

Q3 FY 2022 Results Presentation

May 2022

BOWLERO CORPORATION

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, 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 represents Net income (loss) before share-based compensation issued in connection with the Company's de-SPAC transaction, transaction and other advisory costs related to the de-SPAC transaction and non-cash expenses or income related to Changes in the value of earnouts and warrants. 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 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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Q3 FY'22 Results: Key Messages

- Revenue increased 129.8% year over year, 25.8% vs. pre-COVID performance[1] and 12.2% on a same-store basis[2]; Revenue trends accelerated through the week ended April 24, 2022
- $83.6 million of cash from operating activities generated in Q3 FY2022
- Adjusted EBITDA[3] grew to $108.4 million, up 295.7% vs. prior fiscal year and 60.9% relative to pre-COVID performance[1], setting a quarterly record for the Company
- Net Loss for the quarter of $18.0 million was driven primarily by $66.6 million in non-cash expenses related to the increase in value of earnouts and warrants, as well as $3.4 million in transactional expenses related to the business combination. Net Income for the quarter, adjusted for these items was $52.0 million vs. a net loss of $23.1 million in the prior year.[4]
- Trailing twelve month ("TTM") Adjusted EBITDA[3] of $276.3 million exceeded pre-COVID levels by 58.9%
- TTM Net Loss of $50.3 million was driven primarily by expenses related to the successful de-SPAC transaction, which include $42.2 million in share based compensation and $32.5 million in transactional expenses, as well as $44.1 million of non-cash expenses related to the increase in the value of earnouts and warrants. TTM Net Income, adjusted for these items was $68.5 million.[4]
- Repurchased 109,754 shares of Class A common stock and 2,690,272 warrants
- Announced the redemption of all outstanding publicly traded and privately held warrants which is planned to be completed on May 16, 2022

[1] Pre-COVID performance is being measured vs. Q3 FY2019
[2] Same-store sales are measured by comparing revenues for centers open for the entire duration of both the current and comparable measurement periods
[3] See Appendix for definition of Adjusted EBITDA, which is a non-GAAP measure, and a reconciliation to the GAAP measure
[4] 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.

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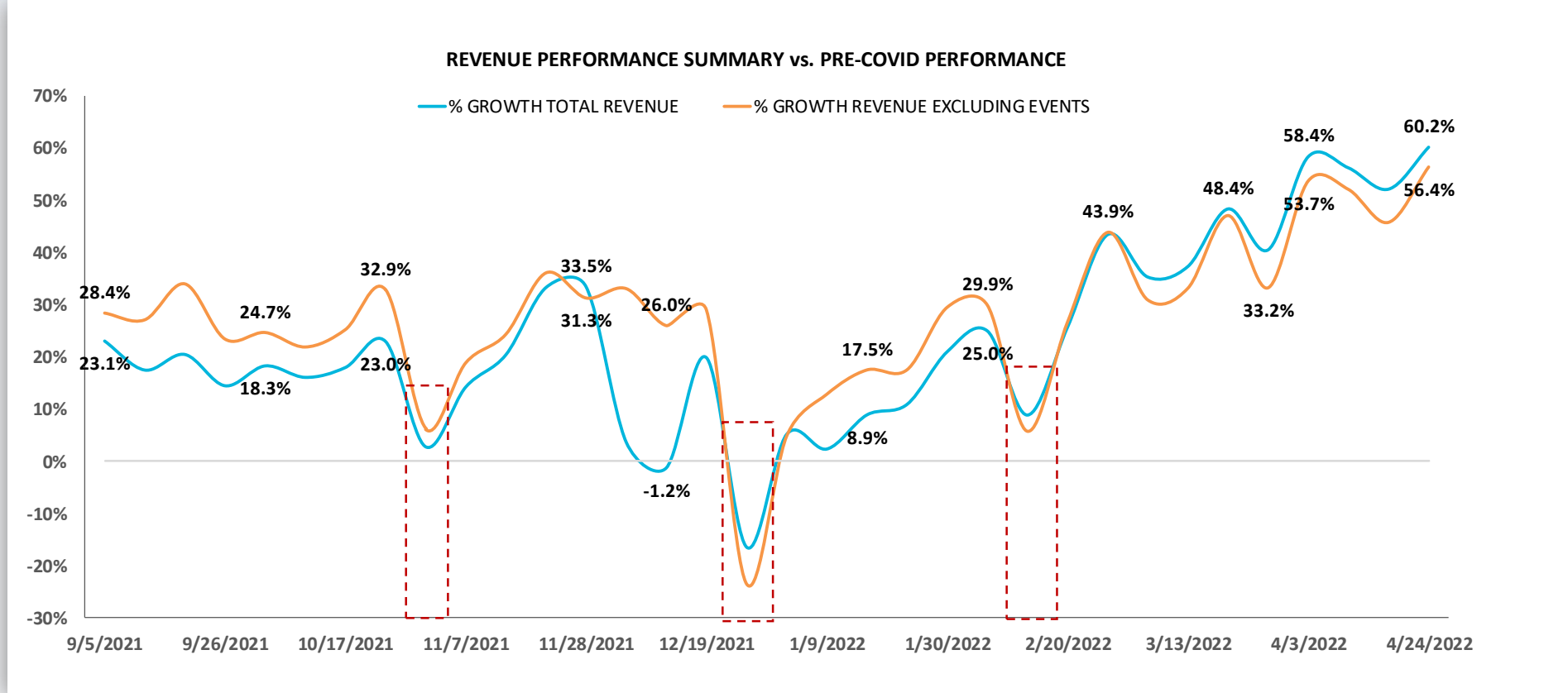
Total Bowling Center Revenue[1] Performance Trend



