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 30, 2022

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)
1221 S. Beltline Rd., Suite 500, Coppell, Texas, 75019 (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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging Growth Company	☐		

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 1, 2022, the registrant had 48,290,288 shares of common stock, $0.01 par value per share, outstanding.

DAVE & BUSTER'S ENTERTAINMENT, INC.
FORM 10-Q FOR QUARTERLY PERIOD ENDED OCTOBER 30, 2022
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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 30, 2022 (Unaudited)	January 30, 2022 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 108,211	$ 25,910
Inventories	45,432	40,319
Prepaid expenses	15,749	11,316
Income taxes receivable	45,852	64,921
Other current assets	18,361	3,105
Total current assets	233,605	145,571
Property and equipment, net	1,155,955	778,597
Operating lease right of use assets, net	1,298,801	1,037,197
Deferred tax assets	1,354	9,961
Tradenames	178,200	79,000
Goodwill	787,048	272,597
Other assets and deferred charges	30,127	22,867
Total assets	$3,685,090	$2,345,790
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current installments of long-term debt	$ 8,500	$ —
Accounts payable	57,216	62,493
Accrued liabilities	339,254	248,493
Income taxes payable	1,272	529
Total current liabilities	406,242	311,515
Deferred income taxes	57,499	12,012
Operating lease liabilities	1,583,910	1,277,539
Other liabilities	54,215	37,869
Long-term debt, net	1,222,208	431,395
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value $0.01; authorized: 400,000,000 shares; issued: 62,280,788 shares at October 30, 2022 and 61,563,613 at January 30, 2022; outstanding: 48,276,202 shares at October 30, 2022 and 48,489,935 at January 30, 2022	623	616
Preferred stock, 50,000,000 authorized; none issued	—	—
Paid-in capital	566,242	548,776
Treasury stock, 14,004,586 and 13,073,678 shares as of October 30, 2022 and January 30, 2022, respectively	(637,947)	(605,435)
Accumulated other comprehensive loss	(1,023)	(3,628)
Retained earnings	433,121	335,131
Total stockholders' equity	361,016	275,460
Total liabilities and stockholders' equity	$3,685,090	$2,345,790

See accompanying notes to consolidated financial statements.

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

	Thirteen Weeks Ended October 30, 2022	Thirteen Weeks Ended October 31, 2021
Food and beverage revenues	$ 165,855	$ 107,747
Amusement and other revenues	315,351	210,229
Total revenues	481,206	317,976
Cost of food and beverage	48,939	30,082
Cost of amusement and other	27,316	22,531
Total cost of products	76,255	52,613
Operating payroll and benefits	125,919	78,995
Other store operating expenses	163,846	103,322
General and administrative expenses	32,777	22,104
Depreciation and amortization expenses	48,427	34,381
Pre-opening costs	3,874	2,092
Total operating costs	451,098	293,507
Operating income	30,108	24,469
Interest expense, net	28,374	13,423
Loss on debt extinguishment / refinance	—	2,829
Income before provision for (benefit from) income taxes	1,734	8,217
Provision for (benefit from) income taxes	(184)	(2,368)
Net income	1,918	10,585
Unrealized foreign currency translation gain (loss)	(343)	(34)
Unrealized gain on derivatives, net of tax	228	1,371
Total other comprehensive gain (loss)	(115)	1,337
Total comprehensive income	$ 1,803	$ 11,922
Net income per share:		
Basic	$ 0.04	$ 0.22
Diluted	$ 0.04	$ 0.21
Weighted average shares used in per share calculations:		
Basic	48,256,090	48,277,358
Diluted	48,740,003	49,283,503

See accompanying notes to consolidated financial statements.

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

	Thirty-Nine Weeks Ended October 30, 2022	Thirty-Nine Weeks Ended October 31, 2021
Food and beverage revenues	$ 474,762	$ 316,511
Amusement and other revenues	925,904	644,443
Total revenues	1,400,666	960,954
Cost of food and beverage	138,655	86,366
Cost of amusement and other	83,157	63,729
Total cost of products	221,812	150,095
Operating payroll and benefits	332,954	209,897
Other store operating expenses	430,711	292,883
General and administrative expenses	98,784	57,665
Depreciation and amortization expenses	120,329	104,355
Pre-opening costs	10,784	5,427
Total operating costs	1,215,374	820,322
Operating income	185,292	140,632
Interest expense, net	56,883	41,971
Loss on debt extinguishment/ refinance	1,479	2,829
Income before provision for income taxes	126,930	95,832
Provision for income taxes	28,940	12,842
Net income	97,990	82,990
Unrealized foreign currency translation gain (loss)	(366)	12
Unrealized gain on derivatives, net of tax	2,971	4,114
Total other comprehensive gain	2,605	4,126
Total comprehensive income	$ 100,595	$ 87,116
Net income per share:		
Basic	$ 2.02	$ 1.73
Diluted	$ 1.99	$ 1.68
Weighted average shares used in per share calculations:		
Basic	48,556,001	48,050,558
Diluted	49,173,864	49,257,269

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 30, 2022							
	Common Stock		Paid-In	Treasury Stock At Cost		Accumulated Other Comprehensive	Retained	
	Shares	Amt.	Capital	Shares	Amt.	Loss	Earnings	Total
Balance July 31, 2022	62,214,255	$622	$562,671	13,987,601	$(637,209)	$ (908)	$431,203	$356,379
Net income	—	—	—	—	—	—	1,918	1,918
Unrealized foreign currency translation loss	—	—	—	—	—	(343)	—	(343)
Derivatives, net of tax	—	—	—	—	—	228	—	228
Share-based compensation	—	—	3,228	—	—	—	—	3,228
Issuance of common stock	66,533	1	343	—	—	—	—	344
Repurchase of common stock	—	—	—	16,985	(738)	—	—	(738)
Balance October 30, 2022	62,280,788	$623	$566,242	14,004,586	$(637,947)	$ (1,023)	$433,121	$361,016

	Thirteen Weeks Ended October 31, 2021							
	Common Stock		Paid-In	Treasury Stock At Cost		Accumulated Other Comprehensive	Retained	
	Shares	Amt.	Capital	Shares	Amt.	Loss	Earnings	Total
Balance August 1, 2021	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)
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)
Balance October 31, 2021	61,364,015	$614	$545,168	13,021,714	$(603,745)	$ (4,959)	$309,481	$246,559

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 30, 2022							
	Common Stock			Treasury Stock At Cost				
	Shares	Amt.	Paid-In Capital	Shares	Amt.	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance January 30, 2022	61,563,613	$616	$548,776	13,073,678	$(605,435)	$ (3,628)	$335,131	$275,460
Net income	—	—	—	—	—	—	97,990	97,990
Unrealized foreign currency translation loss	—	—	—	—	—	(366)	—	(366)
Derivatives, net of tax	—	—	—	—	—	2,971	—	2,971
Share-based compensation	—	—	11,481	—	—	—	—	11,481
Issuance of common stock	717,175	7	5,985	—	—	—	—	5,992
Repurchase of common stock	—	—	—	930,908	(32,512)	—	—	(32,512)
Balance October 30, 2022	62,280,788	$623	$566,242	14,004,586	$(637,947)	$ (1,023)	$433,121	$361,016

	Thirty-Nine Weeks Ended October 31, 2021							
	Common Stock			Treasury Stock At Cost				
	Shares	Amt.	Paid-In Capital	Shares	Amt.	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance January 31, 2021	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
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)
Balance October 31, 2021	61,364,015	$614	$545,168	13,021,714	$(603,745)	$ (4,959)	$309,481	$246,559

See accompanying notes to consolidated financial statements.

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

	Thirty-Nine Weeks Ended October 30, 2022	Thirty-Nine Weeks Ended October 31, 2021
Cash flows from operating activities:		
Net income	$ 97,990	$ 82,990
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	120,329	104,355
Non-cash interest expense	6,654	5,660
Impairment of long-lived assets	1,841	—
Deferred taxes	29,283	(6,191)
Loss on disposal of fixed assets	612	634
Loss on debt refinancing	1,479	2,829
Share-based compensation	11,481	9,936
Other, net	3,405	3,250
Changes in assets and liabilities, net of assets and liabilities acquired:		
Inventories	(187)	(13,449)
Prepaid expenses	(1,802)	(498)
Income tax receivable	19,069	2,418
Other current assets	(5,991)	(870)
Other assets and deferred charges	951	(1,859)
Accounts payable	(30,486)	(3,419)
Accrued liabilities	43,410	19,069
Income taxes payable	105	(11)
Other liabilities	2,822	(6,346)
Net cash provided by operating activities:	300,965	198,498
Cash flows from investing activities:		
Capital expenditures	(164,020)	(63,559)
Acquisition of a business, net of cash acquired	(818,678)	—
Proceeds from sales of property and equipment	802	550
Net cash used in investing activities:	(981,896)	(63,009)
Cash flows from financing activities:		
Proceeds from debt	821,500	37,000
Payments of debt	(14,000)	(152,000)
Debt issuance costs and prepayment premiums	(17,748)	(1,650)
Proceeds from the exercise of stock options	5,992	4,050
Repurchases of common stock under share repurchase program	(25,015)	—
Repurchases of common stock to satisfy employee withholding tax obligations	(7,497)	(7,775)
Net cash provided by (used in) financing activities:	763,232	(120,375)
Increase in cash and cash equivalents	82,301	15,114
Beginning cash and cash equivalents	25,910	11,891
Ending cash and cash equivalents	$ 108,211	$ 27,005
Supplemental disclosures of cash flow information:		
Change in fixed asset accounts payable	$ (2,064)	$ 6,314
Cash paid (refund received) for income taxes, net	$ (20,174)	$ 16,043
Cash paid for interest, net	$ 33,348	$ 43,910

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 & Buster's, Inc. ("D&B Inc"), the operating company. All intercompany balances and transactions have been eliminated in consolidation. The Company, headquartered in Coppell, Texas, is a leading operator of high-volume entertainment and dining venues ("stores") in North America for adults and families.

