



EXPERIENTIAL ENTERTAINMENT UPDATE

SEPTEMBER 2024

AN AFFILIATE OF

 **NATIXIS**
CORPORATE AND
INVESTMENT BANKING

EXPERIENTIAL ENTERTAINMENT INDUSTRY UPDATE

MUCH OF THE EXPERIENTIAL ENTERTAINMENT INDUSTRY SUSTAINED GROWTH, DESPITE EMERGING CONSUMER DEMAND HEADWINDS, EVEN AS FAMILY ENTERTAINMENT FACED DECLINING SAME-STORE SALES AND A MORE UNCERTAIN OUTLOOK

LIVE ENTERTAINMENT

- **Live entertainment experienced robust growth fueled by a sustained appetite for immersive, in-person engagements**
 - Persistent growth in ticket sales, membership, and consumer engagement led operators to increase guidance
 - Live sports and premium entertainment events outperformed expectations with improvements in margins
 - Successful expansion of venues attracted new audiences, further validating operators' beliefs that footprint expansion represents a compelling growth opportunity

FAMILY ENTERTAINMENT

- **Family entertainment was adversely affected by a challenging consumer environment and shifting economic conditions**
 - Same-store sales declined relative to 2023 levels as consumers have increasingly exhibited caution in their spending behaviors
 - Venue expansion and remodels prove to be successful strategies for operators, despite lagging performance at legacy locations
 - Guiding toward revenue growth in Q3, reflecting a combination of positive SSS and/or new store openings

CRUISE OPERATORS

- **Cruise operators continue to see record-breaking demand, with strong bookings and positive outlook for 2025 and beyond**
 - Bookings and pricing remain robust, with operators reporting high ticket sales and booking volumes leading to capacity filling quickly for 2024 and 2025
 - Onboard and leisure spending trends continue to grow as consumers prioritize travel experiences, particularly in premium and luxury offerings
 - Revenue and profitability exceeded expectations, supported by higher pricing, increased capacity, and resilient demand across key demographics, with operators raising full-year guidance

THEME PARKS

- **Theme parks reported record results and high per capita spending despite continued weather challenges**
 - Attendance growth was driven by larger season pass bases, recovery in group channels, improved international visitation and stronger demand in markets with new rides and attractions
 - July weather challenges, including Hurricane Beryl and record heat and rain across North America, tempered revenue growth
 - In-park spending remained strong, with operators expressing a positive outlook for continued performance through year-end

RESILIENT PERFORMANCE ACROSS INDUSTRY SEGMENTS

LIVE ENTERTAINMENT EXPERIENCED ROBUST GROWTH, FUELED BY A SUSTAINED APPETITE FOR IMMERSIVE, IN-PERSON ENGAGEMENTS; FAMILY ENTERTAINMENT WAS ADVERSELY AFFECTED BY A CHALLENGING CONSUMER ENVIRONMENT AND SHIFTING ECONOMIC CONDITIONS

LIVE ENTERTAINMENT



August 8, 2024

“We are again raising our full year 2024 guidance for revenue and adjusted EBITDA... UFC and WWE's live events continued to outperform, demonstrating that demand for premium sports and entertainment content has never been stronger.” – Ariel Emanuel, CEO, on Q2 2024 Earnings Call



SOHO HOUSE
August 9, 2024

“Membership demand continues to be very strong. Membership revenues increased 16% versus the same period last year... which gives us the confidence to raise our financial guidance today on total membership and membership revenue.” – Andrew Carnie, CEO and Director, on Q2 2024 Earnings Call



August 16, 2024

“The positive operating momentum we experienced throughout fiscal '24 led us to increase our guidance twice during the year ... I don't see a slowdown in consumer demand for live entertainment experiences.” – Michael J. Grau, CFO, on FYQ4 2024 Earnings Call

FAMILY ENTERTAINMENT



August 7, 2024

“We're lowering our second-half Topgolf revenue outlook... We previously thought the Events business was stabilizing, but it then deteriorated further in late May and June. We believe the events business results reflect... softness in demand typical of slowing economic conditions and corporate belt-tightening” – Oliver Brewer, President and CEO, on Q2 2024 Earnings Call



September 5, 2024

“Our total growth in the quarter was 20.2%, and same-store comp was positive 6.9%. April, May and June all saw positive same-store growth. While we are hearing concerns in the market and weakness in the consumer, we are not seeing signs of that.” – Robert Lavan, CFO and Treasurer, on FYQ4 2024 Earnings Call



September 10, 2024

“Comp store sales decreased 6.3% on a calendar basis in the second quarter versus 2023. It is a tough kind of consumer environment... there are headwinds in this business and we felt those headwinds in the second quarter and they're still there.” – Chris Morris, CEO, and Darin Harper, CFO, on Q2 FY 2025 Earnings Call

RESILIENT PERFORMANCE ACROSS INDUSTRY SEGMENTS (CONT.)

