

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021  
or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 001-11015



**Viad Corp**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**36-1169950**

(I.R.S. Employer  
Identification No.)

**7000 East 1st Avenue**  
**Scottsdale, Arizona**

(Address of principal executive offices)

**85251-4304**

(Zip Code)

**(602) 207-1000**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                    | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| <b>Common Stock, \$1.50 Par Value</b>  | <b>VVI</b>        | <b>New York Stock Exchange</b>            |
| <b>Preferred Stock Purchase Rights</b> | --                | <b>New York Stock Exchange</b>            |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes  No

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input checked="" type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/>            |
| Emerging growth company | <input type="checkbox"/> |                           |                                     |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 2, 2021, there were 20,530,294 shares of Common Stock (\$1.50 par value) outstanding.

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In this report, for periods presented, “we,” “us,” “our,” “the Company,” and “Viad Corp” refer to Viad Corp and its subsidiaries.

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

VIAD CORP  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

| <i>(in thousands, except share data)</i>   | September 30,<br>2021 | December 31,<br>2020 |
|--|-----------------------|----------------------|
| <b>Assets</b>  |                       |                      |
| <b>Current assets</b>  |                       |                      |
| Cash and cash equivalents  | \$ 110,756            | \$ 39,545            |
| Accounts receivable, net of allowances for doubtful accounts of \$2,714 and \$5,310,<br>respectively | 72,005                | 17,837               |
| Inventories  | 8,751                 | 8,727                |
| Current contract costs   | 17,961                | 7,923                |
| Other current assets   | 20,380                | 17,225               |
| <b>Total current assets</b>  | <b>229,853</b>        | <b>91,257</b>        |
| Property and equipment, net  | 545,280               | 492,154              |
| Other investments and assets   | 15,513                | 15,492               |
| Operating lease right-of-use assets  | 87,935                | 82,739               |
| Deferred income taxes  | 1,035                 | 563                  |
| Goodwill   | 111,703               | 99,847               |
| Other intangible assets, net   | 66,244                | 71,172               |
| <b>Total Assets</b>  | <b>\$ 1,057,563</b>   | <b>\$ 853,224</b>    |
| <b>Liabilities, Mezzanine Equity, and Stockholders' Equity</b>                                       |                       |                      |
| <b>Current liabilities</b>   |                       |                      |
| Accounts payable   | \$ 59,543             | \$ 21,037            |
| Contract liabilities   | 44,646                | 18,595               |
| Accrued compensation   | 16,203                | 7,030                |
| Operating lease obligations  | 11,058                | 15,697               |
| Other current liabilities  | 36,861                | 27,039               |
| Current portion of debt and finance lease obligations  | 8,218                 | 8,335                |
| <b>Total current liabilities</b>   | <b>176,529</b>        | <b>97,733</b>        |
| Long-term debt and finance lease obligations   | 446,162               | 285,356              |
| Pension and postretirement benefits  | 26,700                | 27,264               |
| Long-term operating lease obligations  | 86,165                | 70,150               |
| Other deferred items and liabilities   | 71,906                | 64,628               |
| <b>Total liabilities</b>   | <b>807,462</b>        | <b>545,131</b>       |
| Commitments and contingencies  |                       |                      |
| <b>Convertible Series A Preferred Stock, \$0.01 par value, 180,000 shares authorized,</b>            |                       |                      |
| <b>135,000 shares issued and outstanding</b>   | <b>132,591</b>        | <b>128,769</b>       |
| <b>Redeemable noncontrolling interest</b>  | <b>5,251</b>          | <b>5,225</b>         |
| <b>Stockholders' equity</b>  |                       |                      |
| Viad Corp stockholders' equity:  |                       |                      |
| Common stock, \$1.50 par value, 200,000,000 shares authorized, 24,934,981 shares                     |                       |                      |
| issued and outstanding   | 37,402                | 37,402               |
| Additional capital   | 567,051               | 568,100              |
| Accumulated deficit  | (325,226)             | (253,164)            |
| Accumulated other comprehensive loss   | (31,416)              | (30,641)             |
| Common stock in treasury, at cost, 4,411,560 and 4,475,489 shares, respectively                      | (222,203)             | (225,742)            |
| <b>Total Viad stockholders' equity</b>   | <b>25,608</b>         | <b>95,955</b>        |
| <b>Non-redeemable noncontrolling interest</b>  | <b>86,651</b>         | <b>78,144</b>        |
| <b>Total stockholders' equity</b>  | <b>112,259</b>        | <b>174,099</b>       |
| <b>Total Liabilities, Mezzanine Equity, and Stockholders' Equity</b>                                 | <b>\$ 1,057,563</b>   | <b>\$ 853,224</b>    |

Refer to Notes to Condensed Consolidated Financial Statements.

**VIAD CORP**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

| <i>(in thousands, except per share data)</i>                             | Three Months Ended<br>September 30, |                    | Nine Months Ended<br>September 30, |                     |
|--|-------------------------------------|--------------------|------------------------------------|---------------------|
|  | 2021                                | 2020               | 2021                               | 2020                |
| <b>Revenue:</b>  |                                     |                    |                                    |                     |
| Services   | \$ 182,964                          | \$ 43,437          | \$ 254,170                         | \$ 333,052          |
| Products   | 50,635                              | 19,370             | 69,597                             | 54,480              |
| <b>Total revenue</b>   | <b>233,599</b>                      | <b>62,807</b>      | <b>323,767</b>                     | <b>387,532</b>      |
| <b>Costs and expenses:</b>   |                                     |                    |                                    |                     |
| Costs of services  | 150,983                             | 51,465             | 283,403                            | 393,101             |
| Costs of products  | 42,497                              | 18,107             | 73,429                             | 60,332              |
| Corporate activities   | 3,093                               | 2,645              | 8,104                              | 5,902               |
| Interest expense, net  | 9,518                               | 5,450              | 20,168                             | 14,399              |
| Multi-employer pension plan withdrawal                                   | —                                   | —                  | 57                                 | 462                 |
| Other expense, net   | 466                                 | 210                | 1,506                              | 894                 |
| Restructuring charges  | 2,186                               | 11,259             | 5,799                              | 12,370              |
| Impairment charges   | —                                   | 676                | —                                  | 203,076             |
| <b>Total costs and expenses</b>  | <b>208,743</b>                      | <b>89,812</b>      | <b>392,466</b>                     | <b>690,536</b>      |
| <b>Income (loss) from continuing operations before income taxes</b>      | <b>24,856</b>                       | <b>(27,005)</b>    | <b>(68,699)</b>                    | <b>(303,004)</b>    |
| Income tax expense   | 5,329                               | 735                | 118                                | 20,454              |
| <b>Income (loss) from continuing operations</b>                          | <b>19,527</b>                       | <b>(27,740)</b>    | <b>(68,817)</b>                    | <b>(323,458)</b>    |
| Income (loss) from discontinued operations                               | 248                                 | (989)              | 534                                | (1,822)             |
| <b>Net income (loss)</b>   | <b>19,775</b>                       | <b>(28,729)</b>    | <b>(68,283)</b>                    | <b>(325,280)</b>    |
| Net (income) loss attributable to non-redeemable noncontrolling interest |                                     |                    |                                    |                     |
| interest   | (5,004)                             | (2,331)            | (3,049)                            | 636                 |
| Net loss attributable to redeemable noncontrolling interest              | 296                                 | 302                | 1,221                              | 1,023               |
| <b>Net income (loss) attributable to Viad</b>                            | <b>\$ 15,067</b>                    | <b>\$ (30,758)</b> | <b>\$ (70,111)</b>                 | <b>\$ (323,621)</b> |
| <b>Diluted income (loss) per common share:</b>                           |                                     |                    |                                    |                     |
| Continuing operations attributable to Viad common stockholders           | \$ 0.45                             | \$ (1.54)          | \$ (3.80)                          | \$ (15.98)          |
| Discontinued operations attributable to Viad common stockholders         | 0.01                                | (0.05)             | 0.03                               | (0.09)              |
| <b>Net income (loss) attributable to Viad common stockholders</b>        | <b>\$ 0.46</b>                      | <b>\$ (1.59)</b>   | <b>\$ (3.77)</b>                   | <b>\$ (16.07)</b>   |
| Weighted-average outstanding and potentially dilutive common shares      | 20,742                              | 20,293             | 20,396                             | 20,263              |
| <b>Basic income (loss) per common share:</b>                             |                                     |                    |                                    |                     |
| Continuing operations attributable to Viad common stockholders           | \$ 0.45                             | \$ (1.54)          | \$ (3.80)                          | \$ (15.98)          |
| Discontinued operations attributable to Viad common stockholders         | 0.01                                | (0.05)             | 0.03                               | (0.09)              |
| <b>Net income (loss) attributable to Viad common stockholders</b>        | <b>\$ 0.46</b>                      | <b>\$ (1.59)</b>   | <b>\$ (3.77)</b>                   | <b>\$ (16.07)</b>   |
| Weighted-average outstanding common shares                               | 20,420                              | 20,293             | 20,396                             | 20,263              |
| Dividends declared per common share                                      | \$ —                                | \$ —               | \$ —                               | \$ 0.10             |
| <b>Amounts attributable to Viad</b>                                      |                                     |                    |                                    |                     |
| Income (loss) from continuing operations                                 | \$ 14,819                           | \$ (29,769)        | \$ (70,645)                        | \$ (321,799)        |
| Income (loss) from discontinued operations                               | 248                                 | (989)              | 534                                | (1,822)             |
| <b>Net income (loss)</b>   | <b>\$ 15,067</b>                    | <b>\$ (30,758)</b> | <b>\$ (70,111)</b>                 | <b>\$ (323,621)</b> |

Refer to Notes to Condensed Consolidated Financial Statements.

**VIAD CORP**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Unaudited)

| <i>(in thousands)</i>   | Three Months Ended<br>September 30, |                    | Nine Months Ended<br>September 30, |                     |
|---|-------------------------------------|--------------------|------------------------------------|---------------------|
|   | 2021                                | 2020               | 2021                               | 2020                |
| <b>Net income (loss)</b>  | \$ 19,775                           | \$ (28,729)        | \$ (68,283)                        | \$ (325,280)        |
| <b>Other comprehensive income (loss):</b>   |                                     |                    |                                    |                     |
| Unrealized foreign currency translation adjustments                                   | (8,634)                             | 11,032             | (980)                              | (7,342)             |
| Change in net actuarial loss, net of tax <sup>(1)</sup>                               | 83                                  | 70                 | 261                                | 436                 |
| Change in prior service cost, net of tax <sup>(1)</sup>                               | —                                   | (27)               | (56)                               | (82)                |
| <b>Comprehensive income (loss)</b>  | 11,224                              | (17,654)           | (69,058)                           | (332,268)           |
| <b>Non-redeemable noncontrolling interest:</b>  |                                     |                    |                                    |                     |
| Comprehensive (income) loss attributable to non-redeemable<br>noncontrolling interest | (5,004)                             | (2,331)            | (3,049)                            | 636                 |
| Unrealized foreign currency translation adjustments                                   | (1,960)                             | 1,837              | (141)                              | (1,949)             |
| <b>Redeemable noncontrolling interest:</b>  |                                     |                    |                                    |                     |
| Comprehensive loss attributable to redeemable noncontrolling interest                 | 296                                 | 302                | 1,221                              | 1,023               |
| <b>Comprehensive income (loss) attributable to Viad</b>                               | <u>\$ 4,556</u>                     | <u>\$ (17,846)</u> | <u>\$ (71,027)</u>                 | <u>\$ (332,558)</u> |

<sup>(1)</sup> The tax effect on other comprehensive income (loss) is not significant.

Refer to Notes to Condensed Consolidated Financial Statements.

**VIAD CORP**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY**  
**(Unaudited)**

|  | Mezzanine Equity |            |              |               |              |           |                 |            |                 |            |             |
|--|------------------|------------|--------------|---------------|--------------|-----------|-----------------|------------|-----------------|------------|-------------|
|  |                  |            |              |               | Accumulated  |           | Non-Redeemable  |            | Redeemable      |            | Convertible |
|  | Common           | Additional | Accumulated  | Other         | Common       | Total     | Non-Controlling | Total      | Non-Controlling | Series A   |             |
| (in thousands)   | Stock            | Capital    | Deficit      | Comprehensive | Stock in     | Total     | Interest        | Equity     | Interest        | Stock      |             |
|  |                  |            |              | Income (Loss) | Treasury     | Equity    |                 |            |                 | Preferred  |             |
| <b>Balance, December 31, 2020</b>  | \$ 37,402        | \$ 568,100 | \$ (253,164) | \$ (30,641)   | \$ (225,742) | \$ 95,955 | \$ 78,144       | \$ 174,099 | \$ 5,225        | \$ 128,769 |             |
| Net loss   | —                | —          | (43,152)     | —             | —            | (43,152)  | (1,445)         | (44,597)   | (494)           | —          |             |
| Dividends on convertible preferred stock                                     | —                | (1,898)    | —            | —             | —            | (1,898)   | —               | (1,898)    | —               | 1,898      |             |
| Capital contribution (distributions) to noncontrolling interest              | —                | —          | —            | —             | —            | —         | (951)           | (951)      | 142             | —          |             |
| Payment of payroll taxes on stock-based compensation through shares withheld | —                | —          | —            | —             | (519)        | (519)     | —               | (519)      | —               | —          |             |
| Employee benefit plans   | —                | (1,198)    | —            | —             | 1,578        | 380       | —               | 380        | —               | —          |             |
| Share-based compensation - equity awards                                     | —                | 1,626      | —            | —             | —            | 1,626     | —               | 1,626      | —               | —          |             |
| Unrealized foreign currency translation adjustment                           | —                | —          | —            | 3,977         | —            | 3,977     | 750             | 4,727      | 77              | —          |             |
| Amortization of net actuarial loss, net of tax                               | —                | —          | —            | 177           | —            | 177       | —               | 177        | —               | —          |             |
| Amortization of prior service cost, net of tax                               | —                | —          | —            | (56)          | —            | (56)      | —               | (56)       | —               | —          |             |
| Acquisitions   | —                | —          | —            | —             | —            | —         | 6,759           | 6,759      | —               | —          |             |
| Other, net   | —                | 13         | (1)          | —             | —            | 12        | —               | 12         | 56              | —          |             |
| <b>Balance, March 31, 2021</b>   | \$ 37,402        | \$ 566,643 | \$ (296,317) | \$ (26,543)   | \$ (224,683) | \$ 56,502 | \$ 83,257       | \$ 139,759 | \$ 5,006        | \$ 130,667 |             |
| Net loss   | —                | —          | (42,026)     | —             | —            | (42,026)  | (510)           | (42,536)   | (431)           | —          |             |
| Dividends on convertible preferred stock                                     | —                | (1,923)    | —            | —             | —            | (1,923)   | —               | (1,923)    | —               | 1,923      |             |
| Capital contribution to noncontrolling interest                              | —                | —          | —            | —             | —            | —         | 7               | 7          | 124             | —          |             |
| Payment of payroll taxes on stock-based compensation through shares withheld | —                | —          | —            | —             | (82)         | (82)      | —               | (82)       | —               | —          |             |
| Employee benefit plans   | —                | (143)      | —            | —             | 641          | 498       | —               | 498        | —               | —          |             |
| Share-based compensation - equity awards                                     | —                | 2,071      | —            | —             | —            | 2,071     | —               | 2,071      | —               | —          |             |
| Unrealized foreign currency translation adjustment                           | —                | —          | —            | 3,677         | —            | 3,677     | 1,069           | 4,746      | 79              | —          |             |
| Amortization of net actuarial loss, net of tax                               | —                | —          | —            | 1             | —            | 1         | —               | 1          | —               | —          |             |
| Other, net   | —                | 10         | —            | —             | 23           | 33        | (7)             | 26         | 547             | 1          |             |
| <b>Balance, June 30, 2021</b>  | \$ 37,402        | \$ 566,658 | \$ (338,343) | \$ (22,865)   | \$ (224,101) | \$ 18,751 | \$ 83,816       | \$ 102,567 | \$ 5,325        | \$ 132,591 |             |
| Net income (loss)  | —                | —          | 15,067       | —             | —            | 15,067    | 5,004           | 20,071     | (296)           | —          |             |
| Dividends on convertible preferred stock                                     | —                | —          | (1,950)      | —             | —            | (1,950)   | —               | (1,950)    | —               | —          |             |
| Capital contributions (distributions) to (from) noncontrolling interest      | —                | —          | —            | —             | —            | —         | (216)           | (216)      | 16              | —          |             |
| Payment of payroll taxes on stock-based compensation through shares withheld | —                | —          | —            | —             | (29)         | (29)      | —               | (29)       | —               | —          |             |
| Employee benefit plans   | —                | (1,751)    | —            | —             | 1,950        | 199       | —               | 199        | —               | —          |             |
| Share-based compensation - equity awards                                     | —                | 2,163      | —            | —             | —            | 2,163     | —               | 2,163      | —               | —          |             |
| Unrealized foreign currency translation adjustment                           | —                | —          | —            | (8,634)       | —            | (8,634)   | (1,960)         | (10,594)   | (282)           | —          |             |
| Amortization of net actuarial loss, net of tax                               | —                | —          | —            | 83            | —            | 83        | —               | 83         | —               | —          |             |
| Other, net   | —                | (19)       | —            | —             | (23)         | (42)      | 7               | (35)       | 488             | —          |             |
| <b>Balance, September 30, 2021</b>   | \$ 37,402        | \$ 567,051 | \$ (325,226) | \$ (31,416)   | \$ (222,203) | \$ 25,608 | \$ 86,651       | \$ 112,259 | \$ 5,251        | \$ 132,591 |             |

Refer to Notes to Condensed Consolidated Financial Statements.

VIAD CORP

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY (Continued)

(Unaudited)

|  | Mezzanine Equity |            |              |                                    |                                |                         |   |                                  |   |   |
|--|------------------|------------|--------------|------------------------------------|--------------------------------|-------------------------|---|----------------------------------|---|---|
|  | Accumulated      |            |              |                                    | Common<br>Stock in<br>Treasury | Total<br>Viad<br>Equity | Non-<br>Redeemable<br>Non-<br>Controlling<br>Interest | Total<br>Stockholders'<br>Equity | Redeemable<br>Non-<br>Controlling<br>Interest | Convertible<br>Series A<br>Preferred<br>Stock |
|  | Common           | Additional | Retained     | Other                              |                                |                         |   |                                  |   |   |
|  | Stock            | Capital    | Earnings     | Comprehensiv<br>e<br>Income (Loss) |                                |                         |   |                                  |   |   |
| <i>(in thousands)</i>  |                  |            |              |                                    |                                |                         |   |                                  |   |   |
| <b>Balance, December 31, 2019</b>  | \$ 37,402        | \$ 574,473 | \$ 122,971   | \$ (35,699)                        | \$ (231,649)                   | \$ 467,498              | \$ 79,731   | \$ 547,229                       | \$ 6,172                                      | \$ —  |
| Net loss   | —                | —          | (86,585)     | —                                  | —                              | (86,585)                | (1,333)   | (87,918)                         | (517)   | —   |
| Dividends on common stock (\$0.10 per share)                                 | —                | —          | (2,038)      | —                                  | —                              | (2,038)                 | —   | (2,038)                          | —   | —   |
| Distributions to noncontrolling interest                                     | —                | —          | —            | —                                  | —                              | —                       | (1,526)   | (1,526)                          | —   | —   |
| Payment of payroll taxes on stock-based compensation through shares withheld | —                | —          | —            | —                                  | (1,059)                        | (1,059)                 | —   | (1,059)                          | —   | —   |
| Common stock purchased for treasury  | —                | —          | —            | —                                  | (2,785)                        | (2,785)                 | —   | (2,785)                          | —   | —   |
| Employee benefit plans   | —                | (3,810)    | —            | —                                  | 5,722                          | 1,912                   | —   | 1,912                            | —   | —   |
| Share-based compensation - equity awards                                     | —                | 276        | —            | —                                  | —                              | 276                     | —   | 276                              | —   | —   |
| Unrealized foreign currency translation adjustment                           | —                | —          | —            | (28,158)                           | —                              | (28,158)                | (5,719)   | (33,877)                         | (873)   | —   |
| Amortization of net actuarial loss, net of tax                               | —                | —          | —            | 341                                | —                              | 341                     | —   | 341                              | —   | —   |
| Amortization of prior service cost, net of tax                               | —                | —          | —            | (27)                               | —                              | (27)                    | —   | (27)                             | —   | —   |
| Other, net   | —                | (80)       | (1)          | —                                  | 1                              | (80)                    | —   | (80)                             | 126   | —   |
| <b>Balance, March 31, 2020</b>   | \$ 37,402        | \$ 570,859 | \$ 34,347    | \$ (63,543)                        | \$ (229,770)                   | \$ 349,295              | \$ 71,153   | \$ 420,448                       | \$ 4,908                                      | \$ —  |
| Net loss   | —                | —          | (206,278)    | —                                  | —                              | (206,278)               | (1,634)   | (207,912)                        | (204)   | —   |
| Payment of payroll taxes on stock-based compensation through shares withheld | —                | —          | —            | —                                  | (3)                            | (3)                     | —   | (3)                              | —   | —   |
| Employee benefit plans   | —                | 48         | —            | —                                  | 282                            | 330                     | —   | 330                              | —   | —   |
| Share-based compensation - equity awards                                     | —                | 602        | —            | —                                  | —                              | 602                     | —   | 602                              | —   | —   |
| Unrealized foreign currency translation adjustment                           | —                | —          | —            | 9,784                              | —                              | 9,784                   | 1,933   | 11,717                           | 102   | —   |
| Amortization of net actuarial loss, net of tax                               | —                | —          | —            | 25                                 | —                              | 25                      | —   | 25                               | —   | —   |
| Amortization of prior service cost, net of tax                               | —                | —          | —            | (28)                               | —                              | (28)                    | —   | (28)                             | —   | —   |
| Other, net   | —                | 46         | —            | —                                  | (1)                            | 45                      | —   | 45                               | 332   | —   |
| <b>Balance, June 30, 2020</b>  | \$ 37,402        | \$ 571,555 | \$ (171,931) | \$ (53,762)                        | \$ (229,492)                   | \$ 153,772              | \$ 71,452   | \$ 225,224                       | \$ 5,138                                      | \$ —  |
| Net loss   | —                | —          | (30,758)     | —                                  | —                              | (30,758)                | 2,331   | (28,427)                         | (302)   | —   |
| Issuance of Series A convertible preferred stock                             | —                | —          | —            | —                                  | —                              | —                       | —   | —                                | —   | 125,763                                       |
| Dividends on convertible preferred stock                                     | —                | (1,134)    | —            | —                                  | —                              | (1,134)                 | —   | (1,134)                          | —   | 1,134   |
| Employee benefit plans   | —                | (2,123)    | —            | —                                  | 1,870                          | (253)                   | —   | (253)                            | —   | —   |
| Share-based compensation - equity awards                                     | —                | 2,135      | —            | —                                  | —                              | 2,135                   | —   | 2,135                            | —   | —   |
| Unrealized foreign currency translation adjustment                           | —                | —          | —            | 11,032                             | —                              | 11,032                  | 1,837   | 12,869                           | (33)  | —   |
| Amortization of net actuarial loss, net of tax                               | —                | —          | —            | 70                                 | —                              | 70                      | —   | 70                               | —   | —   |
| Amortization of prior service cost, net of tax                               | —                | —          | —            | (27)                               | —                              | (27)                    | —   | (27)                             | —   | —   |
| Other, net   | —                | 14         | (2)          | —                                  | (1)                            | 11                      | —   | 11                               | 468   | —   |
| <b>Balance, September 30, 2020</b>   | \$ 37,402        | \$ 570,447 | \$ (202,691) | \$ (42,687)                        | \$ (227,623)                   | \$ 134,848              | \$ 75,620   | \$ 210,468                       | \$ 5,271                                      | \$ 126,897                                    |

Refer to Notes to Condensed Consolidated Financial Statements.