On June 29, 2022 (the "Closing Date"), the Company completed its previously announced acquisition (the "Main Event Acquisition" or "the Acquisition") of 100% of the equity interests of Ardent Leisure US Holding Inc. ("Ardent US"), pursuant to that certain Agreement and Plan of Merger (the "Merger Agreement"), dated April 6, 2022, by and among the Company, Ardent US, Delta Bravo Merger Sub, Inc, the Company's wholly-owned subsidiary formed for the purpose of completing the transactions set forth in the Merger Agreement, for the limited purposes set forth therein, Ardent Leisure Group Limited ("Ardent"), and, for the limited purposes set forth therein, RB ME LP ("RedBird") and RB ME Blocker, LLC, REB ME Series 2019 Investor Aggregator LP and RedBird Series 2019 GP Co-Invest, LP. Refer to Note 2, *Business Combinations*, for further details.

During the thirty-nine weeks ended October 30, 2022, the Company opened seven Dave & Buster's branded stores located in Bakersfield, California, Long Beach, California, Lynwood, Washington, Sioux Falls, South Dakota, Brooklyn (Atlantic Center), New York, Modesto, California, and Augusta, Georgia, which includes three stores that opened during the thirteen weeks ended October 30, 2022. As of October 30, 2022, the Company owned and operated 151 Dave & Buster's stores located in 41 states, Puerto Rico and one Canadian province as well as 49 Main Event and 3 The Summit stores (collectively referred to as "Main Event"), located in 17 states.

The Company operates its business as two operating units aggregated into one reportable segment. 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 2022 and 2021, which end on January 29, 2023, and January 30, 2022, 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 30, 2022, included in our Annual Report on Form 10-K as filed with the SEC.

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 30, 2022 are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending January 29, 2023.

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 $16,673 is presented in "Accounts payable" in the Consolidated Balance Sheets as of January 30, 2022. There was no book overdraft as of October 30, 2022. Changes in the book overdraft position are presented within "Net cash provided by 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 was 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 our senior secured notes was $446,329 and $456,204 as of October 30, 2022 and January 30, 2022, respectively. The fair value of the Company's term note was $927,943 as of October 30, 2022. 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 second quarter of fiscal 2022, an impairment of $1,841 was recognized related to Main Event's corporate headquarters lease, which was abandoned, and was included in "General and administrative expenses" in the Consolidated Statements of Comprehensive Income. During the first and third quarters of fiscal 2022, there were no impairments recognized.

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 notional amount of the swap agreements, which matured August 17, 2022, totaled $350,000 and the fixed rate of interest for all agreements was 2.47%. 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, the Company discontinued the hedging relationship as of April 14, 2020 (de-designation date), and the Company reclassified the 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. Effective June 16, 2022, one of the three interest rate swap agreements was terminated before maturity. As of October 30, 2022, there is no remaining unamortized balance to be reclassified. Effective with the de-designation, any gain or loss on the derivatives was previously recognized in earnings in the period in which the change occurred. For the thirty-nine weeks ended October 30, 2022 and October 31, 2021, a gain of $679 and a loss of $92, respectively, were recognized, which are included in "Other store operating expenses" in the Consolidated Statements of Comprehensive Income.

The fair value of outstanding interest rate swap derivatives liability was $3,823 as of January 30, 2022, with no balance as of October 30, 2022 as the interest rate swap is no longer outstanding. The balance was previously included in "Accrued liabilities" in the Consolidated Balance Sheets. The following table summarizes the activity in accumulated other comprehensive loss related to our derivative instruments:

	Thirteen weeks ended		Thirty-nine weeks ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Loss reclassified or amortized into interest expense	$ 314	$ 1,886	$ 4,088	$ (5,660)
Income tax effect	$ (86)	$ (515)	$ (1,117)	$ 1,546

Revenue recognition — Amusement revenues are primarily recognized upon utilization of game play credits on 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. 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 30, 2022, we recognized revenue of approximately $7,800 and $38,600, respectively, related to the amount in deferred amusement revenue as of the end of fiscal 2021 (or as of the Closing Date of the Acquisition).

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 30, 2022, we recognized revenue of approximately $1,900 and $5,200 respectively, related to the amount in deferred gift card revenue as of the end of fiscal 2021 (or as of the Closing Date of the Acquisition), of which approximately $730 and $1,160, 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 30, 2022 and October 31, 2021, respectively, we withheld 165,920 and 179,487 shares of common stock to satisfy $7,497 and $7,775 of employees' tax obligations, respectively.

Earnings per share — Basic net income (loss) per share is computed by dividing net income available to common shareholders by the basic weighted average number of common shares outstanding for the reporting period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For the calculation of diluted net income per share, the basic weighted average shares outstanding is increased by the dilutive effect of stock options and restricted share awards. Stock options and restricted share awards with an anti-dilutive effect are not included in the diluted net income per share calculation. For the thirteen weeks ended October 30, 2022 and October 31, 2021, the Company excluded anti-dilutive awards from the calculation of approximately 322,284 and 236,279 respectively. For the thirty-nine weeks ended October 30, 2022, and October 31, 2021, the Company excluded anti-dilutive awards from the calculation of approximately 227,316 and 161,093, respectively. Basic weighted average shares outstanding are reconciled to diluted weighted average shares outstanding as follows:

	Thirteen weeks ended		Thirty-nine weeks ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Basic weighted average shares outstanding	48,256,090	48,277,358	48,556,001	48,050,558
Weighted average dilutive impact of awards	483,913	1,006,145	617,863	1,206,711
Diluted weighted average shares outstanding	48,740,003	49,283,503	49,173,864	49,257,269

Recent accounting pronouncements — We reviewed the accounting pronouncements that became effective for our fiscal year 2022 and determined that either they were not applicable, or they did not have a material impact on the consolidated financial statements. We also reviewed the recently issued accounting pronouncements to be adopted in future periods and determined that they are not expected to have a material impact on the consolidated financial statements.

Note 2: Business Combinations

On June 29, 2022, the Company acquired Main Event for approximately $832,472 in net cash and contingent consideration. Dallas-based Main Event, which debuted in 1998, is also focused on food, drinks, and games, largely for the demographic target of families with young children. The acquisition is expected to put the Company in a strategic position for accelerated, profitable growth in both brands as well as create cost synergies with our Dave & Buster’s brand.

The Main Event Acquisition was made at a price above the determined fair value of the acquired identifiable net assets, resulting in goodwill, primarily due to expectations of the synergies that will be realized by combining the businesses and the benefits that will be gained from the assembled workforce. These synergies include the elimination of redundant facilities, functions, and staffing. None of the goodwill recorded from this business combination is expected to be tax deductible.

The acquisition has been accounted for using the acquisition method of accounting with assets acquired and liabilities assumed recorded at fair value, and the results of Main Event have been included in the accompanying financial statements from June 29, 2022, the date of acquisition. Acquisition transaction costs totaling approximately $12,800 were recorded in general and administrative expenses as incurred.

The following summarizes the purchase consideration paid, which consisted of cash consideration of $835,000 (adjusted for cash on hand, payment of certain Ardent US liabilities and other normal closing adjustments), resulting in gross cash consideration paid of $853,219. The final cash consideration was subject to normal post-closing adjustments and was settled in the third quarter of 2022.

The components of the purchase price and net assets acquired in the Main Event Acquisition are as follows:

	Amount
Gross cash consideration	$853,219
Contingent consideration (1)	13,794
Less: cash acquired	(34,541)
Total consideration paid	$832,472
Assets:	
Current assets	16,820
Property and equipment	338,275
Operating lease right of use assets	282,742
Tradenames	99,200
Other assets and deferred charges	5,841
Liabilities:	
Accounts payable	20,118
Current portion of operating lease liabilities	11,651
Accrued liabilities	41,977
Operating lease liabilities	321,074
Deferred tax liabilities	23,696
Other liabilities	6,273
Net assets acquired, excluding goodwill	$318,089
Goodwill	$514,383

(1) The Company has an obligation to pay, in cash, an aggregate amount equal to any "Transaction Tax Benefits," with respect to any taxable year of the Company after the Closing Date ending on or before December 31, 2028, including the current taxable year. Transaction Tax Benefits is generally defined as any reduction in the Company's liabilities for U.S. federal and state income taxes due to the use of net operating losses generated prior to the Closing Date. The contingent consideration could range from $0 (if no Transaction Tax Benefits are achieved) to a cap, as defined in the Merger Agreement of approximately $14,600 (undiscounted) and will be paid to the selling shareholders in cash. The contingent consideration was initially valued based on the present value of the maximum amount provided in the Merger Agreement pending completion of the valuation analysis.

