

BOWLERO CORPORATION

Q2 FY 2022 Results Presentation

February 2022

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Disclaimer

Forward-looking statements

Some of the statements contained in this press release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are generally identified by the use of words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," "would" and, in each case, their negative or other various or comparable terminology. These forward-looking statements reflect our views with respect to future events as of the date of this release and are based on our management's current expectations, estimates, forecasts, projections, assumptions, beliefs and information. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. All such forward-looking statements are subject to risks and uncertainties, many of which are outside of our control, and could cause future events or results to be materially different from those stated or implied in this document. It is not possible to predict or identify all such risks. These risks include, but are not limited to: the impact of COVID-19 or other adverse public health developments on our business; our ability to grow and manage growth profitably, maintain relationships with customers, compete within our industry and retain our key employees; changes in consumer preferences and buying patterns; the possibility that we may be adversely affected by other economic, business, and/or competitive factors; the risk that the market for our entertainment offerings may not develop on the timeframe or in the manner that we currently anticipate; general economic conditions and uncertainties affecting markets in which we operate and economic volatility that could adversely impact our business, including the COVID-19 pandemic and other factors described under the section titled "Risk Factors" in the registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission (the "SEC") by the Company, as well as other filings that the Company will make, or has made, with the SEC, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this press release and in other filings. We expressly disclaim any obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Non-GAAP Financial Measures

To provide investors with information in addition to our results as determined under Generally Accepted Accounting Principles ("GAAP"), we disclose net income, normalized for extraordinary and non-recurring items related to the de-SPAC transaction, Adjusted EBITDA and trailing fifty-two week Adjusted EBITDA as "non-GAAP measures" which management believes provide useful information to investors because each measure assists both investors and management in analyzing and benchmarking the performance and value of our business. Accordingly, management believes that these measurements are useful for comparing general operating performance from period to period, and management relies on these measures for planning and forecasting of future periods. Additionally, these measures allow management to compare our results with those of other companies that have different financing and capital structures. These measures are not financial measures calculated in accordance with GAAP and should not be considered as a substitute for revenue, net income, net cash provided (used) by operating activities or any other operating performance or liquidity measure calculated in accordance with GAAP, and may not be comparable to a similarly titled measure reported by other companies. Net income normalized for extraordinary and non-recurring items related to the de-SPAC transaction represents Net income (loss) before share-based compensation issued in connection with the Company's de-SPAC transaction and transaction and other advisory costs related to the de-SPAC transaction. Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") represents Net income (loss) before Interest, Income Taxes, Depreciation and Amortization, Share-based Compensation, EBITDA from Closed Centers, Foreign Currency Exchange Loss (Gain), Asset Disposition Loss (Gain), Transactional and other advisory costs, Charges attributed to new initiatives, Extraordinary unusual non-recurring gains or losses and Changes in the value of earnouts and warrants. Trailing fifty-two week Adjusted EBITDA represents Adjusted EBITDA over the most recent fifty-two week period. The Company considers net income normalized for extraordinary and non-recurring items related to the de-SPAC transaction as an important financial measure because it provides an indicator of performance that is not affected by fluctuations in certain costs or other items. However, this measure has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are that it does not reflect every cash expenditure and is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows. The Company considers Adjusted EBITDA as an important financial measure because it provides a financial measure of the quality of the Company's earnings. Other companies may calculate Adjusted EBITDA differently than we do, which might limit its usefulness as a comparative measure. Adjusted EBITDA is used by management in addition to and in conjunction with the results presented in accordance with GAAP. Additionally, we believe trailing fifty-two week Adjusted EBITDA provides the current run-rate for trending purposes, rather than annualizing the respective quarters, as the Company's business is seasonal, with the second and third fiscal quarters being higher than the first and last quarters. We have presented Adjusted EBITDA solely as a supplemental disclosure because we believe it allows for a more complete analysis of results of operations and assists investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance, such as Interest, Income Taxes, Depreciation and Amortization, Share-based Compensation, EBITDA from Closed Centers, Foreign Currency Exchange Loss (Gain), Asset Disposition Loss (Gain), Transactional and other advisory costs, Charges attributed to new initiatives, Extraordinary unusual non-recurring gains or losses and Changes in the value of earnouts and warrants. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are that Adjusted EBITDA and trailing fifty-two week Adjusted EBITDA:

- do not reflect every expenditure, future requirements for capital expenditures or contractual commitments;
- do not reflect changes in our working capital needs;
- do not reflect the interest expense, or the amounts necessary to service interest or principal payments, on our outstanding debt;
- do not reflect income tax (benefit) expense, and because the payment of taxes is part of our operations, tax expense is a necessary element of our costs and ability to operate;
- do not reflect non-cash equity compensation, which will remain a key element of our overall equity based compensation package; and
- do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations.