**VIAD CORP**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

| <i>(in thousands)</i>   | Nine Months Ended<br>September 30, |                  |
|---|------------------------------------|------------------|
|   | 2021                               | 2020             |
| <b>Cash flows from operating activities</b>   |                                    |                  |
| Net loss  | \$ (68,283)                        | \$ (325,280)     |
| Adjustments to reconcile net loss to net cash used in operating activities:                 |                                    |                  |
| Depreciation and amortization   | 39,986                             | 43,051           |
| Deferred income taxes   | (131)                              | 20,428           |
| (Income) loss from discontinued operations  | (534)                              | 1,822            |
| Restructuring charges   | 5,799                              | 12,370           |
| Impairment charges  | —                                  | 203,076          |
| Gains on dispositions of property and other assets  | (9,345)                            | (14,935)         |
| Share-based compensation expense  | 5,960                              | 649              |
| Multi-employer pension plan withdrawal  | 57                                 | 462              |
| Other non-cash items, net   | 4,642                              | 10,371           |
| Change in operating assets and liabilities:   |                                    |                  |
| Receivables   | (53,998)                           | 104,722          |
| Inventories   | (68)                               | 833              |
| Current contract costs  | (10,123)                           | 16,418           |
| Accounts payable  | 39,204                             | (76,355)         |
| Restructuring liabilities   | (4,413)                            | (4,606)          |
| Accrued compensation  | 7,611                              | (25,268)         |
| Contract liabilities  | 26,386                             | (32,650)         |
| Income taxes payable  | (181)                              | 1,290            |
| Other assets and liabilities, net   | 14,718                             | 20,083           |
| <b>Net cash used in operating activities</b>  | <b>(2,713)</b>                     | <b>(43,519)</b>  |
| <b>Cash flows from investing activities</b>   |                                    |                  |
| Capital expenditures  | (45,187)                           | (40,057)         |
| Cash surrender value of life insurance policies   | —                                  | 24,767           |
| Cash paid for acquisitions, net   | (7,704)                            | —                |
| Proceeds from dispositions of property and other assets                                     | 14,292                             | 21,788           |
| <b>Net cash (used in) provided by investing activities</b>                                  | <b>(38,599)</b>                    | <b>6,498</b>     |
| <b>Cash flows from financing activities</b>   |                                    |                  |
| Proceeds from borrowings  | 451,350                            | 191,733          |
| Payments on debt and finance lease obligations  | (335,665)                          | (273,663)        |
| Dividends paid on common stock  | —                                  | (4,064)          |
| Dividends paid on preferred stock   | (1,950)                            | —                |
| Distributions to noncontrolling interest, net of contributions from noncontrolling interest | (798)                              | (1,526)          |
| Payments of debt issuance costs   | (1,767)                            | (1,585)          |
| Payment of payroll taxes on stock-based compensation through shares withheld or repurchased | (1,119)                            | (1,062)          |
| Common stock purchased for treasury   | —                                  | (2,785)          |
| Proceeds from issuance of Convertible Series A Preferred Stock, net of issuance costs       | —                                  | 125,763          |
| Proceeds from exercise of stock options   | —                                  | 2,077            |
| <b>Net cash provided by financing activities</b>  | <b>110,051</b>                     | <b>34,888</b>    |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash              | 2,551                              | (1,027)          |
| <b>Net change in cash, cash equivalents, and restricted cash</b>                            | <b>71,290</b>                      | <b>(3,160)</b>   |
| <b>Cash, cash equivalents, and restricted cash, beginning of year</b>                       | <b>41,971</b>                      | <b>62,004</b>    |
| <b>Cash, cash equivalents, and restricted cash, end of period</b>                           | <b>\$ 113,261</b>                  | <b>\$ 58,844</b> |

Refer to Notes to Condensed Consolidated Financial Statements.



**VIAD CORP**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1. Overview and Basis of Presentation**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these financial statements do not include all of the information required by GAAP or SEC rules and regulations for complete financial statements. These financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 2, 2021 (“2020 Form 10-K”).

The condensed consolidated financial statements include the accounts of Viad and its subsidiaries. We have eliminated all significant intercompany account balances and transactions in consolidation.

**Nature of Business**

We are a leading provider of experiential leisure travel and live events and marketing experiences with operations in the United States, Canada, the United Kingdom, continental Europe, the United Arab Emirates, and Iceland. We are committed to providing unforgettable experiences to our clients and guests. We operate through two reportable business segments: GES and Pursuit.

***GES***

GES is a global, full-service provider for live events that partners with show organizers, exhibitors, and brand marketers to create high-value, live events. GES offers a comprehensive range of live event services, from the design and production of compelling, immersive experiences that engage audiences and build brand awareness, to material handling, rigging, electrical, and other on-site event services. In addition, GES offers clients a full suite of audio-visual services from creative and technology to content and design, along with registration, data analytics, engagement, and online tools powered by next generation technologies that help clients easily manage the complexities of their event.

***Pursuit***

Pursuit is a collection of inspiring and unforgettable travel experiences that include recreational attractions, unique hotels and lodges, food and beverage, retail, sightseeing, and ground transportation services. Pursuit comprises the Banff Jasper Collection, the Alaska Collection, the Glacier Park Collection, FlyOver, and the Sky Lagoon.

**Impact of COVID-19**

Starting in mid-March 2020, the COVID-19 pandemic had a significant and negative impact on our operations and financial performance, with severe disruptions in live event and tourism activity. In response, we implemented aggressive cost reduction measures in 2020 to preserve cash, including furloughs, layoffs, mandatory unpaid time off or salary reductions for all employees, and the reduction of discretionary spending. We also suspended future common stock dividend payments and share repurchases, and we availed ourselves of governmental assistance programs for wages and other expense relief. Additionally, in May and August 2020, we obtained waivers of the financial covenants under our then \$450 million revolving credit facility (“the 2018 Credit Facility”), which we subsequently refinanced in July 2021 as discussed below, and we secured additional capital to strengthen our liquidity position by entering into an investment agreement with funds managed by private equity firm Crestview Partners who made an investment of \$135 million, offset in part by \$9.2 million in fees, in newly issued perpetual convertible preferred stock. Refer to Note 15 – Common and Preferred Stock for further information.

During 2021, we continued to preserve cash and closely manage our costs as pandemic-related restrictions lessened. In connection with COVID-19 vaccination programs, we began to see signs of recovery in the travel and hospitality and live event sectors during early 2021 as people started to feel more comfortable traveling and gathering in larger groups. Pursuit’s operations in the United States experienced strong visitation primarily from domestic travelers, while tourism in Canada remained constrained by border closures. Canada reopened its border with the United States in early August 2021 to fully vaccinated travelers and to travelers from other countries

beginning in September 2021, which accelerated short-term bookings from long-haul travelers to our Pursuit operations in Canada. The live event markets also began to re-open in 2021 with smaller scale live events starting to take place during the first half of the year. Toward the end of the second quarter and into the third quarter, we began to see an acceleration in the recovery of in-person trade shows as event organizers began to hold larger scale face-to-face live events.

Effective July 30, 2021, we refinanced our 2018 Credit Facility, which was scheduled to mature on October 24, 2023, with a new \$500 million senior secured credit facility (the “2021 Credit Facility”) to provide for financial flexibility to support our growth initiatives. The 2021 Credit Facility provides for a \$400 million term loan with a maturity date of July 30, 2028 (“Term Loan B”) and a \$100 million revolving credit facility with a maturity date of July 30, 2026. The loan proceeds of \$400 million were offset in part by \$14.8 million in fees. The proceeds from the Term Loan B were used to repay the 2018 Credit Facility and the remaining proceeds will be used to fund future acquisitions and growth initiatives and for general corporate purposes. Refer to Note 12 – Debt and Finance Lease Obligations for further information.

Although we have seen a recent acceleration in demand and bookings and early signs of recovery for travel and in-person live events, we remain cautious as variants of COVID-19, including the predominant Delta variant, have caused an increase in infections and hospitalizations across the United States and globally. Due to the evolving and uncertain nature of COVID-19, and depending on the success of ongoing vaccination and other mitigation efforts as well as the scope and magnitude of infections and hospitalizations, we are not able at this time to fully estimate the effect of these factors on our business; however, the adverse impact on our business, results of operations, and, cash flows has been significant. We will continue to evaluate and implement additional actions necessary to mitigate the negative financial and operational impact of COVID-19 on our business.

### Reclassifications

During the first quarter of 2021, we reorganized GES’ operating segments to represent the changes in how our chief operating decision maker (“CODM”) reviews the financial performance of GES and makes decisions regarding the allocation of resources. As a result, we changed the presentation of certain items in GES’ disaggregation of revenue and reportable segments. Refer to Note 2 – Revenue and Related Contract Costs and Contract Liabilities and Note 23 – Segment Information for additional information. We reclassified certain prior-year amounts to conform to current-period presentation. Such reclassifications had no impact on our results of operations or cash flows.

### Correction to Prior Period Financial Statements

As previously disclosed in our 2020 Form 10-K, and subsequent to the issuance of the Condensed Consolidated Financial Statements for the quarter ended September 30, 2020, we identified prior period errors related to the recognition of revenue of GES’ third-party services. Revenue from these services should have been recorded on a net basis to reflect only the fees received for arranging these services, whereas previously, we recorded this revenue on a gross basis, thus overstating revenue and cost of services by the same amount. As a result, we corrected the accompanying Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2020 related to this gross-to-net adjustment. We determined that these errors were not material to the previously issued financial statements. Note 2 – Revenue and Related Contract Costs and Contract Liabilities and Note 23 – Segment Information reflect this correction.

| <i>(in thousands)</i>           | Three Months Ended September 30, 2020 |                  | Nine Months Ended September 30, 2020 |                   |
|---------------------------------|---------------------------------------|------------------|--------------------------------------|-------------------|
|                                 | Services Revenue                      | Cost of Services | Services Revenue                     | Cost of Services  |
| As previously reported          | \$ 43,702                             | \$ 51,730        | \$ 335,383                           | \$ 395,432        |
| Gross to net correction for GES | (265)                                 | (265)            | (2,331)                              | (2,331)           |
| Total as corrected              | <u>\$ 43,437</u>                      | <u>\$ 51,465</u> | <u>\$ 333,052</u>                    | <u>\$ 393,101</u> |

## Impact of Recent Accounting Pronouncements

The following table provides a brief description of recent accounting pronouncements:

| Standard   | Description   | Date of adoption | Effect on the financial statements   |
|--|---|------------------|--|
| <b>Standards Not Yet Adopted</b>   |   |                  |  |
| <b>ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)</b> | The amendment simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments and convertible preferred stock. The amendment also requires expanded disclosures about the terms and features of convertible instruments. | 1/1/2022         | We are currently evaluating the potential impact of the adoption of this new guidance on our consolidated financial statements. We do not expect this new guidance will have a material impact on our consolidated financial statements. |

| Standard   | Description   | Date of adoption | Effect on the financial statements  |
|--|---|------------------|---|
| <b>Standards Recently Adopted</b>  |   |                  |   |
| <b>ASU 2019-12, Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes</b> | The amendment enhances and simplifies various aspects of the income tax accounting guidance, including requirements such as ownership changes in investments, and interim-period accounting for enacted changes in tax law. | 1/1/2021         | The adoption of this new standard on January 1, 2021 did not have a material impact on our consolidated financial statements. |

## Significant Accounting Policies

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates and assumptions are used in accounting for, among other things: impairment testing of recorded goodwill and intangible assets and long-lived assets; allowances for uncollectible accounts receivable; sales reserve allowances; provisions for income taxes, including uncertain tax positions; valuation allowances related to deferred tax assets; liabilities for losses related to self-insured liability claims; liabilities for losses related to environmental remediation obligations; sublease income associated with restructuring liabilities; pension and postretirement benefit costs and obligations; share-based compensation costs; the discount rates used to value lease obligations; the redemption value of redeemable noncontrolling interests; and the allocation of purchase price of acquired businesses. Actual results could differ from these and other estimates.

### Cash, Cash Equivalents, and Restricted Cash

Cash equivalents are highly-liquid investments with remaining maturities when purchased of three months or less. Cash and cash equivalents consist of cash and bank demand deposits and money market funds. Investments in money market funds are classified as available-for-sale and carried at fair value. Restricted cash represents collateral required for surety bonds, bank guarantees, and letters of credit.

Cash, cash equivalents, and restricted cash balances presented in the Condensed Consolidated Statements of Cash Flows consisted of the following:

| <i>(in thousands)</i>   | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| Cash and cash equivalents   | \$ 110,756            | \$ 39,545            |
| Restricted cash included in other current assets  | 2,505                 | 2,426                |
| <b>Cash, cash equivalents, and restricted cash shown in the statement of cash flows</b> | <b>\$ 113,261</b>     | <b>\$ 41,971</b>     |

### ***Revenue Recognition***

Revenue is measured based on a specified amount of consideration in a contract with a customer, net of commissions paid to customers and amounts collected on behalf of third parties. We recognize revenue when a performance obligation is satisfied by transferring control of a product or delivering the service to a customer.

GES' service revenue is primarily derived through its comprehensive range of marketing, event production, and other related services to event organizers and corporate brand marketers. GES' service revenue is earned over time over the duration of the live event, which generally lasts one to three days. Revenue for goods and services provided for which we do not have control of the goods or services before that good or service is transferred to a customer is recorded on a net basis to reflect only the fees received for arranging these services. GES' product revenue is derived from the build of exhibits and environments and graphics. GES' product revenue is recognized at a point in time upon delivery of the product.

Pursuit's service revenue is derived through its admissions, accommodations, transportation, and travel planning services. Pursuit's product revenue is derived through food and beverage and retail sales. Pursuit's revenue is recognized at the time services are performed or upon delivery of the product. Pursuit's service revenue is recognized over time as the customer simultaneously receives and consumes the benefits. Pursuit's product revenue is recognized at a point in time.

### ***Noncontrolling Interests – Non-redeemable and Redeemable***

Non-redeemable noncontrolling interest represents the portion of equity in a subsidiary that is not attributable, directly or indirectly, to us. We report non-redeemable noncontrolling interest within stockholders' equity in the Condensed Consolidated Balance Sheets. The amount of consolidated net income or loss attributable to Viad and the non-redeemable noncontrolling interest is presented in the Condensed Consolidated Statements of Operations.

We consider noncontrolling interests with redemption features that are not solely within our control to be redeemable noncontrolling interests. Our redeemable noncontrolling interest relates to our 54.9% equity ownership interest in Esja Attractions ehf. ("Esja"), which owns the FlyOver Iceland attraction. The Esja shareholders agreement contains a put option that gives the minority Esja shareholders the right to sell (or "put") their Esja shares to us based on a calculated formula within a predefined term. This redeemable noncontrolling interest is considered mezzanine equity and we report it between liabilities and stockholders' equity in the Condensed Consolidated Balance Sheets. The amount of the net income or loss attributable to redeemable noncontrolling interests is recorded in the Condensed Consolidated Statements of Operations and the accretion of the redemption value is recorded as an adjustment to accumulated deficit and is included in our income (loss) per share.

Refer to Note 22 – Noncontrolling Interest – Redeemable and Non-redeemable for additional information.

### ***Convertible Preferred Stock***

We record shares of convertible preferred stock based on proceeds received net of costs on the date of issuance. Redeemable preferred stock (including preferred stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as mezzanine equity and is reported between liabilities and stockholders' equity in the Condensed Consolidated Balance Sheets.

### ***Leases***

We recognize a right-of-use ("ROU") asset and lease liability on the balance sheet and classify leases as either finance or operating leases. The classification of the lease determines whether we recognize the lease expense on an effective interest method basis (finance lease) or on a straight-line basis (operating lease) over the lease term. In determining whether an agreement contains a lease, we consider if we have a right to control the use of the underlying asset during the lease term in exchange for an obligation to make lease payments arising from the lease. We recognize ROU assets and lease liabilities at commencement date, which is when the underlying asset is available for use to a lessee, based on the present value of lease payments over the lease term.

Our operating and finance leases are primarily facility, equipment, and land leases. Our facility leases comprise mainly manufacturing facilities, sales and design facilities, offices, storage and/or warehouses, and truck marshaling yards. These facility leases generally have lease terms ranging up to 24 years. Our equipment leases comprise mainly vehicles, hardware, and office equipment, each with various lease terms. Our land leases comprise mainly leases in Canada and Iceland on which our hotels or attractions are located and have lease terms ranging up to 46 years.

If a lease contains a renewal option that is reasonably certain to be exercised, then the lease term includes the optional periods in measuring a ROU asset and lease liability. We evaluate the reasonably certain threshold at lease commencement, and it is typically met if we identify substantial economic incentives or termination penalties. We do not include variable leases and variable non-lease

components in the calculation of the ROU asset and corresponding lease liability. For facility leases, variable lease costs include the costs of common area maintenance, taxes, and insurance for which we pay our lessors an estimate that we adjust to actual expense on a quarterly or annual basis depending on the underlying contract terms. We expense these variable lease payments as incurred. Our lease agreements do not contain any significant residual value guarantees or restrictive covenants.

Substantially all of our lease agreements do not specify an implicit borrowing rate, and as such, we utilize an incremental borrowing rate based on lease term and country, in order to calculate the present value of our future lease payments. The discount rate represents a risk-adjusted rate on a collateralized basis and is the expected rate at which we would borrow funds to satisfy the scheduled lease liability payment streams commensurate with the lease term and the country.

We are also a lessor to third party tenants who either lease certain portions of facilities that we own or sublease certain portions of facilities that we lease. We record lease income from owned facilities as rental income and we record sublease income from leased facilities as an offset to lease expense in the Condensed Consolidated Statements of Operations. We classify all of our leases for which we are the lessor as operating leases.

## **Note 2. Revenue and Related Contract Costs and Contract Liabilities**

GES' performance obligations consist of services or product(s) outlined in a contract. While we often sign multi-year contracts for recurring events, the obligations for each occurrence are well defined and conclude upon the occurrence of each event. The obligations are typically the provision of services and/or sale of a product in connection with a live event. Revenue for goods and services provided for which we do not have control of the goods or services before that good or service is transferred to a customer is recorded on a net basis to reflect only the fees received for arranging these services. We recognize revenue for services generally at the close of the live event. We recognize revenue for products either upon delivery to the customer's location, upon delivery to an event that we are serving, or when we have the right to invoice. In circumstances where a customer cancels a contract, we generally have the right to bill the customer for costs incurred to date. Payment terms are generally within 30-60 days and contain no significant financing components.

Pursuit's performance obligations are short-term in nature. They include the provision of a hotel room, an attraction admission, a chartered or ticketed bus or van ride, the fulfillment of travel planning itineraries, and/or the sale of food, beverage, or retail products. We recognize revenue when the service has been provided or the product has been delivered. When we extend credit, payment terms are generally within 30 days and contain no significant financing components.