CRUISE OPERATORS CONTINUE TO SEE RECORD-BREAKING DEMAND, WITH STRONG BOOKINGS AND POSITIVE OUTLOOK FOR 2025 AND BEYOND; THEME PARKS REPORTED RECORD RESULTS AND HIGH PER CAPITA SPENDING DESPITE CONTINUED WEATHER CHALLENGES

CRUISE OPERATORS



“The **unprecedented level of demand for 2025 sailings** coupled with flat capacity growth next year **translates into meaningful pricing power**... [In] North America, the **booking curve is higher than it's ever been**. In Europe, **it's highest in the last 15 years.**” – *Josh Weinstein, President and CEO, on Q2 2024 Earnings Call*



“We have seen an **incredibly robust booking and pricing environment** across all our key itineraries... **Consumer preference continues to shift towards spend on experiences**. We're in a **very strong book position for 2025**, pricing is up and increasing.” – *Jason T. Liberty, President, CEO and Director, on Q2 2024 Earnings Call*



“We are witnessing **robust demand with strong pricing and booking volumes**, leading to **record-breaking advanced ticket sales**. We are seeing no, absolutely **zero, decrease in onboard spend**... **the preselling of onboard is actually up considerably.**” – *Harry J. Sommer, President, CEO and Director, on Q2 2024 Earnings Call*

THEME PARKS







“We **grew attendance and revenue during the quarter despite not seeing any material improvement in weather**. We also achieved a **record level for in-park per capita spending**. I think it also points out the **resiliency of the business** that even in times that maybe people are looking for value, we provide that.” – *Marc Swanson, CEO, on Q2 2024 Earnings Call*



“[Legacy Cedar Fair] **achieved record adjusted EBITDA**... The increase in attendance was the direct result of... a **larger season pass base**, the continued **recovery of the group channel**...and **stronger general demand in the markets** where we introduced impactful new rides and attractions... On a comparable-week basis, **average attendance per operating day in the 2nd quarter was up 9%**.” – *Brian Witherow, CFO, on Q2 2024 Earnings Call*

FAMILY ENTERTAINMENT SAME-STORE SALES AND THEME PARKS REVENUE GROWTH

FAMILY ENTERTAINMENT GREW REVENUE VIA NEW OPENINGS WHILE SAME-STORE SALES SLUMPED; THEME PARKS LARGELY OUTPACED Q2 2019 WHILE MARGINALLY OUTPACING Q2 2023

FAMILY ENTERTAINMENT	Q2 REVENUE		Q2 SAME-STORE SALES
	2024 vs.		2024 vs.
	2019	2023	2023
	83%	19%	7%
 (a)	62%	3%	(6%)
PINSTRIPES (b)		19%	(2%)
 (c)	246%	25%	3%
 (d)		5%	(8%)
Family Entertainment Average	130%	14%	(1%)




Q3 CY24 GUIDANCE

Mid-single digit to 10% revenue growth, with low- to mid-single-digit SSS

Expecting traffic and sales improvements, growth in SSS, revenue, EBITDA, and cash flow

Negative low single digit to positive low single-digit SSS

Low single digit revenue growth, negative high single digit to low double digit SSS

THEME PARKS	Q2 REVENUE	
	2024 vs.	
	2019	2023
 (e)	31%	14%
 (e)	(8%)	(1%)
	23%	0%
Theme Parks Average	15%	4%

Q3 CY24 GUIDANCE

Poor weather reduced attendance 3% across combined portfolio in first five weeks of Q3

Record revenue and EBITDA with mid-single digit to low double digit pricing growth

Source: Financial reports, earning releases, investor presentations and publicly available information.

a) Calendar year represents 12 months ending in January.

b) Q2 represents 12 weeks ending in July.

c) Figures are exclusive to Round 1 USA segment.

d) Figures are exclusive to the Topgolf business segment of Topgolf Callaway Brands.

