stock equal to \$2,000,000 divided by the closing price of a share of D&B common stock on the date of execution of this Agreement. Such RSUs shall cliff vest upon the earliest to occur of (x) the first anniversary of the Effective Date, (y) the commencement date of employment of the permanent Chief Executive Officer of the Company (other than you), or (z) the termination of your employment as Interim CEO in connection with a Change in Control (as defined in the Plan).

(ii) PSUs with respect to up to 20,000 shares of D&B common stock. The PSUs will be subject to a one-year performance period and shall be earned upon the achievement of specified stock price levels and vesting terms to be established by the Compensation Committee of the Board of Directors of D&B.

(iii) The RSUs and PSUs shall otherwise be subject to the terms of the Plan and the customary form of award agreement approved by the Committee (as defined in the Plan), with the same terms relating to forfeiture upon resignation, death, disability, for cause termination, and termination for any other reason as were included in the Company's FY 2021 RSU and PSU Award Agreements.

**Retirement and Welfare Plans.** You 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 as of the Effective Date, as may be amended, supplemented or modified from time to time as long as they are kept in force by the Company and provided that you meet 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.

Vacation. Subject to the Company's generally applicable policies relating to vacations, you shall be entitled to paid vacation commensurate with the Company's policy for senior management and your position and tenure with the Company.

Other Benefits. The Company will reimburse you for your commuting expenses and reasonable housing expenses (either a maximum of three days per week at a hotel mutually agreed with the Company and meals, or a standard corporate apartment lease). The Parties shall use their commercially reasonable efforts to structure the foregoing arrangements on a tax neutral basis to you.

Expenses. The Company shall reimburse you for all reasonable business expenses incurred by you in connection with the performance of your duties under this Agreement, in each case subject to the Company's then current policies and procedures. Any expenses, including commuting and Other Benefits described in the prior paragraph, over \$15,000 in a given month must be pre-approved by the Company's Lead Independent Director.

3. Nondisclosure of Confidential Information. During the term of this Agreement, D&B, any subsidiary and any successor to any of the foregoing (the "Company Group") agrees to continue to provide, and you 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), you agree to 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 your 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. Your confidentiality obligation in this paragraph shall include, but not be limited to, any Confidential Information to which the you have access to, had access to, will have access to, receives, or received in connection with your 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 you, either before or after it becomes known to you, (ii) was known to you 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 you 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 you acknowledge and agree that the Confidential Information is continually evolving and changing and that some new Confidential Information will be needed by you and provided by the Company Group for the first time in the course of the term of this Agreement. You expressly acknowledge the trade secret status of the Confidential Information and agree that your access to such Confidential Information constitutes a protectable business interest of the Company Group. Notwithstanding the foregoing restrictions, you may disclose any Confidential Information (a) to your legal advisors subject to such advisor's agreement to maintain the information as confidential, (b) to the extent required for your enforcement of your 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.

4. Acknowledgment of the Company Group's Right In Work Product. During the term of this Agreement, you 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. You agree that all Work is created or developed for the sole use of the Company Group, and that you have no right to market in any manner whatsoever any such Work.

5. Noncompete. To protect the Company Group's interest in its Confidential Information, contacts and relationships 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 your employment under this Agreement, you agree and covenant that during the term of this Agreement and for a time period equal to the time of your service as Interim CEO following your termination for any reason under this Agreement (including, without limitation, your resignation (the "Non-Compete Period"), you shall not directly or indirectly, for yourself or others, within the United States or Canada, 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, equityholder, consultant or independent contractor (whether or not compensated for any of the foregoing); provided, however, that you may own an investment interest of less than 2% in a

publicly-traded company. As used in this Agreement, "Competitive Business" shall mean the owners or operators of venues in either the United States or Canada that combine a dining offering 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 Company's standard-form executive employment agreements were approved.

6. Non-Solicitation and Non-Hire. Additionally, during the term of this Agreement and for a period of twelve (12) months from the termination of this Agreement for any reason (the "Non-Solicitation and Non-Hire Period"), you shall not, directly or indirectly, on your 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 doing business with, adversely alter or interfere with its business relationship with, the Company Group. Further, during the Non-Solicitation and Non-Hire Period, you shall not, on your 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 you from engaging in any general solicitation that is not specifically targeted at such persons), nor shall your 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.

7. Reasonableness of Restrictions; Relief. It is the desire and intent of the Parties to this Agreement that the provisions of the foregoing paragraphs 4 and 5 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 you consider such restrictions 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 you intend for the restrictions herein set forth to be modified to be reasonable and enforceable and, as so modified, to be fully enforced. The Parties acknowledge that money damages would not be a sufficient remedy for any breach or threatened breach of such restrictions; therefore, notwithstanding the arbitration provisions in this Agreement, you and the Company Group agree that the Company Group may resort to a court to enforce such restrictions 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 foregoing remedies are not the exclusive remedies but shall be in addition to all remedies available at law or in equity to the Company Group. You agree that the Non-Solicitation Period shall be tolled during any period of violation of the restrictions of paragraph 5 by you.

