

Parks! America, Inc.

First Quarter Fiscal Year 2024 Financial
Results Conference Call

Tuesday, February 13, 2024, 4:30 PM Eastern

CORPORATE PARTICIPANTS

Lisa Brady - *Chief Executive Officer*

Todd White - *Chief Financial Officer*

Joe Dorame - *Managing Partner, Lytham Partners*

PRESENTATION

Operator

Good afternoon and welcome to the Parks! America, Inc. Reports First Quarter Fiscal Year 2024 Financial Results Conference Call. All participants will be in a listen only mode. Should you need assistance, please signal our conference specialist by pressing the "*" key followed by "0." Please also note today's event is being recorded.

At this time, I'd like to turn the floor over to Joe Dorame Managing Partner with Lytham Partners. Please go ahead.

Joe Dorame

Good afternoon and thank you for joining us today to review Parks! America's financial results for the first quarter of fiscal 2024, ended December 31st, 2023. With us today on the call are Lisa Brady, Chief Executive Officer and Todd White, Chief Financial Officer.

Before we begin with prepared remarks, I would like to remind everyone of certain statements made by the management team of Parks! America, during this conference call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Except for the statements of historical fact, this conference call may contain forward-looking statements that involve risks and uncertainties, some of which are detailed under risk factors in documents filed by the company with the Securities and Exchange Commission including the annual report on Form 10-K for the year ended October 1, 2023.

Forward-looking statements speak only as of the date the statements were made. The company can give no assurance that such forward-looking statements will prove to be correct. Parks! America does not undertake and specifically disclaims any obligation to update any forward-looking statements except as required by law.

Now, I would like to turn the call over to Lisa Brady, Chief Executive Officer of Parks! America. Lisa.

Lisa Brady

Thanks Joe and good afternoon, everyone. We appreciate you taking the time today to be on this call. Before I jump into operational performance for the quarter, I would like to give a quick overview of the company as this is our first quarterly earnings call. Parks! America is a regional owner and operator of three wild animal safari parks. We are a destination for family entertainment, offering some of the nation's best drive-through wild animal safari parks.

Our park's signature attraction is a multiple mile drive-through safari experience where guests have the opportunity to see more than 500 animals, including hoofstock such as zebras, water buffalo, elk and numerous species of antelope and deer from around the world.

Guests can experience the drive-through as part of a guided tour, ride in one of our safari vans or drive their own vehicle. All three parks have a Walkabout Adventure Zoo, where animals such as sloths, lemurs, kangaroos and more are on display in a traditional zoo-like setting. All three parks also have a retail gift shop and Georgia in Missouri has a restaurant as well. Our parks appeal to families and guests of all ages and are an affordable unique experience.

The three parks are located in Pine Mountain, Georgia, which is about an hour South of Atlanta, in Strafford, Missouri about 45 minutes north of Branson and in College Station, Texas, located

within approximately two hours of Houston, Austin and Dallas. The company owns more than 900 acres of land.

Now, let's review our operational performance. Our first quarter financial results reflected the typical seasonality of our business. It is historically the weakest quarter of the year...of our fiscal year. Park revenues for the quarter were down, approximately one half of 1%. Difficult weather conditions, particularly during key holiday and weekend periods at our Georgia Park resulted in a 6.1% revenue decrease. Our Georgia Park is our largest revenue-generating property; however, we expect that the park will have more normalized customer traffic numbers as the weather improves in the coming quarter.

We did experience stronger results out of Missouri and Texas parks where revenues increased 2.1% and 21.6% respectively. We are pleased to be gaining traction in Texas and believe our marketing efforts to build the brand are paying off. As a reminder, the Texas Park was open in 2019 and was purchased by Parks! in 2020. So, awareness still remains fairly low, which represent a huge opportunity for growth for the park.

In Missouri, we were encouraged with the modest growth in 2024, particularly as it follows a strong first quarter in 2023, as we lap the impact of our updated pricing strategy, in order to remain competitive with our local competition. Overall, it's important to note that Q1, 2024 revenues remain well above the 2019 pre-pandemic level.

Results for the quarter were also impacted by the initiation of a proxy matter by a dissident group of shareholders that drove increased professional fees and expenses during the first quarter of 2024. Given the challenges we faced during the quarter, we are reasonably pleased with the financial and operating results.