### **Contract Liabilities**

GES and Pursuit typically receive customer deposits prior to transferring the related product or service to the customer. We record these deposits as a contract liability, which are recognized as revenue upon satisfaction of the related contract performance obligation(s). GES also provides customer rebates and volume discounts to certain event organizers that we recognize as a reduction of revenue. We include these amounts in the Condensed Consolidated Balance Sheets under the captions "Contract liabilities" and "Other deferred items and liabilities."

Changes to contract liabilities are as follows:

*(in thousands)*

|   |           |               |
|---|-----------|---------------|
| <b>Balance at December 31, 2020</b>     | \$        | 18,618        |
| Cash additions                          |           | 117,499       |
| Revenue recognized                      |           | (90,638)      |
| Foreign exchange translation adjustment |           | (584)         |
| <b>Balance at September 30, 2021</b>    | <b>\$</b> | <b>44,895</b> |

### **Contract Costs**

GES capitalizes certain incremental costs incurred in obtaining and fulfilling contracts. Capitalized costs principally relate to direct costs of materials and services incurred in fulfilling services of future exhibitions, conferences, and events, and also include up-front incentives and commissions incurred upon contract signing. We expense costs associated with preliminary contract activities (i.e. proposal activities) as incurred. Capitalized contract costs are expensed upon the transfer of the related goods or services and are included in costs of services or costs of products, as applicable. We include the deferred incremental costs of obtaining and fulfilling contracts in the Condensed Consolidated Balance Sheets under the captions "Current contract costs" and "Other investments and assets."

Changes to contract costs are as follows:

(in thousands)

|   |           |               |
|---|-----------|---------------|
| <b>Balance at December 31, 2020</b>     | \$        | 10,835        |
| Additions                               |           | 24,514        |
| Expenses                                |           | (14,061)      |
| Cancelled                               |           | (709)         |
| Foreign exchange translation adjustment |           | (57)          |
| <b>Balance at September 30, 2021</b>    | <b>\$</b> | <b>20,522</b> |

As of September 30, 2021, capitalized contract costs consisted of \$0.6 million to obtain contracts and \$19.9 million to fulfill contracts. We did not recognize an impairment loss with respect to capitalized contract costs during the three and nine months ended September 30, 2021 or 2020.

### Disaggregation of Revenue

During the first quarter of 2021, we changed GES' presentation of certain items in the following disaggregation of revenue table to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. All prior periods have been reclassified to conform to this new reporting structure.

The following tables disaggregate GES and Pursuit revenue by major service and product lines, timing of revenue recognition, and markets served:

### GES

| (in thousands)                                | Three Months Ended |                  | Nine Months Ended |                   |
|---|--------------------|------------------|-------------------|-------------------|
|   | September 30,      |                  | September 30,     |                   |
|   | 2021               | 2020             | 2021              | 2020              |
| <b>Service lines:</b>                         |                    |                  |                   |                   |
| Exhibitions and Conferences                   | \$ 81,029          | \$ 4,625         | \$ 96,881         | \$ 222,038        |
| Brand experiences                             | 31,009             | 8,895            | 55,194            | 85,831            |
| Venue services                                | 4,006              | 472              | 8,034             | 12,061            |
| <b>Total revenue</b>                          | <b>\$ 116,044</b>  | <b>\$ 13,992</b> | <b>\$ 160,109</b> | <b>\$ 319,930</b> |
| <b>Timing of revenue recognition:</b>         |                    |                  |                   |                   |
| Services transferred over time                | \$ 100,865         | \$ 12,031        | \$ 139,241        | \$ 287,457        |
| Products transferred over time <sup>(1)</sup> | 6,509              | 247              | 7,659             | 13,442            |
| Products transferred at a point in time       | 8,670              | 1,714            | 13,209            | 19,031            |
| <b>Total revenue</b>                          | <b>\$ 116,044</b>  | <b>\$ 13,992</b> | <b>\$ 160,109</b> | <b>\$ 319,930</b> |
| <b>Geographical markets:</b>                  |                    |                  |                   |                   |
| North America                                 | \$ 92,648          | \$ 11,686        | \$ 127,978        | \$ 272,391        |
| EMEA  | 24,084             | 2,590            | 34,061            | 50,797            |
| Intersegment eliminations                     | (688)              | (284)            | (1,930)           | (3,258)           |
| <b>Total revenue</b>                          | <b>\$ 116,044</b>  | <b>\$ 13,992</b> | <b>\$ 160,109</b> | <b>\$ 319,930</b> |

(1) GES' graphics product revenue is earned over time over the duration of an event as it is considered a part of the single performance obligation satisfied over time.

## Pursuit

| <i>(in thousands)</i>                   | Three Months Ended |                  | Nine Months Ended |                  |
|---|--------------------|------------------|-------------------|------------------|
|   | September 30,      |                  | September 30,     |                  |
|   | 2021               | 2020             | 2021              | 2020             |
| <b>Services:</b>                        |                    |                  |                   |                  |
| Admissions                              | \$ 39,480          | \$ 12,229        | \$ 51,069         | \$ 17,865        |
| Accommodations                          | 37,553             | 18,021           | 54,742            | 23,994           |
| Transportation                          | 3,453              | 445              | 4,913             | 2,513            |
| Travel planning and other               | 2,019              | 855              | 4,668             | 1,484            |
| Intersegment eliminations               | (406)              | (144)            | (463)             | (261)            |
| <b>Total services revenue</b>           | <b>82,099</b>      | <b>31,406</b>    | <b>114,929</b>    | <b>45,595</b>    |
| <b>Products:</b>                        |                    |                  |                   |                  |
| Food and beverage                       | 18,029             | 6,783            | 25,152            | 9,047            |
| Retail operations                       | 17,427             | 10,626           | 23,577            | 12,960           |
| <b>Total products revenue</b>           | <b>35,456</b>      | <b>17,409</b>    | <b>48,729</b>     | <b>22,007</b>    |
| <b>Total revenue</b>                    | <b>\$ 117,555</b>  | <b>\$ 48,815</b> | <b>\$ 163,658</b> | <b>\$ 67,602</b> |
| <b>Timing of revenue recognition:</b>   |                    |                  |                   |                  |
| Services transferred over time          | \$ 82,099          | \$ 31,406        | \$ 114,929        | \$ 45,595        |
| Products transferred at a point in time | 35,456             | 17,409           | 48,729            | 22,007           |
| <b>Total revenue</b>                    | <b>\$ 117,555</b>  | <b>\$ 48,815</b> | <b>\$ 163,658</b> | <b>\$ 67,602</b> |
| <b>Markets:</b>                         |                    |                  |                   |                  |
| Banff Jasper Collection                 | \$ 52,602          | \$ 26,395        | \$ 71,720         | \$ 39,234        |
| Alaska Collection                       | 25,932             | 5,436            | 37,279            | 6,167            |
| Glacier Park Collection                 | 32,081             | 14,929           | 43,627            | 16,813           |
| FlyOver                                 | 2,296              | 2,055            | 3,494             | 5,388            |
| Sky Lagoon <sup>(1)</sup>               | 4,644              | —                | 7,538             | —                |
| <b>Total revenue</b>                    | <b>\$ 117,555</b>  | <b>\$ 48,815</b> | <b>\$ 163,658</b> | <b>\$ 67,602</b> |

(1) We opened Pursuit's new Sky Lagoon attraction on April 30, 2021 in Reykjavik, Iceland.

### Note 3. Share-Based Compensation

We grant share-based compensation awards to our officers, directors, and certain key employees pursuant to the 2017 Viad Corp Omnibus Incentive Plan (the "2017 Plan"). The 2017 Plan has a 10-year term and provides for the following types of awards: (a) incentive and non-qualified stock options; (b) restricted stock awards and restricted stock units; (c) performance units or performance shares; (d) stock appreciation rights; (e) cash-based awards; and (f) certain other stock-based awards. In June 2017, we registered 1,750,000 shares of common stock issuable under the 2017 Plan. As of September 30, 2021, there were 736,786 shares available for future grant under the 2017 Plan.

The following table summarizes share-based compensation (income) expense:

| <i>(in thousands)</i>                                      | Three Months Ended |                 | Nine Months Ended |               |
|--|--------------------|-----------------|-------------------|---------------|
|  | September 30,      |                 | September 30,     |               |
|  | 2021               | 2020            | 2021              | 2020          |
| Performance-based restricted stock units                   | \$ (118)           | \$ 149          | \$ 488            | \$ (2,596)    |
| Restricted stock awards and restricted stock units         | 1,284              | 1,698           | 3,964             | 3,155         |
| Stock options  | 578                | 90              | 1,508             | 90            |
| <b>Share-based compensation expense before income tax</b>  | <b>1,744</b>       | <b>1,937</b>    | <b>5,960</b>      | <b>649</b>    |
| Income tax benefit <sup>(1)</sup>                          | (21)               | —               | (76)              | —             |
| <b>Share-based compensation expense, net of income tax</b> | <b>\$ 1,723</b>    | <b>\$ 1,937</b> | <b>\$ 5,884</b>   | <b>\$ 649</b> |

(1) The 2021 income tax benefit amount primarily reflects the tax benefit associated with our Canadian-based employees. There was no income tax benefit associated with our employees in the United States and the United Kingdom due to a valuation allowance on our deferred tax assets within these jurisdictions. Refer to Note 17 – Income Taxes.

### *Performance-based Restricted Stock Units*

Performance-based restricted stock units (“PRSU”) are tied to our stock price and the expected achievement of certain performance-based criteria. The vesting of PRSUs is based upon the achievement of the performance-based criteria over a three to four-year period. We account for PRSUs that will be settled in shares of our common stock as equity-based awards. We measure share-based compensation expense of equity-based awards at fair value on the grant date on a straight-line basis over the vesting period. The estimated number of units to be achieved is updated each reporting period.

We account for PRSUs that will be settled in cash as liability-based awards. We measure share-based compensation expense of liability-based awards at fair value at each reporting date until the date of settlement. Forfeitures are recorded when they occur.

During the nine months ended September 30, 2021, we granted PRSUs with a grant date fair value of \$3.2 million, all of which are payable in shares.

In 2021, PRSUs granted in 2018 vested; however, as performance metrics were not achieved, no awards were paid in cash or in shares. In 2020, PRSUs granted in 2017 vested and we paid \$2.6 million in cash. No PRSUs were paid in shares in 2020.

As of September 30, 2021, the unamortized cost of outstanding equity-based PRSUs was \$2.7 million, which we expect to recognize over a weighted-average period of approximately 2.3 years. Liabilities related to liability-based PRSUs were \$0.8 million as of September 30, 2021 and \$0.8 million as of December 31, 2020.

The following table summarizes the activity of the outstanding PRSUs:

|                                      | Equity-Based     |                 | Liability-Based  |                 |
|--------------------------------------|------------------|-----------------|------------------|-----------------|
|                                      | PRSUs            |                 | PRSUs            |                 |
|                                      | Weighted-Average |                 | Weighted-Average |                 |
|                                      | Grant Date       |                 | Grant Date       |                 |
|                                      | Shares           | Fair Value      | Shares           | Fair Value      |
| <b>Balance at December 31, 2020</b>  | 61,208           | \$ 57.18        | 121,485          | \$ 56.34        |
| Granted                              | 101,785          | \$ 31.28        | —                | \$ —            |
| Vested                               | —                | \$ —            | (42,698)         | \$ 51.96        |
| Forfeited                            | —                | \$ —            | (1,041)          | \$ 56.90        |
| <b>Balance at September 30, 2021</b> | <u>162,993</u>   | <u>\$ 41.01</u> | <u>77,746</u>    | <u>\$ 57.13</u> |

### *Service-based Restricted Stock Awards and Restricted Stock Units*

Restricted stock awards and restricted stock units are service-based awards. We account for restricted stock awards and restricted stock units that will be settled in shares of our common stock as equity-based awards. We measure share-based compensation expense of equity-based awards at fair value on the grant date on a straight-line basis over the vesting period.

We account for restricted stock units that will be settled in cash as liability-based awards. We measure share-based compensation expense of liability-based awards at fair value at each reporting date until the date of settlement. Forfeitures are recorded when they occur.

As of September 30, 2021, the unamortized cost of outstanding equity-based restricted stock awards and restricted stock units was \$5.0 million, which we expect to recognize over a weighted-average period of approximately 1.2 years. We repurchased 25,856 shares for \$1.1 million during the nine months ended September 30, 2021 and 17,961 shares for \$1.1 million during the nine months ended September 30, 2020 related to tax withholding requirements on vested share-based awards.

Aggregate liabilities related to liability-based restricted stock units were \$0.2 million as of September 30, 2021 and \$0.2 million as of December 31, 2020. During the nine months ended September 30, 2021, 3,174 restricted stock units vested, and we paid \$0.1 million in cash. During the nine months ended September 30, 2020, 2,815 restricted stock units vested, and we paid \$0.2 million in cash and \$0.8 million in shares.



The following table summarizes the activity of the outstanding restricted stock awards and restricted stock units:

|                                      | Equity-Based            |                 | Equity-Based           |                 | Liability-Based        |                 |
|--------------------------------------|-------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|
|                                      | Restricted Stock Awards |                 | Restricted Stock Units |                 | Restricted Stock Units |                 |
|                                      | Weighted-Average        | Grant Date      | Weighted-Average       | Grant Date      | Weighted-Average       | Grant Date      |
|                                      | Shares                  | Fair Value      | Shares                 | Fair Value      | Shares                 | Fair Value      |
| <b>Balance at December 31, 2020</b>  | 107,107                 | \$ 53.23        | 151,261                | \$ 19.51        | 10,459                 | \$ 51.91        |
| Granted                              | 22,560                  | \$ 44.77        | 88,367                 | \$ 44.12        | —                      | \$ —            |
| Vested                               | (48,879)                | \$ 49.92        | (34,998)               | \$ 19.73        | (3,174)                | \$ 52.24        |
| Forfeited                            | (2,279)                 | \$ 56.63        | (3,673)                | \$ 19.75        | —                      | \$ —            |
| <b>Balance at September 30, 2021</b> | <u>78,509</u>           | <u>\$ 52.77</u> | <u>200,957</u>         | <u>\$ 30.29</u> | <u>7,285</u>           | <u>\$ 53.34</u> |

### Stock Options

We grant non-qualified stock options that are performance-based, as well as non-qualified options that are service-based. The performance-based awards are recognized on a straight-line basis over the performance period ranging from 1.4 to 3.4 years, and the underlying shares expected to be settled are adjusted each reporting period based on estimated future achievement of the respective performance metrics. The service-based awards are recognized on a straight-line basis over the requisite service period on a graded-vesting schedule ranging from two to three years.

The following table summarizes stock option activity:

|  | Shares         | Weighted-Average |  | Aggregate Intrinsic Value <sup>(1)</sup> |
|--|----------------|------------------|--|--|
|  |                | Exercise Price   |  |  |
| <b>Options outstanding at December 31, 2020</b>  | 204,150        | \$ 19.98         |  |  |
| Granted  | 137,858        | \$ 44.80         |  |  |
| Exercised  | —              | \$ —             |  |  |
| <b>Options outstanding at September 30, 2021</b> | <u>342,008</u> | <u>\$ 29.98</u>  |  | <u>\$ 5,276,367</u>                      |
| <b>Options exercisable at September 30, 2021</b> | <u>27,075</u>  | <u>\$ 21.85</u>  |  | <u>\$ 637,887</u>                        |

(1) The aggregate intrinsic value of stock options outstanding represents the difference between our closing stock price at the end of the reporting period and the exercise price, multiplied by the number of in-the-money stock options.

The following table summarizes stock options outstanding and exercisable as of September 30, 2021:

| Range of exercise prices | Options Outstanding |                  |                                       | Options Exercisable             |                                 |
|--------------------------|---------------------|------------------|---------------------------------------|---------------------------------|---------------------------------|
|                          | Shares              | Weighted-Average | Remaining Contractual Life (in years) | Weighted-Average Exercise Price | Weighted-Average Exercise Price |
|                          |                     | Exercise Price   |                                       |                                 |                                 |
| \$ 19.30                 | 150,000             | 7.25             | \$ 19.30                              | —                               | \$ —                            |
| \$ 21.85                 | 54,150              | 5.91             | \$ 21.85                              | 27,075                          | \$ 21.85                        |
| \$ 44.80                 | 137,858             | 6.40             | \$ 44.80                              | —                               | \$ —                            |
| \$ 19.30-\$44.80         | <u>342,008</u>      | 6.70             | \$ 29.98                              | <u>27,075</u>                   | \$ 21.85                        |

The fair value of stock options granted in 2021 was estimated on the date of grant using the Black-Scholes option pricing model.

Following is additional information on stock options granted during the nine months ended September 30, 2021 and the underlying assumptions used in assessing fair value:

|   | Nine Months Ended September 30, 2021 |
|---|--------------------------------------|
| Assumptions used to estimate fair value of stock options granted:   |                                      |
| Risk-free interest rate   | 0.50%                                |
| Expected term (in years)  | 4.5                                  |
| Expected volatility   | 55.8%                                |
| Expected dividend yield   | —                                    |
| Weighted average grant-date fair value per share of options granted | \$ 20.26                             |



As of September 30, 2021, the total unrecognized compensation cost related to non-vested stock option awards was \$2.7 million. We expect to recognize such costs over a weighted-average period of approximately 1.5 years.

**Note 4. Acquisitions**

**2021 Acquisitions**

*Golden Skybridge*

On March 18, 2021, we acquired a 60% controlling interest in the Golden Skybridge attraction for total cash consideration of \$15 million Canadian dollars (approximately \$12 million U.S. dollars), of which \$6 million Canadian dollars (approximately \$4.8 million U.S. dollars) were primarily used to fund additional experiences. The Golden Skybridge opened in June 2021.

The fair value of net assets acquired as of the acquisition date included \$2.2 million U.S. dollars in property and equipment and \$6.8 million U.S. dollars in noncontrolling interest. Under the acquisition method of accounting, the purchase price is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess purchase price over the fair value of net assets acquired of \$11.8 million U.S. dollars was recorded as “Goodwill.” Goodwill is included in the Pursuit business group. The primary factor that contributed to the purchase price resulting in the recognition of goodwill related to future growth opportunities when combined with our other businesses. Goodwill is not deductible for tax purposes. We included these assets in the Condensed Consolidated Balance Sheets from the date of acquisition.

Transaction costs associated with the acquisition were \$0.3 million U.S. dollars during 2021, which are included in “Costs of services” in the Condensed Consolidated Statements of Operations.

**Note 5. Inventories**

We state inventories, which consist primarily of exhibit design and construction materials and supplies, as well as retail inventory, at the lower of cost (first-in, first-out and specific identification methods) or net realizable value.

The components of inventories consisted of the following:

| <i>(in thousands)</i> | September 30,<br>2021 | December 31,<br>2020 |
|-----------------------|-----------------------|----------------------|
| Raw materials         | \$ 2,482              | \$ 3,362             |
| Finished goods        | 6,269                 | 5,365                |
| <b>Inventories</b>    | <b>\$ 8,751</b>       | <b>\$ 8,727</b>      |

**Note 6. Other Current Assets**

Other current assets consisted of the following:

| <i>(in thousands)</i>        | September 30,<br>2021 | December 31,<br>2020 |
|------------------------------|-----------------------|----------------------|
| Prepaid software maintenance | \$ 3,887              | \$ 3,058             |
| Income tax receivable        | 4,333                 | 337                  |
| Prepaid insurance            | 2,824                 | 4,297                |
| Restricted cash              | 2,505                 | 2,426                |
| Prepaid vendor payments      | 2,188                 | 1,835                |
| Prepaid taxes                | 1,131                 | 345                  |
| Prepaid other                | 1,954                 | 1,296                |
| Other                        | 1,558                 | 3,631                |
| <b>Other current assets</b>  | <b>\$ 20,380</b>      | <b>\$ 17,225</b>     |

**Note 7. Property and Equipment**

Property and equipment consisted of the following:

| <i>(in thousands)</i>   | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| Land and land interests                                       | \$ 30,504             | \$ 32,849            |
| Buildings and leasehold improvements                          | 387,955               | 386,751              |
| Equipment and other   | 433,412               | 401,288              |
| <b>Gross property and equipment</b>                           | <b>851,871</b>        | <b>820,888</b>       |
| Accumulated depreciation                                      | (367,854)             | (352,100)            |
| <b>Property and equipment, net (excluding finance leases)</b> | <b>484,017</b>        | <b>468,788</b>       |
| Finance lease ROU assets, net <sup>(1)</sup>                  | 61,263                | 23,366               |
| <b>Property and equipment, net</b>                            | <b>\$ 545,280</b>     | <b>\$ 492,154</b>    |

(1) The increase in finance lease ROU assets is primarily due to the commencement of Pursuit's new Sky Lagoon attraction in Iceland during the first quarter of 2021.

Depreciation expense was \$10.8 million for the three months ended September 30, 2021 and \$32.3 million for the nine months ended September 30, 2021. Depreciation expense was \$11.5 million for the three months ended September 30, 2020 and \$35.1 million for the nine months ended September 30, 2020.

Property and equipment purchased through accounts payable and accrued liabilities decreased \$0.3 million during the nine months ended September 30, 2021 and decreased \$6.3 million during the nine months ended September 30, 2020.