* 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.
* The revenue performance for the week ending 2/13/22 is negatively impacted by the shift in Super Bowl Sunday.

Notes:
For weeks between 9/5/21 and 12/26/21 and between 3/6/22 and 4/17/22, the percentages above are calculated by comparing each week to the comparable week in 2019. For weeks between 1/2/22 and 2/27/22, 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 3/27/22 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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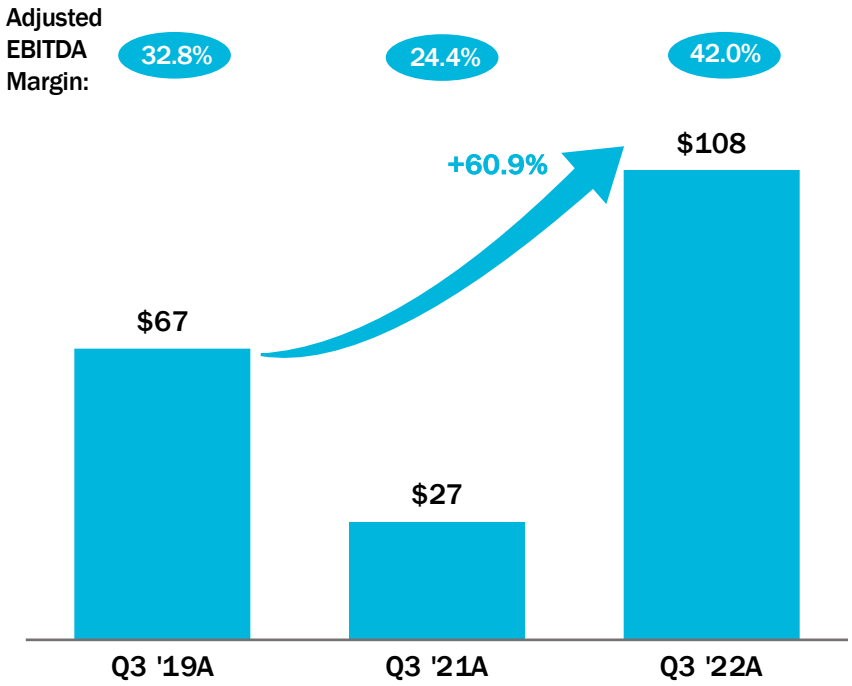
Q3 FY'22 Adjusted EBITDA was 60.9% greater than the comparable pre-COVID quarter and Adjusted EBITDA Margin expanded more than 900 bps

