



**CEC**  
entertainment

Investor Presentation

**JPMorgan High Yield Debt Conference  
2023**



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The Company's historical operating results, which include those of its predecessor, CEC Entertainment, Inc., prior to December 30, 2020, are not necessarily indicative of the results that may be expected for any future period. Nothing in this presentation should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Company undertakes no duty to update or revise these forward-looking statements, including in the event that such information becomes inaccurate.

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# AGENDA

- 01 Management Introduction
- 02 Company Overview
- 03 Chuck E. Cheese
- 04 Peter Piper Pizza
- 05 Financial Highlights & Capital Structure



David McKillips

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PRESIDENT & CEO



Jim Howell

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EVP & CFO





# COMPANY OVERVIEW



# CEC VALUE PROPOSITION

## World's Largest Family Entertainment Center Brand

- 681 units in 19 Countries & Territories
- \$1.2B in Enterprise sales in 2022
- 14,000 corporate employees
- 2 Billion Arcade Game Plays Annually
- Premiere Kids Brand: Chuck E. Cheese
- Strong Regional Family Brand: Peter Piper Pizza
- Plus Virtual Kitchen brands



# BUSINESS OVERVIEW

CEC Entertainment- two leading brands collectively creating the #1 Brand in family entertainment centers



| Brand Snapshot                       | Where a Kid Can Be A Kid <sup>®</sup>  | "Pizza Made Fresh, Families Made Happy"  |
|--------------------------------------|--|--|
| <b>Target Customer</b>               | Families with kids 2-12 years old<br>20 minutes of venues<br>86% brand familiarity among kids aged 6-8 | Adults and families with older kids<br>(~10 to 16 years old)                                     |
| <b>Geographic Presence</b>           | 47 states and<br>19 foreign countries and territories  | 4 states<br>(AZ, NM, TX, CA) and Mexico  |
| <b>Global Footprint</b>              | Total Venues: 570<br>% Domestic / International: 84% / 16%<br>% Operated / % Franchised: 83% / 17%     | Total Venues: 111<br>% Domestic / International: 82% / 18%<br>% Operated / Franchised: 29% / 71% |
| <b>Average Sales Per Venue</b>       | ~\$1.6M  | ~\$1.8M  |
| <b>Average Venue Sq. Footage</b>     | ~12,700 sq. ft.  | ~10,100 sq. ft.  |
| <b>Venue Revenue Mix</b>             | <p>Entertainment &amp; Merchandise 59%</p> <p>Food &amp; Beverage 41%</p>                              | <p>Food &amp; Beverage 74%</p> <p>Entertainment &amp; Merchandise 26%</p>                        |
| <b>Guest Frequency<sup>(1)</sup></b> | 3x per year  | 14x per year   |
| <b>2019 Revenue Contribution</b>     | 91%  | 9%   |

Note: Figures as of FY19, except for Geographic Presence and Global Footprint data, which is as of Q4 2022 (1/29/2023).

(1) Chuck. E. Cheese's Brand Tracking Study, Russell Research, October 2018.

# NOW POSITIONED FOR GROWTH





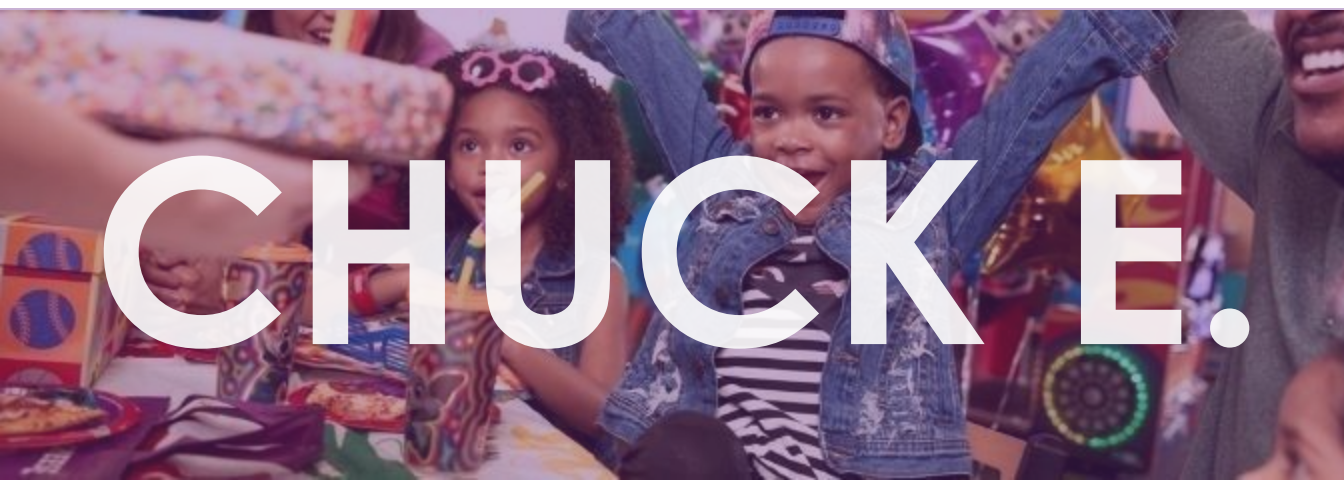


**CHUCK E. CHEESE**





THIS IS



CHUCK E.



CHEESE

570

CEC Locations in 47 States and 19 International countries and territories



30M+

Annual U.S. Traffic



500K

Birthday Celebrations Annually!