**Note 8. Other Investments and Assets**

Other investments and assets consisted of the following:

| <i>(in thousands)</i>               | September 30,<br>2021 | December 31,<br>2020 |
|-------------------------------------|-----------------------|----------------------|
| Self-insured liability receivable   | \$ 6,358              | \$ 6,358             |
| Other mutual funds                  | 3,903                 | 3,457                |
| Contract costs                      | 2,561                 | 2,912                |
| Other                               | 2,691                 | 2,765                |
| <b>Other investments and assets</b> | <b>\$ 15,513</b>      | <b>\$ 15,492</b>     |

**Note 9. Goodwill and Other Intangible Assets**

The changes in the carrying amount of goodwill are as follows:

| <i>(in thousands)</i>                    | Pursuit           |
|--|-------------------|
| <b>Balance at December 31, 2020</b>      | <b>\$ 99,847</b>  |
| Business acquisition                     | 11,776            |
| Foreign currency translation adjustments | 80                |
| <b>Balance at September 30, 2021</b>     | <b>\$ 111,703</b> |

Goodwill is tested for impairment at the reporting unit level on an annual basis as of October 31, and between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying value. We use a discounted expected future cash flow methodology (income approach) to estimate the fair value of our reporting units for purposes of goodwill impairment testing.

We recorded non-cash goodwill impairment charges of \$185.8 million during the nine months ended September 30, 2020 primarily related to the write-off of all of GES' goodwill due to the deteriorating macroeconomic environment related to the COVID-19 pandemic. Our remaining goodwill balance as of September 30, 2021 of \$111.7 million pertains to our Pursuit business. Although certain of Pursuit's reporting units continue to operate at a loss due to travel restrictions as a result of the COVID-19 pandemic, we did not record any impairment charges during 2021 as there were no significant changes to our outlook for the future years and the risk profile of the reporting units had not changed.

Given the evolving nature of COVID-19, and the uncertain government and consumer reactions, the estimates and assumptions regarding expected future cash flows, discount rates, and terminal values used in our goodwill impairment analysis require considerable judgment

and are based on our current estimates of market conditions, financial forecasts, and industry trends. These estimates, however, have inherent uncertainties and different assumptions could lead to materially different results including impairment charges in the future.

Other intangible assets consisted of the following:

|   | Useful Life<br>(Years) | September 30, 2021 |             |           | December 31, 2020 |             |           |
|---|------------------------|--------------------|-------------|-----------|-------------------|-------------|-----------|
|   |                        | Gross              |             | Net       | Gross             |             | Net       |
|   |                        | Carrying           | Accumulated | Carrying  | Carrying          | Accumulated | Carrying  |
| (in thousands)                                    | Value                  | Amortization       | Value       | Value     | Amortization      | Value       |           |
| <b>Intangible assets subject to amortization:</b> |                        |                    |             |           |                   |             |           |
| Customer contracts and relationships              | 6.1                    | \$ 37,698          | \$ (28,398) | \$ 9,300  | \$ 38,214         | \$ (26,288) | \$ 11,926 |
| Operating contracts and licenses                  | 36.0                   | 41,391             | (3,160)     | 38,231    | 42,012            | (2,405)     | 39,607    |
| In-place lease                                    | 13.2                   | 15,413             | (980)       | 14,433    | 15,347            | (656)       | 14,691    |
| Tradenames  | 4.6                    | 5,607              | (2,631)     | 2,976     | 5,940             | (2,435)     | 3,505     |
| Non-compete agreements                            | 0.3                    | 773                | (734)       | 39        | 770               | (616)       | 154       |
| Other   | 6.4                    | 822                | (130)       | 692       | 818               | (102)       | 716       |
| <b>Total amortized intangible assets</b>          |                        | 101,704            | (36,033)    | 65,671    | 103,101           | (32,502)    | 70,599    |
| <b>Indefinite-lived intangible assets:</b>        |                        |                    |             |           |                   |             |           |
| Business licenses                                 |                        | 573                | —           | 573       | 573               | —           | 573       |
| <b>Other intangible assets</b>                    |                        | \$ 102,277         | \$ (36,033) | \$ 66,244 | \$ 103,674        | \$ (32,502) | \$ 71,172 |

Intangible asset amortization expense was \$1.6 million for the three months ended September 30, 2021 and \$4.4 million for the nine months ended September 30, 2021. Intangible asset amortization was \$1.5 million for the three months ended September 30, 2020 and \$5.2 million for the nine months ended September 30, 2020. We recorded a non-cash impairment charge to intangible assets of \$15.7 million during the nine months ended September 30, 2020 related to our United States audio-visual production business. The duration and impact of COVID-19 may result in additional future impairment charges as facts and circumstances evolve.

At September 30, 2021, the estimated future amortization expense related to intangible assets subject to amortization is as follows:

| (in thousands)                  |                  |
|---------------------------------|------------------|
| <b>Year ending December 31,</b> |                  |
| Remainder of 2021               | \$ 1,353         |
| 2022                            | 5,109            |
| 2023                            | 4,451            |
| 2024                            | 3,495            |
| 2025                            | 2,200            |
| Thereafter                      | 49,063           |
| <b>Total</b>                    | <u>\$ 65,671</u> |

**Note 10. Other Current Liabilities**

Other current liabilities consisted of the following:

| <i>(in thousands)</i>                                     | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| <b>Continuing operations:</b>                             |                       |                      |
| Accrued sales and use taxes                               | \$ 6,479              | \$ 1,547             |
| Self-insured liability                                    | 5,066                 | 5,715                |
| Accrued employee benefit costs                            | 4,523                 | 2,363                |
| Commissions payable                                       | 4,051                 | 903                  |
| Accrued interest payable                                  | 3,995                 | 3,042                |
| Accrued restructuring                                     | 2,076                 | 2,479                |
| Current portion of pension and postretirement liabilities | 1,618                 | 1,805                |
| Accrued professional fees                                 | 1,516                 | 1,691                |
| Other taxes   | 2,187                 | 1,872                |
| Other   | 4,898                 | 5,123                |
| <b>Total continuing operations</b>                        | <b>36,409</b>         | <b>26,540</b>        |
| <b>Discontinued operations:</b>                           |                       |                      |
| Self-insured liability                                    | 296                   | 347                  |
| Environmental remediation liabilities                     | 62                    | 61                   |
| Other   | 94                    | 91                   |
| <b>Total discontinued operations</b>                      | <b>452</b>            | <b>499</b>           |
| <b>Total other current liabilities</b>                    | <b>\$ 36,861</b>      | <b>\$ 27,039</b>     |

**Note 11. Other Deferred Items and Liabilities**

Other deferred items and liabilities consisted of the following:

| <i>(in thousands)</i>                             | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| <b>Continuing operations:</b>                     |                       |                      |
| Foreign deferred tax liability                    | \$ 29,482             | \$ 21,336            |
| Multi-employer pension plan withdrawal liability  | 14,366                | 15,864               |
| Self-insured liability                            | 7,754                 | 6,662                |
| Self-insured excess liability                     | 6,358                 | 6,358                |
| Accrued compensation                              | 5,656                 | 5,821                |
| Accrued restructuring                             | 2,640                 | 2,751                |
| Other   | 1,590                 | 1,479                |
| <b>Total continuing operations</b>                | <b>67,846</b>         | <b>60,271</b>        |
| <b>Discontinued operations:</b>                   |                       |                      |
| Environmental remediation liabilities             | 2,191                 | 2,179                |
| Self-insured liability                            | 1,619                 | 1,639                |
| Other   | 250                   | 539                  |
| <b>Total discontinued operations</b>              | <b>4,060</b>          | <b>4,357</b>         |
| <b>Total other deferred items and liabilities</b> | <b>\$ 71,906</b>      | <b>\$ 64,628</b>     |

## Note 12. Debt and Finance Lease Obligations

The components of debt and finance lease obligations consisted of the following:

| <i>(in thousands, except interest rates)</i>  | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| 2021 Credit Facility, 5.5% weighted-average interest rate at September 30, 2021, due through 2028 <sup>(1)</sup>                                    | \$ 400,000            | \$ —                 |
| 2018 Credit Facility, 4.5% weighted-average interest rate at December 31, 2020  | —                     | 266,762              |
| FlyOver Iceland Credit Facility, 4.9% weighted-average interest rate at September 30, 2021 and December 31, 2020, due through 2023 <sup>(1)</sup>   | 5,619                 | 5,820                |
| FlyOver Iceland Term Loans, 3.8% weighted-average interest rate at September 30, 2021 and December 31, 2020, due through 2024 <sup>(1)</sup>        | 689                   | 705                  |
| Less unamortized debt issuance costs  | (15,525)              | (2,737)              |
| <b>Total debt</b>   | <b>390,783</b>        | <b>270,550</b>       |
| Finance lease obligations, 9.1% weighted-average interest rate at September 30, 2021 and 8.0% at December 31, 2020, due through 2067 <sup>(2)</sup> | 63,597                | 23,141               |
| <b>Total debt and finance lease obligations</b> <sup>(3)(4)</sup>   | <b>454,380</b>        | <b>293,691</b>       |
| Current portion   | (8,218)               | (8,335)              |
| <b>Long-term debt and finance lease obligations</b>   | <b>\$ 446,162</b>     | <b>\$ 285,356</b>    |

(1) Represents the weighted-average interest rate in effect at the respective periods, including any applicable margin. The interest rates do not include amortization of debt issuance costs or commitment fees.

(2) The increase in finance lease obligations is primarily due to the commencement of Pursuit's new Sky Lagoon attraction in Iceland during the first quarter of 2021, which has a 46-year lease term.

(3) The estimated fair value of total debt and finance leases was \$310.5 million as of September 30, 2021 and \$254.0 million as of December 31, 2020. The fair value of debt was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity, which is a Level 2 measurement. Refer to Note 13 – Fair Value Measurements.

(4) Cash paid for interest on debt was \$14.9 million for the nine months ended September 30, 2021 and \$12.1 million for the nine months ended September 30, 2020.

### 2021 Credit Facility

Effective July 30, 2021, we refinanced the 2018 Credit Facility with the new \$500 million 2021 Credit Facility to provide for financial flexibility to support our growth initiatives. The 2021 Credit Facility provides for a \$400 million Term Loan B with a maturity date of July 30, 2028 and a \$100 million revolving credit facility with a maturity date of July 30, 2026. The loan proceeds of \$400 million were offset in part by \$14.8 million in fees. The proceeds from the Term Loan B were used to repay the 2018 Credit Facility and the remaining proceeds will be used to fund future acquisitions and growth initiatives and for general corporate purposes. The following are significant terms under the revolving credit facility:

- Maintain minimum liquidity of \$75 million through the earlier of (i) June 30, 2022 or (ii) the first fiscal quarter we are in compliance with the financial covenants;
- Financial covenants will first be tested as of September 30, 2022 as described below;
- Maintain an interest coverage ratio of not less than 2.00 to 1.00, with a step-up to 2.50 to 1.00 on or after December 31, 2022;
- Maintain a total net leverage ratio of not greater than 4.50 to 1.00 with a step-down to 4.00 to 1.00 on or after December 31, 2022 and a step-up of 0.5x for four quarters for any material acquisition; and
- Interest rate on the Term Loan B of London Interbank Offered Rate (“LIBOR”) plus 5.00%, with a LIBOR floor of 0.50%.

As a result of the refinance and the repayment of the 2018 Credit Facility, we recorded \$2.1 million of interest expense related to the write-off of unamortized debt issuance costs during the three months ended September 30, 2021.

As of September 30, 2021, capacity remaining under the 2021 Credit Facility was \$78.2 million, reflecting borrowings of \$400.0 million under the Term Loan B and \$21.8 million in outstanding letters of credit.

### FlyOver Iceland Credit Facility

Effective February 15, 2019, FlyOver Iceland ehf., (“FlyOver Iceland”) a wholly-owned subsidiary of Esja, entered into a credit agreement with a €5.0 million (approximately \$5.6 million U.S. dollars) credit facility (the “FlyOver Iceland Credit Facility”) with a maturity date of March 1, 2022. The loan proceeds were used to complete the development of the FlyOver Iceland attraction. In response to the COVID-19 pandemic, we entered into an addendum to the FlyOver Iceland Credit Facility effective January 8, 2021 wherein the

principal payments were deferred for twelve months beginning December 1, 2020, with the first payment due December 1, 2021. The addendum also extended the maturity date to September 1, 2023. There were no other changes to the terms of the FlyOver Iceland Credit Facility. During the first quarter of 2021, we obtained a waiver of certain covenants to the FlyOver Iceland Credit Facility through December 2021. We expect to be unable to meet our financial covenants under the FlyOver Iceland Credit Facility for the six months ending December 31, 2021. We have requested a waiver for our covenants.

#### *FlyOver Iceland Term Loans*

During 2020, FlyOver Iceland entered into three term loans totaling ISK 90.0 million (approximately \$0.7 million U.S. dollars) (the “FlyOver Iceland Term Loans”). The first term loan for ISK 10.0 million was entered into effective October 15, 2020 with a maturity date of April 1, 2023 and bears interest on a seven-day term deposit at the Central Bank of Iceland. The second term loan for ISK 30.0 million was entered into effective October 15, 2020 with a maturity date of October 1, 2024 and bears interest on a seven-day term deposit at the Central Bank of Iceland plus 3.07%. The third term loan for ISK 50.0 million was entered into effective December 29, 2020 with a maturity date of February 1, 2023 and bears interest at one-month Reykjavik InterBank Offered Rate (“REIBOR”) plus 4.99%. The Icelandic State Treasury guarantees supplemental loans provided by credit institutions to companies impacted by the COVID-19 pandemic. Accordingly, the Icelandic State Treasury guaranteed the repayment of up to 85% of the principal and interest on the ISK 10.0 million and ISK 30.0 million term loans and 70% of the principal amount on the ISK 50.0 million term loan. Loan proceeds were used to fund FlyOver Iceland operations.

#### **Note 13. Fair Value Measurements**

The fair value of an asset or liability is defined as the price that would be received by selling an asset or paying to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value guidance requires an entity to maximize the use of quoted prices and other observable inputs and minimize the use of unobservable inputs when measuring fair value, and also establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value.

Money market mutual funds and certain other mutual fund investments are measured at fair value on a recurring basis using Level 1 inputs. The fair value information related to these assets is summarized in the following tables:

|  |                    | Fair Value Measurements at Reporting Date Using Significant |             |              |
|--|--------------------|---|-------------|--------------|
|  |                    | Quoted Prices   | Other       | Significant  |
|  |                    | in Active   | Observable  | Unobservable |
|  |                    | Markets   | Inputs      | Inputs       |
| (in thousands)   | September 30, 2021 | (Level 1)   | (Level 2)   | (Level 3)    |
| <b>Assets:</b>   |                    |   |             |              |
| Money market funds <sup>(1)</sup>                      | \$ 50,001          | \$ 50,001   | \$ —        | \$ —         |
| Other mutual funds <sup>(2)</sup>                      | 3,903              | 3,903   | —           | —            |
| <b>Total assets at fair value on a recurring basis</b> | <u>\$ 53,904</u>   | <u>\$ 53,904</u>  | <u>\$ —</u> | <u>\$ —</u>  |

|  |                   | Fair Value Measurements at Reporting Date Using Significant |             |              |
|--|-------------------|---|-------------|--------------|
|  |                   | Quoted Prices   | Other       | Significant  |
|  |                   | in Active   | Observable  | Unobservable |
|  |                   | Markets   | Inputs      | Inputs       |
| (in thousands)   | December 31, 2020 | (Level 1)   | (Level 2)   | (Level 3)    |
| <b>Assets:</b>   |                   |   |             |              |
| Money market funds <sup>(1)</sup>                      | \$ 2              | \$ 2  | \$ —        | \$ —         |
| Other mutual funds <sup>(2)</sup>                      | 3,457             | 3,457   | —           | —            |
| <b>Total assets at fair value on a recurring basis</b> | <u>\$ 3,459</u>   | <u>\$ 3,459</u>   | <u>\$ —</u> | <u>\$ —</u>  |



(1) We include money market funds in “Cash and cash equivalents” in the Condensed Consolidated Balance Sheets. We classify these investments as available-for-sale and record them at fair value. There have been no realized gains or losses related to these investments and we have not experienced any redemption restrictions with respect to any of the money market mutual funds.

(2) We include other mutual funds in “Other investments and assets” in the Condensed Consolidated Balance Sheets.

The carrying values of cash and cash equivalents, receivables, and accounts payable approximate fair value due to the short-term nature of these instruments. Refer to Note 12 – Debt and Finance Lease Obligations for the estimated fair value of debt obligations.

#### Note 14. Income (Loss) Per Share

The components of basic and diluted income (loss) per share are as follows:

| <i>(in thousands, except per share data)</i>                                  | Three Months Ended |                    | Nine Months Ended  |                     |
|---|--------------------|--------------------|--------------------|---------------------|
|   | September 30,      |                    | September 30,      |                     |
|   | 2021               | 2020               | 2021               | 2020                |
| <b>Net income (loss) attributable to Viad (diluted)</b>                       | \$ 15,067          | \$ (30,758)        | \$ (70,111)        | \$ (323,621)        |
| Less: Allocation to participating securities                                  | (3,141)            | —                  | —                  | —                   |
| Convertible preferred stock dividends paid in cash                            | (1,950)            | —                  | (1,950)            | —                   |
| Convertible preferred stock dividends paid in kind                            | —                  | (1,134)            | (3,821)            | (1,134)             |
| Adjustment to the redemption value of redeemable noncontrolling interest      | (488)              | (468)              | (1,091)            | (926)               |
| <b>Net income (loss) allocated to Viad common stockholders (basic)</b>        | <u>\$ 9,488</u>    | <u>\$ (32,360)</u> | <u>\$ (76,973)</u> | <u>\$ (325,681)</u> |
| Add: Allocation to participating securities                                   | 36                 | —                  | —                  | —                   |
| <b>Net income (loss) allocated to Viad common stockholders (diluted)</b>      | <u>\$ 9,524</u>    | <u>\$ (32,360)</u> | <u>\$ (76,973)</u> | <u>\$ (325,681)</u> |
| <b>Basic weighted-average outstanding common shares</b>                       | 20,420             | 20,293             | 20,396             | 20,263              |
| Additional dilutive shares related to share-based compensation                | 322                | —                  | —                  | —                   |
| <b>Diluted weighted-average outstanding shares</b>                            | <u>20,742</u>      | <u>20,293</u>      | <u>20,396</u>      | <u>20,263</u>       |
| <b>Income (loss) per share:</b>   |                    |                    |                    |                     |
| Basic income (loss) attributable to Viad common stockholders                  | \$ 0.46            | \$ (1.59)          | \$ (3.77)          | \$ (16.07)          |
| Diluted income (loss) attributable to Viad common stockholders <sup>(1)</sup> | \$ 0.46            | \$ (1.59)          | \$ (3.77)          | \$ (16.07)          |

(1) Diluted loss per share amount cannot exceed basic loss per share.

Diluted loss per common share is calculated using the more dilutive of the two-class method or as-converted method. The two-class method uses net income (loss) available to common stockholders and assumes conversion of all potential shares other than the participating securities. The as-converted method uses net income (loss) available to common stockholders and assumes conversion of all potential shares including the participating securities. Dilutive potential common shares include outstanding stock options, unvested restricted share units and convertible preferred stock. We apply the two-class method in calculating loss per common share as unvested share-based payment awards that contain nonforfeitable rights to dividends and preferred stock are considered participating securities. Accordingly, such securities are included in the earnings allocation in calculating income (loss) per share. The adjustment to the carrying value of the redeemable noncontrolling interest is reflected in income (loss) per common share.

We excluded the following weighted-average potential common shares from the calculations of diluted net income (loss) per common share during the applicable periods because their inclusion would have been anti-dilutive:

| <i>(in thousands)</i>                   | Three Months Ended |       | Nine Months Ended |       |
|---|--------------------|-------|-------------------|-------|
|   | September 30,      |       | September 30,     |       |
|   | 2021               | 2020  | 2021              | 2020  |
| Convertible preferred stock             | —                  | 6,353 | 6,584             | 6,353 |
| Unvested restricted share-based awards  | 3                  | 135   | 173               | 105   |
| Unvested performance share-based awards | —                  | —     | 28                | —     |
| Stock options                           | 138                | 27    | 219               | 14    |

## Note 15. Common and Preferred Stock

### Convertible Series A Preferred Stock

On August 5, 2020, we entered into an Investment Agreement with funds managed by private equity firm Crestview Partners, relating to the issuance of 135,000 shares of newly issued Convertible Series A Preferred Stock, par value \$0.01 per share, for an aggregate purchase price of \$135 million or \$1,000 per share. The \$135 million issuance was offset in part by \$9.2 million of expenses related to the capital raise. We have classified the convertible preferred stock as mezzanine equity in the Condensed Consolidated Balance Sheet due to the existence of certain change in control provisions that are not solely within our control.

The Convertible Series A Preferred Stock carries a 5.5% cumulative quarterly dividend, which is payable in cash or in-kind at Viad's option and is convertible at the option of the holders into shares of our common stock at a conversion price of \$21.25 per share. Upon the occurrence of a change in control event, the holders have a right to require Viad to repurchase such preferred stock. During the nine months ended September 30, 2021, \$5.8 million of dividends were deemed declared of which \$3.8 million was paid in-kind during the first and second quarters of 2021 and \$2.0 million was paid in cash during the third quarter of 2021. We intend to pay preferred stock dividends in cash for the foreseeable future.

Holders of the Convertible Series A Preferred Stock are entitled to vote with holders of Viad's common stock on an as-converted basis.