8. Termination. This Agreement shall automatically terminate upon your death or upon your becoming disabled. The determination of your disability shall be made in good faith by a physician reasonably acceptable to the Company. In addition, either the Company or you 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. The Company may terminate this Agreement without any prior written notice to you if the termination is "for cause." For purposes of this Agreement "for cause" shall be defined as the willful and continued failure by you to perform the duties assigned by the Board of Directors of D&B, gross insubordination, theft from the Company or its affiliates, habitual absenteeism or tardiness, conviction or plea of 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 Company 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 you, then the Company shall provide written notice to you setting forth: (A) the Company's intent to terminate your employment for cause, and (B) the reasons for the Company's intent to terminate your employment for cause. You shall have ten (10) business days following the receipt of such notice to cure the alleged breach. The Company may terminate this Agreement without any further notice to you 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 you, the Company shall provide written notice to you setting forth: (X) the reasons for the Company's intent to terminate your employment "for cause" and (Y) the basis for the Company's determination that such event is not readily curable. In the event your employment with the Company under this Agreement is terminated for any reason, the Company's obligations to provide any payments or benefits to you shall be limited to payment of only that base salary which has been earned through the date of termination payable in accordance with the Company's normal payroll practice, and such other payments or benefits required to be paid or provided under applicable law. Your RSUs and PSUs shall be treated in accordance with their respective terms upon termination of your employment as Interim CEO.

9. Section 409A. All payments hereunder that are 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") are intended to be exempt from or in compliance with Section 409A. If any payment, compensation or other benefit provided to you in connection with your employment termination is and you are 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 your death (the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to you 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. 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 to you, as a result of any violation of Section 409A.

10. **Confidential Arbitration.** You 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 RSUs or PSUs, 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 your own arbitration costs, attorneys' fees and expenses. 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. 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, 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.

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 should be construed to constitute a waiver of the Parties' rights and obligations to arbitrate as set forth in this paragraph.



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 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH IT OR HE 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 you 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 you in conjunction with any action, suit, or proceeding, whether civil, criminal, administrative, or investigative in nature, which you are made or threatened to be made a party or witness by reason of your position as officer, employee or agent of the Company or otherwise due to your association with the Company or due to your position or association with any other entity, at the request of the Company. The Company shall advance to you all reasonable costs and expenses incurred in connection with such action within twenty (20) days after receipt by the Company of your written request. The Company shall be entitled to be reimbursed by you and you agree to reimburse the Company if it is determined that you are 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 you without your prior written consent, unless you 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. Entire Agreement; Miscellaneous. This Agreement represents the entire agreement relating to employment between the Company and you 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. This Agreement may be amended or modified only in a writing signed by the Parties hereto. The Company shall be

entitled to withhold from any amounts to be paid or benefits provided to you 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. 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.

**COMPANY:**

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

By:  /s/ Robert W. Edmund

Name: Robert W. Edmund

Title: President

Address: 2481 Manana Drive  
Dallas, Texas 75220

**DAVE & BUSTER'S ENTERTAINMENT, INC.**

By:  /s/ Robert W. Edmund

Name: Robert W. Edmund

Title: General Counsel & SVP of HR

Address: 2481 Manana Drive  
Dallas, Texas 75220

**INTERIM CEO:**

/s/ Kevin M. Sheehan

Kevin M. Sheehan

September 21, 2021

(Date)

**Dave & Buster's Entertainment, Inc.**  
**2014 Omnibus Incentive Plan**

**RESTRICTED STOCK UNIT AGREEMENT**  
**(Time-Based)**

THIS RESTRICTED STOCK UNIT AGREEMENT (this "**Award Agreement**") is made effective as of \_\_\_\_\_ (the "**Date of Grant**"), between Dave & Buster's Entertainment, Inc., a Delaware corporation (the "**Company**") and [●] (the "**Participant**").

R E C I T A L S:

WHEREAS, the Company has adopted the Dave & Buster's Entertainment, Inc. 2014 Omnibus Incentive Plan (as amended from time to time, the "**Plan**"); and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "**Committee**") has determined that it would be in the best interests of the Company and its stockholders to grant the award (the "**Award**") of restricted stock units (each, an "**RSU**") provided for herein to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant of Award. The Company hereby grants to the Participant [●] RSUs. All of the RSU Award will vest on \_\_\_\_\_, subject to earlier vesting in accordance with Section 3 below (the date of vesting, the "**Vesting Date**"). Each RSU represents one notional share of common stock, par value \$.01 per share, of the Company (each, a "**Share**"), provided that the RSUs shall be settled in Shares in accordance with Section 2 below.