99%

Recall in Brand Awareness Study\*

\*Chuck. E. Cheese's Brand Tracking Study, Russell Research, Fall 2019  
Geographic Presence and Global Footprint data, which is as of Q4 2022 (1/29/2023).





# UNIVERSAL RECOGNITION & UNPARALLELED VALUE

Clear value proposition that resonates within an attractive customer base

## Iconic Brand That Kids Love...



**Strong**  
Brand for Family  
Entertainment



**Strong**  
Birthday  
Brand in  
America



**86%**  
Brand Familiarity Among  
Kids Aged 6-8<sup>(1)</sup>

Kids Ask to Visit CEC

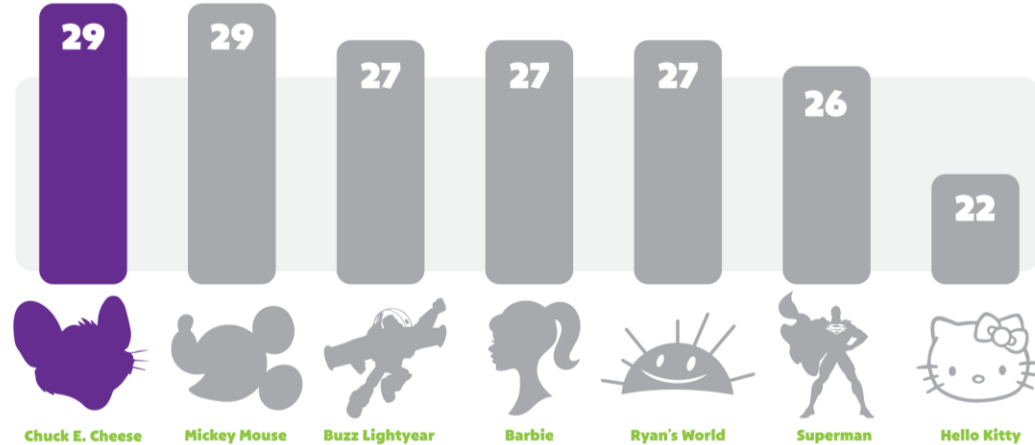


**9/10 MOMS**

Have Taken Child to CEC

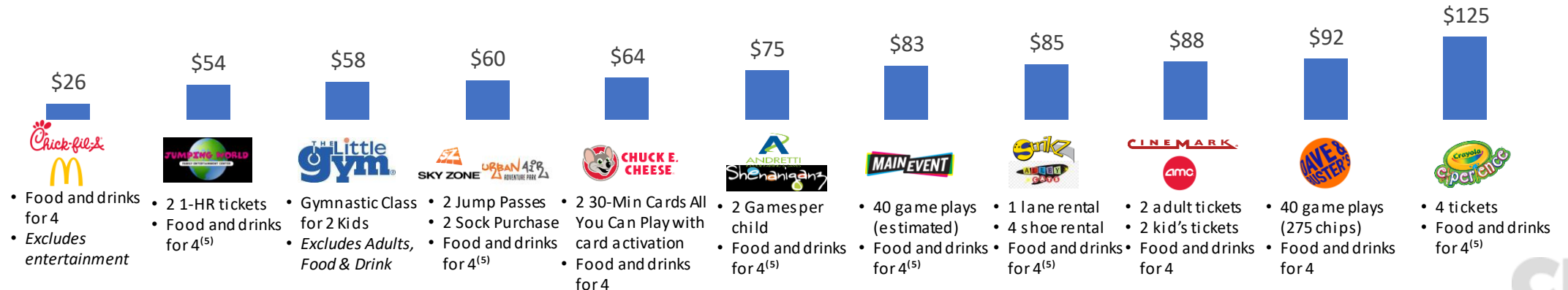


## CEC Q-Score vs. Select Kids Characters<sup>(1)</sup>



## Best-in-class Value Offering – Illustrative Pricing for a Family of 4<sup>(4)</sup>

(Pricing for Parties of 2 Adults and 2 Children for an Everyday Visit)



Source: Chuck E. Cheese Brand Tracking Study, Russell Research, September 2018 and The Character Q Score, Spring 2017.

(1) Q-Score Study, 2022 (Q Score & Familiarity, children 6-8)

(2) When mothers aware of Chuck E. Cheese asked "How often do(es) your child(ren) ask to go to Chuck E. Cheese?".

(3) Surveyed women aged 21 to 54 who live within 15 miles of a Chuck E. Cheese, have at least one child age 3-8 living in their household, have been to a category restaurant in the past 12 months, are likely to visit a category restaurant in the next 12 months and do not work in a competitive industry.

(4) Pricing Study based on Dallas/Ft. Worth pricing as of March 2022

(5) \*Large, 1-topping pizza used for meal pricing

# UNIQUE VALUE PROPOSITION

Chuck E. Cheese is a global family entertainment network supplemented by a full-service dining offering

CEC is a Scaled Player in the Industry

CEC is a Strong Global Player

## Restaurants

## Family Entertainment

## Destination Entertainment

FULL-SERVICE DINING



PIZZA-FOCUSED QSR



GLOBAL PLAYER



REGIONAL/DOMESTIC PLAYERS



SKY ZONE



TOPGOLF



Together We Play

EXPERIENTIAL ENTERTAINMENT



MERLIN ENTERTAINMENT



VAIL RESORTS  
EXPERIENCE OF A LIFETIME

- Brand driven with strong customer loyalty
- Highly scalable
- Attractive ROI on new unit development
- Value-based and affordable

- Unique blend of games, rides, activities, shows and food
- Asset light growth opportunities
- Attractive returns on new stores
- Compelling value proposition for families

