

Ralph Molina (Head of Investor Relations and Corporate Strategy)

Good afternoon, everyone. Welcome to Parks! America's Third Quarter 2024 Earnings Conference Call. My name is Ralph Molina and I will be your operator for today's call. Today's call is being webcast and recorded.

Before we begin, I'd like to remind everyone that our comments today will contain forward-looking statements within the meaning of the federal securities laws. These statements may involve risks and uncertainties that could cause actual results to differ from those forward-looking statements. For a more detailed discussion of those risks, you may refer to the company's filings with the SEC. In addition, we may reference non-GAAP financial measures and other financial metrics on the call. More information regarding our forward-looking statements and reconciliations of non-GAAP measures to the most comparable GAAP measure is included in our Form 10-K and Form 10-Q filed with the SEC.

Earlier today, we filed our Quarterly Earnings Release and Form 10-Q with the SEC. In our Quarterly Earnings Release, you will find strategic highlights and segment results for each of our parks. For additional information, you can refer to our Form 10-Q.

In a few moments, I will turn the call over to our President, Geoff Gannon, to answer any questions. All participants on today's call are invited to ask a question. For those who would like to ask a question, I will take a few moments to provide instructions on how to do so.

There are two ways to ask a question. First, you can ask a question if you are joined using the Zoom platform. Second, you can ask a question if you are dialed into the teleconference phone line.

For those joined using the Zoom platform, you can use the "Raise Hand" feature at the bottom of your screen to indicate that you have a question. When you are called on to ask a question, your line will be unmuted. When you are finished asking your questions, please state that you have no further questions. Your line will be muted afterwards.

For those dialed into the teleconference line, you can email me at ralph@parksamerica.com with the subject line "QUESTION FROM YOUR PHONE NUMBER" to indicate that you would like to ask a question. When you are called on to ask a question, you will be asked to press *6 to unmute your line. When you are finished asking your questions, please state that you have no further questions. Your line will be muted afterwards.

For today's call, those who are joined using the Zoom platform will have the first opportunity to ask a question. After that, those who are dialed into the teleconference line will have an opportunity to ask a question. We will take as many questions as possible.

That concludes my instructions. I will turn the call over to Geoff Gannon for opening remarks.

Geoff Gannon (President)

Okay. So, I wanted to talk about two points here.

One has to do with GMs. The company is leasing a house in College Station through the end of the next fiscal year, September 2025. I have relocated to College Station to act as the GM of Aggieland. The plan is to attempt a turnaround of Aggieland during fiscal year 2025. This is a limited-time effort, and it should not be assumed the park will be operated indefinitely if it does not turn around within the next year. We have two excellent GMs at the other two parks. Pati continues to run Missouri where she's recently driven improved results compared to the park's past lousy performance. And Mike has returned to being the GM of Georgia. Mike had long been the GM of Georgia during the years in which it had consistent year over year improvements.

The other point is on advertising. We dropped the ad agency we were using. We are currently developing new advertising for all three parks. The first evidence of these will be billboards for Aggieland that could appear within a month. After the reset of advertising at Aggieland, we will retool and relaunch advertising in Georgia and then Missouri. This may result in a gap of several months, during which there is very limited advertising at some parks.

That's it for me, Ralph. Back to you.

Ralph Molina (Head of Investor Relations and Corporate Strategy)

At this time, I would like to invite all participants to indicate. If you have a question for anyone who's using the Zoom Platform, please raise your hand.

For anyone who is dialed into the teleconference line, please email me at ralph@parksamerica.com, indicating that you have a question.

I'll give a few moments for people to indicate if they have a question.

The first question comes from Justin Toner (Attendee). Justin, your line is open. Please ask your question.

Justin Toner (Attendee)

Hey, Geoff. Can you just expand a little bit more on Aggieland? So, you're going to be down there as the GM for the next year. Is the plan to try and see a meaningful turnaround in that period of time and hire a permanent GM? I would assume that's the case, but could you just expand on that a little bit more?

Geoff Gannon (President)

Yes, so that is the plan. There are a few possibilities there, but there's not anyone that seems like the right person to do it right now for turning it around. And also, I think there's some hesitance by some people to do that if we're not sure that it's going to be a continuing position after that, obviously.

But that is definitely the plan. And it's to see if there's an improvement within the next year with the turning around of the advertising, things like that. Although we're talking about me being the GM, the key thing is really changing the marketing, generally, and advertising. And so, what we're lacking in terms of a GM to go in there is really in those areas.