### Common Stock Repurchases

Our Board of Directors previously authorized us to repurchase shares of our common stock from time to time at prevailing market prices. Effective February 7, 2019, our Board of Directors authorized the repurchase of an additional 500,000 shares. In March 2020, our Board of Directors suspended our share repurchase program for the foreseeable future. Prior to the suspension, we had repurchased 53,784 shares on the open market for \$2.8 million during the three months ended March 31, 2020. As of September 30, 2021, 546,283 shares remain available for repurchase. Additionally, we repurchase shares related to tax withholding requirements on vested restricted stock awards. Refer to Note 3 – Share-Based Compensation.

## Note 16. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) ("AOCI") by component are as follows:

|   | Cumulative         | Unrecognized Net      | Accumulated        |
|---|--------------------|-----------------------|--------------------|
|   | Foreign Currency   | Actuarial Loss and    | Other              |
|   | Translation        | Prior Service Credit, | Comprehensive      |
|   | Adjustments        | Net                   | Income (Loss)      |
| <i>(in thousands)</i>                               |                    |                       |                    |
| <b>Balance at December 31, 2020</b>                 | \$ (16,686)        | \$ (13,955)           | \$ (30,641)        |
| Other comprehensive income before reclassifications | (980)              | —                     | (980)              |
| Amounts reclassified from AOCI, net of tax          | —                  | 205                   | 205                |
| <b>Net other comprehensive income (loss)</b>        | (980)              | 205                   | (775)              |
| <b>Balance at September 30, 2021</b>                | <u>\$ (17,666)</u> | <u>\$ (13,750)</u>    | <u>\$ (31,416)</u> |

|   | Cumulative         | Unrecognized Net      | Accumulated        |
|---|--------------------|-----------------------|--------------------|
|   | Foreign Currency   | Actuarial Loss and    | Other              |
|   | Translation        | Prior Service Credit, | Comprehensive      |
|   | Adjustments        | Net                   | Income (Loss)      |
| <i>(in thousands)</i>                             |                    |                       |                    |
| <b>Balance at December 31, 2019</b>               | \$ (23,799)        | \$ (11,900)           | \$ (35,699)        |
| Other comprehensive loss before reclassifications | (7,342)            | —                     | (7,342)            |
| Amounts reclassified from AOCI, net of tax        | —                  | 354                   | 354                |
| <b>Net other comprehensive income (loss)</b>      | (7,342)            | 354                   | (6,988)            |
| <b>Balance at September 30, 2020</b>              | <u>\$ (31,141)</u> | <u>\$ (11,546)</u>    | <u>\$ (42,687)</u> |

Amounts reclassified that relate to our defined benefit pension and postretirement plans include the amortization of prior service costs and actuarial net losses recognized during each period presented. We recorded these costs as components of net periodic cost for each period presented. Refer to Note 18 – Pension and Postretirement Benefits for additional information.

## Note 17. Income Taxes

The effective tax rate was 21.4% for the three months ended September 30, 2021 and a negative 2.7% for the three months ended September 30, 2020. The effective tax rate was a negative 0.2% for the nine months ended September 30, 2021 and a negative 6.8% for the nine months ended September 30, 2020.

During the three and nine months ended September 30, 2021, we did not use the annualized effective tax rate (“AETR”) to compute the income tax benefit or expense. Instead, the income tax benefit or expense was computed using the actual year-to-date tax rate as the AETR became highly sensitive due to the amount of aggregate projected tax benefit on the projected losses in Canada, the United Arab Emirates, the Netherlands, and immaterial European operations were marginally positive. As the full year projected tax benefit is expected to be marginally positive in these operations, the actual effective tax rate was a better estimate of the current quarter and year to date tax benefit than the amount computed using the AETR.

The 21.4% effective tax rate for the three months ended September 30, 2021 was the result of the taxes on the pre-tax income earned in Canada during the third quarter while excluding the taxes associated with the pre-tax income earned in the United States and the United Kingdom during the quarter. The Company did not recognize any tax benefit or expense on the pre-tax year to date losses and quarter-to-date income earned in the United States and United Kingdom as a full valuation allowance has been continued to be recorded on the net deferred tax assets in the United States and United Kingdom.

The negative effective tax rates for the three and nine months ended September 30, 2020 were due to the recording of a valuation allowance of \$25.5 million in the second quarter of 2020 against our remaining United States, United Kingdom, and other European net deferred tax assets as of September 30, 2020, as well as no tax benefits on non-deductible goodwill impairments and losses recognized in those jurisdictions. We recorded the valuation allowance based upon the level of historical losses and the uncertainty and timing of future income.

We received net cash refunds of \$3.6 million during the three months ended September 30, 2021 and \$3.2 million during the nine months ended September 30, 2021. We received tax refunds in excess of payments of \$6.8 million during the three months ended September 30, 2020 and \$14.7 million during the nine months ended September 30, 2020.

#### Note 18. Pension and Postretirement Benefits

The components of net periodic benefit cost of our pension and postretirement benefit plans for the three months ended September 30, 2021 and 2020 consist of the following:

| <i>(in thousands)</i>                | Domestic Plans |               |                              |             |                       |               |
|--------------------------------------|----------------|---------------|------------------------------|-------------|-----------------------|---------------|
|                                      | Pension Plans  |               | Postretirement Benefit Plans |             | Foreign Pension Plans |               |
|                                      | 2021           | 2020          | 2021                         | 2020        | 2021                  | 2020          |
| Service cost                         | \$ —           | \$ —          | \$ 24                        | \$ 7        | \$ 113                | \$ 112        |
| Interest cost                        | 110            | 162           | 41                           | 64          | 77                    | 87            |
| Expected return on plan assets       | (20)           | (74)          | —                            | —           | (127)                 | (134)         |
| Amortization of prior service credit | —              | —             | (1)                          | (36)        | —                     | —             |
| Recognized net actuarial (gain) loss | 157            | 130           | (12)                         | (26)        | 49                    | 48            |
| Net periodic benefit cost            | <u>\$ 247</u>  | <u>\$ 218</u> | <u>\$ 52</u>                 | <u>\$ 9</u> | <u>\$ 112</u>         | <u>\$ 113</u> |

The components of net periodic benefit cost of our pension and postretirement benefit plans for the nine months ended September 30, 2021 and 2020 consist of the following:

| <i>(in thousands)</i>                | Domestic Plans |               |                              |               |                       |               |
|--------------------------------------|----------------|---------------|------------------------------|---------------|-----------------------|---------------|
|                                      | Pension Plans  |               | Postretirement Benefit Plans |               | Foreign Pension Plans |               |
|                                      | 2021           | 2020          | 2021                         | 2020          | 2021                  | 2020          |
| Service cost                         | \$ —           | \$ —          | \$ 52                        | \$ 38         | \$ 343                | \$ 330        |
| Interest cost                        | 315            | 490           | 136                          | 222           | 233                   | 254           |
| Expected return on plan assets       | (35)           | (109)         | —                            | —             | (382)                 | (394)         |
| Amortization of prior service credit | —              | —             | (4)                          | (109)         | —                     | —             |
| Recognized net actuarial loss        | 467            | 395           | 86                           | 13            | 148                   | 138           |
| Net periodic benefit cost            | <u>\$ 747</u>  | <u>\$ 776</u> | <u>\$ 270</u>                | <u>\$ 164</u> | <u>\$ 342</u>         | <u>\$ 328</u> |

We expect to contribute \$0.8 million to our funded pension plans, \$0.8 million to our unfunded pension plans, and \$0.9 million to our postretirement benefit plans in 2021. During the nine months ended September 30, 2021, we contributed \$0.6 million to our funded pension plans, \$0.6 million to our unfunded pension plans, and \$0.8 million to our postretirement benefit plans.

## Note 19. Restructuring Charges

### GES

As part of our efforts to drive efficiencies and simplify our business operations, we took certain restructuring actions designed to simplify and transform GES for greater profitability. In response to the COVID-19 pandemic in 2020, we accelerated our transformation and streamlining efforts at GES to significantly reduce costs and create a lower and more flexible cost structure focused on servicing our more profitable market segments. These initiatives resulted in restructuring charges related to the elimination of certain positions and continuing to reduce our facility footprint at GES, as well as charges related to the closure and liquidation of GES' United Kingdom-based audio-visual services business. During the fourth quarter of 2020, we entered into an agreement with a third-party to outsource the management, cleaning, and storage of the aisle carpeting that we use at live events, which resulted in restructuring charges in 2021 when we vacated a facility.

### Other Restructurings

We recorded restructuring charges in connection with the consolidation of certain support functions at our corporate headquarters and certain reorganization activities within Pursuit. These charges primarily consist of severance and related benefits due to headcount reductions.

Changes to the restructuring liability by major restructuring activity are as follows:

| (in thousands)                       | GES                           |                 | Other Restructurings          |                 |
|--------------------------------------|-------------------------------|-----------------|-------------------------------|-----------------|
|                                      | Severance & Employee Benefits |                 | Severance & Employee Benefits |                 |
|                                      | Facilities                    | Facilities      | Facilities                    | Total           |
| <b>Balance at December 31, 2020</b>  | \$ 2,440                      | \$ 2,766        | \$ 24                         | \$ 5,230        |
| Restructuring charges                | 1,640                         | 4,059           | 100                           | 5,799           |
| Cash payments                        | (992)                         | (3,296)         | (91)                          | (4,379)         |
| Non-cash items <sup>(1)</sup>        | —                             | (1,890)         | —                             | (1,890)         |
| Adjustment to liability              | (5)                           | (26)            | (13)                          | (44)            |
| <b>Balance at September 30, 2021</b> | <u>\$ 3,083</u>               | <u>\$ 1,613</u> | <u>\$ 20</u>                  | <u>\$ 4,716</u> |

(1) Represents non-cash adjustments related to a write down of certain ROU assets as a result of vacating certain facilities prior to the lease term and the closure and liquidation of GES' United Kingdom-based audio-visual services business.

As of September 30, 2021, \$1.5 million of the liabilities related to severance and employee benefits will remain unpaid by the end of 2021. The liabilities related to facilities primarily include non-lease expenses that will be paid over the remaining lease terms. Refer to Note 23 – Segment Information for information regarding restructuring charges by segment.

## Note 20. Leases and Other

The balance sheet presentation of our operating and finance leases is as follows:

| (in thousands)                           | Classification on the Condensed Consolidated Balance Sheet | September 30, 2021 | December 31, 2020 |
|--|--|--------------------|-------------------|
| <b>Assets:</b>                           |  |                    |                   |
| Operating lease assets                   | Operating lease ROU assets                                 | \$ 87,935          | \$ 82,739         |
| Finance lease assets <sup>(1)</sup>      | Property and equipment, net                                | 61,263             | 23,366            |
| <b>Total lease assets</b>                |  | <u>\$ 149,198</u>  | <u>\$ 106,105</u> |
| <b>Liabilities:</b>                      |  |                    |                   |
| Current:                                 |  |                    |                   |
| Operating lease obligations              | Operating lease obligations                                | \$ 11,058          | \$ 15,697         |
| Finance lease obligations                | Current portion of debt and finance lease obligations      | 3,085              | 2,514             |
| Noncurrent:                              |  |                    |                   |
| Operating lease obligations              | Long-term operating lease obligations                      | 86,165             | 70,150            |
| Finance lease obligations <sup>(1)</sup> | Long-term debt and finance lease obligations               | 60,512             | 20,627            |
| <b>Total lease liabilities</b>           |  | <u>\$ 160,820</u>  | <u>\$ 108,988</u> |

(1) The increase in finance lease assets and obligations is primarily due to the commencement of Pursuit's new Sky Lagoon attraction in Iceland during the first quarter of 2021, which has a 46-year lease term.

During the first quarter of 2021, we recorded a write down of certain ROU assets as a result of vacating certain facilities prior to the lease term.

The components of lease expense consisted of the following:

| <i>(in thousands)</i>         | Three Months Ended<br>September 30, |                 | Nine Months Ended<br>September 30, |                  |
|-------------------------------|-------------------------------------|-----------------|------------------------------------|------------------|
|                               | 2021                                | 2020            | 2021                               | 2020             |
| <b>Finance lease cost:</b>    |                                     |                 |                                    |                  |
| Amortization of ROU assets    | \$ 1,093                            | \$ 926          | \$ 3,231                           | \$ 2,767         |
| Interest on lease liabilities | 1,405                               | 429             | 4,193                              | 1,258            |
| Operating lease cost          | 5,165                               | 6,596           | 17,328                             | 20,235           |
| Short-term lease cost         | 394                                 | 123             | 853                                | 465              |
| Variable lease cost           | 1,059                               | 1,557           | 3,093                              | 4,615            |
| <b>Total lease cost, net</b>  | <b>\$ 9,116</b>                     | <b>\$ 9,631</b> | <b>\$ 28,698</b>                   | <b>\$ 29,340</b> |

Other information related to operating and finance leases are as follows:

| <i>(in thousands)</i>  | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |           |
|--|-------------------------------------|------------|------------------------------------|-----------|
|  | 2021                                | 2020       | 2021                               | 2020      |
| <b>Cash paid for amounts included in the measurement of lease liabilities:</b> |                                     |            |                                    |           |
| Operating cash flows from operating leases                                     | \$ 5,140                            | \$ 5,644   | \$ 17,753                          | \$ 18,268 |
| Operating cash flows from finance leases                                       | \$ 4,748                            | \$ 839     | \$ 5,955                           | \$ 1,705  |
| Financing cash flows from finance leases                                       | \$ 656                              | \$ 665     | \$ 2,050                           | \$ 2,235  |
| <b>ROU assets obtained in exchange for lease obligations:</b>                  |                                     |            |                                    |           |
| Operating leases   | \$ 8,033                            | \$ (3,059) | \$ 26,968                          | \$ 1,018  |
| Finance leases   | 1,073                               | 126        | 42,782                             | 1,894     |

|   | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| <b>Weighted-average remaining lease term (years):</b> |                       |                      |
| Operating leases                                      | 8.33                  | 8.39                 |
| Finance leases  | 35.11 <sup>(1)</sup>  | 13.97                |
| <b>Weighted-average discount rate:</b>                |                       |                      |
| Operating leases                                      | 6.72 %                | 6.93 %               |
| Finance leases  | 9.05 %                | 7.99 %               |

(1) The increase in finance lease assets and obligations is primarily due to the commencement of Pursuit's new Sky Lagoon attraction in Iceland during the first quarter of 2021, which has a 46-year lease term.

As of September 30, 2021, the estimated future minimum lease payments under non-cancellable leases, excluding variable leases and variable non-lease components, are as follows:

| <i>(in thousands)</i>                          | Operating Leases | Finance Leases   | Total             |
|--|------------------|------------------|-------------------|
| Remainder of 2021                              | \$ 5,571         | \$ 2,142         | \$ 7,713          |
| 2022   | 19,954           | 8,269            | 28,223            |
| 2023   | 17,858           | 7,750            | 25,608            |
| 2024   | 16,113           | 6,699            | 22,812            |
| 2025   | 14,832           | 6,168            | 21,000            |
| Thereafter                                     | 60,906           | 188,955          | 249,861           |
| <b>Total future lease payments</b>             | <b>135,234</b>   | <b>219,983</b>   | <b>355,217</b>    |
| Less: Amount representing interest             | (38,011)         | (156,386)        | (194,397)         |
| <b>Present value of minimum lease payments</b> | <b>97,223</b>    | <b>63,597</b>    | <b>160,820</b>    |
| Current portion                                | 11,058           | 3,085            | 14,143            |
| <b>Long-term portion</b>                       | <b>\$ 86,165</b> | <b>\$ 60,512</b> | <b>\$ 146,677</b> |

As of September 30, 2021, the estimated future minimum rental income under non-cancellable leases, which includes rental income from facilities that we own, is as follows:

(in thousands)

|                            |           |              |
|----------------------------|-----------|--------------|
| Remainder of 2021          | \$        | 411          |
| 2022                       |           | 1,291        |
| 2023                       |           | 1,071        |
| 2024                       |           | 847          |
| 2025                       |           | 694          |
| Thereafter                 |           | 1,453        |
| <b>Total minimum rents</b> | <b>\$</b> | <b>5,767</b> |

#### ***Lease Not Yet Commenced***

As of September 30, 2021, we had executed a facility lease for which we did not have control of the underlying assets. Accordingly, we did not record the lease liability and ROU asset on the Condensed Consolidated Balance Sheets. This lease is for the new FlyOver attraction, FlyOver Canada Toronto. We expect the lease commencement date to begin in fiscal year 2022 with a lease term of 20 years.

#### **Note 21. Litigation, Claims, Contingencies, and Other**

We are plaintiffs or defendants to various actions, proceedings, and pending claims, some of which involve, or may involve, compensatory, punitive, or other damages. Litigation is subject to many uncertainties and it is possible that some of the legal actions, proceedings, or claims could be decided against us. Although the amount of liability as of September 30, 2021 with respect to unresolved legal matters is not ascertainable, we believe that any resulting liability, after taking into consideration amounts already provided for and insurance coverage, will not have a material effect on our business, financial position, or results of operations.

On July 18, 2020, an off-road Ice Explorer operated by our Pursuit business was involved in an accident while enroute to the Athabasca Glacier, resulting in three fatalities and multiple other serious injuries. We continue to support the victims and their families, and we are fully cooperating with the applicable regulatory authorities to investigate this accident. We immediately reported the accident to our relevant insurance carriers, who are also supporting the investigation and subsequent claims. Subject to customary deductibles, we believe that our insurance coverage is sufficient to cover potential claims related to this accident.

We are subject to various U.S. federal, state, and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which we have or had operations. If we fail to comply with these environmental laws and regulations, civil and criminal penalties could be imposed, and we could become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. As is the case with many companies, we also face exposure to actual or potential claims and lawsuits involving environmental matters relating to our past operations. As of September 30, 2021, we had recorded environmental remediation liabilities of \$2.3 million related to previously sold operations. Although we are a party to certain environmental disputes, we believe that any resulting liabilities, after taking into consideration amounts already provided for and insurance coverage, will not have a material effect on our financial position or results of operations.

As of September 30, 2021, on behalf of our subsidiaries, we had certain obligations under guarantees to third parties. These guarantees are not subject to liability recognition in the condensed consolidated financial statements and relate to leased facilities and equipment leases entered into by our subsidiary operations. We would generally be required to make payments to the respective third parties under these guarantees in the event that the related subsidiary could not meet its own payment obligations. The maximum potential amount of future payments that we would be required to make under all guarantees existing as of September 30, 2021 would be \$128.1 million. These guarantees relate to our leased equipment and facilities through January 2040. There are no recourse provisions that would enable us to recover from third parties any payments made under the guarantees. Furthermore, there are no collateral or similar arrangements pursuant to which we could recover payments.

A significant number of our employees are unionized and we are a party to approximately 100 collective-bargaining agreements, with approximately one-third requiring renegotiation each year. If we are unable to reach an agreement with a union during the collective-bargaining process, the union may call for a strike or work stoppage, which may, under certain circumstances, adversely impact our business and results of operations. We believe that relations with our employees are satisfactory and that collective-bargaining agreements expiring in 2021 will be renegotiated in the ordinary course of business. Although our labor relations are currently stable, disruptions could occur, with the possibility of an adverse impact on the operating results of GES.

We are self-insured up to certain limits for workers' compensation and general liabilities, which includes automobile, product general liability, and client property loss claims. The aggregate amount of insurance liabilities (up to our retention limit) related to our continuing operations was \$12.8 million as of September 30, 2021, which includes \$7.9 million related to workers' compensation liabilities, and

\$4.9 million related to general liability claims. We have also retained and provided for certain workers' compensation insurance liabilities in conjunction with previously sold businesses of \$1.9 million as of September 30, 2021. We are also self-insured for certain employee health benefits and the estimated employee health benefit claims incurred but not yet reported was \$0.8 million as of September 30, 2021. Provisions for losses for claims incurred, including actuarially derived estimated claims incurred but not yet reported, are made based on our historical experience, claims frequency, and other factors. A change in the assumptions used could result in an adjustment to recorded liabilities. We have purchased insurance for amounts in excess of the self-insured levels, which generally range from \$0.2 million to \$0.5 million on a per claim basis. We do not maintain a self-insured retention pool fund as claims are paid from current cash resources at the time of settlement. Our net cash payments in connection with these insurance liabilities were \$1.0 million for the three months ended September 30, 2021, \$2.1 million for the nine months ended September 30, 2021, \$1.6 million for the three months ended September 30, 2020, and \$4.4 million for the nine months ended September 30, 2020.

In addition, as of September 30, 2021, we have recorded insurance liabilities of \$6.4 million related to continuing operations, which represents the amount for which we remain the primary obligor after self-insured insurance limits, without taking into consideration the above-referenced insurance coverage. The \$6.4 million is related to workers' compensation liabilities, which is recorded in other deferred items and liabilities in the Condensed Consolidated Balance Sheets with a corresponding receivable in other investments and assets.

## **Note 22. Noncontrolling Interest – Redeemable and Non-redeemable**

### *Redeemable noncontrolling interest*

On November 3, 2017, we acquired the controlling interest (54.5% of the common stock) in Esja, a private corporation in Reykjavik, Iceland. Subsequent to additional capital contributions, our equity ownership increased to 54.9% as of September 30, 2021. Through Esja and its wholly-owned subsidiary, we are operating the FlyOver Iceland attraction.