2. Settlement; Payment.

(a) RSUs. Subject to the terms of the Plan and this Award Agreement, including, without limitation, Section 4 hereof, and to the extent that it would not cause a violation of Section 409A, each RSU shall be settled by the issuance of a Share as soon as practicable following the Vesting Date, and in all events no later than sixty (60) days following the Vesting Date, as determined solely by the Company (the date of settlement, the "**Settlement Date**"). RSUs settled via Share issuance shall be distributed to the Participant or the Participant's legal representative; provided, that the Company may, at its election, either (a) on or after the Settlement Date, issue a certificate representing the Shares subject to this Award Agreement, or (b) not issue any certificate representing Shares subject to this Award Agreement and instead document the Participant's or the Participant's legal representative's interest in the Shares by registering the Shares with the Company's transfer agent (or another custodian selected by the Company) in book-entry form.

(b) Award Subject to Clawback Policy. The Participant agrees and acknowledges that the Participant is bound by, and the Award is subject to, any clawback policy adopted by the Committee from time to time.

3. Termination of Service. Notwithstanding anything herein to the contrary:

(a) Termination of Service Due to Death or Disability. Upon a termination of the Participant's Service by reason of death or Disability that occurs at any time prior to the Settlement Date, then the Award shall be settled in accordance with Section 2 above in respect of the number of then-outstanding RSUs, except that notwithstanding Section 1, such RSUs shall be immediately fully vested and settled on the Settlement Date next following such termination of Service, subject to the applicable limitations set forth in Section 2 above.

For purposes of this Award Agreement, "**Disability**" means (i) "Disability" as defined in any employment agreement between the Participant and the Company or any of its Affiliates, or (ii) if there is no such employment agreement or if it does not define Disability: the Participant is disabled to the extent that he or she is unable to engage in any substantial gainful activity 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 receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of Dave & Buster's Management Corporation, Inc. The determination of the Participant's Disability shall be made in good faith by a physician reasonably acceptable to the Company.

(b) Termination upon hiring permanent CEO or expiration of Interim CEO Agreement. Upon the termination of the Participant's Service by the Company or one of its successors or Affiliates by reason of (i) the hiring by the Company of a permanent CEO (other than the Participant) or (ii) the expiration of the Interim CEO Agreement dated September 21, 2021, either of which that occurs at any time prior to the Settlement Date, then the Award shall be settled in accordance with Section 2 above in respect of the number of then-outstanding RSUs, except that notwithstanding Section 1, such RSUs shall be immediately fully vested and settled on the Settlement Date next following such termination of Service, subject to the applicable limitations set forth in Section 2 above.

(c) Termination without Cause or for Good Reason related to a Change of Control. Upon (i) a termination of the Participant's Service by the Company or one of its successors or Affiliates without Cause or due to the Participant's resignation for Good Reason (excluding termination by reason of death or Disability), in either case prior to the Settlement Date (a "**Specified Termination**") and (ii) the Specified Termination occurs either within ninety (90) days before or within twelve (12) months following the occurrence of a Change of Control of the Company (the "**Protected Period**"), that occurs at any time prior to the Settlement Date, then the Award shall be settled in accordance with Section 2 above in respect of the number of then-outstanding RSUs, except that notwithstanding Section 1, such RSUs shall be immediately fully vested and thereafter settled on the Settlement Date next following such termination of Service, subject to the applicable limitations set forth in Section 2 above; provided, that if a Specified Termination should occur prior to a Change of Control of the Company, the Award shall remain outstanding for up to ninety (90) days following such Specified Termination in order to determine whether such Specified Termination shall have occurred during a Protected Period such that the Award shall be eligible for settlement pursuant to this Section 3(b).

(d) Termination without Cause. Upon a termination of the Participant's Service by the Company or one of its successors or Affiliates without Cause, that occurs at any time prior to the Settlement Date, then the Award shall be settled in accordance with Section 2 above in respect of the number of then-outstanding RSUs that would have vested on the applicable date of vesting coincident with or next following such termination of Service, multiplied by a fraction, the numerator of which is the number of days elapsed after the immediately preceding date of vesting through and including the date of termination of Service, and the denominator of which is 272, except that notwithstanding Section 1, such RSUs shall be fully vested and settled on the Settlement Date next following such termination of Service, subject to the applicable limitations set forth in Section 2 above.

(e) For purposes of this Award Agreement, "**Cause**" means (x) "Cause" as defined in any employment agreement between the Participant and the Company or any of its Affiliates, or (y) if there is no such employment agreement or if it does not define Cause: the willful and continued failure by the Participant to perform the duties assigned by the Company, failure to follow reasonable business-related directions from the Company, gross insubordination, theft from the Company or its Affiliates, habitual absenteeism or tardiness, conviction or plea of guilty or *nolo contendere* to a felony, misdemeanor involving fraud, theft or moral turpitude, 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.

(f) For purposes of this Award Agreement, "**Good Reason**" means (i) "Good Reason" as defined in any employment agreement between the Participant and the Company or any of its Affiliates, or (ii) if there is no such employment agreement or if it does not define Good Reason: Without the Participant's consent, (A) a material reduction in the Participant's annual base salary or (B) a relocation of the Participant's primary place of employment with the Company by more than fifty (50) miles from that in effect as of the Date of Grant; provided, however, that neither item (A) nor item (B) shall constitute Good Reason unless the Participant has provided written notice to the Company within thirty (30) days of the occurrence of such event and the Company shall have failed to cure such event within thirty (30) days of receipt of such written notice.