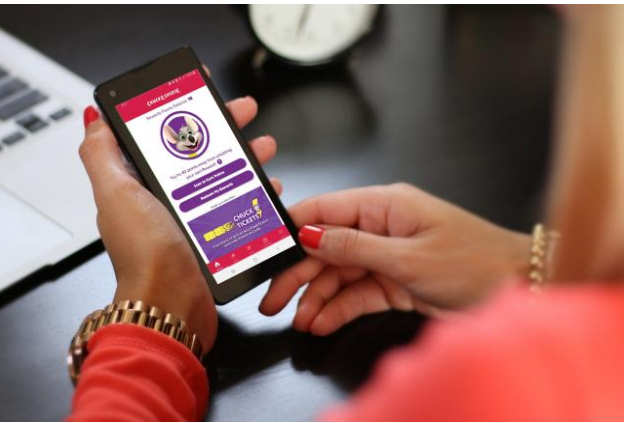
- Unique and differentiated experience
- High barriers to entry
- Ability to capture significant ancillary spend
- Value-based and affordable



# THE NEW CHUCK E. CHEESE

## Commitment to Innovation and Technology

PlayPass & E-tickets | Mobile Rewards App & Loyalty Program  
Game Enhancements | New Entertainment & Character Content  
Expanded Licensing & Merchandise Program | Online Retail Shop



Performing Every Hour On The :30



# LONG-TERM SUCCESS DRIVERS

CEC Entertainment has undertaken a number of organic initiatives that will support long-term growth

| <b>Integrated Growth Plan Focused on Optimizing Operations and Profitability</b>                        |                         |                        |
|---|-------------------------|------------------------|
| <b>Strategic Success Drivers</b>  | <b>2019</b>             | <b>2024E</b>           |
| Increase revenue via promotional marketing and sales programming and value packaging (“one more” visit) | ~3x visitation per year | 4x visitation per year |
| Complete Brand Transformation - accelerate domestic remodeling programs and new store development       | 16% Complete            | 100% Complete          |
| Expand international franchise presence in attractive geographies                                       | 75 CEC int’l franchises | ~112 Locations         |
| Launch Media Licensing /Entertainment Division, extending the brand beyond the 4-walls                  | >\$4M revenue           | \$8-\$10M revenue      |
| Focus on operational efficiencies and technological innovation to deliver cost controls                 | 20% Adj. EBITDA margin  | 22% Adj. EBITDA margin |