The minority Esja shareholders have the right to sell (or "put") their Esja shares to us based on a multiple of 5.0x EBITDA as calculated on the trailing 12 months from the most recently completed quarter before the put option exercise. The put option is only exercisable after 36 months of business operation (the "Reference Date") and if the FlyOver Iceland attraction has earned a minimum of €3.25 million in unadjusted EBITDA during the most recent fiscal year and during the trailing 12-month period prior to exercise (the "Put Option Condition"). The put option is exercisable during a period of 12 months following the Reference Date (the "Option Period") if the Put Option Condition has been met. If the Put Option Condition has not been met during the first Option Period, the Reference Date will be extended for an additional 12 months up to three times. If after 72 months, the FlyOver Iceland attraction has not achieved the Put Option Condition, the put option expires. If the Put Option Condition is met during any of the Option Periods, yet the shares are not exercised prior to the end of the 12-month Option Period, the put option will expire.

The noncontrolling interest's carrying value is determined by the fair value of the noncontrolling interest as of the acquisition date and the noncontrolling interest's share of the subsequent net income or loss. This value is benchmarked against the redemption value of the sellers' put option. The carrying value is adjusted to the redemption value, provided that it does not fall below the initial carrying value, as determined by the purchase price allocation. We have made a policy election to reflect any changes caused by such an adjustment to retained earnings (accumulated deficit), rather than to current earnings (loss).

Changes in the redeemable noncontrolling interest are as follows:

*(in thousands)*

|   |           |              |
|---|-----------|--------------|
| <b>Balance at December 31, 2020</b>                         | \$        | 5,225        |
| Net loss attributable to redeemable noncontrolling interest |           | (1,221)      |
| Adjustment to the redemption value                          |           | 1,091        |
| Capital contributions                                       |           | 282          |
| Foreign currency translation adjustment                     |           | (126)        |
| <b>Balance at September 30, 2021</b>                        | <b>\$</b> | <b>5,251</b> |

### *Non-redeemable noncontrolling interest*

Non-redeemable noncontrolling interest represents the portion of equity in a subsidiary that is not attributable, directly or indirectly, to us. Our non-redeemable noncontrolling interest relates to the equity ownership interest that we do not own.

Changes in the non-redeemable noncontrolling interest are as follows:

| <i>(in thousands)</i>  | <b>Glacier Park Inc.</b> | <b>Brewster <sup>(1)</sup></b> | <b>Sky Lagoon</b> | <b>Total</b> |
|--|--------------------------|--------------------------------|-------------------|--------------|
| <b>Balance at December 31, 2020</b>                                      | \$ 13,953                | \$ 51,295                      | \$ 12,896         | \$ 78,144    |
| Net (income) loss attributable to non-redeemable noncontrolling interest | 1,893                    | 1,976                          | (820)             | 3,049        |
| Acquisitions   | —                        | 6,759                          | —                 | 6,759        |
| Dividends  | —                        | (1,160)                        | —                 | (1,160)      |
| Foreign currency translation adjustments                                 | 1                        | 117                            | (259)             | (141)        |
| <b>Balance at September 30, 2021</b>                                     | \$ 15,847                | \$ 58,987                      | \$ 11,817         | \$ 86,651    |
| Equity ownership interest that we do not own                             | 20%                      | 40%                            | 49%               |              |

(1) Includes Mountain Park Lodges and our recently acquired Golden Skybridge at Brewster, part of the Banff Jasper Collection.



**Note 23. Segment Information**

We measure the profit and performance of our operations on the basis of segment operating income or loss, which excludes restructuring charges and recoveries and impairment charges. Intersegment sales are eliminated in consolidation and intersegment transfers are not significant. Corporate activities include expenses not allocated to operations. Depreciation and amortization and share-based compensation expense are the only significant non-cash items for the reportable segments.

During the first quarter of 2021, we reorganized GES' operating segments to represent the changes in how our CODM reviews the financial performance of GES and makes decisions regarding the allocation of resources. Accordingly, GES is now a single reportable segment. We made no changes to the Pursuit reportable segment.

Our reportable segments, with reconciliations to consolidated totals, are as follows:

| <i>(in thousands)</i>   | Three Months Ended<br>September 30, |                    | Nine Months Ended<br>September 30, |                     |
|---|-------------------------------------|--------------------|------------------------------------|---------------------|
|   | 2021                                | 2020               | 2021                               | 2020                |
| <b>Revenue:</b>   |                                     |                    |                                    |                     |
| GES   | \$ 116,044                          | \$ 13,992          | \$ 160,109                         | \$ 319,930          |
| Pursuit   | 117,555                             | 48,815             | 163,658                            | 67,602              |
| <b>Total revenue</b>  | <u>\$ 233,599</u>                   | <u>\$ 62,807</u>   | <u>\$ 323,767</u>                  | <u>\$ 387,532</u>   |
| <b>Segment operating income (loss):</b>                             |                                     |                    |                                    |                     |
| GES   | \$ (9,499)                          | \$ (18,248)        | \$ (56,300)                        | \$ (39,450)         |
| Pursuit   | 49,601                              | 11,467             | 23,183                             | (26,499)            |
| <b>Segment operating income (loss)</b>                              | 40,102                              | (6,781)            | (33,117)                           | (65,949)            |
| Corporate eliminations <sup>(1)</sup>                               | 17                                  | 16                 | 52                                 | 48                  |
| Corporate activities  | (3,093)                             | (2,645)            | (8,104)                            | (5,902)             |
| Interest expense, net   | (9,518)                             | (5,450)            | (20,168)                           | (14,399)            |
| Multi-employer pension plan withdrawal                              | —                                   | —                  | (57)                               | (462)               |
| Other expense, net  | (466)                               | (210)              | (1,506)                            | (894)               |
| <b>Restructuring (charges) recoveries:</b>                          |                                     |                    |                                    |                     |
| GES   | (2,129)                             | (10,686)           | (5,699)                            | (11,371)            |
| Pursuit   | (32)                                | 12                 | (55)                               | (45)                |
| Corporate   | (25)                                | (585)              | (45)                               | (954)               |
| <b>Impairment charges:</b>  |                                     |                    |                                    |                     |
| GES   | —                                   | (676)              | —                                  | (201,319)           |
| Pursuit   | —                                   | —                  | —                                  | (1,757)             |
| <b>Income (loss) from continuing operations before income taxes</b> | <u>\$ 24,856</u>                    | <u>\$ (27,005)</u> | <u>\$ (68,699)</u>                 | <u>\$ (303,004)</u> |

(1) Corporate eliminations represent the elimination of depreciation expense recorded by Pursuit associated with previously eliminated intercompany profit realized by GES for renovations to Pursuit's Banff Gondola.

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Forward-Looking Statements

This Form 10-Q contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words, and variations of words, such as “will,” “may,” “expect,” “would,” “could,” “might,” “intend,” “plan,” “believe,” “estimate,” “anticipate,” “deliver,” “seek,” “aim,” “potential,” “target,” “outlook,” and similar expressions are intended to identify our forward-looking statements. Similarly, statements that describe our business strategy, outlook, objectives, plans, initiatives, intentions, or goals also are forward-looking statements. These forward-looking statements are not historical facts and are subject to a host of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those in the forward-looking statements contained in this Quarterly Report on Form 10-Q. Such risks, uncertainties and other important factors include, among others: the factors set forth under “Risk Factors” (Part I, Item 1A) and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (Part II, Item 7) in our 2020 Form 10-K filed with the United States Securities and Exchange Commission (the “SEC”), as may be updated elsewhere in this report; and the information set forth in other Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we have filed or will file with the SEC. Such risks, uncertainties, and other important factors include, among others: the short- and longer-term effects of the COVID-19 pandemic, including the demand for travel, event business and travel experiences, and levels of consumer confidence; actions that governments, businesses, and individuals take in response to the COVID-19 pandemic or any future resurgence, including limiting or banning travel; the impact of the COVID-19 pandemic, or any future resurgence, on global and regional economies, travel, and economic activity, including the duration and magnitude of its impact on unemployment rates and consumer discretionary spending; and the pace of recovery following the COVID-19 pandemic or any future resurgence.

Important factors that could cause actual results to differ materially from those described in our forward-looking statements include, but are not limited to, the following:

- the impact of the COVID-19 pandemic on our financial condition, liquidity, and cash flow;
- our ability to anticipate and adjust for the impact of the COVID-19 pandemic on our businesses;
- general economic uncertainty in key global markets and a worsening of global economic conditions;
- travel industry disruptions;
- our ability to successfully integrate and achieve established financial and strategic goals from acquisitions;
- our dependence on large exhibition event clients;
- the importance of key members of our account teams to our business relationships;
- the competitive nature of the industries in which we operate;
- unanticipated delays and cost overruns of our capital projects, and our ability to achieve established financial and strategic goals for such projects;
- seasonality of our businesses;
- transportation disruptions and increases in transportation costs;
- natural disasters, weather conditions, and other catastrophic events;
- our multi-employer pension plan funding obligations;
- our exposure to labor cost increases and work stoppages related to unionized employees;
- liabilities relating to prior and discontinued operations;
- adverse effects of show rotation on our periodic results and operating margins;
- our exposure to currency exchange rate fluctuations;
- our exposure to cybersecurity attacks and threats;
- compliance with laws governing the storage, collection, handling, and transfer of personal data and our exposure to legal claims and fines for data breaches or improper handling of such data; and
- changes affecting the London Inter-bank Offered Rate.

For a more complete discussion of the risks and uncertainties that may affect our business or financial results, refer to Item 1A, “Risk Factors,” of our 2020 Form 10-K. We disclaim and do not undertake any obligation to update or revise any forward-looking statement except as required by applicable law or regulation.

The following Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with our 2020 Form 10-K and the condensed consolidated financial statements and related notes included in this Form 10-Q. The MD&A is intended to assist in understanding our financial condition and results of operations.

## Overview

We are a leading provider of experiential leisure travel and live events and marketing experiences with operations in the United States, Canada, the United Kingdom, continental Europe, the United Arab Emirates, and Iceland. We are committed to providing unforgettable experiences to our clients and guests.

We operate through two reportable business segments: GES and Pursuit:

- **GES** is a global, full-service live events company providing exhibition and conference services, brand experiences, and on-site venue services to the world's leading brands and event organizers.
- **Pursuit** is an attractions and hospitality company that provides a collection of inspiring and unforgettable experiences in iconic destinations.

## COVID-19 Pandemic

Starting in mid-March 2020, the COVID-19 pandemic had a significant and negative impact on our operations and financial performance, with severe disruptions in live event and tourism activity. In response, we implemented aggressive cost reduction measures in 2020 to preserve cash, including furloughs, layoffs, mandatory unpaid time off or salary reductions for all employees, and the reduction of discretionary spending. We also suspended future common stock dividend payments and share repurchases, and we availed ourselves of governmental assistance programs for wages and other expense relief. Additionally, in May and August 2020, we obtained waivers of the financial covenants under our then \$450 million revolving credit facility ("the 2018 Credit Facility"), which we subsequently refinanced in July 2021 as discussed below, and we secured additional capital to strengthen our liquidity position by entering into an investment agreement with funds managed by private equity firm Crestview Partners who made an investment of \$135 million, offset in part by \$9.2 million in fees, in newly issued perpetual convertible preferred stock. Refer to Note 15 – Common and Preferred Stock of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for further information.

During 2021, we continued to preserve cash and closely manage our costs as pandemic-related restrictions lessened. In connection with COVID-19 vaccination programs, we began to see signs of recovery in the travel and hospitality and live event sectors during early 2021 as people started to feel more comfortable traveling and gathering in larger groups. Pursuit's operations in the United States experienced strong visitation primarily from domestic travelers, while tourism in Canada remained constrained by border closures. Canada reopened its border with the United States in early August 2021 to fully vaccinated travelers and to travelers from other countries beginning in September 2021, which accelerated short-term bookings from long-haul travelers to our Pursuit operations in Canada. The live event markets also began to re-open in 2021 with smaller scale live events starting to take place during the first half of the year. Toward the end of the second quarter and into the third quarter, we began to see an acceleration in the recovery of in-person trade shows as event organizers began to hold larger scale face-to-face live events.

Effective July 30, 2021, we refinanced our 2018 Credit Facility, which was scheduled to mature on October 24, 2023, with a new \$500 million senior secured credit facility (the "2021 Credit Facility") to provide for financial flexibility to support our growth initiatives. The 2021 Credit Facility provides for a \$400 million term loan with a maturity date of July 30, 2028 ("Term Loan B") and a \$100 million revolving credit facility with a maturity date of July 30, 2026. The loan proceeds of \$400 million were offset in part by \$14.8 million in fees. The proceeds from the Term Loan B were used to repay the 2018 Credit Facility and the remaining proceeds will be used to fund future acquisitions and growth initiatives and for general corporate purposes. Refer to Note 12 – Debt and Finance Lease Obligations of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for further information.

Although we have seen a recent acceleration in demand and bookings and early signs of recovery for travel and in-person live events, we remain cautious as variants of COVID-19, including the predominant Delta variant, have caused an increase in infections and hospitalizations across the United States and globally. Due to the evolving and uncertain nature of COVID-19, and depending on the success of ongoing vaccination and other mitigation efforts as well as the scope and magnitude of infections and hospitalizations, we are not able at this time to fully estimate the effect of these factors on our business; however, the adverse impact on our business, results of operations, and cash flows has been significant. We will continue to evaluate and implement additional actions necessary to mitigate the negative financial and operational impact of COVID-19 on our business.

## Seasonality

GES' live event activity can vary significantly from quarter to quarter and year to year depending on the frequency and timing of shows. Some shows are not held annually and some shift between quarters. Show rotation refers to shows that occur less frequently than annually, as well as annual shows that shift quarters from one year to the next. Starting in mid-March 2020, in-person live event activity was largely cancelled or postponed due to the COVID-19 pandemic. The live event markets began to re-open in 2021 with smaller scale live events starting to take place during the first half of the year. Toward the end of the second quarter and into the third quarter, we began to see an acceleration in the recovery of in-person trade shows as event organizers began to hold larger scale face-to-face live events.

Pursuit's peak activity occurs during the summer months. During 2020, health and travel restrictions including border closures due to the COVID-19 pandemic resulted in lower visitation to all of Pursuit's properties. During 2021, as pandemic-related restrictions lessened and as people started to feel more comfortable traveling, visitation to Pursuit's properties improved from 2020. Pursuit's experiences in the United States saw a strong recovery in visitation primarily from domestic travelers, while tourism in Canada and Iceland remained constrained by border closures and travel restrictions. Canada reopened its border with the United States in early August 2021 to fully vaccinated travelers and to travelers from other countries beginning in September 2021, which accelerated short-term bookings from long-haul travelers to our Pursuit operations in Canada.

## Results of Operations

### Financial Highlights

|  | Three Months Ended<br>September 30, |             |             | Nine Months Ended<br>September 30, |              |             |
|--|-------------------------------------|-------------|-------------|------------------------------------|--------------|-------------|
|  | 2021                                | 2020        | %<br>Change | 2021                               | 2020         | %<br>Change |
| <i>(in thousands, except per share data)</i>   |                                     |             |             |                                    |              |             |
| Total revenue <sup>(1)</sup>                   | \$ 233,599                          | \$ 62,807   | **          | \$ 323,767                         | \$ 387,532   | (16.5)%     |
| Net income (loss) attributable to Viad         | \$ 15,067                           | \$ (30,758) | **          | \$ (70,111)                        | \$ (323,621) | 78.3%       |
| Segment operating income (loss) <sup>(2)</sup> | \$ 40,102                           | \$ (6,781)  | **          | \$ (33,117)                        | \$ (65,949)  | 49.8%       |
| Diluted income (loss) per common share         |                                     |             |             |                                    |              |             |
| from continuing operations                     |                                     |             |             |                                    |              |             |
| attributable to Viad common                    |                                     |             |             |                                    |              |             |
| stockholders                                   | \$ 0.45                             | \$ (1.54)   | **          | \$ (3.80)                          | \$ (15.98)   | 76.2%       |

\*\* Change is greater than +/- 100%

(1) As previously disclosed in our 2020 Form 10-K, and subsequent to the issuance of the Condensed Consolidated Financial Statements for the quarter ended September 30, 2020, we identified prior period errors related to the recognition of revenue of GES' third-party services. Revenue from these services should have been recorded on a net basis to reflect only the fees received for arranging these services, whereas previously, we recorded this revenue on a gross basis, thus overstating revenue and cost of services by the same amount. As a result, GES' 2020 revenue has been corrected to reflect this immaterial gross-to-net adjustment. Refer to Note 1 – Overview and Basis of Presentation of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for additional information.

(2) Refer to Note 23 – Segment Information of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for a reconciliation of the non-GAAP financial measure, segment operating income (loss), to the most directly comparable GAAP measure.

#### *Three months ended September 30, 2021 compared with the three months ended September 30, 2020*

- **Total revenue** increased \$170.8 million during the three months ended September 30, 2021 primarily due to face-to-face live events once again taking place at GES and Pursuit's increased visitation from domestic travelers in Glacier Park and the Alaska Collection. Canada's border reopened to the United States in early August 2021 to fully vaccinated travelers and in September 2021 to other countries. Additionally, there continues to be strong regional and national demand from Canadians as they were required to stay closer to home.
- **Net income attributable to Viad** was \$15.1 million during the three months ended September 30, 2021 as compared to a loss of \$30.8 million during the three months ended September 30, 2020. This improvement was primarily due to improved segment operating results in 2021 and restructuring charges of \$11.3 million during the three months ended September 30, 2020 related to transformation efforts at GES to significantly reduce costs and create a lower and more flexible cost structure.
- **Total segment operating income** was \$40.1 million during the three months ended September 30, 2021 as compared to a loss of \$6.8 million during the three months ended September 30, 2020. This improvement was primarily due to increased revenue at GES and Pursuit in addition to a lower cost structure at GES. The 2020 third quarter operating loss included a \$13.5 million gain on the sale of GES' San Diego facility.

#### *Nine months ended September 30, 2021 compared with the nine months ended September 30, 2020*

- **Total revenue** decreased \$63.8 million or 16.5% during the nine months ended September 30, 2021 primarily due to the impact of the COVID-19 pandemic as GES experienced show postponements and cancellations starting in mid-March 2020. Live events remained largely shut down during the first half of 2021 with large scale in-person events beginning to take place toward the end of the second quarter and into the third quarter. Although Pursuit continued to be affected by pandemic-related restrictions in certain geographies, overall revenue at Pursuit improved from 2020 as health and travel restrictions lessened and people felt more comfortable traveling.

- **Net loss attributable to Viad** improved \$253.5 million during the nine months ended September 30, 2021, primarily reflecting impairment charges of \$203.1 million and higher restructuring charges of \$6.6 million recorded during the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2021, as well as improved segment operating results during 2021.
- **Total segment operating loss** improved \$32.8 million during the nine months ended September 30, 2021, primarily due to higher revenue at Pursuit in addition to the elimination of performance-based incentives in 2020.

### Foreign Exchange Rate Variances

We conduct our foreign operations primarily in Canada, the United Kingdom, Iceland, the Netherlands, Germany, and to a lesser extent, in certain other countries.

The following table summarizes the foreign exchange rate variance effects (or “FX Impact”) on revenue and segment operating income (loss) from our significant international operations for the three months ended September 30, 2021 and 2020:

|                      | Revenue<br>Weighted-Average |         |                             | Segment Operating Income (Loss)<br>Weighted-Average |         |                             |
|----------------------|-----------------------------|---------|-----------------------------|---|---------|-----------------------------|
|                      | Exchange Rates              |         | FX Impact<br>(in thousands) | Exchange Rates                                      |         | FX Impact<br>(in thousands) |
|                      | 2021                        | 2020    |                             | 2021  | 2020    |                             |
| GES:                 |                             |         |                             |   |         |                             |
| Canada (CAD)         | \$ 0.79                     | \$ 0.75 | \$ 68                       | \$ 0.80   | \$ 0.75 | \$ (51)                     |
| United Kingdom (GBP) | \$ 1.37                     | \$ 1.30 | 1,060                       | \$ 1.38   | \$ 1.29 | (2)                         |
| Europe (EUR)         | \$ 1.18                     | \$ 1.17 | 2                           | \$ 1.18   | \$ 1.17 | (9)                         |
|                      |                             |         | \$ 1,130                    |   |         | \$ (62)                     |
| Pursuit:             |                             |         |                             |   |         |                             |
| Canada (CAD)         | \$ 0.79                     | \$ 0.75 | \$ 2,885                    | \$ 0.79   | \$ 0.75 | \$ 1,289                    |
| Iceland (ISK)        | \$ 0.01                     | \$ 0.01 | 100                         | \$ 0.01   | \$ 0.01 | (33)                        |
|                      |                             |         | \$ 2,985                    |   |         | \$ 1,256                    |
| Total                |                             |         | <u>\$ 4,115</u>             |   |         | <u>\$ 1,194</u>             |

The following table summarizes the FX Impact on revenue and segment operating income (loss) from our significant international operations for the nine months ended September 30, 2021 and 2020:

|                      | Revenue<br>Weighted-Average |         |                             | Segment Operating Income (Loss)<br>Weighted-Average |         |                             |
|----------------------|-----------------------------|---------|-----------------------------|---|---------|-----------------------------|
|                      | Exchange Rates              |         | FX Impact<br>(in thousands) | Exchange Rates                                      |         | FX Impact<br>(in thousands) |
|                      | 2021                        | 2020    |                             | 2021  | 2020    |                             |
| GES:                 |                             |         |                             |   |         |                             |
| Canada (CAD)         | \$ 0.79                     | \$ 0.73 | \$ 185                      | \$ 0.80   | \$ 0.73 | \$ (234)                    |
| United Kingdom (GBP) | \$ 1.38                     | \$ 1.28 | 1,538                       | \$ 1.38   | \$ 1.27 | (535)                       |
| Europe (EUR)         | \$ 1.18                     | \$ 1.11 | 54                          | \$ 1.19   | \$ 1.11 | (32)                        |
|                      |                             |         | \$ 1,777                    |   |         | \$ (801)                    |
| Pursuit:             |                             |         |                             |   |         |                             |
| Canada (CAD)         | \$ 0.80                     | \$ 0.75 | \$ 4,635                    | \$ 0.80   | \$ 0.74 | \$ (250)                    |
| Iceland (ISK)        | \$ 0.01                     | \$ 0.01 | 168                         | \$ 0.01   | \$ 0.01 | (175)                       |
|                      |                             |         | \$ 4,803                    |   |         | \$ (425)                    |
| Total                |                             |         | <u>\$ 6,580</u>             |   |         | <u>\$ (1,226)</u>           |

Revenue and segment operating income (loss) were primarily impacted by variances of the British pound, the Canadian dollar, the Euro, and the Icelandic krona relative to the U.S. dollar. Future changes in exchange rates may impact overall expected profitability and historical period-to-period comparisons when revenue and segment operating loss are translated into U.S. dollars.