The preliminary allocation of the purchase price for the Acquisition was based on estimates of the fair value of the net assets acquired and are subject to adjustment for up to one year upon finalization, largely with respect to acquired property and equipment; lease assets and liabilities; deferred taxes; and contingent consideration. Measurements of these items inherently require significant estimates and assumptions considered to be Level Three fair value estimates.

The fair values of property and equipment were determined using a cost approach that utilized the Replacement Cost New methodology. Key inputs and assumptions include current cost estimates, functional and economic obsolescence. The fair values of the real estate leases were determined using a market approach that utilized the Above-Below Regression methodology. Key inputs and assumptions include mean rental rates (based on metrics such as rent/revenue and operating cash flow/revenue) and discount rate. The fair value of the tradename was determined using an income approach that utilized the Relief from Royalty methodology. Key inputs and assumptions include the Company's projected future EBITDA, royalty rates, discount rate, and long-term growth rate.

The preliminary fair values of acquisition-related intangible assets are as follows:

	Amount	Useful Life(Yrs)
Favorable/(unfavorable) lease contracts, net	$ (2,866)	5-10
Tradenames	99,200	Indefinite
Total acquisition-related intangible assets	$96,334	

Taxes – The preliminary allocation of the purchase price consideration is based on preliminary valuations performed to determine the fair value of the net assets as of the Closing Date. The Company has conducted a preliminary assessment of the valuations and has recognized provisional deferred income tax amounts in its preliminary allocation for the identified assets and liabilities. However, the Company is continuing its procedures to identify information pertaining to these matters during the measurement period. If new information is obtained about facts and circumstances that existed at the Closing Date, the Company will either adjust its measurement of provisional deferred income tax amounts or recognize and measure assets and liabilities not previously identified.

Unaudited Pro Forma Information

To reflect the Acquisition as if it had occurred on February 1, 2021, the unaudited pro forma results include adjustments to reflect, among other things, the interest expense from debt financings obtained to partially fund the cash consideration transferred. Pro forma adjustments were tax effected at the Company's historical statutory rates in effect for the respective periods. The unaudited pro forma amounts are not necessarily indicative of the combined results of operations that would have been realized had the acquisitions and related financings occurred on the aforementioned dates, nor are they meant to be indicative of any anticipated combined results of operations that the Company will experience after the transaction. In addition, the amounts do not include any adjustments for actions that may be taken following the completion of the transaction, such as expected cost savings, operating synergies, or revenue enhancements that may be realized subsequent to the transaction.

The following unaudited pro forma information provides the effect of the Main Event Acquisition as if the acquisition had occurred on February 1, 2021:

	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	
	October 31, 2021	10/30/2022	10/31/2021
Revenues	$ 398,912	$1,601,279	$1,240,263
Net income	$ (7,395)	$ 86,740	$ 62,313

Main Event's revenues attributable to the Company in the thirteen and thirty-nine weeks ended October 30, 2022, subsequent to the acquisition date, were $106,803 and $158,208, respectively. Main Event's net income attributable to the Company in the thirteen and thirty-nine weeks ended October 30, 2022, subsequent to the acquisition date, were $780 and $6,448, respectively.

The historical consolidated financial information of the Company and Main Event has been adjusted in the pro forma information to give effect to pro forma events that are directly attributable to the acquisition and related financing arrangements and are factually supportable.

Note 3: Goodwill and Intangible Assets, Net

Goodwill — Goodwill is evaluated at the reporting unit level. Goodwill is not subject to amortization and is evaluated for impairment annually or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value below carrying amount. Such events or circumstances generally include the occurrence of operating losses or a significant decline in earnings. The Company is permitted to first assess qualitative factors to determine whether the quantitative goodwill impairment test is necessary. If the qualitative assessment results in a determination that the fair value is more likely than not less than carrying amount, the Company performs a quantitative goodwill impairment test. The Company may bypass the qualitative assessment in any period and proceed directly to the goodwill impairment test. The Company estimates fair value by using forecasts of discounted future cash flows and peer market multiples. The Company would record an impairment charge based on the excess of the carrying amount over fair value (limited to the amount of goodwill). The Company determined that no impairments existed in periods reflected. The carrying amount of goodwill is impacted by foreign currency translation adjustments.

The changes in the carrying amount of goodwill during fiscal 2022 and fiscal 2021 are as follows:

Balance at January 31, 2021	$272,597
Currency adjustment	—
Balance at January 30, 2022	272,597
Currency adjustment	68
Acquisition of Main Event	514,383
Balance at October 30, 2022	$787,048

Intangible assets — Intangible assets consist of favorable and unfavorable lease contracts and tradenames. Favorable and unfavorable lease contracts with definite lives are being amortized using the straight-line method over their estimated useful lives, which range up to 10 years. The Company reviews these intangible assets for impairment when indication of potential impairment exists, such as a significant reduction in cash flows associated with the assets. When impairment indicators exist, the Company determines whether the carrying value of its intangible assets exceeds the related undiscounted cash flows. In these situations, the carrying value is written down to fair value.

Tradenames with indefinite lives are not amortized and are reviewed for impairment annually or whenever events or changes in circumstances indicate they may be impaired. The Company may perform an optional qualitative assessment. If the Company determines that the fair value of the indefinite-lived intangible asset is more likely than not greater than its carrying amount, no additional testing is necessary. If not, or if the Company bypasses the optional qualitative assessment, the carrying value is written down to the fair value, if applicable.

The net carrying amount of intangibles are as follows:

	October 30, 2022			January 30, 2022		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Favorable/unfavorable lease contracts, net	$ (2,866)	$ 212	$ (2,654)	$ —	$ —	$ —
Tradenames (indefinite lived)	$178,200	N/A	N/A	$79,000	N/A	N/A

The following table summarizes the estimated amortization of our net unfavorable lease contracts as of October 30, 2022:

Remainder of 2022	$159
2023	$636
2024	$636
2025	$636
2026	$636
Thereafter	$ 49

Note 4: Accrued Liabilities

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

	October 30, 2022	January 30, 2022
Deferred amusement revenue	$ 108,417	$ 92,961
Current portion of operating lease liabilities, net (1)	59,682	45,445
Compensation and benefits	47,939	27,447
Deferred gift card revenue	15,394	11,855
Property taxes	16,438	6,450
Occupancy costs	11,690	20,575
Accrued interest	22,998	8,629
Sales and use taxes	9,800	4,465
Customer deposits	14,137	3,471
Utilities	7,189	5,262
Current portion of long-term insurance	6,700	5,700
Other	18,870	16,233
Total accrued liabilities	$ 339,254	$ 248,493

(1) The balance of leasehold incentive receivables of $11,274 and $10,064 as of October 30, 2022 and January 30, 2022, respectively, is reflected as a reduction of the current portion of operating lease liabilities.

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Note 5: Leases

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

During fiscal 2020 and the first half of fiscal 2021, the Company entered into rent relief agreements with our respective landlords. The Company elected to apply an available practical expedient to account for lease concessions and deferrals resulting directly from the COVID-19 pandemic as though the enforceable rights and obligations to the deferrals existed in the respective contracts at lease inception and not account for the concessions as lease modifications unless the concession results in a substantial increase in the Company’s obligations. The majority of 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. The current portion of deferred occupancy costs is included in “Accrued liabilities” and the balance, or $3,994 and $8,434 as of October 30, 2022, and January 30, 2022, respectively, is included in “Other liabilities” in the Consolidated Balance Sheets.

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.

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	10/30/2022	10/31/2021	10/30/2022	10/31/2021
Operating lease cost	$ 46,107	$ 33,915	$119,713	$100,506
Variable lease cost	9,328	7,862	28,198	22,492
Short-term lease cost	460	121	772	431

Future minimum lease payments on operating lease liabilities were as follows as of October 30, 2022, by fiscal year:

Remainder of 2022	$ 35,717
2023	191,775
2024	192,162
2025	193,349
2026	194,597
Thereafter	1,799,995
Total future operating lease liability	$2,607,595
Less: interest	(952,729)
Present value of operating lease liabilities	$1,654,866

Operating lease payments in the table above includes minimum lease payments for future sites for which the leases have commenced. Operating lease payments exclude approximately $207,000 of minimum lease payments for twelve executed facility leases which have not yet commenced.

Note 6: Debt

Long-term debt consists of the following:

	October 30, 2022	January 30, 2022
Senior secured notes	$ 440,000	$ 440,000
Term loan	850,000	—
Total debt outstanding	1,290,000	440,000
Current portion	(8,500)	—
Original issue discount on term loan	(40,456)	—
Debt issuance costs	(18,836)	(8,605)
Long-term debt	$ 1,222,208	$ 431,395

During fiscal 2020, the Company issued $550,000 aggregate principal amount of 7.625% senior secured notes (the "Notes"). Interest on the Notes is payable in arrears on November 1 and May 1 of each year. The Notes mature on November 1, 2025, unless earlier redeemed, and are subject to the terms and conditions set forth in the related indenture. The Notes were issued by D&B Inc and are unconditionally guaranteed by D&B Holdings and certain of D&B Inc's existing and future wholly owned material domestic subsidiaries. During fiscal 2021, the Company redeemed a total of $110,000 outstanding principal amount of the Notes, and paid prepayment premiums of $3,300, plus accrued and unpaid interest to the date of redemptions. The early redemptions of the Notes resulted in a loss on extinguishment of approximately $2,300 related to a proportional amount of unamortized issuance costs. Beginning October 27, 2022, the Company may elect to further redeem the Notes, in whole or in part, at certain specified redemption prices, plus accrued and unpaid interest, at the redemption date.