# MARKETING & SALES FOCUS

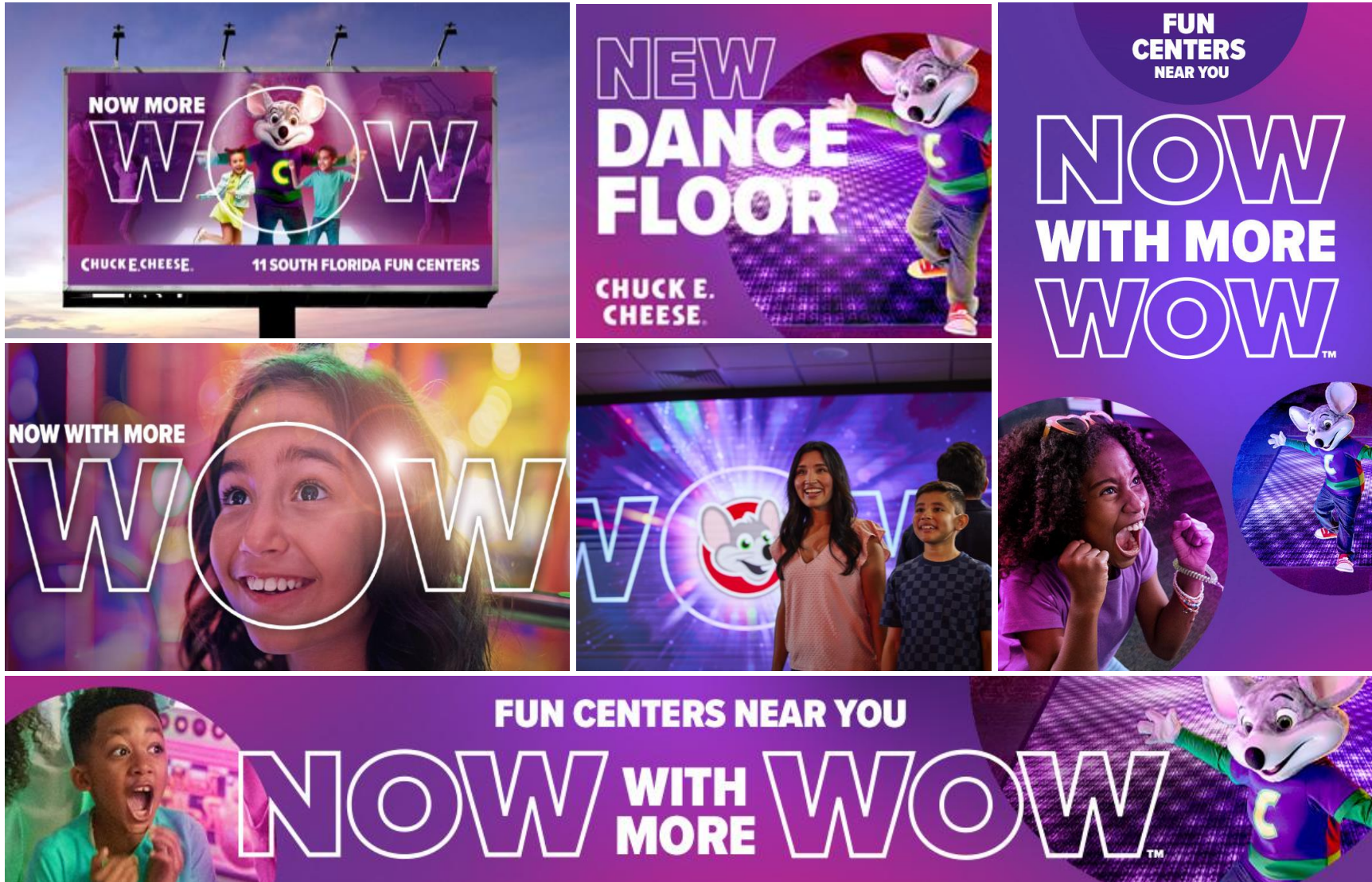
## Key Strategies to Driving Sales

- Reintroduce “new” Chuck E. Cheese to parents & kids; focusing on games and birthday
- Showcase the unbeatable value of All You Can Play games
- Maximize seasonal traffic and off-season programming to drive visits
- Maximize the journey from booking-to-playing through technology
- Grow Rewards member acquisition to maximize efficiencies and frequency
- Grow check with relevant menu items and LTOs





# NOW WITH MORE WOW CAMPAIGN





# DOMESTIC BRAND REVITALIZATION

## Upgrade Key Features:

- New furniture
- Bright Lighting
- Game Enhancement
- Exterior Signage



## Added Guest/Op Benefits:

- Interactive dance floor
- Enhanced media system
- Pagers for Pizza Pick-up
- Table-side ordering
- 5<sup>th</sup> Digital Screen




## Company Benefits

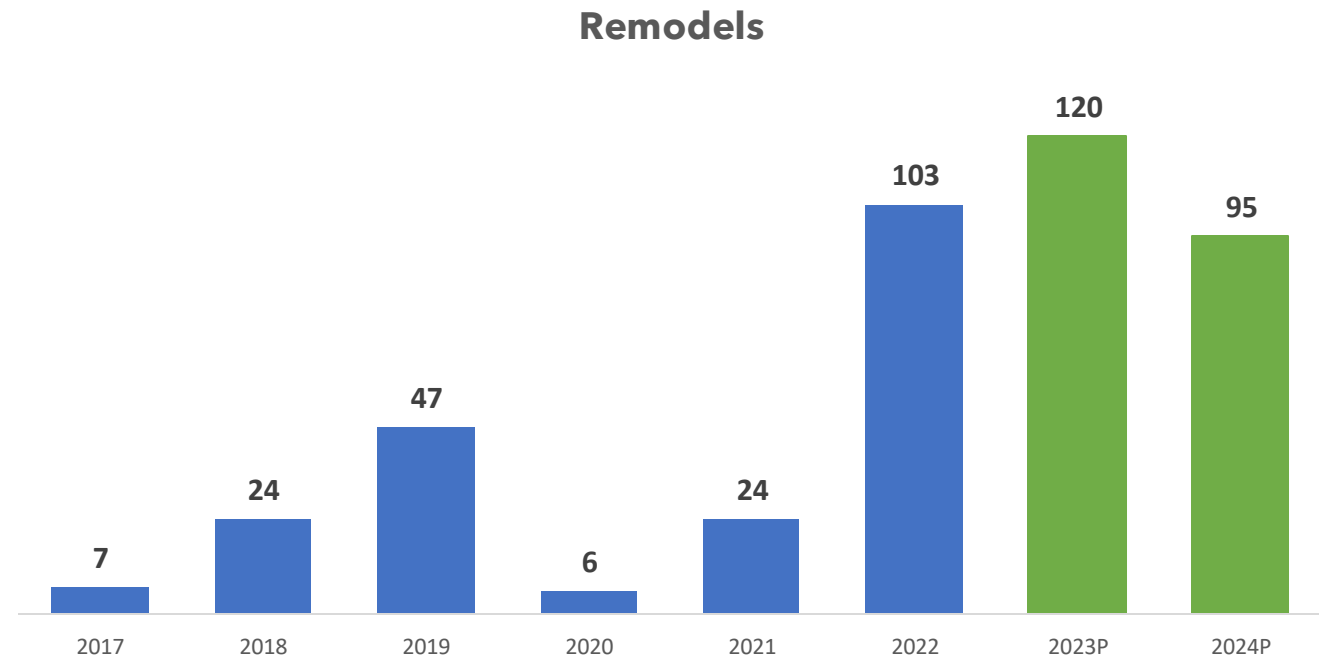
- Drives sales lift
- Increases NPS Scores
- Desire for Hiring Increases

# DOMESTIC BRAND REVITALIZATION

CEC's FY2022 capital expenditures are expected to total approx. \$150M. Our commitment to a brand revitalization program is focused on an updated environment, operational efficiencies and revenue generating upgrades

- 211 company owned remodels completed since 2017
- 103 completed in 2022 with 120 planned in 2023
- Remaining viable units to be remodeled by the end of FY2024

|  <b>CHUCK E. CHEESE.</b> | Target           |
|---|------------------|
| Sales uplift  | +12-16%          |
| EBITDA flow-through   | ~50 - 60%        |
| Cost per remodel  | ~\$550K - \$600K |
| Cash-on-Cash Return   | ~20%+            |





# DRIVE IN-VENUE SALES

Drive strategic initiatives across the portfolio to drive price/value equation and increase total basket

## Gaming & All You Can Play Platform



- Best Value in the Industry
- Drive game revenues with ability to take price
- NPS<sup>(1)</sup> scores in AYCP venues higher than control group venues
- E-tickets test successful; expansion in 2020