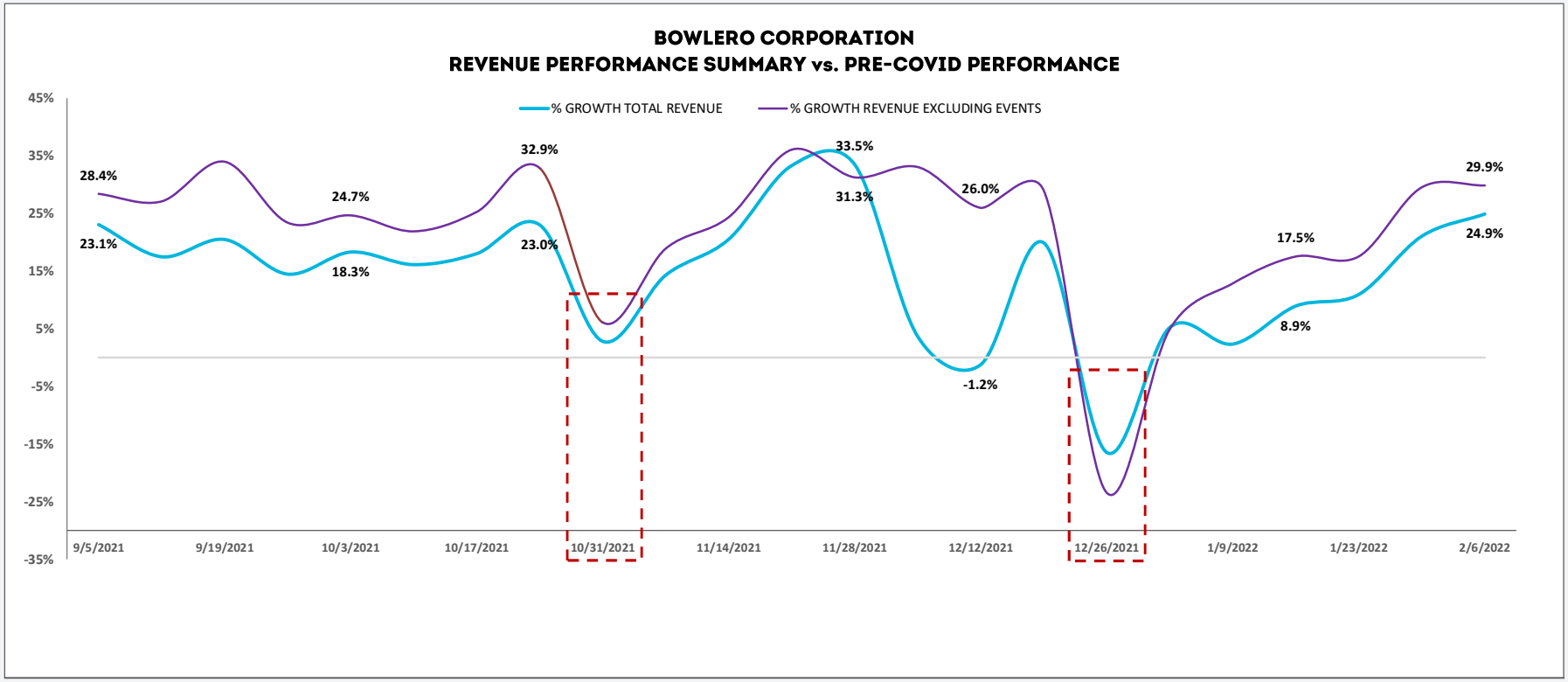
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Q2 FY'22 Results Key Messages

- Year over year revenue increased 177.3% and 11% vs. pre-COVID performance[1]
- $27.7 million of cash from operating activities in Q2 FY2022
- Adjusted EBITDA[2] grew to $66.8 million, up 26.2% relative to pre-COVID performance and $70.5 million vs. prior fiscal year
- Trailing fifty-two week Adjusted EBITDA[2] of $195.3 million exceeded pre-COVID levels by 12.3%
- Added 5 bowling centers in the quarter and 26 over the last two quarters
- Net Loss for the quarter of $34.5 million was driven primarily by expenses related to the successful de-SPAC transaction, which include $29.1 million in transactional expenses and $42.2 million in share based compensation, partially offset by $22.5 million in income related to the change in the fair value of earnouts and warrants. Net Income for the quarter, adjusted for these items was $14.4 million vs. a net loss of $49.1 million in the prior year.[3]