In connection with the closing of the Main Event Acquisition on June 29, 2022, D&B Inc entered into a senior secured credit agreement, which refinanced the $500,000 existing revolving facility, extended the maturity date to June 29, 2027, and added a new term loan facility in the aggregate principal amount of $850,000, with a maturity date of June 29, 2029 ("Credit Facility"). The proceeds of the term loan, net of an original issue discount of $42,500, were used to pay the consideration for the Acquisition. The revolving credit facility can expire before the stated maturity date if the aggregate outstanding principal amount of the Notes exceeds $100,000 ninety-one days prior to November 1, 2025. A portion of the revolving facility not to exceed $35,000 is available for the issuance of letters of credit. At the end of the third quarter of fiscal 2022, we had letters of credit outstanding of $8,905 and an unused commitment balance of $491,095 under the revolving facility. The Credit Facility may be increased through incremental facilities, by an amount equal to the greater of (i) $400,000 and (ii) 0.75 times trailing twelve-month Adjusted EBITDA, as defined, plus additional amounts subject to compliance with applicable leverage ratio and/or interest coverage ratio requirements. The Credit Facility is unconditionally guaranteed by D&B Holdings and certain of D&B Inc's existing and future wholly owned material domestic subsidiaries.

The interest rates per annum applicable to SOFR term loans are based on a defined SOFR rate (with a floor of 0.50%) plus an additional credit spread adjustment of 0.10%, plus a margin of 5.00%. The interest rates per annum applicable to SOFR revolving loans are based on the term loan SOFR rate, plus an additional credit spread adjustment of 0.10%, plus an initial margin of 4.75%. Unused commitments under the revolving facility incur initial commitment fees of 0.50%. After the Company's third quarter of fiscal 2022, the margin for SOFR revolving loans are subject to a pricing grid based on net total leverage, ranging from 4.25% to 4.75%, and commitment fees are subject to a pricing grid based on net total leverage, ranging from 0.30% to 0.50%.

Amortization of debt issuance costs and original issue discount was $2,882 and $5,477 for the thirteen and thirty-nine weeks ended October 30, 2022, and $1,070 and $3,275 for the thirteen and thirty-nine weeks ended October 31, 2021, respectively, and is included in "Interest expense, net" in the Consolidated Statements of Comprehensive Income. For the thirty-nine weeks ended October 30, 2022, and October 31, 2021, the Company's weighted average effective interest rate on our total debt facilities (before capitalized interest amounts) was 9.5% and 10.3%, respectively. During the second quarter of fiscal 2022, the Company recognized a loss of $1,479, related to the write off of unamortized debt issuance costs associated with exiting creditors of the refinanced revolving facility.

Our debt agreements contain restrictive covenants that, among other things, place certain limitations on our ability to incur additional indebtedness, make loans or advances to subsidiaries and other entities, pay dividends, acquire other businesses or sell assets. The Credit Facility also requires the Company to maintain a maximum net total leverage ratio, as defined, as of the end of each fiscal quarter, beginning with the Company's first full fiscal quarter after the Closing Date. We were in compliance with our covenants and the terms of our debt agreements as of October 30, 2022.

Note 7: 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. The Company's assessments of potential liabilities associated with these claims 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 these cases.

Note 8: Share-Based Compensation

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
General and administrative expenses	$ 3,228	$ 3,778	$ 11,481	$ 9,936

Our share-based compensation award activity during the thirty-nine weeks ended October 30, 2022 were as follows:

($ in 000s)	Options	Restricted Stock Units	Total
Outstanding at January 30, 2022	1,006,933	922,799	1,929,732
Granted	513,420	1,640,283	2,153,703
Exercised	(175,699)	—	(175,699)
Performance adjusted units	n/a	45,712	45,712
RSU vestings	n/a	(541,476)	(541,476)
Forfeited	(26,166)	(127,626)	(153,792)
Outstanding at October 30, 2022	1,318,488	1,939,692	3,258,180
Remaining unrecognized compensation expense	$ 9,363	$ 51,145	$ 60,508

Fair value of our time-based and performance-based restricted stock units is based on our closing stock price on the date of grant. The grant date fair value of stock options was determined using the Black-Scholes option valuation model. The grant date fair value of performance-based awards with market conditions was determined using the Monte Carlo valuation model. The unrecognized expense will all be substantially recognized through the end of fiscal 2025.

During the second quarter of fiscal 2022, the Company granted certain options, time-based, performance-based, and market-based restricted stock units to the newly appointed chief executive officer. The majority of these grants vest over five years, but the market-based restricted stock units can vest earlier if the targets are achieved prior to that time. As a result, the requisite service period for such grants was determined to be less than the explicit service period.

During the third quarter of fiscal 2022, the Company granted certain options, time-based, performance-based, and market-based restricted stock units to its executive officers and other senior executives. The fair value of these grants was approximately $27,500 and the majority of these awards will vest over five years, but the market-based restricted stock units can vest earlier if the targets are achieved prior to that time. As a result, the requisite service period for such grants was determined to be less than the explicit service period.

During the thirty-nine weeks ended October 30, 2022 and October 31, 2021, excess tax expense (benefit) of $(2,108) and $(6,034), respectively, were recognized in the “Provision for income taxes” in the Consolidated Statement of Comprehensive Income and classified as a source in operating activities in the Consolidated Statement of Cash Flows.

Note 9: Income Taxes

The effective tax rate for the thirty-nine weeks ended October 30, 2022, was 22.8%, compared to 13.4% for the thirty-nine weeks ended October 31, 2021. The previous year tax provision includes higher excess tax benefits associated with share-based compensation and credits associated with the reversal of certain tax valuation allowances.

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, of which approximately $33,200 were received during the first quarter of fiscal 2022.

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 29, 2022. 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 29, 2022. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Form 10-Q, such results or developments may not be indicative of results or developments in subsequent periods.

Recent Events

On June 29, 2022, the Company completed its previously announced Main Event Acquisition. As of October 30, 2022, there were 49 family entertainment centers under the name Main Event and 3 family entertainment centers under the name The Summit (collectively referred to as "Main Event"), operating in 17 states. Refer to Note 2, *Business Combinations*, to the Unaudited Consolidated Financial Statements for further details.

Quarterly Financial Highlights

- Third quarter revenue of $481,206 increased 51.3% from the third quarter of 2021 and increased 60.7% from the third quarter of 2019. Main Event branded stores contributed $106,803 of revenue during the quarter.
- Comparable sales at Dave & Buster's branded stores increased 13.8% compared with the same period in 2021 and 13.6% compared with the same period in 2019.
- Net income totaled $1,918, or 4 cents per diluted share, compared with net income of $10,585, or 21 cents per diluted share in the third quarter of 2021 and net income of $482, or 2 cents per diluted share in the third quarter of 2019. Net income in the third quarter of fiscal 2022 was impacted by $4,029 of incremental acquisition and integration costs related to the Main Event Acquisition.
- Adjusted EBITDA of $89,973 increased 31.9% from the third quarter of 2021 and increased 94.4% from the third quarter of 2019.
- Ended the quarter with $108,211 in cash and $491,095 of liquidity available under the Company's revolving credit facility.

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 names "Dave & Buster's" and "Main Event". 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, bowling, and watching live sports and other televised events. Our brands appeal to a relatively balanced mix of male and female adults, as well as families and teenagers. We believe we appeal to a diverse customer base by providing a highly customizable experience in a dynamic and fun setting.

Our Dave & Buster's stores, which average 40,000 square feet, range in size between 16,000 and 70,000 square feet. Our Main Event stores, which average 54,000 square feet, range in size between 46,000 and 74,000 square feet. Generally, our stores are open seven days a week, with normal hours of operation generally from between 10:00 to 11:30 a.m. until midnight, with stores typically open for extended hours on weekends.

Key Measures of Our Performance

We monitor and analyze several key performance measures to manage our business and evaluate financial and operating performance. 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 2022 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 and one store in Cary, North Carolina that was closed and relocated during the fourth quarter of fiscal 2021. For the first through third quarter of fiscal 2022, our comparable store base consisted of 113 stores. Our Main Event stores were not included in comparable store sales for the thirteen and thirty-nine weeks ended October 30, 2022.

New store openings. Our ability to expand our business and reach new customers is influenced by the opening of additional stores in both new and existing markets. The success of our new stores is indicative of our brand appeal and the efficacy of our site selection and operating models. For the thirty-nine weeks ended October 30, 2022, we opened seven new Dave & Buster's stores.

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.

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 2022 relate to the 13-week period ended October 30, 2022. 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 2019 relate to the 13-week period ended November 3, 2019. Fiscal 2022, fiscal 2021 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 approximately 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 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 30, 2022 Compared to Thirteen Weeks Ended October 31, 2021

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.