In 2024 and then in the coming years, we will be investing to update our park assets and amenities, many of which have gone lacking in the past decade under previous leadership. We look to improve and update the physical plan of our properties, creating new attractions on accessible land around our properties and improve overall guest experiences.

Working with the local management teams at our parks, we are transforming our workforce culture to focus on operational efficiencies, improving overall guest experience and customer satisfaction. We are pleased with the progress that has been made at this point and we expect our efforts to generate new and repeat customers, while providing more consistent financial performance in the quarters and years to come.

Turning to our capital allocation, our 2024 CAPEX plans include the following at our Georgia park. Construction of a new main entry plaza and brand-new restroom facility, an all-new carnivore night house, a capybara feeding experience and continued sidewalk fencing and shade replacements.

At our Missouri park, a rebuild of the park dock, which will allow guests more access to the waterfront, an all-new nature walkway around the pond and a rebuild of the park dock and fish-feeding experience, and continued improvement of our walkabout experience. At our Texas Park build-out of our zookeeper facilities, along with covered storage and other maintenance and safety projects.

In terms of attracting new customers, we are transitioning our advertising and marketing strategy to a more proactive digital call-to-action campaign. We believe our parks represent

outstanding educational, entertainment, and employment opportunities in the communities in which we are located, and we are heavily focused on developing community relationships with all of our stakeholders, which we will believe will drive additional awareness, group business and partnership opportunities.

From a marketing perspective, we are running highly targeted digital campaigns offering relevant seasonal promotions and products, and continuing to refine our organic social media efforts, all of which we will believe will generate expanded awareness to generate new and repeat customer traffic.

We are now offering annual memberships to create more affordable multiple visits for families throughout the year and are instituting dynamic pricing in certain peak periods of the year to enhance revenue generation.

During the first quarter, we ran a six-week special on annual memberships from Thanksgiving to New Year's Day and generated a nearly nine-fold increase in new memberships during the quarter. Although starting from a low base, we are encouraged by this early traction. While there is still work to do to improve our operations, we remain dedicated to ensuring our guests have an amazing experience and leave the park wanting to come back again.

Now, let me turn this call over to Todd White, our Chief Financial Officer, for a review of the numbers. Todd.

Todd White

Thank you, Lisa. I would also like to thank everyone for taking the time to participate in today's call. Let me start with our first fiscal quarter of 2024 statement of operations.

Total revenue for the first quarter of 2024 was \$1.9 million, an increase of 2% or approximately \$36,000. Park revenues decreased by \$8,000 to \$1.82 million. Animal sales during the quarter were \$88,000, a little more than double the prior year first quarter. Our animal sales are influenced by a variety of factors, causing the timing to vary from quarter-to-quarter.

On a combined basis, total attendance increased 9% during the quarter. As those of you who have followed our business for a while are aware, there is a seasonality to our business. Since the acquisition of our Texas Park in late April 2020, approximately 40% of our annual park revenues have occurred during the first half of our fiscal year, with approximately 60% occurring during the second half of our fiscal year.

Revenues for our Georgia Park decreased 7.4% [ph] to \$1.24 million, or approximately 65% of total revenue for the first quarter of 2024, compared to \$1.34 million, or approximately 72% of total revenue in the first quarter of our fiscal 2023. We believe our Georgia Park 2024 first park revenues and attendance were negatively impacted by unfavorable weather conditions during key periods in November and December 2023. Paid attendance at our Georgia Park for the quarter was essentially flat.

Our Missouri Park revenues increased 10% to \$241,000, representing approximately 13% of total revenue for the first quarter, compared to \$219,000, or approximately 12% of total revenue for the first quarter of 2023. Paid attendance at a Missouri park increased approximately 18% for the quarter.

Texas Park revenues increased approximately 22% to \$419,000 or approximately 22% of total revenue for the first quarter, compared to \$302,000, or approximately 16% of total revenue in fiscal 2023. Paid attendance at our Texas Park increased approximately 29% for the quarter.

Turning to segment income, segment income decreased \$63,000 to \$233,000 in the quarter, primarily driven by higher animal feed costs and advertising expenses partially offset by higher animal sales.