[1] Pre-COVID performance is being measured vs. Q2 FY2020
[2] See Appendix for definition of Adjusted EBITDA, which is a non-GAAP measure, and a reconciliation to the GAAP measure
[3] See Appendix for reconciliation of the non-GAAP measure normalized net income to the GAAP measure
Certain figures in the tables throughout this document may not foot due to rounding.

Total Bowling Center Revenue[1] Performance Trend



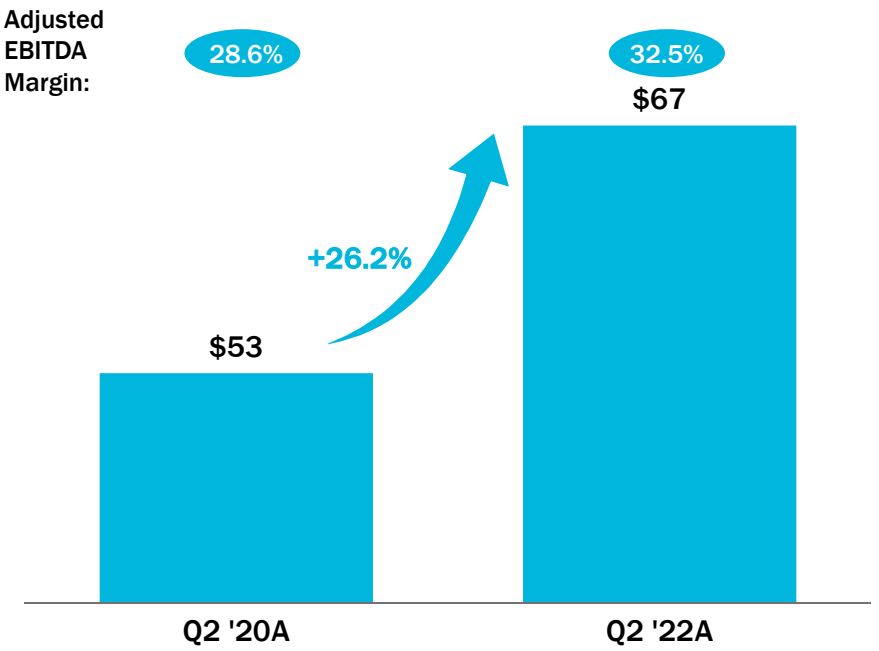
* The revenue performance for the week ending 10/31/21 is negatively impacted by Halloween falling on the weekend.
* The revenue performance for the week ending 12/26/21 is negatively impacted by Christmas Day falling on the weekend.

Notes:
For weeks between 9/5/21 and 12/26/21, the percentages above are calculated by comparing each week to the comparable week in 2019. For weeks after 12/26/21, the percentages above are calculated by comparing each week to the comparable week in 2020.
Data for all weeks following the close of the current quarter on 12/26/21 are preliminary.
[1] Total Bowling Center Revenue excludes closed bowling center activity and media revenue, which is also a component of our bowling operations.

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Q2 FY'22 Adjusted EBITDA was 26.2% greater than comparable pre-COVID quarter and Adjusted EBITDA Margin Expanded nearly 400bps

ADJUSTED EBITDA[1] ($MM)