	Thirteen Weeks Ended October 30, 2022		Thirteen Weeks Ended October 31, 2021	
Food and beverage revenues	$165,855	34.5%	$107,747	33.9%
Amusement and other revenues	315,351	65.5	210,229	66.1
Total revenues	481,206	100.0	317,976	100.0
Cost of food and beverage (as a percentage of food and beverage revenues)	48,939	29.5	30,082	27.9
Cost of amusement and other (as a percentage of amusement and other revenues)	27,316	8.7	22,531	10.7
Total cost of products	76,255	15.8	52,613	16.5
Operating payroll and benefits	125,919	26.2	78,995	24.8
Other store operating expenses	163,846	34.0	103,322	32.5
General and administrative expenses	32,777	6.8	22,104	7.0
Depreciation and amortization expense	48,427	10.1	34,381	10.8
Pre-opening costs	3,874	0.8	2,092	0.7
Total operating costs	451,098	93.7	293,507	92.3
Operating income	30,108	6.3	24,469	7.7
Interest expense, net	28,374	5.9	13,423	4.2
Loss on debt extinguishment / refinancing	—	—	2,829	0.9
Income before provision for income taxes	1,734	0.4	8,217	2.6
Benefit for income taxes	(184)	—	(2,368)	(0.7)
Net income	$ 1,918	0.4%	$ 10,585	3.3%
Change in comparable store sales (1)		13.8%		189.3%
Comparable stores at end of period (1)		113		114
Company-owned stores at end of period (1)		203		143

(1) Our comparable store count as of the end of the third quarter of fiscal 2022 excludes a store in Cary, North Carolina, which was closed and relocated during the fourth quarter of fiscal 2021. Company-owned stores as of October 30, 2022, include 52 Main Event stores, which were acquired on June 29, 2022. These stores are not considered comparable stores.

Reconciliations of Non-GAAP Financial Measures

Adjusted EBITDA

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

	Thirteen Weeks Ended October 30, 2022		Thirteen Weeks Ended October 31, 2021	
Net income	$ 1,918	0.4%	$10,585	3.3%
Interest expense, net	28,374		13,423	
Loss on debt extinguishment / refinancing	—		2,829	
Benefit for income taxes	(184)		(2,368)	
Depreciation and amortization expense	48,427		34,381	
EBITDA	78,535	16.3%	58,850	18.5%
Loss on asset disposal	242		377	
Impairment of long-lived assets	—		—	
Share-based compensation	3,228		3,778	
Pre-opening costs	3,874		2,092	
Other costs (1)	4,094		3,112	
Adjusted EBITDA	$89,973	18.7%	$68,209	21.5%

(1) Includes $4,029 in costs related to the acquisition and integration of Main Event for the thirteen weeks ended October 30, 2022 and approximately $3,100 of severance costs for the thirteen weeks ended October 31, 2021. Refer to Note 2 of the Unaudited Consolidated Financial Statements for more information.

Store Operating Income Before Depreciation and Amortization

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

	Thirteen Weeks Ended October 30, 2022		Thirteen Weeks Ended October 31, 2021	
Operating income	$ 30,108	6.3%	$24,469	7.7%
General and administrative expenses	32,777		22,104	
Depreciation and amortization expense	48,427		34,381	
Pre-opening costs	3,874		2,092	
Store Operating Income Before Depreciation and Amortization	$115,186	23.9%	$83,046	26.1%

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”).

	Thirteen Weeks Ended October 30, 2022	Thirteen Weeks Ended October 31, 2021
New store and operating initiatives	$ 44,524	$ 20,616
Games	2,893	195
Maintenance capital	9,455	8,402
Total capital additions	$ 56,872	$ 29,213
Payments from landlords	$ 20,625	$ 5,717

Results of Operations

Revenues

In March 2020, a novel strain of coronavirus ("COVID-19") outbreak was declared a global pandemic and 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 arcade "(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, and by the end of fiscal 2020, 107 of our 140 stores were open and operating. These stores were operating with a combination of limited menus, reduced dining room seating, reduced game availability in the Midway, reduced operating hours and other restrictions referred to as "limited operations" or "operating in limited capacity." As of the end of the first quarter of fiscal 2021, 138 of our 141 stores were operating in some limited capacity. The Company re-opened the remaining stores that had been temporarily closed by the end of the second quarter of fiscal 2021. During the first quarter of fiscal 2022 any remaining local COVID-19 related operating restrictions on re-opened stores were removed.

On June 29, 2022, the Company completed the Main Event Acquisition, acquiring 49 Main Event and 3 The Summit stores.

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

	Thirteen Weeks Ended		
	October 30, 2022	October 31, 2021	Change
Total revenues	$ 481,206	$ 317,976	$163,230
Total store operating weeks	2,616	1,854	762
Comparable store revenues	$ 293,416	$ 257,732	$ 35,684
Comparable store operating weeks	1,469	1,469	—
Noncomparable store revenues—Dave & Buster's	$ 81,386	56,830	$ 24,556
Noncomparable store operating weeks—Dave & Buster's	471	385	86
Noncomparable store revenues—Main Event	106,803	—	106,803
Noncomparable store operating weeks—Main Event	676	—	676
Other revenues and deferrals—Dave & Buster's	$ (399)	$ 3,414	$ (3,813)

Total revenues increased $163,230, or 51.3%, to $481,206 in the third quarter of fiscal 2022 compared to total revenues of $317,976 in the third quarter of fiscal 2021. The increase in revenue is primarily attributable to $106,803 in revenue from our Main Event stores, and a 13.8% increase in comparable store sales. The table below represents our revenue mix for the fiscal periods indicated. The shift in mix from amusement sales to food and beverage sales is due, in part, to increased special events, and food price increases effective midway through the third quarter of fiscal 2021.

	Thirteen Weeks Ended	
	October 30, 2022	October 31, 2021
Food sales	23.5%	22.7%
Beverage sales	11.0%	11.2%
Amusement sales	64.3%	65.5%
Other	1.2%	0.6%

Comparable store revenue increased $35,686 or 13.8%, in the third quarter of fiscal 2022 compared to the third quarter of fiscal 2021, due to the reasons noted above, including a 0.2% increase in comparable store operating weeks. Comparable store sales in the third quarter of fiscal 2022 increased 13.6% compared to the third quarter of fiscal 2019.

Food sales at comparable stores increased by $11,998, or 20.2%, to $71,518 in the third quarter of fiscal 2022 from $59,520 in the third quarter of fiscal 2021. Beverage sales at comparable stores increased by $4,093, or 13.7%, to $33,930 in the third quarter of fiscal 2022 from $29,837 in the 2021 comparison period. Comparable store amusement and other revenues in the third quarter of fiscal 2022 increased by $19,595, or 11.6%, to $187,968 from $168,373 in the comparable period of fiscal 2021.

Dave & Buster's non-comparable store revenue increased $24,556 in the third quarter of fiscal 2022 compared to the third quarter of fiscal 2021, for the same reasons noted above, including 86 more store operating weeks.

Cost of products

The total cost of products was $76,255 for the third quarter of fiscal 2022 and $52,613 for the third quarter of fiscal 2021. The total cost of products as a percentage of total revenues decreased to 15.8% for the third quarter of fiscal 2022 compared to 16.5% for the third quarter of fiscal 2021.

Cost of food and beverage products increased to $48,939 compared to $30,082 for the third quarter of fiscal 2021. Cost of food and beverage products, as a percentage of food and beverage revenues, increased to 29.5% for the third quarter of fiscal 2022 from 27.9% for the third quarter of fiscal 2021. The unfavorable impacts of commodity cost increases primarily in grocery products during the third quarter of fiscal 2022 were partially offset by poultry cost decreases and food price increases.

Cost of amusement and other increased to $27,316 in the third quarter of fiscal 2022 compared to $22,531 in the third quarter of fiscal 2021. The costs of amusement and other, as a percentage of amusement and other revenues, decreased to 8.7% for the third quarter of fiscal 2022 from 10.7% in the third quarter of fiscal 2021. This decrease was driven primarily by a change in prices at the game level implemented late in fiscal 2021 and lower amusement product costs.

Operating payroll and benefits

Total operating payroll and benefits increased by $46,924 to $125,919 in the third quarter of fiscal 2022 compared to $78,995 in the third quarter of fiscal 2021. Total operating payroll and benefits for the third quarter of fiscal 2022 included approximately $34,529 of payroll and benefits from our Main Event stores. The total cost of operating payroll and benefits as a percentage of total revenues was 26.2% in the third quarter of fiscal 2022 compared to 24.8% in the third quarter of fiscal 2021. This increase is primarily due to an hourly wage rate increase, partially offset by lower incentive compensation as the third quarter of fiscal 2021 included referral and retention incentives.

Other store operating expenses

Other store operating expenses increased by $60,524, or 58.6%, to $163,846 in the third quarter of fiscal 2022 compared to $103,322 in the third quarter of fiscal 2021. The increase is primarily due to the addition of $35,149 of operating costs related to our Main Event stores, the impact of new Dave & Buster's store openings, utilities, maintenance, higher security cost, cleaning services and higher marketing spend. Other store operating expense as a percentage of total revenues increased to 34.0% in the third quarter of fiscal 2022 compared to 32.5% in the third quarter of fiscal 2021. This increase in basis points was due primarily to increased security costs, cleaning services, and higher marketing spend.

General and administrative expenses

General and administrative expenses increased by $10,673 to $32,777 in the third quarter of fiscal 2022 compared to $22,104 in the third quarter of fiscal 2021. The increase in general and administrative expenses was driven primarily by $4,029 of transaction and integration costs related to the Main Event Acquisition, and higher payroll and incentive compensation, including the addition of Main Event store support center personnel. General and administrative expenses as a percentage of total revenues decreased to 6.8% in the third quarter of fiscal 2022 compared to 7.0% in the third quarter of fiscal 2021 due primarily to sales leverage.