Corporate expenses were \$444,000, an increase of \$220,000. The increase in corporate expenses for the quarter is primarily due to the higher professional fees, driven by the activist investor matter that emerged in December 2023, as well as the timing of annual directors' fees, which were not declared until the second quarter of fiscal 2023.

On the bottom line, our net loss for the first quarter of 2024 was \$369,000 or zero cents per diluted share, compared to a net loss of \$152,000, or zero cents per diluted share in the first quarter of our fiscal 2023.

The increase in our seasonal quarterly loss is primarily a result of the higher operating costs and activist investor defense as noted earlier. Our adjusted EBITDA for the first quarter of 2023...2024 is negative \$58,000 compared to a positive \$92,000 in the first quarter of fiscal 2023.

Now turning to our balance sheet, despite the challenges of the last 12 months, I am pleased to report that our balance sheet remains strong. Our business continues to generate positive cash flow enabling us to pay down debt and make appropriate investments to enhance our parks. We ended the first quarter of fiscal 2024 with \$3.6 million in cash and investments and working capital of \$3.2 million.

Over the past 12 months, we have lowered our debt level by approximately 12%...15% to \$4 million and our debt-to-equity ratio now stands at a very respectable \$0.27. Additionally, in October 2023, we entered two separate lines of credit totaling \$800,000. This is in order to provide additional financial flexibility during our slower season. As of today's call, we have not borrowed against either of these lines of credit.

Now, I'll turn the call back to Lisa.

Lisa Brady

Thanks Todd. In addition to our CAPEX plans and core business initiatives, our management team and the board of directors have been focused on executing a strategic plan to update many of the functions of the company, including corporate governance. To that end, we have announced that the first Annual Shareholder Meeting of my administration will take place on June 06th, 2024 and will continue every year hereafter. We will also host quarterly conference calls like this one to review our financial result for the benefit of our existing shareholders and potential new investors as we continue to execute upon our strategic plan.

Much has transpired in the past 13 months since I was appointed Chief Executive Officer including a devastating tornado that significantly damaged the Georgia Park just days before the spring break period during our second quarter which is historically the park's largest quarter. We quickly deployed emergency recovery efforts and thanks to the dedication and commitment from our team, we were able to safely reopen the park in just 20 days. I am truly grateful for our team, the entire community in Pine Mountain and all of their outstanding efforts.

Since coming on board, the team has worked diligently to build a foundation which will support core organic growth and a platform that can be scaled in the future as we look to build upon our success with inorganic growth. I am proud of all that our team has accomplished throughout the year and as we move into my second year as CEO, in addition to core business initiatives, we will focus on continued improvement of our corporate governance and communication practices.

Management and the board are dedicated to maintaining an open channel of communication with shareholders and potential new investors. A new Parks! America has begun to emerge with greater efficiencies, new and improved attractions, a dedication to customer satisfaction and enhanced shareholder value and we couldn't be more excited for what's to come.

We will not engage in a Q&A session today. However, if you have questions, please send them to lisa@parksamerica.com or e-mail to schedule a follow-up call. We would also like to extend the invitation to visit any of our three parks and experience your investment firsthand.

Lastly, I would like to inform you that we have filed a definitive proxy statement with the SEC in connection with a special meeting of stockholders currently scheduled to be held on February 26th, 2024, and intend to file a definitive proxy statement with the SEC in connection with our 2024 Annual Meeting of Stockholders currently scheduled to be held on June 06th, 2024.

The company's directors and certain of our executive officers are or may be deemed to be participants in the solicitation of proxies from our stockholders in connection with such Special Meeting and Annual Meeting. Stockholders are strongly encouraged to read the proxy statements and related materials filed with the SEC carefully and in their entirety when they become available as they will contain important information about the Special Meeting and Annual Meeting, including the identity of the participants in the solicitation and their direct or indirect interest by security holdings or otherwise.

At this time, we will make no further comment on our recent purported nominations and proposals made by Focused Compounding Fund LP, or any matters or discussions related thereto. Thank you for joining us on today's call and for your continued support. We look forward to talking with you after the conclusion of our second quarter. Have a great day.

CONCLUSION

Operator

Ladies and gentlemen, that will conclude today's conference call and presentation. We thank you for joining. You may now disconnect your lines.