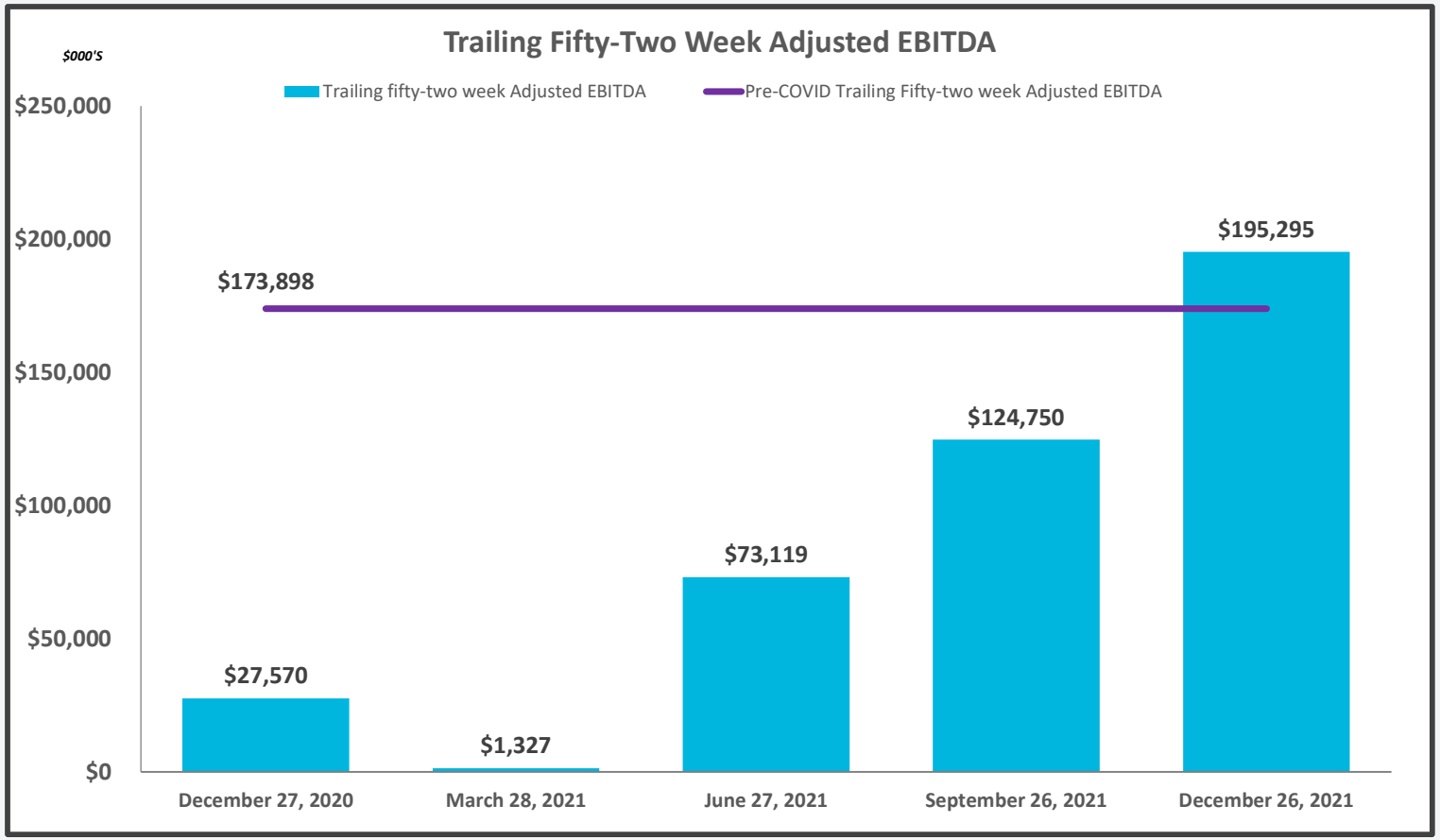
Adjusted EBITDA in Q2 '22 exceeded Q2 '20 by $13.9 million or 26.2%

Operational efficiencies driving significant Adjusted EBITDA[1] Margin Expansion of 393bps compared to the comparable pre-COVID quarter

[1] See Appendix for definition of Adjusted EBITDA, which is a non-GAAP measure, and a reconciliation to the GAAP measure

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Business Now Exceeding Pre-COVID Levels of Adjusted EBITDA



Notes:
See Appendix for definition of Adjusted EBITDA, which is a non-GAAP measure, and a reconciliation to the GAAP measure
Pre-COVID Trailing Fifty-two week Adjusted EBITDA as of December 29, 2019

Bowling Center-level economics continue to outperform pre-COVID levels

($MM)	Q2 '22A	Q2 '21A	Q2 '20A
Walk in Retail	$137	$52	$109
Group Events	40	6	43
League & Tournaments	26	12	26
Total Bowling Center Revenue[1]	**$202**	**$70**	**$179**
Total Bowling Center Gross Profit	**$137**	**$44**	**$118**
% Gross Margin	*68%*	*63%*	*66%*
Total Bowling Center EBITDAR	**$98**	**$22**	**$86**
% EBITDAR Margin	*49%*	*32%*	*48%*

Revenue increase vs. pre-COVID levels driven by significant growth in walk in retail business, and further supported by strong performances in Leagues and Events.