Depreciation and amortization expense

Depreciation and amortization expense increased to $48,427 in the third quarter of fiscal 2022 compared to $34,381 in the third quarter of fiscal 2021, primarily due to the addition of Main Event.

Pre-opening costs

Pre-opening costs increased by $1,782 to $3,874 in the third quarter of fiscal 2022 compared to $2,092 in the third quarter of fiscal 2021 due largely to an increase in the number of new Dave & Buster's store openings compared to the same time period of the previous year and due to $772 of pre-opening costs related to Main Event stores.

Interest expense, net

Interest expense, net increased by $14,951 to $28,374 in the third quarter of fiscal 2022 compared to $13,423 in the third quarter of fiscal 2021 due primarily to an increase in average outstanding debt.

Provision for income taxes

The effective tax rate for the third quarter of fiscal 2022 was a benefit of 10.6%, compared to a benefit of 28.8% for the third quarter of fiscal 2021. The previous quarter tax provision includes higher excess tax benefits associated with share-based compensation and credits associated with the reversal of certain tax valuation allowances.

Thirty-nine Weeks Ended October 30, 2022 Compared to Thirty-nine Weeks Ended October 31, 2021

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.

	Thirty-Nine Weeks Ended October 30, 2022		Thirty-Nine Weeks Ended October 31, 2021	
Food and beverage revenues	$ 474,762	33.9%	$316,511	32.9%
Amusement and other revenues	925,904	66.1	644,443	67.1
Total revenues	1,400,666	100.0	960,954	100.0
Cost of food and beverage (as a percentage of food and beverage revenues)	138,655	29.2	86,366	27.3
Cost of amusement and other (as a percentage of amusement and other revenues)	83,157	9.0	63,729	9.9
Total cost of products	221,812	15.8	150,095	15.6
Operating payroll and benefits	332,954	23.8	209,897	21.8
Other store operating expenses	430,711	30.7	292,883	30.5
General and administrative expenses	98,784	7.1	57,665	6.0
Depreciation and amortization expense	120,329	8.6	104,355	10.9
Pre-opening costs	10,784	0.8	5,427	0.6
Total operating costs	1,215,374	86.8	820,322	85.4
Operating income	185,292	13.2	140,632	14.6
Interest expense, net	56,883	4.0	41,971	4.3
Loss on debt extinguishment / refinancing	1,479	0.1	2,829	0.3
Income before provision for income taxes	126,930	9.1	95,832	10.0
Provision for income taxes	28,940	2.1	12,842	1.4
Net income	$ 97,990	7.0%	$ 82,990	8.6%
Change in comparable store sales (1)		26.2%		195.8%
Comparable stores at end of period (1)		113		114
Company-owned stores at end of period (1)		203		143

(1) Our comparable store count as of the end of the third quarter of fiscal 2022 excludes a store in Cary, North Carolina, which was closed and relocated during the fourth quarter of fiscal 2021. Company-owned stores as of October 30, 2022, includes 52 Main Event stores, which were acquired on June 29, 2022. These stores are not considered comparable stores.

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Reconciliations of Non-GAAP Financial Measures

Adjusted EBITDA

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

	Thirty-Nine Weeks Ended October 30, 2022		Thirty-Nine Weeks Ended October 31, 2021	
Net income	$ 97,990	7.0%	$ 82,990	8.6%
Interest expense, net	56,883		41,971	
Loss on debt extinguishment / refinancing	1,479		2,829	
Provision for income taxes	28,940		12,842	
Depreciation and amortization expense	120,329		104,355	
EBITDA	305,621	21.8%	244,987	25.5%
Loss on asset disposal	612		634	
Impairment of long-lived assets	1,841		—	
Share-based compensation	11,481		9,936	
Pre-opening costs	10,784		5,427	
Other costs (1)	22,431		3,082	
Adjusted EBITDA	$352,770	25.2%	$264,066	27.5%

(1) Includes $22,299 in costs related to the acquisition and integration of Main Event. Refer to Note 2 of the Unaudited Consolidated Financial Statements for more information.

Store Operating Income Before Depreciation and Amortization

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

	Thirty-Nine Weeks Ended October 30, 2022		Thirty-Nine Weeks Ended October 31, 2021	
Operating income	$185,292	13.2%	$140,632	14.6%
General and administrative expenses	98,784		57,665	
Depreciation and amortization expense	120,329		104,355	
Pre-opening costs	10,784		5,427	
Store Operating Income Before Depreciation and Amortization	$415,189	29.6%	$308,079	32.1%

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 30, 2022	Thirty-Nine Weeks Ended October 31, 2021
New store and operating initiatives	$ 116,671	$ 40,372
Games	22,231	12,809
Maintenance capital	23,028	16,692
Total capital additions	$ 161,930	$ 69,873
Payments from landlords	$ 28,553	$ 7,802

Results of Operations

Revenues

On June 29, 2022, the Company completed the Main Event Acquisition, acquiring 49 Main Event and 3 The Summit stores.

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

	Thirty-Nine Weeks Ended		
	October 30, 2022	October 31, 2021	Change
Total revenues	$ 1,400,666	$ 960,954	$439,712
Total store operating weeks	6,663	5,304	1,359
Comparable store revenues	$ 995,860	$ 789,143	$206,717
Comparable store operating weeks	4,407	4,204	203
Noncomparable store revenues—Dave & Buster's	$ 255,259	184,492	$ 70,767
Noncomparable store operating weeks—Dave & Buster's	1,320	1,100	220
Noncomparable store revenues—Main Event	$ 158,208	—	$158,208
Noncomparable store operating weeks—Main Event	936	—	936
Other revenues and deferrals—Dave & Buster's	$ (8,661)	$ (12,682)	$ 4,021

Total revenues increased $439,712 to $1,400,666 in the thirty-nine weeks ended October 30, 2022, compared to total revenues of $960,954 in the thirty-nine weeks ended October 31, 2021. The increase in revenue is attributable to an additional 423 new Dave & Buster's store operating weeks, and a 26.2% increase in comparable store sales compared to the same period of the previous year, when some of our stores remained temporarily closed as a result of the COVID-19 pandemic, and the removal of local COVID-19 related operating restrictions on re-opened stores. The increase was also driven by $158,208 in revenue from our Main Event stores. The table below represents our revenue mix for the fiscal periods indicated. The shift in mix from amusement sales to food and beverage sales is due, in part, to increased special events, and food price increases effective midway through the third quarter of fiscal 2021.

	Thirty-Nine Weeks Ended	
	October 30, 2022	October 31, 2021
Food sales	23.1%	22.4%
Beverage sales	10.8%	10.5%
Amusement sales	65.3%	66.7%
Other	8.0%	0.3%

Comparable store revenue increased $206,717 or 26.2%, in the thirty-nine weeks ended October 30, 2022, compared to the comparable period of fiscal 2021, due to the reasons noted above, including a 4.8% increase in comparable store operating weeks. Comparable store sales in the thirty-nine weeks ended October 30, 2022, increased 11.2% compared to the comparable period of fiscal 2019.

Food sales at comparable stores increased by $57,676 to $233,378 in the thirty-nine weeks ended October 30, 2022, from $175,702 in the comparable period of fiscal 2021. Beverage sales at comparable stores increased by $27,038 to $110,983 in the thirty-nine weeks ended October 30, 2022, from $83,945 in the comparable period of 2021. Comparable store amusement and other revenues in the thirty-nine weeks ended October 30, 2022, increased by $122,000 to $651,498 from $529,496 in the comparable period of fiscal 2021.

Non-comparable Dave & Buster's store revenue increased $70,767 in the thirty-nine weeks ended October 30, 2022, compared to the comparable period of fiscal 2021, for the same reasons noted above, including 220 more store operating weeks.

Cost of products

The total cost of products was $221,812 for the thirty-nine weeks ended October 30, 2022, and $150,095 for the comparable period of fiscal 2021. The total cost of products as a percentage of total revenues increased to 15.8% for the thirty-nine weeks ended October 30, 2022, compared to 15.6% for the comparable period of fiscal 2021.

Cost of food and beverage products increased to $138,655 compared to $86,366 for the comparable period of fiscal 2021. Cost of food and beverage products, as a percentage of food and beverage revenues, increased to 29.2% for the thirty-nine weeks ended October 30, 2022, from 27.3% for the comparable period of fiscal 2021. The increase was due to unfavorable impacts of commodity cost increases, primarily in meat and dairy products, during the first thirty-nine weeks of fiscal 2022, and were partially offset by food price increases.

Cost of amusement and other increased to $83,157 in the thirty-nine weeks ended October 30, 2022, compared to $63,729 in the comparable period of fiscal 2021. The costs of amusement and other, as a percentage of amusement and other revenues, decreased to 9.0% for the thirty-nine weeks ended October 30, 2022, from 9.9% in the comparable period of fiscal 2021. This decrease was driven primarily by a change in prices at the game level implemented late in fiscal 2021.