## Analysis of Revenue and Operating Results by Reportable Segment

### GES

During the first quarter of 2021, we reorganized GES' operating segments to represent the changes in how our chief operating decision maker ("CODM") reviews the financial performance of GES and makes decisions regarding the allocation of resources. Accordingly, GES is now a single reportable segment.

The following table presents a comparison of GES' reported revenue and segment operating loss to organic revenue<sup>(2)</sup> and organic segment operating loss<sup>(2)</sup> for the three and nine months ended September 30, 2021 and 2020:

| (in thousands)                                  | Three Months Ended<br>September 30, 2021 |              |          |                        | Three Months Ended<br>September 30, 2020 |              |                        | Change vs. 2020 |                        |
|---|--|--------------|----------|------------------------|--|--------------|------------------------|-----------------|------------------------|
|   | As                                       | FX           |          |                        | As                                       |              |                        | As              |                        |
|   | Reported                                 | Acquisitions | Impact   | Organic <sup>(2)</sup> | Reported                                 | Acquisitions | Organic <sup>(2)</sup> | Reported        | Organic <sup>(2)</sup> |
| Total GES revenue <sup>(1)</sup>                | \$ 116,044                               | \$ —         | \$ 1,130 | \$ 114,914             | \$ 13,992                                | \$ —         | \$ 13,992              | **              | **                     |
| Total GES segment operating loss <sup>(3)</sup> | \$ (9,499)                               | \$ —         | \$ (62)  | \$ (9,437)             | \$ (18,248)                              | \$ —         | \$ (18,248)            | 47.9%           | 48.3%                  |

  

| (in thousands)                                  | Nine Months Ended<br>September 30, 2021 |              |          |                        | Nine Months Ended<br>September 30, 2020 |              |                        | Change vs. 2020 |                        |
|---|---|--------------|----------|------------------------|---|--------------|------------------------|-----------------|------------------------|
|   | As                                      | FX           |          |                        | As                                      |              |                        | As              |                        |
|   | Reported                                | Acquisitions | Impact   | Organic <sup>(2)</sup> | Reported                                | Acquisitions | Organic <sup>(2)</sup> | Reported        | Organic <sup>(2)</sup> |
| Total GES revenue <sup>(1)</sup>                | \$ 160,109                              | \$ —         | \$ 1,777 | \$ 158,332             | \$ 319,930                              | \$ —         | \$ 319,930             | (50.0)%         | (50.5)%                |
| Total GES segment operating loss <sup>(3)</sup> | \$ (56,300)                             | \$ —         | \$ (801) | \$ (55,499)            | \$ (39,450)                             | \$ —         | \$ (39,450)            | (42.7)%         | (40.7)%                |

\*\* Change is greater than +/- 100%

(1) As previously disclosed in our 2020 Form 10-K, and subsequent to the issuance of the Condensed Consolidated Financial Statements for the quarter ended September 30, 2020, we identified prior period errors related to the recognition of revenue of GES' third-party services. Revenue from these services should have been recorded on a net basis to reflect only the fees received for arranging these services, whereas previously, we recorded this revenue on a gross basis, thus overstating revenue and cost of services by the same amount. As a result, GES' 2020 revenue has been corrected to reflect this immaterial gross-to-net adjustment. Refer to Note 1 – Overview and Basis of Presentation of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for additional information.

(2) Organic revenue and organic segment operating loss are non-GAAP financial measures that adjust for the impacts of exchange rate variances and acquisitions, if any, until such acquisitions are included in the entirety of both comparable periods presented. For more information about organic revenue and organic segment operating loss, see the "Non-GAAP Measures" section of this MD&A.

(3) Refer to Note 23 – Segment Information of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for a reconciliation of the non-GAAP financial measure, segment operating loss, to the most directly comparable GAAP measure.

### Three months ended September 30, 2021 compared with the three months ended September 30, 2020

**GES revenue** increased \$102.1 million during the three months ended September 30, 2021 as compared to the prior year as face-to-face live event activity increased and large scale events began to take place after being canceled or postponed for most of 2020 and into the first half of 2021. Revenue earned during the third quarter of 2020 was primarily driven by virtual and hybrid events. Organic revenue\* increased \$100.9 million during the three months ended September 30, 2021.

**GES segment operating loss** improved \$8.7 million primarily due to the increase in revenue and the reduction in operating costs by reducing wages and discretionary costs. Additionally, GES' operating results included a \$13.5 million gain on sale of GES' San Diego facility during the 2020 third quarter. Excluding this gain, GES' segment operating results improved by \$22.2 million as compared to the three months ended September 30, 2020. Organic segment operating loss\* improved \$8.8 million during the three months ended September 30, 2021.

### Nine months ended September 30, 2021 compared with the nine months ended September 30, 2020

**GES revenue** decreased \$159.8 million, primarily due to show postponements and cancellations as a result of the COVID-19 pandemic beginning in mid-March 2020. During the first half of 2021, GES serviced clients primarily with virtual and hybrid events while in-person events remained largely shut down. Larger-scale in-person events began to take place toward the end of the second quarter and during the third quarter with generally lower exhibitor participation and lower attendance than pre-pandemic occurrences. Revenue earned during 2020 was primarily driven by shows completed during the first quarter of 2020 before the onset of the pandemic,

compensation for work completed on cancelled shows, the conversion of convention centers into temporary hospitals, and virtual and hybrid events completed during 2020. Organic revenue\* decreased \$161.6 million during the nine months ended September 30, 2021.

**GES segment operating loss** increased \$16.8 million during the nine months ended September 30, 2021 primarily due to the decrease in revenue, offset in part by the reduction in operating costs by reducing wages and discretionary cost. Additionally, GES' operating results included a \$9.1 million gain on sale of a GES warehouse in Orlando in 2021 and a \$13.5 million gain on sale of a GES warehouse in San Diego in 2020. Organic segment operating loss\* increased \$16.0 million during the nine months ended September 30, 2021.

\* Refer to footnote (2) in the above table for more information about the non-GAAP financial measures of organic revenue and organic segment operating loss.

## Pursuit

The following table presents a comparison of Pursuit's reported revenue and segment operating income (loss) to organic revenue<sup>(3)</sup> and organic segment operating loss<sup>(3)</sup> for the three and nine months ended September 30, 2021 and 2020:

|  | Three Months Ended<br>September 30, 2021 |                             |                 |                        | Three Months Ended<br>September 30, 2020 |                             |                        | Change vs. 2020 |                        |
|--|--|-----------------------------|-----------------|------------------------|--|-----------------------------|------------------------|-----------------|------------------------|
|  | As<br>Reported                           | Acquisitions <sup>(2)</sup> | FX<br>Impact    | Organic <sup>(3)</sup> | As<br>Reported                           | Acquisitions <sup>(2)</sup> | Organic <sup>(3)</sup> | As<br>Reported  | Organic <sup>(3)</sup> |
| <i>(in thousands)</i>                          |  |                             |                 |                        |  |                             |                        |                 |                        |
| <b>Revenue<sup>(1)</sup>:</b>                  |  |                             |                 |                        |  |                             |                        |                 |                        |
| Pursuit:                                       |  |                             |                 |                        |  |                             |                        |                 |                        |
| Attractions                                    | \$ 49,614                                | \$ 2,297                    | \$ 1,763        | \$ 45,554              | \$ 17,699                                | \$ —                        | \$ 17,699              | **              | **                     |
| Hospitality                                    | 63,151                                   | —                           | 1,102           | 62,049                 | 30,403                                   | —                           | 30,403                 | **              | **                     |
| Transportation                                 | 3,468                                    | —                           | 75              | 3,393                  | 444                                      | —                           | 444                    | **              | **                     |
| Travel planning and other                      | 1,728                                    | —                           | 59              | 1,669                  | 160                                      | —                           | 160                    | **              | **                     |
| Intra-segment eliminations                     | (406)                                    | —                           | (14)            | (392)                  | 109                                      | —                           | 109                    | **              | **                     |
| Total Pursuit                                  | <u>\$ 117,555</u>                        | <u>\$ 2,297</u>             | <u>\$ 2,985</u> | <u>\$ 112,273</u>      | <u>\$ 48,815</u>                         | <u>\$ —</u>                 | <u>\$ 48,815</u>       | <u>**</u>       | <u>**</u>              |
| <b>Segment operating income<sup>(4)</sup>:</b> |  |                             |                 |                        |  |                             |                        |                 |                        |
| Total Pursuit                                  | <u>\$ 49,601</u>                         | <u>\$ 1,504</u>             | <u>\$ 1,256</u> | <u>\$ 46,841</u>       | <u>\$ 11,467</u>                         | <u>\$ —</u>                 | <u>\$ 11,467</u>       | <u>**</u>       | <u>**</u>              |

|   | Nine Months Ended<br>September 30, 2021 |                             |                 |                        | Nine Months Ended<br>September 30, 2020 |                             |                        | Change vs. 2020 |                        |
|---|---|-----------------------------|-----------------|------------------------|---|-----------------------------|------------------------|-----------------|------------------------|
|   | As<br>Reported                          | Acquisitions <sup>(2)</sup> | FX<br>Impact    | Organic <sup>(3)</sup> | As<br>Reported                          | Acquisitions <sup>(2)</sup> | Organic <sup>(3)</sup> | As<br>Reported  | Organic <sup>(3)</sup> |
| <i>(in thousands)</i>                                 |   |                             |                 |                        |   |                             |                        |                 |                        |
| <b>Revenue<sup>(1)</sup>:</b>                         |   |                             |                 |                        |   |                             |                        |                 |                        |
| Pursuit:  |   |                             |                 |                        |   |                             |                        |                 |                        |
| Attractions   | \$ 64,799                               | \$ 2,531                    | \$ 2,426        | \$ 59,842              | \$ 25,141                               | \$ —                        | \$ 25,141              | **              | **                     |
| Hospitality   | 91,971                                  | —                           | 2,151           | 89,820                 | 39,382                                  | —                           | 39,382                 | **              | **                     |
| Transportation  | 4,975                                   | —                           | 140             | 4,835                  | 2,604                                   | —                           | 2,604                  | 91.1 %          | 85.7 %                 |
| Travel planning and other                             | 2,376                                   | —                           | 113             | 2,263                  | 361                                     | —                           | 361                    | **              | **                     |
| Intra-segment eliminations                            | (463)                                   | —                           | (27)            | (436)                  | 114                                     | —                           | 114                    | **              | **                     |
| Total Pursuit   | <u>\$ 163,658</u>                       | <u>\$ 2,531</u>             | <u>\$ 4,803</u> | <u>\$ 156,324</u>      | <u>\$ 67,602</u>                        | <u>\$ —</u>                 | <u>\$ 67,602</u>       | <u>**</u>       | <u>**</u>              |
| <b>Segment operating income (loss)<sup>(4)</sup>:</b> |   |                             |                 |                        |   |                             |                        |                 |                        |
| Total Pursuit   | <u>\$ 23,183</u>                        | <u>\$ 1,171</u>             | <u>\$ (425)</u> | <u>\$ 22,437</u>       | <u>\$ (26,499)</u>                      | <u>\$ —</u>                 | <u>\$ (26,499)</u>     | <u>**</u>       | <u>**</u>              |

\*\* Change is greater than +/- 100%

(1) Revenue by line of business does not agree to Note 2 – Revenue and Related Contract Costs and Contract Liabilities in the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) as the amounts in the above table include product revenue from food and beverage and retail operations within each line of business.

(2) Acquisitions include the Golden Skybridge (acquired March 2021 and opened June 2021).

(3) Organic revenue and organic segment operating income (loss) are non-GAAP financial measures that adjust for the impacts of exchange rate variances and acquisitions, if any, until such acquisitions are included in the entirety of both comparable periods presented. For more information about organic revenue and organic segment operating income (loss), see the “Non-GAAP Measures” section of this MD&A.

(4) Refer to Note 23 – Segment Information of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for a reconciliation of the non-GAAP financial measure, segment operating income (loss), to the most directly comparable GAAP measure.

### Three months ended September 30, 2021 compared with the three months ended September 30, 2020

**Pursuit revenue** increased \$68.7 million as all of Pursuit's attractions and properties were open during the third quarter of 2021, although some operated at reduced capacities, whereas 2020 was negatively impacted by the COVID-19 pandemic as travel restrictions and border closures largely remained in place. Glacier Park and the Alaska Collection did not have any COVID-19 related closures

during the third quarter of 2021 and experienced increased visitation from strong domestic leisure travel. The Canadian border reopened to fully vaccinated travelers from the United States in early August 2021 and to fully vaccinated travelers from other countries in September 2021. In addition to general improvements in leisure travel, Pursuit also opened three new attractions during 2021 that generated an aggregate of \$7.4 million in revenue during the third quarter. Organic revenue\* increased \$63.5 million during the three months ended September 30, 2021.

**Pursuit segment operating income** improved \$38.1 million, primarily due to the increase in revenue and ongoing efforts to maximize profitability. Organic segment operating income\* improved \$35.4 million during the three months ended September 30, 2021.

#### *Nine months ended September 30, 2021 compared with the nine months ended September 30, 2020*

**Pursuit revenue** increased \$96.1 million, as all of Pursuit's seasonal attractions and properties were open during the second and third quarters of 2021, whereas its properties and attractions were temporarily closed in 2020 from mid-March through most of the second quarter. Additionally, Pursuit experienced much stronger visitation during the third quarter of 2021 versus the third quarter of 2020 as pandemic-related restrictions lessened and as people started to feel more comfortable traveling. Organic revenue\* increased \$88.7 million during the nine months ended September 30, 2021.

**Pursuit segment operating income** was \$23.2 million during the nine months ended September 30, 2021 as compared to a loss of \$26.5 million during the nine months ended September 30, 2020. This improvement was primarily due to the increase in revenue and ongoing efforts to maximize profitability. Organic segment operating income\* improved \$48.9 million during the nine months ended September 30, 2021.

\* Refer to footnote (3) in the above table for more information about the non-GAAP financial measures of organic revenue and organic segment operating income (loss).

#### **Performance Measures**

We use the following key business metrics to evaluate the performance of Pursuit's attractions business:

- **Number of visitors.** The number of visitors allows us to assess the volume of tickets sold at each attraction during the period.
- **Revenue per attraction visitor.** Revenue per attraction visitor is calculated as total attractions revenue divided by the total number of visitors at all Pursuit attractions during the period. Total attractions revenue includes ticket sales and ancillary revenue generated by attractions, such as food and beverage and retail revenue. Total attractions revenue per visitor measures the total spend per visitor that attraction properties are able to capture, which is important to the profitability of the attractions business.
- **Effective ticket price.** Effective ticket price is calculated as revenue from the sale of attraction tickets divided by the total number of visitors at all comparable Pursuit attractions during the period.

We use the following key business metrics, common in the hospitality industry, to evaluate Pursuit's hospitality business:

- **Revenue per Available Room.** RevPAR is calculated as total rooms revenue divided by the total number of room nights available for all comparable Pursuit hospitality properties during the period. Total rooms revenue does not include non-rooms revenue, which consists of ancillary revenue generated by hospitality properties, such as food and beverage and retail revenue. RevPAR measures the period-over-period change in rooms revenue per available room for comparable hospitality properties. RevPAR is affected by average daily rate and occupancy, which have different implications on profitability.
- **Average Daily Rate.** ADR is calculated as total rooms revenue divided by the total number of room nights sold for all comparable Pursuit hospitality properties during the period. ADR is used to assess the pricing levels that the hospitality properties are able to realize. Increases in ADR lead to increases in rooms revenue with no substantial effect on variable costs, therefore having a greater impact on margins than increases in occupancy.
- **Occupancy.** Occupancy is calculated as the total number of room nights sold divided by the total number of room nights available for all comparable Pursuit hospitality properties during the period. Occupancy measures the utilization of the available capacity at the hospitality properties. Increases in occupancy result in increases in rooms revenue and additional variable operating costs (including housekeeping services, utilities, and room amenity costs), as well as increases in ancillary non-rooms revenue (including food and beverage and retail revenue).

The following table provides Pursuit's same-store key performance indicators. The same-store metrics indicate the performance of all Pursuit's properties and attractions that we owned and operated at full capacity, considering seasonal closures, for the entirety of both periods presented. For Pursuit properties and attractions located outside of the United States, comparisons to the prior year are on a constant U.S. dollar basis, using the current year quarterly average exchange rates for previous periods, to eliminate the FX Impact. We believe this same-store constant currency basis provides better comparability between reporting periods.



|   | Three Months Ended<br>September 30, |         |                    | Nine Months Ended<br>September 30, |         |                    |
|---|-------------------------------------|---------|--------------------|------------------------------------|---------|--------------------|
|   | 2021                                | 2020    | Change vs.<br>2020 | 2021                               | 2020    | Change vs.<br>2020 |
| <b>Same-Store Key Performance Indicators <sup>(1)</sup></b> |                                     |         |                    |                                    |         |                    |
| <b>Attractions:</b>   |                                     |         |                    |                                    |         |                    |
| Number of visitors  | 768,294                             | 382,005 | **                 | 979,869                            | 602,922 | 62.5 %             |
| Revenue per attraction visitor                              | \$ 55                               | \$ 49   | 12.2 %             | \$ 55                              | \$ 44   | 25.0 %             |
| Effective ticket price                                      | \$ 42                               | \$ 33   | 27.3 %             | \$ 42                              | \$ 31   | 35.5 %             |
| <b>Hospitality:</b>   |                                     |         |                    |                                    |         |                    |
| Room nights available <sup>(2)</sup>                        | 195,903                             | 158,162 | 23.9 %             | 454,083                            | 286,184 | 58.7 %             |
| RevPAR <sup>(2)</sup>                                       | \$ 180                              | \$ 110  | 63.6 %             | \$ 113                             | \$ 82   | 37.8 %             |
| ADR   | \$ 241                              | \$ 184  | 31.0 %             | \$ 202                             | \$ 154  | 31.2 %             |
| Occupancy <sup>(2)</sup>                                    | 74.9 %                              | 59.8 %  | 15.1 %             | 56.0 %                             | 53.0 %  | 3.0 %              |

\*\* Change is greater than +/- 100%

(1) The Same-Store Key Performance Indicators for attractions exclude the Open Top Touring (opened September 2020), the Sky Lagoon (opened April 2021), the Golden Skybridge (opened June 2021), and FlyOver Las Vegas (opened September 2021).

(2) The rooms that were out of service as a result of property closures due to the COVID-19 pandemic were excluded from room nights available when calculating hospitality RevPAR and occupancy.

**Attractions.** The increase in same-store visitors during 2021 reflects the temporary closure of our attractions beginning in mid-March 2020 and extending through most of the second quarter of 2020 as a result of COVID-19 in addition to the reopening of the Canadian border with the United States in early August 2021 to fully vaccinated travelers and to travelers from other countries in September 2021, which accelerated visitation from international travelers. Revenue per attraction increased due to higher effective ticket prices and ancillary revenue.

**Hospitality.** Room nights available increased as all of Pursuit's properties were fully open during the second and third quarters of 2021, whereas in 2020, Pursuit temporarily closed its properties in mid-March 2020 through most of the second quarter of 2020. The increase in RevPAR and ADR was primarily driven by Pursuit's properties being open in 2021.

Pursuit is largely dependent on foreign customer visitation. Travel restrictions and border closures due to the COVID-19 pandemic have negatively affected long-haul travelers to Canada and Iceland. Additionally, the strengthening or weakening of the Canadian dollar, relative to other currencies, could affect customer volumes and the results of operations.