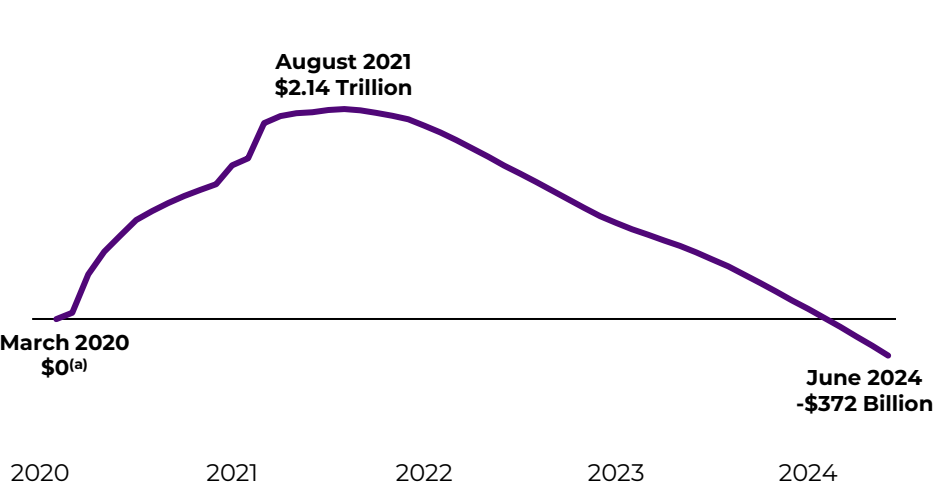
e) The merger of legacy Cedar Fair and legacy Six Flags occurred on July 1, 2024, after the Q2 close.

POST-PANDEMIC SPENDING SLOWDOWN

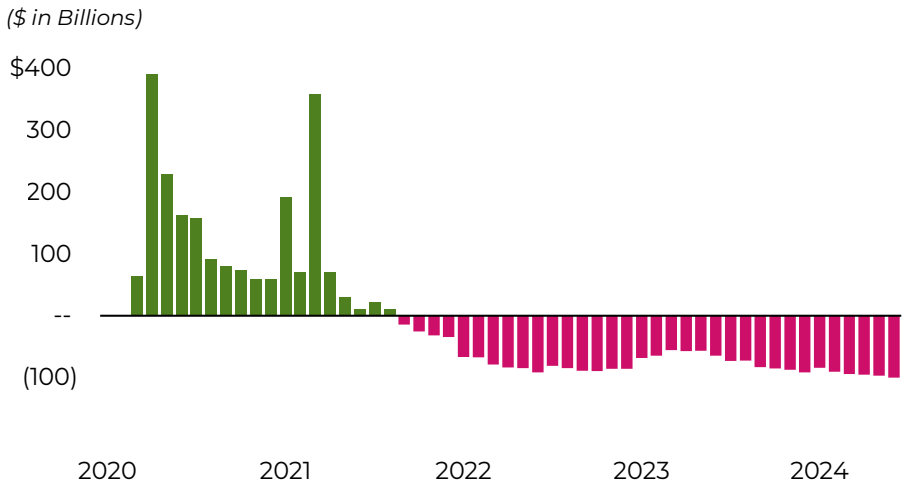
DESPIITE STRONG LABOR MARKETS AND WAGE INCREASES, CONSUMERS ARE MORE CAUTIOUS WITH THEIR SPENDING AS THEIR PANDEMIC-RELATED SAVINGS ARE DEPLETED

- Family entertainment continued to struggle due to an increasingly difficult consumer landscape and evolving economic factors
- U.S. consumers built up significant savings during the pandemic, driven by financial support to households and a sharp reduction in spending due to social distancing measures and business shutdowns
- Relative to pre-pandemic savings trends, consumers accumulated significant excess savings, which reached \$2.1+ trillion in August 2021
 - Excess pandemic-era savings were fully depleted in March 2024 following a steady decline that began in August 2021, with an average pace of \$70 billion per month since September 2021
 - 1H 2024 saw an accelerated drawdown on excess savings, averaging \$93 billion per month through June 2024