## Birthday Program



- One of America's top birthday destinations; opportunities to build additional spend
- Easier consumer booking process
- Introduction of Birthday Concierge program

## Food & Beverage Optimization



- Strategic review of all menus
- Weight design towards high-margin, incremental items with low ops complexity/labor
- Focus LTOs on tent-pole promotional events with unique and thematic foods

## New Revenue & Upsell Opportunities

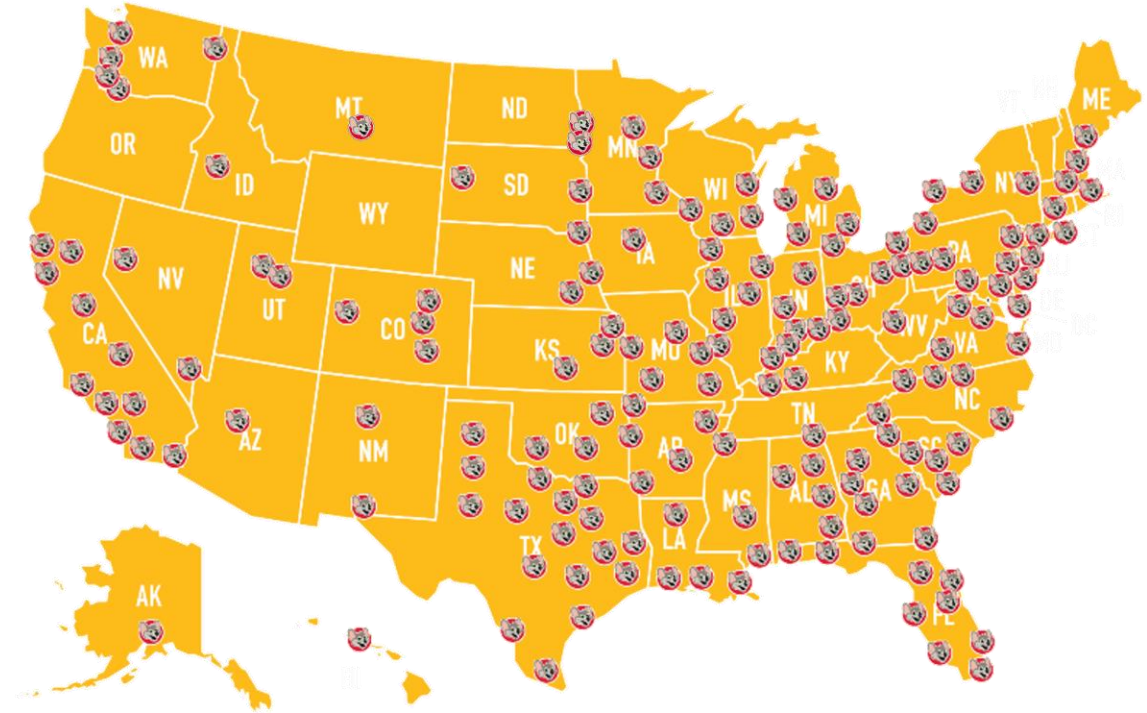


- One of the architects of the ghost kitchen trend, adding incremental and reach via its kitchens
- No incremental labor; use of current inventory for menu innovation

# DOMESTIC BRAND DEVELOPMENT

## Development Highlights

- Acquired 5 CEC locations back from franchisees in 2021-22 for low multiples with attractive ROI
- Opened 6 new locations in 2022
- Plans to open another 6-10 locations annually



|  | Target - Year 1 |
|--|-----------------|
| Revenue                                | ~\$2M           |
| Venue-Level Adj. EBITDA <sup>(1)</sup> | ~\$700,000      |
| % margin                               | ~35%            |
| Cost to Build <sup>(2)</sup>           | ~\$3.0M         |
| Cash-on-Cash Return                    | ~23%            |

## Market Potential:

- Executed market study with Buxton
- Opportunity to grow brand (200-300 units) with traditional and small market concepts
  - Traditional \$2.0M AUV
  - Smaller Concept: \$1.4M AUV

Note: Canada stores are company owned.



# INTERNATIONAL FRANCHISE EXPANSION

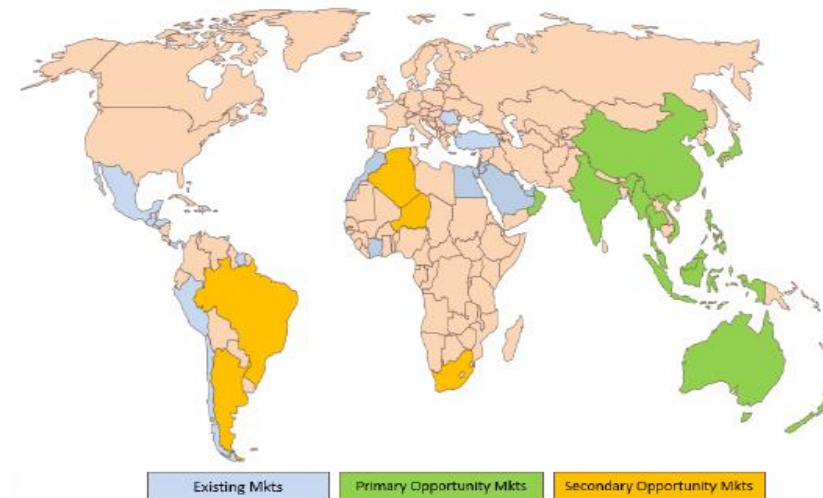
## CEC's universal appeal to a global consumer base provides a significant opportunity for International growth