So, not exactly the best person for making a big marketing push there so much as being a good operator. If the issue was just operations, I think we could find a GM for Aggieldand, but I think that, given the scale that it requires in terms of attendance to cover the fixed costs there, it's going to need to have an increase in attendance and revenue, and that's going to mean a big marketing push which we don't really have set up there for anyone who could take over the role.

Justin Toner (Attendee)

Okay. So, in a perfect world, it would be change the advertising, drive traffic to the park, show improvement over the next 12 months at which point in time you think you'd have better likelihood of hiring a permanent GM for the Park if you decide to continue to keep it and keep operating it?

Geoff Gannon (President)

Yes, that would be the perfect outcome, and that person would probably be more of an operator rather than just a marketer. Yeah, that would probably be where their skills are from on the animal and operation side. Yep.

Justin Toner (Attendee)

Okay, thanks. Very much.

Ralph Molina (Head of Investor Relations and Corporate Strategy)

We'll give a few moments for anyone who is interested in asking a question to ask a question. Please indicate if you have a question.

Justin Toner (Attendee)

Hey, guys. If no one else if no one else has one, I'll ask another if that's okay.

Geoff Gannon (President)

That's fine with me. Is that good, Ralph?

Ralph Molina (Head of Investor Relations and Corporate Strategy)

Yes.

Justin Toner (Attendee)

So, Geoff, I'm just looking at the P&L. So obviously, year-over-year, it's down quite a bit. Could you just remind us? I don't remember the exact timing of the tornado that was at Georgia. So year-over-year, just for the quarter net income was down pretty meaningfully. Actually, I think that the tornado might have been before the 3Q of FY 2023. So, can you just maybe just talk about the net income year-over-year for the quarter?

Geoff Gannon (President)

Sure, I should be able to find where there's pro forma on that, too. We kept the pro forma reporting because that had been done previously with that related to the tornado. And I think there's a specific mention of that.

Justin Toner (Attendee)

Sorry I didn't read. I didn't read the commentary. I apologize. I just pulled up the income statement.

Geoff Gannon (President)

No, that's fine. There isn't enough time to look through that. On the 10-Q, it's on Page 20. You'll see total revenues breaking down for the 3 months ended, and it shows pro forma actual, and then the results, and it breaks down by Georgia, Missouri, and Texas.

The pro forma breakdown is really only going to be important for Georgia. But it was a large decrease there for the 3 months that was ended July 2nd in the previous year, FY 2023. And that's a difference of like \$600,000 or something that way. It's not going to matter for either Missouri or Texas. The pro forma numbers won't be below the actual. And there's additional commentary on the tornado in there as well.

Obviously, the segment income is something that you can look at, too. I think that's Page 21 of the 10-Q. That's going to give you segment income, which is going to look a lot better than the reported net income because the net income is going to include all the proxy expenses.

So, if you see Page 22, net income loss and income loss per share, there's a table there that breaks down net income and then contested proxy-related matters, tax, impact, tornado, all that, for all of those.

Justin Toner (Attendee)

Okay. So, \$747,000 for the proxy?

Geoff Gannon (President)

Correct, and that's just for that quarter. Correct. Yes.

Justin Toner (Attendee)

Got it. Okay, that's very helpful. Thank you.

Ralph Molina (Head of Investor Relations and Corporate Strategy)

We have one question that has been emailed in from Harry Bornstein.

Harry's question is: Is the long-term plan to use Parks! America as a capital allocation vehicle, or to pay out excess cash if the parks are sold? Geoff?

Geoff Gannon (President)

We presented on this during the proxy and all that.

First of all, the plan right now for the next year is not going to involve either of those things as I think we talked about there. You can look at the balance sheet and see from a cash perspective, there's not going to be a possibility to do much in the way of growth expansion things or paying out dividends and buying back stock at the levels that we're at now considering the amount of unpaid invoices we have related to the legal fees related to the contested proxy and all that. And then this is a slow period, seasonally for us from after Labor Day through the beginning of next year. But you should see cash flows improve, maybe starting in like April or something of next year through to the end of the fiscal year. So, I would say that that's a question for the end of September of next year, probably. So, about a year from now.

And then, the plan is to have two stages where we pay out dividends, buyback stock, etc. And then, it would be a question after that of what to do. I really think that that carries you through, though, for you know a period of at least one year that we're talking about, probably two.