ADJUSTED EBITDA[1] ($MM)



Adjusted EBITDA in Q3 '22 exceeded Q3 '19 by $41.0 million or 60.9%

Operational efficiencies driving significant Adjusted EBITDA[1] Margin expansion of 918 bps 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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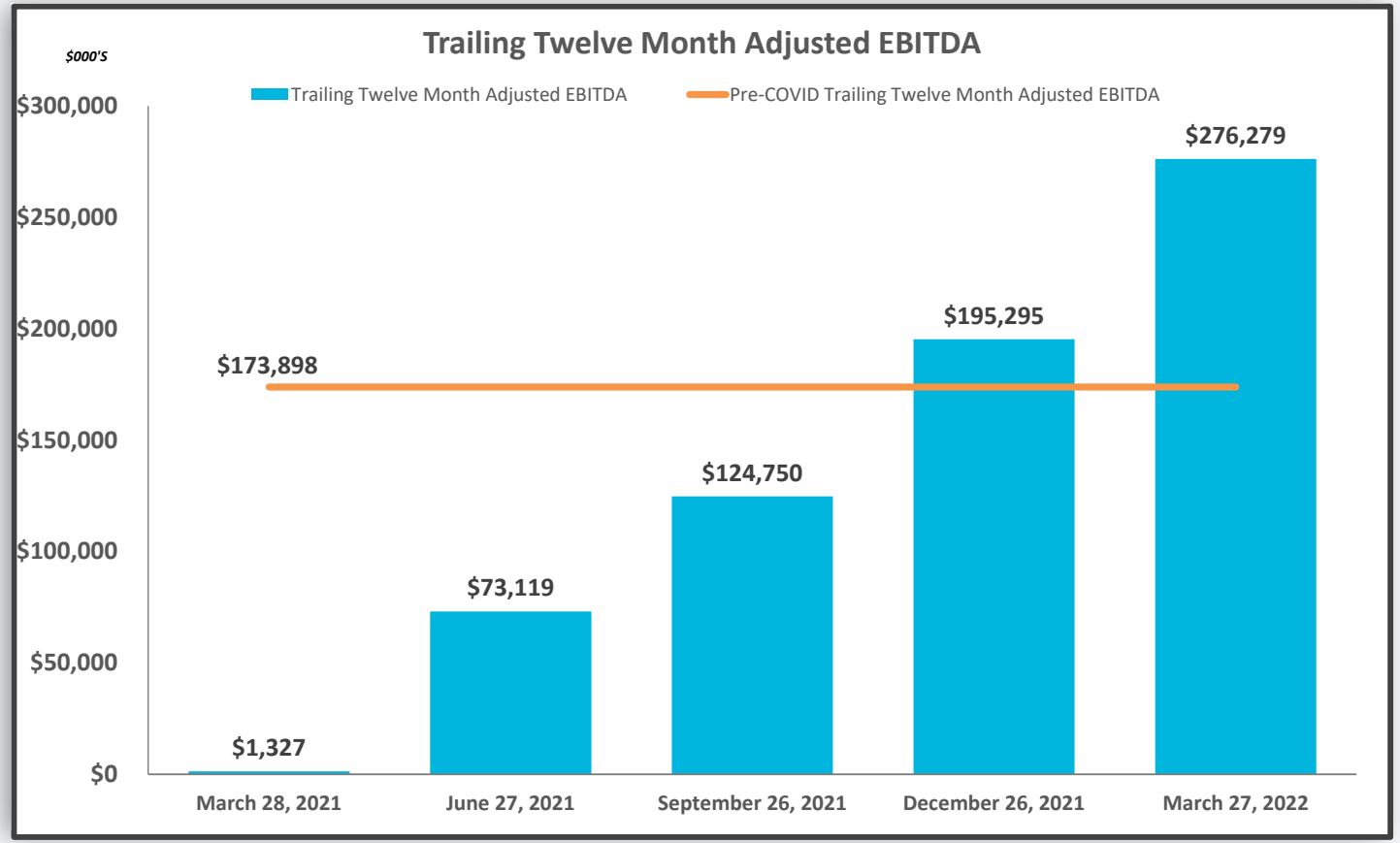
Business now materially exceeding pre-COVID levels of Adjusted EBITDA