- Chuck E. Cheese currently has 88 International franchised venues opened
- 2023 Plans include opening 12 new International venues during the year
- Prioritizing Asian Markets (Korea, Philippines, Malaysia, Indonesia, Thailand, Vietnam, and Japan) as higher growth markets based on population growth, # of kids, and household income
- Secondary focus on Europe, Eastern Europe, and N. Africa

## International Franchise Venue Count



\*New stores represent committed and anticipated new market openings



# MEDIA & LICENSING

Outside the 4-Walls Growth Strategy

**CEC Global Entertainment Licensing & Media Networks Division:**  
**Mission to generate value with Chuck E. Cheese IP and guest traffic**

## Short Term

### Media Networks

- Leverage 30M+ guest impressions
- Launch CECTV with exposure on 5,000 screens
- Form strategic campaigns to families



## Long Term

### Entertainment & Licensing

- Leverage multi-generational appeal and brand awareness for entertainment licensing
  - Branded food/snacks
  - Soft goods/Hardgoods
- Video Games, Animation & Movies



# OPERATIONAL EFFICIENCIES & INNOVATION

Execute innovation plans and maintain focus on lean cost structure going forward

## Operational Efficiencies: Areas of Focus

- Menu optimization and transition to E-Tickets; focus on optimizing COGS
- Seasonal labor tracking in-place
- G&A reset & reallocate to growth areas

## Innovation Driving Growth & Customization

- Integrating PlayPass with E-Tickets execution; removing hard tickets and delivering savings
- Introduction of new mobile strategy, including ordering, payment, table-tracker and loyalty club integration
- Launch of new online birthday funnel
- Next-gen energy-saving controls
- CEC seasonal pass program







**PETER PIPER PIZZA**





# THIS IS



# PETER PIPER



# PIZZA

# 111

Locations in 4 States (AZ, TX, NM, CA) and Mexico



# 74%

Food First with solid beverage incidence



# 26%

Game play as a complement









# 85%

Brand Awareness in core market\*



\*source: 2018 Segmentation Research – Flight3 Marketing  
Geographic Presence and Global Footprint data, which is as of Q4 2022 (1/29/2023)..

# PETER PIPER PIZZA - MOMENTUM CONTINUES

-  Double-digit core store unit sales above 2019 and 2021 levels
-  Acquired 11 franchised locations in 2021-22
-  Debuted a new App, Loyalty Program and Ordering Platform with OLO Technology
-  Fun Pass card system launch for paperless rewards platform for its arcades
-  Launched new Birthday Party packages and reservation system for full expression stores
-  Introduced first test concept extension - Piper Express for carryout & delivery only





# PETER PIPER PIZZA - GROWTH STRATEGY

## Company Strategy:

- Maintain focus on organic growth in Southwest current markets
- Introduce new concept, Peter Piper Pizzeria, in 2023
  - Fast-casual brand extension to complement full express and express units

## Strengths are Clear for Growth:

- Unique and differentiated pizza menu and quality
- Create a brand in demand (consumers, franchisees, retailers)
- Distinct expressions originating from the Peter Piper Pizza brand allow for favorable new market introduction:
  1. Peter Piper Pizza Full Expression
  2. Peter Piper Express - DELCO Only
  3. Peter Piper Pizzeria - Fast Casual