CUMULATIVE PANDEMIC-ERA EXCESS SAVINGS

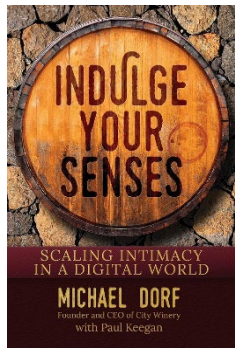


CHANGE IN CUMULATIVE EXCESS SAVINGS



EXPERIENTIAL ENTERTAINMENT BOOK ANALYSIS

THEMES FROM MICHAEL DORF'S "INDULGE YOUR SENSES"



About the Author

Michael Dorf is the founder of two iconic establishments, Knitting Factory and City Winery, and is renowned for his innovative contributions to the music and hospitality industries. Dorf's City Winery has expanded to nearly 20 locations, blending live music, fine dining and wine. His latest project, The Milk Factory, reflects his passion for restoring historic buildings and creating unique cultural experiences.

Multi-Sensory and Tangible Experiences

"We want to **interact with goods and services with all our senses**, and many of us are willing to pay a premium to do so..."

"I'm convinced that **maximizing sensory pleasure will become a crucial differentiator** between competing brands as our lives are increasingly dominated by devices that pull us away from the physical world."

"It's just as important to gather people together in **live settings where they can satisfy their desires (indulge their senses)**, gather in modern places with old-fashioned touches..."

Human Connection in the Digital Age

"As technology becomes more deeply woven into our lives, the **key to success** for many companies can be found in **satisfying their customers' yearning for live human interaction.**"

"You can sell a facsimile of an experience—a record album, for example—but the **reproduction can never replace the magic of the original experience itself.**"

"Surrounded by digital, we now crave experiences that are more **tactile and human-centric.**"

"I never imagined that the key to our success would be offering a proudly **analog experience in an increasingly digital world.**"

Elevating Hospitality and Customer Satisfaction

"...'*enlightened hospitality.*' That simply means focusing intensely on **how the delivery of a product or service makes a customer feel.**"

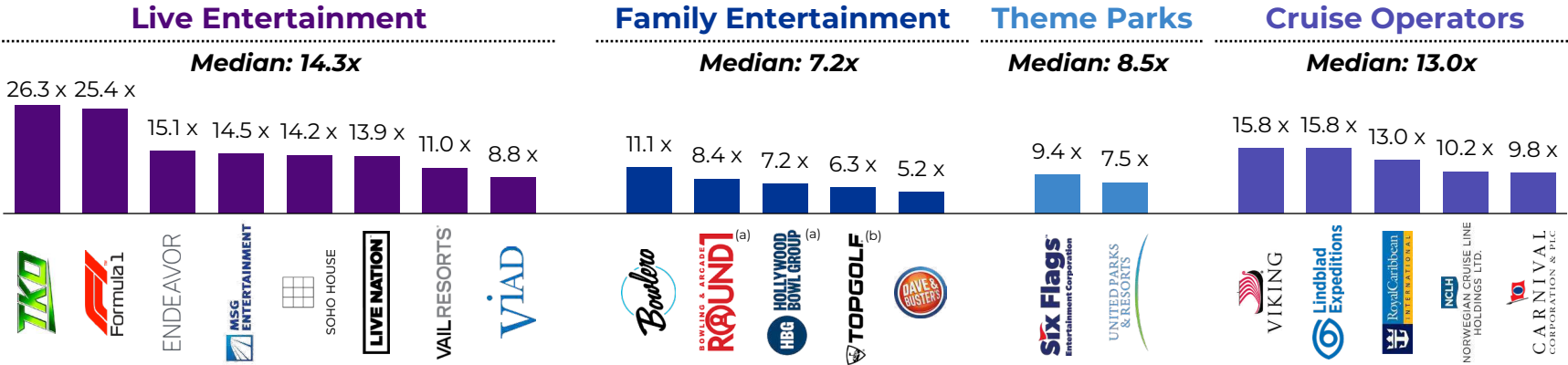
"The difference between a fan and a customer is clear: **Fans will rave to everyone about how much they love the product**—talking to a single friend or broadcasting to thousands through social media—**while a customer is just someone who happens to buy something from you.**"

"**Creating a deep connection** to all your customers as a company grows **may not be as easy, but it's hardly impossible.**"