Gross Margin expanded 154 bps vs. pre-COVID level mainly as a result of the implementation of a newly redesigned and significantly more efficient business model

Bowling Centers generated nearly $100 million of EBITDAR in the quarter

Notes:
See Appendix for reconciliation of EBITDAR, which is a non-GAAP measure.
Pre-COVID period defined as Q2 FY20 (quarter ending on December 29, 2019)
[1] Total Bowling Center Revenue excludes closed bowling center activity and media revenue, which is also a component of our bowling operations.

Strong cash generation from operations provided support for our acquisition funding and other investing activities

▲ $27.7mm of cash generated from operations in Q2 FY2022, net of $23.2mm in cash interest paid

($ '000s)	Three months ending December 26, 2021
Cash balances, beginning of period	$122,062
Operating activities	27,745
Investing activities, net	(65,124)
Financing activities, net	31,121
Effect of exchange rates on cash	(145)
Cash balance	**$115,659**



Appendix

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Non-GAAP reconciliations

	ADJUSTED EBITDA RECONCILIATION		
	Thirteen week Net (loss) income and Adjusted EBITDA		
(in thousands)	**December 26, 2021**	**December 27, 2020**	**December 29, 2019**
Net (loss) income	**(34,454)**	**(49,137)**	**6,448**
Adjustments:			
Interest expense	23,880	22,253	19,805
Income tax expense (benefit)	362	106	153
Depreciation and amortization	25,660	22,538	21,772
Share-based compensation	42,555	696	852
Closed center EBITDA [1]	398	904	1,885
Foreign currency exchange (gain) loss	86	(195)	(236)
Asset disposition loss (gain)	(123)	(142)	219
Transactional and other advisory costs [2]	29,149	731	1,087
Charges attributed to new initiatives [3]	65	116	230
Extraordinary unusual non-recurring losses [4]	1,662	(1,647)	673
Changes in the value of earnouts and warrants	(22,472)	0	0
ADJUSTED EBITDA	**$66,768**	**($3,777)**	**$52,888**
SG&A Expense	$20,219	$13,241	$19,617
Media & Other Income	($4,228)	($305)	($316)
CENTER EBITDA	**$82,759**	**$9,159**	**$72,190**
Rent Expense	$15,730	$13,267	$14,239
CENTER EBITDAR	**$98,489**	**$22,426**	**$86,429**

[1] The closed center adjustment is to remove EBITDA for closed centers. Closed centers are those centers that are closed for a variety of reasons, including permanent closure, newly acquired or built centers prior to opening, centers closed for renovation or rebranding and conversion. Closed centers do not include centers closed in compliance with local, state and federal government restrictions due to COVID-19. If a center is not open on the last day of the reporting period, it will be considered closed for that reporting period. If the center is closed on the first day of the reporting period for permanent closure, the center will be considered closed for that reporting period. [2] The adjustment for transaction costs and other advisory costs is to remove charges incurred in connection with any transaction, including mergers, acquisitions, refinancing, amendment or modification to indebtedness, dispositions and costs in connection with an initial public offering, in each case, regardless of whether consummated. [3] The adjustment for charges is to remove charges attributed to new initiatives include charges with the undertaking and/or implementation of new initiatives, business optimization activities, cost savings initiatives, cost rationalization programs, operating expense reductions and/or synergies and/or similar initiatives and/or programs (including in connection with any integration, restructuring or transition, any reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses, any office or facility opening and/or pre-opening), including any inventory optimization program and/or any curtailment, any business optimization charge, any restructuring charge (including any charges relating to any tax restructuring), any charge relating to the closure or consolidation of any office or facility (including but not limited to rent termination costs, moving costs and legal costs), any systems implementation charge, any severance charge, any one time compensation charge, any charge relating to entry into a new market, any charge relating to any strategic initiative or contract, any charge relating to any entry into new markets and contracts, any lease run-off charge, any charge associated with improvements to information technology (IT) or accounting functions, losses related to temporary decreases in work volume and expenses related to maintaining underutilized personnel, any charge relating to a new contract, any consulting charge and/or any corporate development charge; provided, that, in the case of any such charge, the results of any such action relating to such charge are projected by in good faith to be achieved within 24 months of the undertaking. [4] The adjustment for extraordinary unusual non-recurring gains or losses is to remove extraordinary gains and losses, which include any gain or charge from any extraordinary item as determined in good faith by the Company and/or any non-recurring or unusual item as determined in good faith by the Company and/or any charge associated with and/or payment of any legal settlement, fine, judgment or order