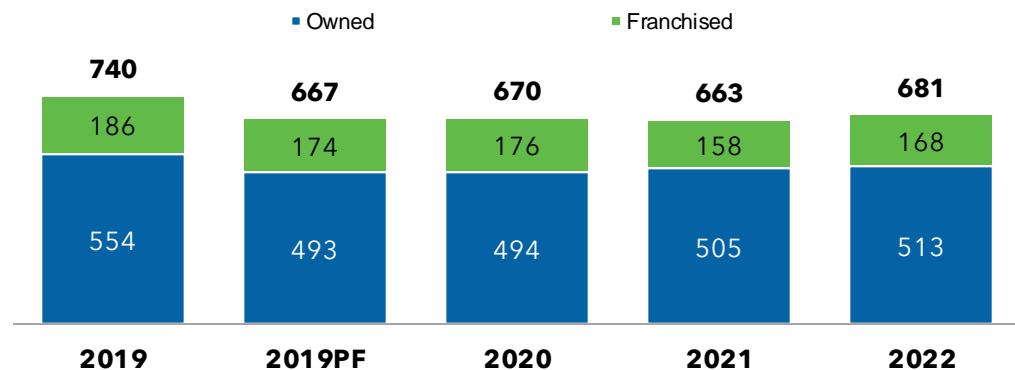


# FINANCIAL HIGHLIGHTS & CAPITAL STRUCTURE



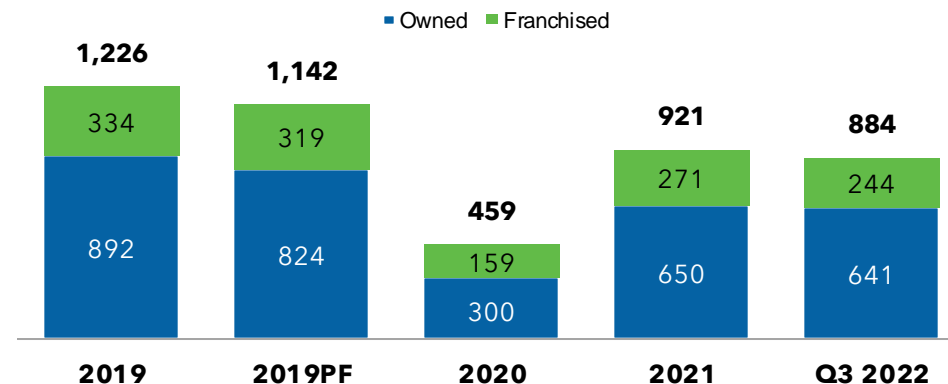
# FINANCIAL HIGHLIGHTS

## Venues



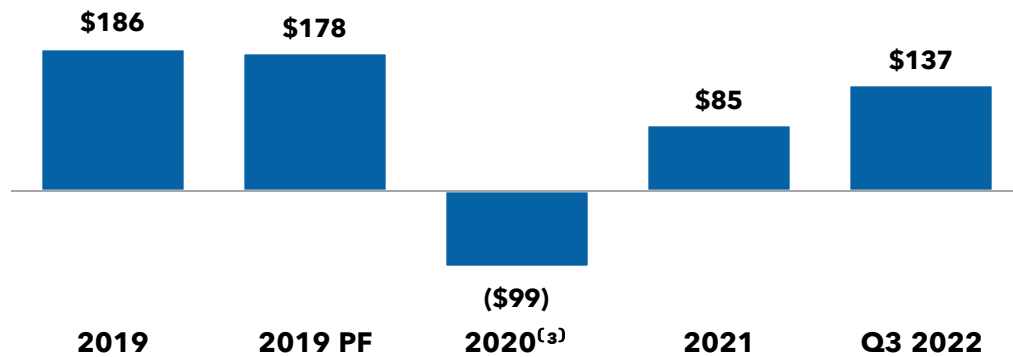
## Enterprise Revenue

(\$ in millions)



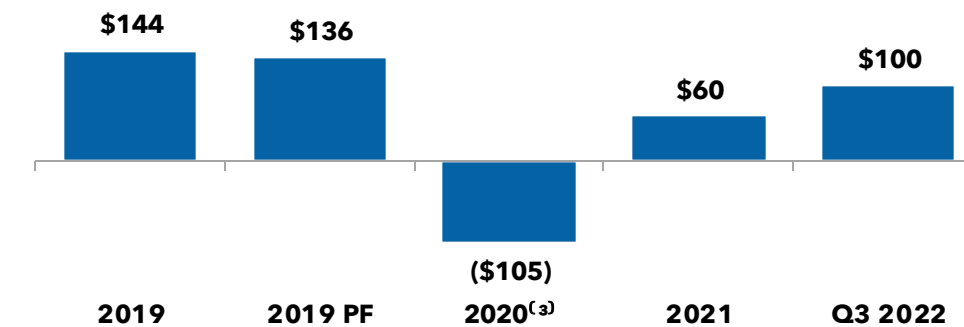
## Adj. EBITDA

(\$ in millions)



## Adj. EBITDA less Maintenance Capex

(\$ in millions)



Margin % 20% 21% (33%) 13% 21%

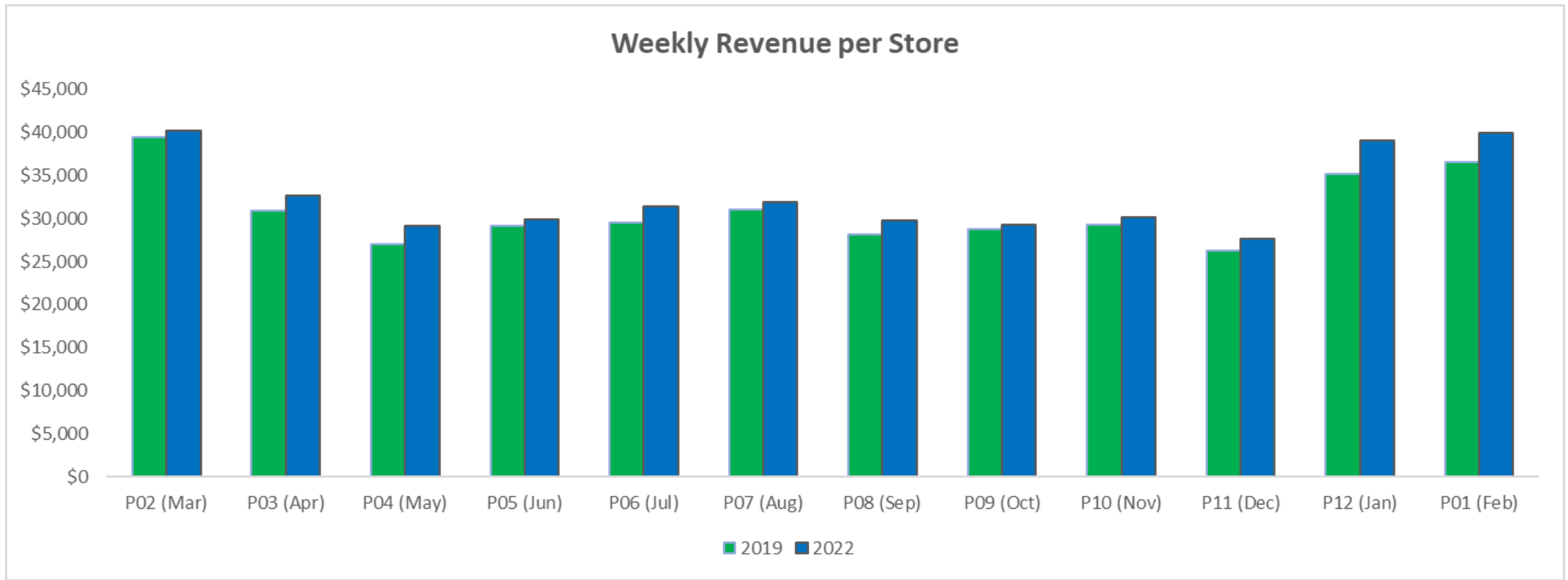
FCF Conv. 78% 77% 71% 73%

(1) Years are adjusted to reflect new fiscal year (February-January)  
 (2) Units expected to be brought online in Q1 and Q4 of each year