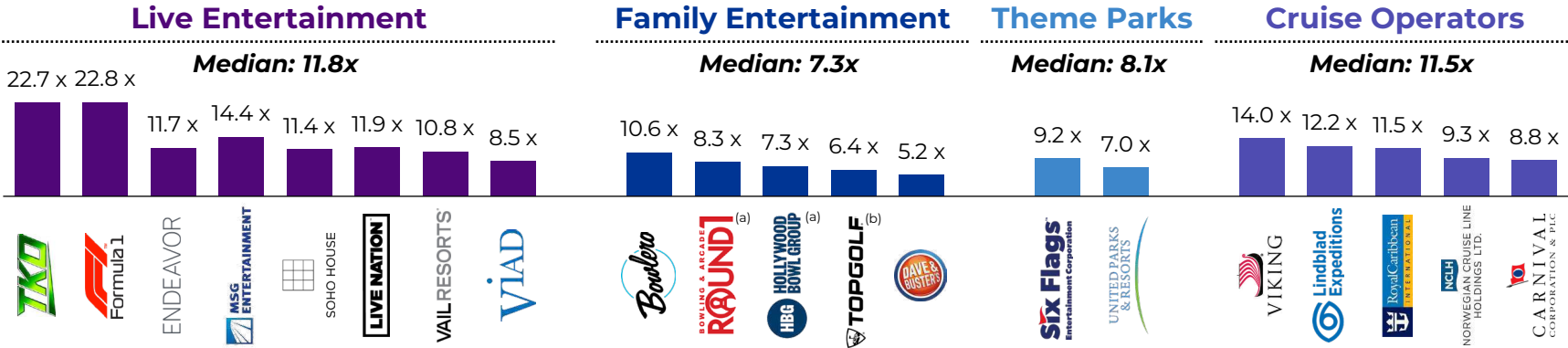
TANGIBLE EXPERIENCES THAT FOSTER CONNECTION ARE ATTRACTIVE IN A DIGITAL AGE

EXPERIENTIAL ENTERTAINMENT TRADING MULTIPLES

EV / EBITDA MULTIPLES (LTM)



EV / EBITDA MULTIPLES (CY 2024)



Change in Share Price

YTD 2024 52% 25% 20% 36% (24%) 13% (12%) (1%) (21%) 89% 4% (25%) (40%) (20%)^(c) (1%) 32%^(d) (5%) 45% 14% 10%

Source: Public filings and Capital IQ as of September 22, 2024.

a) Represents EBITDA pre-IFRS-16. Assumes EBITDA adjustment related to IFRS-16 in 2024 is constant vs. prior year.

b) Assumes EBITDA adjustment related to venue financing cash in 2024 is constant vs. prior year.

c) Share price reflects change from date of Cedar Fair and Six Flags merger on July 1, 2024.