But for you to have any issues of like where you're asking about capital allocation beyond just buybacks or dividends things like that. I think the question of whether you sell parks

and return capital is really the question of the next one to two years would be my guess. But you know that's looking ahead quite a lot past a quarter or something.

Ralph Molina (Head of Investor Relations and Corporate Strategy)

We have one more question from Justin. Justin, would you like to ask your question?

Justin Toner (Attendee)

Yeah, thanks.

Geoff, one of the things you guys talked about during the proxy contest was how you're going to change compensation for the for the GMs of the parks. And I'll apologize again if you detailed this in the 10-Q. But I scrolled really quickly and didn't see it. Can you just talk about how you changed it? And your hopes and expectations for how that's going to drive performance?

Geoff Gannon (President)

Sure, so I should probably explain a few things with that.

One is that I became the President of the company on June 14th and this quarter ended at the end of June. So, for the things that you see for June, there's really not going to be much of anything reflecting changes that I've made.

Then, we have beyond that, the 60 days or whatever it's been since coming in. So, the idea for bonuses for the park, which is based on budgeting with them, which will be taking place over the next, probably six weeks. So, before the beginning of the next fiscal year, which is basically October 1st for us this year. And then that is going to be that GMs are paid based on the improvement in EBITDA at their park over the same quarter from a year ago.

Now, what's going to happen is if that bonus is paid out, if that bonus happens at all, and then, if that bonus is paid out quarterly, then that's you're not going to really see the results of that until the end of the following quarter. So, let's say that that plan starts at the beginning of the next fiscal year, for instance. If that were to be the case, then you're actually going to see 3 months later is when things would be paid out that way.

In terms of adjustments to the pay for GM so far, there's only been adjustments in salary. No one is currently on a plan where they're being paid a percentage compensation based on incentive. That's something that I think will be next fiscal year. I think that if there is a performance bonus, the period that we're talking about for performance will start with October 1st, basically.

Justin Toner (Attendee)

Okay. Great. Thank you.

Ralph Molina (Head of Investor Relations and Corporate Strategy)

We have one question emailed in from Edward Schaub.

Edward's question is: When can we expect a reverse stock split? And how large?

Geoff Gannon

So, that's a very good question. So, it's an issue that the Board has not considered yet because there are some complications with that and cost issues with that.

So, let's talk about the complications. The complications are going to be basically – and this is me telling you legally what I think the situation is which may not be exactly what every lawyer or whatever would say and doesn't mean that there can't be any other way to do things – but my interpretation would be that you're going to need a vote where 50% of shares outstanding are in favor of the reverse split. So, that isn't necessarily that easy to do as you saw with the proxy contest, even with huge amounts of spending by multiple sides on a hot button issue. You couldn't even get to 90% of people responding. So, if you don't have that level of turnout, then it could be pretty hard. So, that doesn't mean it's impossible, but that's just logistically an issue.

And then cost wise, the thing that would make the most sense is to do that at the same time that you do an annual meeting, instead of having a special meeting for it. And based on the company's calendar, for when it's fiscal year ends, you would expect that to be around February. Because our fiscal year ends about three months before other companies in fiscal years. And most other companies will be having their annual meeting in about May or beginning of May or something. And so, we'd be probably about 3 months before that. So, that would be when.

Then the question was the size. And of course, the size that make the most sense would be either a 100 shares for 1 share or 1,000 shares for 1 share. I'm just saying that logically those are the only two that make the most sense. In terms of having a normal looking stock price, 100 for 1 would obviously make the most sense, because then you'd be moving a stock that's in the tens of cents into the tens of dollars. In terms of saving the most money for the company going forward, a 1,000 for 1 would make the most sense because you have a large number of shareholders that own that would be cashed out by that. So, in terms of like what it would save money for a transfer agent in the company would be that, probably.

But the Board has not taken up the issue yet but is aware of those things, researching all that and talking with the transfer agent and all of those things.

Ralph Molina (Head of Investor Relations and Corporate Strategy)

I will give a few more moments for anyone who is interested to ask a question to indicate that they are interested in asking a question.

If you're on the Zoom Platform, please raise your hand. If you are dialing in through teleconference, you can email me at ralph@parksamerica.com.

There are no more questions in the queue.

That concludes today's call. A transcript of the call will be available on the company's website. Thank you for joining today. You may now disconnect.