(3) 2020 represented as 52-weeks of fiscal year for comparative purposes  
 (4) 2022 store count represented as of Q4 2022 (1/29/2023)

# Sales Per Store

Company's strategic initiatives are delivering results; CEC's 2022 sales by store consistently exceeded 2019 levels





# CAPITAL STRUCTURE

| <b>Capital Structure as of Q3 2022</b>         |  | (in 000's)          |
|--|--|---------------------|
| Unrestricted Cash                              |  | \$ 199,387          |
| Dividends Dec 2022 and Jan 2023                |  | \$ <u>(62,929)</u>  |
| Adjusted Unrestricted Cash <sup>1</sup>        |  | \$ 136,458          |
|  |  |                     |
| \$650M Senior Secured Notes due 2026           |  | \$ 650,000          |
| \$50M Super Priority Revolving Credit due 2025 |  | \$ - 0 -            |
| Adjusted Unrestricted Cash <sup>1</sup>        |  | \$ <u>(136,458)</u> |
| Adjusted Net Debt <sup>2</sup>                 |  | \$ 513,542          |

(1) Unrestricted cash as of Q3 2022 fiscal period end, less dividends paid in December 2022 and January 2023.

(2) Debt less Unrestricted cash as of Q3 2022 fiscal period end, less dividends paid in December 2022 and January 2023.

# CAPITAL STRUCTURE

## \$650M Senior Secured Notes due 2026

|                              |  |
|------------------------------|--|
| Issuer                       | CEC Entertainment, LLC   |
| Principal & Maturity         | \$650M issued April 23, 2021<br>5-year maturity – due May 1, 2026  |
| Interest                     | 6.75% paid May 1 and Aug 1   |
| Guarantors                   | CEC Entertainment Holdings II, LLC (the direct parent of the Issuer) and each of the Issuer's material direct and indirect domestic subsidiaries with typical carve-outs   |
| Collateral                   | Material domestic assets with typical carve-outs   |
| Call Protection              | <ul style="list-style-type: none"> <li>Non-callable for 2 years; then callable each year thereafter at par plus 50%, 25%, 0% of coupon</li> <li>Ability to redeem 10% of the senior secured notes annually at 103% plus accrued interest prior to first call date</li> </ul> |
| Equity Clawback <sup>1</sup> | Up to 40% of the Notes at par plus coupon prior to first call date   |
| Mandatory Redemption         | "Change of Control" put at 101% plus accrued interest  |
| Covenants                    | Standard and customary for corporate financings of this type   |
| Distribution                 | 144A for life  |
| Ratings                      | <ul style="list-style-type: none"> <li>S&amp;P – B- Stable</li> <li>Moody's – B3 Stable</li> </ul>   |

## \$50M Super Priority Revolving Credit due 2025

|                       |  |
|-----------------------|--|
| Issuer                | CEC Entertainment, LLC   |
| Commitment & Maturity | <ul style="list-style-type: none"> <li>\$50M (includes a \$20 million letter of credit sub-facility)</li> <li>Uncommitted accordion that would permit principal commitments up to an incremental \$25 million with terms and conditions consistent with the existing facility commitments</li> <li>4-year maturity – due April 23, 2025</li> </ul> |
| Commitment Lenders    | <ul style="list-style-type: none"> <li>JPMorgan Chase Bank</li> <li>Deutsche Bank</li> </ul>   |
| Interest              | SOFR plus 0.10% (either a one, three, or six-month SOFR borrowing, at the Company's option, with a 0.00% SOFR floor), plus a 4.00% margin.   |
| Guarantors            | CEC Entertainment Holdings II, LLC (the direct parent of the Issuer) and each of the Issuer's material direct and indirect domestic subsidiaries with typical carve-outs   |
| Collateral            | Material domestic assets with typical carve-outs   |
| Covenants             | Standard and customary for corporate financings of this type   |

- No borrowings outstanding under the Revolving Credit Agreement and \$6.6 million of letters of credit issued but undrawn under the sub-facility, leaving \$43.4 million available for borrowing.<sup>2</sup>

(1) Subject to Financial Covenant of 4:00 to 1:00 Net Total Leverage Ratio

(2) Generally, an Equity Clawback provision permits the issuer to use the proceeds of equity issuances to redeem a portion of the outstanding bonds





# INVESTOR INFORMATION

Financial Statements, Investor Information, Monthly Sales Flash, Replays of prior Earnings Calls, and copies of these Slides?

- For access to our Investor Datasite ("*DealVDR*"),  
Email Blake Huggins at  
[investorrelations@cecentertainment.com](mailto:investorrelations@cecentertainment.com)

**Upcoming Earnings Call—**

- Fourth Quarter 2022 ended January 29, 2023 and will occur Thursday April 27th at 3:30 p.m. Central Time (4:30 p.m. Eastern Time):

Investor/Participant Dial-In

- Participant US Local / Intl 1: +1 (929) 272-1574
- Participant US Local / Intl 2: +1 (857) 999-3259
- Participant US Toll Free: +1 (800) 528-1066
- Conference ID: 5622





**THANK YOU**