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)	Q3 '22A	Q3 '21A	Q3 '19A
Walk in Retail	$186	$82	$137
Group Events	40	12	33
League & Tournaments	28	14	29
Total Bowling Center Revenue[1]	**$254**	**$108**	**$199**
Total Bowling Center Gross Profit	**$176**	**$76**	**$136**
% Gross Margin	*70%*	*70%*	*69%*
Total Bowling Center EBITDAR	**$134**	**$54**	**$105**
% EBITDAR Margin	*53%*	*50%*	*53%*

Revenue increase vs. pre-COVID levels driven by continued significant growth in walk in retail and strong growth in event business

Gross Margin expansion of 96 bps vs. pre-COVID level mainly as a result of the implementation of a newly redesigned and significantly more efficient business model

Highest level of Bowling Center Revenue and EBITDAR in Company's history generated in the quarter

Notes:
See Appendix for reconciliation of EBITDAR, which is a non-GAAP measure.
Pre-COVID period defined as Q3 FY19 (quarter ending on March 31, 2019)
[1] Total Bowling Center Revenue excludes closed bowling center activity and media revenue, which is also a component of our bowling operations.

Significant cash generated from operations provides support for acquisition funding and other investing activities

▲ $83.6mm of cash generated from operations in Q3 FY2022, net of $22.7mm in cash interest paid

($ '000s)	Three months ending March 27, 2022	Nine months ending March 27, 2022
Cash balances, beginning of period	$115,659	$187,093
Operating activities	83,576	142,861
Investing activities, net	(17,896)	(178,744)
Financing activities, net	(8,461)	21,752
Effect of exchange rates on cash	99	15
Cash balance	**$172,977**	**$172,977**



Appendix

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Non-GAAP reconciliations

ADJUSTED EBITDA RECONCILIATION

(in thousands)	Three Months Ended			Nine Months Ended		
	March 27, 2022	March 28, 2021	March 31, 2019	March 27, 2022	March 28, 2021	March 31, 2019
Consolidated						
Revenues	257,820	112,212	205,023	643,988	236,131	516,681
Net (loss) income - GAAP	**(17,987)**	**(23,091)**	**27,432**	**(36,877)**	**(113,000)**	**10,926**
Adjustments:						
Interest expense	22,293	22,303	15,468	69,101	65,729	46,164
Income tax expense (benefit)	(207)	103	(291)	(6,089)	333	7
Depreciation and amortization	29,986	22,990	20,490	78,487	67,979	66,111
Share-based compensation	3,020	826	847	46,376	2,371	2,590
Closed center EBITDA [1]	611	806	588	1,429	2,289	2,161
Foreign currency exchange (gain) loss	(90)	104	5	31	(89)	7
Asset disposition loss (gain)	(1,601)	64	2,045	(1,754)	(77)	681
Transactional and other advisory costs [2]	4,757	1,852	127	36,735	4,093	1,789
Charges attributed to new initiatives [3]	43	136	270	249	384	937
Extraordinary unusual non-recurring losses [4]	929	1,294	369	2,150	811	2,181
Changes in the value of earnouts and warrants [5]	66,617	0	0	44,145	0	0
ADJUSTED EBITDA	**$108,371**	**$27,387**	**$67,350**	**$233,983**	**$30,823**	**$133,554**
Adjusted EBITDA Margin	*42.0%*	*24.4%*	*32.8%*	*36.3%*	*13.1%*	*25.8%*
SG&A Expense	$20,340	$13,074	$20,720	$57,979	$37,592	$59,998
Media & Other Income	($4,396)	($6)	($2,110)	($13,226)	($1,295)	($434)
CENTER EBITDA	**$124,315**	**$40,455**	**$85,961**	**$278,736**	**$67,120**	**$193,118**
Rent Expense	$9,285	$13,420	$18,599	$39,264	$40,204	$46,992
CENTER EBITDAR	**$133,600**	**$53,875**	**$104,560**	**$318,000**	**$107,324**	**$240,110**