Operating payroll and benefits

Total operating payroll and benefits increased by $123,057 to $332,954 in the thirty-nine weeks ended October 30, 2022, compared to $209,897 in the comparable period of fiscal 2021. The total cost of operating payroll and benefits as a percentage of total revenues was 23.8% in the thirty-nine weeks ended October 30, 2022, compared to 21.8% in the comparable period of fiscal 2021. This increase is primarily due to an hourly wage rate increase and an increase in labor hours worked as open positions were filled, partially offset by lower incentive compensation costs as fiscal 2021 included referral and retention incentives.

Other store operating expenses

Other store operating expenses increased by $137,828 to $430,711 in the thirty-nine weeks ended October 30, 2022, compared to $292,883 in the comparable period of fiscal 2021. The increase is primarily due to higher utilities, supplies, maintenance, marketing, and other services as well as $47,920 of costs related to Main Event. Other store operating expense as a percentage of total revenues increased to 30.7% in the thirty-nine weeks ended October 30, 2022, compared to 30.5% in the comparable period of fiscal 2021. This increase was due primarily to the reasons noted above.

General and administrative expenses

General and administrative expenses increased by $41,119 to $98,784 in the thirty-nine weeks ended October 30, 2022, compared to $57,665 in the comparable period of fiscal 2021. The increase in general and administrative expenses was driven primarily by $22,299 of transaction and integration costs related to the Main Event Acquisition, $1,841 impairment of the existing Main Event corporate office right-of-use operating lease asset, and higher payroll and incentive compensation expense. General and administrative expenses, as a percentage of total revenues increased to 7.1% in the thirty-nine weeks ended October 30, 2022 compared to 6.0% in the comparable period of fiscal 2021 due to the reasons noted above.

Depreciation and amortization expense

Depreciation and amortization expense increased to $120,329 in the thirty-nine weeks ended October 30, 2022, compared to $104,355 in the comparable period of fiscal 2021, primarily due to the addition of the Main Event. Incremental depreciation for Main Event was partially offset by a net decrease in depreciation expense at Dave & Buster's stores as the impact of assets reaching the end of their depreciable lives exceeded expense increases due to recent capital expenditures for new stores, operating initiatives, games, and maintenance capital.

Pre-opening costs

Pre-opening costs increased by $5,357 to $10,784 in the thirty-nine weeks ended October 30, 2022, compared to $5,427 in the comparable period of fiscal 2021 due primarily to an increase in the number of new Dave & Buster's store openings compared to the same time period of the previous year.

Interest expense, net and loss on debt refinancing

Interest expense, net increased by $14,912 to $56,883 in the thirty-nine weeks ended October 30, 2022 compared to $41,971 in the comparable period of fiscal 2021 as a result of the acquisition-related debt incurrence of $850,000. In connection with the June 29, 2022 debt refinancing, the Company recorded a loss of $1,479, which is explained in Note 6 to the Consolidated Financial Statements.

Provision for income taxes

The effective tax rate for the thirty-nine weeks ended October 30, 2022 was 22.8%, compared to 13.4% for the comparable period of fiscal 2021. The previous year tax provision includes higher excess tax benefits associated with share-based compensation and credits associated with the reversal of certain tax valuation allowances.

Liquidity and Capital Resources

Debt

In connection with the closing of the Main Event Acquisition on June 29, 2022, D&B Inc entered into a senior secured credit agreement, which refinanced the $500,000 existing revolving facility, extended the maturity date to June 29, 2027, and added a new term loan facility in the aggregate principal amount of $850,000, with a maturity date of June 29, 2029 ("Credit Facility"). The proceeds of the term loan, net of an original issue discount of $42,500, were used to pay the consideration for the Acquisition. The revolving credit facility can expire before the stated maturity date if the aggregate outstanding principal amount of the Notes exceeds $100,000 ninety-one days prior to November 1, 2025. A portion of the revolving facility not to exceed $35,000 is available for the issuance of letters of credit. At the end of the third quarter of fiscal 2022, we had letters of credit outstanding of $8,905 and an unused commitment balance of $491,095 under the revolving facility. The Credit Facility may be increased through incremental facilities, by an amount equal to the greater of (i) $400,000 and (ii) 0.75 times trailing twelve-month Adjusted EBITDA, as defined, plus additional amounts subject to compliance with applicable leverage ratio and/or interest coverage ratio requirements. The Credit Facility is unconditionally guaranteed by D&B Holdings and certain of D&B Inc's existing and future wholly owned material domestic subsidiaries.

The interest rates per annum applicable to SOFR term loans are based on a defined SOFR rate (with a floor of 0.50%) plus an additional credit spread adjustment of 0.10%, plus a margin of 5.00%. The interest rates per annum applicable to SOFR revolving loans are based on the term loan SOFR rate, plus an additional credit spread adjustment of 0.10%, plus an initial margin of 4.75%. Unused commitments under the revolving facility incur initial commitment fees of 0.50%. After the Company's third quarter of fiscal 2022, the margin for SOFR revolving loans are subject to a pricing grid based on net total leverage, ranging from 4.25% to 4.75%, and commitment fees are subject to a pricing grid based on net total leverage, ranging from 0.30% to 0.50%.

During fiscal 2020, the Company issued $550,000 aggregate principal amount of 7.625% senior secured notes (the "Notes"). Interest on the Notes is payable in arrears on November 1 and May 1 of each year. The Notes mature on November 1, 2025, unless earlier redeemed, and are subject to the terms and conditions set forth in the related indenture. The Notes were issued by D&B Inc and are unconditionally guaranteed by D&B Holdings and certain of D&B Inc's existing and future wholly owned material domestic subsidiaries. During fiscal 2021, the Company redeemed a total of $110,000 outstanding principal amount of the Notes, and paid prepayment premiums of $3,300, plus accrued and unpaid interest to the date of redemptions. The early redemptions of the Notes resulted in a loss on extinguishment of approximately $2,300 related to a proportional amount of unamortized issuance costs. Beginning October 27, 2022, the Company may elect to further redeem the Notes, in whole or in part, at certain specified redemption prices, plus accrued and unpaid interest, at the redemption date.

Amortization of debt issuance costs and original issue discount was $2,882 and $5,477 for the thirteen and thirty-nine weeks ended October 30, 2022, and $1,070 and $3,275 for the thirteen and thirty-nine weeks ended October 31, 2021, respectively, and is included in "Interest expense, net" in the Consolidated Statements of Comprehensive Income. For the thirty-nine weeks ended October 30, 2022, and October 31, 2021, respectively, the Company's weighted average effective interest rate on our total debt facilities (before capitalized interest amounts) was 9.5% and 10.3%, respectively. During the second quarter of fiscal 2022, the Company recognized a loss of $1,479, related to the write off of unamortized debt issuance costs associated with exiting creditors of the refinanced revolving facility.

Our debt agreements contain restrictive covenants that, among other things, place certain limitations on our ability to incur additional indebtedness, make loans or advances to subsidiaries and other entities, pay dividends, acquire other businesses or sell assets. The Credit Facility also requires the Company to maintain a maximum net total leverage ratio, as defined, as of the end of each fiscal quarter, beginning with the first full fiscal quarter after the Closing Date. We were in compliance with the covenants and terms of our debt agreements as of October 30, 2022 and expect to remain in compliance through the end of fiscal 2022.

Dividends and Share Repurchases

On December 6, 2021, our Board of Directors approved a share repurchase program with an authorization limit of $100,000, expiring at the end of fiscal 2022. During the third quarter of fiscal 2022, the Company did not make any share repurchases under this program. The approximate dollar value of shares that may be repurchased under the plan as of October 30, 2022, is $74,985. There were no dividends declared during the thirty-nine weeks ended October 30, 2022. Future decisions to pay cash dividends or repurchase shares continue to be at the discretion of the Board of Directors and will be dependent on our operating performance, financial condition, capital expenditure requirements and other factors that the Board of Directors considers relevant.

Cash and Cash Equivalents

As of October 30, 2022, the Company had cash and cash equivalents of $108,211. The Company can operate with a working capital deficit because cash from sales is usually received before related liabilities for product supplies, labor and services become due. Our operations do not require significant inventory or receivables and we continually invest in our business through the growth of stores and operating improvement additions, which are reflected as noncurrent assets and not a part of working capital. Based on our current business plan, we believe our cash and cash equivalents combined with expected cash flows from operations, available borrowings under our revolving credit facility and expected payments from landlords should be sufficient not only for our operating requirements but also to enable us, in the aggregate, to finance our capital allocation strategy, including capital expenditures, through at least the next twelve months.

A comparison of our cash flow activity for the first three quarters of fiscal 2022 to the same period of fiscal 2021 follows.

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 approximately $97,000 in the thirty-nine weeks ended October 30, 2022 compared to the thirty-nine weeks ended October 31, 2021 driven primarily by 423 more store weeks for Dave & Busters, 936 store weeks for Main Event, and the receipt of a federal tax refund in the amount of approximately $33,200. These increases in cash flow from operating activities were offset by the payment of acquisition and integration costs of approximately $22,300.

Investing Activities — Cash flow from investing activities primarily reflects the Main Event Acquisition for cash consideration of approximately $819,000, which is net of cash acquired of approximately $34,000. During the thirty-nine weeks ended October 30, 2022, the Company spent approximately $114,600 for new store construction and operating improvement initiatives ($86,000 net of payments from landlords), $22,200 for game refreshment and $27,200 for maintenance capital.

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.