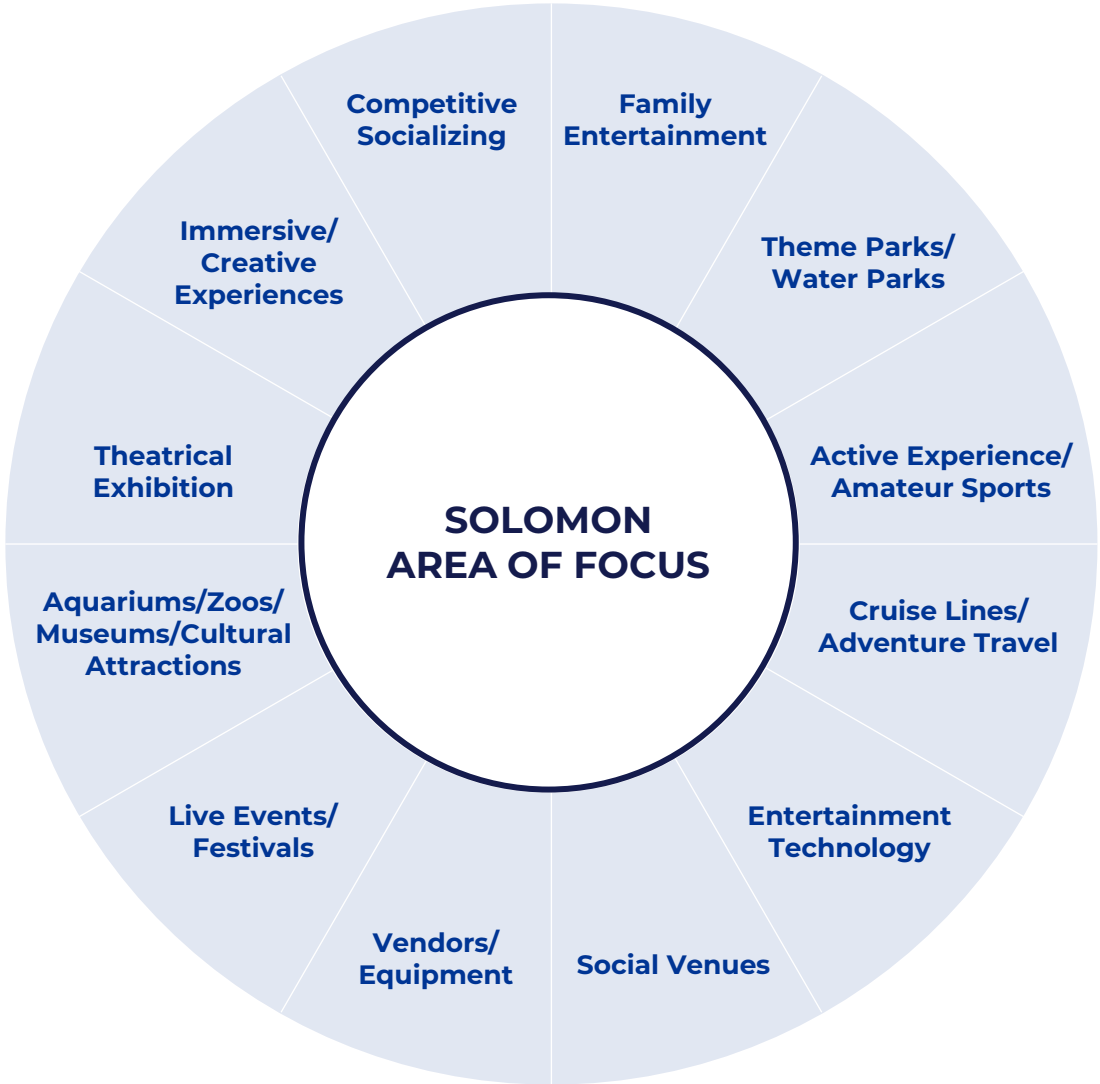
d) Viking Holdings did not publicly trade until May 1, 2024.

SOLOMON EXPERIENTIAL ENTERTAINMENT ADVISORY PRACTICE

THOUGHTFUL, FOCUSED AND ENTHUSIASTIC SENIOR BANKERS WITH JUDGMENT AND DIRECTLY RELEVANT SECTOR EXPERIENCE TO BRING INSIGHTS AND DELIVER SUPERIOR OUTCOMES

OVERVIEW

- Solomon Partners is a globally recognized strategic M&A and financing advisor to leading experiential entertainment companies
- We offer unparalleled breadth and depth of industry knowledge, relationships and execution experience committed to our clients' best interests
- **We advise across the Experiential Entertainment landscape where people are connecting with others in the physical world to create memories and connections, often surrounded by food & beverage**
- We provide M&A, financing and restructuring advisory services to clients ranging from multi-national, large-capitalization corporations to emerging, high-growth, privately-held and sponsor-owned companies
- Valuable cross-sector perspective and approach is achieved through collaboration with our bankers across technology, software, data & analytics, healthcare, fintech / payments, facilities & residential, and media sectors



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GLOBAL CONSUMER RETAIL GROUP

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We advise clients across a variety of consumer categories:

- Apparel & Footwear
- Automotive & Powersports
- Beauty & Personal Care
- Consumer Durables / Electronics
- Consumer Services
- Enthusiast & Outdoor
- Food & Beverage
- Health & Wellness / VMS
- Home Furnishings / Improvement
- Jewelry / Luxury
- Leisure & Lifestyle
- Pet
- Fitness & Wellness Tech
- Site-Based / Experiential Entertainment

And across diverse retailing channels:

- Dollar, Discount / Off-Price and Club
- Ecommerce / DTC
- Grocery / Food Retail / Drug
- Mass / Broadlines
- Natural / Specialty
- Specialty Hardlines
- Specialty Softlines
- Venues

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