(g) Other Terminations of Service. Upon a termination of the Participant's Service prior to the Settlement Date for any reason other than pursuant to Sections 3(a), 3(b), 3(c) and 3(d) above, the Award, including any then-outstanding RSUs, shall immediately terminate and be forfeited without consideration.

(h) Release. Upon a termination of the Participant's Service prior to the Settlement Date for termination without Cause pursuant to Section 3(c), settlement of any Award shall be conditioned first upon the Participant's execution of a fully effective and non-revocable general release ("Release") in favor of the Company, its Board of Directors, Affiliates, and employees, in such form as reasonably approved by the Company and the Participant within sixty (60) days of the Participant's termination of Service, which Release shall be provided to the Participant within five (5) days of the Participant's termination of Service.

4. No Right to Continued Service. The granting of the Award evidenced hereby and this Award Agreement shall impose no obligation on the Company or any Affiliate to continue the Service of the Participant and shall not lessen or affect any right that the Company or any Affiliate may have to terminate the Service of such Participant.

5. Shareholder Rights. Neither the Participant nor the Participant's representative shall have any rights as a shareholder of the Company with respect to the RSUs until such Person receives the Shares, if any, issued upon settlement.

6. Non-Solicitation and Non-Hire. If the Participant has an employment agreement with the Company or any of its Subsidiaries that contains non-solicitation and/or non-hire covenants, the covenants are incorporated into this Award Agreement by reference. To the extent the Participant does not have an employment agreement containing such covenants, the following restrictive covenants shall apply:

As a material incentive for the Company to enter into this Award Agreement, during the term of the Participant's employment with the Company or any of its Subsidiaries and for a period of twelve (12) months from the termination of the Participant's employment for any reason (including, without limitation, resignation by the Participant) (the "Non-Solicitation and Non-Hire Period") the Participant shall not, directly or indirectly, on the Participant's own behalf or on behalf of any other person, partnership, entity, association, or corporation, induce or attempt to influence, induce, or encourage anyone who is or, within the six (6) months prior to the date of termination was, an employee of the Company or any of its Subsidiaries at or above the managerial level (including, without limitation, General Managers, Assistant General Managers, store departmental managers, and all higher-ranking managers) (for purposes of this Section 6, an "Employee"), client, supplier, vendor, licensee, distributor, contractor or other business relation of the Company or any of its Subsidiaries to cease doing business with, adversely alter or interfere with its business relationship with, the Company or any of its Subsidiaries. Further, during the Non-Solicitation and Non-Hire Period, the Participant shall not, on the Participant's own behalf or on behalf of any other person, partnership, entity, association, or corporation, (i) solicit or seek to hire any Employee, or in any other manner attempt directly or indirectly to influence, induce, or encourage any Employee to leave their employ (provided, however, that nothing herein shall restrict the Participant from engaging in any general solicitation that is not specifically targeted at such persons), nor shall the Participant use or disclose to any person, partnership, entity, association, or corporation any information concerning the names, addresses or personal telephone numbers of any Employee, (ii) without the Company's prior written consent, hire, employ or engage as a consultant any Employee, or (iii) directly or indirectly solicit, induce, or attempt to influence, induce, or encourage any person, partnership, entity, association, or corporation that is a client or customer of the Company or its Subsidiaries and who or which the Participant helped to schedule or conduct a special event or corporate teambuilding while employed by the Company or its Subsidiaries to schedule or conduct a special event or corporate teambuilding through another person, partnership, entity, association, or corporation.

This Section 6 shall survive termination or settlement of the Award and termination or satisfaction of the Award Agreement.

7. Securities Laws/Legend on Certificates. The issuance and delivery of Shares shall comply with all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. If the Company deems it necessary to ensure that the issuance of securities under the Plan is not required to be registered under any applicable securities laws, the Participant shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company which satisfies such requirements. The certificates representing the Shares shall be subject to such stop transfer orders and other restrictions as the Committee may deem reasonably advisable, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

8. Transferability. Unless otherwise provided by the Committee, the Award may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Award to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof.

9. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company shall have the right and is hereby authorized to withhold any applicable withholding taxes in respect of the Award, its exercise or transfer and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes.