#### Other Expenses

|  | Three Months Ended<br>September 30, |           |                    | Nine Months Ended<br>September 30, |            |                    |
|--|-------------------------------------|-----------|--------------------|------------------------------------|------------|--------------------|
|  | 2021                                | 2020      | Change vs.<br>2020 | 2021                               | 2020       | Change vs.<br>2020 |
| <i>(in thousands)</i>                      |                                     |           |                    |                                    |            |                    |
| Corporate activities                       | \$ 3,093                            | \$ 2,645  | 16.9 %             | \$ 8,104                           | \$ 5,902   | 37.3 %             |
| Interest expense, net                      | \$ 9,518                            | \$ 5,450  | 74.6 %             | \$ 20,168                          | \$ 14,399  | 40.1 %             |
| Multi-employer pension plan withdrawal     | \$ —                                | \$ —      | **                 | \$ 57                              | \$ 462     | (87.7)%            |
| Other expense, net                         | \$ 466                              | \$ 210    | **                 | \$ 1,506                           | \$ 894     | 68.5 %             |
| Restructuring charges                      | \$ 2,186                            | \$ 11,259 | (80.6)%            | \$ 5,799                           | \$ 12,370  | (53.1)%            |
| Impairment charges                         | \$ —                                | \$ 676    | (100.0)%           | \$ —                               | \$ 203,076 | (100.0)%           |
| Income tax expense                         | \$ 5,329                            | \$ 735    | **                 | \$ 118                             | \$ 20,454  | (99.4)%            |
| Income (loss) from discontinued operations | \$ 248                              | \$ (989)  | **                 | \$ 534                             | \$ (1,822) | **                 |

\*\* Change is greater than +/- 100%

**Corporate Activities** – The increase in corporate activities expense during the three months ended September 30, 2021 was primarily due to an FX impact loss of \$0.8 million on the repayment of our Canadian debt and lower performance-based compensation expense in 2020 as we reduced our estimated performance achievement to zero as a result of COVID-19. The increase in corporate activities expense during the nine months ended September 30, 2021 was primarily due to lower performance-based compensation expense in 2020.

**Interest Expense, net** – The increase in interest expense during the three months ended September 30, 2021 was primarily due to higher interest rates and higher debt balances in 2021. As a result of the refinancing and the repayment of the 2018 Credit Facility, we recorded \$2.1 million of interest expense related to the write-off of unamortized debt issuance costs during the three months ended September 30, 2021. The increase in interest expense during the nine months ended September 30, 2021 was primarily due to higher debt balances in 2021 and the write-off of unamortized debt issuance costs.

**Restructuring Charges** – Restructuring charges during the three and nine months ended September 30, 2021 were primarily related to facility closures and the elimination of certain positions at GES. In response to the COVID-19 pandemic in 2020, we accelerated our transformation and streamlining efforts at GES to significantly reduce costs and create a lower and more flexible cost structure focused on servicing our more profitable market segments. Restructuring charges during 2020 were primarily related to the elimination of certain positions at GES and our corporate office in response to the COVID-19 pandemic, as well as charges related to the closure of GES' United Kingdom based audio-visual services business during the third quarter of 2020. During the fourth quarter of 2020, we entered into an agreement with a third-party to outsource the management, cleaning, and storage of the aisle carpeting that we use at live events, which resulted in restructuring charges in 2021 when we vacated a facility.

**Impairment Charges** – Due to the deteriorating macroeconomic environment in 2020 related to the COVID-19 pandemic, resulting in disruptions to our operations and the decline in our stock price, we recorded non-cash goodwill impairment charges of \$185.8 million, a non-cash impairment charge to intangible assets of \$15.7 million related to GES' United States audio-visual production business, and a fixed asset impairment charge of \$1.6 million during the nine months ended September 30, 2020. We recorded a fixed asset impairment charge of \$0.7 million during the three months ended September 30, 2020.

**Income Tax Expense** – The effective tax rate was 21.4% for the three months ended September 30, 2021 and a negative 2.7% for the three months ended September 30, 2020. The effective tax rate was a negative 0.2% for the nine months ended September 30, 2021 and a negative 6.8% for the nine months ended September 30, 2020. The effective tax rate for the three months ended September 30, 2021 was the result of income earned in Canada without taxes on income in our jurisdictions with valuation allowances. The rate for the nine months ended September 30, 2021 was lower than the blended statutory rate primarily as a result of excluding the tax benefit on losses recognized in the United States, the United Kingdom, and other European countries where we have a valuation allowance. The negative effective tax rates for 2020 were due to the recording of a valuation allowance against our remaining United States, United Kingdom, and other European countries net deferred tax assets of \$25.5 million, as well as no tax benefits on non-deductible goodwill impairments and losses recognized in those jurisdictions.

**Income (Loss) from Discontinued Operations** – Income from discontinued operations during the three and nine months ended September 30, 2021 was primarily due to a favorable legal settlement and an insurance recovery related to a previously sold operation, offset in part by legal expenses. Loss from discontinued operations during the three and nine months ended September 30, 2020 was primarily due to legal expenses related to previously sold operations.

#### **Liquidity and Capital Resources**

Cash, cash equivalents, and restricted cash were \$113.3 million as of September 30, 2021, as compared to \$42.0 million as of December 31, 2020. During the nine months ended September 30, 2021, we used net cash from operating activities of \$2.7 million.

On August 5, 2020, we entered into an investment agreement with funds managed by private equity firm Crestview Partners (the "Investment Agreement") who made an investment of \$135 million, offset in part by \$9.2 million in fees, in newly issued perpetual convertible preferred stock that carries a 5.5% cumulative quarterly dividend, which is payable in cash or in-kind at Viad's option (the "Convertible Preferred Stock"). The Convertible Preferred Stock is convertible into shares of our common stock at a conversion price of \$21.25 per share. The proceeds from Crestview's investment were used to repay a portion of our 2018 Credit Facility, provided us additional short-term liquidity to fund capital expenditures, and supported general corporate purposes.

Effective July 30, 2021, we refinanced the 2018 Credit Facility, which was scheduled to mature on October 24, 2023, with a new \$500 million 2021 Credit Facility to provide for financial flexibility to support our growth initiatives. The 2021 Credit Facility provides for a \$400 million Term Loan B with a maturity date of July 30, 2028 and a \$100 million revolving credit facility with a maturity date of July 30, 2026. The loan proceeds of \$400 million were offset in part by \$14.8 million in fees. The proceeds from the Term Loan B were used to repay the 2018 Credit Facility and the remaining proceeds will be used to fund future acquisitions and growth initiatives and for general corporate purposes. The 2021 Credit Facility requires us to maintain liquidity of \$75 million. Refer to Note 12 – Debt and Finance Lease Obligations of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for additional information.

We believe that our existing sources of liquidity will be sufficient to fund operations and capital commitments, including approximately \$75 million in expected capital expenditures in select maintenance and growth investments, for at least the next 12 months.

As of September 30, 2021, we held approximately \$56.0 million of our cash and cash equivalents outside of the United States, consisting of \$37.1 million in Canada, \$8.3 million in the United Kingdom, \$5.9 million in the Netherlands, and \$4.7 million in certain other countries.

## Cash Flows

### Operating Activities

| <i>(in thousands)</i>                              | Nine Months Ended<br>September 30, |                    |
|--|------------------------------------|--------------------|
|  | 2021                               | 2020               |
| Net loss   | \$ (68,283)                        | \$ (325,280)       |
| Depreciation and amortization                      | 39,986                             | 43,051             |
| Deferred income taxes                              | (131)                              | 20,428             |
| (Income) loss from discontinued operations         | (534)                              | 1,822              |
| Restructuring charges                              | 5,799                              | 12,370             |
| Impairment charges                                 | —                                  | 203,076            |
| Gains on dispositions of property and other assets | (9,345)                            | (14,935)           |
| Share-based compensation expense                   | 5,960                              | 649                |
| Multi-employer pension plan withdrawal             | 57                                 | 462                |
| Other non-cash items, net                          | 4,642                              | 10,371             |
| Changes in assets and liabilities                  | 19,136                             | 4,467              |
| <b>Net cash used in operating activities</b>       | <b>\$ (2,713)</b>                  | <b>\$ (43,519)</b> |

The decrease in net cash used in operating activities of \$40.8 million was primarily due to improved segment operating results at Pursuit.

### Investing Activities

| <i>(in thousands)</i>                                      | Nine Months Ended<br>September 30, |                 |
|--|------------------------------------|-----------------|
|  | 2021                               | 2020            |
| Capital expenditures                                       | \$ (45,187)                        | \$ (40,057)     |
| Cash surrender value of life insurance policies            | —                                  | 24,767          |
| Cash paid for acquisitions, net                            | (7,704)                            | —               |
| Proceeds from dispositions of property and other assets    | 14,292                             | 21,788          |
| <b>Net cash (used in) provided by investing activities</b> | <b>\$ (38,599)</b>                 | <b>\$ 6,498</b> |

The increase in net cash used in investing activities of \$45.1 million was primarily due to 2020 activity including proceeds from the termination of our life insurance policies and proceeds of \$17.1 million from the sale of the GES warehouse in San Diego. In 2021, we used cash from investing activities for the acquisition of the Golden Skybridge, offset in part by the proceeds from the sale of a GES warehouse in Orlando.

## Financing Activities

| (in thousands)  | Nine Months Ended |                  |
|---|-------------------|------------------|
|   | September 30,     |                  |
|   | 2021              | 2020             |
| Proceeds from borrowings  | \$ 451,350        | \$ 191,733       |
| Payments on debt and finance lease obligations  | (335,665)         | (273,663)        |
| Dividends paid on common stock  | —                 | (4,064)          |
| Dividends paid on preferred stock   | (1,950)           | —                |
| Distributions to noncontrolling interest, net of contributions from noncontrolling interest | (798)             | (1,526)          |
| Payments of debt issuance costs   | (1,767)           | (1,585)          |
| Payment of payroll taxes on stock-based compensation through shares withheld or repurchased | (1,119)           | (1,062)          |
| Common stock purchased for treasury   | —                 | (2,785)          |
| Proceeds from issuance of Convertible Series A Preferred Stock, net of issuance costs       | —                 | 125,763          |
| Proceeds from exercise of stock options   | —                 | 2,077            |
| <b>Net cash provided by financing activities</b>  | <b>\$ 110,051</b> | <b>\$ 34,888</b> |

The increase in net cash provided by financing activities of \$75.2 million was primarily due to net debt proceeds of \$115.7 million during the nine months ended September 30, 2021 compared to net debt payments of \$81.9 million during the nine months ended September 30, 2020. In July 2021, we received \$400 million from the Term Loan B of the 2021 Credit Facility, which was used to repay the 2018 Credit Facility. The increase in net cash provided by financing activities was offset in part by proceeds from the issuance of Convertible Series A Preferred Stock in 2020.

### Debt and Finance Lease Obligations

Refer to Note 12 – Debt and Finance Lease Obligations of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for further discussion, all of which is incorporated by reference herein.

### Share Repurchases

Our Board of Directors previously authorized us to repurchase shares of our common stock from time to time at prevailing market prices. Effective February 7, 2019, our Board of Directors authorized the repurchase of an additional 500,000 shares. In March 2020, our Board of Directors suspended our share repurchase program for the foreseeable future. Prior to the suspension, we had repurchased 53,784 shares on the open market for \$2.8 million during the three months ended March 31, 2020. As of September 30, 2021, 546,283 shares remained available for repurchase. The Board of Directors' authorization does not have an expiration date.

Additionally, we repurchased shares related to tax withholding requirements on vested restricted share-based awards.

### Critical Accounting Policies and Estimates

Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (Part II, Item 7) of our 2020 Form 10-K for a discussion of our critical accounting policies and estimates.

## Impact of Recent Accounting Pronouncements

Refer to Note 1 – Overview and Basis of Presentation of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for further information.

## Non-GAAP Measures

In addition to disclosing financial results that are determined in accordance with U.S. generally accepted accounting principles (“GAAP”), we also disclose the following non-GAAP financial measures: Segment operating income (loss), organic revenue, and organic segment operating income (loss) (collectively, the “Non-GAAP Measures”). Our use of Non-GAAP Measures is supplemental to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP. As not all companies use identical calculations, our Non-GAAP Measures may not be comparable to similarly titled measures used by other companies. We believe that our use of Non-GAAP Measures provides useful information to investors regarding our results of operations for trending, analyzing, and benchmarking our performance and the value of our business.

- **“Segment operating income (loss)”** is net income (loss) attributable to Viad before loss from discontinued operations, corporate activities, interest expense and interest income, income taxes, restructuring charges, impairment charges, and the reduction for income (loss) attributable to noncontrolling interests. Segment operating income (loss) is used to measure the profit and performance of our operating segments to facilitate period-to-period comparisons. Refer to Note 23 – Segment Information of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for a reconciliation of segment operating income (loss) to income (loss) from continuing operations before income taxes.
- **“Organic revenue”** and **“organic segment operating income (loss)”** are revenue and segment operating income (loss) (as defined above), respectively, without the impact of exchange rate variances and acquisitions, if any, until such acquisitions are included in the entirety of both comparable periods. The impact of exchange rate variances is calculated as the difference between current period activity translated at the current period’s exchange rates and the comparable prior period’s exchange rates. We believe the presentation of “organic” results permits investors to better understand our performance without the effects of exchange rate variances or acquisitions and to facilitate period-to-period comparisons and analysis of our operating performance. Refer to the “Results of Operations” section of this MD&A for reconciliations of organic revenue and organic segment operating income (loss) to the most directly comparable GAAP measures.

We believe non-GAAP Measures are useful operating metrics as they eliminate potential variations arising from taxes, debt service costs, impairment charges, and the effects of discontinued operations, resulting in additional measures considered to be indicative of our ongoing operations and segment performance. Although we use Non-GAAP Measures to assess the performance of our business, the use of these measures is limited because these measures do not consider material costs, expenses, and other items necessary to operate our business. These items include debt service costs, expenses related to U.S. federal, state, local and foreign income taxes, impairment charges, and the effects of discontinued operations. As the Non-GAAP Measures do not consider these items, you should consider net income or loss attributable to Viad as an important measure of financial performance because it provides a more complete measure of our performance.

## Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risk exposure relates to fluctuations in foreign exchange rates and interest rates. Foreign exchange risk is the risk that fluctuating exchange rates will adversely affect our financial condition or results of operations. Interest rate risk is the risk that changing interest rates will adversely affect our financial position or results of operations.

Our foreign operations are primarily in Canada, the United Kingdom, Iceland, the Netherlands, and Germany. The functional currency of our foreign subsidiaries is their local currency. Accordingly, for purposes of consolidation, we translate the assets and liabilities of our foreign subsidiaries into U.S. dollars at the foreign exchange rates in effect at the balance sheet date. The unrealized gains or losses resulting from the translation of these foreign denominated assets and liabilities are included as a component of accumulated other comprehensive income (loss) in the Condensed Consolidated Balance Sheets. As a result, significant fluctuations in foreign exchange rates relative to the U.S. dollar may result in material changes to our net equity position reported in the Condensed Consolidated Balance Sheets. We do not currently hedge our equity risk arising from the translation of foreign denominated assets and liabilities. We recorded cumulative unrealized foreign currency translation gain in stockholders’ equity of \$17.7 million as of September 30, 2021 and a loss of \$16.7 million as of December 31, 2020. We recorded unrealized foreign currency translation losses in other comprehensive income of \$1.0 million during the nine months ended September 30, 2021 and unrealized foreign currency translation losses of \$7.3 million during the nine months ended September 30, 2020.

For purposes of consolidation, revenue, expenses, gains, and losses related to our foreign operations are translated into U.S. dollars at the average foreign exchange rates for the period. As a result, our consolidated results of operations are exposed to fluctuations in foreign exchange rates as revenue and segment operating income (loss) of our foreign operations, when translated, may vary from period to

period, even when the functional currency amounts have not changed. Such fluctuations may adversely impact overall expected profitability and historical period-to-period comparisons. We do not currently hedge our net earnings exposure arising from the translation of our foreign revenue and segment operating income (loss). Refer to “Foreign Exchange Rate Variances” section of MD&A included in this Form 10-Q.

We are exposed to foreign exchange transaction risk, as our foreign subsidiaries have certain revenue transactions denominated in currencies other than the functional currency of the respective subsidiary. From time to time, we utilize forward contracts to mitigate the impact on earnings related to these transactions due to fluctuations in foreign exchange rates. As of September 30, 2021 and December 31, 2020, we did not have any outstanding foreign currency forward contracts.

We are exposed to short-term and long-term interest rate risk on certain of our debt obligations.

We do not currently use derivative financial instruments to hedge cash flows for such obligations.

#### **Item 4. CONTROLS AND PROCEDURES**

We have established disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate to allow timely decisions regarding required disclosure. Management, together with our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2021. Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2021.

There were no changes in our internal control over financial reporting during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. LEGAL PROCEEDINGS

Refer to Note 21 – Litigation, Claims, Contingencies, and Other of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for information regarding our legal proceedings.

### Item 1A. RISK FACTORS

In addition to other information set forth in this report, careful consideration should be given to the factors discussed in Part I, Item 1A – Risk Factors and Part II, Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations of our 2020 Form 10-K, which could materially affect our business, financial condition, or future results.

### Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes the total number of shares of our common stock that were repurchased during the three months ended September 30, 2021 pursuant to publicly announced plans or programs, as well as certain previously owned shares of common stock that were surrendered by employees, former employees, and non-employee directors for tax withholding requirements on vested share-based awards.

#### ISSUER PURCHASES OF EQUITY SECURITIES

| Period                                    | Total Number of<br>Shares Purchased | Average Price<br>Paid<br>Per Share | Total Number of<br>Shares<br>Purchased as Part of<br>Publicly<br>Announced Plans or<br>Programs | Maximum Number<br>of Shares<br>That May Yet Be<br>Purchased<br>Under the Plans<br>or Programs |
|---|-------------------------------------|------------------------------------|---|---|
|   |                                     |                                    |   |   |
| July 1, 2021 - July 31, 2021              | —                                   | \$ —                               | —   | 546,283   |
| August 1, 2021 - August 31, 2021          | 1,161                               | \$ 44.73                           | —   | 546,283   |
| September 1, 2021 - September 30,<br>2021 | —                                   | \$ —                               | —   | 546,283   |
| Total                                     | <u>1,161</u>                        | \$ 44.73                           | <u>—</u>  | <u>546,283</u>  |

Pursuant to previously announced authorizations, our Board of Directors authorized us to repurchase shares of our common stock from time to time at prevailing market prices. Effective February 7, 2019, our Board of Directors authorized the repurchase of an additional 500,000 shares. In March 2020, our Board of Directors suspended future dividend payments and our share repurchase program for the foreseeable future. The Board of Directors’ authorization does not have an expiration date. During the third quarter of 2021, certain previously owned shares of common stock were surrendered by employees, former employees, and non-employee directors for tax withholding requirements on vested share-based awards.

**Item 6. EXHIBITS**

| Exhibit Number | Exhibit Description   | Form | Incorporated by Reference |         |             |
|----------------|---|------|---------------------------|---------|-------------|
|                |   |      | Period Ending             | Exhibit | Filing Date |
| 10.1           | <a href="#">\$500,000,000 Credit Agreement among Viad Corp, Bank of America, N.A., and other lenders party thereto, dated as of July 30, 2021.</a>  | 8-K  |                           | 10.1    | 8/2/2021    |
| 31.1           | * <a href="#">Certification of Chief Executive Officer of Viad Corp pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, for the period ended September 30, 2021.</a>                               |      |                           |         |             |
| 31.2           | * <a href="#">Certification of Chief Financial Officer of Viad Corp pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, for the period ended September 30, 2021.</a>                               |      |                           |         |             |
| 32.1           | ** <a href="#">Certifications of Chief Executive Officer and Chief Financial Officer of Viad Corp pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for the period ended September 30, 2021.</a> |      |                           |         |             |
| 101.INS        | *** Inline XBRL Instance Document   |      |                           |         |             |
| 101.SCH        | **** Inline XBRL Taxonomy Extension Schema Document.  |      |                           |         |             |
| 101.CAL        | **** Inline XBRL Taxonomy Extension Calculation Linkbase Document.  |      |                           |         |             |
| 101.LAB        | **** Inline XBRL Taxonomy Extension Label Linkbase Document.  |      |                           |         |             |
| 101.PRE        | **** Inline XBRL Taxonomy Extension Presentation Linkbase Document  |      |                           |         |             |
| 101.DEF        | **** Inline XBRL Taxonomy Extension Definition Linkbase Document.   |      |                           |         |             |
| 104            | *** Cover Page Interactive Data File  |      |                           |         |             |

\* Filed herewith.

\*\* Furnished herewith.

\*\*\* The Inline XBRL Instance Document and Cover Page Interactive Data File do not appear in the Interactive Data File because their XBRL tags are embedded within the Inline XBRL document.

\*\*\*\* Submitted electronically herewith.



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**VIAD CORP**  
(Registrant)

November 5, 2021

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(Date)

By: /s/ Leslie S. Striedel  
Leslie S. Striedel  
Chief Accounting Officer and Duly Authorized Officer

**CERTIFICATION**

I, Steven W. Moster, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viad Corp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

By: /s/ Steven W. Moster  
Steven W. Moster  
President and Chief Executive Officer

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**CERTIFICATION**

I, Ellen M. Ingersoll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viad Corp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

By: /s/ Ellen M. Ingersoll  
Ellen M. Ingersoll  
Chief Financial Officer

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**Certifications of  
Chief Executive Officer and Chief Financial Officer  
Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the  
Sarbanes-Oxley Act of 2002**

I, Steven W. Moster, Chief Executive Officer of Viad Corp, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Viad Corp's Quarterly Report on Form 10-Q for the three months ended September 30, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in Viad Corp's Quarterly Report on Form 10-Q fairly presents, in all material respects, Viad Corp's financial condition and results of operations.

Date: November 5, 2021

By: /s/ Steven W. Moster

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Steven W. Moster

President and Chief Executive Officer

I, Ellen M. Ingersoll, Chief Financial Officer of Viad Corp, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Viad Corp's Quarterly Report on Form 10-Q for the three months ended September 30, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in Viad Corp's Quarterly Report on Form 10-Q fairly presents, in all material respects, Viad Corp's financial condition and results of operations.

Date: November 5, 2021

By: /s/ Ellen M. Ingersoll

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Ellen M. Ingersoll

Chief Financial Officer

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