Financing Activities — During the second quarter of fiscal 2022, the Company entered into a new credit facility agreement, with term loan net proceeds of $807,500. The proceeds were used to pay for the Acquisition, including $17,748 of debt issuance costs associated with the refinancing. The Company also repurchased shares at a cost of $25,015 during the second quarter.

Contractual Obligations and Commitments

There have been no material changes outside the ordinary course of business to our contractual obligations since January 30, 2022, as reported on Form 10-K filed with the SEC on March 29, 2022 other than as related to the acquisition of Main Event.

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. In addition to the critical accounting policies and estimates previously disclosed in the Company’s Annual Report on Form 10-K for the fiscal year ended January 30, 2022, due to recent transactions and events, we also consider the following to be part of our critical accounting policies and estimates due to the high degree of judgment and complexity in its application.

Business combinations — The Main Event Acquisition was accounted for using the acquisition method of accounting, or acquisition accounting, in accordance with ASC Topic 805, Business Combinations. The acquisition method of accounting involved the allocation of the purchase price to the assets acquired and liabilities assumed based on preliminary estimated fair values as of the date of the acquisition. The determination of the fair value of tangible and intangible assets, which represent a significant portion of the purchase price, requires the use of significant judgment with regard to (i) the fair value and (ii) whether such acquired intangibles are amortizable or non-amortizable and, if the former, the period and the method by which the intangible asset will be amortized. The Company estimates the fair value of acquisition-related tangible and intangible assets principally based on Replacement Cost New and the Relief from Royalty methods, which include estimates of projected future EBITDA, long-term growth rate, discount rate and royalty rate. The projected cash flows are discounted to determine the present value of the assets at the dates of acquisition. Refer to Note 2 to the Unaudited Consolidated Financial Statements for additional information about our recent business combination.

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

Interest Rate Risk

In the second quarter of fiscal 2022, the Company elected SOFR as the alternative base rate for outstanding borrowings on the Credit Facility, which is based on variable rates. As of October 30, 2022, there was no balance outstanding on our revolving facility, and an outstanding balance of $850,000 on the term loan facility.

Inflation

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 promulgated under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. As discussed in Note 2 to our Unaudited Consolidated Financial Statements set forth in Part 1 of this report, we acquired Main Event on June 29, 2022. Main Event constitutes approximately 35% of total assets and approximately 11.3% of total revenues of the consolidated financial statement amounts as of and for the thirty-nine weeks ended October 30, 2022. As the Main Event Acquisition occurred in the second quarter of 2022 and they were not previously governed by the Exchange Act Rules 13a-15(f) and 15d-15(f)), we excluded Main Event’s internal control over financial reporting from our assessment of the effectiveness of disclosure controls and procedures. This exclusion is in accordance with the general guidance issued by the Staff of the SEC that an assessment of a recently acquired business may be omitted from our scope in the year of acquisition.

Changes in Internal Control Over Financial Reporting

Except as described above, there were no changes to our internal control over financial reporting practices or processes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during our third quarter ended October 30, 2022. The Main Event Acquisition had a material impact on internal control over financial reporting. The Company intends to take a period of time to incorporate the impact of the transaction into its evaluation of internal control over financial reporting. As such, we will exclude the internal control over financial reporting of Main Event from our evaluation of internal control over financial reporting for the year ending January 29, 2023.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Information regarding legal proceedings is incorporated by reference from Note 7 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 30, 2022, (the "Annual Report"). The following Risk Factor should be read in conjunction with the Risk Factors disclosed in the Annual Report.

We may acquire a business in the future that we fail to effectively integrate or operate.

We recently acquired a business as part of our expansion effort and may acquire more businesses in the future. Once an acquisition is finalized, we may not be successful in integrating the business into our existing operations, which may result in unforeseen operational difficulties, diminished financial performance or our inability to report financial results and may require a disproportionate amount of our management's attention. If we fail to manage our recent or future acquisitions effectively, our results of operations could be adversely affected.

Our recent acquisition and any future acquisitions will be accompanied by the risks commonly encountered in acquisitions, including:

- incorrect assumptions regarding the future results of acquired operations or assets or expected cost reductions or other synergies expected to be realized from acquiring operations or assets;
- failure to integrate the operations or management of any acquired operations or assets successfully and timely;
- potential loss of key employees and customers of the acquired companies;
- potential lack of experience operating in a geographic market or product line of the acquired business;
- an increase in our expenses, particularly overhead expenses, and working capital requirements;
- the possible inability to achieve the intended objectives of the business combination; and
- the diversion of management's attention from existing operations or other priorities.

Covenants in our debt agreements restrict our business and could limit our ability to implement our business plan.

The credit facility and the indenture governing the senior secured notes contain covenants that may restrict our ability to implement our business plan, finance future operations, respond to changing business and economic conditions, secure additional financing, and engage in opportunistic transactions, such as strategic acquisitions. In addition, if we fail to satisfy the covenants contained in the credit facility, our ability to borrow under the revolving credit loans portion of the credit facility may be restricted. The credit facility and the indenture governing the senior secured notes include covenants restricting, among other things, our ability to do the following under certain circumstances:

- incur or guarantee additional indebtedness or issue certain disqualified or preferred stock;
- pay dividends or make other distributions on, or redeem or purchase any equity interests or make other restricted payments;
- make certain acquisitions or investments;
- create or incur liens;
- transfer or sell assets;
- incur restrictions on the payment of dividends or other distributions from our restricted subsidiaries;
- alter the business that we conduct;
- enter into transactions with affiliates; and
- consummate a merger or consolidation or sell, assign, transfer, lease or otherwise dispose of all or substantially all our assets.

The credit facility also requires us and our restricted subsidiaries to maintain a maximum net total leverage ratio of 3.50:1.00 as of the end of each fiscal quarter, solely to the extent 35% of the credit facility (other than $30 million of undrawn letters of credit and any letters of credit that have been cash collateralized) is drawn on such date.

Events beyond our control, including the impact of COVID-19, may affect our ability to comply with our covenants. If we default under the credit facility or the indenture governing the senior secured notes, because of a covenant breach or otherwise, all outstanding amounts thereunder could become immediately due and payable. We cannot assure that we will be able to comply with our covenants under the credit facility, or the indenture governing the senior secured notes or that any covenant violations will be waived in the future. Any violation that is not waived could result in an event of default, permitting our lenders to declare outstanding indebtedness and interest thereon due and payable, and permitting the lenders under the revolving credit loans provided under the credit facility to suspend commitments to make any advance, or require any outstanding letters of credit to be collateralized by an interest bearing cash account, any or all of which could have a material adverse effect on our business, financial condition and results of operations. In addition, if we fail to comply with our financial or other covenants under the credit facility or the indenture governing the senior secured notes, we may need additional financing to service or extinguish our indebtedness. We may not be able to obtain financing or refinancing on commercially reasonable terms, or at all. We cannot assure that we would have sufficient funds to repay outstanding amounts under the credit facility or the indenture governing the senior secured notes and any acceleration of amounts due would have a material adverse effect on our liquidity and financial condition.

Item 2. Unregistered Sales of Equity Securities

Information regarding repurchase of our common stock, in thousands, except share amounts, during the thirteen weeks ended October 30, 2022:

Period (1)	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plan (2)	Approximate Dollar Value of Shares That May Yet Be Repurchased Under the Plan (3)
August 1 – August 28, 2022	—	$ —	—	$ 74,985
August 29 – October 2, 2022	—	$ —	—	$ 74,985
October 3 – October 30, 2022	—	$ —	—	$ 74,985

(1) Monthly information is presented by reference to our fiscal periods during the thirteen weeks ended October 30, 2022.

(2) Our Board of Directors approved a share repurchase program, under which the Company may repurchase shares on the open market, through privately negotiated transactions, and through trading plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. The share repurchase program may be modified, suspended or discontinued at any time.

(3) Based on total share repurchase authorization in effect on October 30, 2022.

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Item 6. Exhibits

Exhibit Number	Description
31.1*	Certification of Christopher Morris, Chief Executive Officer of the Registrant, pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a).
31.2*	Certification of Michael A. Quartieri, Chief Financial Officer of the Registrant, pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a).
32.1*	Certification of Christopher Morris, Chief Executive Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Michael A. Quartieri, Chief Financial Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Inline Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Inline Taxonomy Extension Schema Document
101.CAL	Inline XBRL Inline Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Inline Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Inline Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Inline Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herein

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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 6, 2022	By: /s/ Christopher Morris Christopher Morris Chief Executive Officer
Date: December 6, 2022	By: /s/ Michael A. Quartieri Michael A. Quartieri Chief Financial Officer

CERTIFICATION

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

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

Date: December 6, 2022

/s/ Christopher Morris
Christopher Morris
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael A. Quartieri, 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 6, 2022

/s/ Michael A. Quartieri
Michael A. Quartieri
Chief Financial Officer

Exhibit 32.1

CERTIFICATION

In connection with the Quarterly Report of Dave & Buster's Entertainment, Inc. (the "Company") on Form 10-Q for the period ended October 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Morris, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the applicable requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 6, 2022

/s/ Christopher Morris

Christopher Morris

Chief Executive Officer

Exhibit 32.2

CERTIFICATION

In connection with the Quarterly Report of Dave & Buster's Entertainment, Inc. (the "Company") on Form 10-Q for the period ended October 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Quartieri, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the applicable requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 6, 2022

/s/ Michael A. Quartieri

Michael A. Quartieri
Chief Financial Officer