10. Notices. Any notification required by the terms of this Award Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company, Attention: General Counsel, at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

11. Entire Agreement. This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof and supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

12. Waiver. No waiver of any breach or condition of this Award Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

13. Successors and Assigns. The provisions of this Award Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Award Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

14. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Award Agreement and all claims, causes of action or proceedings (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of or relate to this Award Agreement shall be governed by the internal laws of the State of Delaware, excluding any conflicts or choice-of-law rule or principle that might otherwise refer construction or interpretation of the Award Agreement to the substantive law of another jurisdiction. Each party to this Award Agreement agrees that it shall bring all claims, causes of action and proceedings (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of or be related to the Award Agreement exclusively in the Delaware Court of Chancery or, in the event (but only in the event) that such court does not have subject-matter jurisdiction over such claim, cause of action or proceeding, exclusively in the United States District Court for the District of Delaware (the "**Chosen Court**") and hereby (i) irrevocably submits to the exclusive jurisdiction of the Chosen Court, (ii) waives any objection to laying venue in any such proceeding in the Chosen Court, (iii) waives any objection that the Chosen Court is an inconvenient forum or does not have jurisdiction over any party and (iv) agrees that service of process upon such party in any such claim or cause of action shall be effective if notice is given in accordance with this Award Agreement.

(b) EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY CLAIM OR CAUSE OF ACTION (WHETHER IN CONTRACT, IN TORT, AT LAW OR OTHERWISE) INSTITUTED BY OR AGAINST SUCH PARTY IN RESPECT OF ITS, HIS OR HER OBLIGATIONS HEREUNDER.

15. Award Subject to Plan. By entering into this Award Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Award is subject to the Plan. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

16. No Guarantees Regarding Tax Treatment. The Participant shall be responsible for all taxes with respect to the Award. The Committee and the Company make no guarantees regarding the tax treatment of the Award.

17. Amendment. The Committee may amend or alter this Award Agreement and the Award granted hereunder at any time, subject to the terms of the Plan.

18. Signature in Counterparts. This Award Agreement may be signed in counterparts, manually or electronically, and each of which will be an original, with the same effect as if the signatures to each were upon the same instrument.



19. Electronic Signature and Delivery. This Award Agreement may be accepted by return signature or by electronic confirmation. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Award Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of a copy of this Agreement or any other document contemplated hereby bearing an original or electronic signature by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original or electronic signature.

20. Severability. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

*[signature page follows]*

IN WITNESS WHEREOF, the Company and the Participant have executed this Restricted Stock Unit Agreement as of the date first set forth above.

**PARTICIPANT**

By: \_\_\_\_\_  
[●]

**DAVE & BUSTER'S ENTERTAINMENT, INC.**

By: \_\_\_\_\_  
Name: [●]  
Title: [●]

**Dave & Buster's Entertainment, Inc.**  
**2014 Omnibus Incentive Plan**  
**(Performance Based)**

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this "**Award Agreement**") is made effective as of \_\_\_\_\_ (the "**Date of Grant**"), between Dave & Buster's Entertainment, Inc., a Delaware corporation (the "**Company**") and [•] (the "**Participant**").

R E C I T A L S:

WHEREAS, the Company has adopted the Dave & Buster's Entertainment, Inc. 2014 Omnibus Incentive Plan (as amended from time to time, the "**Plan**"); and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "**Committee**") has determined that it would be in the best interests of the Company and its stockholders to grant the award (the "**Award**") of performance-vesting restricted stock units (each, an "**RSU**") provided for herein to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant of Award. The Company hereby grants to the Participant RSUs on the following terms:

(a) Upon achievement of target-level performance set forth in this Agreement, [•] RSUs may be earned under this Award (the "**Target Achievable RSUs**") in respect of the one-year performance period commencing on \_\_\_\_\_ and ending on or prior to \_\_\_\_\_ (the "**Performance Period**," and the last day, the "**Closing Date**").

(b) Each RSU represents one notional share of common stock, par value \$.01 per share, of the Company (each, a "**Share**").

2. Terms and Conditions.

(a) Calculation of Earned Portion. The Award shall be one hundred percent (100%) unvested as of the Date of Grant. Pursuant to the terms of the Plan and this Award Agreement, including, without limitation, Sections 3 and 4 below, as soon as reasonably practicable following the Closing Date, the Committee shall determine and certify the number of RSUs, if any, that shall be deemed earned and eligible for vesting and settlement (such RSUs, "**Earned RSUs**") in accordance with subsection (c) below. Any and all RSUs that are not deemed to be Earned RSUs shall be forfeited and canceled immediately without consideration and shall not be eligible for settlement in accordance with Section 3 hereof.

D&B Team Member - [•]  
 Restricted Stock Unit Award Agreement – Performance Based  
 Page 1 of 9

(b) Service Vesting. The Earned RSUs shall vest on \_\_\_\_\_, subject to earlier vesting in accordance with Section 4 below (the date of vesting, the “**Vesting Date**”).

(c) Performance Calculation. All or a portion of the RSUs shall be deemed earned as set forth in the table below based on the volume-weighted average closing price of a share of the Company’s common stock for any consecutive 10-trading day period (the “Average Share Price”) during the Performance Period. If during the Performance Period, the Average Share Price fails to achieve the maximum level but falls between the minimum level and maximum level (each such level as set forth below), then the percentage of RSUs that shall be deemed earned shall be determined using straight-line interpolation between the two applicable levels. The RSUs that are deemed earned in accordance with this Section 2(c) shall be payable as of (and not before) the Settlement Date (defined below).