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Non-GAAP reconciliations (cont'd)

TRAILING 52-WEEK ADJUSTED EBITDA RECONCILIATION						
Fifty-two week Net (loss) income and Adjusted EBITDA						
(in thousands)	**December 29, 2019**	**December 27, 2020**	**March 28, 2021**	**June 27, 2021**	**September 26, 2021**	**December 26, 2021**
Net (loss) income	**(1,841)**	**(167,530)**	**(197,748)**	**(126,461)**	**(70,125)**	**(55,442)**
Adjustments:						
Interest expense	69,903	84,598	86,352	88,857	90,612	92,239
Income tax expense (benefit)	1,803	8,187	7,927	(1,035)	(7,403)	(7,147)
Depreciation and amortization	89,264	91,349	91,411	91,851	92,241	95,363
Share-based compensation	3,406	3,255	3,226	3,164	3,116	44,975
Closed center EBITDA [1]	(400)	3,482	3,259	4,039	3,880	3,374
Foreign currency exchange (gain) loss	(225)	59	(146)	(188)	(155)	126
Asset disposition loss (gain)	5,247	920	613	(46)	(77)	(58)
Transactional and other advisory costs [2]	3,041	5,208	5,573	10,737	12,056	40,474
Charges attributed to new initiatives [3]	1,020	543	500	531	540	489
Extraordinary unusual non-recurring losses [4]	2,680	(2,501)	360	1,670	65	3,374
Changes in the value of earnouts and warrants	0	0	0	0	0	(22,472)
ADJUSTED EBITDA	**$173,898**	**$27,570**	**$1,327**	**$73,119**	**$124,750**	**$195,295**

[1] The closed center adjustment is to remove EBITDA for closed centers. Closed centers are those centers that are closed for a variety of reasons, including permanent closure, newly acquired or built centers prior to opening, centers closed for renovation or rebranding and conversion. Closed centers do not include centers closed in compliance with local, state and federal government restrictions due to COVID-19. If a center is not open on the last day of the reporting period, it will be considered closed for that reporting period. If the center is closed on the first day of the reporting period for permanent closure, the center will be considered closed for that reporting period. [2] The adjustment for transaction costs and other advisory costs is to remove charges incurred in connection with any transaction, including mergers, acquisitions, refinancing, amendment or modification to indebtedness, dispositions and costs in connection with an initial public offering, in each case, regardless of whether consummated. [3] The adjustment for charges is to remove charges attributed to new initiatives include charges with the undertaking and/or implementation of new initiatives, business optimization activities, cost savings initiatives, cost rationalization programs, operating expense reductions and/or synergies and/or similar initiatives and/or programs (including in connection with any integration, restructuring or transition, any reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses, any office or facility opening and/or pre-opening), including any inventory optimization program and/or any curtailment, any business optimization charge, any restructuring charge (including any charges relating to any tax restructuring), any charge relating to the closure or consolidation of any office or facility (including but not limited to rent termination costs, moving costs and legal costs), any systems implementation charge, any severance charge, any one time compensation charge, any charge relating to entry into a new market, any charge relating to any strategic initiative or contract, any charge relating to any entry into new markets and contracts, any lease run-off charge, any charge associated with improvements to information technology (IT) or accounting functions, losses related to temporary decreases in work volume and expenses related to maintaining underutilized personnel, any charge relating to a new contract, any consulting charge and/or any corporate development charge; provided, that, in the case of any such charge, the results of any such action relating to such charge are projected by in good faith to be achieved within 24 months of the undertaking. [4] The adjustment for extraordinary unusual non-recurring gains or losses is to remove extraordinary gains and losses, which include any gain or charge from any extraordinary item as determined in good faith by the Company and/or any non-recurring or unusual item as determined in good faith by the Company and/or any charge associated with and/or payment of any legal settlement, fine, judgment or order

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Non-GAAP reconciliations (cont'd)

NORMALIZED NET INCOME RECONCILIATION	
Thirteen week Net (loss) income	
(in thousands)	**December 26, 2021**
Net (loss) income	**($34,454)**
Share-based compensation - de-SPAC	$42,212
Change in FV of earnouts and warrants	($22,472)
Transactional and other advisory costs - de-SPAC	$29,149
Normalized Net Income	**$14,435**


THANK YOU