[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

[5] The adjustment for changes in the value of earnouts and warrants is to remove the impact of the revaluation of the earnouts and warrants. As a result of the Business Combination, the Company recorded liabilities for earnouts and warrants. Changes in the fair value of the earnout and warrant liabilities are recognized in the statement of operations. Decreases in the liability will have a favorable impact on the income statement and increases in the liability will have an unfavorable impact.

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Non-GAAP reconciliations (cont'd)

TRAILING TWELVE MONTH ADJUSTED EBITDA RECONCILIATION						
Net loss - GAAP and Adjusted EBITDA						
(in thousands)	**December 29, 2019**	**March 28, 2021**	**June 27, 2021**	**September 26, 2021**	**December 26, 2021**	**March 27, 2022**
Consolidated						
Revenues	$693,929	$247,257	$395,234	$526,281	$657,483	$803,091
Net loss - GAAP	**($1,841)**	**($197,748)**	**($126,461)**	**($70,125)**	**($55,442)**	**($50,338)**
Adjustments:						
Interest expense	69,903	86,352	88,857	90,612	92,239	92,229
Income tax expense (benefit)	1,803	7,927	(1,035)	(7,403)	(7,147)	(7,457)
Depreciation and amortization	89,264	91,411	91,851	92,241	95,363	102,359
Share-based compensation	3,406	3,226	3,164	3,116	44,975	47,169
Closed center EBITDA [1]	(400)	3,259	4,039	3,880	3,374	3,179
Foreign currency exchange (gain) loss	(225)	(146)	(188)	(155)	126	(68)
Asset disposition loss (gain)	5,247	613	(46)	(77)	(58)	(1,723)
Transactional and other advisory costs [2]	3,041	5,573	10,737	12,056	40,474	43,379
Charges attributed to new initiatives [3]	1,020	500	531	540	489	396
Extraordinary unusual non-recurring losses [4]	2,680	360	1,670	65	3,374	3,009
Changes in the value of earnouts and warrants [5]	0	0	0	0	(22,472)	44,145
ADJUSTED EBITDA	**$173,898**	**$1,327**	**$73,119**	**$124,750**	**$195,295**	**$276,279**
Adjusted EBITDA Margin	*25.1%*	*0.5%*	*18.5%*	*23.7%*	*29.7%*	*34.4%*

[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 [5] The adjustment for changes in the value of earnouts and warrants is to remove the impact of the revaluation of the earnouts and warrants. As a result of the Business Combination, the Company recorded liabilities for earnouts and warrants. Changes in the fair value of the earnout and warrant liabilities are recognized in the statement of operations. Decreases in the liability will have a favorable impact on the income statement and increases in the liability will have an unfavorable impact.

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Non-GAAP reconciliations (cont'd)

NORMALIZED NET INCOME RECONCILIATION			
	Three Months Ending	Nine Months Ending	Twelve Months Ending
(in thousands)	**March 27, 2022**	**March 27, 2022**	**March 27, 2022**
Net loss - GAAP	**($17,987)**	**($36,877)**	**($50,338)**
Share-based compensation - de-SPAC	0	42,212	42,212
Change in value of earnouts and warrants	66,617	44,145	44,145
Transactional and other advisory costs	3,353	29,149	32,502
Normalized Net Income	**$51,983**	**$78,629**	**$68,521**


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SHOE RETURN
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