<u>Average Share Price</u>	<u>Earned Percentage of RSUs</u>
[•] or greater (maximum level)	100%
[•] (minimum level)	50%
Less than [•]	0%

3. Settlement.

(a) Share Settlement. Pursuant to the terms of the Plan and this Award Agreement, including, without limitation, Sections 3(b) and 4 below, and to the extent that it would not cause a violation of Section 409A, each vested Earned RSU shall be settled by the issuance of a Share as soon as practicable following the Vesting Date, and in all events no later than the June 30 next following the Vesting Date, as determined solely by the Company (the date of settlement, the “**Settlement Date**”). Vested and Earned RSUs settled via Share issuance shall be distributed to the Participant or the Participant’s legal representative; provided, that the Company may, at its election, either (a) on or after the Settlement Date, issue a certificate representing the Shares subject to this Award Agreement, or (b) not issue any certificate representing Shares subject to this Award Agreement and instead document the Participant’s or the Participant’s legal representative’s interest in the Shares by registering the Shares with the Company’s transfer agent (or another custodian selected by the Company) in book-entry form.

(b) Limitations. The maximum number of Shares issuable under this Award Agreement (the “**Maximum Share Limit**”) shall equal 100% of the Target Achievable RSUs.

(c) Award Subject to Clawback Policy. The Participant agrees and acknowledges that the Participant is bound by, and the Award is subject to, any clawback policy adopted by the Committee from time to time.

4. Termination of Service. Notwithstanding anything herein to the contrary:

(a) Termination of Service Due to Death or Disability. Upon a termination of the Participant's Service by reason of death or Disability that occurs:

(i) at any time prior to the expiration of the Performance Period, then the Award shall be settled in accordance with Section 3 above in respect of 100% of the Target Achievable RSUs, notwithstanding the termination of the Participant's Service, except that notwithstanding Section 2(b), such RSUs shall be immediately fully vested and thereafter settled within sixty (60) days following such termination of Service, subject to the applicable limitations set forth in Section 3 above; and

(ii) after the expiration of the Performance Period and prior to the Settlement Date, then the Award shall be settled in accordance with Section 3 above, in respect of the number of then-outstanding Earned RSUs, except that notwithstanding Section 2(b), such RSUs shall be immediately fully vested and settled within thirty (30) days following such termination of Service, subject to the applicable limitations set forth in Section 3 above.

For purposes of this Award Agreement, "**Disability**" means (i) "Disability" as defined in any employment agreement between the Participant and the Company or any of its Affiliates, or (ii) if there is no such employment agreement or if it does not define Disability: the Participant is disabled to the extent that he or she is unable to engage in any substantial gainful activity 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 receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of Dave & Buster's Management Corporation, Inc. The determination of the Participant's Disability shall be made in good faith by a physician reasonably acceptable to the Company.

(b) Termination upon hiring permanent CEO or expiration of Interim CEO Agreement. Upon the termination of the Participant's Service by the Company or one of its successors or Affiliates by reason of (i) the hiring by the Company of a permanent CEO (other than the Participant), or (ii) the expiration of the Interim CEO Agreement dated September 21, 2021, either of which that occurs at any time prior to the Settlement Date, then the Award shall be settled in accordance with Section 3 above following the end of the Performance Period in respect of the number of Earned RSUs.

(c) Termination without Cause or for Good Reason related to a Change of Control. Upon (i) a termination of the Participant's Service by the Company or one of its successors or Affiliates without Cause or due to the Participant's resignation for Good Reason (excluding termination by reason of death or Disability) (a "**Specified Termination**") and (ii) the Specified Termination occurs either within ninety (90) days before or within twelve (12) months following the occurrence of a Change of Control of the Company (the "**Protected Period**"), then:

(i) If the Change in Control occurs at any time prior to the expiration of the Performance Period, the Award shall be converted to restricted stock units ("RSUs") in respect of the Target Achievable RSUs, notwithstanding the termination of the Participant's Service, except that notwithstanding Section 2(b), such RSUs shall be immediately fully vested and be settled on the Settlement Date following such termination of Service, subject to the applicable limitations set forth in Section 3 above; and

(ii) If the Change in Control occurs after the expiration of the Performance Period and prior to the Settlement Date, the Award shall be settled in accordance with Section 3 above, in respect of the number of then-outstanding Earned RSUs, except that notwithstanding Section 2(b), such RSUs shall be fully vested upon such termination (or, if later, such Change of Control) and settled within ten (10) days following such termination (or, if later, such Change of Control), subject to the applicable limitations set forth in Section 3 above;

provided, that if a Specified Termination should occur prior to a Change of Control of the Company, the Award shall remain outstanding for up to ninety (90) days following such Specified Termination in order to determine whether such Specified Termination shall have occurred during a Protected Period such that the Award shall be eligible for settlement pursuant to this Section 4(c).

(d) Termination of Service without Cause. Upon a termination of the Participant's Service by the Company or one of its successors or Affiliates without Cause that occurs:

(i) at any time prior to the expiration of the Performance Period, then the Award shall be settled in accordance with Section 3 above in respect of the number of RSUs that would have been earned pursuant to this Agreement based on actual performance during the full Performance Period, notwithstanding the termination of the Participant's Service, multiplied by a fraction, the numerator of which is the number of days in the Performance Period through and including the date of termination of Service, and the denominator of which is 272, except that notwithstanding Section 2(b), such RSUs shall be fully vested and settled on the Settlement Date following such termination of Service, subject to the applicable limitations set forth in Section 3 above; and

(ii) after the expiration of the Performance Period and prior to the Settlement Date, then the Award shall be settled in accordance with Section 3 above.

(e) For purposes of this Award Agreement, "**Cause**" means (x) "Cause" as defined in any employment agreement between the Participant and the Company or any of its Affiliates, or (y) if there is no such employment agreement or if it does not define Cause: the willful and continued failure by the Participant to perform the duties assigned by the Company, failure to follow reasonable business-related directions from the Company, gross insubordination, theft from the Company or its Affiliates, habitual absenteeism or tardiness, conviction or plea of guilty or *nolo contendere* to a felony, misdemeanor involving fraud, theft or moral turpitude, 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.

(f) For purposes of this Award Agreement, "**Good Reason**" means (i) "Good Reason" as defined in any employment agreement between the Participant and the Company or any of its Affiliates, or (ii) if there is no such employment agreement or if it does not define Good Reason: Without the Participant's consent, (A) a material reduction in the Participant's annual base

salary or (B) a relocation of the Participant's primary place of employment with the Company by more than fifty (50) miles from that in effect as of the Date of Grant; provided, however, that neither item (A) nor item (B) shall constitute Good Reason unless the Participant has provided written notice to the Company within thirty (30) days of the occurrence of such event and the Company shall have failed to cure such event within thirty (30) days of receipt of such written notice.

(g) Other Terminations of Service. Upon a termination of the Participant's Service prior to the Settlement Date for any reason other than pursuant to Sections 4(a), 4(b) and 4(c) above, the Award, including any then-outstanding Earned RSUs, shall immediately terminate and be forfeited without consideration.

(h) Release. Upon a termination of the Participant's Service prior to the final Settlement Date for termination without Cause pursuant to Section 4(c), settlement of any Award shall be conditioned first upon the Participant's execution of a fully effective and non-revocable general release ("Release") in favor of the Company, its Board of Directors, Affiliates, and employees, in such form as reasonably approved by the Company and the Participant within sixty (60) days of the Participant's termination of Service, which Release shall be provided to the Participant within five (5) days of the Participant's termination of Service.

5. No Right to Continued Service. The granting of the Award evidenced hereby and this Award Agreement shall impose no obligation on the Company or any Affiliate to continue the Service of the Participant and shall not lessen or affect any right that the Company or any Affiliate may have to terminate the Service of such Participant.

6. Shareholder Rights. Neither the Participant nor the Participant's representative shall have any rights as a shareholder of the Company with respect to the RSUs until such Person receives the Shares, if any, issued upon settlement.

7. Non-Solicitation and Non-Hire. If the Participant has an employment agreement with the Company or any of its Subsidiaries that contains non-solicitation and/or non-hire covenants, the covenants are incorporated into this Award Agreement by reference. To the extent the Participant does not have an employment agreement containing such covenants, the following restrictive covenants shall apply:

As a material incentive for the Company to enter into this Award Agreement, during the term of the Participant's employment with the Company or any of its Subsidiaries and for a period of twelve (12) months from the termination of the Participant's employment for any reason (including, without limitation, resignation by the Participant) (the "Non-Solicitation and Non-Hire Period") the Participant shall not, directly or indirectly, on the Participant's own behalf or on behalf of any other person, partnership, entity, association, or corporation, induce or attempt to influence, induce, or encourage anyone who is or, within the six (6) months prior to the date of termination was, an employee of the Company or any of its Subsidiaries at or above the managerial level (including, without limitation, General Managers, Assistant General Managers, store departmental managers, and all higher-ranking managers) (for purposes of this Section 7, an

“Employee”), client, supplier, vendor, licensee, distributor, contractor or other business relation of the Company or any of its Subsidiaries to cease doing business with, adversely alter or interfere with its business relationship with, the Company or any of its Subsidiaries. Further, during the Non-Solicitation and Non-Hire Period, the Participant shall not, on the Participant’s own behalf or on behalf of any other person, partnership, entity, association, or corporation, (i) solicit or seek to hire any Employee, or in any other manner attempt directly or indirectly to influence, induce, or encourage any Employee to leave their employ (provided, however, that nothing herein shall restrict the Participant from engaging in any general solicitation that is not specifically targeted at such persons), nor shall the Participant use or disclose to any person, partnership, entity, association, or corporation any information concerning the names, addresses or personal telephone numbers of any Employee, (ii) without the Company’s prior written consent, hire, employ or engage as a consultant any Employee, or (iii) directly or indirectly solicit, induce, or attempt to influence, induce, or encourage any person, partnership, entity, association, or corporation that is a client or customer of the Company or its Subsidiaries and who or which the Participant helped to schedule or conduct a special event or corporate teambuilding while employed by the Company or its Subsidiaries to schedule or conduct a special event or corporate teambuilding through another person, partnership, entity, association, or corporation.

This Section 7 shall survive termination or settlement of the Award and termination or satisfaction of the Award Agreement.

8. Securities Laws/Legend on Certificates. The issuance and delivery of Shares shall comply with all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company’s securities may then be traded. If the Company deems it necessary to ensure that the issuance of securities under the Plan is not required to be registered under any applicable securities laws, the Participant shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company which satisfies such requirements. The certificates representing the Shares shall be subject to such stop transfer orders and other restrictions as the Committee may deem reasonably advisable, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

9. Transferability. Unless otherwise provided by the Committee, the Award may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Award to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof.



10. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company shall have the right and is hereby authorized to withhold any applicable withholding taxes in respect of the Award, its exercise or transfer and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes.

11. Notices. Any notification required by the terms of this Award Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company, Attention: General Counsel, at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.

12. Entire Agreement. This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof and supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

13. Waiver. No waiver of any breach or condition of this Award Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

14. Successors and Assigns. The provisions of this Award Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs and legatees of the Participant's estate, whether or not any such person shall have become a party to this Award Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

15. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Award Agreement and all claims, causes of action or proceedings (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of or relate to this Award Agreement shall be governed by the internal laws of the State of Delaware, excluding any conflicts or choice-of-law rule or principle that might otherwise refer construction or interpretation of the Award Agreement to the substantive law of another jurisdiction. Each party to this Award Agreement agrees that it shall bring all claims, causes of action and proceedings (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of or be related to the Award Agreement exclusively in the Delaware Court of Chancery or, in the event (but only in the event) that such court does not have subject-matter jurisdiction over such claim, cause of action or proceeding, exclusively in the United States District Court for the District of Delaware (the "**Chosen Court**") and hereby (i) irrevocably submits to the exclusive jurisdiction of the Chosen Court, (ii) waives any objection to laying venue in any such proceeding in the Chosen Court, (iii) waives any objection that the Chosen Court is an inconvenient forum or does not have jurisdiction over any party and (iv) agrees that service of process upon such party in any such claim or cause of action shall be effective if notice is given in accordance with this Award Agreement.

(b) EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY CLAIM OR CAUSE OF ACTION (WHETHER IN CONTRACT, IN TORT, AT LAW OR OTHERWISE) INSTITUTED BY OR AGAINST SUCH PARTY IN RESPECT OF ITS, HIS OR HER OBLIGATIONS HEREUNDER.

16. Award Subject to Plan. By entering into this Award Agreement the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Award is subject to the Plan. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

17. No Guarantees Regarding Tax Treatment. The Participant shall be responsible for all taxes with respect to the Award. The Committee and the Company make no guarantees regarding the tax treatment of the Award.

18. Amendment. The Committee may amend or alter this Award Agreement and the Award granted hereunder at any time, subject to the terms of the Plan.

19. Signature in Counterparts. This Award Agreement may be signed in counterparts, manually or electronically, and each of which will be an original, with the same effect as if the signatures to each were upon the same instrument.

20. Electronic Signature and Delivery. This Award Agreement may be accepted by return signature or by electronic confirmation. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Award Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of a copy of this Agreement or any other document contemplated hereby bearing an original or electronic signature by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original or electronic signature.

21. Severability. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

*[signature page follows]*

D&B Team Member - [•]  
Restricted Stock Unit Award Agreement – Performance Based  
Page 8 of 9

IN WITNESS WHEREOF, the Company and the Participant have executed this Restricted Stock Unit Award Agreement as of the date first set forth above.

**PARTICIPANT**

\_\_\_\_\_

[•]

**DAVE & BUSTER'S ENTERTAINMENT, INC.**

By: \_\_\_\_\_

[•]

D&B Team Member - [•]  
Restricted Stock Unit Award Agreement – Performance Based  
Page 9 of 9

## CERTIFICATION

I, Kevin Sheehan, Interim 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: December 7, 2021

/s/ Kevin Sheehan

Kevin Sheehan  
Interim Chief Executive Officer

## CERTIFICATION

I, Scott J. Bowman, 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: December 7, 2021

/s/ Scott J. Bowman  
Scott J. Bowman  
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 October 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Sheehan, Interim 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: December 7, 2021

/s/ Kevin Sheehan

---

Kevin Sheehan

Interim 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 October 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott J. Bowman, 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: December 7, 2021

/s/ Scott J. Bowman

---

Scott J. Bowman

Chief Financial Officer